

**AZAD ENGINEERING LIMITED**  
**(PREVIOUSLY KNOWN AS AZAD ENGINEERING PRIVATE LIMITED)**  
CIN: U74210TG1983PLC004132  
R/o - 90/C,90/D, Phase 1 I.D.A, Jeedimetla Hyderabad Telangana- 500055 India  
Email: cs@azad.in | Website:https://www.azad.in/  
Telephone No: +91-40-2309 7007



THE EXTRACTS FOR THE 04<sup>TH</sup> MEETING IN THE FINANCIAL YEAR 2023-24 OF THE AUDIT COMMITTEE OF AZAD ENGINEERING LIMITED HELD THROUGH VIDEO CONFERENCE AND/OR OTHER AUDIO VISUAL MEANS (OAVM) ON FRIDAY, THE 29<sup>TH</sup> DAY OF SEPTEMBER, 2023 DEEMED TO BE HELD AT THE REGISTERED OFFICE OF THE COMPANY SITUATED AT 90/C, 90/D PHASE 1 IDA JEEDIMETLA, HYDERABAD, TELANGANA-500055 AT 10:00 A.M

**ITEM NO. 03- TO CONSIDER AND APPROVE THE KEY PERFORMANCE INDICATORS (KPI)**

The Audit Committee was apprised of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, notified by the Securities and Exchange Board of India on November 21, 2022 ("**SEBI ICDR Amendment**"). Pursuant to the SEBI ICDR Amendment, the Company is required to disclose all the KPIs pertaining to the Company that have been disclosed to its investors at any point of time during the three years preceding to the date of filing of the draft red herring prospectus. Further, in consultation with the lead merchant banker, the Company may make disclosure of any other relevant and material KPIs of the business of the Company as it deems appropriate that have a bearing for arriving at the basis for issue price.

The Audit Committee was further apprised that pursuant to the SEBI ICDR Amendment, the Audit Committee is required to confirm the disclosures proposed to be included in the draft red herring prospectus, updated draft red herring prospectus, the red herring prospectus, the prospectus and other documents or material issued in relation to the Offer, including any amendments, addenda or corrigenda issued thereto (collectively, the "**Offer Documents**") on the key performance indicators ("**KPIs**") of the Company as identified by the members of the Audit Committee of the Company, duly initialled by the Chairman for identification purposes.

The Audit Committee was also apprised that the Institute of Chartered Accountants of India (ICAI) has issued in April 2023 a 'Technical Guide on Disclosure and Reporting of Key Performance Indicators

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For Azad Engineering Limited



CS Ful Kumar Gautam

Company Secretary

Date: 29/09/2023

Place: Hyderabad

M.No: 49550

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(KPIs) in Offer Documents' providing guidance to the members of ICAI and other professionals who are certifying KPIs disclosed in offer documents.


The Audit Committee further reviewed the KPIs that have been consistently used by the management historically to analyse, track or monitor the operational and/or financial performance of the Company and were presented in the past board / audit committee meetings, or shared with shareholders and potential investors at any point of time during the three years preceding to the proposed date of filing of the DRHP, which have been consequently identified as relevant and material KPIs of the business of the Company. Further, as per the requirements of SEBI ICDR Amendment, the management has consulted with the independent chartered accountants regarding identification, verification and disclosure of such relevant and material KPIs related to the business of the Company which may have a bearing for arriving at the basis for issue price. Based on the above, the KPIs identified by the Audit Committee proposed to be disclosed in the Offer Documents along with rationale for such classification, as discussed by the Committee, to comply with the SEBI ICDR Amendment, as set out in **Annexure A** along with a draft of the disclosures to be included in the "*Basis of Offer Price*" section of the Offer Documents, as set out in **Annexure B**, were placed before the Audit Committee.

The Audit Committee also noted that the KPIs as set in the section titled "*Basis of Offer Price*" in the Offer Documents shall continue to be disclosed by the Company post listing, in accordance with Paragraph (9)(K)(3)(h)(i) under Part A, Schedule VI and other applicable provisions of the SEBI ICDR Amendment.

**Date:** 29/09/2023

**Place:** Hyderabad

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**For Azad Engineering Limited**



**CS Ful Kumar Gautam**  
**Company Secretary**

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The Audit Committee also took note of the certificate issued by M/s. Laxminiwas & Co, dated 29<sup>th</sup> September, 2023 in relation to the KPIs (KPI Certificate). It was noted by the Audit Committee that no KPIs pertaining to the Company, other than as included in **Annexure A** and verified pursuant to the KPI Certificate in **Annexure C**, are proposed to be disclosed in the Offer Documents.

After detailed discussions, the members of the Audit Committee passed the following resolution unanimously:

**"RESOLVED THAT** the approval of the Audit Committee is hereby accorded to disclose the Key Performance Indicators (the "KPIs") as set out in **Annexure A**, in the draft red herring prospectus, updated draft red herring prospectus, the red herring prospectus, the prospectus and other documents or material issued in relation to the Offer, including any amendments, addenda or corrigenda issued thereto (collectively, the "**Offer Documents**"). The Audit Committee further confirms that the verified details for all the KPIs that have been disclosed to the earlier investors at any point of time during the three years period prior to the date of filing of the draft red herring prospectus and that the same will be disclosed in the 'Basis for Offer Price' section of the draft red herring prospectus, as set out in **Annexure B**. The Audit Committee also takes note of the certificate issued by M/s. Laxminiwas & Co, dated 29<sup>th</sup> September, 2023 in relation to the KPIs. ("**KPI Certificate**"), as set out as **Annexure C** and confirms that the KPIs which are required to be disclosed in the "Basis for Offer Price" section in accordance with SEBI ICDR Amendment or other applicable laws, have been disclosed or are proposed to be disclosed, as applicable, in the Offer Documents and such information is verified and audited by M/s. Laxminiwas & Co pursuant to the KPI certificate issued by it.

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**For Azad Engineering Limited**



**CS Ful Kumar Gautam**  
**Company Secretary**

**Date: 29/09/2023**

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**"RESOLVED FURTHER THAT** the Audit Committee notes that the certificate on KPIs shall be disclosed in the '*Material Contracts and Documents for Inspection*' section of the Offer Documents under the applicable provisions of the SEBI ICDR Regulations.

**"RESOLVED FURTHER THAT,** a copy of the above resolution, certified to be true by any Director or the Company Secretary of the Company be forwarded to the concerned authorities for necessary action."

**Date:** 29/09/2023

**Place:** Hyderabad

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**For Azad Engineering Limited**



**CS Ful Kumar Gautam**  
**Company Secretary**

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**Annexure A**

**Key performance indicators of the Company**

The KPIs disclosed herein below have been approved by a resolution of Audit Committee dated 29.09.2023

The tables below set forth the details of our certain financial data based on our KPIs that our Company considers have a bearing for arriving at the basis for Offer Price.

*(in ₹ million, unless otherwise stated)*

| Particulars                                       | Three months ended June 30, 2023** | As at / for the Fiscal ended March 31, |          |          |
|---|------------------------------------|--|----------|----------|
|   |                                    | 2023                                   | 2022     | 2021     |
| Revenue from operations                           | 759.10                             | 2,516.75                               | 1,944.67 | 1,227.21 |
| Revenue from operations growth <sup>(1)</sup> (%) | —**                                | 29.42                                  | 58.46    | -*       |
| Revenue from customers outside India              | 688.36                             | 2,023.08                               | 1,518.17 | 1007.33  |
| Gross Profit <sup>(2)</sup>                       | 681.28                             | 2,215.24                               | 1,737.05 | 1,089.12 |
| Gross Margin <sup>(3)</sup> (%)                   | 89.75                              | 88.02                                  | 89.32    | 88.75    |

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|   |         |        |        |        |
|---|---------|--------|--------|--------|
| EBITDA <sup>(4)</sup>                         | 262.15  | 722.78 | 622.68 | 281.54 |
| EBITDA Growth <sup>(5)</sup> (%)              | -**     | 16.08  | 121.17 | -*     |
| EBITDA Margin <sup>(6)</sup> (%)              | 34.53   | 28.72  | 32.02  | 22.94  |
| Profit after tax for the period/year          | 74.04   | 84.73  | 294.57 | 115.00 |
| Profit Margin <sup>(7)</sup> (%)              | 9.75    | 3.37   | 15.15  | 9.37   |
| Return on Capital Employed <sup>(8)</sup> (%) | 4.02*** | 12.99  | 16.95  | 12.09  |

\* Not included as the comparative period figures under Ind AS for FY 2020 / as on March 31, 2020 are not available

\*\*This figure has not been disclosed as it has not been annualised

\*\*\*Not annualised

Notes:

- (1) Revenue from operations growth (year on year) means the annual growth in Revenue from operations.
- (2) Gross Profit is calculated as Revenue from operations less Cost of Goods Sold. Cost of goods sold is the sum of Cost of materials consumed, Purchases of stock-in-trade and increase/ decrease in inventories.
- (3) Gross Margin is calculated as Gross Profit divided by Revenue from Operations.
- (4) EBITDA is calculated as restated profit before tax plus finance costs, depreciation and amortisation expense less other income.
- (5) EBITDA Growth (year on year) means the annual growth in EBITDA.
- (6) EBITDA Margin is calculated as EBITDA divided by Revenue from Operations.

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*(7) Profit Margin is calculated as restated profit after tax for the year divided by Revenue from Operations.*  
*(8) Return on capital employed (%) is calculated as EBIT divided by capital employed. EBIT is calculated as restated profit after tax for the year/*  
*period plus total tax expense plus finance costs and capital employed is calculated as the sum of total equity, current borrowings, and noncurrent borrowings.*

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