

Examination Report of Independent Auditor on the Restated Consolidated Statement of Assets and Liabilities as at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021 and Restated Consolidated Statement of Profit and Loss (including other comprehensive income), Restated Consolidated Statement of Changes in Equity, Restated Consolidated Statement of Cash Flows for six months period ended September 30, 2023 and the years ended March 31, 2023, March 31, 2022 and March 31, 2021 along with the Statement of Material Accounting Policies and other explanatory information of Azad Engineering Limited (formerly known as Azad Engineering Private Limited) (herein after collectively, the “Restated Consolidated Financial Information”)

The Board of Directors
Azad Engineering Limited
(Formerly known as Azad Engineering Private Limited)
90/C&D, Phase-1,
I.D.A. Jeedimetla, Hyderabad-500055

Dear Sirs /Madams,

1. We, M S K A & Associates, have examined the Restated Consolidated Financial Information of Azad Engineering Limited (formerly known as Azad Engineering Private Limited) (the “Company” or the “Holding Company” or the “Issuer”) and its subsidiaries (the Company and its subsidiaries together referred to as the “Group”) which comprises of Restated Consolidated Statement of Assets and Liabilities as at September 30, 2023, March 31, 2023, March 31, 2022 and March 31, 2021, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Statement of Cash Flows for the six months period ended September 30, 2023 and for each of the years ended March 31, 2023, March 31, 2022 and March 31, 2021 and the Statement of Material Accounting Policies and other explanatory Information (collectively referred to as the “Restated Consolidated Financial Information”), as approved by the Board of Directors of the Company (the “Board of Directors”) at their meeting held on December 06, 2023, for the purpose of inclusion in the Red Herring Prospectus and the Prospectus, prepared by the Company in connection with its proposed initial public offer of equity shares of face value of Rs. 2 each (“IPO” or “Offer”), prepared in terms of the requirements of:
 - a) the Sub-section (1) of Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “Act”).
 - b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “SEBI ICDR Regulations”); and
 - c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”), as amended from time to time (the “Guidance Note”).



Management's Responsibility for the Restated Consolidated Financial Information

2. The Company's Board of Directors are responsible for the preparation of Restated Consolidated Financial Information for the purpose of inclusion in the Red Herring Prospectus and the Prospectus to be filed with the Registrar of Companies, Telangana at Hyderabad ("RoC") and the Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE") (collectively, "the Stock Exchanges"), in connection with the Offer. The Restated Consolidated Financial Information have been prepared by the management of the Company in accordance with the basis of preparation stated in Note 2.1(i) of Annexure V to the Restated Consolidated Financial Information. The Board of Directors of the Company are responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Board of Directors of the Company are also responsible for identifying and ensuring that the Group complies with the Act, the SEBI ICDR Regulations and the Guidance Note.

Auditor's Responsibilities

3. We have examined the Restated Consolidated Financial Information taking into consideration:
 - a) the terms of reference and terms of our engagement agreed with the Company in accordance with our engagement letter dated July 12, 2023 and addendum to the engagement letter dated November 2, 2023, in connection with the proposed Offer.
 - b) the Guidance Note which also requires that we comply with the ethical requirements as stated in the Code of Ethics issued by the ICAI.
 - c) the concepts of test check and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and
 - d) the requirements of Section 26 of the Act and the SEBI ICDR Regulations.

Our work was performed solely to assist you in meeting your responsibilities in relation to compliance with the Act, the SEBI ICDR Regulations and the Guidance Note in connection with the Offer.

4. The Restated Consolidated Financial Information have been compiled by the Management of the Company from:
 - a) Audited Special Purpose Interim Consolidated Ind AS Financial Statements of the Group as at and for the six months period ended September 30, 2023, prepared in accordance with the Indian Accounting Standard 34 "Interim Financial Reporting" as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, except for inclusion of comparative information as those are not being given in the Restated Consolidated Financial Information as per the option available to the Issuer under Paragraph (A) (i) of Clause 11(I) of Part A of Schedule VI of the SEBI ICDR Regulations, which have been approved by the Board of Directors at their meeting held on December 06, 2023;



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- b) Audited Consolidated Financial Statements of the Group as at and for the year ended March 31, 2023, which were prepared in accordance with the Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended (referred to as "Ind AS"), and other accounting principles generally accepted in India, which has been approved by the Board of Directors at their meeting held on September 22,2023; and
 - c) Audited Special Purpose Consolidated Ind AS Financial Statements of the Group as at and for the year ended March 31, 2022, which were prepared in accordance with the Ind AS and other accounting principles generally accepted in India, which has been approved by the Board of Directors at their meeting held on September 22,2023; and
 - d) Audited Special Purpose Consolidated Financial Statements of the Group as at and for the year ended March 31, 2021, prepared in accordance with the basis of preparation, as set out in Note 2.1(i) of Annexure V to the Restated Consolidated Financial Information, which have been approved by the Board of Directors at their meeting held on September 22,2023.
5. For the purpose of our examination, we have relied on:
- a) Auditors' reports issued by us dated December 06,2023, on the Special Purpose Interim Consolidated Ind AS Financial Statements of the Group as at and for the six months period ended September 30, 2023 ("2023 Audited Interim Consolidated Ind AS Financial Statements") as referred in Para 4 (a) above;
 - b) Auditors' report issued by us dated September 22,2023, on the Consolidated Financial Statements of the Group as at and for the year ended March 31, 2023 ("2023 Audited Consolidated Financial Statements") as referred in Para 4 (b) above.
 - c) Auditors' Report Jointly issued by us & M/s. Laxminiwas & Co., Chartered Accountants ('Joint Auditors') dated September 22,2023, on the Special Purpose Consolidated Ind AS Financial Statements of the Group as at and for the year ended March 31, 2022 ("2022 Audited Special Purpose Consolidated Ind AS Financial Statements"), as referred in Para 4 (c) above; and
 - d) Report issued by M/s. A R Sulakhe & Co., Chartered Accountants ('Chartered Accountant') dated September 22,2023, on the Special Purpose Consolidated Ind AS Financial Statements of the Group as at and for the year ended March 31, 2021 ("2021 Audited Special Purpose Consolidated Financial Statements"), as referred in Para 4 (d) above.
 - e) The special purpose audit for year ended March 31, 2022 was conducted by Joint Auditors as referred in paragraph 5(c) above and accordingly reliance is placed on the Examination report dated September 22, 2023 on the Restated Consolidated Statement of assets and liabilities as at March 31, 2022, the Restated Consolidated Statement of profit and loss (including other comprehensive income), Restated Consolidated statement of changes in equity and Restated Consolidated statement of cash flows for the year ended March 31, 2022 along with the Statement of Material accounting policies and other explanatory information ("2022 Restated Consolidated Financial Information") issued by the Joint Auditors. Our examination report in so far as it relates to the said year is based solely on the report submitted by the Joint Auditors. They have also confirmed that:



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- i) The 2022 Restated Consolidated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, any material errors and regroupings/ reclassifications retrospectively in the financial year, as at and for the year ended March 31, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed in the Audited Special Purpose Interim Consolidated Ind AS Financial Statements of the Company as at and for the six months period ended September 30, 2023;
 - ii) There are no qualifications in the auditor's reports issued on the Audited Special Purpose Consolidated Ind AS Financial Statements of the Group as at and for the year ended March 31, 2022 which require any adjustments to the 2022 Restated Consolidated Financial Information; and
 - f) The 2022 Restated Consolidated Financial Information have been prepared in accordance with the Act, the SEBI ICDR Regulations and the Guidance Note
 - g) The special purpose audit for year ended March 31, 2021 was conducted by the Chartered Accountant as referred in paragraph 5(d) above and accordingly reliance is placed on the Examination report dated September 22, 2023 on the Restated Consolidated Statement of assets and liabilities as at March 31, 2021, the Restated Consolidated Statement of profit and loss (including other comprehensive income), Restated Consolidated statement of changes in equity, Restated Consolidated statement of cash flows , for the year ended March 31, 2021 along with the Statement of Material accounting policies and other explanatory information ("2021 Restated Consolidated Financial Information") issued by the Chartered Accountant. Our examination report insofar as it relates to the said years is based solely on the report submitted by the Chartered Accountant. They have also confirmed that:
 - i) the 2021 Restated Consolidated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, any material errors and regroupings/ reclassifications retrospectively in the financial year, as at and for the year ended March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed in the Audited Special Purpose Interim Consolidated Ind AS Financial Statements of the Company as at and for the six months period ended September 30, 2023;
 - ii) there are no qualifications in the auditor's reports issued on the Special Purpose Consolidated Ind AS Financial Statements of the Group as at and for the year ended March 31, 2021 which require any adjustments to the Restated Consolidated Financial Information; and
 - iii) The 2021 Restated Consolidated Financial Information have been prepared in accordance with the Act, the SEBI ICDR Regulations and the Guidance Note.
6. Joint Auditor's report on 2022 Audited Special Purpose Consolidated Ind As Financial Statements referred to in Para 5 (c) above included other matter paragraph as follows:
- "The audit of Special Purpose Consolidated Ind As Financial Statements of the subsidiaries, as included in the Special Purpose Consolidated Ind As Financial Statements of the Group as at and for the year ended March 31, 2022, have been audited by one of the Joint Auditors - M/s. Laxminiwas & Co. The share of total assets, total revenues (including other income) and net cash outflows included



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in the Special Purpose Consolidated Ind As Financial Statements of such subsidiaries, for the year have been tabulated below:

Rs. in million

| Name of the entity | Nature of the relationship | Year ended | Total assets | Total revenues | Net cash inflow/ (outflows) |
|---------------------------|----------------------------|----------------|--------------|----------------|-----------------------------|
| Rouland Chemicals Pvt ltd | Subsidiary | March 31, 2022 | 5.50 | 0.12 | - |
| Swastik Coaters Pvt ltd | Subsidiary | March 31, 2022 | 31.29 | 0.12 | (0.03) |

Our opinion on the 2022 Audited Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on the report of the Joint Auditor.

In our opinion and according to the information and explanations given to us by the management, the financials of the subsidiaries are not material to the Group.”

7. Based on the above, according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Joint Auditors and Chartered Accountant for the respective years, we report that:
- Restated Consolidated Financial Information have been prepared after incorporating adjustments for the changes in accounting policies, any material errors and regroupings/ reclassifications retrospectively in the financial years, as at and for the years ended March 31, 2023, March 31, 2022 and March 31, 2021 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the six months period ended September 30, 2023, as more fully described in Note 2.1(i) of Annexure V to the Restated Consolidated Financial Information;
 - there are no qualifications in the auditor’s or Joint Auditor’s or Chartered Accountant’s reports for the respective years which require any adjustments to the Restated Consolidated Financial Information; and
 - Restated Consolidated Financial Information have been prepared in accordance with the Act, the SEBI ICDR Regulations and the Guidance Note.
8. We have not audited any financial statements of the Group as at any date or for any period subsequent to September 30, 2023. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Group as at any date or for any period subsequent to September 30, 2023.
9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements, as mentioned in paragraph 5(a) above.



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10. This report should not in any way be construed as a reissuance or re-dating of any of the earlier auditor's reports issued by us or by the Chartered Accountant, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of this report.
12. Our report is intended solely for the use of the Board of Directors and for inclusion in the Red Herring Prospectus and the Prospectus, to be filed with the RoC, SEBI and the Stock Exchanges in connection with the proposed IPO of the Company. Our report should not be used, referred to or distributed for any other purpose without prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come.

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration Number: 105047W



Ananthkrishnan Govindan

Partner

Membership No. 205226

UDIN: 23205226BGWEIB8671



Place: Hyderabad

Date: December 06 , 2023