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Notice

**Azad Engineering Limited**  
 (Formerly 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 Phone. No.: +91-40-2309 7007 Website: <https://www.azad.in/>

## CORPORATE INFORMATION

<b>Board of Directors</b>	<ol style="list-style-type: none"> <li>1. Rakesh Chopdar</li> <li>2. Jyoti Chopdar</li> <li>3. Madhusree Vemuru</li> <li>4. Vishnu PramodKumar Malpani</li> <li>5. Subba Rao Ambati</li> <li>6. Michael Joseph Booth</li> </ol>
<b>Statutory Auditors</b>	M/s. M S K A & Associates
	Chartered Accountants
	FRN: 105047W 1101/ B, Manjeera Trinity Corporate, JNTU-Hitec City Road, Kukatpally, Hyderabad, Telangana-500072
<b>Registered Office</b>	90/C,90/D, Phase 1 I.D.A, Jeedimetla, Hyderabad, Telangana – 500055

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## BOARD'S REPORT

To  
The Members,  
**Azad Engineering Limited**

Dear Members,

Your Directors are pleased to present the Annual Report for the Financial Year 2022-23 of your Company on the business and operations of the Company together with the Audited Financial Statements for the financial year ended on 31<sup>st</sup> March 2023 (Standalone and Consolidated), and the Auditors' Reports thereon. The Company's financial performance for the year under review along with the previous year's figures are given hereunder:

### 1. FINANCIAL HIGHLIGHTS

(Amount in Rs. in Millions)

Particulars	For the financial year ended 31 <sup>st</sup> March, 2023	For the financial year ended 31 <sup>st</sup> March, 2022
Revenue from Operations	2516.75	1944.67
Other Income	98.46	33.54
<b>Total Income</b>	<b>2615.21</b>	<b>1978.21</b>
Total Expenses	2483.27	1591.47
<b>Profit before Tax</b>	<b>131.94</b>	<b>386.74</b>
Current Tax	25.74	86.68
Deferred Tax	18.70	20.09
Short/(Excess) provision of Income Tax for earlier years	2.42	-
MAT Credit	-	-
<b>Profit after Tax</b>	<b>85.08</b>	<b>279.97</b>

### 2. PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, JOINT VENTURES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements relate to the Company, Rouland Chemicals Private Limited and Swastik Coaters Private Limited. The Financial Statements of the entities covered in the Consolidation process are drawn up to the same reporting date as that of the Company i.e., 31<sup>st</sup> March, 2023. The Financial Statements of the Company and the entities have been combined on a line-by-line basis by adding together items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealized profits or losses, unless cost cannot be recovered.

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**CONSOLIDATED FINANCIAL HIGHLIGHTS**

(Amount in Rs. in Millions)

Particulars	For the financial year ended 31 <sup>st</sup> March, 2023	For the financial year ended 31 <sup>st</sup> March, 2022
Revenue from Operations	2516.75	1944.67
Other Income	98.46	47.96
<b>Total Income</b>	<b>2615.21</b>	<b>1992.63</b>
Total Expenses	2483.62	1591.29
<b>Profit before Tax</b>	<b>131.59</b>	<b>401.34</b>
Current Tax	25.74	86.68
Deferred Tax	18.70	20.09
Short/(Excess) provision of Income Tax for earlier years	2.42	-
MAT Credit	-	-
Profit attributable to minority interest	-	-
<b>Profit after Tax</b>	<b>84.73</b>	<b>294.57</b>

**3. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES**

As on 31<sup>st</sup> March, 2023, the Company has three Subsidiaries, namely, Swastik Coaters Private Limited and Rouland Chemicals Private Limited, Azad Engineering PTE Limited, however, the Company made an application for strike off and the same was accepted by ACRA vide its letter dated 13th September, 2023. Further, as on 31<sup>st</sup> March, 2023 the Company did not have any Joint Ventures or Associate Companies. The particulars have been furnished in Form AOC-1 in **ANNEXURE-II** and is attached to this Report.

**4. REVIEW OF BUSINESS OPERATIONS, STATE OF COMPANY'S AFFAIRS AND FUTURE PROSPECTS**

During the year under review the revenues of the Company have increased from Rs. 1944.67 million to Rs.2516.75 Million. Your Directors are continuously looking for future growth of the Company.

**5. CHANGES IN THE NATURE OF BUSINESS**

During the year under review, there were no changes in the nature of its business.

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## 6. TRANSFER TO RESERVES

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For the financial year ended on 31<sup>st</sup> March 2023, the Company had transferred:

- a. Rs. 85.08 Million i.e. Profit for the year to Retained Earnings Account in Reserves and Surplus;
- b. Rs. 751.63 Million i.e. Security Premium from issue of equity shares to Security Premium Account in Reserves and Surplus

## 7. DIVIDEND

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No Dividend was declared for the current financial year due to conservation of Profits by the Company.

## 8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

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The Company was not required to credit any amount to the Investor Education and Protection Fund constituted under Section 125(1) of the Companies Act, 2013.

## 9. CHANGES IN SHARE CAPITAL, IF ANY

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During the year under review, the Authorized Share Capital of the Company was increased from Rs. 10,00,00,000/- (Rupees Ten Crore only) divided into 1,00,00,000 (One Crore) Equity Shares of Rs.10/- (Rupees Ten only) each to Rs. 15,00,00,000/- (Rupees Fifteen Crore only) divided into 1,50,00,000 (One Crore Fifty Lakh) Equity Shares of Rs.10/- (Rupees Ten only).

During the year under review, the paid-up equity share capital of the Company was increased from Rs. 1,51,32,000/- (Rupees One Crore Fifty One Lakh Thirty-Two Thousand only) consisting of 15,13,200 (Fifteen Lakh Thirteen Thousand Two Hundred) Equity shares of Rs.10/- (Rupees Ten only) each to Rs. 1,65,18,260/- (Rupees One Crore Sixty Five Lakh Eighteen Thousand Two Hundred and Sixty only) consisting of 16,51,826/- (Sixteen Lakh Fifty One Thousand Eight Hundred and Twenty Six only) Equity shares of Rs.10/- (Rupees Ten only) each pursuant to

- i. the conversion of 1800 CCDs held by DMI Finance Private Limited into 43,488 equity shares at Rs. 4,129.07 per equity share (including Rs. 4,119.07 per share as Securities Premium) in accordance with the terms of the Agreements with the CCD holders and
- ii. allotment of 95,318 (Ninety Five Thousand Three Hundred and Eighteen) Equity Shares.

- **Buy Back of Securities:** The Company has not bought back any of its securities during the year under review.
- **Sweat Equity:** The Company has not issued any sweat equity shares during the year under review.
- **Bonus Shares:** No bonus shares were issued during the year under review.
- **Employees Stock Option Plan:** The Company has not provided any Stock Option Scheme to the employees.

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## 10. ANNUAL RETURN

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The Annual Return pursuant to the provisions of Section 92(3) of Companies Act, 2013 read with Rule 12 of the Companies (Management and administration) Rules, 2014 can be accessed at <https://www.azad.in/>.

## 11. PARTICULARS OF BOARD MEETINGS CONDUCTED

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During the year under review, the Company had conducted 16 Board Meetings in compliance with Secretarial Standard-1 (Meetings of Board of Directors) issued by the Institute of Company Secretaries (ICSI).

## 12. COMPLIANCE WITH SECRETARIAL STANDARDS

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During the year under review, the guidelines of Secretarial Standard – 1 (Board Meetings) and 2 (General Meetings) issued by the Institute of Company Secretaries of India (ICSI) and approved as such by the Central Government pursuant to Section 118(10) of the Act were adhered to while conducting the respective Meetings.

## 13. PARTICULARS OF LOANS, GUARANTEES, SECURITIES OR INVESTMENTS MADE

---

There were no loans, guarantees, or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

## 14. UNSECURED LOANS FROM DIRECTORS/ RELATIVES OF DIRECTORS

---

During the year under review, the Company has not accepted any amount as unsecured loans from Directors or their relatives pursuant to applicable provisions of the Companies Act, 2013.

## 15. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES

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The particulars of the contracts or arrangements made with related parties, under Section 188 of the Companies Act, 2013 in Form No. AOC-2 is furnished in **ANNEXURE-I** and is attached to this Report.

## 16. MATERIAL CHANGES AND COMMITMENTS, IF ANY

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There are no material changes and commitments that occurred between the end of the financial year of the Company and date of this Report which can affect the financial position of the Company. However, the following changes were undertaken between the date of closure of the financial year and the date of this report but none of these changes affect the financial position of the Company.

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**a. Conversion of Company from Private Limited to Public Limited Company:**

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Since the Company performed exceedingly well in the past few years and to augment its fund raising capacity for funding the business expansion programs, it has been converted from a Private Limited Company to a Public Limited Company vide a Special Resolution passed at the Extra-Ordinary General Meeting dated 14<sup>th</sup> July, 2023 and a fresh certificate of Incorporation dated 05<sup>th</sup> September, 2023 was issued by the Registrar of Companies, Hyderabad.

**b. Sub-Division of the Nominal Value of Equity Shares of the Company**

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The Authorized Share Capital of the Company as on 31.03.2023 was Rs. 15,00,00,000/- (Rupees Fifteen Crore only) divided into 1,50,00,000 (One Crore Fifty Lakh) equity shares of face value Rs.10/- (Rupees Ten only) The members of the Company vide Ordinary Resolution passed at their Extraordinary General Meeting held on 12<sup>th</sup> Day of September, 2023 approved the sub-division of Rs. 15,00,00,000/- (Rupees Fifteen Crore only) consisting of 1,50,00,000 (One Crore Fifty Lakh) equity shares of face value of Rs. 10 (Rupees Ten only) each to Rs. 15,00,00,000/- (Rupees Fifteen Crore only) consisting of 7,50,00,000 (Seven Crore Fifty Lakh only) Equity Shares of face value of Rs. 2/- (Rupees Two only) each.

**c. Allotment of Bonus Shares to the Equity Shareholders of the Company**

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In continuation of the Company's constant endeavor to maximize and unlock the shareholders' value in the Company, the members of the Company vide Ordinary Resolution passed at their Extraordinary General Meeting held on 12<sup>th</sup> Day of September, 2023, decided to capitalize the free reserves to the extent of Rs. 8,25,91,300 (Rupees Eight Crore Twenty Five Lakh Ninety-One Thousand Three Hundred only) and authorized the Board of Directors of the Company to allot fully-paid up 4,12,95,650 (Four Crore Twelve Lakh Ninety-Five Thousand Six Hundred and Fifty) bonus equity shares in the ratio of 5 (five) equity shares of Rs. 2/- (Rupees Two only) each for every 1 (One) equity shares of Rs. 2 (Rupees Two only) each held by holders of the equity shares of the Company, whose names appeared in the respective beneficiary account with their respective Depository Participants as on September 01, 2023. Thereafter, the Board of Directors through a Circular Resolution passed on 18<sup>th</sup> September, 2023 allotted 4,12,95,650 (Four Crore Twelve Lakh Ninety-Five Thousand Six Hundred and Fifty) fully paid-up bonus equity shares of Rs. 2 (Rupees Two only) each to the members of the Company.

**d. Sale/ Transfer/ Dispose off of equity shares held in Swastik Coaters Private Limited and Rouland Chemicals Private Limited**

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The members of the Company and the Board of Directors of the Company at its respective Meetings approved the transfer of 99.62% and 99.90% stake in its subsidiaries i.e. Swastik Coaters Private Limited and Rouland Chemicals Private Limited, respectively.

**17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO**

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**A. Conservation of energy:**

- a) the steps taken or impact on conservation of energy: N.A.
- b) the steps taken by the Company for utilizing alternate sources of energy: N.A.
- c) The capital investment on energy conservation equipment: N.A.

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**B. Technology absorption:**

- a) Efforts made in technology absorption: N.A.
- b) The benefits derived like product improvement, cost reduction, product development or import substitution: N.A.
- c) In the case of imported technology (imported during the last three years reckoned from the beginning of the financial year): NA

**C. Foreign Exchange earnings and outgo:**

- a) The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

Foreign currency transactions are recorded at the exchange rate prevailing on the date of the transaction. Net exchange gain or loss resulting in respect of foreign exchange transactions settled during the period is recognized in the profit and loss account.

Foreign currency denominated monetary current assets and current liabilities at the period end are translated at the period end exchange rates and the resulting net gain or loss is recognized in the profit and loss account. Non-monetary foreign currency items are carried at cost.

(Amount in Rs. in Millions)

Particulars	For the financial year ended 31 <sup>st</sup> March, 2023,	For the financial year ended 31 <sup>st</sup> March, 2022,
Foreign Exchange Earnings	157.58	123.98
Foreign Exchange Outgo	824	83.96

**18. RISK MANAGEMENT POLICY**

During the year, the Company was not required to formulate any Risk Management Policy as the elements of risk threatening the Company's existence are very minimal. However, the Company has put in place appropriate mechanisms to deal with business risk that may arise in future.

**19. INTERNAL FINANCIAL CONTROL WITH REFERENCE TO FINANCIALS STATEMENTS**

The company has in place adequate internal financial control with reference to Financial Statements during the year no material weakness in the design or operation was observed.



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## 20. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

---

Except for extension of Time Limit for holding Annual General Meeting for the Financial Year 2021-22 till 31st December, 2022 from the Registrar of Companies, Telangana, there were no such significant and material orders passed by the authorities impacting the going concern status and the company's operations in future, during the year under review.

## 21. DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

---

During the year under review, the Statutory Auditors of the Company have not reported any frauds to the Board of Directors as prescribed under Section 143(12) of the Companies Act, 2013 and rules made thereunder.

## 22. CHANGES IN COMPOSITION OF THE BOARD OF DIRECTORS

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During the year there were following changes in the composition of the Board of Directors:

- i. Mr. Anshuman Malur Madan was appointed and subsequently resigned as Nominee Director representing DMI Finance Private Limited.
- ii. Mr. Gurudatta Mishra was appointed as the Nominee Director representing Piramal Alternatives Private Limited

Following changes occurred between the end of the financial year of the Company and date of this Report:

- i. Appointment of Mr. Micheal Joseph Booth as an Independent Director
- ii. Appointment of Mrs. Madhusree Veumru as an Independent Director
- iii. Appointment and resignation of Mr. Jagadeesh Ambati as an Independent Director
- iv. Appointment of Mr. Subba Rao Ambati as an Independent Director (Additional Director)
- v. Appointment of Mr. Vishnu Pramodkumar Malpani as Whole time Director

## 23. DEPOSITS

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During the year the Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act, 2013 ("the Act") read with the Companies (Acceptance of Deposit) Rules, 2014, as amended from time to time, during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

## 24. PARTICULARS OF REMUNERATION TO EMPLOYEES

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The requirement of disclosure of particulars of top 10 employees and the employee's drawing remuneration in excess of limits specified under section 197(12) of the Companies Act, 2013, and Rule 5(1) (2) & (3) of the

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Companies (Appointment & Remuneration) Rules, 2014 and also including the ratio of the remuneration of each Director to median remuneration of the employees, is not applicable to the Company.

## 25. CORPORATE SOCIAL RESPONSIBILITY

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The Corporate Social Responsibility Committee has formulated and recommended to the Board a Policy on Corporate Social Responsibility (CSR Policy) indicating the activities to be undertaken by the Company which has been approved by the Board. The Board, on the recommendation of the CSR Committee, adopted a CSR Policy that strives to meet its societal objectives in accordance with Schedule VII of the Act. The same is available on Company's website <https://www.azad.in/>

## 26. DIRECTORS' RESPONSIBILITY STATEMENT

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Pursuant to the requirement of Section 134(3)(c) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, your Directors wish to confirm that:

- ⊕ In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures, if any.
- ⊕ Such Accounting Policies have been selected and applied consistently and judgment and estimates are made that are reasonable and prudent so as to give a true and fair view of the State of Affairs of the Company at the end of the financial year and of the profit of the Company for that period.
- ⊕ Proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting any fraud or other irregularities has been taken.
- ⊕ Accounts are prepared on an ongoing concern basis for the year ended on 31<sup>st</sup> March, 2023.

## 27. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

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The Company is committed to provide a safe and conducive work environment to its employees. In this regard, your Company has constituted an Internal Complaints Committee (ICC) to consider and address sexual harassment complaints in accordance with the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. However, during the year under review, the ICC has not received any complaints.

## 28. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

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During the financial year, no application was made by or against the Company or any proceeding is pending under the Insolvency and Bankruptcy Code, 2016.

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## 29. DISCLOSURE ABOUT THE DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION EXECUTED AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF.

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During the financial year ended 31st March, 2023, The Company had not entered into any settlement with Banks and Financial Institutions and hence the said clause is not applicable.

## 30. AUDITORS

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### A. Statutory Auditors

M/s. MSKA & Associates, Chartered Accountants (FRN: 105047W) were appointed as Statutory Auditors of the Company for a period of Five years commencing from the conclusion of the Annual General Meeting held for the Financial Year 2022-23 until the conclusion of the Annual General Meeting to be held for the FY 2026-27.

### B. Cost Auditors

The provision of Section 148 of the Companies Act, 2013 read with the Companies (Cost records and audit) Rules, 2014, is not applicable to our Company. Hence, the Company has not maintained any cost records and not appointed any Cost Auditor.

### C. Secretarial Auditors

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors appointed CS Prachi Bansal, Company Secretary in Practice to conduct the Secretarial Audit of the Company for the Financial Year 2022-23.

## 31. EXPLANATION TO AUDITORS' REMARKS

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**Statutory Auditors:** The observations made by the Auditors in their Report read with the relevant notes as given in the Notes on Accounts for the year ended on 31st March, 2023 are self explanatory and therefore do not call for any further comments under Section 134(3)(f) of the Companies Act, 2013.

**Secretarial Auditors:** Except as mentioned in the Annexure-3, the observations made by the Secretarial Auditors in their Report for the year ended 31st March, 2023 are self-explanatory and therefore do not call for any further comments under Section 134(3)(f) of the Companies Act, 2013. The Secretarial Audit Report in Form MR-3 is annexed herewith as Annexure-3. The Secretarial Audit Report does not contain any other qualification, reservation or adverse remark.

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### 32. CORPORATE GOVERNANCE

Your Company has an eminent Board with members of very high standards of Corporate Governance. There is clear demarcation of duties & responsibilities and accountability at various management levels and care is taken to ensure compliance with statutory requirements and to adhere to the highest standards of business ethics.

### 33. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has an adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management.

The Management of the company checks and verifies the internal control and monitors them in accordance with policy adopted by the company. The Company continues to ensure proper and adequate systems and procedures commensurate with its size and nature of its business.

### 34. VIGIL MECHANISM

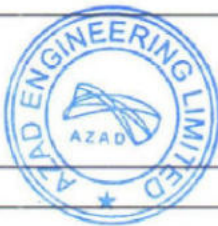



The Board at its meeting has adopted a vigil mechanism policy that provides a formal mechanism for all Directors and employees to report their genuine concerns while ensuring that the activities of the Company are conducted in a fair and transparent manner and approach the Board of Directors of the Company about the unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics. During the year, there were no complaints received in this respect.

### 35. MAINTENANCE OF COST RECORDS

During the period under review, pursuant to Section 148(1) of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 the Company maintains the Cost Records.

### 36. ACKNOWLEDGEMENT

Your Directors take this opportunity to record their sincere appreciation and wish to express their thanks to the company's clients, bankers, shareholders and business associates, who, through their continued support and cooperation, have helped as partners in your company's progress.

		By order of the Board of Directors of Azad Engineering Limited	
			
Date: 22.09.2023		Rakesh Chopdar	
Place: Hyderabad		Chairman & CEO	Whole Time Director
		DIN:01795599	DIN: 03132157

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## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE 40TH ANNUAL GENERAL MEETING OF THE MEMBERS OF AZAD ENGINEERING LIMITED WILL BE HELD ON TUESDAY, 26TH DAY OF SEPTEMBER, 2023 AT 10:30 A.M THROUGH VIDEO CONFERENCING (“VC”)/ OTHER AUDIO VISUAL MEANS (“OAVM”) DEEMED TO BE HELD AT THE REGISTERED OFFICE OF THE COMPANY TO TRANSACT THE FOLLOWING BUSINESS:**

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (including Audited Consolidated Financial Statements) of the Company for the Financial Year ended March 31, 2023, and the Reports of the Auditors thereon and the Board's Report.
2. To consider re-appointment of Mrs. Jyoti Chopdar (DIN:03132157) who will retire by rotation and being eligible offers herself for re-appointment

### SPECIAL BUSINESS

3. **To consider and approve amendment of the Articles of Association:**

To consider and if thought fit, to give assent/ dissent to the following Resolution as **Special Resolution:**

“**RESOLVED FURTHER THAT** pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and subject to the approval of the Registrar of Companies, Hyderabad, new set of Articles of Association of the Company in line with the amended Debenture Trust Deed and as placed before this Meeting duly initialed by Mr. FulKumar Gautam, Company Secretary of the Company for the purpose of identification and available for inspection in the registered office of the Company, be and is hereby approved and adopted by the Members of the Company.”

“**RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to file the requisite form(s) with the office of the Registrar of Companies, Hyderabad and to do all such acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, papers including but not limited to applications, affidavits, declarations, return, to give effect to the above resolution.”

4. **To appoint Mr. Subba Rao Ambati (DIN:01722940) as Independent Director (Non-Executive):**

To consider and if thought fit, to give assent/ dissent to the following Resolution as **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 197, 198 read with Schedule-IV and V thereto and other applicable provisions of the Companies Act, 2013 and the rules framed there

**Azad Engineering Limited**  
**(Formerly 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](mailto:cs@azad.in) Phone. No.: +91-40-2309 7007 Website: <https://www.azad.in/>

under (including any statutory modification(s) or re-enactment thereof), relevant applicable regulation(s) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and also provisions of Articles of Association of the Company, and on the basis of the recommendation of the Nomination and Remuneration Committee and consent of the Board of Directors at their Meetings held on 24th September 2023, the approval of the Members of the Company be and is hereby accorded for appointment of Mr. Subba Rao Ambati (DIN:01722940), as an Independent Director (Non-Executive) of the Company not liable to retire by rotation and to hold office for a period of 5 consecutive years with effect from 24th September, 2023."

**"RESOLVED FURTHER THAT** Board of Directors of the Company be and is hereby authorized to file the requisite form(s) with the office of the Registrar of Companies, Hyderabad and to do all such acts, deeds, matters and things as deem necessary, proper or desirable and to sign and execute all necessary documents, papers including but not limited to applications, affidavits, declarations, return, to give effect to the above resolution."

**By order of the Board of Directors of  
Azad Engineering Limited**

**Date:** 22/09/2023

**Place:** Hyderabad

CS Ful Kumar Gautam  
Company Secretary

M.no: 49550



**Azad Engineering Limited**  
**(Formerly known as Azad Engineering Private Limited)**  
**(CIN): U74210TG1983PLC004132**

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## NOTES

1. In the Ministry of Corporate Affairs (MCA) vide Circular No. 02/2022 dated May, 05, 2022 had permitted Companies to conduct Annual General Meetings ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the members at common venue. In compliance with the MCA Circular No. 14/2020 dated April 8, 2020, Circular No. 17/2020 dated April 13, 2020, Circular No. 20/2020 dated May 05, 2020 and Circular No. 02/2021 dated January, 13, 2021 Circular No. 20/2021 dated December 08, 2021 and Circular No. 02/2022 dated May 05, 2022 (MCA Circulars) applicable provisions of Companies Act, 2013 the AGM of the Company is being convened and conducted through VC/ OAVM. The deemed venue of the AGM shall be the Registered Office of the Company.
2. Those Shareholders whose email IDs are not registered, are requested to register their email ID with Registrar & Share Transfer Agent (R&STA) at  
 KFin Technologies Private Limited  
 Selenium Tower B | Plot No. 31 & 32 | Gachibowli  
 Financial District | Hyderabad: 500 032 | India  
 P: +91 9396959395 | [Praveen.Chaturvedi@Kfintech.com](mailto:Praveen.Chaturvedi@Kfintech.com)  
 by providing their Name as registered with the R&STA, Address, email ID, PAN, DPID/Client ID or Folio Number and Number of shares held by them.
3. The Members attending the AGM through VC/ OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
4. Members are requested to furnish their change of addresses, e-mail ID and phone number, if any, to the Company's registered office address.
5. In compliance with the Circulars, the Annual Report is being sent only through electronic mode to those members whose e-mail address is registered with the Company.
6. The Members will be allowed to express their views or ask questions during the course of the Meeting. The views/ questions can also be given in advance by writing an e-mail to [cs@azad.in](mailto:cs@azad.in)
7. The Explanatory Statement pursuant to the provisions of Section 102 of the Companies Act, 2013, setting out material facts in respect of special business items is annexed hereto.
8. If you have any queries or issues regarding attending EGM you may write an e-mail to [cs@azad.in](mailto:cs@azad.in) or contact CS Ful Kumar Gautam (Ph.No: 7093916512 ).
9. Notice calling the AGM and the Explanatory Statement shall be made available for inspection by the Members electronically. Members seeking to inspect such documents can send an email to [cs@azad.in](mailto:cs@azad.in).
10. As per the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the AGM is being held through VC/ OAVM pursuant to the MCA Circulars, physical attendance of Members has been dispensed with.

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**Email:** [cs@azad.in](mailto:cs@azad.in) **Phone. No.:** +91-40-2309 7007 **Website:** <https://www.azad.in/>

Accordingly, the facility for appointment of proxies by the Members will not be made available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

11. Since the AGM is being held through VC/ OAVM, the route map of the venue of the Meeting is not annexed to this Notice.
12. Bodies Corporate can be represented at the Meeting by such person(s) as are authorized. Copies of resolution under section 113 of the Companies Act, 2013, authorizing such person(s) to attend the meeting should be forwarded to the Company prior to the meeting.
13. The following documents will be available for inspection by the Members electronically during the AGM: a) Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013. Members seeking to inspect such documents can send an email to [cs@azad.in](mailto:cs@azad.in)
14. The particulars/ link for joining the Meeting shall be intimated in due course of time. The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such scheduled time.

.....



**Azad Engineering Limited**  
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**EXPLANATORY STATEMENT**

(Pursuant to Section 102 of the Companies Act. 2013)

**Item No. 03: To consider and approve amendment of the Articles of Association**

Pursuant to the provisions of Section 14 of the Companies Act, 2013 and the and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, the Company is required to amend its Articles of Association as it has amended the Debenture Trust Deed and changes are needed to be made accordingly. Accordingly, the new set of Articles of Association in substitution for, and to the exclusion of, the existing Articles of Association of the Company was approved by the Board of Directors of the Company subject to approval by the members at the ensuing Annual General Meeting.

The Board of Directors commends the resolution set out at Item No. 03 for approval by the Members of the Company as a Special Resolution.

None of the Directors or Key Managerial Personnel or their respective relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No.03 of this Notice.

**Item No. 4: To appoint Mr. Subba Rao Ambati (DIN:01722940) as Independent Director (Non-Executive):**

Mr. Subba Rao Ambati was appointed as an Additional Director (Non-Executive) of the Company with effect from 24th September, 2023, in accordance with the provisions of section 161 of the Companies Act, 2013 read with the Articles of Association of the Company. Pursuant to Section 161 of the Companies Act, 2013 relevant rules, read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and holds office only up to the date of the ensuing Annual General Meeting of the Company.

The matter regarding appointment of Mr. Subba Rao Ambati was placed before the Nomination & Remuneration Committee, and considering his varied experience, skills, knowledge & capabilities, it recommended his appointment as Independent Director for a term of 5 years in terms of the provisions of Sections 149, 150, 152 read with Schedule IV and any other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has received consent, declaration of non-disqualification in terms of Section 164 of the Companies Act, 2013, and a declaration from him stating that he meets the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the provisions of section 149 of the Act, an Independent Director shall hold office for a term upto five consecutive years on Board of a Company and is not liable to retire by rotation. In the opinion of the Board, Mr. Subba Rao Ambati fulfills the conditions specified under Section 149 (6) of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as an Independent Non-Executive Director of the Company and is independent of the management. The Board

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opined that his continued association would be of immense benefit to the Company and it is desirable to avail services of Mr. Subba Rao Ambati as an Independent Director.

Accordingly, the Board recommends passing of the Special Resolution in relation to appointment of Mr. Subba Rao Ambati as an Independent Director for a term of five consecutive years with effect from 24th September, 2023 for the approval by the members of the Company.

Copy of the draft letter for appointment of Mr. Subba Rao Ambati as an Independent Director (Non-Executive) setting out terms and conditions would be available for inspection by members in terms of Note No. 5 of the Notes in the accompanying Notice.

Except Mr. Subba Rao Ambati, no other Director(s) or Key Managerial Personnel(s) or their relatives is concerned or interested in the Resolution.

By order of the Board of Directors of  
Azad Engineering Limited

Date: 22/09/2023  
Place: Hyderabad

.....  
CS Ful Kumar Gautam  
Company Secretary  
M.No: 49550



**Azad Engineering Limited**  
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**ANNEXURE-I****AOC-2**

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**1. Details of material contracts or arrangements or transactions at arm's length basis:**

S. No	Description	Details
a)	Name(s) of the related party and nature of relationship	Atlas Fasteners (Entities over which KMPs/Directors and/or their relatives are able to exercise significant influence)
b)	Nature of contracts/ arrangements/ transactions	Sale & Purchase of Goods
c)	Duration of the contracts/ arrangements/ transactions	NA
d)	Salient terms of the contracts or arrangements or transactions including the value, if any	In the ordinary course of business and on an arm's length basis. The value of the transaction(s) is as under: Sale of Goods of Rs. 0.23 Millions Purchase of Goods : Rs. 8.22 Million
e)	Date(s) of approval by the Board, if any	NA
f)	Amount paid as advances, if any	For purchase of goods: Rs.8.22 Millions




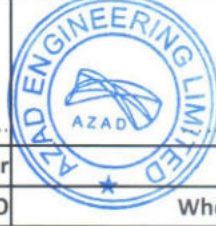
	By order of the Board of Directors of Azad Engineering Limited	
		
<b>Date:</b> 22.09.2023	 Rakesh Chopdar	 Jyoti Chopdar
<b>Place:</b> Hyderabad	Chairman & CEO	Whole Time Director
	DIN:01795599	DIN: 03132157

**Azad Engineering Limited**  
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**ANNEXURE-II**

AOC-1		
<b>Statement containing salient features of the financial statement of subsidiaries/associate companies/ joint ventures</b>		
<b>Pursuant to first proviso to sub-section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014 [Form AOC-1]</b>		
<b>Part "A": Subsidiaries</b>		
<b>Information in respect of each Subsidiary</b>		
Name of the Subsidiary	Swastik Coaters Private Limited	Rouland Chemicals Private Limited
Reporting Period	31 <sup>st</sup> March, 2023	31 <sup>st</sup> March, 2022
	Amount in Rs.(in Millions)	Amount in Rs.((in Millions))
Share Capital	1.32	0.50
Reserves	27.62	(0.30)
Total Assets	31.41	5.60
Total Liabilities	2.47	5.40
Investments	-	-
Turnover	-	-
Profit/(Loss) before taxation	(0.14)	(0.20)
Provision for taxation	-	-
Profit/(Loss) after taxation	(0.14)	(0.20)
Proposed Dividend	-	-
% of Shareholding	99.62	99.90
Names of Subsidiaries which are yet to commence operations: NIL		
Names of Subsidiaries which have been liquidated or sold during the year: NIL		
<b>Part "B": Associates and Joint Ventures- NA</b>		

	By order of the Board of Directors of Azad Engineering Limited	
		
<b>Date:</b> 22.09.2023	 Rakesh Chopdar	 Jyoti Chopdar
<b>Place:</b> Hyderabad	Chairman & CEO	Whole Time Director
	DIN:01795599	DIN: 03132157

**INDEPENDENT AUDITOR'S REPORT**

To the Members of **Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) ("the Company"), which comprise the Standalone Balance Sheet as at March 31, 2023, the Standalone Statement of Profit and Loss (Including Other Comprehensive Income), Standalone Statement of Changes in Equity, Standalone Statement of Cash Flows for the year then ended and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profit, other comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our opinion.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



# MSKA & Associates

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### Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Standalone Financial Statements.

### Other Matter

- i. The comparative financial information of the Company for the year ended March 31, 2022 prepared in accordance with the Ind AS, included in these standalone financial statements, are based on the Special Purpose Standalone Ind AS Financial Statements of the Company as at and for the year ended March 31, 2022, jointly audited by us and M/s. Laxminiwas & Co, and our report dated September 22, 2023, expressed an unmodified audit opinion on those Special Purpose Standalone Ind AS Financial Statements.

Statutory Standalone Financial Statements for the year ended March 31, 2022, prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, are jointly audited by us and M/s. Laxminiwas & Co, and our report dated December 29, 2022 expressed an unmodified audit opinion on those financial statements.



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## Chartered Accountants

- ii. The comparative financial Information of the Company as on transition date (opening Balance Sheet as at April 1, 2021) prepared in accordance with the Ind AS, included in these Standalone financial statements, are based on the Special Purpose Standalone Ind AS Financial Statements of the Company as at and for the year ended March 31, 2021, audited by M/s. A.R. Sulakhe & Co, and their report dated September 22, 2023, expressed an unmodified audit opinion on those Special Purpose Standalone Ind AS Financial Statements.

Statutory Standalone Financial Statements for the year ended March 31, 2021, prepared in accordance with the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, are audited by M/s. O M N & Associates, and their report dated November 27, 2021 expressed an modified audit opinion on those financial statements.

Our opinion is not modified in respect of the above matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 29 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



# MSKA & Associates

Chartered Accountants

iv.

- 1) The Management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - 2) The Management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - 3) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, and according to the information and explanations provided to us by the Management in this regard nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) as provided under (1) and (2) above, contain any material mis-statement.
- v. The Company has neither declared nor paid any dividend during the year.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. April 1, 2023, reporting under this clause is not applicable.
3. The company has converted into Public Limited Company with effect from September 05, 2023. In our opinion, according to information and explanations given to us, the provisions of Section 197 of the Act and the rules thereunder are not applicable to the Company for the financial year ended March 31, 2023, as it was a Private Limited Company.

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No. 105047W



Ananthkrishnan Govindan  
Partner  
Membership No. 205226  
UDIN: 23205226BGWEBY7863



Place: Hyderabad  
Date: September 22, 2023



# MSKA & Associates

## Chartered Accountants

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AZAD ENGINEERING LIMITED (FORMERLY KNOWN AS AZAD ENGINEERING PRIVATE LIMITED)

### Auditor's Responsibilities for the Audit of the Standalone Financial Statements

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

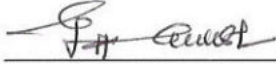


# MSKA & Associates

Chartered Accountants

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No. 105047W



Ananthkrishnan Govindan  
Partner  
Membership No.205226  
UDIN: 23205226BGWEBY7863



Place: Hyderabad  
Date: September 22, 2023

# MSKA & Associates

## Chartered Accountants

### ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AZAD ENGINEERING LIMITED (FORMERLY KNOWN AS AZAD ENGINEERING PRIVATE LIMITED) FOR THE YEAR ENDED MARCH 31, 2023

[Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report]

i.

(a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

B. The Company has no intangible assets. Accordingly, the provisions stated in paragraph 3(i)(a)(B) of the Order are not applicable to the Company.

(b) Property, Plant and Equipment have been physically verified by the management at reasonable intervals during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in the financial statements are held in the name of the Company except for the title deeds of immovable properties aggregating to Rs. 12.88 Mn are pledged with the banks and are not available with the Company. The same has been independently confirmed by the bank and verified by us.

(d) According to the information and explanations given to us, the Company has not revalued its property, plant and equipment during the year. Accordingly, the requirements under paragraph 3(i)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us, no proceeding has been initiated or pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988, as amended and rules made thereunder. Accordingly, the provisions stated in paragraph 3(i) (e) of the Order are not applicable to the Company.

ii.

(a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification, coverage & procedure of such verification is reasonable and appropriate. having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories.

(b) As disclosed in note 39 to the financial statements, The Company has been sanctioned working capital limits in excess of Rs. 5 crores in aggregate from Banks/financial institutions on the basis of security of current assets. Quarterly returns / statements are filed with such Banks/ financial institutions are in agreement with the books of account.

iii.

(a) According to the information explanation provided to us, the Company has not provided loans or provided advances in the nature of loans, or given guarantee, or provided security to any other entity.

(A) The Company has not provided any loans or advances and guarantees or security to subsidiaries.



# MSKA & Associates

## Chartered Accountants

- (B) There are no amount given during the year/ balance outstanding at the balance sheet date with respect to loans or advances in the nature of loans and guarantees or security to parties other than subsidiaries.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the terms and conditions in relation to investments made are not prejudicial to the interest of the Company.
- (c) Since, there are no loans or advances provided in the nature of loans, the paragraph iii(c) to iii(f) of the order is not applicable at present.
- iv. According to the information and explanations given to us, the Company has neither, directly or indirectly, granted any loan, or provided guarantee or security to any of its directors or to any other person in whom the director is interested, in accordance with the provisions of Section 185 of the Act nor made investments through more than two layers of investment companies in accordance with the provisions of Section 186 of the Act. Accordingly, provisions stated in paragraph 3(iv) of the Order are not applicable to the Company.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii.  
(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess, and other statutory dues have not generally been regularly deposited by the Company with the appropriate authorities though delay in deposit have not been serious.

There are no undisputed amounts payable in respect of Goods and Services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess, and other statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

- (b) According to the information and explanation given to us and examination of records of the Company, details of statutory dues referred to in sub Clause (a) above which have not been deposited as on March 31, 2023 on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount Demanded Rs in Mn	Period to which the amount relates	Forum where dispute is pending
The Income Tax Act, 1961	Income Tax	6.82	AY 2020-21	CIT (Appeals)
Customs Act, 1962	Customs Duty	42.18	FY 2014-15	Commissioner of Customs
Customs Act, 1962	Customs Duty	0.98	FY 2016-17	Commissioner of Customs
Customs Act, 1962	Customs Duty	19.88	FY 2017-18	Commissioner of Customs



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Customs 1962 Act,	Customs Duty	1.81	FY 2018-19	Commissioner of Customs
Customs 1962 Act,	Customs Duty	17.89	FY 2019-20	Commissioner of Customs
Customs 1962 Act,	Customs Duty	3.50	FY 2020-21	Commissioner of Customs

viii. According to the information and explanations given to us, there are no transactions which are not accounted in the books of account which have been surrendered or disclosed as income during the year in Tax Assessment of the Company. Also, there are no previously unrecorded income which has been now recorded in the books of account. Hence, the provision stated in paragraph 3(viii) of the Order is not applicable to the Company.

ix.

- (a) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings or in payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information explanation provided to us, money raised by way of term loans during the year have been applied for the purpose for which they were raised.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the standalone financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information explanation given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from an any entity or person on account of or to meet the obligations of its subsidiaries.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Hence, reporting under the Clause 3(ix)(f) of the order is not applicable to the Company.

x.

- (a) In our opinion and according to the information explanation given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) during the year. Hence, the provisions stated in paragraph 3 (x)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of shares and Compulsory convertible debentures during the year and the requirements of Section 42 and Section 62 of the Act have been complied with. The amount raised has been used for the purposes for which they were raised.

xi.

- (a) Based on our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we report that no material fraud by the Company nor on the Company has been noticed or reported during the course of our audit.
- (b) We have not come across of any instance of material fraud by the Company or on the Company during the course of audit of the standalone financial statement for the year ended March 31, 2023, accordingly the provisions stated in paragraph (xi)(b) of the Order is not applicable to the Company.



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## Chartered Accountants

- (c) As represented to us by the Management, there are no whistle-blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) (a) to (c) of the Order are not applicable to the Company.
- xiii. The company has converted into Public Limited Company with effect from September 05, 2023. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act for the year ended March 31, 2023 as it was a Private Limited Company and according to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 188 of the Act, where applicable and details of such transactions have been disclosed in the standalone financial statements as required by applicable accounting standards.
- xiv.
- (a) In our opinion and based on our examination, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered internal audit reports of the Company issued till date, for the period under audit.
- xv. According to the information and explanations given to us, in our opinion, during the year the Company has not entered into non-cash transactions with directors or persons connected with its directors and hence, provisions of Section 192 of the Act are not applicable to Company.
- xvi. The Company is not required to be registered under Section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph 3 (xvi)(a) to 3 (xvi)(d) of the Order are not applicable to the Company.
- xvii. Based on the overall review of standalone financial statements, the Company has not incurred cash losses in the current financial year and in the immediately preceding financial year. Hence, the provisions stated in paragraph 3 (xvii) of the Order are not applicable to the Company.
- xviii. There has been resignation of one of the joint statutory auditor (M/s. Laxminiwas & Co) during the year, there were no issues, objections or concerns raised by the outgoing auditor.
- xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx.
- a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

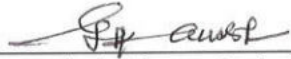


# MSKA & Associates

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- b) In respect of ongoing projects, the Company has transferred unspent amount to a special account within a period of thirty days from the end of the financial year in compliance section 135(6) of the said Act.
- xxi. The reporting under Clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said Clause has been included in the report.

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No. 105047W



**Ananthakrishnan Govindan**  
Partner  
Membership No.205226  
UDIN: 23205226BGWEBY7863



Place: Hyderabad  
Date: September 22, 2023

# MSKA & Associates

## Chartered Accountants

### ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AZAD ENGINEERING LIMITED (FORMERLY KNOWN AS AZAD ENGINEERING PRIVATE LIMITED)

[Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of **Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)** on the Financial Statements for the year ended March 31, 2023]

### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

#### Opinion

We have audited the internal financial controls with reference to standalone financial statements of **Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)** ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note").

#### Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.





# MSKA & Associates

Chartered Accountants

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to standalone financial statements.

## Meaning of Internal Financial Controls With reference to Standalone Financial Statements

A Company's internal financial control with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

## Inherent Limitations of Internal Financial Controls With reference to Standalone financial statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No. 105047W

  
Ananthakrishnan Govindan  
Partner  
Membership No. 205226  
UDIN: 23205226BGWEBY7863



Place: Hyderabad  
Date: September 22, 2023

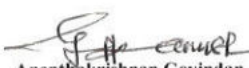
Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)  
Standalone Balance Sheet as at 31 March 2023  
(All amounts are Rs. in millions, unless otherwise stated)

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Particulars	Note	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	2,096.83	1,374.30	1,140.61
Capital work-in-progress	4	379.86	236.56	-
<b>Financial assets</b>				
- Investments	5	62.82	62.82	62.92
-Other financial assets	6	38.68	36.04	39.25
Other non-current assets	7	475.67	654.76	55.52
<b>Total non-current assets</b>		<b>3,053.86</b>	<b>2,364.48</b>	<b>1,298.30</b>
<b>Current assets</b>				
Inventories	8	860.63	573.75	342.88
<b>Financial assets</b>				
(i) Trade receivables	9	1,186.63	746.31	525.44
(ii) Cash and cash equivalents	10	193.93	44.15	16.78
(iii) Bank balances other than (ii) above	10	333.27	132.48	154.11
(iv) Other financial assets	6	0.91	-	12.34
Other current assets	11	260.78	179.94	215.82
<b>Total current assets</b>		<b>2,836.15</b>	<b>1,676.63</b>	<b>1,267.37</b>
<b>Total assets</b>		<b>5,890.01</b>	<b>4,041.11</b>	<b>2,565.67</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	12	16.52	15.13	15.13
Other equity	13	2,023.79	1,185.02	908.47
<b>Total equity</b>		<b>2,040.31</b>	<b>1,200.15</b>	<b>923.60</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	14	2,206.54	1,223.53	411.30
Provisions	17	25.64	22.52	14.08
Deferred tax liabilities (net)	18	135.87	116.33	97.65
<b>Total non-current liabilities</b>		<b>2,368.05</b>	<b>1,362.38</b>	<b>523.03</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	15	797.40	746.27	462.53
(ii) Trade payables	16			
- Total outstanding dues of micro and small enterprises		25.34	32.50	26.22
- Total outstanding dues of creditors other than micro and small enterprises		449.53	392.73	341.92
(iii) Other financial liabilities	19	123.36	158.10	75.79
Provisions	17	22.65	10.81	5.24
Other current liabilities	20	38.44	53.99	168.23
Current tax liabilities (net)	21	24.93	84.18	39.11
<b>Total current liabilities</b>		<b>1,481.65</b>	<b>1,478.58</b>	<b>1,119.04</b>
<b>Total liabilities</b>		<b>3,849.70</b>	<b>2,840.96</b>	<b>1,642.07</b>
<b>Total equity and liabilities</b>		<b>5,890.01</b>	<b>4,041.11</b>	<b>2,565.67</b>

See accompanying notes forming part of the Standalone Financial Statements.

As per our report attached  
**For M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No.:105047W

  
**Ananthkrishnan Govindan**  
Partner  
Membership No: 205226



For and on behalf of the Board of Directors of  
**Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)**  
(CIN : U74210TG1983PLC004132)

  
**Rakesh Chopdar**  
Chairman and CEO  
DIN: 01795599

  
**Jyoti Chopdar**  
Whole time Director  
DIN : 03132157

  
**Ronak Jajoo**  
Chief Financial Officer

  
**Ful Kumar Gautam**  
Company Secretary  
M No: A49550



Place: Hyderabad  
Date: 22 September 2023

Place: Hyderabad  
Date: 22 September 2023

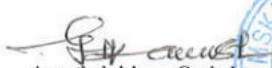
Place: Hyderabad  
Date: 22 September 2023


Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)  
Standalone Statement of Profit and Loss for the year ended 31 March 2023  
(All amounts are Rs. in millions, unless otherwise stated)

Particulars	Note	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Income</b>			
Revenue from operations	22	2,516.75	1,944.67
Other income	23	98.46	33.54
<b>Total income</b>		<b>2,615.21</b>	<b>1,978.21</b>
<b>Expenses</b>			
Cost of Materials Consumed	24	495.22	376.10
Changes in inventories of finished goods, work-in-progress	24	(193.71)	(168.48)
Employee benefits expense	25	592.69	462.71
Finance costs	26	523.82	136.16
Depreciation expenses	27	165.83	133.14
Other expenses	28	899.42	651.84
<b>Total expenses</b>		<b>2,483.27</b>	<b>1,591.47</b>
<b>Profit before tax for the year</b>		<b>131.94</b>	<b>386.74</b>
<b>Tax expenses</b>			
Current tax	37	25.74	86.68
Tax pertaining to earlier years		2.42	-
Deferred tax	37	18.70	20.09
<b>Total tax expense</b>		<b>46.86</b>	<b>106.77</b>
<b>Profit after tax for the year</b>		<b>85.08</b>	<b>279.97</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit and loss</b>			
Re-measurement gains/ (losses) on defined benefit plans		2.90	(4.83)
Income Tax relating to these items		(0.84)	1.41
<b>Total Other comprehensive income for the year</b>		<b>2.06</b>	<b>(3.42)</b>
<b>Total comprehensive income for the year</b>		<b>87.14</b>	<b>276.55</b>
Earnings per share (Face value of share Rs.2 each)			
- Basic	31	1.80	6.17
- Diluted		1.80	6.17

See accompanying notes forming part of the Standalone Financial Statements.

As per our report attached  
For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No.:105047W

  
Ananthakrishnan Govindan  
Partner  
Membership No: 205226



For and on behalf of the Board of Directors of  
Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)

  
Rakesh Chopdar  
Chairman and CEO  
DIN: 01795599

  
Ronak Rajoo  
Chief Financial Officer

Place: Hyderabad  
Date: 22 September 2023

  
Jyoti Chopdar  
Whole time Director  
DIN: 03132157

  
Ful Kumar Gautam  
Company Secretary  
M.No: A49550

Place: Hyderabad  
Date: 22 September 2023



Place: Hyderabad  
Date: 22 September 2023

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)  
Standalone Statement of Changes in Equity for the year ended 31 March 2023  
(All amounts are Rs. in millions, unless otherwise stated)

A. Equity share capital

	Note	No. of Shares	Amount
As at 01 April 2021		15,13,200	15.13
Changes in equity shares	12	-	-
As at 31 March 2022		15,13,200	15.13
Changes in equity shares	12	1,38,626	1.39
As at 31 March 2023		16,51,826	16.52

B. Other equity

Particulars	Reserves and surplus			Other comprehensive income	Total
	Securities premium	Retained earnings	Capital Redemption Reserve	Remeasurement of defined benefit obligations	
Balance as at 01 April 2021	2.97	905.90	-	(0.40)	908.47
Profit for the year	-	279.97	-	-	279.97
Other comprehensive income	-	-	-	(3.42)	(3.42)
Less: Transfer to Capital Redemption Reserve	-	(39.00)	-	-	(39.00)
Add: Transfer from Retained Earnings	-	-	39.00	-	39.00
Balance as at 31 March 2022	2.97	1,146.87	39.00	(3.82)	1,185.02
Profit for the year	-	85.08	-	-	85.08
Other comprehensive income	-	-	-	2.06	2.06
Add: Security premium from issue of equity shares	751.63	-	-	-	751.63
Balance as at 31 March 2023	754.60	1,231.95	39.00	(1.76)	2,023.79

See accompanying notes forming part of the Standalone Financial Statements.

As per our report attached

For M S K A & Associates  
Chartered Accountants  
ICAI Firm Registration No.: 105047W

  
Ananthakrishnan Govindan  
Partner  
Membership No: 205226



For and on behalf of the Board of Directors of  
Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)

  
Rakesh Chopdar  
Chairman and CEO  
DIN: 01795599

  
Ronal Anjoo  
Chief Financial Officer

Place: Hyderabad  
Date: 22 September 2023

  
Jyoti Chopdar  
Whole time Director  
DIN: 03132157

  
Ful Kumar Gautam  
Company Secretary  
M No: A49550

Place: Hyderabad  
Date: 22 September 2023



Place: Hyderabad  
Date: 22 September 2023


Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)  
Standalone Statement of Cash Flows for the year ended 31 March 2023  
(All amounts are Rs. in millions, unless otherwise stated)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>A. Cash flow from operating activities</b>		
Profit before tax	131.94	386.74
<b>Adjustments for :</b>		
Depreciation expenses	165.83	133.14
Finance costs	523.82	136.16
Loss on discard / sale of fixed assets	31.79	-
Unrealized foreign exchange (gain)/loss	(27.15)	15.04
Liabilities no longer required written back	-	(24.44)
Allowance for bad and doubtful debts	4.75	2.37
Interest income	(26.73)	(7.75)
<b>Operating profit before working capital changes</b>	<b>804.25</b>	<b>641.26</b>
<b>Changes in working capital</b>		
(Increase)/Decrease in trade receivables	(417.92)	(238.28)
(Increase)/Decrease in inventories	(308.27)	(230.87)
(Increase) / Decrease in other financial assets	(17.15)	(14.46)
(Increase)/Decrease in Other Current assets	(80.84)	35.88
Increase / (Decrease) in trade payables	49.64	81.53
Increase / (Decrease) in other financial liabilities	(34.74)	82.31
Increase / (Decrease) in provision	14.92	14.05
Increase/ (Decrease) in other liabilities	(15.55)	(114.24)
<b>Cash generated from operations</b>	<b>(5.66)</b>	<b>257.18</b>
Income taxes paid (net of refund)	(96.39)	(47.78)
<b>Net cash flow/(Used) from/in operating activities</b>	<b>A</b>	<b>102.05</b>
<b>B. Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment including capital advances	(856.22)	(1,171.92)
Proceeds from sale of Property, Plant and Equipment	18.77	-
Sale of Investments	-	0.10
Deposits placed having original maturity of more than 3 months, net	(200.79)	21.63
Interest received	26.73	7.75
<b>Net cash flow/(Used) from/in investing activities</b>	<b>B</b>	<b>(1,011.51)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from issue/(redemption) of equity shares/preference shares	573.46	-
Proceeds from long term borrowings	177.45	447.29
Proceeds from issuance of optionally and compulsorily convertible debentures	1,600.00	600.00
Repayment of long term borrowings	(614.88)	(235.06)
Proceeds from/(repayment) of short term borrowings (net)	51.13	283.74
Interest paid	(523.82)	(135.56)
<b>Net cash flow/(Used) from/in financing activities</b>	<b>C</b>	<b>1,263.34</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>A+B+C</b>	<b>27.37</b>
Cash and cash equivalents at the beginning of the year	44.15	16.78
<b>Cash and cash equivalents at end of the year</b>	<b>193.93</b>	<b>44.15</b>
Cash and cash equivalents comprise (Refer note 10)		
<b>Balances with banks</b>		
- in current accounts	106.32	35.71
- in EEFC Accounts	0.01	-
Deposits with maturity of less than 3 months	72.26	-
Cash on hand	15.34	8.44
<b>Total cash and cash equivalents at end of the year</b>	<b>193.93</b>	<b>44.15</b>

See accompanying notes forming part of the Standalone Financial Statements.

Note: The above Standalone Statement of Cash Flow has been prepared under the indirect method as set out in Ind AS 7 - "Statement of Cash Flows" notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules 2015 (as amended) and the relevant provisions of the Act.

As per our report attached  
For **M S K A & Associates**  
Chartered Accountants  
ICAI Firm Registration No.:105047W


  
**Ananthakrishnan Govindan**  
Partner  
Membership No: 205226



For and on behalf of the Board of Directors of  
**Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)**  
(CIN : U74210TG1983PLC004132)

  
**Rakesh Chopdar**  
Chairman and CEO  
DIN: 01795599

  
**Ronak Sarjoo**  
Chief Financial Officer

  
**Jyoti Chopdar**  
Whole time Director  
DIN : 03132157

  
**Ful Kumar Gautam**  
Company Secretary  
M No: A49550



Place: Hyderabad  
Date: 22 September 2023

Place: Hyderabad  
Date: 22 September 2023

Place: Hyderabad  
Date: 22 September 2023

**Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)**

(CIN : U74210TG1983PLC004132)

**Notes to Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are Rs. in millions, unless otherwise stated)

**1 Corporate Information**

Azad Engineering Limited (Formerly known as Azad Engineering Private Limited) ('the Company' / 'Azad') is one of the only Indian manufacturers of highly engineered, complex, mission and life critical high precision components. Our products include 3D rotating airfoil portions of turbine engines and other critical products for combustion, hydraulics, flight-controls, propulsion and actuation which power defence and civil aircrafts, spaceships, defence missiles, nuclear power, hydrogen, gas power, oil and thermal power.

The Company was incorporated on September 14, 1983, under the provisions of the Companies Act, 1956, then applicable in India and is having its registered office at 90/C,90/D, Phase I I D A, Jeedimetla, Hyderabad, Telangana - 500055.

The Company has converted itself from Private Limited to Public Limited, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on 14 July 2023 and consequently the name of the Company has changed to "Azad Engineering Limited" pursuant to a fresh certificate of incorporation issued by ROC on 05 September 2023.

**2 Significant Accounting Policies**

These notes provides a list of the significant accounting policies adopted in the preparation of these Standalone Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

**2.1 Basis of preparation and measurement**

**(i) Statement of compliance & Basis for preparation**

The standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of Companies Act, 2013 (the 'Act'), the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

The standalone financial statements have been prepared on a going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires change in accounting policy hitherto in use.

The financial statements up to and for the year ended March 31, 2023 were prepared in accordance with accounting standards referred to in paragraph 7 the Companies (Accounts) Rules, 2014 (Previous GAAP) notified under section 133 of the Act and other relevant provisions of the Act. these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance is provided in Note 43.

The standalone financial statements were approved by board of directors and authorised for issue on 22 September 2023

**(ii) Functional and presentation currency**

These Standalone Financial Statements are presented in Indian Rupees Rs., which is also the Company's functional currency. Standalone Financial Statements presented in Indian rupees have been rounded-off to two decimal places to the nearest Millions except share data or as otherwise stated.

**(iii) Basis of measurement**

The Standalone Financial Statements have been prepared on the historical cost basis except for the following items:

- Certain financial assets and liabilities	: Measured at fair value
- Borrowings	: Amortised cost using effective interest rate method
- Net defined benefit (asset)/ liability	: Present value of defined benefit obligations less fair value of plan assets

**(iv) Use of estimates and judgements**

The preparation of the Standalone financial statements in conformity with Ind AS requires management to make estimates, judgements and assumptions that affects the reported amounts of the assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenue and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in the estimates are made as and when management becomes aware of changes in circumstances surrounding the estimates. Changes in the estimates are reflected in the Standalone Financial Statements in the period in which the changes are made and, if material, such effects are disclosed in the notes to Standalone Financial Statements.

**Assumptions and estimation uncertainties**

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3 and 4- determining an asset's expected useful life and the expected residual value at the end of its life.
- Note 9- Impairment of non financial assets and financial assets;
- Note 29- recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 34- measurement of defined benefit obligations: key actuarial assumptions;
- Note 37- recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used

**(v) Measurement of fair values**

Accounting policies and disclosures require measurement of fair value for financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs



Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 35 - Financial instruments

**(vi) Current and non-current classification:**

The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

**Assets**

An asset is classified as a current when it is:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is expected to be realised within twelve months from the reporting date;
- it is held primarily for the purposes of being traded; or
- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current.

**Liabilities**

A liability is classified as a current when:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- it is due to be settled within twelve months from the reporting date;
- it is held primarily for the purposes of being traded;
- Deferred tax assets/liabilities are classified as non-current.
- the Company does not have an unconditional right to defer settlement of liability for at least twelve months from the reporting date.

All other liabilities are classified as non-current.

**Operating Cycle**

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as 12 months.

**2.2 Summary of significant accounting policies**

**A. Revenue recognition**

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the value of the consideration received or receivable. Amount disclosed as revenue are net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST) are excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

**i) Sale of products:**

Revenue from sale of goods is recognised at a point in time when control of the goods is transferred to the customer, generally on delivery of the goods and there are no unfulfilled obligations. No significant element of financing is deemed present for the sales made with a credit term, which is consistent with market practice. The contracts that Company enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115.

**ii) Sale of services:**

The Company renders job work services that are provided separately. The Company recognizes revenue from sale of services at a point in time, when products are sent to the customer after completion.

**iii) Export benefits:**

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

**iv) Interest income:**

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is included under the head 'other income' in the statement of profit and loss.

**v) Contract Balances:**

**Contract Liability:**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

**Trade Receivable:**

A trade receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (D) Financial instruments – initial recognition and subsequent measurement.



**B. Borrowing cost**

General and specific borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of such asset till such time the asset is ready for its intended use and borrowing costs are being incurred. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, hedge related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

**C Investment in Subsidiaries:**

The Company's investment in its Subsidiaries are carried at cost.

**D Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

**Financial assets**

**i) Initial Recognition and measurement**

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument. A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii) Classification and subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in following categories:

- a) at amortized cost; or
- b) at fair value through other comprehensive income; or
- c) at fair value through profit or loss.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

**Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method (EIR).

**Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in Statement of Profit and Loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to Statement of Profit and Loss and recognized in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortized cost or FVOCI are measured at fair value through profit or loss. Interest income from these financial assets is included in other income.

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified and measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

**Financial assets at FVTPL:** These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

**Financial assets at amortised cost:** These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

**Equity investments at FVOCI:** These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

**iii) Impairment of financial assets**

In accordance with Ind AS 109, Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets that are measured at amortized cost and FVOCI.

For recognition of impairment loss on financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in subsequent years, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12 month ECL.

Life time ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12 month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the year end.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider all contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

In general, it is presumed that credit risk has significantly increased if the payment is over due.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/expense in the statement of profit and loss. In balance sheet ECL for financial assets measured at amortized cost is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.





iv) **Derecognition of financial assets**

A Financial asset is primarily derecognised when the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

**Financial liabilities:**

i) **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and at amortized cost, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs.

ii) **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

iii) **Derecognition**

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

**Offsetting of financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

**Written - off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**E. Property, plant and equipment**

i) **Recognition and measurement**

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance cost are charged to the Statement of Profit and Loss during the period in which they were incurred.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in the Statement of Profit and Loss.

ii) **Depreciation**

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment. Freehold land is measured at cost and not depreciated. All other items of property plant and equipment are stated at cost less accumulated depreciation and impairment loss if any.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company.

**Useful life table**

Category of asset	Useful lives estimated by the management	Useful lives as per Schedule II of Companies Act, 2013
Computer & Data processing units	3	3
Electrical Fittings	10	10
Furniture & fixtures	10	10
Servers & Networks	6	6
Plant & Machinery	15	15
Factory Buildings	30	30
Office equipment	5	5
Motor Vehicles	8	8

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains or losses arising from disposal of property, plant and equipment which are carried at cost are recognised in the statement of profit and loss. Depreciation method, useful lives and residual values are reviewed at each period end and adjusted if appropriate.



**iii) Expenditure during construction period:**

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development, net of accumulated impairment loss, if any, as at the balance sheet date. Expenditure/ Income during construction period (including financing cost related to borrowed funds for construction or acquisition of qualifying PPE) is included under Capital Work-in-Progress, and the same is allocated to the respective PPE on the completion of their construction.

Depreciation is not recorded on capital work-in-progress until construction and installation is complete and the asset is ready for its intended use.

Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

**F Inventories**

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

**a) Raw materials:**

Cost includes purchase price, (excluding those subsequently recoverable by the enterprise from the concerned revenue authorities), freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost is determined on weighted average basis.

Raw Materials are valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. These items are considered to be realizable at replacement cost if the finished goods, in which they will be used, are expected to be sold below cost.

**b) Finished Goods and Work in progress:**

Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs.

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

**c) Provision for inventory**

Provision of obsolescence on inventories is considered on the basis of management's estimate based on demand and market of the inventories.

**d) Tools**

Tools used for manufacture of components are depreciated based on quantity of components manufactured and the life of tools, subject to a maximum of 5 years.

**G Impairment of non-financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest Company of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets (e.g., central office building for providing support to various CGUs) do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

In respect of assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

**H Employee benefits**

**(a) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured on an undiscounted basis at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

**(b) Other long-term employee benefit obligations**

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

**(i) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes specified monthly contributions towards Government administered provident fund scheme and other funds. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in statement of profit and loss in the periods during which the related services are rendered by employees.

The Company is liable for any shortfall in the fund assets based on the Government specified rate of return. Such shortfall, if any, is recognised in the Statement of Profit and Loss as an expense in the year of incurring the same. Having regard to the assets of the fund and the return on the investments, the Company does not expect any deficiency as at the year end.



**(ii) Defined benefit plans**

For defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in Other Comprehensive Income (OCI) in the period in which they occur. Re-measurement recognised in OCI is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The liability or asset recognised in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

**(iii) Compensated Absences:**

The Compensated absences policy provides employees to convert their unused accrued leave days into monetary compensation. It covers eligibility, types of leave eligible for encashment (earned/annual leave, privilege leave, and other applicable leave), and the maximum encashment limit.

The approval process ensures compliance with the policy, and the payout is calculated based on the employee's basic salary.

It also addresses taxation and deductions, stating that applicable tax laws will be followed, and the company will deduct appropriate taxes at source. The policy reserves the right for the company to amend or revise any part of it at its discretion, and any queries or clarifications regarding the policy's implementation can be addressed to the HR department. Employees acknowledge their agreement to adhere to the provisions of the policy by availing of compensated absences.

**I Leases**

The Company assesses whether a contract contains a lease, at the inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

(i) the contract involves the use of identified asset;

(ii) the Company has substantially all of the economic benefits from the use of the asset through the period of lease and;

(iii) the Company has the right to direct the use of the asset.

**Short-term leases and leases of low-value assets**

The Company has elected not to recognise ROU and lease liabilities for short term leases that have a lease term of 12 months or lower and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense over the lease term. The related cash flows are classified as Operating activities in the Statement of Cash Flows.

**J Income-tax**

Income-tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

**(i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction, and

- temporary differences related to investments in subsidiaries to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which gives future economic benefits in the form of availability of set-off against future income tax liability. Accordingly, MAT is recognised as a deferred tax asset in the Balance Sheet when the asset can be measured reliably and it is probable that the future economic benefits associated with it will be realised.



**K Provision, contingent liabilities and contingent assets**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised under finance costs. Expected future operating losses are not provided for. Provision in respect of loss contingencies relating to claims, litigations, assessments, fines and penalties are recognised when it is probable that a liability has been incurred and the amount can be estimated reliably.

**Contingent liabilities and contingent assets:**

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

Contingent assets are not recognised in Standalone Financial Statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

**L Earnings per share**

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is computed by dividing the net profit by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless issued at a later date. In computing diluted earnings per share, only potential equity shares that are dilutive and that either reduces earnings per share or increases loss per share are included. The number of shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for the share splits.

**M Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

**N Cash and cash equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and short-term deposits with banks that are readily convertible into cash which are subject to insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments.

**O Foreign currency transactions and balances**

In preparing the Standalone Financial Statements of the Company, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date.

Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss.

Net loss relating to translation or settlement of borrowings denominated in foreign currency are reported within finance costs. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

**P Financial liabilities and equity instruments:**

**Classification as debt or equity:**

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments:**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Company are recognised at the proceeds received.



**Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)**  
(CIN : U74210TG1983PLC004132)

**Notes to Standalone Financial Statements for the year ended 31 March 2023**

*(All amounts are Rs. in millions, unless otherwise stated)*

**Q Events after reporting date**

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting period, the impact of such events is adjusted within the Standalone Financial Statements. Otherwise, events after the balance sheet date of material size or nature are only disclosed.

**R Recent accounting pronouncements:**

The Ministry of Corporate Affairs ("MCA") has notified Companies (Indian Accounting Standard) Amendment Rules, 2023 dated March 31, 2023 to amend certain Ind ASs which are effective from 01 April 2023:

Below is a summary of such amendments:

**(i) Disclosure of Accounting Policies - Amendment to Ind AS 1 Presentation of financial statements**

The MCA issued amendments to Ind AS 1, providing guidance to help entities meet the accounting policy disclosure requirements. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The Company is currently revisiting their accounting policy information disclosures to ensure consistency with the amended requirements.

**(ii) Definition of Accounting Estimates – Amendments to Ind AS 8 Accounting policies, changes in accounting estimates and errors**

The amendment to Ind AS 8, which added the definition of accounting estimates, clarifies that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendments are effective for annual reporting periods beginning on or after 01 April 2023. The amendments are not expected to have a material impact on the Company financial statements.

**(iii) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to Ind AS 12 Income taxes**

The amendment to Ind AS 12, requires entities to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. Ind AS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

iv) The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications.



**Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)**  
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**Notes to Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are Rs. in millions, unless otherwise stated)

**3 Property, plant and equipment**

Description	Land	Factory Buildings	Plant & Machinery	Electrical Fittings	Furniture and Fixtures	Computer & Data processing Units	Servers & Networks	Office Equipment	Vehicles	Total
Balance as at 01 April 2021 (Deemed Cost)	12.88	94.01	990.33	35.37	14.44	14.08	7.96	13.85	46.42	1,229.34
Additions	198.38	5.92	309.41	4.23	4.53	8.68	14.45	7.55	12.06	565.21
Adjustments	(198.38)	-	-	-	-	-	-	-	-	(198.38)
Disposals	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	12.88	99.93	1,299.74	39.60	18.97	22.76	22.41	21.40	58.48	1,596.17
Additions	-	20.57	839.57	10.87	3.16	6.55	8.05	15.38	15.70	919.85
Disposals	-	(2.17)	(28.65)	(0.32)	(0.35)	-	-	-	-	(31.49)
Balance as at 31 March 2023	12.88	118.33	2,110.66	50.15	21.78	29.31	30.46	36.78	74.18	2,484.53
Accumulated depreciation										
Balance as at 01 April 2021	-	3.12	68.88	3.46	1.80	2.33	1.38	2.25	5.51	88.73
Depreciation for the year	-	4.23	88.43	11.29	2.18	9.45	3.91	3.80	9.85	133.14
Disposals/adjustments	-	-	-	-	-	-	-	-	-	-
Balance as at 31 March 2022	-	7.35	157.31	14.75	3.98	11.78	5.29	6.05	15.36	221.87
Depreciation for the year	-	3.91	133.97	4.49	2.57	5.00	4.19	5.95	8.11	168.19
Disposals/adjustments	-	(0.13)	(2.10)	(0.06)	(0.07)	-	-	-	-	(2.36)
Balance as at 31 March 2023	-	11.13	289.18	19.18	6.48	16.78	9.48	12.00	23.47	387.70
Net carrying amount as at 01 April 2021	12.88	90.89	921.45	31.91	12.64	11.75	6.58	11.60	40.91	1,140.61
Net carrying amount as at 31 March 2022	12.88	92.58	1,142.43	24.85	14.99	10.98	17.12	15.35	43.12	1,374.30
Net carrying amount as at 31 March 2023	12.88	107.20	1,821.48	30.97	15.30	12.53	20.98	24.78	50.71	2,096.83

**3.01 Property, plant and equipment pledged as security**

Refer to Note 14 & 15 for information on property, plant and equipment pledged as security by the Company and its subsidiaries.



Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)

**Notes to Standalone Financial Statements for the year ended 31 March 2023**

*(All amounts are Rs. in millions, unless otherwise stated)*

**4 Capital Work In Progress**

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Capital Works in Progress	379.86	236.56	-

**Ageing - Capital Work In Progress**

Project in progress	Amount in Capital Work In Progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at 01 April 2021	-	-	-	-	-
As at 31 March 2022	236.56	-	-	-	236.56
As at 31 March 2023	143.30	236.56	-	-	379.86

There are no projects as Capital Work in Progress as at 31 March 2023, 31 March 2022 and 01 April 2021 whose completion is overdue or cost of which has exceeds in comparison to its original plan.

**Capitalised borrowing costs**

Capital work in progress as at 31 March 2023 comprises expenditure for the new manufacturing unit under construction at Tuniki Bolaram. The construction work started in August 2021 and expected to be complete by March 2024. During the financial year 2022-23 the Company has purchased another land which is located at Mangampet (Patancheru) and plans to set up one more unit. The work on the Mangampet plant is yet to commence.

The amount of borrowing costs capitalised during the year ended 31 March 2023 :Rs 61.48 Mn (31 March 2022: Rs 38.18 Mn and 01 April 2021: Nil). All borrowing costs are capitalised using rates based on borrowings with the interest rate ranging between 11% to 18.50% per annum.



5 Investments

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Investment in equity instruments (fully paid-up)</b>			
<i>Investment in Subsidiaries</i>			
50,350 (31 March 2022: 50,350, 01 April 2021: 50,350) equity shares of Rs. 10 each fully paid-up in Rouland Chemicals Pvt Ltd	17.62	17.62	17.62
13,150 (31 March 2022: 13,150, 01 April 2021: 13,150) equity shares of Rs. 100 each fully paid-up in Swastik Coaters Pvt Ltd	45.20	45.20	45.20
Nil (31 March 2022: Nil, 01 April 2021: 9,999) equity shares of Rs. 10 each fully paid-up in Agen Metcast Private Limited	-	-	0.10
	<b>62.82</b>	<b>62.82</b>	<b>62.92</b>

6 Other financial assets

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Non-current (at amortised cost) (Unsecured considered good)</b>			
<b>Deposits</b>			
a. Security deposits	17.38	14.61	6.89
b. Deposit accounts with maturity for more than 12 months[refer note	21.30	21.43	32.36
	<b>38.68</b>	<b>36.04</b>	<b>39.25</b>
Note (a): out of the fixed deposits amounts Rs 20.17 Mn as at 31 March 2023, Rs 14.54 Mn as at 31 March 2022 and Rs 32.36 Mn as at 01 April 2021 held as lien by banks towards the various fund facilities sanctioned.			
<b>Current</b>			
Interest accrued on fixed deposits	0.91	-	12.34
	<b>0.91</b>	<b>-</b>	<b>12.34</b>

7 Other non-current assets

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<i>(Unsecured, Considered good)</i>			
a. Capital advances	379.90	572.59	3.36
b. Prepaid expenses	65.48	66.56	38.35
c. Electricity deposits	30.29	15.61	13.81
	<b>475.67</b>	<b>654.76</b>	<b>55.52</b>

8 Inventories

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Raw material	252.33	204.09	163.00
Work in progress	399.93	280.10	103.52
Finished goods*	65.03	20.30	25.62
Scrap inventory	31.83	-	-
Consumable stores, spares & fixtures	111.51	69.26	50.74
	<b>860.63</b>	<b>573.75</b>	<b>342.88</b>

\* Valued at lower of cost and net realisable value

9 Trade receivables

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Trade receivables</b>			
<i>Unsecured,</i>			
-Considered good (refer note below)	1,186.63	746.31	525.44
-Credit Impaired	15.00	10.25	7.89
	<b>1,201.63</b>	<b>756.56</b>	<b>533.33</b>
<b>Allowance for bad and doubtful debts</b>			
Less: Receivables credit impaired	(15.00)	(10.25)	(7.89)
	<b>1,186.63</b>	<b>746.31</b>	<b>525.44</b>

i No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Neither any trade nor other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

ii Trade receivables are non-interest bearing and generally on terms of 120 to 180 days

iii Trade receivables include debts from related parties refer note No 30





Allowance for bad and doubtful debts	As at	As at	As at
	31 March 2023	31 March 2022	01 April 2021
Opening balance	10.25	7.89	-
Credit loss added	4.75	2.36	7.89
Written off during the year	-	-	-
Reversal during the period	-	-	-
<b>Closing balance</b>	<b>15.00</b>	<b>10.25</b>	<b>7.89</b>

a. Trade Receivables ageing schedule:

As at 31 March 2023

Particulars	Not Due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	826.81	235.96	75.77	33.64	3.21	11.24	1,186.63
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	9.84	3.16	1.40	0.13	0.47	15.00
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>826.81</b>	<b>245.80</b>	<b>78.93</b>	<b>35.04</b>	<b>3.34</b>	<b>11.71</b>	<b>1,201.63</b>

As at 31 March 2022

Particulars	Not Due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	299.94	356.10	66.91	5.44	17.08	0.84	746.31
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	8.17	1.54	0.12	0.39	0.03	10.25
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>299.94</b>	<b>364.27</b>	<b>68.45</b>	<b>5.56</b>	<b>17.47</b>	<b>0.87</b>	<b>756.56</b>

As at 01 April 2021

Particulars	Not Due	Outstanding for following period from due date of payment					Total
		Less than 6 months	6 months - 1 year	1- 2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables – considered good	241.51	214.65	30.61	36.81	1.01	0.85	525.44
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	5.97	0.85	1.02	0.03	0.02	7.89
(iv) Disputed Trade receivables– considered good	-	-	-	-	-	-	-
(v) Disputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade receivables – credit impaired	-	-	-	-	-	-	-
<b>Total</b>	<b>241.51</b>	<b>220.62</b>	<b>31.46</b>	<b>37.83</b>	<b>1.04</b>	<b>0.87</b>	<b>533.33</b>

10 Cash and Bank Balances

	As at	As at	As at
	31 March 2023	31 March 2022	01 April 2021
<b>(a) Cash and cash equivalents</b>			
Balances with banks			
- in current accounts	106.32	35.71	12.60
- in EEFC Accounts	0.01	-	-
Deposits with maturity of less than 3 months[refer note (a) below]	72.26	-	-
Cash on hand	15.34	8.44	4.18
	<b>193.93</b>	<b>44.15</b>	<b>16.78</b>
<b>(b) Other bank balances :</b>			
- Earmarked balance with bank for redemption of unclaimed Preference shares	-	-	-
- deposits with remaining maturity less than 12 months[refer note (a) below]	333.27	132.48	154.11
	<b>333.27</b>	<b>132.48</b>	<b>154.11</b>
	<b>527.20</b>	<b>176.63</b>	<b>170.89</b>

Note (a): out of the fixed deposits amounts, Rs 127.27 Mn as at 31 March 2023, Rs 62.75 Mn as at 31 March 2022 and Rs 154.11Mn as at 01 April 2021 held as lien by banks towards the various fund facilities sanctioned.



11 Other current assets

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Unsecured, considered good</b>			
Advance to suppliers	111.36	74.99	95.29
Advances to employees	17.35	16.39	-
Balance with government authorities	104.02	54.06	84.50
Other deposits & Advances	10.62	25.00	17.92
Prepaid expenses	17.43	9.50	18.11
	<b>260.78</b>	<b>179.94</b>	<b>215.82</b>

12 Equity Share capital

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Authorized share capital</b>			
15,000,000(31 March 2022 : 10,000,000, 01 April 2021 : 10,000,000)Equity shares of Rs.10 each	150.00	100.00	100.00
<b>Issued, subscribed and paid up</b>			
1,651,826(31 March 2022 : 1,513,200, 01 April 2021 : 1,513,200)Equity shares of Rs.10 each	16.52	15.13	15.13
	<b>16.52</b>	<b>15.13</b>	<b>15.13</b>

i) Reconciliation of authorised share capital

Particulars	As at 31 March 2023		As at 31 March 2022		As at 01 April 2021	
	No. of Shares	Amount in Rs. Mn	No. of Shares	Amount in Rs. Mn	No. of Shares	Amount in Rs. Mn
Outstanding at the beginning of the year	1,00,00,000	100.00	1,00,00,000	100.00	1,00,00,000	100.00
Changes during the year	50,00,000	50.00	-	-	-	-
Outstanding at the end of the year	1,50,00,000	150.00	1,00,00,000	100.00	1,00,00,000	100.00

ii) Reconciliation of equity shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2023		As at 31 March 2022		As at 01 April 2021	
	No. of Shares	Amount in Rs. Mn	No. of Shares	Amount in Rs. Mn	No. of Shares	Amount in Rs. Mn
Outstanding at the beginning of the year	15,13,200	15.13	15,13,200	15.13	15,13,200	15.13
<b>Add:</b>						
i. issued during the period/year	95,138	0.95	-	-	-	-
ii. Shares issued on conversion of Compulsorily convertible debentures(CCDs) (Refer 'Note (a)' below )	43,488	0.44	-	-	-	-
Outstanding at the end of the year	16,51,826	16.52	15,13,200	15.13	15,13,200	15.13

Note (a) Aggregate number of shares issued for a consideration other than cash:

During the year ended 31 March 2023, the Board of Directors and the Shareholders of the Holding Company have passed a resolution to convert CCDs of DMI Finance Private Limited into equity shares. Accordingly, such CCDs were converted into 43,488 equity shares at Rs. 4,129.07 per equity share (including Rs.4,119.07 per share as securities premium) in accordance with the terms of the agreements with the CCD holders.

Note (b) the Board of Directors at their meeting held on 11 September 2023 and shareholders of the Company at their meeting held on 12 September 2023 have approved stock split of 1 equity share having face value of Rs.10 to 5 equity shares having face value of Rs.2 each. Further the board of directors and shareholders of the Company vide the said meetings have also approved capitalization of the Rs. 82.59 Mn reserves of the Company for issuance of 5 bonus shares for every one fully paid-up equity share(post split), having face value of Rs.2 per share.

iii) Rights, preferences and restrictions attached to equity shares of Rs. 10 each, fully paid up:

The Company had only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.



iv) Shares held by shareholders holding more than 5% in the Company as at:

Name of Shareholder	As at 31 March 2023		As at 31 March 2022		As at 01 April 2021	
	No. of Shares	% Holding	No. of Shares	% Holding	No. of Shares	% Holding
Rakesh Chopdar	14,64,435	88.66%	15,06,800	99.58%	15,06,800	99.58%

As per the records of the Company including its register of shareholders and other declarations received from shareholders regarding beneficial interest the above shareholding represents both legal and beneficial interest.

v) Shareholding of promoters

Name of promoter	As at 31 March 2023			As at 31 March 2022		
	No. of Shares	% Holding	% Change during the year	No. of Shares	% Holding	% Change during the year
Rakesh Chopdar*	14,64,435	88.66%	-10.92%	15,06,800	99.58%	0.00%

As at 01 April 2021			
Name of promoter	No. of Shares	% Holding	% Change during the year
Rakesh Chopdar*	15,06,800	99.58%	0%

\* As per board meeting dated 11 September 2023, Mr. Rakesh Chopdar is identified as the only promoter.

vi) No class of shares have been bought back by the Company during the period of five years immediately preceding the current year end.

13 Other equity

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Securities premium (refer note i)	754.60	2.97	2.97
Retained earnings (refer note ii)	1,231.95	1,146.87	905.90
Capital Redemption Reserve (refer note iii)	39.00	39.00	-
Other comprehensive income (refer note iv)	(1.76)	(3.82)	(0.40)
<b>Total other equity</b>	<b>2,023.79</b>	<b>1,185.02</b>	<b>908.47</b>

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>ii) Securities premium*</b>			
Balance at the beginning of the year	2.97	2.97	2.97
Add: Security premium from issue of equity shares	751.63	-	-
<b>Balance at the end of the year</b>	<b>754.60</b>	<b>2.97</b>	<b>2.97</b>

\* Securities premium is used to record the premium on issue of shares to be utilized in accordance with the Act.

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>ii) Retained earnings</b>			
Balance at the beginning of the year	1,146.87	905.90	788.24
Add: Adjustments on account of transition to Ind AS	-	-	1.44
Add: Profit for the year	85.08	279.97	116.22
Less: Transfer to Capital Redemption Reserve	-	(39.00)	-
<b>Balance at the end of the year</b>	<b>1,231.95</b>	<b>1,146.87</b>	<b>905.90</b>

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>iii) Capital Redemption Reserve<sup>^</sup></b>			
Balance at the beginning of the year	39.00	-	-
Add: Transfer from retained earnings	-	39.00	-
<b>Balance at the end of the year</b>	<b>39.00</b>	<b>39.00</b>	<b>-</b>

<sup>^</sup>It represents an amount equal to the nominal value of the preference shares redeemed transferred from retained earnings at the time of redemption of preference shares to the capital redemption reserve. The reserve will be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>iv) Other comprehensive income (OCI)</b>			
<b>Other items of OCI</b>			
Remeasurement of defined benefit obligations (liability net of tax)#			
Balance at the beginning of the year	(3.82)	(0.40)	-
Add: Changes during the year	2.90	(4.83)	(0.57)
Tax effect on Other comprehensive Income	(0.84)	1.41	0.17
<b>Balance at the end of the year</b>	<b>(1.76)</b>	<b>(3.82)</b>	<b>(0.40)</b>

# Actuarial valuation reserve comprises the cumulative net gains / losses on actuarial valuation of post-employment obligations.



14 Long Term Borrowings (at amortised cost)

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Secured</b>			
Nil (31 March 2022 : Nil, 01 April 2021 : 390,000) 8% Non-Cumulative Redeemable Preference	-	-	39.00
Optionally Convertible Debentures (refer note (iv))	-	424.72	-
Compulsorily Convertible Debentures (refer note (iii) & (iv))	1,648.07	183.91	-
Term loans			
- from Bank (refer note (i))	661.37	652.46	451.35
- from others (refer note (ii))	114.32	148.81	52.46
Vehicle loans	23.25	15.21	16.70
<b>Unsecured</b>			
Loan from Related parties (refer note (v))	3.75	6.66	15.92
Less : Current maturities of long term borrowings	(244.22)	(208.24)	(164.13)
<b>Total</b>	<b>2,206.54</b>	<b>1,223.53</b>	<b>411.30</b>

**# Rights, preferences and restrictions attached to Preference shares of Rs. 10 each, fully paid up:**

The Company had issue 3,90,000 at the face value of Rs. 100 each amounting to Rs. 39 Millions. The preference shares are 8% Non-Cumulative, Non-Convertible and Non-Participative. These were issued between FY 2013-14 and FY 2014-15.

**i) Terms of Long Term Loan from Consortium Banks (Union Bank of India(UBI), IndusInd Bank Limited(IndusInd), ICICI Bank Limited(ICICI))**

The company has taken the Term loan under consortium arrangement which is lead by UBI and has IndusInd and ICICI Bank as other members. Company has converted the Rupee Term loan into FCTL (Foreign Currency Term Loan).

The Primary Security for the loans are;

- 1) First Pari-passu charge by way of Hypothecation on entire current assets of the company (Present & Future) and
- 2) First Pari-passu charge by way of Hypothecation on entire fixed assets of the company (Present & Future)

The collateral Security for the loan are;

- 1) First Pari-passu charge on the, Industrial land admeasuring 5178.80 square yards along with building at plot no. 90/C, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of Swastik Coaters Pvt Ltd.
  - 2) First Pari-passu charge on the, Industrial land admeasuring 5392 square yards along with building at plot no. 90/D, Phase 1, IDA Jeedimetla, Hyderabad, Telangana in the name of M/s Rouland Chemicals Pvt Ltd.
  - 3) First Pari-passu charge on the, Industrial land admeasuring 8831 Sq. yards along with building, located at plot no. 17/B, Phase III, Industrial Park, Sy.No.163 & 164, APIIC IALA, Pashamylaram, Patancheru, Medak, Telangana in the name of Azad Engineering Private Limited
- The loan is secured by Personal guarantee of Mr. Rakesh Chopdar and Mrs. Jyoti Chopdar.

The loan is secured by Corporate guarantee of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd

**ii) Terms of Long Term Loan from Tata Capital Financial Services Limited**

The company has taken the Equipment Finance Loan and it is outside the consortium arrangement and the same is used for buying of specific Plant & Machinery and these are secured by exclusive charge by way of Hypothecation of machinery purchased / to be purchased out of fund.

The loan is secured by Personal guarantee of Mr. Rakesh Chopdar and Mrs. Jyoti Chopdar

**iii) Terms of Compulsorily convertible debentures -Piramal Trusteeship Private Limited**

The company has raised the CCD (Compulsory Convertible Debenture) from Piramal Structured Credit Opportunities Fund. The investment amount is INR 1,600 Million and company has issued 1,600 fully paid-up Compulsorily Convertible Debenture.

The CCD carries the coupon of 10% per annum payable monthly, which shall increase to 14% post expiry of 36 months, and then increase by 2% at the beginning of each calendar quarter up to 20% till conversion of the CCDs.

The instrument has life of 7 years with Put & Call option and minimum assured IRR is 18% or MOIC of 1.35x. There is upside sharing with the company if Piramal make IRR greater than 22%. The CCD will be converted into equity base on pre agreed EV/EBITDA of 18 times – FY 23 net of debt.

The CCD's are secured by

- 1) 51% share pledge of all the present and future shares outstanding of the Issuer, (on a fully diluted basis, present and future and in dematerialised form) shall be required.
- 2) Non-Disposible Undertaking ("NDU") and Non-encumbrance over the balance shares present and future on a fully diluted basis and POA
- 3) First charge on all machinery purchased from the proceeds of the Instrument (to the tune of INR 400 Mn) and
- 4) Second Charge on security given to Consortium Bank

And these are secured by Personal Guarantee of Mr. Rakesh Chopdar.

**iv) Terms of Compulsorily convertible debentures/Optionally convertible debentures-DMI Finance Private Limited**

DMI finance has subscribed to INR 180 million of CCDs and INR 420 million of OCDs issued in Jul'21/Aug'21 having a coupon rate of 10% (to be increased by 2% every quarter after 36 months subject to a maximum of 20%) and 14% p.a., respectively, for a tenure of 7 years (OCD redemption has a p principal moratorium of 36 months).

Azad is to provide IRR of 22% and 18% on CCDs and OCDs, respectively, on conversion to equity shares. Alternatively, redemption premium on OCDs range from IRR of 14% to 18% based on EBITDA during the tenure of OCDs. There are prepayment premiums of 25% and 18% on early redemption of OCDs before and after 2 years from issue, respectively.

Azad also has a put option on the CCDs exercisable in specified tranches over the 3rd to 5th year at an IRR of 18% or market value (whichever is higher)

51% of promoter shares is pledged along with non-disposable rights on remaining shares in favour of DMI. There is hard collateral to the tune of 1x

v) Unsecured loan from related parties are interest free and are repayable on demand.



15 Short-term borrowings

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Secured</b>			
Working Capital Loans (refer below note)	553.18	538.03	298.40
Current maturities of long term borrowings (refer note : 14)	244.22	208.24	164.13
	<b>797.40</b>	<b>746.27</b>	<b>462.53</b>

**Details of terms and security in respect of the short-term borrowings:**

The company has taken the Working Capital Loan under consortium arrangement which is lead by UBI and has IndusInd and ICICI Bank as other members. The company has taken PCFC (Packing Credit Foreign Currency) for funding of working capital requirement

The Primary Security for the loans are;

- 1) First Pari-passu charge by way of Hypothecation on entire current assets of the company (Present & Future) and
- 2) First Pari-passu charge by way of Hypothecation on entire fixed assets of the company (Present & Future)

The collateral Security for the loan are 1) First Pari-passu charge on the, Industrial land admeasuring 5178.80 square yards along with building at plot no. 90/C, Phase I, IDA Jeedimetla, Hyderabad, Telangana in the name of Swastik Coaters Pvt Ltd. 2) First Pari-passu charge on the, Industrial land admeasuring 5392 square yards along with building at plot no. 90/D, Phase I, IDA Jeedimetla, Hyderabad, Telangana in the name of M/s Rouland Chemicals Pvt Ltd. 3) First Pari-passu charge on the, Industrial land admeasuring 8831 Sq. yards along with building, located at plot no. 17/B, Phase III, Industrial Park, Sy.No.163 & 164, APIIC IALA, Pashamylaram, Patancheru, Medak, Telangana in the name of Azad Engineering Private Limited.

The loan is secured by Personal guarantee of Mr. Rakesh Chopdar and Mrs. Jyoti Chopdar.  
The loan is secured by Corporate guarantee of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd

16 Trade payables

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Trade payables</b>			
- Total outstanding dues of micro and small enterprises (refer note : 33)	25.34	32.50	26.22
- Total outstanding dues of creditors other than micro and small enterprises	449.53	392.73	341.92
	<b>474.87</b>	<b>425.23</b>	<b>368.14</b>

Trade payables are non-interest bearing and are normally settled in 30-90 days terms.

**Trade payables ageing schedule:  
As at 31 March 2023**

Particulars	Payables Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	11.65	13.15	0.54	-	-	25.34
(ii) Others	281.63	158.73	9.12	0.05	-	449.53
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
	<b>293.28</b>	<b>171.88</b>	<b>9.66</b>	<b>0.05</b>	<b>-</b>	<b>474.87</b>

**As at 31 March 2022**

Particulars	Payables Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	10.46	22.04	-	-	-	32.50
(ii) Others	135.28	243.73	1.04	3.81	8.87	392.73
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
	<b>145.74</b>	<b>265.77</b>	<b>1.04</b>	<b>3.81</b>	<b>8.87</b>	<b>425.23</b>

**As at 01 April 2021**

Particulars	Payables Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	13.42	12.80	-	-	-	26.22
(ii) Others	185.63	142.63	4.08	9.58	-	341.92
(iii) Disputed Dues - MSME	-	-	-	-	-	-
(iv) Disputed Dues - Others	-	-	-	-	-	-
(v) Unbilled dues	-	-	-	-	-	-
	<b>199.05</b>	<b>155.43</b>	<b>4.08</b>	<b>9.58</b>	<b>-</b>	<b>368.14</b>



Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)  
Notes to Standalone Financial Statements for the year ended 31 March 2023  
(All amounts are Rs. in millions, unless otherwise stated)

17 Provisions

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Provision for employee benefits			
i. Provision for Gratuity (Refer Note 34)			
Non-Current	25.64	22.52	14.08
Current	2.46	2.02	1.33
ii. Provision for Compensated absences			
Current	0.28	0.33	-
Provision for expense	19.91	8.46	3.91
	<b>48.29</b>	<b>33.33</b>	<b>19.32</b>
Non-Current	25.64	22.52	14.08
Current	22.65	10.81	5.24

18 Deferred tax Liabilities (net)\*

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
On Property, plant and equipment	203.25	129.22	106.01
On Provision for employee benefits	(9.00)	(8.82)	(4.66)
Borrowings	(11.22)	(0.75)	(1.40)
MAT credit entitlement	(25.74)	-	-
Receivables credit impaired	(4.37)	(2.98)	(2.30)
Provision for others	(0.34)	(0.34)	-
On Unabsorbed depreciation and business losses	(16.71)	-	-
	<b>135.87</b>	<b>116.33</b>	<b>97.65</b>

\*Refer note: 37

19 Other Financial Liabilities

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Salaries payable	41.93	39.69	23.81
Interest accrued on MSME creditors	3.04	-	-
Interest accrued but not due on borrowings	0.71	4.02	-
Provision for bonus	14.36	11.60	5.22
Capital creditors	24.32	63.79	46.76
Others*	39.00	39.00	-
	<b>123.36</b>	<b>158.10</b>	<b>75.79</b>

\*Includes payable amounting to Rs. 39.00 Mn to Preference Shareholders.

20 Other Current liabilities

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Statutory due payable	15.02	24.99	32.04
Advance from customers	16.51	19.90	132.94
Liability towards CSR	5.81	8.31	3.05
Others payables	1.10	0.79	0.20
	<b>38.44</b>	<b>53.99</b>	<b>168.23</b>

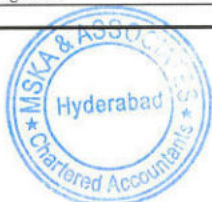
21 Current tax liabilities (net)

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Current tax payable	151.48	125.82	41.49
<b>Current Tax Assets</b>			
Advance tax including self assessment tax	(123.15)	(39.14)	-
TDS and TCS receivable	(3.40)	(2.50)	(2.38)
	<b>24.93</b>	<b>84.18</b>	<b>39.11</b>



Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)  
Notes to Standalone Financial Statements for the year ended 31 March 2023  
(All amounts are Rs. in millions, unless otherwise stated)

22	Revenue from operations	For the year ended 31 March 2023	For the year ended 31 March 2022
	<b>Revenue from contracts with customers (Refer Note 38)</b>		
	Sale of products	1,478.89	1,171.39
	Sale of services	937.26	682.09
	<b>Other Operating revenue</b>		
	- Scrap sales	96.90	78.38
	- Export Incentives	3.70	12.81
		<b>2,516.75</b>	<b>1,944.67</b>
23	Other income	For the year ended 31 March 2023	For the year ended 31 March 2022
	Gain on foreign exchange transactions and translations	60.11	-
	Interest Income		
	- on Fixed deposits	26.73	7.75
	- Financial Assets at amortised cost	0.37	0.16
	Liabilities no longer required written back	-	24.44
	Gain on derecognition of financial liabilities	9.58	-
	Miscellaneous income	1.67	1.19
		<b>98.46</b>	<b>33.54</b>
24	Cost of Materials Consumed	For the year ended 31 March 2023	For the year ended 31 March 2022
	24(a) Opening stock of raw material	204.09	163.00
	Add: Purchases	543.46	417.19
	Less: Closing stock of raw material	(252.33)	(204.09)
		<b>495.22</b>	<b>376.10</b>
24(b)	Changes in Inventories	For the year ended 31 March 2023	For the year ended 31 March 2022
	<b>Inventory at the beginning of the year</b>		
	Work in progress	280.10	106.30
	Finished goods	20.30	25.62
	Scrap inventory	-	-
		<b>300.40</b>	<b>131.92</b>
	<b>Inventory at the end of the year</b>		
	Work in progress	(399.93)	(280.10)
	Finished goods	(65.03)	(20.30)
	Scrap inventory	(29.15)	-
		<b>(494.11)</b>	<b>(300.40)</b>
		<b>(193.71)</b>	<b>(168.48)</b>
25	Employee benefits expense	For the year ended 31 March 2023	For the year ended 31 March 2022
	Salaries, wages and bonus	550.50	429.77
	Contribution to provident and other funds	18.83	14.65
	Gratuity and compensated absences expense (refer note no.34)	8.52	5.49
	Staff welfare expenses	14.84	12.80
		<b>592.69</b>	<b>462.71</b>
26	Finance costs	For the year ended 31 March 2023	For the year ended 31 March 2022
	Interest on term loans	72.25	33.86
	Interest on working capital	30.22	14.34
	Interest on optionally & compulsorily convertible debentures	148.64	28.23
	Premium on redemption of debentures	146.50	-
	Exchange differences adjusted to borrowing costs	66.10	20.83
	Bank charges	3.09	13.53
	Interest on delay in payment of taxes	12.54	8.84
	Interest on MSME creditors	3.04	-
	Other borrowing costs	41.44	16.53
		<b>523.82</b>	<b>136.16</b>



27	<b>Depreciation expenses</b>	For the year ended 31 March 2023	For the year ended 31 March 2022
	Depreciation of tangible assets (Refer Note 3)	165.83	133.14
		<b>165.83</b>	<b>133.14</b>
28	<b>Other expenses</b>	For the year ended 31 March 2023	For the year ended 31 March 2022
	Stores and spares consumed	99.90	85.76
	Job work charges	175.65	158.70
	Tools	179.52	147.35
	Repairs and maintenance :		
	- Machinery	18.11	6.85
	- Others	3.78	2.27
	Transportation charges	65.37	55.84
	Power and fuel	116.21	68.44
	Inspection and testing	5.27	4.92
	Sales commission	12.21	1.79
	Business promotion	6.34	0.94
	Communication, broadband and internet expenses	0.55	1.13
	Insurance	20.20	5.54
	Travelling and conveyance expenses	9.70	4.87
	Rent	8.26	5.41
	Rates and taxes	25.62	19.11
	Loss on foreign exchange transactions and translations other than those considered as finance cost (net)	-	1.59
	Professional & consultancy fees	21.96	28.78
	Printing , stationary, postage and courier	9.99	0.64
	Loss due to fire (refer note iii)	31.79	-
	Provision for CSR expenses(Refer Note ii below)	6.02	5.26
	Auditors remuneration (Refer Note i below)	5.20	1.80
	Security charges	14.00	10.27
	Outsourced manpower cost	44.16	25.87
	Provision for credit impaired trade receivable	4.75	2.37
	Miscellaneous expenses	14.86	6.34
		<b>899.42</b>	<b>651.84</b>

**Note (i) Payments to auditors:**

The following is the breakup of Auditors remuneration ( exclusive of indirect taxes)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
As auditor		
- Statutory audit	5.20	1.80
Reimbursement of expenses		
Out of pocket expenses	-	-
	<b>5.20</b>	<b>1.80</b>

**Note (ii) Details of Corporate social responsibility expenditure:**

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
(i) Gross amount required to be spent by the Company during the year	6.02	5.26
(ii) Amount approved by the Board to be spent during the year	6.02	5.26
(iii) Amount spent during the year (in cash)		
- construction/ acquisition of any asset	-	-
- on purpose other than above	-	-
(iv) Shortfall / (Excess) at the end of the year	6.02	5.26
(v) Total of previous years shortfall	-	3.05
(vi) Details of related party transactions	-	-
(vii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately	-	-
Opening provision	8.31	3.05
Addition during the year	6.02	5.26
Utilisation	8.52	-
Closing provision	5.81	8.31

**Note (iii) : Loss due to fire:**

The cost of inventories & net written down value of property plant and equipment damaged during the fire has been recognised as expenditure (net of recoveries).





29 Contingent liabilities and commitments

(a) Contingent Liabilities:

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Direct Tax	6.82	-	-
Customs duty	86.24	71.83	71.83
Bank Guarantees	0.50	0.50	0.24
Others	-	226.53	219.71

**Direct Tax:**

For AY 2020-21, A demand of Rs. 6.82 Mn has arisen on account of a disallowance made by assessing officer while completing the assessment vide order dated 24 September 2022. The Company has preferred and appeal against the said assessment order before the Commissioner of Income Tax (Appeals) and the same is pending. The case is yet to be taken up for hearing and necessary action will be taken as soon as the case is taken up for hearing.

**Customs Duty:**

All the customs duty notices are pertaining to Advance authorisation/ EPCG authorisation received from DGFT (Director General of Foreign Trade) which were used to import our raw material and Plant and Machinery without payment of Custom Duty.

All advance authorisation is pending with Norms committee of DGFT for finalisation of Standard Input and Output Norms (SION). Once Norms is finalised for above advance authorisation, we will communicate to customs department for closure of above Notice.

All EPCG authorisation is in closure process with regional DGFT office at Hyderabad.

The Company has imported Raw Material and Capital Goods under Advance and EPCG authorization received from DGFT without payment of custom duty for which all export obligations have been fulfilled. The company has received intimation from Customs towards payment of duty amounting to Rs. 86.24 Mn (31 March 2023 : Rs.86.24 Mn, 31 March 2022: Rs 71.83 Mn and 31 March 2021: Rs 71.83 Mn. However due to the norms which are pending for finalization by the authorities, the company has not accepted this claim.

**Others:**

The Company has placed an order with Hamuel Maschinenbau GmbH & Co (Supplier) in June 2016 for supply of 14 machines and out of which 4 machines were delivered in Feb 2017. The company has found defect in machinery and requested the supplier to repair the machinery. Supplier has declined the request to repair.

With respect to above dispute with the supplier, an amount of Rs 226.53 Mn as at 31 March 2022 (31 March 2021: Rs 219.71 Mn) has been disclosed as a contingent liability. On the basis of the basis of management assessment, no provision would be required in relation to this disputed matter.

Further on 01 December 2022, the Company and supplier amicably settle the issue and agrees to pay Rs 228.91 Mn and supplier agrees to deliver 12 new HIWIN motors (type number 828342) for A-Axes for machine HSTM 150 S2 and 12 new HIWIN motors (Type number 825556 ) for C-Axes of machine HSTM 150 S2 free of cost. Also, supplier will deliver a permanent key for their Single Blade software free of charge.

**Other disputes if any**

The Company based on its legal assessment does not believe that any of the pending claims require a provision as at the balance sheet date, as the likelihood of the probability of an outflow of resources at this point of time is low.

(b) Capital Commitments

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Unexecuted capital orders to the extent not provided for	498.26	510.00	138.00

30 Related party disclosures

(a) Names of related parties and related party relationship

Name of the Related Party	Nature of Relationship
Subsidiary Companies	Swastik Coaters Pvt Ltd (upto 12/09/2023). Refer Note No 41
	Rouland Chemicals Pvt Ltd (upto 12/09/2023). Refer Note No 41
	Agen Metcast Pvt Ltd (Ceased to be a subsidiary with effect from 18/06/2021)
	Azad Engineering Pte Ltd
Key Managerial Persons:	Chairman and Chief Executing Officer- Rakesh Chopdar
	Whole Time Director – Jyoti Chopdar
	Whole Time Director - Vishnu Pramodkumar Malpani (w.e.f 13/09/2023)
	Chief Financial Officer - Ronak Jajoo (w.e.f 14/09/2023)
Relatives of KMPs	Company Secretary- Ful Kumar Gautam
	Relatives of KMPs - Kartik Chopdar
	Relatives of KMPs - Satwik Chopdar
Entities over which KMPs/ directors and/ or their relatives are able exercise significant influence	Forgen Power Parts Private Limited
	Azad Synergies Private Limited (upto 30/09/2022)
	Radhe Creations Private Limited
	Atlas Fasteners
	Azad F&B Private Limited (w.e.f - 28/12/2022)
	OHGO Engineering Private Limited w.e.f - 19/09/2012 (formerly known as Ohri Industries Private Limited)
	Agrima Logi Park
Agen Metcast Private Limited (w.e.f 18/06/2021 till 06/01/2023)	



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(b) Transactions with Subsidiaries

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Rental Expense:</b>	<b>0.26</b>	<b>0.24</b>
Swastik Coaters Pvt Ltd	0.13	0.12
Rouland Chemicals Pvt Ltd	0.13	0.12

(c) Balances with Subsidiaries

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Other Non current financial assets</b>			
Rouland Chemicals Pvt Ltd	4.89	4.89	4.89
<b>Trade Payables</b>			
Swastik Coaters Pvt Ltd	0.25	0.12	-
Rouland Chemicals Pvt Ltd	0.18	0.12	-

(d) Transactions with KMP's/directors and their relatives

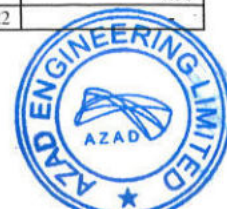
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>KMPs Remuneration:</b>	<b>66.49</b>	<b>61.75</b>
Rakesh Chopdar	45.90	41.12
Jyoti Chopdar	12.00	13.87
Vishnu Pramodkumar Malpani	4.22	4.22
Ful Kumar Gautam	2.22	1.21
Ronak Jajoo	2.15	1.33
<b>KMPs Relatives Remuneration:</b>	<b>4.21</b>	<b>3.92</b>
Kartik Chopdar	3.85	3.92
Satwik Chopdar	0.36	-
<b>Loan taken/(repaid) from/to related parties (Included in long term borrowings)</b>	<b>(2.91)</b>	<b>(9.26)</b>
Rakesh Chopdar	-	(4.46)
Jyoti Chopdar	(2.91)	(4.80)
<b>Advances give to employees</b>	<b>-</b>	<b>3.00</b>
Vishnu Pramodkumar Malpani	-	1.00
Ronak Jajoo	-	1.00
Ful Kumar Gautam	-	1.00

(e) Balances with KMP's/directors and their relatives

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Loan from related parties(Included in long term borrowings)</b>	<b>3.75</b>	<b>6.66</b>	<b>15.92</b>
Rakesh Chopdar	-	-	4.46
Jyoti Chopdar	3.75	6.66	11.46
<b>Other current financial liabilities (Salaries payable)</b>	<b>3.79</b>	<b>3.49</b>	<b>0.63</b>
Jyoti Chopdar	3.53	3.35	0.33
Kartik Chopdar	0.22	0.14	0.30
Satwik Chopdar	0.04	-	-
<b>Advances to employees (Included in other current assets)</b>	<b>3.15</b>	<b>3.15</b>	<b>-</b>
Kartik Chopdar	0.15	0.15	-
Ful Kumar Gautham	1.00	1.00	-
Vishnu Pramodkumar Malpani	1.00	1.00	-
Ronak Jajoo	1.00	1.00	-

(f) Transactions with entities over which KMPs/ directors and/or their relatives are able to exercise significant influence

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Rental Income (Included in other income)</b>	<b>0.08</b>	<b>0.08</b>
Atlas Fasteners	0.08	0.08
<b>Sale of goods or services</b>	<b>0.23</b>	<b>0.03</b>
Atlas Fasteners	0.23	0.03
<b>Other deposits &amp; Advances (Included in other current assets)</b>	<b>8.22</b>	<b>0.50</b>
Agen Metcast Pvt Ltd	-	0.50
Atlas Fasteners	8.22	-



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(g) Balances with entities over which KMP's/directors and/or their relatives are able to exercise significant influence

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>Other Non current financial assets</b>	<b>4.32</b>	<b>4.32</b>	<b>4.32</b>
Forgen Power Parts Private Limited (Electricity Deposit)	2.32	2.32	2.32
Forgen Power Parts Private Limited (Security deposits)	2.00	2.00	2.00
<b>Other deposits &amp; Advances (Included in other current assets)</b>	<b>-</b>	<b>9.30</b>	<b>9.80</b>
Agen Metcast Pvt Ltd.	-	9.30	9.80
<b>Trade receivables</b>	<b>1.42</b>	<b>1.17</b>	<b>1.06</b>
Atlas fasteners	1.42	1.17	1.06
<b>Advance to suppliers (Included in other current assets)</b>	<b>7.86</b>	<b>-</b>	<b>-</b>
Atlas fasteners	7.86	-	-
<b>Trade Payables</b>	<b>-</b>	<b>0.43</b>	<b>-</b>
Atlas fasteners	-	0.43	-

31 Earnings per share (EPS)

Basic earnings per share amounts is calculated by dividing the profit for the year attributable to equity holders by the weighted average number of equity shares outstanding during the year. Diluted earnings per share amounts is calculated by dividing the profit attributable to equity holders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

Particulars	As at 31 March 2023	As at 31 March 2022
<b>Earnings</b>		
Profit after tax for the year attributable to equity shareholders	85.08	279.97
Add: Fair value adjustments towards compulsorily convertible debentures*	110.55	11.53
Profit for the year considered for calculation of diluted earnings per share	195.63	291.50
<b>Shares</b>		
Original Number of Equity Shares (post share split) #	82,59,130	75,66,000
Add : Impact of Bonus Issue #	4,12,95,650	3,78,30,000
<b>Weighted Average Number of Equity Shares</b>		
For calculating Basic EPS	4,73,01,690	4,53,96,000
<b>Effect of dilution:</b>		
- On account of Compulsory Convertible Debentures*	41,16,449	8,13,510
Weighted average number of equity shares for Diluted EPS	5,14,18,139	4,62,09,510
<b>Earnings Per Share</b>		
Face Value Rs. 2 per share		
Basic (Rs.)	1.80	6.17
Diluted* (Rs.)	1.80	6.17

\* Compulsorily convertible debentures are considered to be potential equity shares. They have not been included in the determination of diluted earnings per share during financial years ended 31 March 2023 and 31 March 2022 as these were considered anti-dilutive

# Shareholders have approved the below at Extra-ordinary general meeting held on 12 September 2023: (refer note 41)

a. Share split of one equity share having face value of Rs. 10 each into 5 shares of Rs. 2 each and

b. Issue of fully paid bonus shares of Rs.2 each in proportion of five equity shares for every one existing equity share.

Accordingly, as an adjusting event, the earnings per share has been adjusted for subdivision of shares and bonus shares for the current and previous years presented in accordance with the requirements of Indian Accounting Standard (Ind AS) 33 - Earnings per share.

32 Segment Reporting

The Managing Director of the Company takes decision in respect of allocation of resources and assesses the performance basis the report / information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Company's business model, manufacturing high precision and OEM components, have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the standalone financial statements. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Company's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.



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Notes to Standalone Financial Statements for the year ended 31 March 2023

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**a. Geographical Segment information:**

Revenue from Customers	For the year ended 31 March 2023	For the year ended 31 March 2022
With in India	493.67	426.50
Outside India	2,023.08	1,518.17
<b>Total</b>	<b>2,516.75</b>	<b>1,944.67</b>

**b. The company has entire non-current assets within India. Hence, separate figures have not been furnished.**

**c. Revenue from Major Customers**

The Company earns revenue from few of its major customers which individually amount to 10 % or more of the company's revenues. Details of such customers.

Details of such customers(i.e. the total amount of revenues from each such customer) are disclosed below:

Revenue from Customers	For the year ended 31 March 2023	For the year ended 31 March 2022
Customer-1	829.56	423.85
<b>Total</b>	<b>829.56</b>	<b>423.85</b>

**33 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:**

The amount due to Micro and Small Enterprises as defined in the 'The Micro, Small and Medium Enterprises Development Act, 2006' has been determined to the extent such parties have been identified on the basis of information available with the Company. The disclosures relating to Micro, Small and Medium Enterprises are as under:

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
The amounts remaining unpaid to micro and small supplies as at end of the year			
i) Principal amount remaining unpaid to supplier at the end of the year	25.34	32.50	26.22
ii) Interest due thereon remaining unpaid to supplier at the end of the year	3.04	-	-
iii) Payment made to suppliers (other than interest) beyond the appointed day, during the year	-	-	-
iv) Interest paid to suppliers under MSMED Act (other than Section 16)	-	-	-
v) Interest paid to suppliers under MSMED Act (Section 16)	-	-	-
vi) Interest due and payable to suppliers under MSMED Act, for payments already made	-	-	-
vii) Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act (ii) + (vi)	3.04	-	-



34. Employee benefits

a) Defined Contribution Plan

**Provident Fund:**

Contributions were made to provident fund and Employee State Insurance in India for the employees of the Company as per the regulations. These contributions are made to registered funds administered by the Government of India. The obligation of the Company is limited to the amount contributed and it has no further contractual nor any other constructive obligation.

b) Defined Benefit Plan

**Gratuity:**

The Company provides Gratuity for employees in India as per the Payment of Gratuity Act, 1972. All employees are entitled to gratuity benefits on exit from service due to retirement, resignation or death. There is a vesting period of 5 years on exits due to retirement or resignation.

This defined benefit plans expose the Company to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The present value of the defined benefit obligation and the relevant current service cost are measured using the Projected Unit Credit Method, with actuarial valuations being carried out at each Balance sheet date.

c) Amounts Recognised as Expense:

i) **Defined Contribution Plan**

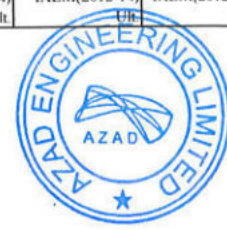
Contribution towards employee provident fund and Others, which is a defined contribution plan for the year 31 March 2023 aggregated to Rs 18.83 Mn (31 March 2022 : Rs. 14.65 Mn).

ii) **Defined Benefit Plan**

Contribution towards Gratuity for the year 31 March 2023 aggregated to Rs 8.52 Mn (31 March 2022 : 5.49 Mn)

d) Amounts recognised in the Financial statements as at year end for Gratuity provision are as under:

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>i) Change in Present Value of Obligation</b>			
Present value of the obligation at the beginning of the year	24.54	15.41	11.06
Current Service Cost	6.80	4.47	3.12
Interest Cost	1.72	1.03	0.71
Actuarial (Gain)/Loss on Obligation- Due to Change in Financial Assumptions	(3.93)	3.57	0.23
Actuarial (Gain) / Loss on Obligation- Due to Change in Demographic Assumptions	-	-	-
Actuarial (Gain) / Loss on Obligation- Due to Experience Adjustments	1.03	1.26	0.34
Benefits Paid	(2.06)	(1.20)	(0.05)
Present value of the obligation at the end of the year	<b>28.10</b>	<b>24.54</b>	<b>15.41</b>
<b>ii) Bifurcation of present value of Benefit obligation</b>			
Current- Amount due within one year	2.46	2.02	1.33
Non-current- Amount due after one year	25.64	22.52	14.08
<b>Total</b>	<b>28.10</b>	<b>24.54</b>	<b>15.41</b>
<b>iii) Expected benefit payments in future years</b>			
Year 1	2.46	2.02	1.33
Year 2	1.85	1.35	1.07
Year 3	2.16	1.51	1.04
Year 4	2.45	1.83	1.11
Year 5	2.07	2.07	1.34
Year 6 to Year 10	11.77	9.78	6.24
<b>iv) Sensitivity Analysis</b>			
Discount Rate - 1 percent increase	25.70	22.25	14.08
Discount Rate - 1 percent decrease	30.90	27.23	16.98
Salary Escalation Rate - 1 percent increase	30.88	27.14	16.97
Salary Escalation Rate - 1 percent decrease	25.69	22.27	14.07
<b>v) Amounts Recognised in the Balance sheet:</b>			
Present value of Obligation at the end of the year	28.10	24.54	15.41
Fair value of Plan Assets at the end of the year	-	-	-
<b>Net Liability recognised in the Balance Sheet</b>	<b>28.10</b>	<b>24.54</b>	<b>15.41</b>
<b>vi) Amounts Recognised in the Statement of Profit and Loss:</b>			
Current Service Cost	6.80	4.47	3.12
Net interest on net Defined Liability / (Asset)	1.72	1.03	0.71
Expenses recognised in Statement of Profit and Loss	<b>8.52</b>	<b>5.50</b>	<b>3.83</b>
<b>vii) Recognised in other comprehensive income for the year</b>			
Actuarial Gains / (Losses) on Liability	2.90	(4.83)	(0.57)
Return on Plan Assets excluding amount included in 'Net interest on net Defined Liability / (Asset) above	-	-	-
Recognised in other comprehensive income	<b>2.90</b>	<b>(4.83)</b>	<b>(0.57)</b>
<b>viii) Actuarial Assumptions</b>			
i) Discount Rate	7.20%	7.32%	6.97%
Based on yields (as on valuation date) of Government Bonds with a tenure similar to the expected working lifetime of the employees.			
ii) Salary Escalation Rate	3.50%	5.00%	3.00%
based on inflation, seniority, promotion and other relevant factors such as demand and supply in the employment market. This assumption has been determined in consultation with the Company.			
iii) Retirement Age	58 years	58 years	58 years
iv) Attrition Rate	5%	5%	5%
v) Mortality rate	IALM(2012-14) Ult	IALM(2012-14) Ult	IALM(2012-14) Ult



### 35 Financial instruments

A. Financial instruments by category	Note	Fair value level	As at	As at	As at
			31 March 2023	31 March 2022	01 April 2021
			Amortized Cost	Amortized Cost	Amortized Cost
<b>Financial assets</b>					
<b>Non current</b>					
- Investments	5	Level 2	62.82	62.82	62.92
-Other financial assets	6	Level 2	38.68	36.04	39.25
<b>Current</b>					
(i) Trade receivables	9	Level 2	1,186.63	746.31	525.44
(ii) Cash and cash equivalents	10	Level 2	193.93	44.15	16.78
(iii) Bank balances other than (ii) above	10	Level 2	333.27	132.48	154.11
(iv) Other financial assets	6	Level 2	0.91	-	12.34
<b>Total financial assets</b>			<b>1,816.24</b>	<b>1,021.80</b>	<b>810.84</b>
<b>Financial liabilities</b>					
<b>Non current</b>					
(i) Borrowings	14	Level 2	2,206.54	1,223.53	411.30
<b>Current</b>					
(i) Borrowings	15	Level 2	797.40	746.27	462.53
(ii) Trade payables	16	Level 2	474.87	425.23	368.14
(iii) Other financial liabilities	19	Level 2	123.36	158.10	75.79
<b>Total financial liabilities</b>			<b>3,602.17</b>	<b>2,553.13</b>	<b>1,317.76</b>

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Note 1: For the purpose of above abbreviations, FVTOCI - Fair value through other comprehensive income; amortised cost - fair value through amortized cost.

Note 2: Other financial assets and liabilities relate to level 3 financial instruments where the carrying value reasonably approximates to their fair value.

The following is the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There have been no transfers among level 1, level 2 and Level 3 during the year

#### B. Financial risk management

The Company activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Trade receivables, security deposits and bank deposits	Ageing analysis. Credit score of customers/entities.	Monitoring the credit limits of customers and obtaining security deposits.
Liquidity risk	Borrowings	Cash flow forecasts managed by finance team under the overview of Senior Management.	Working capital management by Senior Management. The excess liquidity is channelised through bank deposits.

The Company risk management is carried out by the Senior Management under policies approved by the Board of Directors. The Board of Directors provides guiding principles for overall risk management, as well as policies covering specific areas such as credit risk and liquidity risk.

#### Risk management framework

The board of directors have overall responsibility for the risk management framework. The board of directors are responsible for developing and monitoring the risk management policies. The board of directors monitors the compliance with the risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

The risk management policies are to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### A. Credit risk

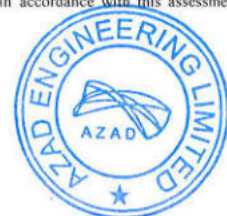
##### i. Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's receivables from deposits with landlords and other statutory deposits with regulatory agencies and also arises from cash held with banks and financial institutions. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

The Company limits its exposure to credit risk of cash held with banks by dealing with highly rated banks and institutions and retaining sufficient balances in bank accounts required to meet a month's operational costs. The Management reviews the bank accounts on regular basis and fund drawdowns are planned to ensure that there is minimal surplus cash in bank accounts. The Company does a proper financial and credibility check on the landlords before taking any property on lease and hasn't had a single instance of non-refund of security deposit on vacating the leased property. The Company also in some cases ensure that the notice period rentals are adjusted against the security deposits and only differential, if any, is paid out thereby further mitigating the non-realization risk. The Company does not foresee any credit risks on deposits with regulatory authorities.

##### ii. Trade Receivables

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored.



Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from Top Customer	829.56	423.85
Revenue from Top 5 customers(Other than above customer)	758.65	642.22

One customer accounted for more than 33.01% of the revenue for the year ended 31 March 2023. One customer accounted for more than 21.94% of the revenue for the year 31 March 2022.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for group of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Allowance for bad and doubtful debts	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Opening balance	10.25	7.89	-
Credit loss added	4.75	2.36	7.89
Written off during the year	-	-	-
Reversal during the year	-	-	-
<b>Closing balance</b>	<b>15.00</b>	<b>10.25</b>	<b>7.89</b>

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

#### B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities:

##### As at 31 March 2023

Particulars	Carrying value	Less than 1 year	1-5 years	More than 5 years	Total
Long-term borrowings (excluding current maturities)	2,206.54	-	606.54	1,600.00	2,206.54
Short-term borrowings	797.40	797.40	-	-	797.40
Trade payables	474.87	474.87	-	-	474.87
Other financial liabilities	123.36	123.36	-	-	123.36
<b>Total</b>	<b>3,602.17</b>	<b>1,395.63</b>	<b>606.54</b>	<b>1,600.00</b>	<b>3,602.17</b>

##### As at 31 March 2022

Particulars	Carrying value	Less than 1 year	1-5 years	More than 5 years	Total
Long-term borrowings (excluding current maturities)	1,223.53	-	1,223.53	-	1,223.53
Short-term borrowings	746.27	746.27	-	-	746.27
Trade payables	425.23	425.23	-	-	425.23
Other financial liabilities	158.10	158.10	-	-	158.10
<b>Total</b>	<b>2,553.13</b>	<b>1,329.60</b>	<b>1,223.53</b>	<b>-</b>	<b>2,553.13</b>

##### As at 01 April 2021

Particulars	Carrying value	Less than 1 year	1-5 years	More than 5 years	Total
Long-term borrowings (excluding current maturities)	411.30	-	411.30	-	411.30
Short-term borrowings	462.53	462.53	-	-	462.53
Trade payables	368.14	368.14	-	-	368.14
Other financial liabilities	75.79	75.79	-	-	75.79
<b>Total</b>	<b>1,317.76</b>	<b>906.46</b>	<b>411.30</b>	<b>-</b>	<b>1,317.76</b>

The Company has secured loans from bank that contain loan covenants. A future breach of covenant may require the Company to repay the loan earlier than indicated in the above table.

#### C. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings and derivative financial instruments.

##### (i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

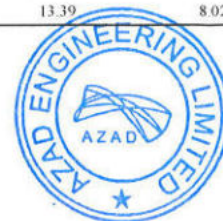
##### Exposure to Interest rate risk

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Variable rate borrowings	1,328.87	1,339.30	802.21
Fixed rate borrowings	1,671.32	623.84	16.70

##### Interest rate Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	31 March 2023	31 March 2022	01 April 2021
<b>Sensitivity</b>			
1% increase in variable rate	(13.29)	(13.39)	(8.02)
1% decrease in variable rate	13.29	13.39	8.02



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Notes to Standalone Financial Statements for the year ended 31 March 2023

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**(ii) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency).

The following table demonstrates the sensitivity to a reasonably possible change in the USD/EUR exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Amount in USD	Equivalent amount in INR for USD	Amount in EURO	Equivalent amount in INR for EURO	Amount in Others	Equivalent amount in INR for JPY
<b>31 March 2023</b>						
Trade Receivable	9.26	760.32	1.70	151.99	-	-
Trade Payable including capital creditors	0.15	12.59	-	-	0.00	0.02
Borrowings	11.73	963.19	-	-	-	-
<b>31 March 2022</b>						
Trade Receivable	5.77	437.63	1.66	140.46	-	-
Trade Payable including capital creditors	0.04	3.36	0.14	11.53	0.01	0.82
Borrowings	10.56	800.76	1.41	119.46	-	-
<b>01 April 2021</b>						
Trade Receivable	3.58	263.12	0.99	85.45	-	-
Trade Payable including capital creditors	0.21	15.53	0.13	11.62	0.05	3.06
Borrowings	8.63	633.51	1.25	107.52	-	-

**Foreign currency sensitivity analysis**

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate (or any other material currency), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities). The Company's exposure to foreign currency changes for all other currencies is not material.

Particulars	Currency	Profit or loss		Equity, net of tax	
		Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2023</b>					
	USD	(10.77)	10.77	(7.64)	7.64
	EURO	7.60	(7.60)	5.39	(5.39)
	JPY	(0.00)	0.00	(0.00)	0.00
<b>31 March 2022</b>					
	USD	(18.32)	18.32	(12.99)	12.99
	EURO	0.47	(0.47)	0.34	(0.34)
	JPY	(0.04)	0.04	(0.03)	0.03
<b>01 April 2021</b>					
	USD	(19.30)	19.30	(13.68)	13.68
	EURO	(1.68)	1.68	(1.19)	1.19
	JPY	(0.15)	0.15	(0.11)	0.11

**36 Capital Management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to equity shareholders.

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value and to ensure the Company's ability to continue as a going concern.

The Company has not distributed any dividend to its shareholders. The Company monitors gearing ratio i.e. total debt in proportion to its overall financing structure, i.e. equity and debt. Total debt comprises of non-current borrowing which represents liability component of Compulsory Convertible Debentures and current borrowing from banks and financial institutions. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The debt to adjusted capital ratio at the end of the reporting period was as follows:

	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Total Debt (Refer note 14 and 15)	3,003.94	1,969.80	873.83
Less : cash and cash equivalents and bank balances	527.20	176.63	170.89
<b>Adjusted net debt</b>	<b>2,476.74</b>	<b>1,793.17</b>	<b>702.94</b>
<b>Total equity</b>	<b>2,040.31</b>	<b>1,200.15</b>	<b>923.60</b>
<b>Gearing Ratio</b>	<b>0.55</b>	<b>0.60</b>	<b>0.43</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year 31 March 2023 and 31 March 2022.





37 Income Taxes

Components of Income Tax Expense		For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Tax expense recognised in the Statement of Profit and Loss</b>			
<b>A. Current Tax</b>			
Current period/year		25.74	86.68
Tax pertaining to earlier years		2.42	-
	<b>Total (A)</b>	<b>28.16</b>	<b>86.68</b>
<b>B. Deferred Tax</b>			
Origination and reversal of temporary differences		18.70	20.09
	<b>Total (B)</b>	<b>18.70</b>	<b>20.09</b>
	<b>Total (A+B)</b>	<b>46.86</b>	<b>106.77</b>
<b>C. Tax on Other Comprehensive Income</b>			
<b>Deferred tax</b>			
Origination and reversal of temporary differences - OCI		(0.84)	1.41
	<b>Total</b>	<b>(0.84)</b>	<b>1.41</b>

Current tax (assets) / liabilities (net)	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
<b>D. Advance tax Including TDS receivable and Self assessment tax paid</b>	(126.55)	(41.64)	(2.38)
<b>E. Provision for tax</b>	151.48	125.82	41.49
	<b>24.93</b>	<b>84.18</b>	<b>39.11</b>

F. Reconciliation of tax expense and the Accounting Profit		For the year ended 31 March 2023	For the year ended 31 March 2022
<b>Profit before income taxes</b>		131.94	386.74
Indian statutory income tax rate		29.12%	29.12%
		38.00	113.00
<b>Expected Income Tax Expense</b>			
Tax effect of expenditure disallowed under income tax		9.18	(5.73)
Others		(0.32)	(0.50)
<b>Total income tax expense</b>		<b>46.86</b>	<b>106.77</b>

Movement during the year ended 31 March 2023	As at 1 April 2022	(Credit)/charge in the Statement of Profit and Loss	(Credit)/charge in OCI	As at 31 March 2023
<b>Deferred tax (assets)/liabilities</b>				
On property, plant and equipment	129.22	74.03	-	203.25
On provision for employee benefits	(8.82)	(1.02)	0.84	(9.00)
Provision for doubtful receivables	(2.98)	(1.39)	-	(4.37)
Borrowings	(0.75)	(10.47)	-	(11.22)
MAT Credit Entitlement	-	(25.74)	-	(25.74)
On unabsorbed depreciation and business losses	-	(16.71)	-	(16.71)
Others	(0.34)	-	-	(0.34)
<b>Total</b>	<b>116.33</b>	<b>18.70</b>	<b>0.84</b>	<b>135.87</b>

Movement during the year ended 31 March 2022	As at 1 April 2021	(Credit)/charge in the Statement of Profit and Loss	(Credit)/charge in OCI	As at 31 March 2022
<b>Deferred tax (assets)/liabilities</b>				
On property, plant and equipment	106.01	23.21	-	129.22
On provision for employee benefits	(4.66)	(2.75)	(1.41)	(8.82)
Provision for doubtful receivables	(2.30)	(0.68)	-	(2.98)
Borrowings	(1.40)	0.65	-	(0.75)
Others	-	(0.34)	-	(0.34)
<b>Total</b>	<b>97.65</b>	<b>20.09</b>	<b>(1.41)</b>	<b>116.33</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Significant management judgment is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income in which the relevant entity operates and the period over which deferred income tax assets will be recovered.



38 Revenue from operations

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from contract with customers		
Income from Sale of products	1,478.89	1,171.39
Income from Sale of services	937.26	682.09
Income from - Scrap sales	96.90	78.38
Export Incentives	3.70	12.81
	<b>2,516.75</b>	<b>1,944.67</b>

Disaggregated revenue information

Geographic Revenue

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Revenue from contract with customers		
With in India	493.67	426.50
Outside India	2,023.08	1,518.17
	<b>2,516.75</b>	<b>1,944.67</b>

Timing of revenue recognition

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Services transferred at a point of time	940.96	694.90
Goods transferred at a point of time	1,575.79	1,249.77
<b>Total revenue from contracts with customers</b>	<b>2,516.75</b>	<b>1,944.67</b>

Reconciliation of revenue recognised with the contracted price is as follows:

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Contract price	2,516.75	1,944.67
Less: Discounts and disallowances	-	-
<b>Total revenue from contracts with customers</b>	<b>2,516.75</b>	<b>1,944.67</b>

Contract balances

Particulars	As at 31 March 2023	As at 31 March 2022	As at 1 April 2021
Trade receivables ( Refer Note 9)	1,186.63	746.31	525.44

Performance obligation:

Sale of products:

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due as per the terms of contract with customers.

Sales of services:

The performance obligation in respect of Job work services is satisfied at point of time and acceptance of the customer. In respect of these services, payment is generally due upon completion of the job work and acceptance of the customer.

39 Quarterly Stock statements are filed with Bank which are not in agreement with the books of accounts. Details of the same are as below:

For the period	31 March 2023	31 December 2022	30 September 2022	30 June 2022
Particulars	as per books			
Inventory	860.63	654.98	614.02	561.70
Trade receivables	1,186.63	970.93	917.18	846.71
Trade payables net of advances	252.63	264.46	307.15	446.29
Sales	2,513.05	1,648.68	1,054.49	501.21

For the period	31 March 2023	31 December 2022	30 September 2022	30 June 2022
Particulars	As per Statements Submitted to Bank			
Inventory	860.63	654.98	614.02	561.70
Trade receivables	1,186.63	970.93	917.18	846.71
Trade payables net of advances	252.63	264.46	307.15	446.29
Sales	2,513.05	1,648.68	1,054.49	501.21

For the period	31 March 2023	31 December 2022	30 September 2022	30 June 2022	Reason for variance
Particulars					
Inventory	-	-	-	-	Not applicable
Trade receivables	-	-	-	-	Not applicable
Trade payables net of advances	-	-	-	-	Not applicable
Sales	-	-	-	-	Not applicable

For the period	31 March 2022	31 December 2021	30 September 2021	30 June 2021
Particulars	as per books			
Inventory	573.75	567.03	540.68	490.16
Trade receivables	756.56	677.70	530.56	498.92
Trade payables net of advances	275.47	54.56	71.64	135.51
Sales	1,931.87	1,324.65	863.72	392.29



For the period	31 March 2022	31 December 2021	30 September 2021	30 June 2021
<b>Particulars</b>	<b>As per Statements Submitted to Bank</b>			
Inventory	573.75	567.03	540.68	490.16
Trade receivables	756.56	677.70	530.56	498.92
Trade payables net of advances	275.47	54.56	71.64	135.51
Sales	1,931.87	1,324.65	863.72	392.29

For the period	31 March 2022	31 December 2021	30 September 2021	30 June 2021	Reason for variance
<b>Particulars</b>					
Inventory	-	-	-	-	Not applicable
Trade receivables	-	-	-	-	Not applicable
Trade payables net of advances	-	-	-	-	Not applicable
Sales	-	-	-	-	Not applicable

40 The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.

**41 Subsequent Events**

- i The Company has converted itself from Private Limited to Public Limited, pursuant to a special resolution passed in the extraordinary general meeting of the shareholders of the Company held on 14 July 2023 and consequently the name of the Company has changed to "Azad Engineering Limited" pursuant to a fresh certificate of incorporation issued by ROC on 05 September 2023.
- ii Pursuant to resolution passed by our Board and Shareholders dated 11 September 2023 and 12 September 2023, respectively, each equity shares of face value of Rs 10 each of our Company has been split into five Equity Shares of face value of Rs 2 each. Accordingly, the issued, subscribed and paid up capital of our Company has been sub-divided from 1,651,826 equity shares of face value of Rs 10 each to 8,259,130 Equity Shares of face value of Rs 2 each.
- iii Subsequent to period end 31 March 2023, Company has allotted 41,295,650 equity shares of Rs 2 each as bonus shares in proportion of 5 new bonus equity shares of Rs 2 each for every one equity share of Rs 2 each. This has been approved by Board and Shareholders on 11 September 2023 and 12 September 2023, respectively
- iv The Company vide its board and share holder meeting dated 14 September 2023 and 15 September 2024 has approved the transfer of the share holding in subsidiaries to Mr. Rakesh Chopdar. Consequently the management is in the process of transfer of 13,150 equity shares and 50,350 equity shares of Swastik Coaters Pvt Ltd and Rouland Chemicals Pvt Ltd, respectively, which are equivalent to 99.62% and 99.90% of the paid up capital of such entities respectively.

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- a. The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.
- b. The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.
- c. The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
- d. The Company have not traded or invested in Crypto currency or Virtual currency during the financial year.
- e. The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
  - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
  - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- f. The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
  - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
  - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- g. The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).
- h. The Company does not have any borrowings from banks and financial institutions that are used for any other purpose other than the specific purpose for which it was taken at the reporting balance sheet date.
- i. The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.
- j. The Company is not declared as a wilful defaulter by any bank or financial institution or other lender during the any reporting period.
- k. There are no scheme of arrangements which have been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013 during the reporting period.
- l. The Company has neither declared nor paid any dividend during the reporting period
- m. Title deeds of Immovable Properties not held in name of the Company  
The title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), as disclosed in note 3 & 4 to the financial statements, are held in the name of the company.
- n. The Company has not revalued its property, plant and equipment during the Financial year 2022-23

**43 The Code on Social Security 2020**

The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the certain provisions of the Code will come into effect and the rules thereunder has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.



**Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)**

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**Notes to Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are Rs. in millions, unless otherwise stated)

**44 First time adoption of Ind AS**

As stated in note 2, these are the Company's first Standalone Financial Statements prepared in accordance with Ind AS. The accounting policies set out in note 2 have been applied in preparing the Standalone Financial Statements for the year ended 31 March 2023 and in the preparation of an opening Ind AS balance sheet at 01 April 2021 (transition date). In preparing its opening Ind AS balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's balance sheet, profit and loss and cash flows is set out in the following tables and the notes that accompany the tables

**A. Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A.1 Ind AS optional exemptions**

**Deemed Cost :** As per para D7AA of Ind AS 101 an entity may elect to:  
measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date  
use a previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to  
- fair value,  
- or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index  
use carrying values of property, plant and equipment as on the date of transition to Ind AS (which are measured in accordance with previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to carry the previous GAAP carrying values as deemed cost for all of the items of property, plant and equipment and capital work-in-progress.

**A.2 Ind AS mandatory exception**

**A.2.1 Estimates**

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the previous GAAP are listed below:

- a) Fair valuation of financial instruments carried at FVTPL and/ or FVOCI.
- b) Determination of the discounted value for financial instruments carried at amortised cost

**A.2.2 Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done prospectively from the transition date.

**A.2.3 Deemed cost**

As per para D7AA of Ind AS 101 permits a first-time adopter to continue with the carrying value for all its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

**B. Reconciliation between previous**

**GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cashflows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS



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Notes to Standalone Financial Statements for the year ended 31 March 2023  
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Reconciliation of equity as at 1 April 2021

Assets	Notes to first-time adoption	Previous GAAP	Ind AS adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		1,140.61	-	1,140.61
<b>Financial assets</b>				
- Investments		62.92	-	62.92
- Other financial assets		39.25	-	39.25
Other non-current assets	VIII	109.39	(53.87)	55.52
<b>Total non-current assets</b>	-	<b>1,352.17</b>	<b>(53.87)</b>	<b>1,298.30</b>
<b>Current assets</b>				
Inventories	VIII	294.93	47.95	342.88
<b>Financial assets</b>				
(i) Trade receivables	II	533.33	(7.89)	525.44
(ii) Cash and cash equivalents		16.78	-	16.78
(iii) Bank balances other than (iii) above		154.11	-	154.11
(iv) Other financial assets		12.34	-	12.34
Other current assets	VIII	213.43	2.39	215.82
<b>Total current assets</b>	-	<b>1,224.92</b>	<b>42.45</b>	<b>1,267.37</b>
<b>Total assets</b>		<b>2,577.09</b>	<b>(11.42)</b>	<b>2,565.67</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital	VIII	54.13	(39.00)	15.13
Other equity	V & VIII	959.77	(51.30)	908.47
<b>Total equity</b>		<b>1,013.90</b>	<b>(90.30)</b>	<b>923.60</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	III	367.51	43.79	411.30
Provisions	VI	16.28	(2.20)	14.08
Deferred tax liabilities (net)	IV	68.66	28.99	97.65
<b>Total non-current liabilities</b>		<b>452.45</b>	<b>70.58</b>	<b>523.03</b>
<b>Current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	III	463.18	(0.65)	462.53
(iii) Trade payables				
- Total outstanding dues of micro and small enterprises		26.22	0.00	26.22
- Total outstanding dues of creditors other than micro and small enterprises		341.92	0.00	341.92
(iv) Other financial liabilities	VIII	70.57	5.22	75.79
Provisions	VI	1.52	3.72	5.24
Other liabilities		168.23	-	168.23
Current tax liabilities (Net)		39.11	-	39.11
<b>Total current liabilities</b>	-	<b>1,110.75</b>	<b>8.29</b>	<b>1,119.04</b>
<b>Total liabilities</b>	-	<b>1,563.20</b>	<b>78.87</b>	<b>1,642.07</b>
<b>Total equity and liabilities</b>	-	<b>2,577.10</b>	<b>(11.43)</b>	<b>2,565.67</b>



Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)  
(CIN : U74210TG1983PLC004132)

Notes to Standalone Financial Statements for the year ended 31 March 2023  
(All amounts are Rs. in millions, unless otherwise stated)

Reconciliation of equity as at 31 March 2022

Assets	Notes to first-time adoption	Previous GAAP	Ind AS adjustments	Ind AS
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	VIII	1,572.68	(198.38)	1,374.30
Capital work-in-progress	VIII	38.18	198.38	236.56
<b>Financial assets</b>				
- Investments		62.82	-	62.82
- Other financial assets	VII	34.80	1.24	36.04
Other non-current assets	VIII	686.73	(31.97)	654.76
<b>Total non-current assets</b>		<b>2,395.21</b>	<b>(30.73)</b>	<b>2,364.48</b>
<b>Current assets</b>				
Inventories	VIII	541.78	31.97	573.75
Financial assets				
(i) Trade receivables	II	756.57	(10.26)	746.31
(ii) Cash and cash equivalents		44.15	-	44.15
(iii) Bank balances other than (iii) above		132.48	-	132.48
Other current assets	VIII	183.09	(3.15)	179.94
<b>Total current assets</b>		<b>1,658.07</b>	<b>18.56</b>	<b>1,676.63</b>
<b>Total assets</b>		<b>4,053.28</b>	<b>(12.17)</b>	<b>4,041.11</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
Equity share capital		15.13	(0.00)	15.13
Other equity	V & VIII	1,239.12	(54.10)	1,185.02
<b>Total equity</b>		<b>1,254.25</b>	<b>(54.10)</b>	<b>1,200.15</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financial liabilities</b>				
(i) Borrowings	III	1,220.85	2.68	1,223.53
Provisions		22.52	0.00	22.52
Deferred tax liabilities (net)	IV	85.71	30.62	116.33
<b>Total non-current liabilities</b>		<b>1,329.08</b>	<b>33.30</b>	<b>1,362.38</b>
<b>Current liabilities</b>				
Financial liabilities				
(i) Borrowings		746.27	-	746.27
(iii) Trade payables				
- Total outstanding dues of micro and small enterprises		32.50	-	32.50
- Total outstanding dues of creditors other than micro and small enterprises		392.73	-	392.73
(iv) Other financial liabilities		158.10	-	158.10
Provisions		10.81	(0.00)	10.81
Other liabilities	VIII	54.03	(0.04)	53.99
Current tax liabilities (Net)	VIII	75.51	8.67	84.18
<b>Total current liabilities</b>		<b>1,469.95</b>	<b>8.63</b>	<b>1,478.58</b>
<b>Total liabilities</b>		<b>2,799.03</b>	<b>41.93</b>	<b>2,840.96</b>
<b>Total equity and liabilities</b>		<b>4,053.28</b>	<b>(12.17)</b>	<b>4,041.11</b>



**Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)**

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**Notes to Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are Rs. in millions, unless otherwise stated)

**Reconciliation of total comprehensive income for the year ended 31 March 2022**

	Notes to first-time adoption	Previous GAAP	Ind AS adjustments	Ind AS
<b>Revenues</b>				
Revenue from operations	VIII	1,931.86	12.81	1,944.67
Other income	VII & VIII	46.19	(12.65)	33.54
<b>Total income</b>		<b>1,978.05</b>	<b>0.16</b>	<b>1,978.21</b>
<b>Expenses</b>				
Cost of Materials Consumed		376.10	-	376.10
Changes in inventories of finished goods, work-in-progress		(168.48)	-	(168.48)
Employee benefits expense	V & VI	471.89	(9.18)	462.71
Finance costs	III & V	127.98	8.18	136.16
Depreciation expenses		133.14	-	133.14
Other expenses	V	654.02	(2.18)	651.84
<b>Total expenses</b>		<b>1,594.65</b>	<b>(3.18)</b>	<b>1,591.47</b>
<b>Profit/(Loss) before tax</b>		<b>383.40</b>	<b>3.34</b>	<b>386.74</b>
<b>Tax expenses</b>				
Current tax		86.68	-	86.68
Tax pertaining to earlier years		-	-	-
Deferred tax	IV	16.69	3.40	20.09
<b>Total tax expense</b>		<b>103.37</b>	<b>3.40</b>	<b>106.77</b>
<b>Profit/(Loss) after tax (PAT)</b>		<b>280.03</b>	<b>(0.06)</b>	<b>279.97</b>
<b>Other comprehensive income</b>				
Items that will not be reclassified subsequently to profit and loss		-	-	-
Remeasurements of defined benefit liability	VI	-	(4.83)	(4.83)
Deferred Tax Income - OCI	IV	-	1.41	1.41
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>(3.42)</b>	<b>(3.42)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>280.03</b>	<b>(3.48)</b>	<b>276.55</b>

**C. Notes to first-time adoption**

**Note I- Prior Period Adjustments**

The Company has certain accruals and restatement of forex balances which were not accounted in the year when the expense / restatement was incurred. During the current year, on transition to Ind AS, the Company has rectified these errors by restating the transition date balance sheet and balance sheet as at 01 April 2021. Refer note V.

**Note II - Expected credit loss**

Under previous GAAP, the Company measured financial assets at cost. As at the transition date, the Company recognised the provision for expected credit loss for certain financial assets i.e., Trade receivables as per the criteria set out in Ind AS 101.

**Note III- Borrowings**

As per Ind AS 109, the Company has classified Foreign Currency Term Loans and Rupee Term Loans as financial liabilities to be measured at amortised cost. The borrowings have been restated as at the date of transition using effective interest method i.e., (Transaction value Less unamortized portion of transaction cost) and subsequently measured at amortized cost.

**Note IV -Deferred tax asset(net)**

The Company has recognised deferred tax assets (net) on Provisions for doubtful debts other temporary difference on account of rectification of prior period errors and on account of adjustments made on transition to Ind AS.

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.



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**Notes to Standalone Financial Statements for the year ended 31 March 2023**

(All amounts are Rs. in millions, unless otherwise stated)

**Note V- Retained earnings**

Retained earnings as at 1 April 2021 has been adjusted consequent to below Ind AS transition adjustments

	As at 31 March 2022	As at 1 April 2021
<b>IND AS Impact</b>		
<b>Total Equity as per previous GAAP</b>	<b>1,254.25</b>	<b>1,013.90</b>
Adjustment of opening balance of equity - Ind AS	(90.30)	(103.33)
Correction on account of prior period adjustment	9.58	(3.55)
Provision for Expected credit loss	(1.69)	(7.89)
Adjustment for fair valuation of gratuity	3.96	-
Effective interest rate adjustment on borrowings	(9.47)	4.09
Adjustment due to measurement of financial assets and financial liabilities at amortised cost	0.16	
Other adjustments	38.86	32.36
Tax effect of adjustments	(1.78)	(11.58)
Adjustment due to remeasurement of defined benefit plan(net of tax)	(3.42)	(0.40)
<b>Total Equity as per Ind AS</b>	<b>1,200.15</b>	<b>923.60</b>

**Note VI- Defined benefit obligation**

Under Indian GAAP, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are to be recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

Therefore, the Company has recognised all the remeasurement gain/loss on the defined benefit liability in Other Comprehensive Income -Items that will not be reclassified subsequently to profit and loss forming part of Total Comprehensive Income from the date of transition to IndAS.

**Note VII- Financial Assets (Amortised cost)**

**Interest free security deposit for loan:**

Under Indian GAAP, interest-free security deposit (that are refundable in cash on completion of the loan term ) are recorded at their transaction value. Under Ind AS, all financial assets are required to be recognized at fair value. Accordingly the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognized as expense during FY 2021-22. Consequently, the amount of security deposit as on 31 March 2022 has been decreased by Rs. 1.91 Mn.

**Note VIII- Material regrouping :**

Appropriate regroupings have been made in the Standalone Balance Sheet, Standalone Statement of Profit & Loss, Standalone Statement of Cashflows, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cashflows, in order to bring them in line with the accounting policies and classification as per Ind AS Standalone Financial Statements of the Company for the years ended 31 March 2023, 31 March 2022 and 01 April 2021 prepared in accordance with Schedule III of Companies Act, 2013, requirements of Ind AS 1 and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2018, as amended.





45 Ratios as per the Schedule III requirements

a) Current Ratio = Current Assets divided by Current Liabilities

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Current Assets	2,836.15	1,676.63	1,267.37
Current Liabilities	1,481.65	1,478.58	1,119.04
<b>Ratio</b>	<b>1.91</b>	<b>1.13</b>	<b>1.13</b>
% Change from previous year	68.81%	0.12%	

Reason for change more than 25%:

During the year 31 March 2023, The ratio has increased primarily on account of increased trade receivables and inventory due to higher volume of business.

b) Debt Equity ratio = Total debt divided by Total equity where total debt refers to sum of current & non current borrowings

Particulars	As at 31 March 2023	As at 31 March 2022	As at 01 April 2021
Total debt	3,003.94	1,969.80	873.83
Total equity	2,040.31	1,200.15	923.60
<b>Ratio</b>	<b>1.47</b>	<b>1.64</b>	<b>0.95</b>
% Change from previous year	-10.30%	73.48%	

Reason for change more than 25%:

During the year 31 March 2022, company has borrowed the funds to acquire land and plant & machinery to increase its production capacity.

c) Debt Service Coverage Ratio = Earnings available for debt services divided by Total interest and principal repayments

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit after tax	85.08	279.97	116.22
Add: Non cash operating expenses and finance cost	689.65	269.30	142.27
-Depreciation and amortizations	165.83	133.14	88.73
-Finance cost	523.82	136.16	53.54
<b>Earnings available for debt services</b>	<b>774.73</b>	<b>549.27</b>	<b>258.49</b>
-Finance cost	523.82	136.16	53.54
Principal repayments	48.31	236.36	104.69
<b>Total Interest and principal repayments</b>	<b>572.13</b>	<b>372.52</b>	<b>158.23</b>
<b>Ratio</b>	<b>1.35</b>	<b>1.47</b>	<b>1.63</b>
% Change from previous year	-8.16%	-9.74%	

d) Return on Equity Ratio / Return on Investment Ratio = Net profit after tax divided by Equity

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Net profit after tax	85.08	279.97	116.22
Total equity	2,040.31	1,200.15	923.60
<b>Ratio</b>	<b>4.17</b>	<b>23.33</b>	<b>12.58</b>
% Change from previous year	-82.12%	85.39%	

Reason for change more than 25%:

Fir 31 March 2023, the profit has decreased primarily due to high interest cost on account of CCDs /OCDs, increase in SOFR and redemption premium for DMI OCDs, thus profit has come down to that extent and impacted the ROE optically.

For 31 March 2022, FY:20-21 was affected by covid and operations were carried only for nine months, therefore increase in ratio in FY 21-22

e) Inventory Turnover Ratio = Cost of goods sold divided by average inventory

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Cost of Goods Sold	301.51	207.62	137.51
Average Inventory	717.19	458.32	997.10
<b>Inventory Turnover Ratio</b>	<b>0.42</b>	<b>0.45</b>	<b>0.14</b>
% Change from previous year	-7.20%	228.47%	

Reason for change more than 25%:

For 31 March 2022, In FY-21 due to Covid the operation were shut down for 3 Months and Company is holding higher inventory for Aero Business due to MOQ (Minium order Quantity).

f) Trade Receivables turnover ratio = Credit Sales divided by average trade receivables

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Credit Sales	2,516.75	1,944.67	1,224.40
Average Trade Receivables	966.47	635.88	2,301.83
<b>Ratio</b>	<b>2.60</b>	<b>3.06</b>	<b>0.53</b>
% Change from previous year	-14.85%	474.94%	

Reason for change more than 25%:

For 31 March 2022, The company has negotiated better terms with customers and brought better efficiency in collection system resulting in better ratio.



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Notes to Standalone Financial Statements for the year ended 31 March 2023  
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g) Trade payables turnover ratio = Credit purchases divided by average trade payables

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Credit Purchases	543.46	417.19	269.35
Average Trade Payables	450.05	396.69	1,621.63
Ratio	1.21	1.05	0.17
% Change from previous year	14.82%	533.17%	

Reason for change more than 25%:

For 31 March 2022, The company has negotiated better terms with vendors and brought better efficiency in payable system resulting in better ratio.

h) Net capital Turnover Ratio = Sales divided by Net Working capital whereas net working capital= Net working capital= (Current assets - Cash & cash equivalents)-(Current liabilities-debt)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Sales	2,516.75	1,944.67	1,224.40
Net Working Capital	1,624.70	767.69	439.97
Ratio	1.55	2.53	2.78
% Change from previous year	-38.85%	-8.98%	

Reason for change more than 25%:

During the year 31 March 2023, decrease on account of increase in net working capital on account of increased due to increase in trade receivables and inventory due to higher volume of business.

i) Net profit ratio = Net profit after tax divided by Sales

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Net profit after tax	85.08	279.97	116.22
Sales	2,516.75	1,944.67	1,224.40
Ratio	0.0338	0.14	0.09
% Change from previous year	-76.52%	51.68%	

Reason for change more than 25%:

For 31 March 2023, the profit has decreased primarily due to high interest cost on account of CCDs /OCDs, increase in SOFR and redemption premium for DMI OCDs, thus profit has come down to that extent and impacted the ROE optically.

For 31 March 2022, FY:20-21 was affected by covid and operations were carried only for nine months, therefore increase in ratio in FY 21-22

j) Return on Capital employed (pre cash)=Earnings before interest and taxes(EBIT) divided by Capital Employed(pre cash)

Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022	For the year ended 31 March 2021
Profit before tax (A)	131.94	386.74	164.66
Finance Costs (B)	523.82	136.16	53.54
EBIT (C) = (A)+(B)	655.76	522.90	218.20
Capital Employed(D)=(E+F)	5,044.25	3,169.95	1,797.43
Total Equity ( E)	2,040.31	1,200.15	923.60
Total borrowings (F)	3,003.94	1,969.80	873.83
Ratio (C)/(D)	13.00%	16.50%	12.14%
% Change from previous year	21.19%	35.88%	

Reason for change more than 25%:

For 31 March 2022, FY:20-21 was affected by covid and operations were carried only for nine months, therefore increase in ratio in FY 21-22

As per our report attached

For M S K A & Associates

Chartered Accountants

ICAI Firm Registration No.:105047W

  
Ananthkrishnan Govindan  
Partner  
Membership No: 205226



Place: Hyderabad  
Date: 22 September 2023

For and on behalf of the Board of Directors of


Azad Engineering Limited (Formerly known as Azad Engineering Private Limited)

(CIN : U74210TG1983PLC004132)

  
Rakesh Chopdar  
Chairman and CEO  
DIN: 01795599

  
Ronak Jajoo  
Chief Financial Officer

Place: Hyderabad  
Date: 22 September 2023

  
Jyoti Chopdar  
Whole time Director  
DIN : 03132157

  
Ful Kumar Gautam  
Company Secretary  
M No: A49550

Place: Hyderabad  
Date: 22 September 2023

