

Annexure A

Sr. No.	Particulars
1.	<p>We undertake to include the portion highlighted in red below in the section titled "Outstanding Litigations and Material Developments" in the RHP and Prospectus:</p> <p><i>"Our Company received a show cause notice dated March 17, 2023 ("SCN") from the MCA, Cost Audit Branch ("MCA"), alleging, inter alia, that our Company and our officers in default as defined under Companies Act, 2013, which include our Company's Whole-time Directors and KMPs, were in default for non-maintenance of cost records for the Financial Year 2016-17 as prescribed under Section 148(1) of the Companies Act, 2013 read with Rule 3 & 5 of the Companies (Cost Records and Audit) Rules, 2014. Subsequently, our Company received a reminder dated April 20, 2023 from the MCA to submit a reply to the SCN. Our Company submitted its response dated July 5, 2023 ("SCN Response"), clarifying that (i) our Company was maintaining cost records in form CRA-1 as prescribed in Section 148 of the Companies Act, and (ii) our Company had made a typographical error in the relevant reporting; and accordingly, requested the MCA to withdraw the SCN. Our Company has since received a reminder by way of e-mail communication dated September 25, 2023 from the MCA asking our Company to submit a reply to the SCN, in response to which our Company has re-filed the SCN Response our response dated July 5, 2023. The matter is currently pending."</i></p>
2.	<p>We undertake to include the portion highlighted in red below in risk factor 50 in the RHP and Prospectus:</p> <p>"Changing laws, rules and regulations and legal uncertainties in India, including adverse application of tax laws and regulations, may adversely affect our business, results of operations, financial condition, cash flows and future prospects.</p> <p>The regulatory and policy environment in which we operate is evolving and subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition, cash flows and future prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.</p> <p>Further, the Gol has announced the union budget for Financial Year 2024, pursuant to which the Finance Bill, 2023, introduced various amendments. The Finance Bill has received assent from the President of India on March 31, 2023, and has been enacted as the Finance Act, 2023. Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.</p> <p>In India, the Supreme Court, in a judgment delivered on August 24, 2017, has held that the right to privacy is a fundamental right. Following this judgment, the Digital Personal Data Protection Bill, 2023, which was introduced in Lok Sabha on August 3, 2023, by the Minister of Electronics & Information Technology has been passed by the Parliament i.e., by Lok Sabha on August 7, 2023, and unanimously by Rajya Sabha on August 9, 2023; and has further received Presidential assent on August 11, 2023. The enactment of the aforesaid act may introduce stricter data protection norms for a company such as us and may impact our processes. Despite our efforts to comply with applicable laws, regulations, and other obligations relating to privacy, data protection, and information security, it is possible that our interpretations of the law or practices could be inconsistent with or fail or be alleged to fail to meet all requirements of, such laws, regulations, or contractual obligations.</p> <p>Further, the Gol introduced new laws relating to social security, occupational safety, industrial relations and wages namely, the Code on Social Security, 2020 ("Social Security Code"), the Occupational Safety, Health and Working Conditions Code, 2020, the Industrial Relations Code, 2020 and the Code on Wages, 2019, which consolidate, subsume and replace numerous existing central labor legislations, were to take effect from April 1, 2021 (collectively, the "Labour Codes"). The Gol has deferred the effective date of implementation of the respective Labour Codes; and they shall come into force from such dates as may be notified. Different dates may also be appointed for the coming into force of different provisions of the Labour Codes. While the rules for implementation under these codes have not been finalized, as an immediate consequence, the coming into force of these codes could increase the financial burden on our Company, which may adversely impact our profitability. For instance, under the Social Security Code, a new concept of deemed remuneration has been introduced, such that where an employee receives more than half (or such other percentage as may be notified by the Central Government) of their total remuneration in the form of allowances and other amounts that are not included within the definition of wages</p>

For and on behalf of Azad Engineering Limited



Ful Kurnax Gautam
Company Secretary and Compliance Officer

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	<p>under the Social Security Code, the excess amount received shall be deemed as remuneration and accordingly be added to wages for the purposes of the Social Security Code and the compulsory contribution to be made towards the employees' provident fund.</p> <p>The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. Any future amendments may affect our benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax free bonds, and long-term capital gains on equity shares if withdrawn by the statute in the future and may no longer be available to us. Any adverse order passed by the appellate authorities/tribunals/ courts would adversely affect our profitability.</p> <p>For instance, in the past there have been delays in employees' provident fund ("EPF") payments due to, inter alia, technical issues faced with the EPFO portal while uploading the EPF challans and challenges faced on account of the COVID 19 lockdown. There have also been delayed filings in relation to GST returns in the past, due to, inter alia, changes in the framework of filing GST returns.</p> <p>Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has in a decision clarified the components of basic wages which need to be considered by companies while making provident fund payments, which resulted in an increase in the provident fund payments to be made by companies. We may incur increased costs and other burdens relating to compliance with new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, financial condition, cash flows and future prospects. Uncertainty in the application, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our businesses in the future."</p>
3.	<p>We undertake to remove the portion highlighted in red below in risk factor 40 in the RHP and Prospectus:</p> <p>"Our Statutory Auditors have indicated certain matters in their report on the audited financial statements of our Company for Financial Years 2023, 2022 and 2021 in accordance with the Companies (Auditor's Report) Order, 2003 ("CARO").</p> <p>In their report on the audited financial statements of our Company for Financial Years 2023, 2022 and 2021, our Statutory Auditors, have indicated certain matters in accordance with the CARO. For details, see "Restated Financial Information - Annexure VI - Statement of Adjustments to Restated Consolidated Financial Information" on page 248.</p> <p><i>For details of the corrective steps taken and proposed to be taken by our Company, see section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations of our Company" on page 292 of this Draft Red Herring Prospectus. We cannot assure you that we shall be able to adequately address the matters set out by the Statutory Auditors under the CARO or that such and additional matters under CARO will not be indicated in our financial statements in the future. Our inability to adequately address these matters, could have an adverse impact on our business, results of operations, financial condition, cash flows and future prospects.</i></p> <p>We undertake to rearrange the following risk factors in the RHP and Prospectus, subject to any observations/ comments received from SEBI in this regard:</p> <ol style="list-style-type: none"> Risk Factor 14 will be moved to the top 10 risk factors in the RHP. Risk Factor 40 and 43 will be moved to the top 15 risk factors in the RHP. Risk Factor 39 will be moved to the top 25 risk factors in the RHP.
4.	<p>We undertake to rearrange the following risk factors in the RHP and Prospectus, subject to any observations/ comments received from SEBI in this regard:</p> <ol style="list-style-type: none"> Risk Factor 14 will be moved to the top 10 risk factors in the RHP. Risk Factor 40 and 43 will be moved to the top 15 risk factors in the RHP. Risk Factor 39 will be moved to the top 25 risk factors in the RHP.

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