

CS/RMA-Q3(2023-24)

Date: 08<sup>th</sup> February, 2024

To, The Listing Department <b>BSE Limited</b> Department of Corporate Affairs Phiroze Jeejeebhoy Towers Dalal Street Mumbai - 400 001	To, The Listing Department <b>National Stock Exchange of India Ltd.</b> Exchange Plaza, Plot No. C/1, G Block Bandra-Kurla Complex, Bandra (E) Mumbai - 400 051
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Dear Sir/Madam,

**Subject : Report of the Monitoring Agency with respect to utilization of proceeds of the Initial Public offering of Azad Engineering Limited.**

**Reference : ISIN - INE02IJ01035; Scrip Id-544061; Scrip Code- AZAD**

Pursuant to Regulation 32 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, and Regulation 41 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, please find enclosed herewith the Monitoring Agency Report dated February 07, 2024 in respect of utilization of proceeds of the initial public offer of the Company for the quarter ended December 31, 2023, issued by CARE Ratings Limited, Monitoring Agency.

The above said disclosure will also be hosted on the website of the Company at [www.azad.in](http://www.azad.in)

You are requested to kindly take the same in your records.

Thanking you,

Yours truly,

**For Azad Engineering Limited**

**Ful Kumar Gautam**  
(Company Secretary & Compliance Officer)  
Membership No.: A49550

**No. CARE/HRO/GEN/2023-24/1015**

**Mr. Rakesh Chopdar**  
**Chairman**  
**Azad Engineering Limited**  
90/C, 90/D, Phase -1  
I.D.A Jeedimetla,  
Hyderabad  
Telangana 500055

February 07, 2024

Dear Sir,


**Monitoring Agency Report for the quarter ended December 31, 2023 - in relation to the Initial Public Offerings of Equity Shares of Azad Engineering Limited ("the Company")**

We write in our capacity of Monitoring Agency for the Fresh Issue of 45,80,153 shares for the amount aggregating to Rs.240.00 crore of the Company and refer to our duties cast under 82 of the Securities & Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations.

In this connection, we are enclosing the Monitoring Agency Report for the quarter ended December 31, 2023, as per aforesaid SEBI Regulations and Monitoring Agency Agreement dated December 13, 2023.

Request you to kindly take the same on record.

Thanking you,  
Yours faithfully,



**Niraj Thorat**  
Assistant Director  
[niraj.thorat@careedge.in](mailto:niraj.thorat@careedge.in)

**Report of the Monitoring Agency (MA)**

Name of the issuer: Azad Engineering Limited

For quarter ended: December 31, 2023

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: Nil

(b) Range of Deviation: Not applicable

**Declaration:**

We declare that this report provides an objective view of the utilization of the issue proceeds in relation to the objects of the issue based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. The MA does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives. This Report is not intended to create any legally binding obligations on the MA which accepts no responsibility, whatsoever, for loss or damage from the use of the said information. The views and opinions expressed herein do not constitute the opinion of MA to deal with any security of the Issuer in any manner whatsoever. Nothing mentioned in this report is intended to or should be construed as creating a fiduciary relationship between the MA and any issuer or between the agency and any user of this report. The MA and its affiliates also do not act as an expert as defined under Section 2(38) of the Companies Act, 2013.

The MA or its affiliates may have a credit rating or other commercial transactions with the entity to which the report pertains and may receive separate compensation for its ratings and certain credit-related analyses. We confirm that there is no conflict of interest in such relationship/interest while monitoring and reporting the utilization of the issue proceeds by the issuer, or while undertaking credit rating or other commercial transactions with the entity.

We have submitted the report herewith in line with the format prescribed by SEBI, capturing our comments, where applicable. There are certain sections of the report under the title "Comments of the Board of Directors", that shall be captured by the Issuer's Management / Audit Committee of the Board of Directors subsequent to the MA submitting their report to the issuer and before dissemination of the report through stock exchanges. These sections have not been reviewed by the MA, and the MA takes no responsibility for such comments of the issuer's Management/Board.

*Niraj Thorat*

Signature:

Name and designation of the Authorized Signatory: Niraj Thorat

Designation of Authorized person/Signing Authority: Assistant Director

## 1) Issuer Details:

Name of the issuer	: Azad Engineering Limited
Name of the promoter	: Rakesh Chopdar
Industry/sector to which it belongs	: Industrial Manufacturing - Industrial Products

## 2) Issue Details

Issue Period	: December 20, 2023, to December 22, 2023
Type of issue (public/rights)	: Public Fresh Issue
Type of specified securities	: Equity shares
IPO Grading, if any	: Not applicable
Total Issue Size (in Rs. crore)	: Rs.740.00 crore (Note 1)
Offer For Sale size (in Rs. crore)	: Rs.500.00 crore
Fresh Issue Size (in Rs. crore)	: Rs.240.00 crore
Total Issue Expenses (in Rs. crore)	: Rs.53.19 crore <sup>^</sup>

<sup>^</sup>The issue expenses are as mentioned in the final prospectus dated December 23, 2023.

Note 1:

Particulars	Remarks
Total shares as a part of issue @ (Rs. 524 Per Share)	141,22,108
Total proceeds received from IPO (In Rs. Crore)	740.00
Proceeds share of the selling shareholders - Offer for Sale (In Rs. Crore)	500.00
- Sale of 39,11,545 equity shares of Mr Rakesh Chopdar	189.82
- Sale of 49,78,062 equity shares of Piramal Structured Credit Opportunities Fund	241.57
- Sale of 6,52,350 equity shares of DMI Finance Private Limited	31.65
- Details of expenses incurred related to OFS issue (In Rs. Crore) *	35.94
Proceeds share through Fresh Issue (In Rs. Crore)	240.00
- Details of expenses incurred related to Fresh Issue (In Rs. Crore) *	17.25
Net proceeds available for utilization for the company (In Rs. Crore)	222.75

\*The amount mentioned as expenses was earmarked for the proportion of the cost of an issue as per the offer document. As of December 31, 2023, the company had made the payments concerning issue-related expenses through its funds and the reimbursement for the same is in process.

Of the total proceeds, Rs.463.04 crore was transferred to the selling shareholders' accounts for which Rs.1.00 crore of STT was paid. Rs.150.00 crore was transferred to the monitoring account (MA) on December 29, 2023. Rs.8.85 crore was availed by the company as a partial reimbursement against IPO expenses (Total IPO expenses stood at Rs. 53.19 crore).

### Summary of Public Offer Account as of December 31, 2023

Particulars	Amount in Rs Cr
Total Proceeds	739.80
Transferred to Selling Shareholders (incl. STT)	464.06
Transferred to Monitoring Account	150.00
Reimbursement of partial IPO expenses	8.85
<b>Balance Dec 31, 2023</b>	<b>116.90</b>

The balance as of December 31, 2023, was Rs.116.90 crore which includes Rs.72.75 crore of balance fresh issue proceeds and Rs.44.34 crore towards reimbursement of IPO expenses. As per the placement document, the net proceeds from the Initial Public Offering of Equity shares must be utilized as per objects given in the offer document. As of December 31, 2023, the company has not utilised any amount from the net proceeds.

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**Balance amount in Public Offer Account as of December 31, 2023**

Particulars	Amount in Rs Cr
Balance Dec 31, 2023	116.90
IPO proceeds (balance received on Jan 1, 2024)	0.20
<b>Total</b>	<b>117.10</b>
<b>Estimated usage of funds</b>	
Balance transfer to monitoring agency A/C	72.75
Reimbursement of balance IPO expenses	44.34
<b>Total</b>	<b>117.10</b>

**3) Details of the arrangement made to ensure the monitoring of the issue proceeds:**

Particulars	Reply	Source of information/ certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments the Board of Director
Whether all utilization as per the disclosures in the Offer Document?	Yes	CA certificate*, Bank statements	-	-
Whether shareholder approval been obtained in case of material deviations# from expenditures disclosed in the Offer Document?	Not applicable	Not applicable	Not applicable	-
Whether the means of finance for the disclosed objects of the issue have changed?	No	Not applicable	No	-
Is there any major deviation observed over the earlier monitoring agency reports?	Not applicable	Not applicable	Not applicable	-
Whether all Government/statutory approvals related to the object(s) have been obtained?	Not applicable	Not applicable	Not applicable	-
Whether all arrangements pertaining to technical assistance/collaboration are in operation?	Not applicable	Not applicable	Not applicable	-
Are there any favourable/unfavourable events affecting the viability of these object(s)?	No	Not applicable	No	-
Is there any other relevant information that may materially affect the decision-making of the investors?	No	Not applicable	No	-

\* Chartered Accountant certificate from M/s SYB & co Chartered Accountants dated January 31, 2024 given in [Annexure-2](#)

#Where material deviation may be defined to mean:

- Deviation in the objects or purposes for which the funds have been raised
- Deviation in the amount of funds actually utilized by more than 10% of the amount projected in the offer documents.



#### 4) Details of objects to be monitored:

##### i. Cost of objects –

Sr. No	Item Head	Source of information/certifications considered by Monitoring Agency for preparation of report	Original cost (as per the Offer Document) in Rs. Crore	Revised Cost in Rs. Crore	Comments of the Monitoring Agency	Comments of the Board of Directors		
						Reason for cost revision	Proposed financing option	Particulars of firm arrangements made
1	Funding capital expenditure of the company	Chartered Accountant certificate*, Final Prospectus	60.39	Not applicable	Nil	-	-	-
2	Repayment/prepayment, in part or full of certain of our borrowings availed by our Company	Chartered Accountant certificate*, Final Prospectus	138.18	Not applicable	Nil	-	-	-
3	General Corporate purposes	Chartered Accountant certificate*, Final Prospectus	24.17	Not applicable	Nil	-	-	-
<b>Total</b>			<b>222.75</b>					

\*Chartered Accountant certificate from M/s SYB & co Chartered Accountants dated January 31, 2024, for the utilisation up to the quarter ended December 31, 2023. given in [Annexure-2](#)

##### ii. Progress in the objects –

Sr. No	Item Head	Source of information/certifications considered by Monitoring Agency for preparation of report	Amount as proposed in the Offer Document in Rs. Crore	Amount utilised in Rs. Crore			Unutilised amount in Rs. crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As of the beginning of the quarter in Rs. Crore	During the quarter in Rs. Crore	At the end of the quarter in Rs. Crore			Reasons for idle funds	Proposed course of action
1	Funding capital expenditure of the company	CA certificate*, Bank statements	60.39	-	-	-	60.39	Nil	NA	-
2	Repayment/p repayment, in part or full of certain of our borrowings availed by our Company	CA certificate*, Bank statements	138.18	-	-	-	138.18	Nil	NA	-
3	General Corporate purposes	CA certificate*, Bank statements	24.17	-	-	-	24.17	Nil	NA	-
<b>Total</b>			<b>222.75</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>222.75</b>			

\*Chartered Accountant certificate from M/s SYB & co Chartered Accountants dated January 31, 2024, for the utilisation up to the quarter ended December 31, 2023. given in [Annexure-2](#)

##### iii. Deployment of unutilized IPO proceeds:

Rs. Crore

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Sr. No.	Type of instrument and name of the entity invested in	Amount invested	Maturity date	Earning	Return on Investment (%)	Market Value as of the end of the quarter
1	Balance in Monitoring Agency Account	150.00	-	-	-	-
2.	Balance in IPO Public Offer Account	72.75^	-	-	-	-
		<b>222.75</b>				-

\*given in [Annexure-2](#) with Monitoring Account Statement

^As per the bank statement of public offer account Rs. 116.90 crore is the balance amount which includes Rs. 72.75 crore of amount from fresh issue of shares and Rs. 44.34 crore to be reimbursed against the issue expenses borne by the company, in line with the prospectus.

iv. Delay in implementation of the object(s)

Objects	Completion Date		Delay (no. of days/ months)	Comments of the Board of Directors	
	As per the offer document	Actual*		Reason of delay	Proposed course of action
Funding capital expenditure	August 2024	August 2024	Not Applicable	-	-
Repayment/prepayment, in part or full of certain of our borrowings availed by our Company	March 2024	March 2024	Not Applicable		
General Corporate Purposes (GCP)	From time to time	From time to time	Not Applicable	-	-

\*In case of continuing object(s), please specify the latest/revised estimate of the completion date.

The above details were verified from the Information shared by Azad Engineering Limited, the final prospectus and the \*Chartered Accountant certificate from M/s SYB & co Chartered Accountants dated January 31, 2024, for the utilisation up to the quarter ended December 31, 2023, given in [Annexure-2](#)

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**5) Details of the utilization of proceeds stated as General Corporate Purpose (GCP) amount in the offer document:**

Sr. No	Item Head <sup>^</sup>	Amount in Rs. Crore	Source of information/certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of the Board of Directors
1	General Corporate Purposes	0.00	CA certificate*, Bank statement	Nil	
	<b>Total</b>	<b>0.00</b>			

*\*Chartered Accountant certificate from M/s SYB & co Chartered Accountants dated January 31, 2024, for the utilisation up to the quarter ended December 31, 2023, given in [Annexure-2](#)*

<sup>^</sup>Section from the offer document related to GCP:

“Our Company proposes to deploy the balance Net Proceeds aggregating to ₹241.66 million (subject to finalisation of Basis of Allotment) towards general corporate purposes and business requirements of our Company, subject to such amount not exceeding 25% of the Gross Proceeds from the Fresh Issue, in compliance with the SEBI ICDR Regulations. Such general corporate purposes may include, but are not restricted to, (i) investments in accordance with the investment policy of our Company, and (ii) meeting exigencies, salaries and meeting expenses incurred by our Company in the ordinary course of business as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013, incurred by our Company in the ordinary course of business, as may be applicable. Further, this portion of Net Proceeds may also be utilised to meet the shortfall in the Net Proceeds for the Objects set out above.

In addition to the above, our Company may utilise the Net Proceeds towards other expenditures considered expedient and as approved periodically by our Board, subject to compliance with necessary provisions of the Companies Act and other applicable laws. The quantum of the utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.”

As per Pg 97 of the final prospectus dated December 23, 2023.





