

CS/RMA-Q3(2024-25)

February 10, 2025

To,  
The Listing Department  
**BSE Limited**  
Department of Corporate Affairs  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai - 400 001

To,  
The Listing Department  
**National Stock Exchange of India Ltd.**  
Exchange Plaza, Plot No. C/1, G Block  
Bandra-Kurla Complex,  
Bandra (E)  
Mumbai - 400 051

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 06, 2025 in respect of utilization of proceeds of the initial public offer of the Company for the 3<sup>rd</sup> quarter ended December 31, 2024, 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/2024-25/1046**

**Board of Directors**

**Azad Engineering Limited**

90/C, 90/D, Phase -1

I.D.A Jeedimetla,

Hyderabad

Telangana 500055

February 06, 2025

Dear Sir/Ma'am,

**Monitoring Agency Report for the quarter ended December 31, 2024 - in relation to the IPO issue of Azad Engineering Limited**

We write in our capacity of Monitoring Agency for the Fresh Issue of 45,80,153 for the amount aggregating to ₹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, 2024, 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

**CARE Ratings Limited**

401, Ashoka Scintilla, 3-6-520, Himayat Nagar, Hyderabad - 500 029  
Phone: +91-40-4010 2030

CIN-L67190MH1993PLC071691

4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022  
Phone: +91-22-6754 3456  
Email: care@careedge.in • www.careedge.in



## Report of the Monitoring Agency

Name of the issuer: Azad Engineering Ltd

For quarter ended: December 31, 2024

Name of the Monitoring Agency: CARE Ratings Limited

(a) Deviation from the objects: No

(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 experts 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 after the MA submits 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.



Signature:

Name and designation of the Authorized Signatory: Niraj Thorat

Designation of Authorized person/Signing Authority: Assistant Director

## CARE Ratings Limited

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Phone: +91-40-4010 2030

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### 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 ₹ crore)	: ₹740.00 crore (Note 1)
Offer For Sale size (in ₹ crore)	: ₹500.00 crore
Fresh Issue Size (in ₹ crore)	: ₹240.00 crore
Total Issue Expenses (in ₹ crore)	: ₹53.19 crore <sup>^</sup>

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

#### Note 1:

The company had offered 45,80,153 Equity Shares under the rights issue, at ₹524 per share (including a share premium of ₹522 per share) aggregating to ₹240 crore. The issue was oversubscribed by 83.04 times and the company has allotted 45,80,153 Equity Shares to the applicants.

Particulars	Remarks
Total shares as a part of issue @ (₹ 524 Per Share)	141,22,108
Total proceeds received from IPO (In ₹ Crore)	740.00
Proceeds share of the selling shareholders - Offer for Sale (In ₹ 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 ₹ Crore) *	35.94
Proceeds are shared through Fresh Issue (In ₹ Crore)	240.00
- Details of expenses incurred related to Fresh Issue (In ₹ Crore) *	17.25
Net proceeds available for utilization for the company (In ₹ Crore)	222.75

\*The amount mentioned as expenses was earmarked for the proportion of the cost of an issue as per the offer document.



Of the total proceeds, ₹463.04 crore was transferred to the selling shareholders' accounts for which ₹1.00 crore of STT was paid. ₹222.75 crore was transferred to the monitoring account (MA) as on January 03, 2024. ₹21.81 crore was availed by the company as a reimbursement against IPO expenses. (Total IPO expenses stood at ₹53.19 crore). During Q3FY25, ₹8.56 crore IPO expenses were debited from POA and the balance as of December 31, 2024, is ₹1.53 crore.

### Summary of Public Offer Account as on December 31, 2024

Particulars	Amount in Rs Cr
Total Proceeds	740.00
Transferred to Selling Shareholders (incl. STT)	464.06
Transferred to Monitoring Account	222.75
IPO expenses (Directly debited from POA)	29.86
Reimbursement of partial IPO expenses	21.80
<b>Balance December 31, 2024</b>	<b>1.53</b>

\*The balance as on December 31, 2024, of ₹1.53 crore is towards IPO expenses for payment to vendors

### 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 of the Board of Directors
Whether all utilization as per the disclosures in the Offer Document?	Yes	CA certificate*, Bank statements, Board resolution, Management Utilization Certificate	The company has revised funds to be utilised for General Corporate purposes vide Board resolution. The consequential revision of utilisation of funds is based on RHP. It is given to understand by the management that shareholders' approval is not necessary as the required flexibility has been already received by virtue of declaration in the RHP under <i>OBJECTS OF THE OFFER-Details of the Objects, pg 93 and pg 95</i> . Also, the company has revised downward an amount allocated for repayment of borrowing ₹ 2.48 crore	-
Whether shareholder approval has been obtained in case of material deviations from expenditures disclosed in the Offer Document?	NA	NA		-
Whether the means of finance for the disclosed objects of the issue have changed?	NA	NA		-

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Particulars	Reply	Source of information/certifications considered by Monitoring Agency for preparation of report	Comments of the Monitoring Agency	Comments of the Board of Directors
			and utilised the same for funding capital expenditure.	
Is there any major deviation observed over the earlier monitoring agency reports?	No	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 Dagliya & Co Chartered Accountants dated January 31, 2025.

#Where material deviation may be defined to mean:

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

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#### 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 ₹ Crore	Revised Cost in ₹ 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, Board Resolution	60.39 <sup>&amp;</sup>	45.04	The company has revised funds to be utilised for General Corporate purposes vide Board resolution. The consequential revision of utilisation of funds is based on RHP. It is given to understand by the management that shareholders' approval is not necessary as the required flexibility has been already received by virtue of declaration in the RHP under <i>OBJECTS OF THE OFFER-Details of the Objects, pg 93 and pg 95.</i> Also, the company has revised downward an amount allocated for repayment of borrowing ₹ 2.48 crore and utilised the same for funding capital expenditure.	-	-	-
2	Repayment/prepayment, in part or full of certain of our borrowings availed by our Company	Chartered Accountant certificate*, Final Prospectus	138.19	135.71		-	-	-
3	General Corporate purposes	Chartered Accountant certificate*, Final Prospectus, Board Resolution	24.17	42.00		-	-	-
<b>Total</b>			<b>222.75</b>	<b>222.75</b>				

\*Chartered Accountant certificate from M/s Dagliya & Co Chartered Accountants dated January 31, 2025, for the utilisation up to the quarter ended December 31, 2024.



(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 ₹ Crore	Amount utilised in ₹ Crore			Un-utilised amount in ₹ crore	Comments of the Monitoring Agency	Comments of the Board of Directors	
				As of the beginning of the quarter in ₹ Crore	During the quarter in ₹ Crore	At the end of the quarter in ₹ Crore			Reasons for idle funds	Proposed course of action
1	Funding capital expenditure of the company	CA certificate*, Bank statements	45.04 <sup>@</sup>	27.75	18.30	46.05	-	Payment of ₹18.30 crore was made towards vendors of equipment during the quarter. The payments have been done by routing funds of from monitoring account to current account. In view commingling of funds and larger number of transactions in the current account, CARE Ratings has relied on CA Certificate, invoices and Utilisation Certificate shared by the company. As of September 30, 2024, the unutilised funds for this object were ₹14.81 crore. Additional ₹3.49 crore was funded through ₹2.48 crore meant for repayment of borrowings and ₹1.01 crore earned from interest on FDs.	NA	-
2	Repayment/prepayment, in part or full of certain of our borrowings availed by our Company	CA certificate*, Bank statements	135.71 <sup>@</sup>	135.71	-	135.71	-	As mentioned above ₹2.48 crore was used for funding capital expenditure.	NA	-
3	General Corporate purposes	CA certificate*, Bank statements, Board Resolution	42.00 <sup>@</sup>	42.00	-	42.00	-	The GCP amount is more than the estimated amount as per the prospectus. However, the same is within the 25% cap of gross proceeds i.e., ₹60.00 crore.	NA	-
<b>Total</b>			<b>222.75</b>	<b>205.46</b>	<b>18.30</b>	<b>223.76<sup>^</sup></b>	<b>-</b>			

<sup>@</sup> Please refer Comments of the Monitoring Agency in the table for revision in amounts, 4. (i). Cost of objects; above.





<sup>^</sup>Excess utilization of ₹ 1.01 crore is done from the interest earned on fixed deposits.

(iii) Deployment of unutilized public issue proceeds: Not applicable. The balance in monitoring agency is ₹ 0.31 crore due to interest received for the fixed deposits.

(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	FY24 & FY25	Stage payment of ₹46.05 crore was paid for acquiring machines till December 31, 2024.	No	-	-
Repayment/ prepayment, in part or full of certain of our borrowings availed by our Company	FY24 & FY25	₹135.71 crore already paid till March 31, 2024	No	-	-
General Corporate Purposes (GCP)	2 fiscals from the listing	₹42.00 crore already utilised till March 31, 2024	No	-	-

The above details were verified from the Information shared by Azad Engineering Limited, the final prospectus and the \*Chartered Accountant certificate from M/s Dagliya & Co Chartered Accountants dated January 31, 2025, for the utilisation up to the quarter ended December 31, 2024.

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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 ₹ Crore	Source of information/certifications considered by Monitoring Agency for preparation of report	Comments of Monitoring Agency	Comments of the Board of Directors
1	Raw Material	29.06	Issuer Report	Others include expenses towards human resources, logistics, closure charges, etc., which largely comprise expenses made during the ordinary course of business	
2	Tools	6.77			
3	Others	6.17			
	<b>Total</b>	<b>42.00</b>			

*\*Chartered Accountant certificate from M/s Dagliya & Co Chartered Accountants dated January 31, 2025, for the utilisation up to the quarter ended December 31, 2024.*

<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 expenditure 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 utilization of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and the business requirements of our Company, from time to time.”

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## Disclaimers to MA report:

- a) This Report is prepared by CARE Ratings Ltd (hereinafter referred to as "**Monitoring Agency/MA**"). The MA has taken utmost care to ensure accuracy and objectivity while developing this Report based on the information provided by the Issuer and information obtained from sources believed by it to be accurate and reliable. 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.
- b) This Report has to be seen in its entirety; the selective review of portions of the Report may lead to inaccurate assessments. For this Report, MA has relied upon the information provided by the management /officials/ consultants of the Issuer and third-party sources like statutory auditors (or from peer-reviewed CA firms) appointed by the Issuer believed it to be accurate and reliable.
- c) Nothing contained in this Report is capable or 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 MA is also not responsible for any transmission errors and specifically states that it, or its directors, and employees do not have any financial liabilities whatsoever to the users of this Report.
- d) The MA and its affiliates do not act as a fiduciary. The MA and its affiliates also do not act as experts to the extent defined under Section 2(38) of the Companies Act, 2013. While the MA has obtained information from sources it believes to be reliable, it does not perform an audit and undertakes no independent verification of any information/ certifications/ statements it receives from auditors (or from peer-reviewed CA firms), lawyers, chartered engineers or other experts, and relies on in its reports.
- e) The MA or its affiliates may have other commercial transactions with the entity to which the report pertains. As an example, the MA may rate the issuer, or any debt instruments/facilities issued or proposed to be issued by the issuer that is the subject matter of this report. The MA may receive separate compensation for its ratings and certain credit-related analyses, normally from issuers or underwriters of the instruments, facilities, securities or obligors.

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