वार्षिक प्रतिवेदन 2025—26

YEARLY REPORT 2025-26

NAINI AEROSPACE LTD.
A wholly owned subsidiary of HAL

नैनी एयरोस्पेस लिमिटेड
(भारत सरकार का उपक्रम)

NAINI AEROSPACE LIMITED
(A Govt. of India Undertaking)

नैनी, प्रयागराज
NAINI, PRAYAGRAJ

नैनी एयरोस्पेस लिमिटेड
यूपीएसआईडीसी इंडस्ट्रियल एरिया
पोस्ट – टी एस एल, नैनी
प्रयागराज – 211010, भारत
दूरभाष – 0532-2687754

NAINI AEROSPACE LTD.
A wholly owned subsidiary of HAL

NAINI AEROSPACE LIMITED
UPSIDC INDUSTRIAL AREA
POST - TSL, NAINI
PRAYAGRAJ - 211010, INDIA
Phone No. - 0532-2687754
E-mail - ceo-sec@nael.co.in
Website - https://nael.co.in

NOTICE

NOTICE IS HEREBY GIVEN THAT the 10th Annual General Meeting of the Members of Naini Aerospace Limited ("Company") will be held **on Tuesday, the 25th day of August, 2026 at 02:00 p.m. at the Factory Premises UPSIDC Industrial Area, Post -TSL, Naini, Prayagraj (U.P.) - 211010** through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), at shorter notice in accordance with Section 101(1) of the Companies Act, 2013 read with Secretarial Standard–2, to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statement for the year ended 31st March 2026 i.e. the Balance Sheet as at 31st March 2026, the Statement of Profit and Loss for the year ended 31st March 2026, Cash Flow Statement and Notes together with the Directors' Report and Auditor's Report thereon.

2. Re-Appointment of Shri M. Satyanarayana (DIN: 10899724)
   To appoint a director in place of Shri M Satyanarayana (DIN: 10899724), who retires by rotation at this meeting and, being eligible, offers himself for re-appointment.

3. To fix the remuneration of the Statutory Auditor for the Financial Year 2026-27.
   In terms of provisions of Section 139(5) read with Section 142 of the Companies Act, 2013, the remuneration of the Auditors of Government Companies, appointed by Comptroller and Auditor General of India, shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. Hence, it is proposed that the members may authorize the Board to fix the remuneration of the Statutory Auditors of the Company for the financial year 2026-27, as may be deemed fit.

Special Business

4. Appointment of Shri S S Chandel (DIN: 11385516) as Nominee Director

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"**RESOLVED THAT** pursuant to the provisions of Sections 152 and 161(1) & (3) of the Companies Act, 2013 and the rules made thereunder, Shri S S Chandel, who was appointed as an Additional (Nominee) Director of the Company by the Board of Directors with effect from 07th November, 2025, and who holds office up to the date of this Annual General Meeting, be and is hereby appointed as a Nominee Director of the Company"

By order of the Board
For NAINI AEROSPACE LIMITED

Vandana Manya

Company Secretary

Place: Naini, Prayagraj
Date: 13-08-2026

Registered Office:
Naini Aerospace Limited
15/1, Cubbon Road
Bengaluru, Karnataka 560001
CIN: U29309KA2016GOI098895
Email Id: cs@nael.co.in

NOTES:

1. Ministry of Corporate Affairs (MCA) vide its General Circular no. 20/2020 dated May 05, 2020, and subsequent circulars issued from time to time (hereinafter collectively referred to as "Circulars") has allowed the Companies to conduct the AGM through Video Conferencing (VC) or Other Audio-Visual Means (OAVM) during the calendar year 2026. In-line with the provisions of the Companies Act, 2013 ("Act") and MCA Circulars, the 10^{th} AGM of the Company is being held through VC/ OAVM at the factory premises of the Company ("Venue").

2. Members holding 95% of the shareholding have given their consent for the conduct of the AGM at shorter notice, in accordance with the provisions of Section 101(1) of the Companies Act, 2013 read with Secretarial Standards – 2 on General Meetings issued by the Institute of Company Secretaries of India (para 1.2.6).

3. The Explanatory Statement pursuant to Section 102(1) of the Act, read with the rules made thereunder, setting out material facts concerning the Special Business(es) under Item No. 4 of the Notice, is annexed hereto due to its unavoidable nature.

4. Pursuant to the provisions of the Act, a member entitled to attend and vote at the annual general meeting is entitled to appoint a proxy and vote and the proxy need not be a member of the Company. The proxies to be effective should be lodged with the Company at least 48 hours before the commencement of the meeting. Members who are attending the meeting through VC/OAVM shall not be allowed to appoint proxies.

5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution/ Letter of Authority authorizing their representative to attend and vote on their behalf at the Meeting.

6. Members/proxies/authorized representatives attending meeting in physical mode are requested to submit the attendance slips duly filled in for attending the meeting. Members holding shares in physical form are requested to write their folio number in the attendance slip for attending the meeting. Members attending the AGM through VC/OAVM need not require to provide attendance slip.

7. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

8. **Voting Method:** In accordance with Section 107 of the Companies Act, 2013, where less than fifty (50) members are present at the AGM, whether physically or through VC/OAVM, voting on resolutions shall be conducted by the show of hands, unless a poll is demanded in accordance with the provisions of the Act. One member shall

propose the resolution and another member shall second it. Considering that Naini Aerospace Limited ("NAeL") has only seven (7) shareholders, voting shall be by show of hands unless otherwise required under the Act.

9. Members attending the AGM through the VC/OAVM facility, will have two-way communication for ease of participation.

10. Members attending AGM through VC/OAVM may pose questions either concurrently during the AGM or by sending them in advance to cs@nael.co.in.

11. Members are requested to kindly notify the Company of any changes in their addresses/email address so as to enable the Company to address future communication to their correct addresses.

12. The following documents will be available for inspection by the Members electronically during the AGM. Members seeking to inspect such documents can send an email to cs@nael.co.in:

    a. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under Section 189 of the Act, shall be made available for inspection by the Members during the AGM.

    b. All documents referred to in the accompanying Notice and the Explanatory Statement will also be available for inspection through electronic mode (PDF, downloadable, read-only) from the date of this Notice during business hours except on holidays, up to and including the date of the Annual General Meeting. Members seeking to inspect such documents can send an e-mail to cs@nael.co.in. and the inspection link/arrangements will be shared upon request.

13. The proceedings of the AGM held through VC/OAVM shall be recorded and maintained in the safe custody of the Company. The transcript shall be available for inspection by any shareholder of the Company upon request.

INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

14. Facility of joining the meeting shall be open 15 minutes before the time scheduled for the Meeting and shall be closed 15 minutes after such scheduled time.

15. AGM shall be attended via MS Teams Meeting link sent to shareholders, directors, and auditors of the Company at their registered email IDs with the Company. The link is being sent separately via email.

16. For any technical assistance or support or any query with regard to the conduct of AGM, members may contact at cs@nael.co.in. or 0532-2687754.

By Order of the Board

For Naini Aerospace Limited

Varsha Namy

Company Secretary

Place: Naini, Prayagraj (U.P.)
Date: 13-08-2026

Registered Office:

Naini Aerospace Limited,
15/1, Cubbon Road
Bengaluru Karnataka 560001
CIN: U29309KA2016GOI098895
Email Id: cs@nael.co.in

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4: Appointment of Shri S S Chandel (DIN 11385516) as Nominee Director.

Holding Company, Hindustan Aeronautics Limited, vide letter no. vide HAL Letter no. CO/SEC/277/BD (7)/2023-Vol V dated 7th November 2025, has nominated Shri S S Chandel GM(HR), AC as Nominee Director vice Shri N R Rath GM(Finance) AC, HAL.

Consequently, in accordance with the Article 93 of the Articles of Association of the Company and section 161 of the Companies Act, 2013 and rules made thereunder, the Board appointed Shri S S Chandel as Additional (Nominee Director) with effect from 07th November, 2025 vide Circular Resolution 05/2025-26 on 19th November 2025.

Since, HAL has nominated him as a Nominee Director, the Board recommends him to be appointed as Nominee Director and places the draft resolution for members' approval by way of Ordinary resolution. The appointee is not disqualified to act as a director in terms of the Companies Act, 2013 and has signified his assent for appointment.

None of the Directors, Key Managerial Personnel or their relatives is interested in the proposed resolution in any manner, either financially or otherwise.

By order of the Board
For NAINI AEROSPACE LIMITED

Varsha Maniyar

Varsha Maniyar
Company Secretary

Place: Naini, Prayagraj (U.P.)
Date: 13-08-2026

NAINI AEROSPACE LIMITED
Regd. Office: 15/1, Cubbon Road, Bangalore-560001
CIN: U29309KA2016GOI098895

10th ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Folio No.

I hereby record, my presence at the Annual General Meeting of the Company held on -------------------- at ----------------------------.

Name of the Shareholder (In Block Letters):

Signature of the Shareholder or Proxy: ---

Note:

1. Please complete this attendance slip and hand it over at the Conference Hall.

Form No. MGT -11
PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN:
Name of the Company:
Registered Office:

Name of the member(s):
Registered address:
e-mail Id:
Folio No:

I/We, being the member(s) ------------------------------------of shares of NAINI AEROSPACE LIMITED, hereby appoint:

1) --------------------------------of-------------------------- having e-mail id -------------------------or failing him.

2) ----------------------------------of------------------------ having e-mail id ------------------------

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the ANNUAL GENERAL MEETING of the Company held on Tuesday 25th August 2026 at 02:00 p.m. and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution	Vote	
Ordinary Business		For	Against
1.	To receive, consider and adopt audited financial statement for the financial period ended on 31.03.2026.		
2.	To confirm of Re-appointment of Sh. M. SATYANARAYANA (DIN 10899724) Nominee Directors who retires by rotation, and being eligible, offers himself for re-appointment.		
3.	To fix the remuneration of the Statutory Auditor for the Financial Year 2026-27)		
Special Business			
4.	Appointment of Shri S S Chandel (DIN: 11385516) as Nominee Director		

Signed this..................... day of..................2026

Signature of Shareholder

Signature of proxy holder

Affix One Rupee Revenue Stamp

Notes:

1. This form of proxy in order to be effective should be duly completed and deposited at the Venue of the Meeting Company not less than 48 hours before the commencement of the meeting.

2. A Proxy need not be a member of the Company.

3. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

4. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

5. In the case of joint holders, the signature of any one holder will be sufficient, but names of all the joint holders should be stated.

Directors' Report

To,

The Members,
Naini Aerospace Limited
Bangalore

We hereby submit the Tenth Annual Report on the business and operations of the Company together with the Audited Financial Statement for the financial year ended March 31, 2026 along with Auditors' Report and the Report of C&AG on the Annual Accounts.

VISION & MISSION

VISION of the Company is **"To establish NAeL as a centre of Excellence for manufacturing & MRO activities in Aerospace Industry."**

MISSION of the Company is **"NAeL, as manufacturer & MRO organisation will strive to become part of supply chain of Indian as well as international Aerospace market by achieving and maintaining world class quality standard and competitiveness."**

FINANCIAL HIGHLIGHTS

The financial highlights for the year ended March 31, 2026 are summarised as under:

(Rs. in Lakhs)

Particulars	For the FY 2025 - 2026	For the FY 2024 - 2025
Revenue from Operations	**2023**	**1825**
Other Income	74	61
Total Income	**2097**	**1886**
Total Expenditure	**1788**	**1748**
Profit (Loss) Before Exceptional Items and Tax	**309**	**138**
Profit (Loss) for the period	**309**	**138**
Total Other Comprehensive Income	**(2)**	**(17)**
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)	**307**	**121**
Proposed Dividend on Equity Shares	NIL	NIL
Transfer to General Reserve	**307**	**121**

During the year under review, the Company achieved its highest-ever Revenue from Operations, which increased by 10.85% from ₹1,825 lakh in the previous year to ₹2,023 lakh. The Company also recorded a significant improvement in profitability, with the Profit for the Period increasing by 123.91% from ₹138 lakh in the previous year to ₹309 lakh.

PRODUCTION HIGHLIGHTS

During the year, performance of your Company, in terms of the Memorandum of Understanding (MoU) signed between NAeL and Hindustan Aeronautics Limited (HAL i.e., Holding Company) on 01st May 2024 has fetched 34 nos. of Purchase Orders worth Rs. 50.03 Crores approx. NAeL employees were deployed at HAL Lucknow, TAD Kanpur and Avionics Korwa divisions (divisions of Holding Company) respectively during the FY 2025-26, in order to execute the work and gainful utilization of the manpower for the said orders. These orders are under execution during current financial year also.

Following are the performance highlights for the year ended March 31, 2026:

- Successfully executed and undertook various manufacturing, fabrication, assembly, testing, repair and overhaul activities for different HAL Divisions. Major activities included fabrication of DDRU/RDRU Looms, stitching of wing covers, fabrication of Ground Relay Equipment (GRE), assembly, disassembly and testing of LRUs, manufacture of loom assemblies for Navy MLU, fabrication, assembly and testing of Test Rigs, MRO activities for DO-228 aircraft, assembly of Electrical Manifolds, loom removal and installation for DO-228 aircraft, GRE for Jaguar aircraft, production of SU-30 MKI looms, dismantling of disks, HTT-40 loom manufacturing, supply of GRE-ITSO and other allied activities.

- NAeL has produced 870 nos. approx. Looms of Dornier, HTT-40 and other avionics Looms in the F.Y. 2025-26.

ORDER BOOK POSITION

The Order Book position of the Company stands at Rs. 43.13 Cr as on 31st March 2026 which are under execution.

DIVIDEND

The Company earned net profit in FY 2025–26; however, with accumulated losses, it remains ineligible to declare or distribute dividend.

RESERVES

During the year, ₹307 Lakhs was transferred to the General Reserve.

BORROWINGS

As on March 31, 2026, short term and long-term borrowings of the Company was Nil.

CHANGE IN THE NATURE OF BUSINESS

There has been no change in the nature of business since incorporation of the Company.

MATERIAL / SIGNIFICANT CHANGES

No Material Change has occurred in the business of the Company after the closure of the Financial Year, i.e. 31.03.2026, till the date of this Report.

ORDERS PASSED BY THE REGULATORS/TRIBUNAL/COURT

During the period, no significant & material orders were passed by the regulators.

SUBSIDIARY COMPANIES/ JOINT VENTURES

As on March 31, 2026, your Company does not have any Subsidiary, Joint Venture, Associate Companies as per the provisions of the Companies Act, 2013. It continues to be wholly owned subsidiary of Hindustan Aeronautics Limited.

DEPOSITS

The Company has not accepted any deposits pursuant to Chapter V of the Companies Act, 2013, and as such, no amount of principal or interest was outstanding as on the Balance Sheet date.

LOANS, GUARANTEES & INVESTMENTS

The Company has not made any loans, Guarantees or Investments during the year.

INTERNAL FINANCIAL CONTROLS

Your Company has in place adequate internal financial controls with reference to financial reporting.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system designed to provide high degree of assurance regarding optimization and safeguarding of resources, quality and reliability of financial and operational information, compliance with applicable statutes and corporate policies.

The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the company's operations. The Board reviews audit reports submitted by the internal auditors on quarterly basis and follow up on the implementation of corrective actions in subsequent meeting(s). The Statutory Auditors submit a report on internal financial control over financial reporting along with their Audit Report on the financial statement every year.

NAeL, being a Government Company, is subject to audit by Comptroller and Auditor General of India also. A comprehensive delegation of power exists for smooth decision making which is being periodically reviewed to align it with changing business environment and for speedier decision making.

DEMATERIALISION OF SECURITIES

Ministry of Corporate Affairs (MCA) vide its notification dated 22.01.2019 exempted unlisted public company which is a Government Company or a wholly owned subsidiary, from the provisions of compulsory dematerialisation of securities. NAeL, being an unlisted Government Company and also a wholly owned subsidiary of HAL, is not required to get its shares dematerialised and admitted into Depository system.

SHARE CAPITAL

The Issued, Subscribed and Paid up Equity Share Capital of the Company stood at Rs. 65 Crore as on 31.03.2026. HAL continues to hold 100% of the Paid-up Equity Share Capital of NAeL, during the FY 2025-26.

EMPLOYEE RELATIONS/INDUSTRIAL RELATIONS

The transparent and continuous communication with all employees is the driving mantra of smooth and peaceful Industrial Relations Scenario in the Company. NAeL provides two-way communication, participative culture, open platforms for discussion and motivation of the employees. The Employee Relations / Industrial Relations

Scenario remained peaceful & cordial during the year. Sincere efforts to maintain harmonious industrial relation were made by the Company to redress the employees related issues appropriately. Human resources remained a key focus area for your Company during the year. As on March 31, 2026, the Company had 37 permanent employees.

RISK MANAGEMENT COMMITEE

The Board of NAeL has constituted Risk Management Committee (RMC) to work under the framework of Board approved "Risk Management Policy" pursuant to Para 7.3 of DPE Guidelines.

The RMC prepares the key risks along with mitigation plans and monitor the status on risk management periodically. Implementation of risk mitigation/management measures is being reviewed by the Board.

CORPORATE SOCIAL RESPONSIBILITY

The provisions of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 were not applicable to the Company during the Financial Year 2025-26, as the Company did not meet the prescribed thresholds for applicability of Corporate Social Responsibility (CSR) under the said provisions.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has entered into contract or arrangements with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto and has been specified under ***Annexure-I*** to this report.

AUDITORS

STATUTORY AUDITOR

M/s. Vinay Kumar & Co., Chartered Accountants, Prayagraj have been appointed as Statutory Auditors of the Company for the FY 2025-26 by the Comptroller and Auditor General of India, New Delhi in accordance with the provisions of Sub-section (5) of the Section 139 of the Companies Act, 2013 vide letter dated 12.09.2025.

AUDITORS' REPORT

There was no qualification, reservation, adverse remark or disclaimer made by the Auditors in their Audit Report for FY 2025-26.

FRAUDS REPORTED BY AUDITORS

The Auditors' have not reported any fraud pursuant to section 143(12) of the Companies Act, 2013.

COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

Comptroller & Auditor General of India vide letter No.Insp-II/2026-27/NainiA/c/2025-26/585/141 dated 24-06-2026 have given "NIL Comments Certificate" and is appended to this report as ***Annexure- II.***

SECRETARIAL AUDITOR

In pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board of Directors has appointed, M/s. SVS & Co. LLP, Company Secretaries, Chhattisgarh, as Secretarial Auditor of the Company for the Financial Year 2025-26.

The Report of Secretarial Auditor without any adverse observation/remark, is annexed herewith as ***Annexure– III***.

INTERNAL AUDITOR

M/s Sumit K. B. Agrawal & Co., Chartered Accountants (FRN: 013502C), Prayagraj, conducted the Internal Audit of the Company for the FY 2025–26.

CHANGES IN BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

As on 31st March, 2026 and as on the date of this Report, the Board of Directors of the Company comprises the following Directors:

- Shri M. Satyanarayana, CEO(AC), HAL – Chairman & Nominee Director
- Shri V. Sri Krishna Prasad, GM(Aircraft), AC, HAL – Nominee Director
- Shri S. S. Chandel, GM(HR), AC, HAL– Nominee Director

During the financial year, the following changes took place in the composition of the Board:

Appointment:

- Shri M. Satyanarayana, CEO(AC), HAL, was appointed as Chairman w.e.f 05th August 2025.
- Shri V. Sri Krishna Prasad, GM(Aircraft), AC, HAL, was appointed as Nominee Director w.e.f 05th August 2025.
- Shri S. S. Chandel, GM(HR), AC, HAL was appointed as Nominee Director w.e.f 07th November 2025.

Cessation:

- Shri N. R. Rath, GM(Finance), AC, HAL, ceased as Nominee Director due to withdrawal of his nomination by the Holding Company w.e.f 7th November, 2025.
- Shri Anbuvelan S, ex-CEO(HC), HAL, ceased as Chairman and Nominee Director due to withdrawal of nomination w.e.f 05th August 2025.
- Shri Puneet Kumar, GM(Marketing), Corporate Office, HAL, 05th August 2025 ceased as Nominee Director due to withdrawal of his nomination by the Holding Company w.e.f. 5th August, 2025.

KEY MANAGERIAL PERSONNEL (KMP)

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the following officials are the Key Managerial Personnel (KMP) of the Company as on the date of this Report:

- Shri Sudeep Srivastava, Chief Executive Officer (CEO)
- Shri Irfan Ahmad, Chief Financial Officer (CFO)
- Mrs. Varsha Maniyar, Company Secretary (CS)

Shri Sanjay Kumar Dhupar, ceased as Chief Executive Officer (CEO) w.e.f 18th May 2026 due to withdrawal of his nomination by the Holding Company.

BOARD MEETINGS

During the year, 10 (Ten) Board Meetings were held and the maximum interval between any two meetings was not more than 120 days.

The details of meetings of the Board thereof held during the year are furnished in the Corporate Governance Report, which forms part of this Report.

Attendance of the Directors in the Board Meeting during the FY 2025-26 is given below:

Sl. No.	Name of the Director	No. of Meetings director was entitled to attend	No. of Meetings Attended
1.	Shri M. Satyanarayana	10	10
2.	Shri V Sri Krishna Prasad	6	6
3.	Shri S S Chandel	3	3
4.	Shri N R Rath	3	3
5.	Shri Anbuvelan S	4	3
6.	Shri Puneet Kumar	4	4

RETIREMENT OF DIRECTORS BY ROTATION

In terms of provisions of the Companies Act, 2013, Shri M. Satyanarayana, Chairman, is liable to retire by rotation and being eligible, offers himself for re-appointment.

PERFORMANCE EVALUATION OF THE DIRECTORS' AND THE BOARD

As required by provisions of Companies Act, 2013, evaluation of performance of directors including that of Independent Directors' and the Board is to be carried out either by the Board or by the Nomination and Remuneration Committee or by the Independent Directors. It also requires disclosure of formulated criteria for performance evaluation in this Report.

Ministry of Corporate Affairs, through its notification dated 5th June, 2015 has exempted Government Companies from these provisions.

However, it may be noted that Appointment of Directors of your Company is done by HAL (Holding Company), a CPSU under Ministry of Defence. Minutes of Board meetings of NAeL are sent to HAL for placing them before HAL's Board. Evaluation of Board Members is done by HAL, as per laid down procedures.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

Your Company continuous to give emphasis on conservation of energy. The Company has implemented suitable measures to conserve the energy. The efficiency of energy utilization is closely monitored to attain higher level of energy conservation. There has been no technology absorption during the period under review.

Foreign Exchange Earnings and Outgo:

(Amount in Rs.)

	2025-26	2024-25
Foreign Exchange Earnings:	Nil	Nil
Foreign exchange outgo:	Nil	Nil

DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

a) in the preparation of the annual accounts for the financial year ended 31st March 2026, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and loss of the Company for the year under review;

c) the Directors had taken 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 fraud and other irregularities;

d) the Directors had prepared the annual accounts for the financial year ended on 31st March 2026 on a 'going concern basis'; and

e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACTS OF ANNUAL RETURN

As required, pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT- 9 as a part of this Annual Report is enclosed at ***Annexure IV.***

COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS

Your Company has complied with the provisions of applicable secretarial standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of Section 118(10) of the Companies Act, 2013.

DISCLOSURE AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Naini Aerospace Limited (NAeL) prohibits any kind of act of Sexual Harassment at work place and included the acts amounting to Sexual Harassment at Workplace in its Conduct Rules and Certified Standing orders (as certified in 1998) and Discipline & Appeal Rules so as to prohibit any such Act.

An Internal Complaint Committee (ICC) has been set up and is functional for receiving and redress the complaints of sexual harassment of "Sexual harassment at workplace", if any, under the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, and it has been displayed in all the prominent locations for the information of all employees.

Internal Complaints Committee consists of the following as on date:

1. Smt. Aparna Johri, CMS, HAL, TAD, Kanpur – Chairman (Presiding Officer)
2. Shri. Brajesh Kumar Kushawaha, Chief Manager (IMM & IT) -Secretary
3. Smt. Varsha Maniyar, CS, NAeL - Member
4. Smt. Vimla Sharma, Chief Assistant, NAeL - Member
4. Ms. Nazia Nafees, President/Founder of AL-Kausar Society, Prayagraj – External Member

Information for the FY 2025 – 26 is indicated below:

a) Number of Cases pending as on 01.04.2025: Nil
b) Number of Complaints of Sexual Harassment received in the FY 2025-26: NIL
c) Number of Complaints disposed of during the FY 2025-26: NIL
d) Number of Cases pending as on 31.03.2026 & its status: NIL

During the year under review, Online Training on "Awareness on Prevention of Sexual Harassment at Workplace" was conducted on 26-09-2025.

MAINTENANCE OF COST RECORDS AS SPECIFIED BY THE CENTRAL GOVERNMENT UNDER SUB-SECTION (1) OF SECTION 148 OF THE COMPANIES ACT, 2013

Provisions related to maintenance of cost records as specified under section 148(1) of the Companies Act, 2013 are not applicable to the Company.

CODE OF CONDUCT

The Company has adopted HAL's Code of Conduct for Board Members & Senior Management of the Company. Link of the Code of Conduct is available on website of the Company i.e. www.nael.co.in.

Based on the affirmation received from Board Members and Key Managerial Personnel, it is hereby declared that all the members of the Board and Key Managerial Personnel have affirmed compliance of Code of Conduct for the financial year ended on March 31st, 2026.

ENVIRONMENT AND POLLUTION CONTROL

Your Company had undertaken planting of saplings at its premises on a regular basis. During the period from April 2025 to March 2026, a total of 110 nos. of tree saplings have been planted within its premises by the employees/Dignitaries visiting the Company.

DIGITAL TRANSFORMATION INITIATIVES

In NAeL, several impactful initiatives have been implemented, all of which have positively influenced the company's top-line and bottom-line. These initiatives encompass improvements in procurement processes, financial processes, and the implementation of effective dashboards for management. These enhancements aim to streamline operations, enhance efficiency, and provide clearer insights into the company's financial health and operational performance.

COMPLIANCE OF DPE GUIDELINES ON CORPORATE GOVERNANCE

The Company has implemented applicable guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), Ministry of Finance in a phased manner. Your Company has been practicing the principles of good corporate governance. A detailed report on corporate governance in terms of Chapter 8 of the DPE Guidelines is appended to this annual report as ***Annexure V***.

M/s SVS & Co, LLP, Company Secretaries, Chhattisgarh have issued a Compliance Certificate regarding compliance of conditions of Corporate Governance is appended to this report as ***Annexure VI.***

In terms of Para 8.2.3 of the DPE Guidelines of CPSE's, the Company's Compliance level as per the Grading Report on Corporate Governance is rated at "Excellent" with 94.12% for FY 2025-26 based on self-evaluation.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on Management Discussion and Analysis Report in terms of Guidelines on Corporate Governance issued by DPE Enterprises is placed at ***Annexure VII***.

ANNUAL RETURN

In accordance with requirements of Section 92(3) of Companies Act, 2013, Annual Return of NAeL, is available at https://nael.co.in.

ACKNOWLEDGEMENTS

The Directors would like to thank Holding Company (HAL), its Directors, Officers, employees for their continued support. The Board would also like to place on record the support & cooperation extended by the Government Authorities, C&AG, Statutory Auditors and Bankers. The Directors further acknowledge the dedication, commitment and sincere efforts of all employees, whose contribution has been instrumental in the Company's continued growth, operational excellence and profitability.

Date: 13-08-2026
Place: Hyderabad

On behalf of Board of Directors
For Naini Aerospace Limited

S/d-

(M. Satyanarayana)
Chairman

ANNEXURE-I

(Pursuant to first proviso to sub-section (1) of section 188 read with Rule 15 and Rule 15(3) of Companies (Meetings of Board and its Powers) Rules, 2014)

AND

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

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 including certain arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis:

SL. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any (Excl. GST)	Justification for entering into such contracts or arrangements or transactions'	Date of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in General meeting as required under first proviso to section 188
1.	Accessories Division Lucknow, Division, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. OSPOOS24-18 dated 26-04-2025 valuing Rs. 1,28,14,000/-	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on May 17, 2025.	-	-

				was placed on NAeL.				
2.	TAD Kanpur Division, Hindustan Aeronautics Limited, Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. DOR/ES/1740 dated 31-05-2025 valuing Rs. 3,12,85,998/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on June 26, 2025	-	-
3.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. 25/INSOUR/1 dated 30-05-2025 Valuing Rs. 6,60,85,500/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on June 26, 2025.	-	-
4.	Accessories Division Lucknow, Division, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. OSPOOS24-19 dated 14-05-2025 Valuing	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on June 26, 2025.	-	-

				Rs. 64,07,000/- was placed on NAeL.				
5.	TAD Kanpur, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. DO/ES/ABO/50 dated 12-06-2025 Valuing Rs. 2,08,36,160/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with 0. HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on July 09, 2025	-	-
6.	Avionics Division, Korwa, Hindustan Aeronautics Limited, Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, PO No. 25/OSPO/4 dated 26-07-2025 with value of Rs. 29,21,538/- was placed on NAeL.	As per MoU signed between HAL and NAeL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on August 20, 2025	-	-
7.	Sukhoi Engine Division, Koraput, Hindustan Aeronautics Limited, Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No HBS/25SBI-1031-99 dated 31-07-2025 valuing	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on September 16, 2025	-	-

				Rs. 1,17,86,760/- was placed on NAeL.				
8.	TAD-Kanpur Division, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. GEMC-MC/ES/ABO/15 dated 12-09-2025 Valuing Rs. 1,15,32.600.00 was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on September 16, 2025.	-	-
9.	TAD-Kanpur Division, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. DO/ES/ABO/52 dated 19-09-2025 Valuing Rs. 77,78,398/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on October 11, 2025	-	-
10.	Aircraft Division, Bangalore, Hindustan Aeronautics	Service Contract through Nomination	Till the completion of work	In line with the terms of the MoU approved by the HAL Board,	The Company entered into transaction pursuant to MoU	Transactions entered under the MOU were noted by the	-	-

	Limited, Holding Company	basis		P.O. No. ES25JAGC/796/ES /COMP/RM dated 03-10-2025 valuing Rs. 62,89,034.20 was placed on NAeL.	signed with HAL dated 01/05/2024 for a period of 3 years.	Board on October 11, 2025.		
11.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, PO No. 25/OSPO/9 dated 25-09-2025 with value of Rs. 32,11,000/- was placed on NAeL.	As per MoU signed between HAL and NAeL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on October 11, 2025.	-	
12.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. 25/OSPO/8 dated 08-10-2025 Valuing Rs. 24,50,682/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on November 25, 2025.	-	-
13.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No.	The Company entered into transaction pursuant to MoU signed with HAL	Transactions entered under the MOU were noted by the Board on	-	-

				25/INSOUR/4 dated 18-10-2025 Valuing Rs. 98,63,548/- was placed on NAeL.	dated 01/05/2024 for a period of 3 years.	November 25, 2025.		
14.	Accessories Division, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No OSOPOMC25-25 dated 31-10-2025 valuing Rs. 31,96,062/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on November 25, 2025.	-	-
15.	Avionics Division, Hyderabad, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. HAL/HD/OS-4264/57-25/51 dated 14-11-2025 valuing Rs. 57,59,439/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on November 25, 2025.	-	-

16	Aircraft Division, Nashik, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. NK/M/2513 (6187)/OSHTT-163 dated 20-11-2025 valuing Rs. 15,21,61,582.43 was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on November 25, 2025	NIL	NA
17.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O. No. 25/OSPO/11 dated 02-12-2025 valuing Rs. 38,70,372/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on December 19, 2025	-	-
18.	TAD-Kanpur Division, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. DO/ES/TL124 Dated 26-12-2025 Valuing Rs. 71,32,840/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on March 10th, 2026.	-	-

19.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. 25/OSPO/14 dated 30-12-2025 valuing Rs. 57,21,786/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on March 10^{th}, 2026		
20.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. 25/OSPO/13 dated 30-12-2025 valuing Rs. 74,17,000/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on March 10th, 2026.		
21.	Accessories Division, Lucknow, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. OSPOSC25-72 dated 02-01-2026 valuing Rs. 54,84,918/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on March 10th, 2026		
22.	Accessories Division, Lucknow, Hindustan	Service Contract through	Till the completion of work	In line with the terms of the MoU approved by the	The Company entered into transaction	Transactions entered under the MOU were		

	Aeronautics Limited Holding Company	Nomination basis		HAL Board, P.O.No. GSEC1/1 dated 13-01-2026 valuing Rs. 1,97,75,000/- was placed on NAeL	pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	noted by the Board on March 10th, 2026		
23.	Accessories Division, Lucknow, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. OSPOOS25-9 dated 17-01-2026 valuing Rs. 25,62,800/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on March 10th, 2026		
24.	Aircraft Division, Bangalore, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. ES25LCA/904/ES/COMP/MK dated 20-01-2026 valuing Rs. 2,06,48,970/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on March 10, 2026		
25.	Avionics Division, Korwa, Hindustan Aeronautics Limited, Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. 25/OSPM/28 dated 11-02-2026 valuing	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3	Transactions entered under the MOU were noted by the Board on March 10, 2026	-	-

				Rs. 1,79,49,004/- was placed on NAeL.	years.			
26.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. 25/OSPO/18 dated 11-02-2026 valuing Rs. 24,83,421/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on March 10th, 2026.		
27.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. 25/OSPO/16 dated 14-02-2026 valuing Rs. 58,45,999/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on March 10th, 2026.		
28.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. 25/OSPO/17 dated 18-02-2026 valuing Rs. 59,48,244/- was placed on NAeL.	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on March 10th, 2026.		
29.	Avionics Division,	Service	Till the	In line with the terms	The Company	Transactions		

	Korwa, Hindustan Aeronautics Limited Holding Company	Contract through Nomination basis	completion of work	of the MoU approved by the HAL Board, P.O.No. 25/INSOUR/7 dated 27-02-2026 valuing Rs. 1,53,76,800/- was placed before NAeL	entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	entered under the MOU were noted by the Board on March 10th, 2026.		
30.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. 25/OSPO/19 dated 02-03-2026 valuing Rs. 8,04,892/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years	Transactions entered under the MOU were noted by the Board on March 10th, 2026		
31.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. 25/OSPO/20 dated 13-03-2026 valuing Rs. 8,27,807/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transaction entered under the MOU for the period of February 2026-March 2026 were noted by the Board on April 30 2026.	-	-

32.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. HAL/HD/OS-4314/57-25/186 dated 26-03-2026 valuing Rs. 94,11,540/- was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transaction entered under the MOU for the period of February 2026-March 2026 were noted by the Board on April 30 2026.		
33.	Avionics Division, Korwa, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, PO No. 25/OSPO/7 dated 19-09-2025 with value of Rs. 99,02,046/- was placed on NAeL.	As per MoU signed between HAL and NAeL dated 01/05/2024 for a period of 3 years.	Transactions entered under the MOU were noted by the Board on August 13 2026.	-	-
34.	ARDC Division, Bangalore, Hindustan Aeronautics Limited Holding Company	Service Contract through Nomination basis	Till the completion of work	In line with the terms of the MoU approved by the HAL Board, P.O.No. EPO25/61 dated 06-12-2025 valuing Rs. 57,66,300/- lakhs was placed on NAeL	The Company entered into transaction pursuant to MoU signed with HAL dated 01/05/2024 for a period of 3 years.	Transaction entered under the MOU were noted by the Board on August 13 2026.		

2. Details of contracts or arrangements or transactions at Arm's length basis: **NIL**

SL. No.	Name (s) of the related party & nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts/ arrangements/ transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
……	……….	……….	……….	……….	……….	……….

Date: 13-08-2026
Place: Hyderabad

On behalf of Board of Directors
For Naini Aerospace Limited

S/d-

(M. Satyanarayana)
Chairman

No. Insp-II /2026-27/NainiA/c/2025-26/585/141

प्रधान निदेशक लेखापरीक्षा-वाणिज्यिक,का कार्यालय
ऑडिट भवन- II
3rd और 4th फ्लोर, 68/2, एच.सिद्दैया रोड,
सिद्दैया रेफरल अस्तपताल दोड्डामावल्ली के पास,
सुधामानगर बेंगलुरु - 560002

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
DEFENCE - COMMERCIAL,
Audit Bhawan – II
3rd and 4th Floor, # 68/2, H.Siddaiah Road,
Beside Siddaiah Referral Hospital, Doddamavalli,
Sudhamanagar, Bengaluru - 560002

Confidential
By Speed Post

दिनांक / DATE 24.06.2026

To

The Chairman,
Naini Aerospace Limited
Regd. office- 15/1, Cubbon Road,
Bengaluru- 560 001

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013.

*****

I forward herewith "Nil Comments Certificate" of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Naini Aerospace Limited, Prayagraj for the year ended 31 March 2026.

It may please be ensured that the Comments are:

(i) printed in *toto* without any editing;
(ii) placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication in the index;
(iii) Placed before the AGM as required under proviso to Section 143(6) (b) of the Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(Arun Kumar V. M.)
Director (Admin)

Encl: As above.

Phone : 080-22267646 / 22254838 Fax : 080-2226 2491 Email : pda.dc.blr@cag.gov.in

No. Insp-II/2026-27/Naini A/c (2025-26)/585/141

प्रधान निदेशक लेखापरीक्षा-वाणिज्यिक,का कार्यालय
ऑडिट भवन- II
3rd और 4th फ्लोर, 68/2, एच.सिद्दैया रोड,
सिद्दैया रेफरल अस्तपताल दोड्डामावल्ली के पास,
सुधामानगर बेंगलुरु - 560002

SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
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OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT
DEFENCE - COMMERCIAL,
Audit Bhawan – II
3rd and 4th Floor, # 68/2, H.Siddaiah Road,
Beside Siddaiah Referral Hospital, Doddamavalli,
Sudhamanagar, Bengaluru - 560002

स्पीड पोस्ट द्वारा
गोपनीय

दिनांक / DATE 24.06.2026

सेवा में,
अध्यक्ष,
नैनी एयरोस्पेस लिमिटेड
पंजीयन कार्यालय: 15/1, कब्बन रोड
बेंगलुरु- 560 001

महोदय,

विषयः कम्पनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक की टिप्पणियाँ।

*****

मैं 31 मार्च 2026 को समाप्त वर्ष के लिए नैनी एयरोस्पेस लिमिटेड के लेखाओं पर कम्पनी अधिनियम 2013 की धारा 143(6)(b) के तहत भारत के नियंत्रक एवं महालेखापरीक्षक का "शून्य टिप्पणी प्रमाण पत्र" अग्रेषित करता हूँ।

कृपया सुनिश्चित करे कि टिप्पणियाः

1. बिना कोई संशोधन किये पूर्ण रूप से छापी जाए।
2. सुची में उचित संकेत के साथ कम्पनी की वार्षिक रिपोर्ट में सांविधिक लेखापरीक्षकों की रिपोर्ट के आगे रखा जाए ।
3. कम्पनी अधिनियम 2013 की धारा 143(6)(b) के तहत अवश्यकतानुसार वार्षिक आम बैठक में रखा जाए।

कृपया पत्र की पावती भेजें।

भवदीय,

(अरुण कुमार वी एम)
निदेशक (प्रशासन)

संलग्न - यथोपरी

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF NAINI AEROSPACE LIMITED, PRAYAGRAJ FOR THE YEAR ENDED 31 MARCH 2026.

The preparation of financial statements of **Naini Aerospace Limited, Prayagraj** for the year ended 31 March 2026 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30.04.2026.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **Naini Aerospace Limited, Prayagraj** for the year ended 31 March 2026 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

SudhaRajan

(Sudha Rajan)
Director General of Audit (Defence-Commercial)

Place: Bengaluru
Date: 24/6/26

: +91-7772801890, +91-6264699436
: sbco.llp@gmail.com

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2026
[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Naini Aerospace Limited
15/1, Cubbon Road, Bangalore - 560001

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Naini Aerospace Limited** (Hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us with a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms, and returns filed, and other records maintained by the company and also the information provided by the Company, its officers, agents, and authorized representatives during the conduct of secretarial audit. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on March 31, 2026, generally complied with the statutory provisions listed hereunder and that the company has proper Board processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms, and returns filed, and other records maintained by **Naini Aerospace Limited** ("the Company") for the financial year ended on March 31, 2026, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

During the period under review the Company has complied with the provisions of the Act, Rules and Regulations, and Guidelines, as mentioned above wherever applicable.

(ii) The provisions of The Securities Contracts (Regulation) Act 1956('SCRA') and the rules made there under do not apply to the company.

(iii) The company is an Unlisted Government company. MCA vide notification no. G.S.R. 43(E) dated 22.01.2019 has exempted unlisted Government Companies from applicability of Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2014 requiring dematerialization of shares. **Naini Aerospace Limited**, being an Unlisted Government Company, is exempted from the applicability of the said rules and hence the provisions of The Depositories Act, 1996 and the Regulations and Byelaws framed under are not applicable;

(iv)There is no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings made during the Year and as such provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made there under are not applicable.

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(v) The Company is not a listed company and hence the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act 1992 ('SEBI Act) are not applicable to the Company: -

a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015;
b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
d. The Securities and Exchange Board of India (Issue of capital and Disclosure Requirements) Regulations 2018;
e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2021;
f. The Securities and Exchange Board of India (Issue and Listing of Debt securities) Regulations 2021;
g. The Securities and Exchange Board of India (Registrars to an issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
h. The Securities and Exchange Board of India (Delisting of equity shares) Regulations,2021; and
i. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

vi) During the period under review the Company has generally complied with the provisions of the applicable Act, Rules, Regulations, Guidelines, Secretarial Standards etc. mentioned above.

(vii) The management has identified and confirmed the following law as specifically applicable to the company:

a) Aircraft Act/aerospace-defense sector laws, labour laws, environmental laws etc. and the rules, Regulations, and amendments made there under.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement/Listing Regulation, (Not applicable to the Company during Audit Period as the Company is an unlisted Company).

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that based on the information provided by the Company, its officers, and authorized representatives during the conduct of Audit, and also review of the compliance certificate by respective departmental head/ Company Secretary taken on record by the Board of Directors of the Company, in our opinion adequate system and processes and control mechanism exists in the Company to monitor and ensure compliance with applicable general laws like labour laws.

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We further report that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

We further report that the Board of Directors of the Company is constituted with a proper balance of Executive Directors and Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

S. No.	Name of Director	Designation	Nature of Change	Date of Change
1.	SRI KRISHNA PRASAD VADLANI	Nominee Director	Appointment	05/08/2025
2.	SUBRAMANIAN ANBUVELAN	Nominee Director	Resignation	05/08/2025
3.	PUNEET KUMAR	Nominee Director	Resignation	05/08/2025
4.	NIHAR RANJAN RATH	Nominee Director	Appointment	05/08/2025
5.	SHAILENDRA SINGH CHANDEL	Nominee Director	Appointment	07/11/2025
6.	NIHAR RANJAN RATH	Nominee Director	Resignation	07/11/2025

Adequate notice is given to all directors to schedule the Board Meetings, agenda, and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings of the Board of Directors and committees thereof all decisions were unanimous, and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations, and guidelines.

We further report that during the audit period there were no other specific events / actions having a major bearing on the company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc.

For M/s SVS & CO LLP
ICSI Unique Code: L2020CG007500
Peer Review: 5748/2024

Place: Bilaspur
Date: 30/07/2026
UDIN: F010957H000984699

SVS AND CO LLP * COMPANY SECRETARIES * CS

Vivek

CS Vivek Kumar Sharma
Partner
FCS: 10957, C.P. No.16280

Note: This Report is to be read with our letter of even date which is annexed as Annexure -1 hereto and forms an integral part of this report.

: +91-7772801890, +91-6264699436
: sbco.llp@gmail.com
Corp Office: B-203, Atmosphere, Loyola School Road,
Rajkishornagar, Bilaspur-495006 (C.G.)

Annexure-1

To,
The Members,
Naini Aerospace Limited
15/1, Cubbon Road, Bangalore – 560001

My Secretarial Audit Report of even date is to be read along with this letter.

1. The compliance of provisions of all laws, rules, regulations, standards applicable to **Naini Aerospace Limited** (the 'Company') is the responsibility of the management of the Company. Our examination was limited to the verification of records and procedures on test check basis for the purpose of issue of the Secretarial Audit Report.

2. Maintenance of secretarial and other records of applicable laws is the responsibility of the management of the Company. Our responsibility is to issue Secretarial Audit Report, based on the audit of the relevant records maintained and furnished to us by the Company, along with explanations where so required.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company as it is carried out by the Statutory Auditor.

4. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards etc, is the responsibility of the management of the Company. Our examination was limited to the verification of documents required by me and produced before me.

5. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and major events during the audit period.

6. The Secretarial Audit Report is neither an assurance as to the future stability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

7.We have tried to verify the physical records to the extent possible, for the period under review in order to verify the compliances, however, reliance was also placed on electronic records for the verification.

For M/s SVS & CO LLP
ICSI Unique Code: L2020CG007500
Peer Review No.5748/2024

SVS AND CO LLP COMPANY SECRETARIES

Place: Bilaspur
Date: 30/07/2026
UDIN: F010957H000984699

CS Vivek Kumar Sharma
FCS: 10957, C.P. No.16280

ANNEXURE – III

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2026

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U29309KA2016GOI098895
2.	Registration Date	29/12/2016
3.	Name of the Company	NAINI AEROSPACE LIMITED
4.	Category/Sub-category of the Company	PUBLIC COMPANY LIMITED BY SHARES/ UNION GOVERNMENT COMPANY
5.	Address of the Registered office & contact details	15/1, CUBBON ROAD BENGALURU BANGALORE, Karnataka - 560001
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Manufacture, ROH of aircraft, helicopters and parts being used in aircraft, helicopters	30301/30302/30305	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. N0	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1.	Hindustan Aeronautics Limited	L35301KA1963GOI001622	Holding	100%*	2(87)(ii)

* Hindustan Aeronautics Limited along with its nominee shareholders holds 100%

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

Category of Share-holders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	De-mat	Physical	Total	% of Total Shares	De-mat	Physical	Total	% of Total Shares	
A. Promoters									
(1) **Indian**									
a) Individual** / HUF	--	6	6	0.000009	--	6	6	0.000009	

b) Central Govt.	NIL								
c) State Govt.(s)	NIL								
d) Bodies Corp.	--	64999994	64999994	99.999991	--	64999994	64999994	99.999991	
e) Banks / FI	NIL								
f) Any other	NIL								
Total shareholding of Promoter (A)(1)	--	65000000	65000000	100%	--	65000000	65000000	100%	--
(2) **Foreign**	NIL								
B. Public Shareholding	NIL								
C. Shares held by Custodian for GDRs & ADRs	NIL								
Grand Total (A+B+C)	--	65000000	65000000	100%	--	65000000	65000000	100%	--

**** Nominee Shareholders of Hindustan Aeronautics Limited**

B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Hindustan Aeronautics Ltd.	64999994	99.999991	--	64999994	99.999991	--	--
2.	Puneet Kumar*	1	0.0000015	--	1	0.0000015	--	--
3.	Varinder Kumar*	1	0.0000015	--	1	0.0000015	--	--
4.	Sumana Prakash*	1	0.0000015	--	1	0.0000015	--	--
5.	Sujit Bhattacharya*	1	0.0000015	--	1	0.0000015	--	--
6.	K P Somanna*	1	0.0000015	--	1	0.0000015	--	--
7.	Shailesh Bansal*	1	0.0000015	--	1	0.0000015	--	--

* Holding as nominee shareholders on behalf of Hindustan Aeronautics Limited

C) Change in Promoters' Shareholding (please specify, if there is no change) -

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year: 1. HINDUSTAN AERONAUTICS LTD 2. PUNEET KUMAR 3. SHAILESH BANSAL 4. VARINDER KUMAR 5. K P SOMANNA 6. SUMANA PRAKASH 7. SUJIT BHATTACHARYA	 64999994 1 1 1 1 1 1	 99.999991 0.0000015 0.0000015 0.0000015 0.0000015 0.0000015 0.0000015	 64999994 1 1 1 1 1 1	 99.999991 0.0000015 0.0000015 0.0000015 0.0000015 0.0000015 0.0000015
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.)	NIL	NIL	NIL	NIL
	At the end of the year: 1. HINDUSTAN AERONAUTICS LTD 2. PUNEET KUMAR 3. SHAILESH BANSAL 4. VARINDER KUMAR 5. K P SOMANNA 6. SUMANA PRAKASH 7. SUJIT BHATTACHARYA	 64999994 1 1 1 1 1 1	 99.999991 0.0000015 0.0000015 0.0000015 0.0000015 0.0000015 0.0000015	 64999994 1 1 1 1 1 1	 99.999991 0.0000015 0.0000015 0.0000015 0.0000015 0.0000015 0.0000015

D) Shareholding Pattern of top ten Shareholders: NIL
(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the Co.	No. of shares	% of total shares of the Co.
	At the beginning of the year	--	--	--	--
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	--	--	--	--
	At the end of the year	--	--	--	--

E) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year 1. ANBUVELAN S 2. M. SATYANARAYANA 3. PUNEET KUMAR*	 0 0 1	 0 0 0.0000015	 0 0 1	 0 0 0.0000015
	Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) NIL	NIL	NIL	NIL	NIL
	At the end of the year 1. M. SATYANARAYANA 2. V SRI KRISHNA PRASAD 3. S S CHANDEL	 0 0 0	 0 0 0	 0 0 0	 0 0 0

* Holding as nominee shareholders on behalf of Hindustan Aeronautics Limited

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment- **NIL**

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year	-	-	-	-
* Addition	-	-	-	-
* Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year	-	-	-	-
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	-	-	-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER: NIL

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	-	-	-	-
	Ceiling as per the Act	-	-	-	-

B. REMUNERATION TO OTHER DIRECTORS- NIL

SN.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors			
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	-	-	-
2	Other Non-Executive Directors	-	-	-
	Fee for attending board committee meetings	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	-	-	-
	Total Managerial Remuneration	-	-	-
	Overall Ceiling as per the Act	-	-	-

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

(Amount in Rs.)

SN	Particulars of Remuneration						
		Shri R.R.Thakur, CEO w.e.f. 01.05.2023 (Salary up to April-25)	**Shri Sanjay Kumar Dhupar, CEO w.e.f. 17.05.2025**	**Mohammad Meraj Ansari CFO w.e.f. 09.05.2022 (Retired June-25)**	**Shri Irfan Ahmad, CFO w.e.f. 26.06.2025**	**Varsha Maniyar,CS w.e.f. 07.10.2021**	**Total**

1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	400000	4500000	1100000	2800000	700000	9500000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-		-		-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-		-		-	-
2	Stock Option	-		-		-	-
3	Sweat Equity	-		-		-	-
4	Commission	-		-		-	-
	- as % of profit	-		-		-	-
	others, specify…	-		-		-	-
5	Others, please specify	-		-		-	-
	Total	400000	4500000	1100000	2800000	700000	**9500000**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty / Punishment/ Compounding fees imposed**	**Authority [RD / NCLT/ COURT]**	**Appeal made, if any (give Details)**
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Date: 13-08-2026
Place: Hyderabad

On behalf of Board of Directors
For Naini Aerospace Limited
S/d-
(M. Satyanarayana)
Chairman

ANNEXURE-IV

CORPORATE GOVERNANCE REPORT

1. A brief statement on company's philosophy on Guidelines on Corporate Governance.

The Company's philosophy on Corporate Governance is based on principles of transparency, honesty, integrity, accountability, compliance of laws & regulations and meeting ethical standards to take care of the interest of all the stakeholders.

The Corporate Governance at the Company is a value-based framework to manage our Company Affairs in a fair and transparent manner. We have evolved guidelines and best practices over the years to ensure timely and accurate disclosure of information regarding our financials, performance, leadership and governance of the Company.

The Board of Directors ("The Board") is at the core of our Corporate Governance practice and oversees how the management serves and protects the long-term interest of all our stakeholders.

2. Board of Directors:

The Board of Directors is the apex body which oversees the functioning of the Company. The Board provides long-term vision and strategic thinking in order to improve the quality of governance. All the directors on the Board are the nominees of the holding company i.e. Hindustan Aeronautics Limited. Directors are not inter se related to each other.

(a) Composition and category of Directors

As on March 31, 2026, the composition of the Board of Directors of the Company was as under:

Sl. No.	Name of Director	DIN
1.	Sh. M. Satyanarayana	10899724
2.	Sh. V Sri Krishna Prasad	11241685
3.	Sh. S S Chandel	11385516

(b) During the year under review Ten Board Meetings were held:

S.No.	Board Meeting Number	Date of Board Meeting
1.	47th Board Meeting	30.04.2025
2.	48th Board Meeting	17.05.2025
3.	49th Board Meeting	26.06.2025
4.	50th Board Meeting	09.07.2025
5.	51st Board Meeting	20.08.2025
6.	52nd Board Meeting	16.09.2025
7.	53rd Board Meeting	11.10.2025
8.	54th Board Meeting	25.11.2025
9.	55th Board Meeting	19.12.2025
10.	56th Board Meeting	10.03.2025

(c) Meeting and attendance of Directors details

Sl. No.	Name of Director	Board Meeting held during respective tenure of Director	No. of Meetings attended	Attendance at the 9th AGM	No. of other Directorship
1.	Sh. M. Satyanarayana	10	10	Yes	0
2.	Shri V Sri Krishna Prasad	6	6	Yes	0
3.	Shri S. S. Chandel	3	3	Not Applicable	0
4.	Shri N R Rath	3	3	Yes	1
5.	Shri Puneet Kumar	4	4	Attended AGM as Shareholder	0
6.	Shri Anbuvelan S	4	3	Not Applicable	0

3. Audit Committee & Remuneration Committee:

As per section 177 & 178 of Companies Act, 2013 read with Rule 6 of Companies (Meetings of Board and its Powers) Rules, provisions related to Constitution of Audit Committee and Remuneration Committee are not applicable as the Company is a Wholly Owned Subsidiary of Hindustan Aeronautics Limited.

4. General Body meetings:

a) Details of the last three Annual General Meetings are as follows:

Meeting No.	**Financial Year**	**Venue**	**Date & Time**
7th (Held via VC)	2022-23	15/1, Cubbon Road, Bangalore- 560001 (Deemed Venue)	28th August 2023 03:00 hrs
8th (Held via VC)	2023-24	15/1, Cubbon Road, Bangalore- 560001 (Deemed Venue)	13thAugust 2024 10:30 hrs
9th (Held via VC)	2024-25	15/1, Cubbon Road, Bangalore- 560001 (Deemed Venue)	02nd September 2025 03:00 hrs

b) Special Resolutions

No special resolutions were passed during the last three Annual General Meetings.

5. Risk Management Committee:

The Board of Directors at its 29th Board Meeting held on 22nd March 2022 constituted 'Risk Management Committee', in terms of Guidelines of DPE.

The terms of reference of the Risk Management Committee are as follows:

a) the adequacy of the Company's processes for managing risk;

b) the policies and procedure that have been established and implemented to identify, assess, monitor and manage material business risks (both internal and external in nature);

c) any incident involving fraud or other break down of the Company's internal controls as stipulated in the Corruption Risk Management (CRM) Sub – Policy; and

d) perform such other functions as assigned by the Board.

The Committee consists of following composition as on date:

S. No.	Name	Designation	Position in Committee
1	Sh. Sudeep Srivastava	CEO	Chairman
2	Sh. Fazal Parvez Ansari	Sr. Mgr (HR)	Risk Management Officer/ Secretary
3	Sh. Irfan Ahmad	CFO	Member
4	Sh. Vaish Ahmad Khan	Project Engineer (Quality)	Member
5	Smt. Varsha Maniyar	Company Secretary	Nodal Officer

6. Disclosures:

a. Related Party Transactions:

No such materially significant related party transactions were entered that may have potential conflict with the interests of company at large.

All the transactions entered into with the related party were in accordance with the provisions of section 188 of Companies Act, 2013 and rules made thereunder.

b. Details of non-compliance by the company, penalties, strictures imposed on the company by any statutory authority, on any matter related to any guidelines issued by Government, during the last three years.

No penalties/strictures were imposed on the Company by any statutory authority on any matter related to any guidelines issued by Government, during the last three years.

c. **Details of compliance with the requirements of these guidelines.**

The Company has implemented applicable guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), Ministry of Finance in a phased manner. Your Company has been practicing the principles of good corporate governance.

Your Company submitted quarterly grading reports on the compliance with the Corporate Governance to Department of Public Enterprises. As per the grading report for the FY 2025-26, your Company was rated as 'excellent' in adhering to the corporate governance standards with a score of about 94.12%.

7. Details of Presidential Directives issued by the Central Government and their compliance during the year:

All the Presidential Directives and Guidelines issued by the Government of India from time to time regarding reservations for SCs, STs, OBCs, Persons with Disabilities, Ex-Servicemen and Economically Weaker Sections (EWS) are complied with by the Company. The representation of SCs/STs/OBCs in the Company as on 31st March 2026 was as under:

Category of Employees	Group A	Group B	Group C	Group D	Total
Scheduled Castes	-	-	03	02	05
Scheduled Tribes	-	-	-	-	-
Other Backward Classes	-	-	10	-	10

8. Items of expenditure debited in books of accounts, which are not for the purposes of the business.

No items of expenditure, other than those directly related to the business or incidental thereto, those spent towards the welfare of the employees/ ex-employees etc., were debited in the Books of Accounts.

9. Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management.

All the Directors are the nominees of the Holding Company. Salaries, allowances, perquisites, benefits etc. given to the HAL Officers deputed at the Company are permissible under the relevant rules. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management during the FY 2025-26.

10. Code of Business Conduct and Ethics for Board Members and Senior Management

The Company is committed to conduct its business in accordance with the highest standards of business ethics and complying with applicable Laws, Rules and Regulations. A copy of the Code of Conduct is available on the Company's website at https://nael.co.in.

11. Means of communication:

Company disseminates business information through press releases, publishing in newspapers etc. Annual Report of the Company containing Financial Statements, Auditors' Report, Board's Report etc. are sent to the shareholders and others entitled thereto in electronic mode.

Communications with regard Company are also available at its website https://nael.co.in

12. Audit qualifications:

There has been no qualification, reservation, adverse remark or disclaimer made by the Auditors in their Audit Report for financial year 2025-26. The Company is following all applicable Indian Accounting Standards (Ind AS) and there has been no deviation for the period under review.

Ministry of Corporate Affairs vide notification no. 1/2/2014-CL-V dated February 23, 2018 has exempted those companies engaged in defence production to the extent of application of Ind AS 108 on "Operating Segment". Disclosure in this regard has been made in Note No. 49 to the Financial Statements.

13. Training of Board Members:

The company has a duly approved training policy for its Board members in its 22nd Board Meeting held on 12th March 2021 to provide training on Corporate Governance and acquaint them with the applicable laws and regulations.

As per the terms of the said policy, the Board members are provided with the necessary documents and reports to keep the Directors abreast of the information relating to the Company. Further, your Company keep conducting training programs/sessions on Corporate Governance and other Board related topics via video conferencing mode for the awareness of the Board of Directors.

Date: 13-08-2026
Place: Hyderabad

On behalf of Board of Directors
For Naini Aerospace Limited

S/d-

(M. Satyanarayana)
Chairman

SVS & CO. LLP
COMPANY SECRETARIES

Contact No: +91-7772801890, 6264699436
Email ID: sbco.llp@gmail.com
Corp Ofc: B-203, Atmosphere, Loyola School Road, Rajkishornagar, Bilaspur-495006 (C.G.)

PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
Naini Aerospace Limited
15/1, Cubbon Road, Bangalore – 560001

Dear Sir(s),

I have examined the compliance of the conditions of Corporate Governance by **Naini Aerospace Limited for the year ended March 31, 2026**, as stipulated in the guidelines on corporate governance for Central Public Sector Enterprises (CPSEs), 2010 issued by Department of Public Enterprises (DPE).

The Compliance of conditions of the Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanation given to us and representations given by management, we certify that the Company has complied with aforesaid guidelines on corporate governance.

We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For M/s SVS & CO LLP
ICSI Unique Code: L2020CG007500
Peer Review Certificate No.3532/2023

SVS AND CO LLP ★ COMPANY SECRETARIES ★ CS

Place: Bilaspur
Date: 30/07/2026
UDIN: F010957H000984701

CS Vivek Kumar Sharma
Partner
FCS: 10957, C.P. No.16280

ANNEXURE-VI

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. General Information:

Naini Aerospace Limited (NAeL) was incorporated on December 29, 2016, as a wholly-owned subsidiary of Hindustan Aeronautics Limited (HAL) to revive the sickNaini unit of Hindustan Cables Limited (HCL), which had remained closed for 15 years. The main objective of NAeL was to commence operations in the aerospace and aviation sectors by revitalizing the plant.

The Company's manpower strength stood at 37 permanents apart from Tenure based and Contractual employees as on 31st March 2026.

2. SWOT Analysis

SWOT Analysis is the tool to assess internal strengths and weaknesses of the Organization as well as to identify potential opportunities and threats in its external environment. The SWOT analysis of the Company is as follows:

Strengths

a) Located in close proximity to three divisions of HAL viz Kanpur, Lucknow and Korwa allowing easy access to technical, logistic & managerial support.
b) NAeL is certified for implementing and maintaining Quality Management System for Loom fabrication and Aero-Structure activities as per AS9100D standards.
c) Equipped with Laser automatic cable printing capability.
d) Power backup up to 325 KVA Load.
e) Established manufacturing infrastructure and knowledge base.
f) A team of technical officers (expertise in Aerospace domain having wide experience of more than 10-15 years) positioned by various HAL divisions to handle existing workload as well as for the pursuance of future projects for NAeL.
g) 42.6-acre Factory area available for production related activities.
h) Availability of 10.01-acre land for further expansion.
i) Equipped with modern amenities, office & communication equipment, Internet, LAN/WAN & Video conferencing facility through Internet.
j) Equipped with good safety and security system comprising CCTV, Firefighting and alarm equipment etc.
k) Good brand value as a Subsidiary of HAL and work ethics culture.

Weakness

a) Depletion of skilled manpower i.e., NAeL is equipped with existing Average Manpower age of 55-56 year (with retirement age of 58 yrs.).
b) Aging Workforce i.e., 85% Manpower strength will be superannuated by 2026-27.

c) Lacking multi-skill in the existing manpower to cater new type of work load.
d) Training and new skill set upgradation for the existing aged manpower will not be very fruitful for future work load.
e) At present HAL is the only customer for providing business to NAeL and no business from outside HAL.
f) Uncertainty in orders from HAL.
g) Low market share in Defense area.
h) No assured business from GOI/PSU's**.**

Opportunities

a) Policy reforms in the country to promote Defence manufacturing such as 'Make in India' policy of Government of India would benefit defense industry boosting Indigenous production.
b) Focus of government to reduce Defence import bill.
c) Unutilized concrete hangar of 40mx100m available for future expansion.
d) Ample scope for expansion as covered area in the existing factory campus is only about 20% of the land area.
e) Existing MHR can be substantially reduced after replacement of superannuating manpower through induction of fresh skilled manpower.
f) Growing opportunities in Maintenance, Repair, Overhaul and Upgrade programs.
g) Exploring of new type of workload form nearby equipment depot of IAF and Defence establishment.

<u>New Areas:</u>

a) New Opportunities in Aerospace Business**;**
b) Export opportunities.

Threats

a) Depleting skilled manpower for future project.
b) Change in preference of Defence customers by moving away from single source to multiple sources.
c) Supply chain disruptions.
d) Aerospace Market for loom fabrication is quite limited for NAeL with respect to existing orderbook of HAL.
e) Unused/unproductive land for which NAeL is paying fixed maintenance charges to UPSIDC.
f) Technology obsolescence due to dominance of emerging domestic and international players and delays in finalization of orders.
g) Manifold increase in competition from Indian Private industry and foreign OEMs.

3. Segment–wise or product-wise performance

The Ministry of Corporate Affairs vide Notification No 1/2/2014-CL-V dated 23rd February 2018 has exempted Companies engaged in Defence Production to the extent of application of Ind AS 108 on "Operating Segment". Disclosure in this regard has been made in Note No 49 to the Accounts.

4. Risks and concerns

Manufacturing in the Defence aerospace sector is a complex exercise which is capital-intensive, has high technological requirements and a prolonged gestation period. In addition, quality assurance and quality control of aerospace products is also critical. The Company is still at a nascent stage, still evolving to overcome the challenges of skilled manpower and technological requirements. Apart from above, any changes in government policies may adversely impact the business making it economically unviable.

The major risks and concerns of the Company are:

a) Supply chain disruptions;
b) Depending heavily on orders from holding company i.e. Hindustan Aeronautics Limited (HAL).
c) Permanent employees (Including Officer and workmen) are at the verge of Superannuation;
d) Inordinate delays in loading from HAL divisions;
e) Shift in the timelines of anticipated Platform orders;
f) Availability of in-house capacity at HAL Divisions;
g) Limited skill set, technical know-how and infrastructure in NAeL;
h) Competition from domestic/private players.
i) Long process in release of Defence Purchase orders & clearances
j) Dependence upon HAL Divisions for supply of various components / spare parts / raw materials required for the manufacture of aircraft looms/ aero-structures.
k) Competition from outsourcing vendors.
l) Bridging the technology gap and meeting the emerging demand for higher capacity equipment in line with global market trend
m) Risk of natural disasters.
n) Cybersecurity

5. Internal control systems and their adequacy

The Company has implemented systems, policies, manuals which provides for proper internal financial controls. M/s Sumit K. B. Agrawal & Co., Chartered Accountants (FRN: 013502C) of Prayagraj has been appointed as the Internal Auditors to review various Internal Control Systems and financial transaction.

The Statutory Auditors are also required to issue the Independent Auditor's Report vide Section 143(3)(i) of the Companies Act.

6. Discussion on financial performance with respect to operational performance

During the year under review, the Company achieved its highest-ever Revenue from Operations, which increased by 10.85% to ₹2,023 lakh from ₹1,825 lakh in the previous year. The Profit for the period also recorded a significant growth of 123.91%, increasing to ₹309 lakh from ₹138 lakh in the previous year.

The Following are the performance highlights for the year:

- Approximately 870 Looms, including Dornier, HTT-40 and other Avionics Looms, were manufactured during the financial year.
- Adequate manpower was deployed at various Divisions of Hindustan Aeronautics Limited (HAL), namely Lucknow, Kanpur and Korwa Divisions, ensuring optimum and gainful utilisation of the Company's direct workforce.
- The Memorandum of Understanding (MoU) executed between NAeL and HAL on 4th August 2021, and subsequently renewed on 1st May 2024, enabled the Company to secure 34 Purchase Orders aggregating to ₹50.03 crore during FY 2025-26.
- The Company had an order book of ₹43.13 crore as on 31st March 2026, providing a healthy pipeline of work under execution.
- The Company successfully executed various manufacturing, fabrication, assembly, testing, repair and overhaul activities for different HAL Divisions.
- Major manufacturing and production activities undertaken during the year included:
    - Fabrication of DDRU/RDRU Looms;
    - Manufacture of HTT-40, SU-30 MKI, Navy MLU and other aircraft loom assemblies;
    - Stitching of wing covers;
    - Fabrication of Ground Relay Equipment (GRE), including GRE-ITSO and GRE for Jaguar aircraft;
    - Assembly, disassembly and testing of Line Replaceable Units (LRUs);
    - Fabrication, assembly and testing of various Test Rigs;
    - Maintenance, Repair and Overhaul (MRO) activities for DO-228 aircraft;
    - Assembly of Electrical Manifolds;
    - Loom removal and installation for DO-228 aircraft;
    - Dismantling of aircraft disks; and
    - Other allied manufacturing and engineering activities.

7. Financial Summary / Highlights

Highlights of the financial performance of the Company are given below:

(Amount in Rs. Lakhs)

Particulars	For the FY 25-26	For the FY 24-25
Revenue from Operations	**2023**	**1825**
Other Income	74	61
Total Income	**2097**	**1886**
Total Expenditure	**1788**	**1748**
Profit (Loss) Before Exceptional Items and Tax	**309**	**138**
Profit (Loss) for the period	**309**	**138**
Total Other Comprehensive Income	**(2)**	**(17)**
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)	**307**	**121**
Proposed Dividend on Equity Shares	NIL	NIL
Transfer to General Reserve	307	121

8. Material developments in Human Resources, Industrial Relations front

The transparent and continuous communication with all employees is the driving mantra of smooth and peaceful Industrial Relations Scenario in the Company. NAeL provides two-way communication, participative culture, open platforms for discussion and motivation of the employees.

Sincere efforts to maintain harmonious industrial relation were made by the Company to redress the employees related issues appropriately. Human resources remained a key focus area for your Company during the year under review.

There have been no such material developments in Human Resources, Industrial Relations front affecting the business prospects of the Company in whatsoever manner.

9. Environmental Protection and Conservation, Technological conservation, Renewable energy developments, Foreign Exchange conservation

The Company has implemented suitable measures for environmental protection (plantation of trees etc.) and conservation of energy for the period under review.

There has been no technological conservation, Renewable Energy Developments and foreign exchange conservation during the period under review.

Date: 13-08-2026
Place: Hyderabad

On behalf of Board of Directors
For Naini Aerospace Limited

S/d-
(M. Satyanarayana)
Chairman