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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF THE COMPANY

NAINI AEROSPACE LIMITED

BANGALORE

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Naini Aerospace Limited (CIN: U29309KA2016GOI098895)** (the "Company") which comprise the Standalone Balance Sheet as at 31 March, 2026, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Changes in Equity and the Standalone Statement of Cash Flows for the year ended on that date, and notes to the Standalone Financial Statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as "the Standalone Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Financial Statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS"), and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2026, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.



Basis for Opinion

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

Emphasis of Matter

Our opinion is not modified in respect of these matters.

Key Audit Matters

We have determined that there are no key audit matters to communicate in our report.

Responsibilities of Management and those charged with Governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including Ind AS specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;



selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Company's Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

- ◇ Identify and assess the risks of material misstatement of the Standalone Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not



detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- ◇ Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to the financial statements in place and the operating effectiveness of such controls.
- ◇ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◇ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Standalone Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◇ Evaluate the overall presentation, structure and content of the Standalone Financial Statements, including the disclosures, and whether the Standalone Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Standalone Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our Auditor's Report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government in terms of sub-section (11) of section 143 of the Act, we give in the "**Annexure B**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- d) Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the companies engaged in defense production to the extent of application of relevant Accounting Standard on Segment Reporting. In view of the above, no disclosure is made by the Company as required by Ind AS 108. Subject to the above, we state that, in our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) According to the information and explanation provided to us and as per notification no GSR 463(E) dated 5 June 2015, Section 164(2) of the Act – “Disqualifications for Appointment of Director” is not applicable to a Government Company.
- f) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197 (16) of the Act, as amended:
According to the information and explanation provided to us and as per notification no GSR 463(E) dated 5 June 2015, Section 197 of the Act – “Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits” is not applicable to a Government Company. Accordingly, reporting under section 197 (16) of the Act is not applicable.
- g) With respect to the adequacy of the internal financial controls with reference to Standalone Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure A**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls with reference to the Standalone Financial Statements.
- h) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,



2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Financial Statements. (Refer Clause No 47 of Note 49 to the financial statements)
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts. The Company do not have any derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any



guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations made by Management under sub-clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditors) Rules, 2014 as provided under iv (a) and iv (b) above, contain any material misstatement.
- v. No dividend has been declared or paid during the year by the Company.
- vi. Based on our examination, which included test checks, the Company has used an accounting software, for maintaining its books of account for the year ended 31 March 2026 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of audit trail being tampered with. Additionally, the audit trial has been preserved by the Company as per the statutory requirements for record retention.
3. As required by sub section 143 (5) of the Act, we give in "**Annexure C**" a statement on the matters specified by the Comptroller and Auditor General of India for the Company.



Place: Prayagraj
Date: 30th April 2026

For Vinay Kumar & Co.
Chartered Accountants
FRN.000719C

Rishabh Agrawal

(Rishabh Agrawal)
Partner
Membership No: 450077
UDIN: 26450077YEH5JB6113

**ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT OF EVEN DATE
ON THE STANDALONE FINANCIAL STATEMENTS OF NAINI AEROSPACE
LIMITED.**

(Referred to in paragraph 2 (g) under “Report on Other Legal and Regulatory Requirements” section of our report to the Members of NAINI AEROSPACE LIMITED of even date)

Report on the Internal Financial Controls with reference to Standalone Financial Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to Standalone Financial Statements of Naini Aerospace Limited (CIN: U29309KA2016GOI098895) (“the Company”) as of 31 March, 2026 in conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s Management is responsible for establishing and maintaining internal financial controls with reference to Standalone Financial Statements based on the internal control over financial reporting criteria established by the Company, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.



Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls with reference to Standalone Financial Statements

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

Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements

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



Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to Standalone Financial Statements and such internal financial controls with reference to Standalone Financial Statements were operating effectively as at 31 March, 2026, based on the criteria for internal financial control with reference to Standalone Financial Statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.



For Vinay Kumar & Co.
Chartered Accountants
FRN.000719C

Rishabh Agrawal

(Rishabh Agrawal)
Partner

Membership No: 450077

UDIN: 26450077YEHSJB6113

Place: Prayagraj
Date: 30th April 2026

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE
ON THE STANDALONE FINANCIAL STATEMENTS OF NAINI AEROSPACE
LIMITED.**

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of NAINI AEROSPACE LIMITED of even date)

As per the books and records produced before us and as per the information and explanations given to us and based on such audit checks that we considered necessary and appropriate, we confirm that:

- (i) (a) (A) The company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;
(B) The company is maintaining proper records showing full particulars of intangible assets;
- (b) The Company has a programme of physical verification of property plant and equipment so as to cover all the assets once in every five years, which in our opinion is reasonable having regard to the size of the company and nature of its assets. Pursuant to the programme, certain property plant and equipment were due for verification during the year and were physically verified by the management during the year. According to the information and explanation given to us no material discrepancy was noticed on such verification.
- (c) There are no immovable properties held by the company (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee).
- (d) The company has not revalued any of its property, plant and equipment and intangible assets during the year.
- (e) No proceedings have been initiated during the year or are pending against the company as of 31st March 2026 for holding any benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988) as amended in 2016 and made there under.



- (ii) (a) The company is having policy for physical verification of inventory.
- (b) The company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate, at any point of time during the year, from banks or financial institutions on the basis of security of current assets and hence reporting under clause 3(ii)(b) of the order is not applicable.
- (iii) The company has not made any investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.
- (iv) In terms of Circular No. GSR 463 (E) dated 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, the Company being a Government Company engaged in Défense production is exempt from Section 185 and 186 of Companies Act 2013.
- (v) The company has not accepted any deposits or amount which are deemed to be deposited. Hence, reporting under Clause 3(v) of the order is not applicable.
- (vi) Maintenance of cost records has not been specified by the Central Government under sub section (1) of section 148 of the Companies Act. Hence, the company has not maintained such accounts and records.
- (vii) According to the information and explanations given to us in respect of statutory dues. The Company is regular in depositing undisputed statutory dues, including Provident Fund, Income Tax, Sales Tax, Cess, Goods and Service Tax and any other Statutory Dues to the appropriate authorities and there were no undisputed amounts payable which were in arrears as at 31st March 2026 for a period of more than six months from the date they became payable.
- (viii) The company has not recorded any such transactions in the books of account which have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961). Hence, the provisions of Clause (viii) of CARO Report will not be applicable.



- (ix) The company has not defaulted in repayment of loan or other borrowings or declaration as wilful defaulter, application and utilization of loans. Hence, the provisions of Clause (ix) of CARO Report will not be applicable.
- (x) The company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or the preferential allotment or private placement during the year. Hence, the provisions of Clause (x) of CARO Report will not be applicable.
- (xi)
- (a) As per the information and explanations provided to us, no fraud by the company or fraud on the company has been noticed or reported during the year.
 - (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.
 - (c) As per the information and explanations provided to us, no whistle blower Complaints are received during the year by the company.
- (xii) The company is not a Nidhi Company and hence complying with the provisions of the Nidhi Rules, 2014 does not arise.
- (xiii) All transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the financial statements, etc., as required by the applicable accounting standards.
- (xiv)
- (a) In our opinion, the company has an adequate internal audit system commensurate with the size and nature of its business.
 - (b) We have considered the internal audit reports for the year under audit, issued to the company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) The Company has not entered into any non-cash transactions with Directors or persons connected with him.



- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.
- (xvii) The company has not incurred cash loss in the current financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditor of the company during the Year.
- (xix) Company has started earning cash profit from the immediately preceding financial year and getting business orders from its holding company. Further, the holding company has infused Rs.15 crore via equity mode during the year 2022-23 for working capital. However, there is no any material uncertainty exist.
- (xx) The Provision of Section 135 of the Companies Act, 2013 relating to CSR Expenditure is not applicable. Hence, the provisions of Clause (xx) of CARO Report will not be applicable.
- (xxi) The company has not made investments in the subsidiary company. Therefore, the company is not required to prepare Consolidated Financial Statement. Hence, the provisions of Clause (xxi) of CARO Report will not be applicable.



Place: Prayagraj
Date: 30th April 2026

For Vinay Kumar & Co.
Chartered Accountants
FRN.000719C

Rishabh Agrawal

(Rishabh Agrawal)
Partner

Membership No: 450077
UDIN: 26450077YEHSJB6113

ANNEXURE "C" TO THE INDEPENDENT AUDITOR'S REPORT

Directions indicating the areas to be examined by the Auditors during the course of audit of annual accounts of NAINI AEROSPACE LIMITED for the year 2025-26 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

Sl. No.	Areas Examined	Observation/Finding
1.	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post-retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.	During the course of our audit, we observed that fair valuation of all the investments has been assessed by the company and no deviation or misstatements were found.
2.	Whether the Company has a system in place to process all the accounting transactions through IT system? If yes, whether review of this system and controls that are significant to the Companies financial reporting process as well as cyber security has been done by Information Security Auditing Organization empaneled by Cert-In at a minimum frequency of once in a year and material discrepancies found, if any, have been suitably reported? The implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, may also be reported.	During the course of audit, we observed that company has system in place to process all the accounting transactions through IT system and the same is adequate in relation to the size of the company and the nature of its business. All the accounting transactions in the company are passed through IT system
3.	Whether funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/State Government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilized as per its terms and conditions? Whether accounting of interest earned on grants received has been done as per terms and conditions of the Grant. List the cases of deviation.	During the year under consideration, no funds have been received / receivable for specific schemes from Central / State agencies.



Sl. No.	Areas Examined	Observation/Finding
4	Whether the Company has identified the key Risk areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?	During the course of audit, it has been observed that the company has formulated the Risk Management Policy to mitigate the risks and has identified and valued with reference to assets applicable in case the company considering its size and level of operations.
5	Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management. Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payments Corporation of India wherever applicable? If not, the cases of deviation may be highlighted.	During the course of audit, we observed that company has complied with the applicable rules and regulations.

For Vinay Kumar & Co.
Chartered Accountants
FRN.000719C



Rishabh Agrawal

(Rishabh Agrawal)
Partner

Membership No: 450077
UDIN: 26450077VFHSJB6113

Place: Prayagraj
Date: 30th April 2026

Vinay Kumar & Co.

CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

**TO THE SHAREHOLDERS OF THE COMPANY
NAINI AEROSPACE LIMITED
BANGALORE**

Report on the audit of Standalone Financial Results

Opinion

We have audited the accompanying standalone financial results of **Naini Aerospace Limited (CIN: U29309KA2016GOI098895)** (the "Company"), for the quarter and year ended 31 March, 2026, attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "Listing Regulations").

In our opinion and to the best of our information and according to the explanations given to us, these standalone financial results:

- are presented in accordance with the requirements of Regulation 33 of the Listing Regulations; and
- gives a true and fair view in conformity with the recognition and measurement principles laid down in the applicable Indian Accounting Standards, and other accounting principles generally accepted in India of the net profit and other comprehensive income and other financial information of the Company for the quarter and year ended 31 March, 2026.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ("SA"s) specified under Section 143(10) of the Companies Act, 2013 ("the Act"). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Results* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial results for the quarter and year ended 31 March, 2026 under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

Our opinion is not modified in respect of these matters.



Management's Responsibilities for the Standalone Financial Results

These financial results have been prepared on the basis of the standalone annual financial statements. The Company's Board of Directors are responsible for the preparation of these financial results that give a true and fair view of the net profit and other comprehensive income and other financial information of the Company in accordance with the recognition and measurement principles laid down in Indian Accounting Standard prescribed under Section 133 of the Act, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Standalone Financial Results

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

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

- Identify and assess the risks of material misstatement of the standalone financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors of the Company.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial results, including the disclosures, and whether the financial results represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

For Vinay Kumar & Co.
Chartered Accountants
FRN.000719C



Rishabh Agrawal

(Rishabh Agrawal)
Partner

Membership No: 450077

UDIN:26450077HIEYXT4685

Place: Prayagraj

Date: 30th April 2026

Material Accounting Policies March-2026

CORPORATE INFORMATION:

Naini Aerospace Limited (NAeL) was incorporated on 29th December 2016 as a wholly owned subsidiary of Hindustan Aeronautics Limited (HAL) to take-over sick Naini unit of Hindustan Cables Limited (HCL) which was closed for last 15 years. Commencement of business operations in Aerospace and Aviation Sector through revival of the plant was primary objective of the company. The company signed agreements with HCL for purchase of identified assets and for transfer of Manpower of HCL Naini unit on 30th January 2017 to be effective from 01st February 2017. Accordingly identified assets and employees of Naini unit of HCL were taken-over by NAeL on 01st February 2017.

1. BASIS OF PREPERATION OF FINANCIAL STATEMENTS:

The Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act, 2013 read together with relevant rules of the Companies (Indian Accounting Standards) Rules, 2015 (as amended). The Financial Statements have been prepared under the historical cost convention, on the accrual basis of accounting except for certain financial instruments that are qualified to be measured at fair value.

The functional currency of the Company is Indian Rupee.

2. USES OF ESTIMATES:

- a) Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period.
- b) Estimates and the underlying assumption are reviewed on an ongoing basis. The revision to the accounting estimates, if material is recognized in the period in which the estimates are revised.
- c) Estimates and judgments made in applying accounting policies that have significant effect on the amounts recognized in the financial statements are as follows:
 - i. Employee Defined benefit plans
The liabilities and costs for defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions. These assumptions include salary escalation rate, discount rates, expected rate of return on assets and mortality rates.



ii. Provisions and contingencies

Assessments undertaken in recognizing provisions and contingencies have been made as per the best judgment of the management based on the current available information.

iii. Income Taxes

The Company's tax jurisdiction is India. Significant judgments are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions.

3. CURRENT/NON-CURRENT CLASSIFICATION:

An asset is classified as current if it satisfies any of the following conditions:

- a) the asset is expected to be realized or intended to be sold or consumed in Company's normal operating cycle;
- b) the asset is held primarily for the purpose of trading;
- c) the asset is expected to be realized within twelve months after the reporting period;
- d) the asset is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date;

All other assets are classified as non-current.

A liability is classified as current if it satisfies any of the following conditions:

- a) the liability is expected to be settled in Company's normal operating cycle;
- b) the liability is held primarily for the purpose of trading;
- c) the liability is due to be settled within 12 months after the reporting period;
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date;

All other liabilities are classified as non-current.

The Company is having multiple business activities. For the purpose of current/non-current classification of assets and liabilities, the Company has ascertained its normal operating cycle, business activity wise as follows:

- i. For major manufacturing projects, repair and overhaul activities, spares, normal operating cycle is considered as the time period starting from the acquisition of assets for processing to their realization in cash or cash equivalents.
- ii. In respect of Design and Development projects operating cycle is considered as



the time period starting from the date of implementation of the project till the date of initial operational clearance.

- iii. In respect of those activities/projects for which operating cycle cannot be determined or identified the same is taken as 12 months.

4. PROPERTY, PLANT AND EQUIPMENT(PPE):

- a) Items of Property, Plant and Equipment Property that qualifies for recognition as an asset is initially measured at its cost. Following initial recognition, the items of Property, Plant and Equipment are carried at their cost less accumulated depreciation and accumulated impairment losses if any.
- b) The cost includes purchase price, import duties and non-refundable purchase taxes after deducting trade discounts and rebates and any cost directly attributable including borrowing cost on qualifying assets to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.
- c) Subsequent expenditure relating to PPE including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- d) In accordance with Ind AS 101-First Time Adoption of Indian Accounting Standards, the Company had chosen to consider the carrying value for all its PPE as their deemed cost at the Opening Balance Sheet as at February 01, 2017.
- e) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.
- f) PPE individually costing Rs.50,000 and below are fully depreciated in the year of purchase.
- g) Where part of an item of PPE with a cost significant in relation to the total cost of the item and have different useful lives, they are treated as separate components and depreciated over their estimated useful life.
- h) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.



- i) CSR Assets are fully depreciated in the year of capitalization.
- j) The cost and the related accumulated depreciation are eliminated from the Financial Statements upon sale or de-recognition or retirement of the asset and the resultant gains or losses are recognized in the Statement of Profit and Loss of the relevant period.
- k) The estimated useful lives, residual values and depreciation / amortization method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

5. CAPITAL ADVANCES AND CAPITAL WORK IN PROGRESS (CWIP)

- a) Advances given towards acquisition of PPE outstanding at each Balance sheet date are disclosed as other non-current assets.
- b) Cost of Assets not ready for its intended use as on the Balance sheet date is shown as CWIP. Such properties are classified to the appropriate categories of PPE when completed and ready for its intended use.
- c) Depreciation on such assets commence when the assets are ready for their intended use.

6. INVESTMENT PROPERTY

- a) A property is considered as investment property only if the same is held for earning rentals and /or for capital appreciation or both. Properties held by the Company (directly or indirectly) which are used in the production of supply of goods or services for administrative purposes are not considered as Investment Property.
- b) Investment Properties are measured initially at cost. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. In accordance with Ind AS 101, First Time Adoption of Indian Accounting Standards, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz, February 01, 2017.
- c) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013. Where the useful life of the asset is not as per Schedule II of the Companies Act 2013, the same is disclosed under Notes to Accounts.



7. INTANGIBLE ASSETS

- a) Intangible Assets controlled and from which future economic benefits are expected to flow and having useful life are initially measured at cost and subsequently at cost less accumulated amortization and cumulative impairment losses, if any.
- b) Development Costs having useful life and which will generate probable future economic benefits are recognized as an intangible asset and amortized over production based on technical estimate and to the extent not amortized are carried forward.
- c) Expenditure on license fees, documentation charges etc., based on the definition criteria of intangible assets in terms of reliability of measurement of cost and future economic benefits from the assets, are amortized over production based on technical estimates, and to the extent not amortized, are carried forward.
- d) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortized over three years, on straight line method. Amortization commences when the asset is available for use.
- e) Expenditure on Research is recognized as expenditure in the period in which it is incurred.
- f) Wherever it is not possible to assess the useful life of an intangible asset (whether or not significant) the same is not amortized. Impairment on such intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

8. LEASE ACCOUNTING

The Company recognizes, at inception of a contract a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

- a) At the date of commencement of the lease, the Company recognizes a right-of-use ("ROU") asset representing its right to use the underlying asset for the lease term and a lease liability for all lease arrangements in which it is a lessee except for leases with a term of 12 months or less (short term leases) and leases for which the underlying assets is of low value. For such short term and assets



of low value leases, the Company recognizes the lease payment as an expense on a straight-line basis over the term of the lease.

- b) At commencement date the ROU asset is measured at cost. The cost of the ROU asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred. The ROU assets are subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any.
- c) The ROU assets are depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of ROU asset. The estimated useful lives of ROU assets are determined on the same basis as those of PPE. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognized in the statement of profit and loss.
- d) At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rate.
- e) Lease liability and ROU asset are separately presented in the Balance Sheet and lease payments are classified as financing cash flows. Short term lease payments and payments for leases of low value assets are classified as operating cash flows.

Company as a lessor

At the inception of the lease the Company classifies each of its leases as either an operating lease or a finance lease.

I. Finance Lease:

- a) A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the Lessee is classified as a finance lease. Title may or may not eventually be transferred.
- b) At commencement date, an amount equal to the net investment in the lease is presented as receivable. The interest rate implicit in the lease is used to measure the value of net investment in the lease.



- c) The finance income is recognized over the lease term in the statement of profit and loss account so as to reflect a constant periodic rate of return on the net investment in the lease.
- d) The de-recognition and impairment requirement of the underlying asset is tested as per Ind AS 109- Financial instruments.
- e) Any modifications in the lease are accounted as a separate lease when the recognition criteria specified in paragraph 79 of the standard are met.

II. Operating Lease:

- a) Lease other than finance leases are operating leases.
- b) The lease payment from operating leases are recognized as income on either a straight-line basis or another systematic basic, if required.
- c) The expenses including depreciation cost associated with earning of the lease income is recognized as an expense.
- d) Depreciation on underlying assets subject to operating leases are calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act, 2013.
- e) Any modifications in the lease are accounted as a separate lease if the recognition criteria specified in the standard is met.

Transition to Ind AS 116

- a) Effective April 1, 2019, the Company has applied Ind AS 116 on Lease Accounting. Ind AS 116 replaces Ind AS 17. The Company has adopted Ind AS 116 using the cumulative effect method. The effect of initially applying this standard is recognized at the date of initial application (i.e. April 1, 2019) and the comparative information continues to be reported under Ind AS 17.
- b) The Company has chosen the practical expedient provided by the standard to apply Ind AS 116 only to contracts that were previously identified as leases under Ind AS 17 and therefore has not reassessed whether a contract is or contains a lease at the date of initial application.

9. NON-CURRENT INVESTMENTS

- a) In accordance with Ind AS 101, First time adoption of Indian Accounting Standards, the Company has chosen to consider the carrying amount of



investment as their deemed cost as at the Opening Balance Sheet as at 01st February, 2017.

- b) The Company has elected to recognize its investments in subsidiary and joint venture companies at cost in accordance with the option available in Ind AS 27 'Separate financial statements'.
- c) Investments are carried individually at cost less accumulated impairment in the value of such Investments.
- d) Cost of Investment includes acquisition charges such as brokerage, fees and duties.
- e) The Company reviews the book value of the investment on a quarterly basis and provides for diminution in the value of the investment based on the net worth of the investee company.
- f) Impairment in the value of investment is made only if in the opinion of management when there is a permanent fall in value of investment.

10. IMPAIRMENT OF NON-FINANCIAL ASSETS

As at each reporting date the Company assesses whether there is any indication that an asset may be impaired. If any indication exists, the Company estimates the recoverable amount. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognized and assets are written down to their recoverable amount.

11. FINANCIAL INSTRUMENTS

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or a financial liability only when it becomes party to the contractual provisions of the instrument.

I. Financial Assets

Initial recognition and Measurement

All financial assets are recognized at fair value on initial recognition except for trade receivables which are initially measured at transaction price.

Transaction costs that are directly attributable to the acquisition or issue of the financial asset, which are not valued at fair value through profit or loss (FVTPL), are added to the fair value on initial recognition.



Subsequent Measurement

For subsequent measurement, the Company classifies a financial asset in accordance with the below criteria:

- i. The Company's business model for managing the financial asset and
- ii. The contractual cash flow characteristics of the financial asset

Based on the above criteria, for purpose of subsequent measurement, financial assets are classified in the following categories:

a) Financial assets carried at amortized cost:

A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category applies to cash and bank balances, trade receivables, loans and other financial assets of the Company.

b) Financial assets carried at fair value through other comprehensive income (FVOCI):

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Financial assets carried at fair value through profit or loss (FVTPL):

A financial asset, which is not classified in any of the above categories are subsequently measured at fair value through profit or loss.

Derecognition

The Company derecognizes (i.e removes from the Company's balance sheet) a financial asset (or where applicable a part of a financial asset) when the contractual rights to receive the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

On derecognition of a financial asset, (except as mentioned in (b) above for financial assets measured at FVTOCI), the difference between the asset's



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carrying amount and the consideration received is recognized in the Statement of Profit and Loss.

Impairment of Financial Assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

- a) Debts from the Government departments are generally treated as fully recoverable, based on past experience, and hence in the opinion of Management there is no increase in the credit risk of such financial assets.
- b) In respect of dues outstanding for a significant period of time, impairment on account of expected credit loss is being assessed on a case-to-case basis.
- c) Suitable provision is made for dues which are disputed.
- d) ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the Statement of Profit and Loss.

II. Financial Liability

Initial recognition and Measurement

All financial liabilities are recognized at fair value on initial recognition and in the case of liabilities subsequently measured at amortized cost, net of directly attributable transaction cost.

The Company's Financial Liabilities include trade and other payables, loans and borrowings. For trade and other payables liabilities are recognized for the amounts to be paid for the goods / services received whether billed by the supplier or not.

Subsequent Measurement

All financial liabilities of the Company are subsequently measured at amortized cost.

Derecognition

A financial liability (or where applicable a part of the financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

The difference between the carrying amount of the financial liability derecognized and the consideration paid is recognized in the Statement of Profit and Loss.



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III. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet wherever there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

12. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy that categorizes into three levels, described as follows, the inputs to valuation techniques used to measure value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs):

Level 1 – quoted (unadjusted) market prices in active markets for identical assets or liabilities.

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

Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company measures financial instruments, in its financial statements at fair value at each reporting date.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy

13. DEFERRED DEBTS

Unpaid installment payments under deferred payment terms for the cost of imported materials and tooling content of the equipment / products sold are accounted as deferred debts from the customer and are recovered as and when the installments are paid.



14. INVENTORIES

- a) Inventories other than Saleable / Disposable scrap are valued at lower of Cost and Net Realisable Value. Saleable / Disposable scrap is valued at net realisable value.
- b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost-to-date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost includes Taxes and duties (other than Taxes and duties for which input credit is available).
- c) Provision for redundancy is assessed on ageing at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, wherever necessary, adequate provision is made for the redundancy of such materials in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- d) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.
- e) Consumables issued from stores and lying unused at the end of the year are not reckoned as inventory.

15. REVENUE RECOGNITION

I. Manufacturing of Aircraft/ Helicopter/Spares/Repair Contracts

- a) Revenue on Sale of Goods and Services is recognized at a point in time when the Company satisfies the performance obligation on transfer of control of the products to the Customer in an amount that reflects the consideration the Company expects to receive in exchange for those products pursuant to the Contract with customer. It is measured at transaction price. Revenue from service Warranty is recognized on straight line basis over the period of Warranty.

Transfer of Control happens on:

- i. Acceptance by the buyer's Inspector, by way of Signaling Out Certificate (SOC)

or



Acceptance by the buyer's pilot, by way of Certificate of Conformity (COC), wherever, specifically required in the contract, in the case of Aircrafts/Helicopters,

- ii. Acceptance by the Buyer's inspection agency/SOC or as agreed to by the Buyer, in the case of Repair & Overhaul of Aircraft/Helicopter/Engine, Rotables, Site repairs, Cat 'B' repair servicing etc.,
- iii. For other deliverables like Spares, Revenue is recognized based on the Acceptance by the buyer's inspection agency or as agreed to by the buyer.
- b) In case of Performance Based Logistic Contracts, Revenue is recognized over a period of time, based on Helicopter Availability Certificate, jointly signed by Seller and Buyer.
- c) Revenue is recognized based on the prices agreed with Customers. Where the prices are yet to be agreed/ determined, the revenue is recognised at the most likely amount based on past experience. Differential revenue, if any, is recognised on receipt of approval / sanction.

II. Development Contracts

- a) Revenue is recognized over a period of time on incurrence of expenditure identifiable to work orders:
 - i. where milestones have been defined, on achievement of milestone under the output method.
 - ii. where milestones have not been defined, on incurrence of expenditure under the input method.
- b) Where the customer's sanction for revision is pending, the expenditure incurred is retained in work-in-progress/intangible asset. Subsequent revenue is recognized on receipt of revised financial sanction from the customer.

III. Significant Financing Component

- a) For the majority of the contracts, advance payments are received, prior to commencement of work and milestone payments are paid in accordance with the terms of the contract.
- b) Payments received from customers in advance are not considered to be a significant financing component as they are given with the objective to protect the interest of the contracting parties.



IV. Contract Modification

A contract modification exists when the change in scope is agreed but the corresponding change in price is not determined. In such circumstances, revenue is recognized, based on the Company's assessment of the estimated change in the transaction price arising from the modification.

V. Other Income

Interest Income is accrued on a time proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive payment has been established.

VI. Receivables

Receivables represent the Company's unconditional right to consideration under the contract. The right to consideration is considered unconditional, if only passage of time is required before payment of that consideration is due.

VII. Contract Assets

Contract Assets represents the Company's right to receive the consideration in exchange for the Goods or Services that the Company has transferred to the Customer, when that right is conditioned on something other than passage of time.

16. EMPLOYEE BENEFITS

I. Short Term Employee Benefits:

All employee benefits payable wholly within twelve months of rendering the related service are classified as short-term employee benefits and they mainly include wages & salaries, incentives, performance related pay, non-monetary benefits such as medical care, etc. They are valued on undiscounted basis and recognized as an expense in the statement of profit and loss of the period in which the employee renders the related service.

II. Post-Employment Benefits:

a) Provident Fund Scheme

Eligible employees of the Company receive benefits from a provident fund, which is a defined contribution plan. The Company makes contributions monthly



contributions towards Employee Provident Fund scheme to EPFO Office (RPFC, Prayagraj, Uttar Pradesh).

b) Gratuity Scheme

The Company provides for gratuity covering eligible employees. The same is considered as a defined benefit retirement plan. The obligation is funded through insurance company under a Group Scheme for the Company.

Recognition and measurement of defined benefit plans:

The cost of providing defined benefits is determined on the basis of actuarial valuation using the Projected Unit Credit method with valuation being carried out annually.

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. The net defined benefit obligations recognised in the Balance Sheet represent the present value of the defined benefit obligations as reduced by the fair value of plan assets.

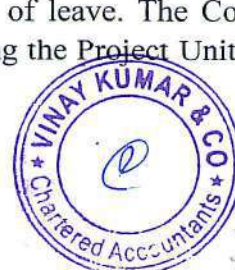
The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss.

- i. Service cost comprising current service costs, past service costs.
- ii. Net interest on the defined benefit liability (asset). Net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets.

Gains and losses through re-measurements of the net defined benefit liability/(asset) comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability/asset), are recognized in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not classified to the statement of profit and loss in the subsequent period. The effect of any plan amendments is recognized in net profit in the Statement of Profit and Loss.

III. Compensated Absences:

The Company has a policy on compensated absences like Earned leave which are accumulating in nature. Earned leave can either be availed or encashed subject to restrictions on the maximum number of accumulations of leave. The Company determines the liability for such accumulated leaves using the Project Unit Credit



method with actuarial valuations being carried out annually. The obligation is funded through qualifying insurance policies made with insurance companies.

17. FOREIGN CURRENCY TRANSACTION/TRANSLATION

Initial Recognition:

On initial recognition, transaction in foreign currencies, entered into by the Company, are recorded in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Measurement of Foreign currency items at reporting date:

Foreign currency monetary items are translated at closing exchange rates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value is measured.

Recognition of Exchange Difference:

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they are translated on initial recognition during the period or in previous financial statement is recognized in statement of profit and loss in the period in which they arise.

18. INCOME TAXES

- a) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961 (the "Act").
- b) Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax Assets in excess of Deferred Tax Liability are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.



19. CLAIMS BY THE COMPANY

Claims on suppliers / underwriters / carriers towards loss / damages, claims for export subsidy, duty drawbacks, and claims on Customs department for refunds are accounted when claims are preferred.

20. PROVISION AND CONTINGENT LIABILITIES

- a) A provision is recognised, when the Company has the present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.
- b) Where no reliable estimate can be made or when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources, disclosure is made as Contingent Liability. Expected reimbursement, if any, is disclosed under Notes to Accounts.
- c) When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

I. PROVISION FOR WARRANTY

Provision for warranty is recognized on actuarial valuation for Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables and Spares and development activities etc.

II. PROVISION FOR LIQUIDATED DAMAGES

Provision for Liquidated Damages is recognized when the expected date of delivery of Goods / rendering of Service in respect of Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables, Spares and Development activities etc is beyond the due date as per delivery schedule and at the rates specified in the Contract with the Customer.

III. PROVISION FOR ONEROUS CONTRACTS

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.



21. BORROWING COSTS

Borrowing cost includes interest, and other costs incurred in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, if any, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they are incurred.

22. ESTIMATES AND ERRORS

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively unless it is impracticable to apply.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change.

When it is difficult to distinguish a change in an accounting policy from a change in an accounting estimate, the change is treated as a change in an accounting estimate.

Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities, and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

23. EVENTS AFTER THE REPORTING PERIOD

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted.



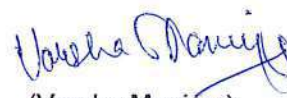
24. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is determined by dividing the net profit or loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period adjusted for the effects of all dilutive potential equity shares.


(Irfan Ahmad)
CFO

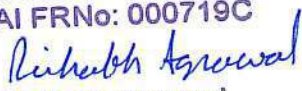

(Sanjay Kumar Dhupar)
CEO


(Varsha Maniyar)
Company Secretary

Place: Prayagraj
Date:

30 APR 2026



For VINAY KUMAR & CO.
Chartered Accountants
ICAI FRNo: 000719C

Rishabh Agrawal
Partner
Mem No.: 450077

JV Name	As at 31.03.2026									
	Fixed Asset					Inventory				
	Amount lying in Fixed Asset as at 31.03.2026 as per Audited Financial	Year of Purchase of the amount lying in Fixed Asset	Name of Division of HAL from whom Purchased	Amount lying in Inventory as at 31.03.2026 as per Audited Financial	Year of Purchase of the amount lying in Inventory	Indicate whether Raw Material/ WIP or Finished Goods	Name of Division of HAL from whom Purchased	Amount lying in CWIP as at 31.03.2026 as per Audited Financial	Year of Purchase of the amount lying in CWIP	Name of Division of HAL from whom Purchased
Naini Aerospace Limited	27.13	2018-19	HAL LCA Division	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Naini Aerospace Limited	87.17	2018-19	HAL Helicopter Division	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Naini Aerospace Limited	0.69	2019-20	HAL LCA Division	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Naini Aerospace Limited	0.85	2024-25	HAL-TAD KANPUR	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Naini Aerospace Limited	127.00	2020-21	HAL LCA Division	NIL	NIL	NIL	NIL	NIL	NIL	NIL

Material accounting policies and accompanying notes no. 1 to 49 form an integral part of the financial statements

As per our Report of even dated attached

For and on behalf of the Board of Directors

For M/s Vinay Kumar & Co.

Chartered Accountants
Firm Registration No. 000719C



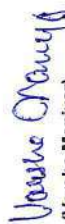
(CA Rishabh Agrawal)
Partner
Membership No. 450077
UDIN: 26450077YEHSJB6115


(Sanjay Kumar Dhupar)
CEO

(Irfan Ahmad)
CFO


(Shailendra Singh Chandel)
Director
DIN: 11385516


(Satyanarayana Muthuluri)
Chairman
DIN: 10899724


(Varsha Maniwar)
Company Secretary

Place: Prayagraj
Date:

30 APR 2026

