OSWAL SUNIL & COMPANY
CHARTERED ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Members of **HFCL Advance Systems Private Limited**

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS Financial Statements of **HFCL Advance Systems Private Limited** ("the Company"), which comprise the balance sheet as at March 31, 2026, the statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the Ind AS Financial Statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2026, and loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Ind AS 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 together with the ethical requirements that are relevant to our audit of the Ind AS Financial Statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty relating to Going Concern

We draw attention to Note 23 in the Financial Statements, which indicates that the Company incurred a net loss of 1.72 lakh during the year ended March 31, 2026 (accumulated loss stands at 12.24 lakh), and as of that date, the Company's networth has been fully eroded and has negative net current assets position. These conditions, along with other matters as set forth in the aforesaid note, indicate the existence of a material uncertainty that may cast significant doubt about company's ability to continue as a going concern. However, pursuant to the execution of Memorandum of Understanding (MoU) dated 25th March 2026 establishing the framework for the binding arrangements towards investments in aeronautics, aerostructure and defence related businesses with a confirmed order book, the management is confident of the Company's ability to generate cash flows, meet its liabilities and continue as a going concern. In view of the same, the financial statement has been prepared on a going concern basis. Our conclusion is not modified in respect of the said above matter.

Information Other than the Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the Board's Report including Annexures to Board's Report but does not include the Ind AS Financial Statements and our auditor's report thereon. The other information comprising the above documents is expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Ind AS Financial Statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as per applicable laws and regulations.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS 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 the Indian Accounting Standards 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 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 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 Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS Financial Statements, management 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 management 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS 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 Ind AS 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 Ind AS 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 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 system 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 Ind AS 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 Ind AS Financial Statements, including the disclosures, and whether the Ind AS Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Ind AS 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 Ind AS 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.

Report on Other Legal and Regulatory Requirements

A. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in the "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

B. As required by Section 143(3) of the Act, 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 except for the matters stated in the paragraph B. (vi) below on reporting under Rule 11 (g) of the Companies (Audit & Auditors) Rules, 2014 (as amended).

(c) The Balance Sheet, Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) On the basis of the written representations received from the directors as on 31st March, 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2026 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "*Annexure B*";

(g) 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, in our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the provisions of section 197 of the Act, in respect of remuneration to its directors..

(h) With respect to the other matters to be included in the Auditor's 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 Ind AS 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 including 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.

(c) Based on the audit procedures 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 under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) The Company has not declared or paid any dividend during the year and has not proposed any dividend for the year.

vi) Based on our examination which included test checks and representation made by the management, the company has used an accounting software for maintaining its books of account 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 feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No.: 016520N

CA Nishant Bhansali
Partner
Membership No.: 532900
UDIN: **26532900AZWPQN8215**

Place: New Delhi
Date: 21/04/2026

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

Annexure referred to in paragraph A under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditors' Report of even date to the Members of **HFCL Advance Systems Private Limited** on the Ind AS Financial Statements for the year ended 31st March, 2026, we report that:

(i) (a) In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(A) The Company does not have any Property, Plant and Equipment and, accordingly, the requirements under clause 3(i) (A) of the Order are not applicable to the Company.

(B) The Company does not have any intangible assets and, accordingly, the requirements under clause 3(i) (B) of the Order are not applicable to the Company.

(b) The Company does not have any Property, Plant and Equipment and, accordingly, the requirements under clause 3(i) (b) of the Order regarding physical verification are not applicable to the Company.

(c) The Company does not have any immovable properties and hence, no comments are required on title deeds of immovable properties.

(d) The Company does not have any Property, Plant and Equipment and, accordingly, the requirements under clause 3(i) (d) of the Order regarding revaluation are not applicable to the Company.

(e) As per information and explanations given to us, no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(ii) (a) The Company does not have any inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company.

(b) During any point of time of the year, the Company was not sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets.

(iii) The Company has made investments in, provided guarantees, provided security, granted loans and advances in the nature of loans, secured or unsecured, to companies and other parties, as under –

(a) (A)The aggregate amount during the year was ₹ Nil, and balance outstanding at the balance sheet date with respect to such loans and guarantees, etc. to subsidiaries, joint ventures and associates was ₹ Nil.

(B) The aggregate amount during the year was ₹ Nil, and balance outstanding at the balance sheet date with respect to such loans and guarantees, etc. to other than subsidiaries, joint ventures and associates was ₹ Nil.

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has not made investments or guarantees provided during the year. Under the circumstances, no comment is required on the terms and conditions of the grant of loans and guarantees provided during the year and whether these were, prima facie, prejudicial to the interest of the Company.

(c) There being no loans or advances in the nature of loans given by the Company, the stipulation as to schedule of repayment of principal or of payment of interest, was not applicable.

(d) There being no loans and advances in the nature of loans, the following were out of question – stipulation as to schedule of repayment of principal and payment of interest, the repayments or receipts that were due.

(e) There were no loans or advances in the nature of loans granted to companies, firms, Limited Liability Partnerships or any other parties which had fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment during the year to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act").

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of Section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013 for the products of the Company.

(vii) (a) The Company is regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities.
(b) According to the information and explanation given to us and records examined by us, there are no statutory dues as referred to above, which have not been deposited on account of any dispute.

(viii) According to the information and explanation given to us, there was no transaction which was not recorded in the books of account and which has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix) (a) According to the information and explanations given to us and records examined by us, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender as at the Balance Sheet date. The Company has not taken any loan/borrowing from Financial Institution or Government.
(b) The Company is not declared a wilful defaulter by any bank or financial institution or other lender.
(c) As per information and explanations given to us, no term loans were raised for any specific purpose.
(d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.
(e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
(f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) (a) Based on our examinations of the records and information given to us, no money was raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company.
(b) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or debentures (fully, partially or optionally convertible) during the year.

(xi) (a) According to the information and explanations given to us and based on our examination, we report that no fraud by the Company or 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 by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
(c) According to the information and explanations given to us and based on our examination, there were no whistle-blower complaints received during the year by the Company;

(xii) In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS Financial Statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given by the management, the Company has no internal audit system, the provisions of clause 3(xiv) of the order regarding internal audit system being not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with directors.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) As represented by the management, the Group has more than one Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016. There are 3 unregistered CICs forming part of the Group.

(xvii) The Company has incurred cash losses amounting to Rs. 1.72 Lakhs in the financial year ended 31st March, 2026. In the immediately preceding financial year, the amount of cash losses incurred was Rs. 1.30 Lakhs.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions including support letter from parent company, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The Company was not having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year and hence, provisions of Section 135 of the Act are not applicable to the Company during the year. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No.: 016520N

CA Nishant Bhansali
Partner
Membership No.: 532900
UDIN: **26532900AZWPQN8215**

Place: New Delhi
Date: 21/04/2026

'ANNEXURE B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of **HFCL Advance Systems Private Limited** ('the Company') as of 31st March, 2026 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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') and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by ICAI. 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 over financial reporting was 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 system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 Ind AS 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 over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting 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 Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as on 31st March, 2026, 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.

For Oswal Sunil & Company
Chartered Accountants
Firm Registration No.: 016520N

CA Nishant Bhansali
Partner
Membership No.: 532900
UDIN: **26532900AZWPQN8215**

Place: New Delhi
Date: 21/04/2026

HFCL ADVANCE SYSTEMS PRIVATE LIMITED
CIN No.- U29253HP2015PTC000880
Balance Sheet as at March 31, 2026
(All amounts are Rs.in Lacs)

Particulars	Note No.	As at March 31, 2026	As at March 31, 2025
ASSETS			
Current Assets			
(a) Financial Assets			
(i) Cash & cash equivalents	3	3.08	1.72
(b) Other current assets	4	0.28	-
Total current assets		**3.36**	**1.72**
Total Assets		**3.36**	**1.72**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	5	10.00	10.00
(b) Other Equity	6	(12.24)	(10.52)
Total Equity		**(2.24)**	**(0.52)**
Liabilities			
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	7	5.00	-
Total Non-Current Liabilities		**5.00**	**-**
Current Liabilities			
(a) Financial Liabilities			
(i) Other Current liabilities	8	0.60	2.24
Total current liabilities		**0.60**	**2.24**
Total Liabilities		**5.60**	**2.24**
Total equity and liabilities		**3.36**	**1.72**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For Oswal Sunil & Company
Chartered Accountants
Firm Registration Number: 016520N

CA Nishant Bhansali
Partner
Membership No.:532900

Place: New Delhi
Date: 21-04-2026

For and on behalf of the Board

Ranjeet Mal Kastia
Director
DIN : 00053059

Arvind Kharabanda
Director
DIN : 00052270

HFCL ADVANCE SYSTEMS PRIVATE LIMITED
CIN No.- U29253HP2015PTC000880
Statement of Profit and Loss for the year ended March 31, 2026
(All amounts are Rs.in Lacs)

Particulars		Note No.	For the year ended March 31, 2026	For the year ended March 31, 2025
I.	**INCOME**			
	Revenue from operations		-	-
	Total Income (I)			-
II.	**EXPENSE**			
	Finance Costs	9	0.13	0.00
	Other Expenses	10	1.59	1.30
	Total Expenses (II)		**1.72**	**1.30**
III	**Profit / (loss) before exceptional items and income tax (I-II)**		**(1.72)**	**(1.30)**
IV	Exceptional item		-	-
V	**Profit / (Loss) before tax (III - IV)**		**(1.72)**	**(1.30)**
VI	**Tax expense**			
	Current tax		-	-
VII	**Profit/(loss) for the year (V-VI)**		**(1.72)**	**(1.30)**
VIII	**Other Comprehensive Income**			
	A.) Items that will not be reclassified to profit or loss		-	-
	B.) Items that will be reclassified to profit or loss;		-	-
	Other comprehensive income for the year after tax (VIII)		-	-
IX	**Total comprehensive income for the year (VII+VIII)**		**(1.72)**	**(1.30)**
	Face Value per equity share ₹ 10/-			
	Basic earnings per share (₹)	11	**(1.72)**	**(1.30)**
	Diluted earnings per share (₹)	11	**(1.72)**	**(1.30)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For Oswal Sunil & Company
Chartered Accountants
Firm Registration Number: 016520N

CA Nishant Bhansali
Partner
Membership No.:532900

Place: New Delhi
Date: 21-04-2026

For and on behalf of the Board

Ranjeet Mal Kastia
Director
DIN : 00053059

Arvind Kharabanda
Director
DIN : 00052270

HFCL ADVANCE SYSTEMS PRIVATE LIMITED
CIN No.- U29253HP2015PTC000880
Statement of Cash Flow for the year ended March 31, 2026
(All amounts are Rs.in Lacs)

Particulars		For the year ended March 31, 2026	For the year ended March 31, 2025
I.	**Cash Flow From Operating Activities**		
	Profit/(Loss) before Income tax	(1.72)	(1.30)
	Finance costs	0.08	-
	Change in operating assets and liabilities		
	Increase/(decrease) in Borrowings	-	-
	(Increase)/Decrease in other current liabilities	(0.28)	-
	Increase/(Decrease) in other current liabilities	(1.64)	1.99
	Cash generated from operations	(3.56)	0.69
	Income taxes paid	-	-
	Net cash inflow from operating activities	**(3.56)**	**0.69**
II	**Cash flow from Investing Activities**	-	-
III	**Cash flow from Financing Activities**		
	Proceeds from borrowings	5.00	-
	Finance Cost	(0.08)	-
	Net cash inflow (outflow) from financing activities	**4.92**	**-**
IV	**Net increase (decrease) in cash and cash equivalents**	**1.36**	**0.69**
V	Cash and cash equivalents at the beginning of the financial year	1.72	1.03
VI	**Cash and cash equivalents at the end of financial year**	**3.08**	**1.72**

Notes:

1. The Statement of Cash flow has been prepared under the indirect method as set-out in the Ind AS - 7 "Statement of Cash Flow" as specified in the Companies (Indian Accounting Standards) Rules, 2015
2. Figures in bracket indicate cash outflow.
3. Cash and cash equivalents (Refer note- 3) comprise of the following:

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Balance with Scheduked bank in Current accounts	3.08	1.72
Balances per Statement of Cash Flows	**3.08**	**1.72**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For Oswal Sunil & Company
Chartered Accountants
Firm Registration Number: 016520N

CA Nishant Bhansali
Partner
Membership No.:532900

Place: New Delhi
Date: 21-04-2026

For and on behalf of the Board

Ranjeet Mal Kastia
Director
DIN : 00053059

Arvind Kharabanda
Director
DIN : 00052270

HFCL ADVANCE SYSTEMS PRIVATE LIMITED
CIN No.- U29253HP2015PTC000880
Statement of Changes in Equity for the year ended March 31, 2026
(All amounts are Rs.in Lacs)

A. Equity Share Capital

Particulars	Amount
As at March 31, 2024	**10.00**
Changes in equity share capital	-
As at March 31, 2025	**10.00**
Changes in equity share capital	-
As at March 31, 2026	**10.00**

B. Other equity

Particulars	Retained Earnings	Other Comprehensive Income	Total
Balance as at April 1, 2024	**(9.22)**	-	**(9.22)**
Total Comprehensive Income for the year	(1.30)	-	(1.30)
Balance as at March 31, 2025	**(10.52)**	-	**(10.52)**
Total Comprehensive Income for the year	(1.72)	-	(1.72)
Balance as at March 31, 2026	**(12.24)**	-	**(12.24)**

The accompanying notes form an integral part of the financial statements

As per our report of even date attached
For Oswal Sunil & Company
Chartered Accountants
Firm Registration Number: 016520N

CA Nishant Bhansali
Partner
Membership No.:532900

Place: New Delhi
Date: 21-04-2026

For and on behalf of the Board

Ranjeet Mal Kastia
Director
DIN : 00053059

Arvind Kharabanda
Director
DIN : 00052270

HFCL Advance Systems Private Limited
Notes to the Financial Statements for the year ended March 31, 2026
(All amounts are in Rupees Lacs)

1. Corporate information

HFCL Advance Systems Private Limited is a private company incorporated under the provisions of the Companies Act, 2013. The Company came into existence on 23rd February 2015. The Company is wholly owned subsidiary company of HFCL Ltd.

2. Material accounting policies

2.1. Basis of preparation

2.1.1. Compliance with Ind AS

All the Indian Accounting Standards issued under section 133 of the Companies Act, 2013 and notified by the Ministry of Corporate Affairs (MCA) under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) till the financial statements are approved have been considered in preparation of these Financial Statements.

2.1.2. Historical Cost Convention

The Standalone Financial Statements have been prepared on the historical cost basis except for the followings:

- certain financial assets and liabilities and contingent consideration that is measured at fair value;
- assets held for sale measured at fair value less cost to sell;
- defined benefit plans plan assets measured at fair value; and

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Standalone Financial Statements are presented in Indian Rupees except where otherwise stated.

2.1.3. Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and judgements that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods are affected.

2.2. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

a) Expected to be realised or intended to be sold or consumed in normal operating cycle
b) Held primarily for the purpose of trading, or
c) Expected to be realised within twelve months after the reporting period other than for (a) above,
d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

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All other assets are classified as non-current.

A liability is current when:

a) It is expected to be settled in normal operating cycle
b) It is held primarily for the purpose of trading
c) It is due to be settled within twelve months after the reporting period other than for (a) above, or
d) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

2.3. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company categorizes assets and liabilities measured at fair value into one of three levels as follows:

- Level 1 — Quoted (unadjusted)
  This hierarchy includes financial instruments measured using quoted prices.

- Level 2
  Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
  Level 2 inputs include the following:
  i. quoted prices for similar assets or liabilities in active markets.
  ii. quoted prices for identical or similar assets or liabilities in markets that are not active.
  iii. inputs other than quoted prices that are observable for the asset or liability.
  iv. Market – corroborated inputs.

- Level 3
  They are unobservable inputs for the asset or liability reflecting material modifications to observable related market data or Company's assumptions about pricing by market participants. Fair values are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2.4. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

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Chartered Accountants
FRN: 016520N
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2.4.1.Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories based on business model of the entity:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

De-recognition

A financial asset is de-recognized only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the Company has transferred an asset, it evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is de-recognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Financial liabilities

Financial liabilities and equity instruments issued by the company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Initial recognition and measurement

Financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the amortised cost unless at initial recognition, they are classified as fair value through profit and loss.

Subsequent measurement

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the statement of profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.5. Revenue recognition

The company recognizes revenue in accordance with Ind- AS 115. Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Company expects to receive in exchange for those products or services.

Interest income

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable. Interest income is included under the head "other income" in the statement of profit and loss.

2.6. Cash Flow Statement

Cash flows are reported using the indirect method. The cash flows from operating, investing and financing activities of the Company are segregated.

2.7. Earnings per Share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Ordinary shares that will be issued upon the conversion of a mandatorily convertible instrument are also included in the calculation of basic earnings per share from the date the contract is entered into. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

2.8. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Contingent assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefits is probable. Contingent liabilities are disclosed in the Financial Statements by way of notes to accounts, unless possibility of an outflow of resources embodying economic benefit is remote.

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Chartered Accountants

HFCL ADVANCE SYSTEMS PRIVATE LIMITED
CIN No.- U29253HP2015PTC000880
Notes to Financial Statements for the year ended March 31, 2026
(All amounts are Rs.in Lacs)

3 Current Financial Assets - Cash & cash equivalents

Particulars	As at March 31, 2026	As at March 31, 2025
Cash and Cash Equivalents		
Balance with banks		
-in Current Accounts	3.08	1.72
Total	3.08	1.72

4 Other Current Assets

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured Considred Good		
Advance to Vendors	0.28	-
Total	0.28	-

5 (a) Equity Share Capital

(i) Authorised Share Capital

Particulars	No of Shares	Amount
As at April 1, 2024	**1,00,000**	**10.00**
Increase during the year	-	-
As at March 31, 2025	**1,00,000**	**10.00**
Increase during the year	-	-
As at March 31, 2026	**1,00,000**	**10.00**

Equity Share of Rs. 10/- each

(ii) Shares issued, subscribed and fully paid-up

Particulars	No of shares	Equity Share Capital
As at April 1, 2024	**1,00,000**	**10.00**
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2025	**1,00,000**	**10.00**
Add: Shares issued during the year	-	-
Add: Bonus shares issued during the year	-	-
Less: Share bought back during the year	-	-
As at March 31, 2026	**1,00,000**	**10.00**

Equity Share of Rs. 10/- each

(iii) Shareholders holding more than 5 percent of Equity Shares

Name of Shareholder	As at March 31, 2026	As at March 31, 2025
	No. of share held	No. of share held
HFCL Limited (Holding Company)*	**90,000 (90%)**	**90,000 (90%)**
Polixel Security Systems Private Limited	**10,000 (10%)**	**10,000 (10%)**

**One share is held by each of Six nominees of Holding Company*

As on March 31, 2026

(iv) Shares held by promoters at the end of the period				%change during the period
S. No	Promoters Name	No. of shares	% of total shares	
1	HFCL Ltd	90,000	90%	0%
2	Polixel Security Systems Pvt Ltd	10,000	10%	0%

As on March 31, 2025

(iv) Shares held by promoters at the end of the period				%change during the period
S. No	Promoters Name	No. of shares	% of total shares	
1	HFCL Ltd	90,000	90%	0%
2	Polixel Security Systems Pvt Ltd	10,000	10%	0%

(v) Terms/right attached to Equity Shares -

The Company has issued equity share of Rs.10/- each. On a show of hands, every holder of equity shares is entitled for one vote and upon a poll shall have voting rights in proportion to the shares of the paid up capital of the Company held by them. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amount in proportion to their shareholdings.

6 Other Equity

Particulars	As at March 31, 2026	As at March 31, 2025
Retained Earnings	(12.24)	(10.52)
	(12.24)	**(10.52)**

(i) Retained Earnings

Particulars	As at March 31, 2026	As at March 31, 2025
Opening Balance	**(10.52)**	**(9.22)**
Net profit/(Loss) for the year	(1.72)	(1.30)
Closing Balance	**(12.24)**	**(10.52)**

7 Non Current Financial Liabilities - Borrowings

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured		
Loan from Related Party*	5.00	-
* Loan carries interest @ 8% p.a. and repayable on or before 31st March 2028		
Total	**5.00**	**-**

8 Other Current Liabilities

Particulars	As at March 31, 2026	As at March 31, 2025
Expenses Payable	0.51	0.24
Statutory Liabilities Payable	0.01	-
Interest Payable on borrowings	0.07	-
Other Payables	-	2.00
Total	**0.60**	**2.24**

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HFCL ADVANCE SYSTEMS PRIVATE LIMITED
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Notes to Financial Statements for the year ended March 31, 2026
(All amounts are Rs.in Lacs)

9 Finance Costs

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Interest on Borrowings	0.08	-
Bank Charges	0.04	0.00
Total	**0.13**	**0.00**

10 Other expenses

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Rent	0.78	0.78
Auditors' Remuneration		
As Auditor	0.24	0.24
In other capacity	0.06	0.06
Legal & Professional Charges	0.50	0.21
Rates & Taxes	0.02	0.01
Total	**1.59**	**1.30**

11 Earning per Share (EPS)- In accordance with the Indian Accounting Standard (Ind AS-33)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Basic & Diluted Earnings per share		**Rs.**
Profit /(Loss) after tax	**(1.72)**	**(1.30)**
Weighted average number of Equity shares (used as denominator for calculating basic EPS)	1,00,000	1,00,000
Weighted average number of Equity shares (used as denominator for calculating diluted EPS)	1,00,000	1,00,000
Nominal value of Equity share	**Rs.10**	**Rs.10**
Earnings per share basic Rs.	**(1.72)**	**(1.30)**
Earnings per share diluted Rs.	**(1.72)**	**(1.30)**

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12 Critical accounting estimates and judgments

The preparation of restated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgments is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgments is:

1. Estimation of contingent liabilities - refer Note 16

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

13 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics

14 Disclosure required under Micro, Small and Medium Enterprises Development Act, 2006 (the Act) are given as follows :

There are no Micro, Small enterprise to whom the Company owes dues, which are outstanding for more than forty five days as at 31st March, 2026. The identification of Micro, Small enterprises and information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined on the basis of information available with the Company.

	Particulars	As at March 31, 2026	As at March 31, 2025
a.	Principal amount due	Nil	Nil
b.	Interest due on above	Nil	Nil
c.	Interest paid during the period beyond the appointed day	Nil	Nil
d.	Amount of interest due and payable for the period of delay in making payment without adding the interest specified under the	Nil	Nil
e.	Amount of interest accrued and remaining unpaid at the end of the period	Nil	Nil
f.	Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to small enterprises for the purpose of disallowance as a deductible expenditure under Sec.23 of the Act	Nil	Nil

15 Payments to Auditors (including GST)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Audit Fees (including limited reviews)	0.24	0.24

16 Commitments and Contingencies

(a) Contingent Liabilities not provided for in respect of :

	Particulars	As at March 31, 2026	As at March 31, 2025
(i)	Unexpired Letters of Credit	Nil	Nil
(ii)	Guarantees given by banks on behalf of the Company	Nil	Nil
(iii)	Claims against the Company towards GST, Income Tax and others in dispute not acknowledged as debt	Nil	Nil

(a) The Company has no pending litigations and proceedings as at 31 March 2026 and 31 March 2025.
(b) The Company periodically reviews all its long term contracts to assess for any material foreseeable losses. Based on such review wherever applicable, the Company has made adequate provisions for these long term contracts in the books of account as required under any applicable law/accounting standard.
(c) The Company did not have any outstanding derivative contracts as at 31 March 2026 and 31 March 2025
(d) There has been no delays in transferring amounts, required to be transferred, if any, to the Investor Education and Protection Fund by the company.

(b) Capital Commitments

Particulars	As at March 31, 2026	As at March 31, 2025
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)*	**17,500**	Nil

* Pursuant to the strategic expansion and consolidation plan approved by the Board of the holding company, HFCL Limited, the Company is in the process of undertaking certain investments in aeronautics, aerostructure and defence related businesses through acquisitions and capacity augmentation initiatives. In this regard, the Company has entered into Memorandum of Understanding (MoU) dated 25th March 2026 with various parties establishing the framework for the binding arrangements detailed therein.

17 Deferred Tax

The management is of the view that currently the requirement of virtual certainty and convincing evidence as enunciated in Indian Accounting Standard (Ind AS) 12 are not met and therefore, Deferred Tax Assets have not been carried in the financial statements. Accordingly, the Company has not recognized the Deferred Tax assets (on Carry Forward Losses) as at 31st March, 2026 of Rs.2.86 Lacs and as at 31st March, 2025 of Rs. 1.99 Lacs.

18 In the opinion of the Board, Current Assets and Loans and Advances are of the value stated, if realized in the Ordinary course of business.

19 Related Party Disclosure:

A) Related Party Disclosure, as identified by the Management

Related Parties where Control exists:

HFCL Limited, Holding Company

Fellow Subsidiaries

HTL Limited
Raddef Private Limited
Moneta Finance Private Limited
Polixel Security Systems Private Limited
Dragonwave HFCL India Private limited
HFCL Technologies Private Limited
HFCL Inc. (United States of America)
HFCL B.V.The (Netherlands)

Key Management Personnel:

Dr. Ranjeet Mal Kastia, Director
Shri Arvind Kharabanda, Director
Shri Jitendra Singh Chaudhary, Director

B) Transactions with Related Parties

Name of the Party	Description	Volume of transactions (FY 25-26)	Volume of transactions (FY 24-25)
HFCL Limited	Rent	0.78	0.78
Polixel Security Systems Private Limited	Borrowings / Loan	5.00	-
Polixel Security Systems Private Limited	Interest on Borrowings	0.08	-

C) Closing Balance Receivable/ (Payable)

Name of the Party	As at 31st March, 2026	As at 31st March, 2025
HFCL Limited	-	-
Polixel Security Systems Private Limited	(5.07)	-

Note: Transactions with Related Parties are shown inclusive of GST (wherever applicable) and net of TDS (wherever applicbale). Likewise, Outstanding Balances at the year end are inclusive of GST and net of TDS

20 Financial risk management objectives

The Company's principal financial liabilities, comprise loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has the overall responsibility for the establishment and oversight of the Company's risk management framework.

Management of Liquidity Risk

Liquidity risk is the risk that the Company will face in meeting its obligations associated with its financial liabilities. The Company's approach to managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due without incurring unacceptable losses. In doing this, management considers both normal and stressed conditions.

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date.

	Note No.	Carrying amount	Less than 12 months	More than 12 months
As at March 31, 2026				
Borrowings	7	5.00	-	5.00
Other Current liabilities	8	0.60	0.60	-
As at March 31, 2025				
Other Current liabilities	8	2.24	2.24	-

Capital management

Capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

Particulars	As at March 31, 2026	As at March 31, 2025
Debts / Borrowings (Note 7)	5.00	-
Less : Cash and Cash equivalents (Note 3)	3.08	1.72
Net Debt	**1.92**	-
Total Equity	**(2.24)**	**(0.52)**
Net Debt to Equity Ratio	**(0.32)**	**(0.52)**
Gearing Ratio	**0%**	**0%**

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

No changes were made in the objectives, policies or processes for managing capital during the period ended 31 March 2026 and 31 March 2025.

HFCL ADVANCE SYSTEMS PRIVATE LIMITED
CIN No.- U29253HP2015PTC000880
Notes to Financial Statements for the year ended March 31, 2026
(All amounts are Rs. in Lacs)

21 Financial Instruments by category

Particulars	March 31, 2026			March 31, 2025		
	FVTPL	FVTOCI	Amortised Cost (Rs.)	FVTPL	FVTOCI	Amortised Cost (Rs.)
1) Financial Assets						
(i) Cash and Cash equivalents	-	-	3.08	-	-	1.72
(ii) Other current assets	-	-	0.28	-	-	-
Total financial assets	-	-	**3.35**	-	-	**1.72**
2) Financial liabilities						
(i) Borrowings	-	-	5.00	-	-	-
(ii) Other Current liabilities	-	-	0.60	-	-	2.24
Total Financial liabilities	-	-	**5.60**	-	-	**2.24**

22 Financial Ratios

	Ratio/ Measures	Methodology	March 31, 2026	March 31, 2025	% Variance
(i)	Current ratio	Current assets over current liabilities	5.64	0.77	634.9%
(ii)	Debt Equity ratio	Total debt over share holder equity	(2.23)	-	0.00%
(iii)	Debt Service Coverage ratio	Earning available for Debt Service over Debt	(0.32)	-	0.00%
(iv)	Return on Equity	PAT over average shareholder equity	1.25	(9.88)	-112.6%
(v)	Inventory Turnover ratio	Sales over average inventory	NA	NA	0.00
(vi)	Trade Receivables Turnover ratio	Net Sales over average account receivables	NA	NA	0.00
(vii)	Trade Payables Turnover ratio	Purchases over average trade payables	NA	NA	0.00
(viii)	Net Capital Turnover ratio	Net Sales over working capital	-	-	0.00
(ix)	Net Profit ratio	Net profit after tax over sales	NA	NA	0.00
(x)	Return on Capital Employed	EBIT over total assets less intangible assets less current liabilities	(0.62)	2.51	-124.8%
(xi)	Return on Investment	Interest Income net gain on sale of investment and net fair value gain over average investment	NA	NA	0.00

PAT - Profit after tax
Working Capital - Current assets less current liabilities
EBIT - Earning before Interest and taxes

Explanations for variances exceeding 25%
Change in Current Ratio - Due to increase in cash & bank balance at end of current year.
Change in Return on equity and Capital Employed - Due to decline in retained earning.

23 Going Concern
The Company has incurred net loss of Rs 1.72 Lac/- during the year ended March 31, 2026 while the accumulated losses stands at Rs 12.24 Lac/- as at March 31,2026 leading to negative networth. However, pursuant to the strategic expansion and consolidation plan approved by the Board of the Holding company, HFCL Limited, and execution of Memorandum of Understanding (MoU) dated 25th March 2026 establishing the framework for the binding arrangements towards investments in aeronautics, aerostructure and defence related businesses with a confirmed order book, the management is confident of the Company's ability to meet its liabilities and continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

24 Other Statutory Information
(i) The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.
(ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
(iii) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) 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
(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries
(iv) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) 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
(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
(v) The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.
(vi) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017.
(vii) The Company is not declared wilful defaulter by and bank or financial institution or lender during the year.
(viii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period
(ix) The Company has not raised funds from issue of securities or borrowings from banks and financial institutions
(x) The Company has not obtained any borrowings from banks or financial institutions on the basis of security of current assets.
(xi) The company does not have any immovable properties in current year and previous year. Therefore, reporting on title deeds in name of company does not arise.
(xii) The Company does not have any transactions with companies which are struck off.

25 Previous year figures have been regrouped, rearranged and/or reclassified wherever necessary to conform to current year's classification.

As per our report of even date attached
For Oswal Sunil & Company
Chartered Accountants
Firm Registration Number: 016520N

CA Nishant Bhansali
Partner
Membership No.:532900

Place: New Delhi
Date: 21-04-2026

OSWAL SUNIL & COMPANY ★ Chartered Accountants ★ CA INDIA FRN : 016520N NEW DELHI

For and on behalf of the Board

Ranjeet Mal Kastia
Director
DIN : 00053059

Arvind Kharabanda
Director
DIN : 00052270