INDEPENDENT AUDITOR'S REPORT

ON CONSOLIDATED FINANCIAL STATEMENT

To the Members of Airfloa Rail Technology Limited (Formerly known as Airfloa Rail Technology Private Limited (or) Airflow Equipments (India) Private Limited)

Report on the audit of Financial Statements

Opinion

We have audited the consolidated financial statements of **Airfloa Rail Technology Limited (Formerly known as Airfloa Rail Technology Private Limited or Airflow Equipments (India) Private Limited)** ("the Company") which comprise the Balance Sheet as at **March 31, 2026** and the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, and a summary of significant 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 financial statements give the information required by the Companies Act, 2013 ('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 statement of affairs of the Company as at **March 31, 2026** its Profit and cash flows for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with the Standards on Auditing 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 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 financial statements 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 code of ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

The Company's Management and Board of Directors are responsible for the Other Information. The Other Information comprises the information included in the Company's Annual Report, but does not include the Financial Statements and our Auditor's Report thereon.

Our opinion on the Financial Statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the Other Information and, in doing so, consider whether the other information is materially in consistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of such other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the financial position, and financial performance, and Cash Flows of the Company in accordance with the accounting principles generally accepted in India, including the 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 implementation and maintenance of 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 Financial Statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, Management and Board of Directors 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 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 Financial Statements.

As part of the 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 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 with reference to 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 the 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 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 Financial Statements, including the disclosures, and whether the Financial Statements 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.

Report on Other Legal and Regulatory Requirements.

1. As required by the Companies (Auditors' Report) Order, 2020, issued by the Central Government in terms of Section 143(11) of the Act, we give in the **Annexure A**, a Statement on the matters specified in the Order.

   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 relating to preparation of the aforesaid financial statements have been kept so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement, dealt with by this report are in agreement with the books of account maintained for the purpose of preparation of these financial statements;

   (d) In our opinion, the financial statements comply with the Accounting Standards specified under section 133 of the Act;

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

   (f) With respect to adequacy of Internal Financial Controls with reference to Financial statements and the operating effectiveness of such controls, refer to our separate report in **"Annexure B"**. Our report

expresses an unmodified opinion on the adequacy and operating effectiveness of the company's internal financial controls with reference to financial statements;

(g) With respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, as amended, in our opinion and to the best of our information and the explanations given to us;

- The Company has disclosed the impact of pending litigations on its financial statements.
- The Company has not entered into long term contracts including derivative contracts.
- There has been no amount, required to be transferred, to the Investor Education and Protection Fund by the company.

(i) The Management has represented that, to the best of its knowledge and belief, other than as disclosed in the Notes to the Accounts, no funds 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 persons or Entities, including Foreign Entities ("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.

(ii) The Management has represented, that, to the best of its knowledge and belief, other than as disclosed in the Notes to the Accounts, no funds have been received by the Company from any persons or entities, including Foreign Entities ("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.

(iii) Based on such audit procedures that we have considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under above sub–clause (i) and (ii) contain any material mis–statement.

- No Dividends have been declared or paid during the year by the Company. So, the issue of reporting compliance with Sec. 123 of the Companies Act, 2013 does not arise.
- Based on our examination which included test checks, 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.

(h) 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 remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 read with Schedule V of the Act.

For **Varadarajan & Co**
Chartered Accountants
Firm Regn.No. 004515S

CA V.Sadag[illegible]n, FCA
Partner,
Membership No. 022618
UDIN: 26022618YMJPCZ2105

Place: Chennai
Date: 30/05/2026

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Refer para 'Report on Other Legal and Regulatory Requirements' of our report of even date on the Financial Statements of the Company for the year ended 31 March 2026)

1) Property, Plant and Equipment:

a) The Company has maintained proper records to show the full particulars including quantitative details and situation of Property, Plant and Equipment.

b) The Property, Plant and Equipment were physically verified during the year by the Management in accordance with the phased programme of verification which, in our opinion is reasonable having regard to the size of the Company. According to the information and explanations given to us, no material discrepancies were noticed during such verification.

c) According to information given to us and on the basis of our examination of records of the Company, the title deeds of all the immovable properties (Other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company.

d) The Company has not revalued its PPE (including Right of Use Assets) or Intangible Assets or both during the year. Hence, the reporting as to whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if change is 10% or more in the aggregate of the Net Carrying Value of each class of PPE or Intangible Assets, is not applicable to the Company.

e) According to information and explanations given to us and on the basis of our examination of the records of the Company produced before us, no proceedings have been initiated or are pending against the Company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988 and Rules made thereunder. The question of whether the Company has appropriately disclosed the details in its Financial Statements, is not applicable to the Company.

2) Inventories:

(a) According to information and explanations given to us, the Management of the Company has conducted the physical verification of inventory at reasonable intervals.

(b) In our opinion, the coverage and procedure of such verification by the Management is appropriate during such verification, discrepancies of 10% or more in the aggregate for each class of inventory have not been noticed. The discrepancies noted were not material and have been suitably dealt with in Books of Account.

(c) 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 been sanctioned Working Capital Limits in excess of ₹5 Crores, from Banks or Financial Institutions on the basis of security of Current Assets. As per the information provided to us, the quarterly returns / statements filed by the company with such banks or financial institutions are in agreement with the books of accounts of the company.

3) Loans to Directors and Interested Parties: During the year, the Company has not 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. So, reporting under Para 3(iii) of the Order is not applicable to the Company.

4) Compliance of Sec. 185 & 186: The Company has not granted any Loans, made Investments or provided Guarantees or Security to the Parties covered under Section 185 or covered by Section 186 of the Act. Accordingly, reporting under Para 3(iv) of the Order is not applicable to the Company.

5) Deposits from Public: The Company has not accepted any Deposits from the Public. So, reporting under Para 3(v) of the Order is not applicable to the Company.

6) Cost Accounting Records: The requirement for maintenance of Cost Records pursuant to Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148(1) of the Act is applicable to the Company for the year under audit and according to information and explanations given to us the company has complied with the same.

7) Statutory Dues:

a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of Income Tax, though there has been delay in payments for few cases and is regular in depositing undisputed statutory dues, including Goods and Services Tax, Provident Fund, and other material statutory dues, as applicable with the appropriate authorities. According to information and explanations given to us, undisputed Income

Tax dues of ₹34,28,175 are in arrears as at 31st March, 2025 has been paid in full on date of this report.

b) Details of Statutory dues which have not been deposited as on 31st March, 2025 on account of disputes are given below:

(i) The GST Department has raised demand of ₹20,01,526/- vide Order No. 527/2024 - SUPDT dated. August 20, 2024 issued u/s 73 (9) of the Central Goods & Service Act, 2017 and Tamil Nadu Goods & Service Act, 2017; against which the company has filed an appeal to the appellate authority dated November 26, 2024.

(ii) The GST Department has raised demand of ₹19,87,584/- vide Order No. 17/2024 - SUPD dated. February 27, 2024 issued u/s 73 (9) of the Central Goods & Service Act, 2017 and Tamil Nadu Goods & Service Act, 2017; against which the company has filed an appeal to the appellate authority dated June 21, 2024.

(iii) The GST Department has raised demand of ₹38,38,488/- vide Order No. 30/2025- SUPD dated. March 24, 2025 issued u/s 73 (9) of the Central Goods & Service Act, 2017 and Tamil Nadu Goods & Service Act, 2017; against which the company has filed a reply on 18/04/2025 and is awaiting personal hearing for the same.

(iv) RoC Chennai vide Adjudication Order dated 20/01/2026 passed under Section 454 of the Companies Act, 2013 ('The Act') imposed a penalty of ₹17,27,343/- on the Company for non-compliance with the provisions of Section 135(5) and Section 135(6) of the Act for the FY-2019-20. The Company has filed an appeal against the adjudication order before the Hon'ble Regional Director, Southern Region, Ministry of Corporate Affairs, vide SRN AC2562921 dated March 6, 2026.

(v) RoC Chennai vide Adjudication Order dated 07/01/2026 passed under Section 454 of the Companies Act, 2013 ('The Act') imposed a penalty of ₹25,99,631/-on the Company for non-compliance with the provisions of Section 135(5) and Section 135(6) of the Act for the FY-2020-21. The Company has filed an appeal against the adjudication order before the Hon'ble Regional Director, Southern Region, Ministry of Corporate Affairs, vide SRN AC2562861 dated March 6, 2026.

(vi) RoC Chennai vide Adjudication Order dated 07/01/2026 passed under Section 454 of the Companies Act, 2013 ('The Act') imposed a penalty of ₹27,12,722/-on the Company for non-compliance with the provisions of Section 135(5) and Section 135(6) of the Act for the FY-2021-22. The Company has filed an appeal against the adjudication order before the Hon'ble Regional Director, Southern Region, Ministry of Corporate Affairs, vide SRN AC2562670 dated March 6, 2026.

(vii) RoC Chennai vide Adjudication Order dated 07/01/2026 passed under Section 454 of the Companies Act, 2013 ('The Act') imposed a penalty of ₹19,64,272/-on the Company for non-compliance with the provisions of Section 135(5) and Section 135(6) of the Act for the FY-2022-23. The Company has filed an appeal against the adjudication order before the Hon'ble Regional Director, Southern Region, Ministry of Corporate Affairs, vide SRN - AC2562117 dated March 6, 2026.

1) **Undisclosed Income:** On the basis of the examination of the records produced before us, there is no item of any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961., There is no material item of previously unrecorded income that has been properly recorded in the books of account during the year.

2) **Repayment of Dues:**

a) The Company has regularly paid the Principal and Interest dues to Banks / Financial Institutions / Government / Other Lenders, and there are no defaults in this regard.

b) The Company has not been declared as a Wilful Defaulter by any Bank or Financial Institution or Other Lender.

c) On the basis of the examination of records produced before us, Term Loans were applied for the purpose for which the loans were obtained.

d) On the basis of the examination of records produced before us and the overall position of the Financial Statements, funds raised on short–term basis have not been utilised for long term purposes.

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 any Loans during the year on the pledge of securities held in its Subsidiaries, Joint Ventures or Associate Companies.

3) **Moneys raised through IPO, etc.:**

a) In our opinion and according to the explanation given to us, during the year Company has raised

funds by way of initial public offer of 65,07,000 number of shares aggregating to Rs91.80 crore. Basis of information and documents provided, the utilisation to the extent done by the company, is in accordance with the objects of the issue.

b) During the period, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) under section 42 and section 62 of the Companies Act Accordingly, reporting of the purpose for which amount raised under clause 3 (x) (b) of the Order is not applicable.

4) Fraud:

(a) Based upon the audit procedures performed and the information and explanations given by the Management, we report that no frauds by or on the Company has been noticed or reported during the year.

(b) No report has been filed by the Auditors with the Central Government in Form ADT–4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014, u/s 143(12) of the Companies Act.

(c) No Whistle–Blower Complaints have been received during the year by the Company.

5) Nidhi Company: The Company is not a Nidhi Company and accordingly reporting under Para 3(xii) of the Order is not applicable to the Company.

6) Related Party Transactions: In our opinion, all transactions with the related Parties are in compliance with Sec.177 and 188 of Companies Act, 2013 and the details of such transaction have been disclosed in the consolidated Financial Statements as required by the applicable Accounting Standards.

7) Internal Audit:

a) The company have an internal audit system to commensurate with its size and business activities.

b) The internal audit reports of the company issued till date of audit report, for the period under audit have been considered by us.

8) Non-Cash transactions with specified persons: According to the information and explanations given to us and based on our examination of the Company's records, the Company has not entered into any non–cash transactions with Directors or persons connected with them. Accordingly, Para 3(xv) of the Order is not applicable to the Company.

9) NBFC Companies:

a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under Clause 3(xvi) (a) of the Order is not applicable.

b) The Company has not conducted any non-banking financial or housing finance activities during the year under report.

c) The Company is not a Core Investment Company (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016). Hence, reporting under Clause 3(xvi)(c) of the Order is not applicable.

d) In our opinion, there is no Core Investment Company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under Clause 3(xvi)(d) of the Order is not applicable.

10) Cash Losses: The Company has not incurred Cash Losses in the financial year and in the immediately preceding financial year.

11) Resignation of Auditors: There has been no resignation of the Statutory Auditors during the year, and hence reporting under Para 3(xviii) of the Order is not applicable to the Company.

12) Financial Ability and Material Uncertainty: On the basis of the Financial Ratios, Ageing and expected dates of realisation of Financial Assets and payment of Financial Liabilities, Other Information accompanying the Financial Statements, and our knowledge of the Board of Directors and Management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that Company is 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.

13) CSR: The company during the year complied with the Provisions of Sec.135 of the Act and has spent the amount due for corporate social responsibility. Accordingly the provisions regarding the unspent CSR does not apply to the Company.

14) Consolidated Financial Statements: Clause 3(xxi), is applicable of the company, for preparation of consolidated financial statements and the required reporting has been disclosed.

For **Varadarajan & Co**
Chartered Accountants
Firm Regn.No. 004515S

CA V.Sadagopan, FCA
Partner,
Membership No. 022618
UDIN:26022618YMJPCZ2105

Place: Chennai
Date: 30/05/2026

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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 **Airfloa Rail Technology Limited (Formerly known as Airfloa Rail Technology Private Limited or Airflow Equipments (India) Private Limited)** ("the Company") as of March 31, 2026 in conjunction with our audit of the 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 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 with reference to 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") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 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 financial statements and their operating effectiveness. Our audit of Internal Financial Controls with reference to financial statements included obtaining an understanding of Internal Financial controls with reference to 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 judgment, including the assessment of the risks of material misstatement of the 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 financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's Internal Financial Control with reference to 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 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 unauthorized 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 Financial Statements

Because of the inherent limitations of the Internal Financial Controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of the 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 with reference to financial statements and such Internal Financial Controls with reference to financial statements were operating effectively as at 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 **Varadarajan & Co**
Chartered Accountants
Firm Regn.No. 004515S

CA V.Sadagopan, FCA
Partner,
Membership No. 022618
UDIN:26022618YMJPCZ2105

Place: Chennai
Date: 30/05/2026

STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

(₹ In Lacs)

Sr. No.	Particulars	Schedule No	As at March 31, 2026	As at March 31, 2025
	EQUITY AND LIABILITIES			
1)	**Shareholders Funds**			
	a. Share Capital	I	2,397.00	1,746.30
	b. Reserves & Surplus	II	21,516.75	9,365.43
2)	**Minority interest**	III	62.23	62.34
3)	**Non - Current Liabilities**			
	a. Long-term Borrowings	IV	411.85	119.92
	b. Long-term Provisions	V	75.42	65.41
	c. Deferred Tax Liabilities (net)	VI	128.91	94.78
4)	**Current Liabilities**			
	a. Short Term Borrowings	VII	6,419.13	5,877.78
	b. Trade Payables	VIII		
	- Payable to Micro and Small Enterprises		2.65	35.07
	- Payable to other than Micro and Small Enterprises		6,088.88	6,357.63
	c. Other Current liabilities	IX	1,725.46	790.31
	d. Short Term Provisions	X	1,440.19	1,179.07
	TOTAL		**40,268.47**	**25,694.04**
	ASSETS			
1)	**Non Current Assets**			
	a. Property, Plant & Equipment and Intangible Assets			
	- Property, Plant & Equipment	XI	4,021.14	3,676.10
	- Intangible Assets		839.40	-
	- Capital Work-in-Progress		180.50	-
	b. Non-Current Investments	XII	500.00	-
	c. Deferred Tax Assets (Net)	VI	-	-
	d. Long-term Loans & Advances	XIII	328.09	198.38
	e. Other Non-current assets	XIV	787.23	729.84
2)	**Current Assets**			
	a. Inventories	XV	7,240.00	6,243.89
	b. Trade Receivables	XVI	21,401.59	12,760.05
	c. Cash and Bank Balance	XVII	1,308.22	392.21
	d. Other current assets	XVIII	3,662.30	1,693.57
	TOTAL		**40,268.47**	**25,694.04**

For **M/S. Varadarajan & Co**
Chartered Accountants
FRN - 004515S

V. Sa opan
Partner
Mem No- 022618
UDIN - 26022618YMJPCZ2105

Place : Chennai
Date : 30/05/2026

For and on behalf of the Board of Directors of
Airfloa Rail Technology Limited

Dakshinamoorthy Venkatesan
(Chairman and Managing Director)
DIN - 00232210

Dakshna Moorthy Manikandan
(Joint Managing Director)
DIN - 00232275

Papa Sanjeevi Karunakaran
(Chief Finance Officer)
PAN - AZWPK0854H
Place : Chennai
Date : 30/05/2026

CS Harap d Rout
(Company Secretary)
M.No - ACS18749

STATEMENT OF CONSOLDATED PROFIT AND LOSS

FOR THE PERIOD ENDED ON 31st MARCH 2026

(₹ In Lacs

Sr. No.	Particulars	Schedule No	Year Ended	
			As at March 31, 2026	As at March 31, 2025
A	**INCOME**			
	Revenue from Operations	XIX	31,959.76	19,238.70
	Other Income	XX	47.44	27.56
	Total Income (A)		**32,007.20**	**19,266.26**
B	**EXPENDITURE**			
	Cost of Material Consumed	XXI	20,362.20	13,343.47
	Direct Expenses	XXII	1,305.69	1,172.67
	Changes In Inventories Of Work- In- Progress & Finished Goods	XXIII	748.33	-2,048.25
	Employee benefits expense	XXIV	1,760.93	1,252.19
	Finance costs	XXV	857.94	1,107.03
	Depreciation and amortization expense	XXVI	346.94	253.27
	Other expenses	XXVII	1,358.00	689.52
	Total Expenses (B)		**26,740.03**	**15,769.90**
C	**Profit before extraordinary items and tax(A-B)**		**5,267.17**	**3,496.36**
	Prior period items (Net) (provision for Gratuity)		-	-1.53
	Profit before exceptional, extraordinary items and tax		5,267.17	3,497.89
	Exceptional items		-	-
	Profit before extraordinary items and tax		5,267.17	3,497.89
	Extraordinary items		-	-
C	**Profit before tax**		**5,267.17**	**3,497.89**
D	**Tax Expense:**			
	(i) Current tax		1,295.99	953.17
	(ii) Deferred tax expenses/(credit)		34.13	-15.10
	(iii) Short /excess provision for tax		22.35	-17.13
	(iii) MAT Credit Entitlement		-	-
	Total Expenses (D)		**1,352.47**	**920.94**
E	**Profit for the year before minority interest (C-D)**		**3,914.70**	**2,576.95**
G	**Minority Interest**	III	0.11	0.27
F	**PROFIT / (LOSS) FOR THE PERIOD (E- F)**		**3,914.81**	**2,577.22**
H	**Earnings per share (Face value of ₹10/- each):**			
	i. Basic		**18.66**	**15.77**
	ii. Diluted		**18.66**	**15.77**

For **M/S. Varadarajan & Co**
Chartered Accountants
FRN - 004515S

V. Sa[illegible]pan
Partner
Mem No- 022618
UDIN - 26022618YMJPCZ2105

Place : Chennai
Date : 30/05/2026

For and on behalf of the Board of Directors of
Airfloa Rail Technology Limited

Dakshinamoorthy Venkatesan
(Chairman and Managing Director)
DIN - 00232210

Dakshna Moorthy Manikandan
(Joint Managing Director)
DIN - 00232275

Papa Sanjeevi Karunakaran
(Chief Finance Officer)
PAN - AZWPK0854H
Place : Chennai
Date : 30/05/2026

CS Harapra[illegible] Rout
(Company Secretary)
M.No - ACS18749

STATEMENT OF CONSOLIDATED CASH FLOW

(₹ In Lacs)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash Flow From Operating Activities:		
Net Profit before tax as per Profit And Loss A/c	**5,267.17**	**3,497.87**
Adjustments for:		
Interest Cost	874.56	-
Gratuity Provision	9.92	6.93
Interest Income	(26.53)	-
Profit on sale of fixed asset	(0.64)	(8.74)
Depreciation and Amortisation Expense	346.94	253.26
Operating Profit Before Working Capital Changes	**6,471.42**	**3,749.32**
Adjusted for (Increase)/Decrease in operating assets		
Inventories	(996.12)	(1,663.60)
Trade Receivables	(8,641.54)	(2,445.33)
Loans and Advances	(2,098.43)	(1,588.13)
Other Current Assets (Including Other Bank balances)	(57.42)	(416.66)
Adjusted for Increase/(Decrease) in operating liabilities:	-	-
Trade Payables	(301.16)	1,397.34
Other Current Liabilities & Provisions	935.16	(260.11)
Cash Generated From Operations Before Extra-Ordinary Items	**(4,688.09)**	**(1,227.17)**
Net Income Tax paid/ refunded	(1,057.15)	(467.19)
Net Cash Flow from/(used in) Operating Activities: (A)	**(5,745.24)**	**(1,694.36)**
Purchase of property, plant & equipment and intangible assets	(1,715.42)	(567.31)
Sales of property, plant & equipment and intangible assets	4.20	11.50
Capital advances	-	-
Interest Income Received	26.53	-
Investment in other Body Corporate	(500.00)	-
Net Cash Flow from/(used in) Investing Activities: (B)	**(2,184.69)**	**(555.81)**

STATEMENT OF CONSOLIDATED CASH FLOW (Contd.)

(₹ In Lacs)

Particulars	As at March 31, 2026	As at March 31, 2025
Cash Flow from Financing Activities:		
Proceeds / (repayment) from Borrowings (Net)	833.27	(557.14)
Fresh shares issued during the year	8,887.23	2,989.96
Interest Cost	(874.56)	-
Net Cash Flow from/(used in) Financing Activities (C)	**8,845.94**	**2,432.82**
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	916.01	182.65
Cash & Cash Equivalents As At Beginning of the Year	392.21	209.56
Cash & Cash Equivalents As At End of the Year	**1,308.22**	**392.21**
Component of cash and cash equivalent consist of :		
Cash-in-Hand	-	0.54
Bank Balance	401.94	234.26
Fixed Deposits (having original maturity of less than 3 months)	906.28	157.41
Total	**1,308.22**	**392.21**

For **M/S. Varadarajan & Co**
Chartered Accountants
FRN - 004515S

V. Sa[illegible]pan
Partner
Mem No- 022618
UDIN - 26022618YMJPCZ2105

Place : Chennai
Date : 30/05/2026

For and on behalf of the Board of Directors of
Airfloa Rail Technology Limited

Dakshinamoorthy Venkatesan
(Chairman and Managing Director)
DIN - 00232210

Dakshna Moorthy Manikandan
(Joint Managing Director)
DIN - 00232275

Papa Sanjeevi Karunakaran
(Chief Finance Officer)
PAN - AZWPK0854H
Place : Chennai
Date : 30/05/2026

CS Haraprasad [illegible]ut
(Company Secretary)
M.No - ACS18749

AIRFLOA RAIL TECHNOLOGY LIMITED

(Formerly known as Airflow Equipments (India) Private Limited)
No. 9, Chelliamman Koil Street, Keelkattalai, Chennai – 600 117
CIN: L30204TN1998PLC041571
Website: http://airflow.co.in/
Email: airflow1998@hotmail.com
Mob: +91 9384870774

COMPANY PROFILE

Airfloa Rail Technology Limited ("The Company") was incorporated under Companies Act, 1956 with CIN - U29309TN1998PTC041571 on 14th December 1998 as "Airflow Equipments India Private Limited". The name of the company was changed to Airfloa Rail Technology Private Limited on 27th August 2024 as to align towards the business of the company. The company further converted into a Public Limited (CIN: U30204TN1998PLC041571) on 15th November 2024.

During the year, Company has been listed on SME platform of Bombay Stock Exchange (BSE) on 18th September, 2025 by way of Initial Public Offer ("IPO") of 65,07,000 fully-paid-up equity shares of face value ₹10 each at a premium of ₹130 each and Corporate Identification Number of the Company is L30204TN1998PLC041571.

The Company is engaged in the business of manufacturing, supplying and installation of railway and railway rolling stock components, including engineering, design, fabrication, assembly and execution of turnkey projects. The Company undertakes development, manufacture and supply of a wide range of railway components and assemblies, including structural components, interior and exterior components, doors, windows, seats, luggage racks, partitions, FRP components, train set components and other customized engineering products. The Company also undertakes engineering, design, development and execution of turnkey projects relating to railway rolling stock and allied infrastructure.

The Consolidated Financial Statements are approved for issue by the Company's Board of Directors on May 30, 2026.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2026

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES UNDER ACCOUNTING STANDARDS

1. AS 1 - DISCLOSURE OF ACCOUNTING POLICIES:

The Statement of Assets and Liabilities of the Company as on March 31, 2026, and the Statement of Profit and Loss and Statement of Cash Flows for the financial year ended on March 31, 2026 and the annexure thereto (collectively, the "Financial Statements") have been compiled by the management from the Financial Statements of the Company for the financial year ended on March 31, 2026.The Financial Statements have been prepared in accordance with Indian Generally Accepted Accounting Principles (IGAAP) under historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards prescribed by the Companies (Accounting Standards) Rules, 2021.

2. AS 2 – ACCOUNTING FOR INVENTORIES:

(a) The Company's Closing Stock of Raw Materials is valued at Cost.

(b) Closing Stock of Finished Goods is valued at Cost or Net Realizable Value whichever is lower.

(c) Cost includes Cost of Conversion and Other Costs incurred in bringing the inventories to their present location and condition. Cost is ascertained on FIFO Method.

3. AS 3 - CASH FLOW STATEMENT:

The Cash Flow Statement for the year ended 31.03.2026 has been prepared in accordance with the applicable Accounting Standards.

4. AS 4- CONTINGENCIES & EVENTS OCCURRING AFTER THE BALANCE SHEET DATE:

There are no material contingencies or events occurring after the Balance Sheet date that would have a material impact on the financial position of the Company. Details of contingent liabilities, as applicable, are disclosed in the Notes to the Financial Statements.

5. AS 5- NET PROFIT OR LOSS FOR THE YEAR, PRIOR PERIOD ITEMS AND CHANGES IN ACCOUNTING POLICIES:

During the year under review there was no extraordinary items. Significant Accounting policies applied are consistent with those applied in the previous year.

6. AS 7- CONSTRUCTION CONTRACTS:

The Company is not engaged in any construction business covered by this Standard.

7. AS 9- REVENUE RECOGNITION:

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and can be reliably measured.

(a) Sales of goods

Revenue from sale of goods is recognized on dispatch of materials & on raising of Invoice on the customers where in all significant risks and rewards of ownership is transferred to the buyer. Sales are stated net of trade discount and duties.

(b) Service Income

Service income is recognized as per the terms of the contract when the related services are rendered.

(c) Interest income

Interest income is recognized on time proportion basis.

(d) Other Income

Other income, if any, recognized based on certainty of receipts and on accrual basis.

8. AS 10 – PROPERTY PLANT AND EQUIPMENT:

(a) The Company has provided depreciation under the 'written down' method as per the estimated useful lives as specified in Schedule II of the Companies Act 2013. Depreciation on new assets acquired during the year is provided from the date of acquisition to the end of the financial year. In respect of the assets sold during the year, depreciation is provided from the beginning of the year till the date of its disposal. Residual values of assets are measured at not more than 5% of their original cost. Individual low-cost assets (acquired for less than 5000) are depreciated within a year of acquisition.

(b) Title deeds of all the immovable properties (Other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company

(c) Depreciation on PPE provided as per the Useful Lives prescribed under Companies Act, 2013, using WDV Method. In respect of PPE items added during the year if any, Depreciation is charged based on the number of days that PPE Item is in use. No Depreciation is charged on PPE Items not installed till the end of the financial year.

9. AS 11 -ACCOUNTING FOR EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES:

(a) The Company has been complying with the accounting treatment in respect of its foreign currency transactions as specified under Accounting Standard 11, the Effect of Changes in Foreign Exchange Rates.

(b) Gain arising if any, on Forex transaction has been credited in the Profit & Loss Account.

10. AS 12- ACCOUNTING FOR GOVERNMENT GRANTS:

The Company has not received any Government Grants during the Current Financial Year or during Previous Financial Year.

11. AS 13- ACCOUNTING FOR INVESTMENTS:

Long Term Investments, if any, are stated at cost. No provision is made for temporary decline in the value of Long–Term Investments. Income from Investments, wherever applicable, is credited to P&L Account.

12. AS 14- ACCOUNTING FOR AMALGAMATION:

This standard is not applicable to the company for the year under review and also for the previous year.

13. AS 15- EMPLOYEE BENEFITS:

(a) Short Term Employee Benefits: Short-term Employee Benefits, including accumulated compensated absences, if any, at the Balance Sheet date, are recognized as an expense, on an undiscounted basis.

(Amounts in ₹ Lakhs)

Particulars	31.03.2026	31.03.2025
A. To KMP (Directors Remuneration) – See AS - 18 below.	227.10	148.60
B. To Employees (Wages, Bonus & Contribution for ESI & EPF)	1,533.82	1,103.59
C. Sub–Total	**1,760.92**	**1,252.19**

(b) Defined Contribution Plan:

The Company is covered by the Employees' Provident Fund & Miscellaneous Provisions Act, 1952 and Employees' State Insurance Act, 1948. The details of Employers' Contribution are as under:

(Amounts in ₹ Lakhs)

Particulars	31.03.2026	31.03.2025
ESI Contribution	8.75	5.04
EPF Contribution	52.99	31.61

The above contributions are recognized as an expense in the Profit and Loss Account.

(c) **Defined Benefit Plans:** Gratuity liability in respect of each Financial Year is determined by Kapadia Global Actuaries and provisions for such amount is provisioned in the books of accounts of the company. Actuarial Valuation report has been obtained & details of valuation are as below:

Details of Change in defined Benefit Obligation

(₹ In Lacs)

Particulars	31-Mar-2026	31-Mar-2025
Present value of unfunded obligations	197.96	188.04
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Unrecognised Past Service Cost	-	-
Net Liability (Asset)	**197.96**	**188.04**

Expense Recognition in the Statement of Profit & Loss

Particulars	31-Mar-2026	31-Mar-2025
Current service cost	8.21	16.18
Interest on obligation	8.30	9.38
Expected return on plan assets	-	-
Net actuarial loss/(gain)	(6.59)	(18.64)
Recognised Past Service Cost-Vested	-	-
Recognised Past Service Cost-Unvested	-	-
Loss/(gain) on curtailments and settlement	-	-
Total included in 'Employee Benefit Expense'	**9.92**	**6.93**
Short Provision	-	-
Net included in 'Employee Benefit Expense'	**9.92**	**6.93**

14. AS 16-BORROWING COSTS:

Borrowing Costs are capitalized as part of the cost of Qualifying Asset when it is possible that they will result in future economic benefits and the cost can be measured reliably. Other Borrowing Costs are recognized as an Expense in the period in which they are incurred. No Borrowing Cost has been capitalized in the current year or in the previous financial year.

15. AS 17-SEGMENT REPORTING:

AS – 17 is not applicable for the Company, since the Company does not have more than one segment.

16. AS 18-RELATED PARTY DISCLOSURES:

(a) List of Related Parties and the nature of relationship with Related Parties (where such control exists) is –

Name of Related Party	Nature of Relationship
D Venkatesan	Chairman and Managing Director of the company
D Manikandan	Joint Managing Director of the company
Nanthini Manikandan	Director of Company of the company
Venkatesan Sathishkumar	Director of Company of the company
Apura Energy Private Limited	Concern Controlled by Director of Company
Airflow Energy Solutions Private Limited	Concern Controlled by Director of Company
Airflow Dafeng Rail Equipments Private Limited	Concern Controlled by Director of Company
Nautone Private Limited	Concern Controlled by Director of Company
Apex Material Sciences	Concern Controlled by Director of Company
Bharani Engineering Industries Private Limited	Concern Controlled by Director of Company
Airtrec Equipments (Prop: Revathi Venkatesan)	Relative of Director of Company
Raghavendra Industries	Concern Controlled by relative of Director of Company
Starkeon Engineering Private Limited	Concern Controlled by relative of Director of Company

Name of Related Party	Nature of Relationship
Papa Sanjeevi Karunakaran	Chief Finance Officer
CS Sivakumar Thygarajan	Company Secretary w.e.f 12/12/2024 and resigned on 13/11/2025
CS Haraprasad Rout	Company Secretary w.e.f 14/11/2025

(b) Transactions with related parties (Previous year figures are in brackets) (Amounts in ₹ Lakhs)

Name of Related Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year ended March 31, 2026	Amount outstanding as on March 31, 2026 (Payable)/ Receivable	Amount of transaction during the year ended March 31, 2025	Amount outstanding as on March 31, 2025 (Payable)/ Receivable
Dakshinamoorthy Venkatesan	Promotor / Managing director	Rent	15.60	-	11.40	-
		Remuneration	75.00	-	66.30	-
		Advance repaid	-	-	456.90	-
		Advance given	-		264.22	
		Loan Received	47.00	36.32	456.90	-
		Loan Repaid	8.09		264.22	
		Reimbursement of Expenses	5.28		12.57	
Dakshinamoorthy Manikandan	Promotor / Joint Managing director	Rent	11.40	-	11.40	-
		Remuneration	75.00	-	66.30	-
		Advance repaid	-	-	664.41	-
		Advance given	-		596.96	
		Loan Received	62.20	3.62	-	-
		Loan Repaid	60.43		-	
		Reimbursement of Expenses	6.92		7.28	
V Revathi	Relative of director	Rent	8.40	0.63	8.40	-
		Loan taken	-	-	-	-
		Loan Repaid	-		28.15	
Airtrec Equipments	Controlled by Relative of Director	Advance repaid	-	-	43.28	-
		Advance given	-		12.20	
Venkatesan Sathishkumar	Relative of director & Whole-time director w.e.f 24/7/2024	Remuneration	24.00	-	16.00	-
Manikandan Nanthini	Relative of director & Non executive Director w.e.f 24/7/2024	Rent	8.40	0.76	8.40	-
		Sitting Fees	8.55	0.5		-
		Loan taken	-	-	24.12	-
		Loan repaid	-			
Airflow Energy Solutions Private Limited	Controlled by Director of Company	Advance repaid	-	5.74	20.00	5.74
		Advance given	-		-	

Name of Related Party	Nature of Relationship	Nature of Transaction	Amount of transaction during the year ended March 31, 2026	Amount outstanding as on March 31, 2026 (Payable)/ Receivable	Amount of transaction during the year ended March 31, 2025	Amount outstanding as on March 31, 2025 (Payable)/ Receivable
Apex Material Sciences	Controlled by Relative of Director of Company	Advance repaid	-	121.45	0.02	121.45
		Advance given	-		-	
Nautone Private Limited	Controlled by Relative of Director of Company	Advance repaid	-	38.00	-	38.00
		Advance given	-		-	
Bharani Engineering Industries Private Limited	Controlled by Relative of Director of Company	Advance given	55.00	(141.75)	-	(17,231)
		Advance Repaid	85.56		-	
		Sales of goods	-		-	
		Purchase of goods	-		-	
Papa Sanjeevi Karunakaran	CFO w.e.f 01/07/2024	Salary expense	7.44	(0.62)	7.44	(0.62)
CS Haraprasad Rout	Company Secretary and Compliance Officer w.e.f 14/11/2025	Salary expense	4.58	(0.92)	-	-
CS Sivakumar Thygarajan	Company Secretary and Compliance Officer w.e.f 12/12/2024	Salary Expenses	5.58	-	1.95	(0.75)
Raghavendra Industries	Controlled by Relative of Director of Company	Sales of goods	10.42	400.00	201.01	746.35
		Purchase of goods	77.40		67.73	
		Advance repaid	302.50		-	
		Advance given	23.13		-	
Starkeon Engineering Private Limited	Controlled by Relative of Director of Company	Advance Given	29.66	29.69	-	-
		Capital Advance Given	11.68		7,253	198.35
		Purchase of Capital Assets	210.00		-	

17. AS 19- LEASES:

The Company has entered into lease agreements for its **office premises and manufacturing facilities**. The lease rentals are recognized as an expense in the Statement of Profit and Loss over the lease period in accordance with the applicable provisions of **AS 19 – Leases**.

18. AS 20-EARNINGS PER SHARE:

EPS is calculated by considering the Net Profit after Tax, divided by the number of Equity Shares outstanding as at the Balance Sheet date. The Basic and Diluted EPS for the year is disclosed on the face of the Profit or Loss Account.

Calculation of Earnings Per Share (EPS)

Period	2025-26	2024-25
Basic EPS		
Net Profit (in Lacs)	3,915.22	2,578.27
Weighted Average number of equity shares	2,09,74,951	1,63,41,402
Basic EPS	**18.67**	**15.78**
Diluted EPS		
Net Profit (in Lacs)	3,915.22	2,578.27
Diluted Weighted Average number of equity shares	2,09,74,951	1,63,41,402
Diluted EPS	**18.67**	**15.78**

19. AS 21- CONSOLIDATED FINANCIAL STATEMENTS:

During the financial year the Company has a subsidiary, Sree Dakssanna Aerospace & Defence Private Limited, which is engaged in manufacturing and supply of components for aerospace and defence applications. Accordingly, the Consolidated Financial Statements of the Company have been prepared in accordance with the applicable Accounting Standard on Consolidated Financial Statements (AS-21). The consolidated results present the financial position and performance of the Company along with its subsidiary as a single economic entity.

The Parent holds **79.20% equity shares** in the Subsidiary and exercises control over its Board and operations. The financial statements of the Parent and the Subsidiary have been combined on a **line-by-line basis**, and inter-company balances and transactions have been fully eliminated on consolidation.

Investment in Subsidiary

The Company holds **79.20% equity shares** in **Sree Dakssnaa Aerospace & Defence Private Limited**, making it a subsidiary within the meaning of Section 2(87) of the Companies Act, 2013. The details of investment are as under:

Particulars	FY 2025-26	FY 2024-25
Number of Shares Held	9,900	9,900
% of Holding	79.20%	79.20%
Amount of Investment (at Cost)	99,000	99,000
Nature of Relationship	Subsidiary (Company exercises control over the Board and operations)	Subsidiary (Company exercises control over the Board and operations)

Additional Disclosures:

- The financial results of the subsidiary have been consolidated in accordance with AS-21 in the Consolidated Financial Statements.
- No impairment loss has been recognized on the investment in subsidiary as at March 31, 2026.

20. AS 22- ACCOUNTING FOR TAXES ON INCOME:

The Company adopts AS – 22 in Accounting for Taxes on Income. The material items of Deferred Tax (Assets or Liabilities) have been recognized as at the end of the year under Report. Current Tax Expense for the year includes Tax, Cess and Interest thereon. The details of Current and Deferred Tax are as under –

Particulars (Amount in Lakhs.)	Current Year	Previous Year
1. Current Tax	1295.99	953.17
2. Deferred Tax Items –		
(a) On Account of Depreciation	83.95	(15.10)
(b) On Account of Gratuity	(49.82)	-
(c) On Account of Income tax disallowance	-	-
3. Short/Excess provision for tax for previous period	22.35	(17.13)

21. AS 23- ACCOUNTING FOR INVESTMENTS IN ASSOCIATES IN CONSOLIDATED FINANCIAL STATEMENTS:

This Standard is not applicable to the Company for the year under review.

22. AS 24- DISCONTINUING OPERATIONS:

This Standard is not applicable to the Company for the year under review.

23. AS 25- INTERIM FINANCIAL REPORTING:

The Company has prepared an interim financial report for the period ended September 2025 during the year under review. Accordingly, the provisions of AS 25 – Interim Financial Reporting are applicable to the Company in respect of such interim financial reporting.

24. AS 26- INTANGIBLE ASSETS:

(a) All Intangible items of Property Plant and Equipment (PPE) are stated in the Balance Sheet at Historical Cost less accumulated depreciation thereof. Historical Cost of PPE includes acquisition and construction cost, and payments made to Asset Vendor, and directly attributable cost of bringing the asset to its working condition for its intended use.

(b) Depreciation on PPE provided as per the Useful Lives prescribed under Companies Act, 2013, using WDV Method. In respect of PPE items added during the year if any, Depreciation is charged based on the number of days that PPE Item is in use. No Depreciation is charged on PPE Items not installed till the end of the financial year.

25. AS 27- FINANCIAL REPORTING OF INTEREST IN JOINT VENTURES:

This Accounting Standard is not applicable to the company as the Company has not entered into any Joint Venture.

26. AS 28- IMPAIRMENT OF ASSETS:

As on the Balance Sheet date, the Carrying Amount of the Assets, net of Accumulated Depreciation, is not less than the Recoverable Amount of such assets. Hence there is no Impairment Loss on the Assets of the Company.

27. AS 29-PROVISIONS AND CONTINGENT LIABILITIES:

Provisions have been made in the books of accounts wherever applicable, where the outflow of economic resources from the Company is probable and quantifiable.

Claims against the company not acknowledged as debt.

Show-cause notices issued by various Government Authorities are generally not considered as obligations. When the demand notices are raised against such show cause notices and are disputed by the Company, these are classified as contingent liabilities.

(i) The GST Department has raised demand of ₹20,01,526/- vide Order No. 527/2024 - SUPDT dated. August 20, 2024 issued u/s 73 (9) of the Central Goods & Service Act, 2017 and Tamil Nadu Goods & Service Act, 2017; against which the company has filed an appeal to the appellate authority dated November 26, 2024.

(ii) The GST Department has raised demand of ₹19,87,584/- vide Order No. 17/2024 - SUPD dated. February 27, 2024 issued u/s 73 (9) of the Central Goods & Service Act, 2017 and Tamil Nadu Goods & Service Act, 2017; against which the company has filed an appeal to the appellate authority dated June 21, 2024

(iii) The GST Department has raised demand of ₹38,38,488/- vide Order No. 30/2025- SUPD dated. March 24, 2025 issued u/s 73 (9) of the Central Goods & Service Act, 2017 and Tamil Nadu Goods & Service Act, 2017; against which the company has filed a reply on 18/04/2025 and is awaiting personal hearing for the same.

(iv) RoC Chennai vide Adjudication Order dated 20/01/2026 passed under Section 454 of the Companies Act, 2013 ('The Act') imposed a penalty of ₹17,27,343/- on the Company for non-compliance with the provisions of Section 135(5) and Section 135(6) of the Act for the FY-2019-20. The Company has filed an appeal against the adjudication order before the Hon'ble Regional Director, Southern Region, Ministry of Corporate Affairs, vide SRN AC2562921 dated March 6, 2026.

(v) RoC Chennai vide Adjudication Order dated 07/01/2026 passed under Section 454 of the Companies Act, 2013 ('The Act') imposed a penalty of ₹25,99,631/-on the Company for non-compliance with the provisions of Section 135(5) and Section 135(6) of the Act for the FY-2020-21. The Company has filed an appeal against the adjudication order before the Hon'ble Regional Director, Southern Region, Ministry of Corporate Affairs, vide SRN AC2562861 dated March 6, 2026.

(vi) RoC Chennai vide Adjudication Order dated 07/01/2026 passed under Section 454 of the Companies Act, 2013 ('The Act') imposed a penalty of ₹27,12,722/-on the Company for non-compliance with the provisions of Section 135(5) and Section 135(6) of the Act for the FY-2021-22. The Company has filed an appeal against the adjudication order

before the Hon'ble Regional Director, Southern Region, Ministry of Corporate Affairs, vide SRN AC2562670 dated March 6, 2026.

(vii) RoC Chennai vide Adjudication Order dated 07/01/2026 passed under Section 454 of the Companies Act, 2013 ('The Act') imposed a penalty of ₹19,64,272/-on the Company for non-compliance with the provisions of Section 135(5) and Section 135(6) of the Act for the FY-2022-23. The Company has filed an appeal against the adjudication order before the Hon'ble Regional Director, Southern Region, Ministry of Corporate Affairs, vide SRN - AC2562117 dated March 6, 2026.

28. PREVIOUS YEARS' FIGURES have been re–grouped and re–aligned wherever appropriate, to facilitate better comparison. Consequent to Schedule III mandatory requirement, figures have been rounded off in ₹ thousands and the summations / differences are to be construed accordingly.

29. AS 30, 31 & 32- FINANCIAL INSTRUMENTS-RECOGNITION AND MEASUREMENT, PRESENTATION AND DISCLOSURE:

These Standards are not applicable to the Company for the year under review.

30. OTHER INFORMATION:

A. Details of Shareholders:

Note: This is also the Shareholding of Promoters & Directors.

No.	Name	Folio No.	No. of Shares held	% Shares	Class of Shares	On 31/03/2026
1.	D Venkatesan	1	64,95,996	27.10%	Equity Share	Managing Director
2.	D Manikandan	3	64,95,999	27.10%	Equity Share	Joint Managing Director
	Total		**1,29,91,995**	**54.20%**		

Note: This is also the Shareholding of Promoters & Directors

B. Disclosure under Micro, Medium and Small Enterprises Development Act, 2006 (MSMED Act)

Financial Year ending on (₹ In '000s)	31.03.2026	31.03.2025
1. Principal Amount and Interest due thereon (to be shown separately) remaining unpaid to any Supplier as at the end of the accounting year		
Principal Amount due to Creditors being Micro and Small Enterprises	2.64	35.07
Principal Amount due to Creditors other than Micro and Small Enterprises	6,088.88	6,357.63
Interest due thereon	NIL	NIL
2. Interest paid by the Company in terms of Section 16 under MSMED Act, along with the amounts of the payment made to the Supplier beyond the appointed day during each accounting year.	NIL	NIL
3. Amount of Interest Due and Payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	3.00	38.59
4. Amount of Interest Accrued and remaining unpaid at the end of each accounting year	3.00	38.59
5. 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 the Small Enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act.	NIL	NIL

C. Borrowings Usage for Specified Purpose: The Company has got long–term / short–term Borrowings from Banks and Financial Institutions as on the Balance Sheet date. These amounts of Borrowings from Banks and Financial Institutions have been used for the specific purpose for which it was taken.

31. ADDITIONAL REGULATORY INFORMATION relating to Balance Sheet Items:

A. Title Deeds of Immovable Property: The Company has Immovable Property as on the Balance Sheet date.

B. Revaluation of PPE: The Company has not revalued its Property, Plant and Equipment during the current financial year ending on 31st March. Hence, the reporting relating to whether the revaluation is based on the valuation by a Registered Valuer as defined under Rule 2 of the Companies (Registered Valuers and Valuation Rules 2017, does not arise for this Company.

C. Advances given to Promoters, etc.: There are no Loans and Advances in the nature of Loans are granted to Promoters, Directors, KMPs and the Related Parties (as defined under Companies Act, 2013.) either severally or jointly with any other person, that are: (a) repayable on demand or (b) without specifying any terms or period of repayment, during the current financial year or during the previous financial year. Balances with related party is disclosed in Notes to Financial Statements.

D. Capital WIP: The Company has Capital Work-in-Progress amounting to ₹180.50 Lakhs as at the reporting date. The aging is as follows:

Capital WIP	Amount (₹ in lakhs)
Less than 1 year	180.50
1-2 years	-
2-3 years	-
More than 3 years	-
Total	**180.50**

The Company has purchased a "COSMOS Maximus CNC Double Column Machining Center" to enhance operational efficiency and strengthen its manufacturing capabilities. As at the Balance Sheet date, the machinery had been delivered to the Company's manufacturing facility and was under installation and commissioning. Accordingly, the same was classified as Capital Work-in-Progress (CWIP) as at the reporting date.

E. Intangibles under Development: There are no items of Intangible Assets under development. Hence, the details pertaining to Ageing Schedule of Intangible Assets under development does not arise for this Company.

F. No Benami Property: The Company does **not** have any item in respect of Benami Property held. There are **no** proceedings initiated or pending against the Company under the Benami Transactions (Prohibition) Act, 1988 and the Rules made thereunder.

G. Quarterly Statement of Current Assets: The Company has Bank Working Capital Facilities from Banks or Financial Institutions on the basis of security of Current Assets, and also secured by its Movable and Immovable Properties. The Quarterly Returns or Statements of Current Assets are in agreement with the Books of Accounts of the Company.

H. Not Wilful Defaulter: The Company has **NOT** been declared as a Wilful Defaulter by any Bank of Financial Institutions or Other Lender during the current financial year or during the previous financial year. Hence, the reporting relating to Wilful Defaulter does not arise for this Company.

I. Relationship with Struck Off Companies: The Company does not have any transaction or other relationship with struck–off Companies, to the extent of the knowledge of the Board.

J. Charges / Satisfaction: In respect of Loans closed, the Company has obtained No Due Certificates from Lenders and filed the satisfaction of charges with the Registrar of Companies as on date of this report.

K. Layers of Companies: The Company does not have any related layer of Companies. Hence, the reporting as to compliance with Number of Layers prescribed under Clause (87) of Section 2 of the Act read with the Companies (Restriction of number of Layers) Rules, 2017, does not apply to this Company.

L. Approved Scheme(s) or Arrangement(s): The Company has no scheme(s) of arrangements as approved by the competent authority in terms of Sections 230 to 237 of the Companies Act, 2013, that requires reporting and disclosure.

M. Usage of Borrowed Funds and Share Premium:

(a) The Company has not advanced or loaned or invested funds (either Borrowed Funds or Share Premium or any other sources or kind of funds) to any other Person (s) or Entity (ies), including Foreign Entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary will : (i) 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 (ii) provide any guarantee, security or the like to or behalf of the Ultimate Beneficiaries.

(b) 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 (i) 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 (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

32. ADDITIONAL INFORMATION relating to Statement of Profit & Loss Items:

A. Reserves for Specific Liability, etc.: (a) There are no material amounts set aside or proposed to be set aside, to Reserve, but not including Provisions made to meet any Specific Liability, Contingency or Commitment known to exist at the date as to which the Balance Sheet is made up. (b) Also, no material amounts have been withdrawn from any such Reserves.

B. Provisions for Specific Liability, etc.: (a) There are no material amounts set aside to Provisions made for meeting Specific Liabilities, Contingencies or Commitments. (b) Also, no material amounts have been withdrawn from such Provisions, as no longer required.

C. Foreign Currency Payments / Imports / Dividends, etc:

(₹ In Lacs)

Particulars	Current Year2026	Last Year
Value of Imports calculated on C.I.F basis by the Company during the financial year in respect of – I. Raw Materials II. Components and Spare Parts III. Capital Goods	243.62	735.81
Expenditure in Foreign Currency during the financial year on account of Royalty, Know–How, Professional and Consultation Fees, Interest, and other matters	NIL	NIL
Total Value of all imported Raw Materials, Spare Parts and Components consumed during the financial year and the Total Value of all indigenous Raw Materials, Spare Parts and Components similarly consumed and the % of each to the Total Consumption		
Imported Raw Materials	1.20%	5.51%
Indigenous Raw Materials	98.80%	94.49%
Amount remitted during the year in Foreign Currencies on account of Dividends with a specific mention of the Total Number of Non–Resident Shareholders, the Total Number of Shares held by them on which the Dividends were due and the year to which the Dividends related	NIL	NIL

D. Foreign Currency Earnings:

Earnings in Foreign Exchange classified under the following heads –	Current Year	Last Year
I. Export of Goods calculated on F.O.B. basis	-	-
II. Royalty, Know–How, Professional and Consultation Fees	-	-
III. Interest and Dividend	-	-
IV. Other Income, indicating the nature thereof.	-	-

E. Undisclosed Income: There is no transaction 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).There is no material item of previously unrecorded income and related assets that have been properly recorded in the books of account during the year.

F. Corporate Social Responsibility (CSR): In accordance with the provisions of Section 135 of the Companies Act, 2013, (Act) the Company is required to undertake Corporate Social Responsibility (CSR) activities, and incur CSR Expenditure as per the provisions of the Act, provided the Company meets the specified criteria / thresholds with respect to the profits or turnover or net worth in the immediately preceding financial year.

a	amount required to be spent by the company during the year		37,74,273
b	amount of expenditure incurred		38,00,000
c	shortfall at the end of the year		NIL
d	total of previous years shortfall		NIL
E	reason for shortfall,		NA
F	nature of CSR activities	The company has spent during the year spe 1. ₹9,00,000 to Vidhya Sagar Trust towards promoting education and livelihood of orphan children. 2. ₹10,00,000 to Paradise Home towards promotion of improvement of livelihood of elderly. 3. ₹19,00.000 to Satyam Sri Trust towards Empowering Women and Youth, Serving Rural and Remote Communities, Fostering Child Welfare, Enhancing Community Health.	
g	details of related party transactions, i.e., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard		NIL
h	where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.		NA

G. Key Performance Indicators (₹ in Lakhs except per share data and ratios)

Key Performance Indicator	For the year ended March 31, 2026	For the year ended March 31, 2025
Revenue from Operations [1]	31,959.76	19,238.70
Growth in revenue from operations (%)	66.12%	61.26%
Total Income [2]	32,007.20	19,266.26
EBITDA [3]	6,472.57	4,859.51
EBITDA Margin (%) [4]	20.22%	25.22%
profit for the year [5]	3,915.22	2,578.27
profit for the period/year Margin/ PAT Margin (%) [6]	12.23%	13.38%
Networth [7]	23,677.80	10,875.38
Return on Net Worth (%) [8]	16.54%	23.71%
Return on Average Equity ("RoAE") (%) [9]	22.66%	31.28%
Return on Capital Employed ("RoCE") (%) [10]	19.99%	27.15%
Net Asset Value Per Share (₹) (Post - Bonus) [11]	112.89	62.28
Debt- Equity Ratio [12]	0.29	0.55

(₹ In Lakhs, except per share data and ratios)

Particulars	For the year ended March 31, 2026	For the year ended March 31, 2025
Profit after Tax as per Profit & Loss Statement (A)	3,915.22	2,578.27
Tax Expense (B)	1,352.47	920.94
Depreciation and amortization expense (C)	346.94	253.27
Interest Cost (D)	857.95	1,107.03
Weighted Average Number of Equity Shares at the end of the Year (Pre Bonus) (E-1)	2,09,75,951	1,63,41,402
Weighted Average Number of Equity Shares at the end of the Year (Post Bonus) (E-2)	2,09,75,951	1,63,41,402
Number of Equity Shares outstanding at the end of the Year (Pre-Bonus) (F-1)	2,39,69,954	1,74,62,954
Number of Equity Shares outstanding at the end of the Year (Post-Bonus) (F-2)	2,39,69,954	1,74,62,954
Nominal Value per Equity share (₹) (G)	10	10
Net Worth of Equity Share Holders as per Statement of Assets and Liabilities (H)	23,677.80	10,875.38
Net-Assets as per Statement of Assets and Liabilities (I)	23,677.80	10,875.38
Current Assets (J)	33,442.90	20,970.53
Current Liabilities (K)	15,806.27	14,42,035
Earnings Per Share - Basic & Diluted1 & 4 (₹) (Pre-Bonus)	**18.67**	**15.78**
Earnings Per Share - Basic & Diluted1 & 4 (₹) (Post-Bonus)	**18.67**	**15.78**
Return on Net Worth1 (%)	**16.54%**	**23.71%**
Net Asset Value Per Share1 & 4 (₹) (Pre - Bonus)	**112.89**	**62.28**
Net Asset Value Per Share1 & 4 (₹) (Post - Bonus)	**112.89**	**62.28**
Current Ratio1	**2.12**	**1.45**
Earning before Interest, Tax and Depreciation and Amortization1 (EBITDA)	**6,472.57**	**4,859.51**

H. Crypto / Virtual Currency: The Company has not traded or invested in Crypto Currency or Virtual Currency during the current financial year or preceding financial year.

For **M/S. Varadarajan & Co**
Chartered Accountants
FRN - 004515S

V. Sa[illegible]pan
Partner
Mem No- 022618
UDIN - 26022618YMJPCZ2105

Place : Chennai
Date : 30/05/2026

For and on behalf of the Board of Directors of
Airfloa Rail Technology Limited

Dakshinamoorthy Ve[illegible]tesan
(Chairman and Managing Director)
DIN - 00232210

Dakshna Moo[illegible]Manikandan
(Joint Managing Director)
DIN - 00232275

Papa Sanjeevi Karunakaran
(Chief Finance Officer)
PAN - AZWPK0854H

CS Haraprasad Rout
(Company Secretary)
M.No - ACS18749

Place : Chennai
Date : 30/05/2026