



FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To
The Members of
M/s. ARMOURED VEHICLES NIGAM LIMITED

Report on the Audit of Financial Statements

Reason for Revision

Pursuant to the observations from the O/o the Comptroller and Auditor General of India (C&AG), the financial statements of the Company have been revised which resulted in revised profit after tax of Rs. 33,492.69 Lakhs and revised total assets of Rs. 23,90,336.33 Lakhs. The revised financial statements have been approved by the Board of Directors in their meeting held on 31st July 2025. Accordingly, the revised Independent Auditors' Report supersedes our report dated 26th June 2025.

Qualified Opinion

We have audited the accompanying financial statements of **M/s. Armoured Vehicles Nigam Limited** ("the Company") ("AVNL"), which comprise the Balance Sheet as at March 31, 2025, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows for the year ended, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements") which incorporated the results for the year ended on that date audited by the unit auditors of the Company's units, Engine Factory (EF) & Heavy Vehicles Factory (HVF) situated in Tamil Nadu, Machine Tools Prototype Factory (MTPF) in Maharashtra, Ordnance Factory Medak (OFMK) in Telangana and Vehicle Factory Jabalpur (VFJ) in Madhya Pradesh.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in Basis for Qualified Opinion paragraph, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act



read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs (financial position) of the Company as at March 31, 2025, its profit and total comprehensive income (financial performance), statement of changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. In the books of units of MTPF, VFJ & HVF, Unit Auditors have Qualified the Accounts that the Company has sent the letters and emails for the balance confirmations for Sundry Debtors, Sundry Creditors, Advances and Deposits and the Company has received confirmation from few parties. Wherever the statements are received significant variations are observed which needs reconciliation and most of the Sundry Debtors and Sundry Creditors contains the government organizations/military institutions from which confirmations were not received. The impact of the same on profit or loss cannot be ascertained by them for their respective branches.
2. HVF Unit has sundry creditors and debtors with long-outstanding and negative balances: Creditors Rs. 3,860 Lakhs, Debtors Rs. 13,955 Lakhs and accounts with no movement – Creditors Rs. 3,212 Lakhs, Debtors Rs. 3,118 Lakhs. These irregular balances indicate potential misstatements in liabilities and receivables. No adequate justification or reconciliation was provided by management.
3. The inventory of OFMK Unit includes Stock under inspection (which includes Items for which Inward Gate Pass (IGP) is made but Receipt Voucher (RV) is not made), and stock received but Quality Check is not complete aggregating to Rs. 4,123.60 Lakhs. The above stock under inspection, includes Rs. 206.55 Lakhs, aged above 6 months. Reasons for long delay in completing the Quality Check and issuance of RV or intimation about the rejection to the vendors is not properly explained. Hence, we are unable to comment on it.

We conducted our audit in accordance with the Standards on Auditing (SAs), prescribed 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 ethical requirements that are relevant to our audit of the Financial Statements in terms of the 'Code of Ethics' issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 2013, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on the Financial Statements.

Emphasis of Matter

In the unit of EFA

1. Attention is drawn to Buildings Outside Factory in Note No. 3 of the Financial Statements. Rs. 267.81 Lakhs being the GST payable under RCM basis was capitalized to the building acquired from NBCC in July 2024. Depreciation of Rs. 3.27 Lakhs on account of this capitalization of GST was not charged to Profit & Loss and profit is overstated to the same extent. As the amount is not material our opinion is not qualified in respect of this matter
2. Maintenance charges and sinking fund on the above property had been charged for the whole year instead of 9 months from July 2024. This has led to understatement of profit to the extent of Rs. 4.52 Lakhs and understatement of current assets to this extent. Prepaid maintenance charges of Rs. 16.68 Lakhs has been disclosed under Other Non-Current Assets. A sum of Rs. 16.68 Lakhs should have been classified as Current Assets and Rs. 4.52 Lakhs as Non-Current Assets. As such Current Assets are understated by Rs. 16.68 lakhs and Non-Current Assets are overstated by Rs. 12.16 Lakhs. As the amounts are not material, our opinion is not qualified in respect of this matter.



3. Attention is drawn to Disclosure No. 5 under Note No. 3 of the Financial Statements, stating that Freehold land of 82.385 acres valued at Rs. 16,240.93 Lakhs were transferred from Government of India to the newly formed DPSU, Armoured Vehicles Nigam Limited. However, the transfer of Title Deeds is not complete and the Land & Buildings have been capitalized in the Books of Account of the unit based on the MoU signed between the Government of India and the Company as on 29.09.2021.
4. Attention is drawn to Disclosure No. 12 under Note No. 3 of the Financial Statements, which states that the Fixed Asset Register does not contain the breakup of the furniture and fixtures amounting to Rs.73.54 lakhs.
5. Attention is drawn to Note No. 8 of the Financial Statements, wherein a provision of Rs. 234.61 Lakhs for 'Non-Moving Items' which are non-moving for a period of more than five years. In addition, there are 'Slow Moving Inventories' valued at Rs. 900.15 Lakhs and no provision has been made for these items.
6. Attention is drawn to note no. 8 of the Financial Statements, the inventory value of product under inspection includes items for which Inward Gate Pass (IGP) is made but Receipt Voucher (RV) is not Issued and items which are received but pending Quality Check aggregates to Rs. 58.88 Lakhs. Since such inventory were not subjected to Physical Verification conducted by M/s. Praveen & Associates, the existence of these inventories is only on the basis of reliance on the representation of the Management of the unit.
7. Attention is drawn to Note No. 8 of the Financial Statements, wherein the management has stated that goods amounting to Rs. 348.33 Lakhs, dispatched from OFMK but not yet received at the EFA, have been reported under stock in transit. However, no proof of dispatch for Rs. 302.60 Lakhs has been provided to the unit auditors. Accordingly, we are unable to comment on the existence of these goods.
8. Attention is drawn to Disclosure No. 1 under Note No. 25 of the Financial Statements, wherein the liability for retirement and other post-employment benefits has not been made in the Financial Statements as per Ind AS 19. As all the employees have been transferred from the erstwhile OFB to AVNL on deemed deputation from 01/10/2021, initially for a period of 2 years, and the Ministry has agreed to bear the retirement benefits of the deputed employees and AVNL is not liable for the end of service benefits of employees who have been deputed. Letter no:1(5)/2023/Egom/OF/DP(M&P) dated 08th August 2023 from Government of India Ministry of Defence Department of Defence Production has extended the period for further period of 1-year upto October 2024 which was further extended by letter no:1(5)/2023/ECOM/Deemed Deput/OF/DP/(M&P) dated 09/09/2024 up to 31/12/2025.
9. Attention is drawn to Disclosure No. 4 under Note No. 28 of the Financial Statements stating that open litigations filed against the EFA as on 31st March 2025 includes financial claim of Rs.155.85 Lakhs. However, as per legal advice no financial liability is expected in respect of those litigations. The liability will crystallize only on completion of the legal proceedings.
10. Invoice wise ageing for trade receivables and trade payables were not made available to us. Accordingly, we are unable to comment on the accuracy of the amounts disclosed in Note 9 & Note 14 to the Financial Statements relating to ageing of such amounts.

In the unit of HVF

1. **Inventory – Stock in Transit and Stock under Inspection:** We draw attention to Note No. 8 – Inventory, certain stocks from the financial years 2021-22, 2022-23, 2023-24 and 2024-25 are in transit or under inspection or RV (Receipt Voucher) has not yet been generated. The goods valued to Rs. 210.33 Crores are under inspection and Rs. 82.96 Crores are in transit.
2. **Cash basis of accounting:** We draw attention to Note 26 of the financial statements; the Company has not consistently followed the accrual basis of accounting. License fees, labour contract payments were accounted for only upon receipt of the invoice, rather than when the services were received. Due to inadequate information on the services received for which invoices were not received, we are unable to quantify the potential liabilities related to these unbilled services. Our opinion is not modified in respect of this matter.



3. **Non reconciliation of Turnover as well as purchases claimed in the return Vs books edit in GST:** We draw attention to Note No. 12 of the financial statements, which describes the reconciliation issues related Output GST with books and Input Tax Credit (ITC) with books. The Company performed a reconciliation between Sales and GSTR-1, the purchase register from PPC and GSTR-2B, revealing differences between output liability with books and ITC availed as per books and ITC availed as per GSTR-3B. The reconciliation statement provided by management does not tally with the RV register and the books as per Tally Software. However, our opinion is not modified in respect of this matter.
4. **Adhoc provision (Creditors) in the books:** We draw attention to Note No. 17 under provisions as per the same 7.5% or 6% (with effect from Oct 2021) escalation clause is applied on all purchases made from other DPSU units on all the Deemed contracts (Grand Fathering of Indents) and provision to the extent of Rs.3464.45 Lakhs is Created in the books of accounts. This provision was made as per the letter no. MOD I.D No.4(8)/2022- NDCD/DDP received from Department of Defence production (DDP). However, we have observed no such claim/ Debit notes are issued by those respective parties. Probability of claiming an escalation clause by the respective vendors is not ascertainable.
5. **Adhoc provision (Debtors) in the books:** We draw attention to Note No. 9; as per letter No. MOD I.D No. 4(8)/2022-NDCD/DDP, the company can raise additional revenue towards profit element of 7.5% on the issue price of items under deemed contracts (Grandfathering of Indents). Accordingly, provision of profit element was added to sales to the extent of Rs. 18,221.90 Lakhs against all OE Tank sales, OH Tank sales, and spares sales. Out of the above, Rs. 11,648.64 Lakhs was transferred to the concerned parties accounts. The remaining amount is lying in the provision for a 7.5% (adhoc) increase on sales.
6. **Current Liabilities in the books with no further transactions during the year:** We draw attention to Note No. 14 & 16 which indicates liabilities of Rs. 5.04 Crores which have no movement since 2021.
7. Trade Receivables/ Ageing Analysis of trade receivables and payables as disclosed in Note No. 9 & 14 has not been correctly prepared based on the underlying records consequently; the presentation and classification of Ageing schedule is misstated.
8. **Forfeited Advance:** We draw attention to Note No. 22 - Other non-operating income in the Profit and Loss Statement. The company forfeited advance of Rs.9.50 Crores paid to Titan Masini Grele SA, Romania. After adjusting the realised amount with corresponding value existing in Capital Work-in-Progress (WIP), the balance of Rs. 2.29 Crores has been taken to Income Account. The classification and recognition of the forfeited amount under income requires reconsideration. Adjustment may also be needed as per Ind AS 115.
9. The unit has recorded unreconciled balances under the "Clearing Item" head, arising from the import of bank transactions into the accounting software. Despite partial mapping during the year Rs. 6.83 Lakhs (Net) remain unreconciled and are included under liabilities.

In the unit of VFJ

1. We draw attention to note-no. 8 regarding provision made for value of Stock under inspection which includes items for which Inward Gate Pass (IGP) is made but Receipt voucher is not made and items received but under quality check. These aggregates to Rs.5915.72 lakhs. The above said stock under inspection includes long pending items beyond 12 months. Reasons for this substantial delay in completing the quality check and issuance of RV or intimation about the rejection to the vendors is not made available.
2. We draw attention regarding GST reconciliation statement. The same is not satisfactory for the purpose of our audit due to ITC as per financial statements and GSTR-2B were not reconciled. Therefore, completeness and accuracy of the same cannot be ensured. The effect of any difference is not ascertainable.
3. We draw attention regarding TDS is deducted on Payment basis instead of at the time of accrual/credit entry in case of U/s 194 Q. This may attract interest and penal provisions.
4. Advances from Customers old opening balances still outstanding, (major debtors are Manipur Police,



5. The amount received from National Pension Trust Scheme of Rs. 110.71 lakhs have not been held in separate account but the same was used in the operation of the Unit.
6. The unit has made a provision for interest payable to MSME vendors for Rs. 21.86 lakhs under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006. The accuracy of the amount could not be verified by us as the management has not provided party wise breakup and supporting document for the purpose of our audit. Earlier year provision of interest to MSME is not paid yet.

In the unit of MTPF

1. We draw attention to note no. 3 of the financial statements; the Company has not recognized the value of land for 80.06 acres in the books as the Company has not been able to arrive at the proper agreement with Yantra India Limited (YIL) Ambernath for the specific land segregation between MTPF and YIL.
2. We draw attention to note no. 22 on Income from Liquidated Damages (LD) recovered from the vendor/supplier for delay in supply of goods/ material. The LD charges are due from supplier at the time of receipt of material/ goods; however, the same are recorded at the later stage i.e. at the time of making payment to the vendor/ supplier. Further, cases wherein such LD charges though applicable but waived by MTPF are not recorded/ maintained properly in the books of accounts. The impact of the same on the statement of profit and loss cannot be ascertained.
3. We draw attention to note no. 14 of the financial statements regarding Sundry Creditors. Sundry Creditors contains an amount of Rs. 2187.70 Lakhs; which has been taken over from the erstwhile Defence Accounts Department w.e.f. 01.10.2021 as trade payables. The Party wise listing of the same is not available with the Company.
4. We draw attention to note no. 22 of the financial statements. As per MOD ID No. 4(8)/2022A{DCD/DDP dated 21.03.2023, 7.5% increase in sales as profit element to be made for all the sales against the deemed contracts and the provision of 10%. Liquidated Damages (LD) (maximum) are also payable. A provision of Rs. 1,368.40 Lakhs has been made towards probable LD charges. The Company has not received any debit note towards LD charges.
5. MTPF Unit has maintained its books of accounts in Production, Planning and Control (PPC) software and Tally. These two are not integrated with each other. It was observed that there is lack of internal controls in verification of entries passed in tally software vis-a-vis PPC, which can lead to errors and omissions in the accounting data and preparation of financial statements. In view of the above, accuracy and completeness of all the transactions cannot be certified.
6. We draw attention to note no. 17 of the financial statements; the company has made the warranty provision at the rate of 1% on sales as against the previous rate of 2.5% except for Interunit sales.
7. We draw attention to Note no. 14 to the financial statements on Trade Payables; which describes that the company has MSME vendors as suppliers and is subject to the applicability of Section 43B (h) of the Income Tax Act. The company has a policy of accounting for purchases based on receipt vouchers rather than invoices, leading to the disallowance under Section 43B (h) of the Income Tax Act. This practice has resulted in non-compliance with tax regulations and may lead to potential disallowances and penalties. Further, the interest provided for delay in payment of Micro and Small creditors during FY 2023-24 & FY 2024-25 is reversed during the years i.e. within one year. As there is no time period stipulated under the MSMED Act 2006 for claiming the interest on delayed payment such provision should have been continued for at least 3 years (limitation period) before reversing it. Further, the company has not maintained proper records to identify and classify suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006. Due to lack of proper bifurcation and confirmation from vendors, the disclosures required under the Act is not complete.
8. We draw attention to Note no. 9 of the financial statements, the company has not applied the Expected Credit Loss (ECL) model for assessing impairment of its financial assets, including trade receivables, as required under Ind AS 109 - Financial Instruments. Consequently, it may result in a potential overstatement



of assets and understatement of impairment losses. The financial impact of this non-compliance has not been determined by the management.

In the unit of OFMK

1. As per Note No. 14 of the Financial Statement, the list of vendors for Rs. 11,543.16 Lakhs taken over from Ordnance Factory Board in 2021 is still not made available.
2. We draw attention to Note No. 22 (Disclosure under Other Income) of the Financial Statement. Rs. 33 lakhs have been received from Mishra Dhatu Nigam Limited (Midhani) as profit share in the Joint Venture Project. GST liability on this amount cannot be ascertained.
3. We draw attention to Note No. 22 (Disclosure under Other Income) of the Financial Statement. Lease Income from Mishra Dhatu Nigam Limited (Midhani) is not recognized. The impact of the same is unascertained as no information is available.
4. We draw attention to the Note No. 12 (Other Assets) to the Financial Statements, no confirmation is available from Military Engineering Services (MES) for the amount of Rs. 899.72 Lakhs.
5. We draw attention to the Note No. 9 to the Financial Statements, which describes that the balances under trade receivables (including Advances from Customers and unbilled revenue) shown in books of accounts are subject to confirmation by concerned parties. Few trade receivables are static. Absence of external balance confirmation from the customer/concerned parties and audit evidence to corroborate management's assessment and due to its ageing, we are unable to ascertain the extent to which trade receivable balances are realizable.
6. We draw attention to the Note No. 14 to the Financial Statements, which describes that the balances under Advances to Sub-Contracting, Advances to Suppliers/ Purchase, Note No. 12 (Advances to books of accounts) shown in books of accounts are subject to adjustments, if any on reconciliation thereof. Few trade payables are static as compared to previous year. In the absence of external balance confirmation from the Vendors / Suppliers to corroborate management's assessment, we are unable to ascertain the extent to which trade payables balances are Payable.
7. We draw attention to the Note No. 12 & 16 to the Financial Statements, the Unit has opening balance of Rs. 4,778.69 Lakhs which are continued since they were taken over. We are unable to ascertain the extent to which opening balance are realizable / payable by the Company.
8. We draw attention to the Note No. 23 to the Financial Statements, which details that the Ratios for Consumption to Sales amount there is a reduction of 13% as compared to previous years. The cross checking of consumption and gross profit between financial statements and costing records are yet to be completed.
9. A sum of Rs. 246.31 Lakhs being GST carried over as liability from the previous years has been credited to Local Purchases, which resulted understatement of Purchases. The rationale for reversing the same is not made available.
10. CWIP is being booked on payment basis as per terms of the contract i.e., being booked either 90 or 95%, and no liability is booked for the balance. However, GST Input is being booked 100%. The policy is not uniform with respect to other units of the Company.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Below are the key audit matters.



Key Audit Matters	Auditor's response to Key Audit Matters
<p>Non-identification and Documentation of Asset Impairment and Useful Life</p> <p>During the course of our audit, we noted that MTPF (unit of Armoured Vehicle Nigam Limited) has not performed a formal assessment or documented review for impairment indicators relating to its property, plant and equipment (PPE), as required under the applicable accounting standards (Ind AS 36 – Impairment of Assets). Furthermore, the useful lives of certain fixed assets have not been formally determined or documented by the AVNL technical committee.</p> <p>The assessment of impairment and estimation of useful life are critical accounting judgements that significantly impact the carrying amount of assets and the recognition of depreciation and impairment losses. The absence of such assessments and supporting documentation may result in overstatement of asset values, understatement of depreciation or impairment charges, and potential non-compliance with the applicable financial reporting framework.</p>	<ul style="list-style-type: none"> • We inquired with management regarding the process for impairment assessment and review of useful lives. • We evaluated whether there were indicators of impairment such as idle or obsolete assets, underutilization, or adverse market conditions. • We found that no formal documentation or technical evaluation was available to support the continued carrying value or determine asset lives. • Based on our procedures, we emphasize the need for AVNL to strengthen its internal processes for periodic review, technical validation, and documentation of impairment assessments and useful life determinations in accordance with Ind AS requirements.
<p>We draw attention to the fact that the Company has two software Tally Prime for accounting and PPC for operational transactions. PPC is not integrated with the Financial Accounting Software i.e., Tally Prime, considering the size and nature of operations of the entity, we suggest having a robust accounting system to be in place to avoid any kind of errors. And also noticed that data in Tally Prime is imported from the data in PPC excel sheets generated from PPC.</p>	<p>As OFMK ensures all the transactions that are entered into PPC are imported into Tally Prime on periodical basis through the Reconciliation process between the two data's completeness and accuracy are being ensured manually by the CA team at OFMK and HO.</p>

Other Matters

1. We did not audit the financial statements/information of 5 units included in the Financial Statements of the Company whose financial statements / financial information reflect total assets of Rs. 23,06,041.78 Lakhs as at March 31, 2025 and total revenues (including inter unit revenues of Rs. 47,876.55 Lakhs eliminated at consolidation) of Rs. 5,57,058.62 Lakhs for the year ended on that date, as considered in the Financial Statements. The financial statements / information of these units has been audited by the respective unit auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors. For better presentation & to maintain uniformity in the financial statement for AVNL as a whole, the Management had considered reclassification of balances in the signed financial statements of the units, which we have verified and agreed upon.

Our opinion is not qualified in respect of this matter.



2. The software used by the Company both PPC & Tally Prime are not integrated, causing a weakness in recording and presenting adequate data as required by the users of the information.
3. TDS under the Income Tax Act, 1961 to be deducted at the time of payment or credit to vendor ledger, whichever is earlier. However, the Company has deducted TDS only upon payment to the vendors, resulting in non-compliance with the TDS provisions as per Income Tax Act, 1961.
4. At MTPF, Input Credit on GST claimed and availed were not reconciled with the amounts reflected in GSTR 2B. Reconciliation between books of account and GST Returns filed are also not carried out.
5. At MTPF, party wise details of Security Deposits (SD) and Earnest Money Deposits (EMD) payable was not available. We are informed that the same SD and EMD are to be recovered from the Principal Controller of Accounts Kolkata. However, no supporting documents are available.

Information other than the financial statements and auditors' report thereon

The Company's Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report and other company related information 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 inconsistent with the financial statements or our knowledge obtained during the course of our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we performed, we conclude that there is a material misstatement of this 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 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, 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 read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. 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 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 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 Director's are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objective is 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 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 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 audit 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 audit 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statements.

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

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

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

Report on other legal and regulatory requirements

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, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the **"Annexure A"**, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by Section 143(3) of the Act, we report that:

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;

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;

The Balance Sheet, the Statement of Profit or Loss (including other comprehensive income), the Statement of Changes in Equity, and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;

In forming our opinion, we have considered the Ind AS Financial Statements at unit level audited by Unit Auditors appointed along with their report including statement on the matters specified in paragraphs 3 and 4 of the Companies (Auditors' Report) Order, 2020, reporting on Section 143(5) of the Companies Act, 2013 and reporting on adequacy of the internal control over financial reporting.

In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Account) Rule, 2014;

Being a Government company, pursuant to the Notification No.GSR 463(E) dated 05 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act, are not applicable to the Company;

With respect to the adequacy of the Internal Financial Controls with reference to the Financial Statement of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; Our report expresses an unmodified opinion except for the exceptions paragraph on the adequacy and operating effectiveness of the Company's internal financial controls with reference to the financial statements.

As per Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to Government Companies. Accordingly, reporting in accordance with requirement of provisions of Section 197(16) of the Act is not applicable to the Company.

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, as amended, in our opinion and to the best of our information and according to the explanations given to us;

- i. The Company has disclosed the pending litigations along with estimated liabilities as at 31 March 2025 (Refer Sub Note. 4 under Note No. 28);
- 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; and
- iii. There were no amounts which 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, 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 person(s) or entity(ies), 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;



(b). 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 person(s) or entity(ies), 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; and

(c). Based on audit procedures which we 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) contain any material misstatement.

- v. The company has not declared or paid any dividend during the year in contravention of the provisions of Section 123 of the Act.
- vi. Our comments in regard to the directions as stated under Section 143(5) of the Companies Act, 2013, is given in Annexure C. For the purpose of reporting under this Section, we have relied upon the report given by Unit Auditors in this respect.
- vii. Based on our examination carried out in accordance with the Implementation Guidance on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 issued by the Institute of Chartered Accountants of India and our reliance on Branch Auditor's report in this respect, we report that the Company has in use multiple software such as Tally Prime, Foxpro & PPC for maintaining its books of accounts. With regards to Tally Prime, a feature of recording audit trail called 'Edit Log' is available and enabled throughout the year for all relevant transactions recorded in the software in the units HVF, VFJ, OFMK & MTPF. The audit trail feature has not been tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

In Unit EFA, we observed that this audit trail feature was not functioning effectively throughout the year for all relevant transactions. Consequently, we are unable to verify the integrity of the audit trail during the year.

With regard to Foxpro and PPC, we have been informed that no separate facility to capture and report Audit Trail is available but in the case of PPC individual entry level changes are recorded against individual user logins and such entries can be queried to retrieve the user data. We also bring to attention that there exists no system for automatic transfer of data between the software and the data transfers are done manually for which the Company has stated that Internal Controls exists to curtail any discrepancies.

**For NATRAJ ASSOCIATES
CHARTERED ACCOUNTANTS
FRN No.: 002440S**

Sd/-

**G NATARAJAN
PARTNER
M. No.: 011660
UDIN: 25011660BMIVWV5915**

**Place: Chennai
Date: 31st July 2025**



Annexure “A” to the Independent Auditor's Report (Revised)

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date to the members of **ARMOURED VEHICLES NIGAM LIMITED**)

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we report that:

(i) In respect of the Company's Property, Plant & Equipment:

- (a) (A) The Company has taken necessary steps and was maintaining proper records showing full particulars, including quantitative details and situation of Property Plant and Equipment except in the following units.

Unit EFA: Fixed Assets Register is not maintained for Furniture and Fixtures having WDV of Rs. 283.94 Lakhs

Unit HVF: Capital WIP registers (other than Buildings and Machineries) are not updated regularly.

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

- (b) According to the information and explanations given to us and as examined by us, the physical verification of Property, Plant and Equipment at the Corporate Office, at Vehicles Factory, Jabalpur (VFJ) (except for Plant & Machinery) and Machine Tool Prototype Factory (MTPF) (except for Plant & Machinery) was not conducted since its incorporation i.e., 01.10.2021. The Property, Plant and Equipment at the remaining units have been physically verified by the management during the year under a regular program of verification by rotation over a period of 3 years.

- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties disclosed in the financial statements are held in the name of the Company except for the following

Description of Property	Gross Carrying Value	Held in the name of	Reason for not being held in the name of the Company
Freehold Land	Rs.5,26,016.56 Lakhs	Ordnance Factory Board, Ministry of Defence	MOU signed between GOI and AVNL on 29.09.2021. Conveyance of Title Deed in favour of respective units is under process.
Buildings	Rs. 77,642.26 Lakhs		

We refer to sub note. 5 of Note 3 to Financial Statements; the reconciliation of land transferred from Directorate of Ordnance (C&S) are still under reconciliation for the units MTPF and VFJ.

- (d) The company has not revalued its Property, Plant, and Equipment during the year. Therefore, the provisions of Clause (i)(e) of paragraph 3 of the order are not applicable to the company.
- (e) 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 there under. Therefore, the provisions of Clause (i)(f) of paragraph 3 of the order are not applicable to the company.
- (ii) (a) Based on the report given by the Unit Auditors', the inventory has been physically verified by the management at reasonable intervals during the year and coverage and procedure of such verification was found adequate except in VFJ, HVF, OFMK & EFA.

Unit – VFJ: Stores and Spares inventory amounting to Rs. 7,265.32 Lakhs include a significant portion of inactive or non-moving items. These have been valued at cost without assessing their Net Realisable Value (NRV), which is not in compliance with the principles laid down under Ind AS 2 – Inventories.

Unit – HVF: Based on the audit report on physical verification of Inventory conducted in February



there are some discrepancies in inventory loaned to Department amounting to Rs. 4038 Lakhs and inventory dispatched for rectification to Jabalpur Rs. 710 Lakhs and to Dehradun Rs. 796 Lakhs.

Unit – EFA: The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is not reasonable and adequate in relation to the size of the Company and the nature of its operations. Discrepancies noticed on such verification, when compared with the books of account, included shortages amounting to Rs. 526.93 Lakhs, excess inventory of Rs. 788.80 Lakhs and Rs. 185.59 Lakhs inventory were not verifiable. The Unit has made provision in the books for the shortage, has reallocated the excess inventory to the respective sections in the factory based on demand notes posted in PPC and additionally, an internal committee was formed to verify the unverifiable inventory, and no discrepancies were found upon re-verification.

No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory (including inventories lying with third parties which is substantially been confirmed by them as at year end) in the branches in which physical verification has been carried out except EFA.

- (b) 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 a Cash Credit Limit with State Bank of India of Rs. 2,000 Crores. The quarterly returns or statements filed by the Company with such bank is in agreement with the books of account of the Company.
- (iii) According to information and explanation given to us and audit procedures performed by us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register required under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iii) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of examination of records of the Company, the Company has not granted any loans, nor made any investments or given any guarantees or securities during the year to any of the parties in accordance with the provisions of Section 185 of the Companies Act, 2013. In terms of Circular No. GSR 463(E) date 5th June 2015 issued by Ministry of Corporate Affairs, Government of India, the Company being a Government Company engaged in Defence Production is exempt from Section 186 of the Companies Act, 2013. Accordingly, clause 3(iv) of the Order are not applicable to the Company.
- (v) According to the information and explanations given to us, the Company has not accepted deposits from the public in terms of provisions of sections 73 to 76 of the Companies Act, 2013 therefore reporting under this clause is not applicable.
- (vi) Maintenance of Cost records applicability is at Unit Level as manufacturing activity is carried out there and as per the Unit Auditor's Report and according to the information and explanations given to us, Branch Auditors have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained but not made a detailed examination and are of the opinion that prima facie the prescribed accounts & records have been maintained. The Cost Audit report for the current year is not made available in all units as it is yet to be initiated.
- (vii) In respect of statutory dues:
 - (a) According to the information and explanations given to us and the records of the Company examined by us and on our reliance on the Branch Auditor's Report, in our opinion, the Company is regular in depositing and filing of returns with respect to statutory dues as applicable, with the appropriate authorities including Provident Fund, Employees' State Insurance, Income Tax, Cess and any other material statutory dues. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable except for the late fees and interest dues related to TDS remittances.



- (b) As of the year-end, according to the records of the Company and information and explanations given to us, details of the statutory dues referred to in sub-clause (a) above have not been deposited as on March 31, 2025, on account of any dispute, are as follows:

Name of the Statute	Nature of the Due	Amount Demanded (Rs. In Lakhs)	Amount Paid (Rs. In Lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Goods and Service Tax Act, 2017	Tax, interest and fees	234.29	12.42	2019-20	Appellate Authority	Amount paid represents pre - deposit
Goods and Service Tax Act, 2017	Tax, interest and fees	211.32	10.50	2018-19	Appellate Authority	Amount paid represents pre - deposit
Goods and Service Tax Act, 2017	Tax, interest and fees	20,599.32	1,430.50	Previous years	Appellate Authority	Amount paid represents pre - deposit

- (viii) In our opinion and according to the information and explanations given to us, there are no transactions which were not recorded in the books of account that have 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 records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders.
- (b) In our opinion and according to the information and explanations given to us, the company has not been declared a willful defaulter by any bank or financial institution or other lender.
- (c) In our opinion and according to the information and explanations given to us, the loans were applied for the purpose for which the loans were obtained.
- (d) In our opinion and according to the information and explanations given to us, there are no funds raised on short-term basis which have been utilized for long-term purposes.
- (e) In our opinion and according to the information and explanations given to us, 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) In our opinion and according to the information and explanations given to us, the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) In our opinion and according to the information and explanations given to us, the Company did not raise moneys by way of initial public offer or further public offer during the year. Company has not made any Privately Placed Non-Convertible Debentures during the year.
- (xi) (a) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, no fraud by the Company or on the company by its officers or employees 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 Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) According to the information and explanation given to us, no whistle-blower complaints, received during the year by the company.
- (xii) The Company is not a Nidhi Company and accordingly, this clause is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the company, transactions with the related parties are in compliance with section 177 and 188 of the Act and the Company being a government entity has availed exemption from detailed disclosures required under Ind AS 24 with respect to related party transactions with Government and Government related entities and the details that are to be disclosed even after availing exemption have been disclosed in the notes to the financial statements.



- (xiv) (a) According to the information and explanations given to us, the Company has an internal audit system commensurate with the size and nature of its business;
- (b) The reports of the Internal Auditors for the period under audit were considered by the Statutory Auditor.
- (xv) According to the information and explanations given to us, we are of the opinion that the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, the provisions of clause 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us, we are of the opinion that the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, accordingly the provisions of clause 3(xvi) of the Order are not applicable.
- (xvii) According to the information and explanations given to us, the Company has not incurred cash losses during the financial year.
- (xviii) There has been no resignation of statutory auditors during the year. Accordingly, this clause 3(xviii) is not applicable.
- (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, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is incapable 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) (a) The Company, in respect of other than ongoing projects, has transferred unspent amount to a Fund specified in Schedule VII to the Companies Act, within a period of six months of the expiry of the financial year.
- (b) The Company has transferred the amount remaining unspent pursuant to ongoing project to special account in compliance with the provision of sub-section (6) of section 135 of the Act.
- (xxi) The Company has invested 35% in shares of M/s. LENS (LABORATORY FOR ELECTRO OPTICAL NAVIGATIONAL SYSTEMS) FOUNDATION (a Section 8 Company) during the year making it an associate and the same has been accounted under Equity Method as per IND AS 28 Investment in Associate. There has been no investment in subsidiaries/ joint venture companies. Hence, no requirement to prepare Consolidated Financial Statements.

**For NATRAJ ASSOCIATES
CHARTERED ACCOUNTANTS
FRN No.: 002440S**

Sd/-

**G NATARAJAN
PARTNER
M. No.: 011660
UDIN: 25011660BMIVWV5915**

**Place: Chennai
Date: 31st July 2025**



Annexure “B” to the Independent Auditor's Report (Revised)

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 **M/s. ARMoured VEHICLES NIGAM LIMITED** as of 31 March 2025 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 (“the 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.

Auditor's 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 the 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 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 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 control with reference to the Financial Statements and their operating effectiveness. Our audit of internal financial control with reference to the Financial Statements included obtaining an understanding of internal financial control with reference to the 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 auditors' judgement, 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 the Financial Statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A Company's internal financial control with reference to the 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 the 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 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 Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to the 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 the Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial control with reference to the Financial Statements in place and such internal financial controls with reference to the Financial Statements were operating effectively as at 31 March 2025, except for,

- (a) The Company lacks sufficient internal controls regarding the deduction of Tax Deducted at Source (TDS) under the Income Tax Act, 1961 in all the units. Specifically, the company deducts TDS only upon payment to vendors and not at the time of credit to vendor ledger. This leads to non-compliance with the provisions of the act.
- (b) The Company has inadequate internal control system in place for the reconciliation of receivable/payables.
- (c) As the PPC and Foxpro (Data Collection Tool) is not integrated with the Financial Accounting Software i.e. Tally Prime, considering the size and nature of operations of the entity, we cannot rule out errors and omissions in the accounting data and preparation of financial statements through manual controls, checks and balances are in place. The impact of the same in financial statements could not be ascertained. The internal controls of the Company need to be strengthened further. Hence, integration of software is recommended.

A material weakness' is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.

**For NATRAJ ASSOCIATES
CHARTERED ACCOUNTANTS
FRN No.: 002440S**

sd/-
**G NATARAJAN
PARTNER
M. No.: 011660
UDIN: 25011660BMIVWV5915**

**Place: Chennai
Date: 31st July 2025**



Annexure “C” to the Independent Auditor's Report (Revised)

Directions under Section 143(5) of Companies Act, 2013 issued for M/s. ARMoured VEHICLES NIGAM LIMITED

- (i) **Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post-retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.**

AVNL does not have any quoted or unquoted investment with respect to the post-retirement benefits. All the employees (Group A, B & C) have been transferred from the erstwhile Ordnance Factory Board (OFB) to AVNL on deemed deputation from 01.10.2021 for an initial period of 2 years, in accordance with Rule 37A of the Central Civil Service (Pension) Rules, 1972. This has been extended till 31.12.2025 vide Letter No.: 1(5)/2023/EGOM/OF/DP(M&P) dated 09.09.2024.

As per Office Memorandum No. 1(5)/2021/OF/DP(Plg-V)/02 dated 24/09/2021 issued by the Ministry of Defence, the pension liabilities of the retirees and existing employees shall be borne by the Government through the Ministry of Defence (MOD) budget for Defence Pensions.

The Company has only one permanent employee i.e. Director (Operations) for whom postretirement benefit will only be leave encashment. The value of the benefit is material and hence no investment has been made.

- (ii) **Whether the company has a system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.**

The Company uses “Tally Prime” as their Accounting Software for recording its financial transactions which is supported by PPC and FOXPRO. The units use PPC for reporting and data collection to capture all the financial data except Inventories. For Inventories, the units use FOXPRO as data collection tool. However, Tally Prime, PPC and FOXPRO have not been integrated. In view of the same there is possibility of errors/omissions in the accounting data. The Management has been advised to integrate the same as soon as possible.

In the unit EFA, audit trail feature was not functioning effectively throughout the year. The management is taking steps to correct the same.

- (iii) **Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilized as per its terms and conditions? Whether accounting for interest earned on grants received has been done as per terms and conditions of the Grant. List the case of deviation.**

Unit EFA has received grant from the Ministry of Skill Development and Entrepreneurship for Stipend paid to the apprentices. There is no deviation in the utilization of grants received.

The company received a sum of Rs. 173.80 Crores from Central Government for capital expenditure and no deviation has been observed in its utilization.

- (iv) **Whether the Company has identified the Key Risk Areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the**

**Company has identified its data assets and whether it has been valued appropriately?**

As verified by us, Key Risk Areas have been identified by the Company. Comprehensive Risk Management Policy was approved by the Board of Directors and adopted by the Company in June 2024. The Risk Management Policy has been formulated considering the best practices. The company has not identified its data assets.

(v) Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regulatory Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payment Corporation of India wherever applicable? If not, the cases of deviation may be

The Company has complied with the applicable rules and regulations of the Ministry of Corporate Affairs.

Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015 and other applicable rules and regulations of SEBI are not applicable to the Company as they are not listed in the stock exchange.

The Company is of the opinion that the regulations of all other departments are not applicable to them.

**For NATRAJ ASSOCIATES
CHARTERED ACCOUNTANTS
FRN No.: 002440S**

Sd/-

**G NATARAJAN
PARTNER
M. No.: 011660
UDIN: 25011660BMIVWV5915**

**Place: Chennai
Date: 31st July 2025**

**Sub-Directions under Section 143(5) of Companies Act, 2013 issued for M/s. ARMoured VEHICLES NIGAM LIMITED**

- (i) Whether the migration of assets and liabilities on the date of transfer (appointed date) from erstwhile OFB which remained incomplete as of 31 March 2024 has been completed during the Financial Year 2024-25? If there is any deviation; the reasons, nature of deviation and its impact on financial statements may be stated.**

Unit: VFJ – The title deeds in respect of land are yet to be registered in the name of the Company. Around 832.66 Acres of land are under process of mutation at Revenue Department, Jabalpur. Around 27.45 Acres of land is in common khasaras which is to be demarked and bifurcated.

Unit: MTPF – Out of the total land of 661.30 Acres, land measuring 124.61 Acres have been handed over to MTPF by Directorate of Ordnance vide their letter 105/Land Transfer/0011 dated 14th July 2022. The unit has recognized only 44.55 Acres in their books till March 2025 and fair valuation has been done for the same. The unit is in process of reconciliation of remaining land area with Yantra India Limited (YIL), Ambernath unit.

Unit: EFA – Freehold land of 82.18 Acres valued at Rs. 16,200.97 Lakhs were transferred from Directorate of Ordnance to AVNL. Further, freehold land of 0.205 Acres valued at Rs. 40 Lakhs were additionally identified during the Financial Year 2022-23 upon reconciliation with Defence Estate documents. They have been capitalized in the books of HVF based on the MOU signed between GOI and AVNL. The conveyance of title deeds in the name of the company is stated to be under process.

Buildings to the extent of Rs. 6,391 Lakhs were transferred from Directorate of Ordnance to AVNL. The conveyance of title deeds in the name of the company is stated to be under process.

Unit: HVF – Freehold land of 1,203 Acres valued at Rs. 2,47,557 Lakhs were transferred from Directorate of Ordnance to AVNL. Further, freehold land of 97.43 Acres valued at Rs. 20,007 Lakhs were additionally identified during the Financial Year 2022-23 upon reconciliation with Defence Estate documents. They have been capitalized in the books of HVF based on the MOU signed between GOI and AVNL. The conveyance of title deeds in the name of the company is stated to be under process.

Buildings to the extent of Rs. 57,843.05 Lakhs were transferred from Directorate of Ordnance to AVNL. The conveyance of title deeds in the name of the company is stated to be under process.

Unit: OFMK – Freehold land of 2,964.31 Acres valued at Rs. 43,288.63 Lakhs were transferred from Directorate of Ordnance to AVNL. The conveyance of title deeds in the name of the company is stated to be under process. Around 200 Square Feet of land near boundary wall of Yedumailaram Village side, near Survey No. 66, 68 & 69 was under encroachment and the same was taken up with District Collector and Magistrate to make free from encroachment, the status of land mutation in the name of AVNL is stated to be under process.

- (ii) Whether the Company has carried out reconciliation exercise pertaining to inter-company/intra-company balances at the year end? Whether the confirmations have been obtained from other DPSUs for balances due to/due from them at the year end? The reason for unreconciled balances, if any, along with the unreconciled amount may be stated.**

Intra-Unit balances are reconciled at the year end. Confirmations request has been sent out but yet to be received from other DPSUs.

- (iii) Whether the Company or its units possess clear title and possession of the land stated in the Financial Statements? State the area of land under encroachment and/or dispute if any.**



Unit: MTPF – The Company has not recognized the value of land for 80.06 Acres in the books since the Company has not been able to arrive at the proper agreement with Yantra India Limited (YIL), Ambarnath for the land segregation between MTPF and YIL.

Unit: VFJ – The transfer of title over land from OFB to AVNL is still under process. As per the explanation given by the management, the title deeds of all the immovable properties in respect of land are yet to be registered in favor of the Company. Approximately 832.66 Acres of land is under process of mutation at Revenue Department, Jabalpur. Rest of the balance 27.45 Acres (Approx.) of land is in common khasaras which is to be demarked and bifurcated.

Unit: EFA – Freehold land of 82.18 Acres valued at Rs. 16,200.97 Lakhs were transferred from Directorate of Ordnance to AVNL. Further, freehold land of 0.205 Acres valued at Rs. 40 Lakhs were additionally identified during the Financial Year 2022-23 upon reconciliation with Defence Estate documents. They have been capitalized in the books of HVF based on the MOU signed between GOI and AVNL. The conveyance of title deeds in the name of the company is stated to be under process.

Unit: HVF – Freehold land of 1,203 Acres valued at Rs. 2,47,557 Lakhs were transferred from Directorate of Ordnance to AVNL. Further, freehold land of 97.43 Acres valued at Rs. 20,007 Lakhs were additionally identified during the Financial Year 2022-23 upon reconciliation with Defence Estate documents. They have been capitalized in the books of HVF based on the MOU signed between GOI and AVNL. The conveyance of title deeds in the name of the company is stated to be under process.

Unit: OFMK – Freehold land of 2,964.31 Acres valued at Rs. 43,288.63 Lakhs were transferred from Directorate of Ordnance to AVNL. The conveyance of title deeds in the name of the company is stated to be under process. Around 200 Square Feet of land near boundary wall of Yedumailaram Village side, near Survey No. 66, 68 & 69 is stated to be under encroachment and the issue has been taken up with District Collector and Magistrate to remove the encroachment. The mutation in the name of AVNL is stated to be under process.

(iv) Whether the Company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?

The Company's pricing policy absorbs all fixed and variable cost of production as well as the allocable overheads. However, Cost Audit for the Financial Year 2024-25 is yet to be initiated by the Company. Hence, we are unable to comment on the actual implementation of the pricing policy.

(v) What is the system of by-products and finished products? List out the case of deviation from its declared policy?

The Company's finished goods are primarily heavy items like Tanks, Transportation Vehicles, Engines and similar products. Hence the Company does not have any by-products during its manufacturing process. The scrap output is disposed off through auction sale.

(vi) Whether the company has effective system for physical verification, valuation of stock/inventories, treatment non-moving items and accounting the effect of shortage/excess noticed during physical verification?

The Company overall has an effective system of physical verification and non-moving items are normally written off. The exceptions are given hereunder:

Unit – EFA: The inventory has been physically verified by M/s. Praveen & Associates, Chartered Accountants, during the year. Discrepancies noticed on such verification, included shortages amounting to Rs. 526.93 lakhs in certain items, excess inventory of Rs. 788.80 lakhs in certain items and inventory of Rs. 185.59 Lakhs could not be verified. The Unit has made provision in the books for the shortage, has



reallocated the excess inventory to the respective sections in the factory based on demand notes posted in PPC and an internal committee was formed to verify the unverifiable inventory. The reason for the excess/shortage are not known. The management has been advised to investigate further and avoid such mistakes in future.

Provision of Rs. 234.61 Lakhs has been made for 'Non-Moving Items' which has no movement for a period of more than five years. No provision has been made for 'Slow Moving Inventories' valued at Rs. 900.15 Lakhs.

(VII) Whether the Company has obtained title (Share Certificate) in respect of all investments- in subsidiaries/joint ventures/SPV et al if any.

The Company has during the year invested Rs.3.60 Crores in the share capital of M/s. LENS (LABORATORY FOR ELECTRO OPTICAL NAVIGATION SYSTEMS) FOUNDATION (a Section-8 company). The shares are dematerialized with SBI Securities Limited. The Company has received the title to the above investment and the holding is certified by SBI Securities Limited.

**For NATRAJ ASSOCIATES
CHARTERED ACCOUNTANTS
FRN No.: 002440S**

sd/-

**G NATARAJAN
PARTNER
M. No.: 011660
UDIN: 25011660BMIVWV5915**

**Place: Chennai
Date: 31st July 2025**



Management replies to the Qualification in the Independent Statutory Auditors' Report

Qualification	Management replies
1. In the books of units of MTPF, VFJ & HVF, Unit Auditors have Qualified the Accounts that the Company has sent the letters and emails for the balance confirmations for Sundry Debtors, Sundry Creditors, Advances and Deposits and the Company has received confirmation from few parties. Wherever the statements are received significant variations are observed which needs reconciliation and most of the Sundry Debtors and Sundry Creditors contains the government organizations/military institutions from which confirmations were not received. The impact of the same on profit or loss cannot be ascertained by them for their respective branches.	Companies has regularly initiated request for balance confirmations from debtors, creditors and parties to whom advances and deposits have been made, as at 31-03-2025, How ever confirmations from parties could not be obtained despite repeated follow ups. The Balances have been reviewed based on internal records, invoices, payment details, other supporting documents available with the company. Reconciliation have been carried out where ever possible and management belief that these balances are correctly stated and do not materially affect the true nature and fair view of financial statements. The process of obtaining confirmations and reconciliation of balance will be completed in the subsequent period.
2. HVF Unit has sundry creditors and debtors with long-outstanding and negative balances: Creditors Rs. 3,860 Lakhs, Debtors Rs. 13,955 Lakhs and accounts with no movement – Creditors Rs. 3,212 Lakhs, Debtors Rs. 3,118 Lakhs. These irregular balances indicate potential misstatements in liabilities and receivables. No adequate justification or reconciliation was provided by management.	The long outstanding and irregular balances under sundry creditors and debtors as disclosed in notes to the financial statements, primarily relate to the opening balance sheet as on 1-10-2021. A reconciliation and verification exercise is currently in progress to identify and substantiate these balances based on the available reports. Any balances that remain unreconciled or unidentified more than 5 years from the date of corporation will be considered for write off / writeback, in accordance with the companies accounting policies and after obtaining necessary approvals.
3. The inventory of OFMK Unit includes Stock under inspection (which includes Items for which Inward Gate Pass (IGP) is made but Receipt Voucher (RV) is not made), and stock received but Quality Check is not complete aggregating to Rs. 4,123.60 Lakhs. The above stock under inspection, includes Rs. 206.55 Lakhs, aged above 6 months. Reasons for long delay in completing the Quality Check and issuance of RV or intimation about the rejection to the vendors is not properly explained. Hence, we are unable to comment on it.	The stock under inspection of Rs. 4,123.60 Lakhs includes items pending for Quality Check (QC) and Receipt Voucher (RV) generation. The delay, including Rs. 206.55 Lakhs aged over 6 months, is mainly due to dependency on technical clarifications, resource constraints, and specialized testing requirements. Corrective actions, including prioritizing aged items, strengthening QC processes, and improving vendor communication, are being implemented to avoid such delays in future.



Comments of Comptroller and Auditor General of India (C&AG) on Financial Statements & Company's Reply thereto

जायकम गजाननराव तंजापुरमक्ष
(आपूर्ति विभाग): कोलकाता
"आर्म्ड वाहन" सी.ए.ए. इंडिया मुनिसिपल रोड
पूरी एंड, 8-व बल, कोलकाता - 700 001



सर्वोच्च न्यायालय, न्यायिक भवन, कोलकाता
कोलकाता - 700 001

OFFICE OF THE DIRECTOR GENERAL OF
AUDIT (ORDNANCE FACTORIES) KOLKATA
P.O. MURBAN
10A, SHANMUKH KHAMRUI ROSE ROAD
EAST WING, 3A FLOOR, KOLKATA - 700 001

1894
No. /T-459/AVN/Accounts/2025-26

दिनांक: DATE 22/8/2025

Confidential/Speed Post

To,
The Chairman & Managing Director
M/s Armoured Vehicles Nigam Limited
Avadi, Chennai

Subject :- Comment under Section 143 (6) of the Companies Act 2013 on the Accounts of
M/s Armoured Vehicles Nigam Limited Avadi for the year ended 31 March 2025

Sir,

I am to forward herewith the Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act 2013 on the Financial Statements of M/s Armoured Vehicles Nigam Limited, Avadi for the year ended 31 March 2025.

Receipt of this letter may kindly be acknowledged

Encl. - As stated

Yours faithfully,

(Sudha Rajan)
Principal Director of Audit
(Ordnance Factories)
Kolkata

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ARMOURED VEHICLES NIGAM LIMITED, AVADI FOR THE YEAR ENDED 31 MARCH 2025

The preparation of Financial Statements of Armoured Vehicles Nigam Limited, Avadi for the year ended 31 March 2025 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (3) of the Act is responsible for expressing opinion on these Financial Statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Revised Audit Report dated 31 July 2025 which supersedes their earlier Audit Report dated 26 June 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Financial Statements of Armoured Vehicles Nigam Limited, Avadi, for the year ended 31 March 2025 under Section 143 (6) (a) of the Act. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. The Financial Statements of the Company have been revised by the Management, as indicated in the First Paragraph (reason for revision) of the Revised Independent Auditors' Report dated 31 July 2025, to give effect to some of my audit observations raised during supplementary audit.

In addition, I would like to highlight the following significant matters under section 143 (6) (b) of the Act which have come to my attention and which in my view are necessary for enabling a better understanding of the Financial Statements and the related Audit Report.

Comments on Disclosure

Accounting Policy 15 (Inventories)

Notes to accounts Note No.8 (Inventories)

Disclosure

As per Ind AS 2 (Inventories), Inventories shall be measured at the lower of cost and Net Realisable Value (NRV). NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Ind AS 2 further stipulated that inventories are usually written down to NRV item by item and it is not appropriate to write down inventories on the basis of a classification of inventory. The



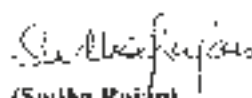
estimates of NRV are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realise.

As per Accounting Policy No.15 (Inventories) of Armoured Vehicles Nigam Limited, Non-moving stores in hand, scrap and wastage material are carried at Nil value and non-moving inventories are those items of inventory which are not moved for more than three years. During 2024-25, an amount of ₹23494.82 lakh of non-moving inventory was carried at NIL value in the financial statements.

However, estimates of NRV as stipulated in Ind AS 2 in respect of the above non-moving inventories were not available at AVNL. In the absence of reliable estimates, carrying the non-moving inventories of ₹23494.82 lakhs at NIL value, which is having material impact on the financial statements is not appropriate. Hence, the material accounting policy of AVNL and the treatment of non-moving items was deficient and in deviation from the provisions of Ind AS 2 (Note No.8).

Further, the amount of ₹23494.82 lakhs, being Non-moving inventories carried at NIL value was not disclosed in the Notes to Accounts (Note No.15). Hence the same was deficient to the extent of disclosure in deviation from the provisions of Ind AS 2.

For and on behalf of
The Comptroller and Auditor General of India


(Sushila Rajani)
Principal Director of Audit
(Ordnance Factories)
Kolkata

Dated: 22 August 2025

Place: Kolkata



MANAGEMENT RESPONSE TO COMMENTS OF C&AG

As per IND AS 2 any write down of inventories should be recognized as an expense for that period. Inventory is written down in the books of accounts only when the inventory is not usable due to various reasons such as quality deterioration, technology obsolescence etc.

The non-moving inventory has not been written down based the classification as stated in the comment. The non-moving inventory is being held and carried at Nil value by AVNL as per the Material Accounting Policy stated at 15. Inventories vi (Non moving Stores in Hand, scrap and wastage materials are carried at Nil value). This is a conservative approach being followed by AVNL. Hence no separate disclosure was given in the Financial Statements.

However, it is assured that the NRV for the inventory held will be assessed from the year 2025-26 onwards. Further, the policy will also be reviewed based as per requirement of IND AS and necessary disclosures will be made in the Financial Statements.



Balance Sheet as at 31st March 2025

(Rs in Lakhs)

Particulars	Note No.	As at 31 st Mar 2025	As at 31 st Mar 2024
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	3	8,33,820.91	8,37,683.88
(b) Capital Work-in-Progress	4	16,445.99	13,277.59
(c) Investment Property			-
(d) Other Intangible Assets	5	527.70	509.36
(e) Financial Assets			
(i) Investments	6	360.68	-
(ii) Other Financial Assets	7	4,180.17	3,619.40
(f) Deferred Tax Assets	19	-	-
(g) Other Non Current Assets	12	1,521.76	28.64
(2) Current Assets			
(a) Inventories	8	3,31,999.87	2,96,576.54
(b) Financial Assets			
(i) Trade Receivables	9	2,26,465.79	2,68,696.00
(ii) Cash & Cash Equivalents	10	1,50,763.95	1,97,470.77
(iii) Bank Balances [other than (ii) above]	10.1	4,82,595.05	5,61,412.28
(iv) Loans		-	-
(v) Other Financial Assets	11	20,254.40	26,288.55
(c) Current Tax Assets	18	10,958.56	13,248.30
(d) Other Current Assets	12	3,10,441.50	1,73,657.81
TOTAL ASSETS		23,90,336.33	23,92,469.12
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	13	13,42,766.32	13,11,029.14
(b) Other Equity		1,27,870.78	1,08,729.27
Total Equity		14,70,637.10	14,19,758.41
LIABILITIES			
(1) Non-current Liabilities			
(a) Deferred Tax Liabilities	19	5,145.45	8,039.27
(b) Other Non-Current Liabilities		-	-
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	14		
- Total outstanding dues of micro, small & medium enterprises;		7,984.45	4,849.74
- Total outstanding dues of other than micro, small & medium enterprises;		2,22,234.31	1,67,815.62
(ii) Other Financial Liabilities	15	2,840.95	2,729.25
(b) Other Current Liabilities	16	6,15,313.66	7,50,517.28
(c) Provisions	17	49,823.07	30,189.67
(d) Current Tax Liabilities	18	16,357.34	8,569.88
TOTAL EQUITY & LIABILITIES		23,90,336.33	23,92,469.12

Material accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even dated attached

For **Natraj Associates**

Chartered Accountants

Firm Regn. No. : 002440S

Sd/-

G.Natarajan

Partner Membership No.: 011660

Place: Chennai

Date: 31st July 2025

UDIN: 25011660BMIVWV5915

For and on behalf of Board of Directors

Sd/-

Sanjay Dwivedi

Chairman & Managing Director

DIN: 09282314

Sd/-

G. Srinivasan

Chief Financial Officer

Sd/-

Garima Khare

Company Secretary

**Profit & Loss Statement for the Year Ended 31st March 2025**

(Rs in Lakhs)

Particulars	Note No.	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
I Revenue from Operations	21	4,98,429.29	4,66,316.21
II Other Income	22	57,766.79	60,473.89
III Total Income (I+II)		5,56,196.08	5,26,790.10
IV EXPENSES			
(a) Cost of Materials Consumed	23	2,78,918.50	3,41,176.14
(b) Consumption of Stock-in-Trade		-	-
(c) Changes in Inventories of Finished Goods, Work-in-Progress & Scrap	24	29,718.51	-25,842.03
(d) Employee Benefits Expenses	25	1,18,884.83	1,14,354.07
(e) Finance Costs		-	-
(f) Depreciation and Amortization Expenses	3 & 5	23,865.99	20,922.01
(g) Other Expenses	26	39,612.79	33,383.89
TOTAL EXPENSES (a to g)		4,91,000.62	4,83,994.08
Profit before Exceptional Items, Share of			
V Profit of associate accounted under Equity method & Tax		65,195.46	42,796.02
VI Exceptional Items	27	19,455.70	-38,917.30
VII Profit before Share of Net Profit of Associate accounted under Equity Method & Tax (V - VI)		45,739.76	81,713.32
VIII Tax Expense			
- Deferred Tax		-2,893.89	12,648.09
- Earlier years tax		-1,216.38	-11.18
- Current Tax		16,357.34	8,569.88
Total Provision for Taxation		12,247.07	21,206.79
IX Profit for the year (VII - VIII)		33,492.69	60,506.53
X Other Comprehensive Income/(Loss) Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of the net defined benefit liability/asset			-
- Equity instruments through other comprehensive income			-
- Share of other comprehensive income of Associate accounted under Equity Method (net of tax)			-
- Income tax related to these items			-
Total Other Comprehensive Income/(Loss) (Net of Tax)		-	-
XI Total Comprehensive Income for the Year (IX+ X)		33,492.69	60,506.53
Earnings per Equity Share (Face value of INR 10 XII each):			
(1) Basic		0.25	0.46
(2) Diluted		0.25	0.46

Material accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even dated attached

For **Natraj Associates**

Chartered Accountants

Firm Regn. No. : 002440S

Sd/-

G.Natarajan

Partner Membership No.: 011660

Place: Chennai

Date: 31st July 2025

UDIN: 25011660BMIVWV5915

For and on behalf of Board of Directors

Sd/-

Sanjay Dwivedi

Chairman & Managing Director

DIN: 09282314

Sd/-

G. Srinivasan

Chief Financial Officer

Sd/-

Garima Khare

Company Secretary



Cash Flow Statement for the Year Ended 31st March 2025

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	45,739.76	81,713.32
Add: Other Comprehensive income	-	-
Add: Exceptional (Gains)/Losses	19,455.70	(38,917.30)
Profit before exceptional items & taxes	65,195.46	42,796.02
Add: Depreciation	23,866.00	20,922.01
Add: Impairment	-	52.38
Add: Inventory written down (net)	63.20	1,043.27
Less: Profit on Sale or Property, Plant & Equipment	(12.54)	(16.34)
Add: Asset Written Off	15.10	-
Add: Corporate Social Responsibility	-	-
Add: Provision For Warranty	-	182.11
Less: Interest Income	(47,008.85)	(53,031.20)
Operating Profit before Working Capital Changes	42,118.37	11,948.25
Add: Increase in Trade Payables	57,553.38	77,049.05
Add: Increase in Provisions	19,633.41	(46,794.30)
Add: Increase in Other Current Liabilities	(1,35,091.94)	2,58,893.62
Add: Decrease in Inventory	(35,486.53)	(26,980.91)
Less: (Increase) in Trade Receivables	42,230.20	(1,46,731.50)
Less: (Increase) in Other Current Assets	(1,44,982.17)	(1,32,699.85)
Add: Increase in Current Tax Liability	-	-
Add: Decrease in Earlier Period Tax	1,216.38	11.18
Cash Generated from Operations	(1,52,808.90)	(5,304.46)
Income Taxes & Advance Taxes Paid (Net)	(6,174.63)	(30,161.09)
Cash Flow before Exceptional Items	(1,58,983.53)	(35,465.55)
Exceptional Items	(19,455.70)	38,917.30
Net Cash Inflow/(Outflow) From Operating Activities	(1,78,439.23)	3,451.75
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) /Sales of Tangible Assets	(19,807.10)	(14,528.49)
(Additions)/Deductions to Capital Work in Progress	(3,168.37)	(1,374.79)
(Purchase) of Intangible Assets	(216.74)	(193.86)
(Purchase) of Investments	(360.68)	-
Increase / (Decrease) from term deposits & other bank balances	78,817.22	(1,04,592.23)
Interest received	59,082.05	32,080.24
Net Cash Inflow/(Outflow) From Investing Activities	1,14,346.38	(88,609.13)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity	31,737.19	31,694.11
Increase in Non Current Liabilities (Others)	(14,351.16)	552.78
Corporate Social Responsibility (CSR) expenditure	-	-
Net Cash Inflow/(Outflow) From Financing Activities	17,386.03	32,246.89
Net Cash from/(Used) in Operating Activities	(1,78,439.23)	3,451.75
Net Cash from/(Used) in Investing Activities	1,14,346.38	(88,609.13)
Net Cash from/(Used) in Financing Activities	17,386.03	32,246.89
NET INCREASE/(DECREASE) IN CASH EQUIVALENTS	(46,706.82)	(52,910.49)
CASH OR CASH EQUIVALENT AT BEGINNING	1,97,470.77	2,50,371.26
CASH OR CASH EQUIVALENT AT CLOSING	1,50,763.95	1,97,470.77

Material accounting policies and accompanying notes form an integral part of the financial statements.

As per our report of even dated attached

For **Natraj Associates**

Chartered Accountants

Firm Regn. No. : 002440S

Sd/-

G.Natarajan

Partner Membership No.: 011660

Place: Chennai

Date: 31st July 2025

UDIN: 25011660BMIVWV5915

For and on behalf of Board of Directors

Sd/-

Sanjay Dwivedi

Chairman & Managing Director

DIN: 09282314

Sd/-

G. Srinivasan

Chief Financial Officer

Sd/-

Garima Khare

Company Secretary

Statement of Changes in Equity

A. Equity Share Capital

	2023-24			2024-25		
	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period	Balance at the beginning of the reporting period	Changes in equity share capital during the year	Balance at the end of the reporting period
	12,80,593.14	30,436.00	13,11,029.14	13,11,029.14	31,737.18	13,42,766.32

(Rs in Lakhs)

Note:

143511845 number of Equity shares at face value of Rs.10/ per share has been issued during the Financial Year 2024-25 for consideration other than Cash.

B. Other Equity
2024-25

	Share application money pending allotment	Equity component of financial instruments	Reserves and Surplus			Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow	Revaluation Surplus	Exchange differences on translating the statements of a foreign operation	Other items of Other Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (specify nature)	Retained Earnings							
Balance at the beginning of the reporting period	15,885.96	-	-	-	-	93,043.31	-	-	-	-	-	-	1,08,729.27
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	15,885.96	-	-	-	-	93,043.31	-	-	-	-	-	-	1,08,729.27
Comprehensive Income for the year	-	-	-	-	-	33,492.69	-	-	-	-	-	-	33,492.69
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares issued	14,351.18	-	-	-	-	-	-	-	-	-	-	-	14,351.18
Balance at the end of the reporting period	1,334.78	-	-	-	-	1,26,536.00	-	-	-	-	-	-	1,27,870.78

(Rs in Lakhs)



2023-24

(Rs in Lakhs)

	Shares application money pending allotment	Equity component of financial instruments	Reserves and Surplus			Debt Instruments that are part of Comprehensive Income	Equity Instruments that are part of Comprehensive Income	Effective Cash Flow	Revaluation Surplus	Exchange difference on translating the financial statements of a foreign operation	Other Items of Comprehensive Income (specify nature)	Money received against share warrants	Total
			Capital Reserve	Securities Reserve	Premium Reserve	Other Reserves (specify nature)	Retained Earnings						
Balance at the beginning of the reporting period	17,121.96	-	-	-	-	-	32,536.78	-	-	-	-	-	49,658.74
Changes in accounting policy or prior period errors		-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period		-	-	-	-	-	60,506.53	-	-	-	-	-	60,506.53
Total	-	-	-	-	-	-	93,043.31	-	-	-	-	-	93,043.31
Comprehensive Income for the year	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares issued	1436	-	-	-	-	-	-	-	-	-	-	-	1,436.00
Balance at the end of the reporting period	15,685.96	-	-	-	-	-	93,043.31	-	-	-	-	-	1,08,729.27

Note:

No Other disclosures are required other than those as stated above.

Material accompanying notes form an integral part of the Standalone Financial statements.

As per our report of even dated attached

For Natraj Associates

Chartered Accountants
Firm Regn. No. : 002440S

Sd/-

G.Natarajan

Partner
Membership No.: 011660

Date: 31st July 2025

Place: Chennai

UDIN: 25011660BMVWV5915

For and on behalf of Board of Directors

Sd/-

Sanjay Dwivedi

Chairman & Managing Director

DIN: 092822314

Sd/-

G. Srinivasan

Chief Financial Officer

Sd/-

Garima Khare

Company Secretary

FINANCIAL STATEMENTS



NOTES TO ACCOUNTS

Note No.1

General Information

Armoured Vehicles Nigam Limited (CIN: U35990TN2021GOI145504) (herein referred to as "The Company" or "AVNL") is a Defence Public Sector Undertaking (DPSU) which was incorporated on 14th August 2021 after the corporatization of the erstwhile Ordnance Factory Board.

The Company is a public sector enterprise under the administrative control of the Department of Defence Production, Ministry of Defence. The Company is engaged in manufacturing of Defence products for the Indian Armed Forces. It has 5 manufacturing units Engine Factory Avadi (EFA) & Heavy Vehicles Factory (HVF) situated in Tamil Nadu; Machine Tools Prototype Factory (MTPF) in Maharashtra; Ordnance Factory Medak (OFMK) situated in Telangana; and Vehicle Factory Jabalpur (VFJ) in Madhya Pradesh.

Note No.2

Material Accounting Policies

1. Basis of Preparation

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP) which comprises the mandatory Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], as amended from time to time, to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

2. Classification of Assets and Liabilities as Current and Non-Current:

All assets and liabilities are classified as current or non-current as per the normal operating cycle (considered as 12 months) and other criteria set out in Schedule III of the Act.

3. Use of Estimates

The preparation of the financial statements in conformity with IND AS requires that the management make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability and contingent assets as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognized in the period in which the results are ascertained.

4. Basis of Measurement

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities measured at fair value.

5. Functional and Presentation Currency

The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company.

6. Revenue Recognition

Revenue is recognized when (or as) the company satisfies a performance obligation by transferring promised goods or services.

Performance obligation over time

- a. Revenue is recognized overtime where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:



- (i) The company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs.
 - (ii) The company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
 - (iii) The company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.
- b. Company adopts output method of revenue recognition.
- c. Revenue is recognized based on the milestone completed as per the contract.

Performance obligation at a point in time

- a. The company recognizes the revenue at a point in time when it satisfies the performance obligations and the performance obligation is satisfied;
- (i) when the customer obtains control of the asset.
 - (ii) The company has transferred physical possession of the asset.
 - (iii) Legal title to the asset is held by the customer.
 - (iv) when the company has a present right to payment for the asset.
 - (v) the customer has the significant risks and rewards of ownership of the asset.

Ex-Works contract

- (i) Revenue is recognized when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

FOR Contracts

- (i) Revenue is recognized when the goods are handed over to the carrier for transmission to the buyer after prior inspection.

Bill and hold Sales

- (i) The product is currently ready for physical transfer to the customer.
- (ii) The company does not have the ability to use the product or to direct it to another customer.
- (iii) The product is identified separately as belonging to the customer.

Measurement

- (i) Revenue is recognized based on the transaction price agreed as per the contract. It excludes taxes which are payable to the appropriate authorities.
- (ii) The transaction price is the consideration which the Company expects to receive in exchange for transfer of goods or services or milestone achievement to a customer as per the contractual terms.

Significant Financing Component

Advances received towards execution of Defence related projects are not considered for determining significant financing component since the objective is to protect the interest of the contracting parties.

In respect of other contracts, the existence of significant financing component is reviewed on a case to case basis.



7. Other Income

Interest Income

- (i) Interest on term deposits is accounted on an accrual basis.
- (ii) Any other interest income will be accounted based on effective interest rate method.

Government Grants

Government Grants are recognized as follows

- a Grant towards meeting expenditure is recognized as income as and when the expenditure for which the grant is sanctioned is incurred.
- b Grant towards procurement of an asset is recognized as income in equal amounts over the expected useful life of the related asset.
- c Grant towards non-monetary assets are recognized at fair value and released to Statement of profit and loss over the expected useful life.
- d The subsidized portion of interest rate provided by the Government on loans or similar financial assistance is recognized as grant.

8. Property, Plant and Equipment, Capital Work-in-Progress

- (i) The initial cost of an asset comprises its purchase price or construction cost (including import duties and non-refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).
- (ii) An item of Property, Plant and Equipment and any significant part initially recognized separately as part of Property, Plant and Equipment is derecognized upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized.
- (iii) The cost of property, plant and equipment not ready for their intended use at each reporting date is shown as capital-work in progress.
- (iv) Capital work-in-progress comprises supply-cum erection contracts; the value of capital supplies received at site and accepted, capital goods in transit and under inspection.

9. Intangible Assets, Intangible Asset under Development

- (i) Cost of Developmental work which is completed, wherever eligible, is recognized as an Intangible Asset.
- (ii) Cost of Developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".
- (iii) Intangible assets are initially measured at cost and subsequently at cost less accumulated amortization and cumulative impairment losses.
- (iv) An intangible asset is derecognized on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses on derecognition of intangible assets, if any, are recognized in the statement of profit and loss.
- (v) The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an Intangible Asset in the books of account when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the reporting date are classified as "Intangible Assets under Development".



10. Depreciation / Amortization

- (i) Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Company, based on technical assessments, depreciates certain items of building, plant and equipment and other asset classes over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation.
- (ii) Where cost of a part of the asset is significant to total cost of the asset estimated useful life of that part is different from the estimated useful life of the remaining asset, estimated useful life of that significant part is determined separately and the significant part is depreciated on a straight-line basis over its estimated useful life.
- (iii) Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use.

11. Disposal of Property, Plant and Equipment

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the property, plant and equipment (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the property, plant and equipment) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

12. Research and Development Expenditure

- (i) Expenditure on Research activity is recognized as an expense in the period when it is incurred.
- (ii) Expenditure incurred towards other developmental activity (including joint developmental activity with external agencies) where the research results or other knowledge is applied for developing new or improved products or processes, are recognized as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable.

13. Expenditure on Technical Know-How

- (i) Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on incurrence unless it qualifies for recognition as an Intangible Asset.

14. Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. When the carrying amount of an asset or fair value exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

15. Leases

Company as a Lessee

- (i) Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – Leases, if the recognition criteria as specified in the Accounting standard are met.
- (ii) Lease payments associated with Short terms leases and Leases in respect of Low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.
- (iii) At commencement date, the value of “right of use” is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset and presented as part of property, plant and equipment.



- (iv) Subsequent measurement of right-of-use asset is made using Cost model.
- (v) Liability for lease is created for an amount equivalent to the present value of outstanding lease payments and presented as Borrowing.
- (vi) Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the Statement of Profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
- (vii) The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.
- (viii) The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.
- (ix) Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

Company as a Lessor

Leases are classified as operating lease or a finance lease based on the recognition criteria specified in Ind AS 116 – [Leases](#).

(a) Finance Lease

At commencement date, amount equivalent to the “net investment in the lease” is presented as a Receivable. The implicit interest rate is used to measure the value of the “net investment in Lease”.

Each lease payment is allocated between the Receivable created and finance income. The finance income is recognised in the Statement of Profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in Lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109 – Financial Instruments. Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

(b) Operating Lease

The company recognises lease payments from operating leases as income on either a straight-line basis or another systematic basis, if required.

Lease modifications, if any are accounted as a separate lease if the recognition criteria specified in the standard are met.

16. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

17. Inventories

- (i) All inventories of the Company are valued at lower of cost or net realizable value. Cost of materials is ascertained by using the weighted average cost formula.
- (ii) Cost of Work - in - progress and finished goods include Direct Materials, Direct Labour and appropriate overheads.
- (iii) Cost of materials excludes taxes.
- (iv) Slow moving Inventory is valued at cost.
- (v) Slow moving Inventory are those items of inventory which are greater than 1 year but less than or equal to 3 years.



- (vi) Non moving Stores in Hand, scrap and wastage materials are carried at Nil value.
- (vii) Non moving Inventory are those items of inventory which are greater than 3 years.

18. Income Taxes

(i) Current Income Tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

(ii) Deferred Tax

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

19. Provision for Warranties

Provision for expenditure on account of performance guarantee & replacement / repair of goods sold is made on the basis of trend based estimates. In cases where a trend is not ascertainable, provision for warranty is made based on the best estimates of management.

20. Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency by using the closing exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognized in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions.

21. Provisions

- (i) Provisions are recognised 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. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.
- (ii) Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.
- (iii) If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate.

22. Contingent Liabilities/Assets

Contingent Liabilities/Assets, to the extent the Management is aware, are disclosed by way of notes to the financial statements.



23. Fair value Measurement

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

24. Financial Assets

(i) Initial Recognition and Measurement

All financial assets are recognized initially at fair value. 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 are included in the cost of the asset.

(ii) Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

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

(iii) Derecognition

A financial asset or part of a financial asset is derecognised when the rights to receive cash flows from the asset have expired.

25. Trade and Other Receivables

Receivables are initially recognized at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

26. Cash Flow Statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS 7 - Statement of Cash Flows.

27. Employee Benefits

As per Letter No. 1(5)/2021/OF/DP(PIg-V)/02 dated 24/09/2021 received from DDP, Ministry of Defence, all the employees are under deputation for a period of 2 years starting 1/10/2021.

Letter no :1(5)/2023/Egom/OF/DP(M&P) dated 08/08/2023 received from Government of India Ministry of Defence Department of Defence Production has extended the period for further 1 year w.e.f 1/10/2023. Further through letter no.1(5)/2023/EGOM/Deemed Deput/OF/DP/(M &P), dated 09 September 2024 period deputation further extended upto 31 December 2025.

28. Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value. Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

29. Impairment of Financial Assets

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



- (a) Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.
- (b) Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- (c) Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

Impairment loss allowance (or reversal) is recognised as expense / income in the statement of profit and loss.

30. Trade and Other Payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

31. Reclassification of Financial Instrument

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

32. Errors and Estimates

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

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

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

33. Earnings Per Share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

34. Events after the Reporting Period

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

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

FINANCIAL STATEMENTS



Note No. 3 Property, Plant & Equipment

(Rs in Lakhs)

Particulars	Gross Carrying Amount				Depreciation				Impairment			Net Book Value		
	As at 1 st April 2024	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Reclassification	As at 31 st Mar 2025	Accumulated Depreciation as at 1 st April 2024	Depreciation during the year	Deductions/ Adjustments during the year	Reclassification	As at 31 st Mar 2025	Accumulated Impairment Loss as at 1 st April 2024	Impairment during the year	As at 31 st Mar 2025	As at 31 st Mar 2025
Land	5,26,016.56	-	-	-	5,26,016.56	-	-	-	-	-	-	-	-	5,26,016.56
Land(Freehold)														
Buildings														
Buildings(inside Factory)	90,498.90	905.97	-	-	91,404.87	6,162.26	4,513.05	-	-	10,675.31	3.38	-	3.38	80,726.17
Buildings(Outside Factory)	21,453.07	4,975.86	-	-	26,428.93	1,715.66	1,089.34	-	-	2,805.00	48.99	-	48.99	23,574.93
Plant & Equipment														
Plant & Machinery	2,44,177.61	11,666.22	49,777	-	2,55,346.06	39,753.78	17,057.99	257.23	-	56,554.54	-	-	-	1,98,791.50
Plant & Machinery-IOL	124.66	72.88	-	-	197.54	30.65	27.10	-	-	57.75	-	-	-	139.79
Vehicles	2,652.47	341.27	4.69	-	2,989.05	1,035.47	435.11	3.00	-	1,467.58	-	-	-	1,521.47
Computers and Hardware	733.17	1,323.38	-	-	2,056.55	240.16	340.02	-	-	580.18	-	-	-	1,476.37
Computers and Peripherals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture Fixtures	740.45	476.05	-	-	1,216.50	124.35	134.10	-	-	258.45	-	-	-	965.05
Other Items	50.45	28.30	-	-	78.75	12.30	11.19	-	-	23.49	-	-	-	55.26
Air Conditioners	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refrigerators	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrical Installations	51.11	37.19	-	-	88.30	2.78	5.33	-	-	8.11	-	-	-	80.19
Electronics	91.13	13.79	-	-	104.92	5.00	13.31	-	-	18.31	-	-	-	86.61
Air Conditioners and Refrigerator	76.56	29.22	-	-	105.78	14.86	8.16	-	-	23.02	-	-	-	82.76
Office Equipment	15.65	58.63	-	-	74.28	0.82	3.50	-	-	4.32	-	-	-	69.96
Control systems, electronic Equipments and other similar Items	160.48	48.65	-	-	209.13	9.61	24.62	-	-	34.23	-	-	-	174.90
Servers & Networks	2.08	69.38	-	-	71.46	0.30	4.77	-	-	5.07	-	-	-	66.39
R&D Equipments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	8,86,844.35	20,046.79	502.46	-	9,06,386.68	49,108.00	23,667.59	260.23	-	72,515.36	52.37	-	52.37	8,33,820.91



(Rs in Lakhs)

Particulars	Gross Carrying Amount				Depreciation				Impairment			Net Book Value		
	As at 1 st April 2023	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Reclassification	As at 31 st March 2024	Accumulated Depreciation as at 1 st April 2023	Depreciation during the year	Deductions/ Adjustments during the year	Reclassification	As at 31 st March 2024	Accumulated Impairment Loss as at 1 st April 2023	Impairment during the year	As at 31 st March 2024	As at 31 st March 2024
Land	5,26,016.56	-	-	-	5,26,016.56	-	-	-	-	-	-	-	-	5,26,016.56
Buildings														
Buildings (Inside Factory)	85,438.00	5,060.89	-	-	90,498.90	3,597.34	2,564.91	-	-	6,162.26	-	3.38	3.38	84,333.23
Buildings (Outside Factory)	20,287.90	1,165.17	-	-	21,453.07	997.42	718.28	-	-	1,715.66	-	48.99	48.99	19,688.41
Plant & Equipment														
Plant & Machinery	2,36,398.67	8,949.31	894.73	-275.65	2,44,177.60	21,719.12	16,800.36	-227.47	1,029.03	39,753.78	-	-	-	2,04,423.81
Plant & Machinery-IOL	92.16	24.30	0.05	8.25	124.66	14.52	13.78	0.01	2.36	30.65	-	-	-	94.00
Vehicles	2,530.39	131.65	9.56	-	2,652.47	920.17	452.68	337.38	-	1,035.47	-	-	-	1,616.99
Computers and Hardware	257.38	477.39	1.62	-	733.16	46.51	179.65	0.37	-	240.33	-	-	-	492.82
Computers and Peripherals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Furniture Fixtures	200.01	274.55	153	267.41	740.45	21.04	26.94	0.03	76.40	124.35	-	-	-	616.09
Other Items	37.96	13.27	0.79	-	50.45	4.95	7.42	0.25	-	12.12	-	-	-	38.33
Air Conditioners	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refrigerators	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electrical Installations	24.56	26.56	-	-	51.12	0.57	2.22	-	-	2.79	-	-	-	48.31
Electronics	4.01	87.12	-	-	91.13	0.16	4.85	-	-	5.00	-	-	-	86.13
Air Conditioners and Refrigerator	18.73	60.24	2.41	-	76.56	2.46	7.18	2.40	-	14.85	-	-	-	61.72
Office Equipment	-	15.65	-	-	15.65	-	0.82	-	-	0.82	-	-	-	14.83
Control systems, electronic Equipments and other similar Items	-	160.48	-	-	160.48	-	9.61	-	-	9.61	-	-	-	150.87
Servers & Networks	-	2.08	-	-	2.08	-	0.30	-	-	0.30	-	-	-	1.78
Fans	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	8,71,306.33	16,448.66	910.69	0.01	8,86,844.34	27,324.26	20,789.00	112.97	1,107.79	49,107.99	-	52.37	52.37	8,37,683.88

Disclosures:

1. Cost Model has been adopted to value the Property, Plant & Equipment.
2. Freehold Land consists of 5,319.35 Acres of Land.
3. Freehold Land includes land leased out. However, the area of leased out land is yet to be provided by the Defence Estate.
4. Valuation of Land and Building by an Independent Valuer was carried out as at 1/10/2021 based on records available with the company and
such value has been considered for Net Asset Value (NAV).
5. Directorate of Ordnance (C&S), transferred land through handing and taking over document to each unit of AVNL. There are differences between records maintained by the company and the handing over document. Such differences are tabled below:



Unit	Area as per Valuer's Report (Acres)		Area as per Handing Over	Difference (Acres)	Remarks
Engine Factory Avadi	82.18	1,285.18	1,382.61	97.43	Adjusted in NAV
Heavy Vehicles Factory	1,203.00				Adjusted in NAV
Machine Tools Prototype Factory	44.55		124.61	80.06	Under Reconciliation
Ordnance Factory Medak	2,843.69		2,964.31	120.62	Adjusted in NAV
Vehicle Factory Jabalpur	927.88		860.11	-67.77	Under Reconciliation
Total	5,101.30		5,331.64	230.34	

6. Any cost that might be incurred for registration/update in revenue records shall be capitalised at the time of incurrence.

7. Estimation of Useful Life

The management has estimated the useful life of the various categories of tangible assets (which are different from the useful life indicated in Schedule II to the Companies Act, 2013) after taking into consideration the report provided by the Technical Committee.

The estimated useful lives of various categories of Tangible Assets is as follows:

Asset Class	Years
Buildings	5 to 65 years
Plant & Machinery	5 to 25 years
Vehicles	5 Years
Furniture & Fixtures	10 years
Computer & Peripherals	3 years

8. Depreciation / Amortization

Depreciation is calculated on a straight-line basis over the estimated useful lives of the Assets.

9. Method of Accounting Depreciation

Depreciation / Amortization has been calculated as per Accounting Policy No. 9 of the Company and recognised as expenses in the Statement of Profit and Loss.

- During the Financial Year no provision considered necessary for impairment of assets as the realizable value of assets technically assessed is more than the carrying amount of these assets.
- Plant & Machinery having original value of Rs.22,783.92 Lakhs and structural & civil works having value of Rs.3,104.93 Lakhs are physically lying at the premises of Mishra Dhatu Nigam Limited, Hyderabad (Midhani). Plant & Machinery includes Wide Plate Rolling Facilities for Armour Plates which was given under Lease as per MOU entered between OFMK and MIDHANI and the same is considered as Operating Lease.

Furniture & Fixtures and Other Items as disclosed in the Commercial Accounts reported by Defence Accounts Department do not have asset wise details.

**Properties Not held in the name of the Company:**

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value (Rs. In Lakhs)	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company**
Property, Plant & Equipment	Land	5,04,257.56	Ordnance Factory Board, Ministry Of Defence	No	1/10/2021	Transferred from Government of India to the newly formed DPSU, AVNL. The conveyance of Title Deeds in favour of the company is under
		21,759.00			31/3/2023	
Property, Plant & Equipment	Buildings	77,642.26			1/10/2021	

13. During the Financial Year 2024-25 the Company identified certain assets recorded in its books that are sold before pre corporation and

Consequently, the Company has written off these assets, costing Rs 48.07 Lakhs.

14. Asset with acquisition cost less than Rs. 5000 are depreciated fully in the financial year of acquisition .

15. Building includes Roads change in the estimates as per IndAs 8 ,Recent inspection and analysis have indicate that the Age of these roads is

significantly lower than originally estimated life, revised useful life of 5Year effective 1.4.2024 for cuurrently existing and future relevent assets, as a result of this change, the depreciation expenses for the year has increased by Rs.2158.84 lakhs, includes 337.5 lacks Repairs to main road between Main Gate and Indrakaran Gate and Repairs to main road between Main Gate and Indrakaran Gate considered as revenue expenditure and depreciated fully.

16. Leasing of wide Miller Plant & Machinery to Midhani is considered as Operating Lease as per IND AS 116. As per the lease agreement the original investment is to be collected in a period of 40 years and 50% of profit out of the Sales made to other than OFB Factories.

17. Total of 111.66 Acres of Land have been handed over by MoD to VFJ vide letter no.6168/DoO(C&S)/AM/Transfer of Land/VFJ&GCF

dtd.12/06/2023.Reconciliation of land area with respective stakeholders needs to be carried out and no objection certificate needs to be obtained.Once the above process is completed differences if any shall be dealt with appropriately in the books of accounts.

18. Value of roads were included in the value of building till FY 2023-24 and depreciated over a period of 60 Years, however in the current year value of road and buliding has been separate at HVF and OFMK. However with respect to other units (ie.EFA, MTPF AND VFJ) road is still forming part of building as the value is inseparable as they were constructed in a single supply order.



Note No. 4

Capital Work-in-Progress

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Civil Construction	10,961.62	6,093.39
Plant & Machinery	5,484.37	7,184.20
Less: Provision for Impairment	-	-
Total	16,445.99	13,277.59

Disclosures:

For Contractual Commitments Disclosures refer Note No. 28, Point No. 5 - 'Contractual Commitments'

Capital Work-in-Progress Ageing Schedule 2024-25

(Rs in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	14,885.79	1,511.66	48.53	-	16,445.98
Total	14,885.79	1,511.66	48.53	-	16,445.98

Capital Work-in-Progress Ageing Schedule 2023-24

(Rs in Lakhs)

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	9,578.21	2,912.29	787.09	-	13,277.59
Projects temporarily suspended	-	-	-	-	-
Total	9,578.21	2,912.29	787.09	-	13,277.59

Disclosures:

1. Ageing of Capital Work-in-Progress taken over from GoI has been done from the Appointed Date of 1st October 2021 and for other CWIP from the date of commencement.

2. Movement of Capital Work-in-Progress

(Rs in Lakhs)

	As on 1 st April 2024	Additions/ Adjustments during the year	Capitalization/ Deductions/ Adjustments during the year	As on 31 st Mar 2025
Civil Construction	6,093.39	10,754.13	5,885.90	10,961.62
Plant & Machinery	7,184.20	7,510.09	9,209.92	5,484.37
Total	13,277.59	18,264.22	15,095.82	16,445.99

Note No. 5**Other Intangible Assets**

(Rs in Lakhs)

Particulars	Gross Carrying Amount			Amortisation			Net Book Value
	As at 1 st April 2024	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31 st March 2025	Accumulated Amortisation as at 1 st April 2024	Amortisation during the year	As at 31 st March 2025
Software licenses	263.14	215.95	-	479.09	25.58	89.97	363.54
Patents	543.66	-	-	543.66	271.86	108.43	163.37
Others (Developments Cost)	-	0.79	-	0.79	-	-	0.79
Total	806.80	216.74	-	1,023.54	297.44	198.40	527.70

Particulars	Gross Carrying Amount			Amortisation			Net Book Value
	As at 1 st April 2023	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31 st March 2024	Accumulated Amortisation as at 1 st April 2023	Amortisation during the year	As at 31 st March 2024
Software licenses	67.61	195.53	-	263.14	1.30	24.28	237.56
Patents	543.66	-	-	543.66	163.13	108.73	271.80
Total	611.27	195.53	-	806.80	164.43	133.01	509.36

Disclosures:

- Value of Patents has been taken based on the report received from Ordnance Factory Board. As per the report, valuation has been carried out using the Replacement Cost Approach and the estimated useful life of intangible assets is taken as 5 years or as approved by the Technical Committee.
- The estimated useful life for Softwares is 5 to 6 years.
- Research & Development expenses pertain to research phase as per Technical Committee and has been written off in line with Ind AS 38 and the Company's Accounting Policy No.10.



**Note No. 6****Non Current Investments**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Investment in Shares – Unquoted at Cost	360.68	–
Total	360.68	–

Laboratory for Electro Optical Navigational Systems Foundation (LENS) was incorporated on 15-05-2024 as a section 8 company under the Indian Companies Act having five (5) corporate shareholders with Armoured Vehicles Nigam Limited (AVNL) holding 35% stake (Rs. 360.68 Lakhs). AVNL has appointed Mr. Bolewar Babu – General Manager of AVNL as its nominee.

Having a nominee on the Board of Directors of LENS, AVNL is presumed to have significant influence in LENS. As per IND AS 28, the investment made in share capital is recognised at cost and adjusted thereafter for the post acquisition change in the investee's net assets. The share of investee's profits is to be included in the Profit and Loss Account of the investor.

LENS, being a section 8 company. It is not allowed to distribute its profits derived, directly or indirectly, by way of dividend, bonus or otherwise by way of profit and the profit should be applied solely for the promotion of its objects. Hence, any share of the profit of LENS cannot be taken by any of the shareholders of LENS. As such AVNL cannot take its share of profit to its Profit and Loss Account nor adjust its investment value based on the change in the Investee's assets.

Note No. 7**Other Non – Current Financial Assets**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st Mar 2024
Deposit with TNEB	410.09	423.81
Deposit with TSSPDCL	286.64	286.64
Deposit with HMWSSB	81.83	81.83
Deposit with NBCC	25.74	
FD for Bank Guarantee	105.00	105.00
Term Deposits	500.00	–
Security Deposit (Public Fund)	2,770.87	2,722.12
Total	4,180.17	3,619.40

Disclosures:

The maturity date of FD for Bank Guarantee of Rs.100.00 Lakhs is on 30/3/2026.



Note No. 8

Inventories

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Stores in Hand	1,62,162.15	1,25,392.80
Work in Progress	97,457.52	124,137.92
Finished Components	22,280.32	24,925.45
Completed Articles	742.82	663.19
Stock in Transit	15,279.11	1,485.69
Stock under Inspection	40,385.00	21,383.41
Unrealised Profit on Stock	-6,072.44	-1,411.92
Non Moving Component	-234.61	
TOTAL	3,31,999.87	2,96,576.54

Disclosures:

Valuation of Inventories has been made as per Company's Accounting Policy No. 14.

Stock in Transit & Stocks under inspection are valued at cost.

Goods amounting to Rs.987.62 Lakhs worth received by EFA from JSC Rosobornexport before corporatisation which are rejected due to deficient quality and lying in the factory. These goods are pending for replacement for more than 7 years and not included in Inventory Valuation.

Closing stock or Raw material as per Note 23 is 209718.01 lakh and as per Note 8 is 162162.15 lakh, difference is due to Stock under inspection of VFJ and HVF by Rs 5915.72 lakh and 30286.76 lakh and stock in transit of Rs 11353.38 lakh of HVF disclosed separately in Note 8.

Closing stock of finished goods as per note 8 is 22045.71 lakh and as per note 24 is 23136.60 lakh, difference is due to effect to non-moving inventory adjusted in note 24.

Closing stock of Stock in transit reflects the item sold by one unit and not reached other unit, hence the same is considered as inventory of AVNL and not considered for movement in inventory in note 24.

Note No. 9

Trade Receivables

(Rs in Lakhs)

Particulars	As at 31st March 2025	As at 31st March 2024
Non Current		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	-	-
Trade Receivables which have significant increase in credit risk	-	-
Less: Allowance for Doubtful Debts	-	-
Trade Receivables - credit impaired	-	-
Less: Allowance for Doubtful Debts	-	-
Sub Total	-	-
Current		
Trade Receivables considered good - Secured		-
Trade Receivables considered good - Unsecured	2,26,465.79	2,68,696.00
Trade Receivables which have significant increase in credit risk	356.44	356.45
Trade Receivables - credit impaired	-	-
Less: Allowance for Doubtful Debts	-356.44	-356.45
Sub Total	2,26,465.79	2,68,696.00
Total	2,26,465.79	2,68,696.00

**Trade Receivables ageing schedule**

(Rs in Lakhs)

Particulars	As at 31 st Mar 2025					
	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More Than 3	
(i) Undisputed Trade receivables – considered good	1,42,261.97	39,619.26	34,537.02	7,660.83	2,386.71	2,26,465.79
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – considered doubtful	-	-	32.28	-	324.17	356.45
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Less: Allowance for Doubtful Debts	-	-	-32.28	-	-324.17	-356.45
TOTAL	1,42,261.97	39,619.26	34,569.30	7,660.83	2,710.88	2,26,465.79

Trade Receivables ageing schedule

(Rs in Lakhs)

Particulars	As at 31 st Mar 2024					
	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More Than 3	
(i) Undisputed Trade receivables – considered good	1,51,181.02	39,509.94	73,372.10	4,632.94	-	2,68,696.00
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – credit impaired	-	32.28	-	324.17	-	356.45
(iv) Disputed Trade Receivables – considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-
Less: Allowance for Doubtful Debts	-	-32.28	-	-324.17	-	-356.45
TOTAL	1,51,181.02	39,509.94	73,372.10	4,632.94	-	2,68,696.00

Disclosures:**1. Payment Terms**

AVNL delivers products on the basis of Deemed Contracts entered into by the Company. The payment terms of the Contract stipulates that 60% of the Taxable Amount be paid as advance, and the balance of 40% with the applicable GST on the whole be paid upon delivery of the product.

2. Initial Measurement

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

3. Related Party Disclosure

Refer Note No 29

**4. Impairment of Assets**

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

- Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.
- Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
- Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

5. Ageing of Trade Receivables has been done from the Appointed Date of 1st October 2021.**Note No. 10****Cash & Cash Equivalents**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Balances with banks	66,840.27	4,658.87
Cash on hand	0.28	0.46
Term Deposits - Maturity of less than 3 months	83,923.40	192,811.44
TOTAL	1,50,763.95	1,97,470.77

TDR of Rs.64,666 lakhs was placed on 30 March 2025. However actual debit from our Bank was only on 03 April 2025. Hence the same was included in Bank Balance and not under Term Deposits

Note No. 10.1**Bank Balances [other than (ii) above]**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Term Deposits - Maturity greater than 3 months	4,82,425.20	5,61,391.19
Earmarked CSR Balance	169.85	21.09
Total	4,82,595.05	5,61,412.28

Note No. 11**Other Current Financial Assets**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Advance to others	4.27	-
Interest accrued but not due on term deposits	72.62	43.52
Receivables other than trade receivables	51.06	-
Term Deposits	70.00	-
Income Tax Refund Receivable	5,894.82	11.11
Interest Receivable	14,161.63	26,233.92
Total	20,254.40	26,288.55

**Disclosures:**

Interest accrued but not due represents the interest receivable on FD provided for Bank Guarantee as presented under Note No.7 - 'Other Non - Current Financial Assets'.

Advance to others represents Bid Bond amount of USD 5000 contributed by EFA for an International tender located in Egypt. This bond is a refundable subject to outcome of the bid.

Note No. 12**Other Assets**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Non Current		
Capital Advances	1,505.08	
Prepaid Expenses	16.68	28.64
Sub Total	1,521.76	28.64
Current		
Advances other than Capital Advances		
Advances to Employees	581.45	152.63
Advances for purchases	2,33,369.85	1,27,666.88
Other Advances	3,243.98	0.54
Receivables from Estate	283.29	216.69
Others		
Prepaid Expenses	381.36	58.11
Other Current Assets	1,601.37	3,841.28
Head Office	-267.77	-44.97
Input GST	69,318.96	40,346.64
TDS Receivable	-	-
TCS Receivable	6.43	5.40
Recoverable from GOI	529.06	524.32
Indirect Taxes - GST	5.13	-
GST Demand Pre-Deposit	1,388.39	890.29
Sub Total	3,10,441.50	1,73,657.81
Total	3,11,963.26	1,73,686.45

Disclosures**1. Impairment of Financial Assets**

Refer Note No. 28

2. Related Party Disclosure

Refer Note No. 29

**Note No. 13****(a) Equity Share Capital**

(Rs in Lakhs)

Particulars	As at 31 st Mar 2025		As at 31 st Mar 2024	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital				
(a) Authorised				
Equity Shares of the par value 10 each	14,00,00,00,000	14,00,000.00	14,00,00,00,000	14,00,000.00
(b) Issued & Subscribed				
(i) Outstanding at the beginning of the year, fully paid up	13,110,291,400	1,311,029.14	12,805,931,400	1,280,593.14
(ii) Issued during the period	3,17,3,71,845	31,737.18	3,04,3,60,000	30,436.00
(iii) Outstanding at the end of the year, fully paid up	13,42,76,63,245	13,42,766.32	13,11,02,91,400	13,11,029.14

The company has only one class of share, i.e., equity shares having the face value of Rs.10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

Reconciliation of the number of shares outstanding at the beginning and at the end of the period

(Rs in Lakhs)

Particulars	As at 31 st Mar 2025		As at 31 st Mar 2024	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the Reporting Period	13,110,291,400	13,11,029.14	12,80,59,31,400	12,80,593.14
Add: Shares Issued during the period	3,17,371,845	31,737.18	3,04,360,000	30,436.00
Less: Shares bought back during the period		-		-
Shares outstanding at the end of the Reporting Period	13,42,76,63,245	13,42,766.32	13,11,02,91,400	13,11,029.14

Shares in the company held by each shareholder holding more than 5%

(Rs in Lakhs)

Name of Shareholder	As at 31 st Mar 2025		As at 31 st Mar 2024	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Government of India, Ministry of Defence	13,42,76,63,245	100%	13,11,02,91,368	100%
Total	13,42,76,63,245	100%	13,11,02,91,368	100%

(b) Other Equity

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st Mar 2024
General Reserves	-	-
Retained Earnings	1,26,536.00	93,043.31
Equity Shares Pending Allotment	1,334.78	15,685.96
Total	1,27,870.78	1,08,729.27

**Note No. 14****Trade Payables**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Non Current		
-Others		
Sub Total		
Current		
- Dues to micro & small enterprises	7,984.45	4,849.74
- Others	2,22,234.31	1,67,815.62
TOTAL	2,30,218.76	1,72,665.36

Disclosures**1. Micro and Small Enterprises (MSE)**

The information under MSMED Act, 2006 has been disclosed to the extent such vendors have been identified by the company.

The details of amounts outstanding to them based on available information is as under :

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st Mar 2024
a) The principal and the interest due thereon remaining unpaid as at 31 March:		
Principal	7,984.45	4,849.74
Interest	962.18	802.31
b) The interest paid by the Company in terms of section 16 of the MSMED Act along with the amount of the payment made beyond		
Principal	3014.85	
Interest		
c) The interest reversed by the company during the year ended 31 March		
d) Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.	142.75	
e) Interest accrued and remaining unpaid at the end of the year ending 31 March		
f) 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	962.18	802.31

**2. Trade Payables Ageing Report**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Principal amount due outstanding as at end of year	7,984.45	4,849.74
Principal amount overdue more than 45 days	7,984.45	4,849.74
Interest paid to the supplier	925.72	799.04
Payments made to the supplier beyond the appointed day during the year		
Interest due and payable for the year of delay		
Interest accrued and remaining unpaid as at end of year		
Amount of further interest remaining due and payable in succeeding year		

(Rs in Lakhs)

Particulars	As at 31 st March 2025				
	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	5,549.64	2,029.56	64.06	341.19	7,984.45
(ii) Others	1,74,410.92	29,673.50	11,772.32	6,377.57	2,22,234.31
(iii) Disputed Dues - MSME					
(iv) Disputed Dues -Others					
Total	1,79,960.56	31,703.06	11,836.38	6,718.76	2,30,218.76

(Rs in Lakhs)

Particulars	As at 31 st March 2024				
	Outstanding for following periods from due date of payment				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4,429.13	9.06	411.32	0.23	4,849.74
(ii) Others	71,267.38	57,833.97	38,713.96	0.31	1,67,815.62
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues -Others	-	-	-	-	-
Total	75,696.51	57,843.03	39,125.28	0.54	1,72,665.36

1. Ageing of Trade Payables has been done from the Appointed Date of 1st October 2021.
2. Trade Payables in EFA, HVF and MTPF Units include Rs.598.59 Lakhs, Rs.2,649.39 Lakhs and Rs.2,187.70 Lakhs respectively, both outstanding since 01.10.2021 without any movement. The company will continue to hold these balances to meet future claims, if any.
3. In OFMK Unit, Sundry Creditors Others include Rs.11,543.16 Lakhs considered in Opening balances as approved by the Ministry of Defence for which list of Vendors is still awaited from PCFA(Fys.), Kolkata.

**Note No. 15****Other Current Financial Liabilities**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Non Current		
Security Deposits from Vendors		
Lease Liability		
Sub Total		
Current		
Security Deposits	2,139.11	2,052.10
Current maturities of Long Term Debt	-	-
Interest accrued and due on trade payables	-	-
Other trade payables	-	-
Unpaid matured deposits	-	-
Unpaid dividends	-	-
Non trade payables dues to micro & small enterprises	-	-
Outstanding expenses	-	-
Lease liability	-	-
Other liabilities	0.15	0.19
Earnest Money Deposit	701.69	676.96
TOTAL	2,840.95	2,729.25

Note No. 16**Other Current Liabilities**

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st Mar 2024
Deferred revenue - Customer grants		2.21
DSC Charges Payable	1,119.92	1,849.62
Expenses Payable	2,733.48	632.30
Payable to YIL	906.01	426.42
SBI Debit Sweep	-	-
Statutory liabilities		
GST Payable	1,704.63	663.85
GST TDS Payable	543.61	390.74
194C TDS Payable	65.89	106.10
194J TDS Payable	0.32	5.10
194Q TDS Payable	7.00	33.05
192 TDS Payable	12.53	125.63
194H TDS Payable	-	-



TCS Payable	0.98	1.38
Cess Payable	49.54	16.55
Professional Taxes Payable	1.58	1.66
TDS Payable	201.50	0.30
Staff Related:		
Employee Salary Payable	7,095.56	8,259.80
Private Recoveries Payable	942.19	966.45
Government Recoveries Payable	1,934.82	2,501.55
NPS Deceased Trust	-	3,163.22
Advances from Customers	5,74,985.59	7,17,690.47
Advances Repayable to Customers	17,389.13	
Government of India (Emergency Fund)	-	5,404.97
Other Liabilities	5,619.38	8,275.91
Sub total (B)		-
Total	6,15,313.66	7,50,517.28

Disclosure:

1. Other Liabilities includes Dispensation liability amounting to Rs.4,839.65 Lakhs (Previous year Rs.6035.32 Lakhs)
2. In OFMK, Advance from Customers includes credit balance of RS.348.58 Lakhs of ABG Shipyard Ltd before incorporation of the company is under liquidation.
3. Advance Repayable to Customers Rs.17389.13 lakhs includes advance received from Indian Army for supplies made before 01 October 2021, hence now repayable

Note No. 17**Provisions**

(Rs in Lakhs)

Particulars	As at 31st March 2025	As at 31st March 2024
Employee Benefits		
for Bonus	683.89	788.19
Others		
for Warranty	6,181.29	10,594.99
for Tuition fee	447.00	-
for Audit Fees	19.30	19.50
for Tax on electricity	55.34	316.02
for Advance on Creditors	715.70	725.08
for DA Arrears	-	-
for Interest on MSME	962.18	802.31
for Liquidated Damages	31,459.91	12,004.22
for Non-Moving Components	-	-
for Expenses	3,380.30	2,617.28
for CSR	717.37	408.30
for other Provisions	3,963.52	310.09
for Inventory	1,237.27	1,603.69
Total	49,823.07	30,189.67

**Disclosures:****1. Movement in Provisions**

(Rs in Lakhs)

Particulars	As at 1 st April 2024		Additions	Utilisation	Reversal	As at 31 st March 2025	
	Non - Current	Current				Non - Current	Current
Provision for Bonus	-	788.19	683.89	275.73	512.46	-	683.89
Provision for Warranty	-	10,594.99	5,810.89	15.14	10,209.44	-	6,181.30
Provision for Audit Fees	-	19.50	19.30	11.50	8.00	-	19.30
Provision for Tax on electricity	-	316.02	28.74	-	289.42	-	55.34
Provision for Advance to Creditors	-	725.08	-	-	9.38	-	715.70
Provision for DA Arrears	-	-	-	-	-	-	-
Provision for Interest on MSME	-	802.31	215.27	-	55.39	-	962.19
Provision for Liquidated Damages	-	12,004.22	20,889.28	-	1,433.60	-	31,459.90
Provision for Expenses	-	2,617.28	3,259.67	24.81	2,471.84	-	3,380.30
Provision for CSR	-	408.30	547.76	238.68	-	-	717.38
Provision for Tuition fee	-	-	447.00	-	-	-	447.00
Provision for Other Provisions	-	310.09	3,963.51	-	310.09	-	3,963.51
Provision for Inventory	-	1,603.69	526.94	893.36	-	-	1,237.27
Total	-	30,189.67	36,392.25	1,459.22	15,299.62	-	49,823.08

Movement in Provisions

(Rs in Lakhs)

Particulars	As at 1 st April 2023		Additions	Utilisation	Reversal	As at 31 st March 2024	
	Non - Current	Current				Non - Current	Current
Provision for Bonus	-	864.60	758.49	108.87	726.03	-	788.19
Provision for Warranty	-	12,520.44	7,165.71	1,004.58	8,086.58	-	10,594.99
Provision for Audit Fees	-	17.70	19.50	17.70	-	-	19.50
Provision for Tax on electricity	-	-	316.02	-	-	-	316.02
Provision for Advance to Creditors	-	1,950.93	-	-	1,225.85	-	725.08
Provision for Interest on MSME	-	575.36	313.02	-	86.07	-	802.31
Provision for Liquidated Damages	-	50,795.14	10,172.50	-	48,963.42	-	12,004.22
Provision for Expenses	-	1,308.17	3,199.97	14.05	1,876.81	-	2,617.28
Provision for CSR	-	117.86	387.21	96.77	-	-	408.30
Provision for Other Provisions	-	-	310.09	-	-	-	310.09
Provision for Inventory	-	-	1,603.69	-	-	-	1,603.69
Total	-	68,150.20	24,246.20	1,241.97	60,964.76	-	30,189.67

2. Warranty provision has been calculated taking into account 1% on the equipment and spare sales. This percentage is based on the best estimate as identified by the management in the year 2024-25.

Once the historical trend of the claims are analyzed such warranty provision will be determined based on such trends and provisions will be adjusted accordingly.



Note No. 18

Current Tax Assets/Liabilities

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Current Tax Assets		
Advance Payment of Income Tax	10,958.56	13,248.30
Total	10,958.56	13,248.30
Current Tax Liability		
Provision for taxation	16,357.34	8,569.88
Total	16,357.34	8,569.88

Note No. 19

Deferred Tax Assets/Liabilities

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Deferred Tax Assets	-14,217.07	-8,604.43
Deferred Tax Liabilities	19,362.52	16,643.70
Timing differences under the Income Tax Act, 1961		
Total	5,145.45	8,039.27

Disclosure:

(Rs in Lakhs)

Particulars	As at 31 st March 2024	Additions/ (Reversals) in Income Statement	Additions/ (Reversals) recognised in Equity	As at 31 st March 2025
Deferred Tax Asset				
Provision for Bonus	198.39	-26.25	-	172.14
Provision for warranty	2,666.76	-1,110.93	-	1,555.83
Provision for Debit balance in creditors	182.50	-2.36	-	180.14
Provision for Liquidated Damages	3,021.46	4,897.00	-	7,918.46
Provision for Doubtful Debts	89.72	-	-	89.72
Provision for Audit Fees	4.91	-0.05	-	4.86
Provision for Expenses	658.77	192.05	-	850.82
Provision for Others	78.05	919.57	-	997.62
Provision for Inventory	403.65	-92.23	-	311.42
Provision for Tuition fee		112.51	-	112.51
Provision for Tax on Electricity	79.54	-65.61	-	13.93
Unpaid MSME Balance	1,220.68	788.94	-	2,009.62
Total	8,604.43	5,612.64	-	14,217.07
Deferred Tax Liability				
Property, Plant & Equipment	16,643.70	2,718.82	-	19,362.52
Total	16,643.70	2,718.82	-	19,362.52
Net Deferred Tax Assets/(Liability)	-8,039.27	2,893.82	-	-5,145.45



Note No. 20

NAV Adjustment

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Test Cell Building 14 & 15	1,117.62	1,117.62
Less : Capital work in Progress	-2.44	-2.44
Less : Value of Machinery - Value wrongly considered		
EOT CRANE (3 NOS)	-369.74	-369.74
FT - IR Spectrometer Machinery	-19.36	-19.36
CNC 3D CMM Machinery	-173.30	-173.30
NAV Adjustment (FY 2022-23)	-	14,351.18
Renewal & Replacement Fund	782.00	782.00
NAV Adjustment- Total	1,334.78	15,685.96

Disclosures

The net amount of Rs. 552.78 Lakhs represents the following:

- Capitalization of Test Cell Buildings amounting to Rs. 1,117.62 Lakhs by way of NAV Adjustment.
- Capital Work-in-Progress to the extent of Rs. 2.44 Lakhs adjusted in connection with the capitalization of Test Cell Buildings.
- Value of 3 EOT Cranes (Machine Nos. 2618, 2619 & 2620) was overvalued by Rs. 369.74 Lakhs as on 1/10/2021. The same has been identified during physical verification and adjusted against NAV now.
- FT-IR Spectrometer Machinery No. 2735 amounting to Rs. 19.36 Lakhs was correctly capitalized in books of accounts by way of M-Voucher dated 16/2/2022; However the same was already included as part of the valuation report based on which Opening Assets were capitalized on 1/10/2021. This double accounting has been corrected by way of NAV adjustment.
- CNC 3D CMM Machinery No. 2737 amounting to Rs. 173.30 Lakhs was correctly capitalized in books of accounts by way of M-Voucher dated 13/4/2022; However the same was already included as part of the valuation report based on which Opening Assets were capitalized on 1/10/2021. This double accounting has been corrected by way of NAV adjustment.

Once approval from the Board of Directors is received, shares will be issued to the Government of India to the tune of Rs. 552.78 Lakhs.

1. Equity Shares pending board approval to be issued of Rs. 1,334.78 Lakhs represents the following:

- Rs. 14,351.18 Lakhs represents NAV adjustment done during FY 2022-23, for which shares are issued during 2024-25.
- Rs. 782.00 Lakhs received towards Renewal & Replacement Fund from Government of India
- Rs. 552.78 Lakhs due to NAV Adjustment done at EFA on account of Tangible Asset inclusions valuation.



Note No. 21

Revenue from Operations

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Sale of Products		
- Equipment	1,40,933.93	1,47,353.74
- Spares	89,659.48	80,554.20
- Intra Company Equipment Sales	36,069.75	32,753.99
- Intra Company Spare Sales	11,798.28	5,536.31
- Unbilled Revenue	2,66,265.07	2,36,508.58
Income from Services	1,570.81	1,723.13
Intra Company Service Income	8.52	17.04
Other operating revenue	-	176.57
Less: Intra Company Sales	-47,876.55	-38,307.35
Total	4,98,429.29	4,66,316.21

Disclosures

- Revenue is recognized both on a 'Point in Time' basis and 'Stage Completion' basis as per IND AS 115.
- Revenue is recognized over time on the contracts for the supply of Armoured Vehicles wherever transfer of control on goods/services and performance obligation is satisfied over time. All other revenue is recognized at a point in time when control transfers.
- Revenue is recognized based on the stage completion in respect of Armoured Vehicles i.e. Percentage of completion method (Output Method). Once the manufacturing of Armoured Vehicles reaches the specified milestones/stages, Revenue is recognized as a percentage of deemed contract price.
- Revenue from Operations include Rs.266265.07 Lakhs (Previous year Rs.236,508.58 Lakhs) that have been recognised over the time period in respect of the Deemed Contracts entered into between AVNL and the Indian Armed Forces. The Revenue recognition by way of Unbilled Revenue is done in compliance of Ind AS 115 upon completion of stages
- Warranties provided are primarily in the nature of performance warranty.
- The company's turnover mainly includes supply of Defence equipment.
- Contract with the customer normally does not contain significant financing component and any advance payment received and / or amount retained by customer is with intention of protecting either parties to the contract.
- Contract entered into with customer, typically does not have a return/refund clause.
- For revenue recognition in respect of performance obligation satisfied at a "point in time" the following



criteria is used for determining whether customer has obtained "Control on asset":

- Transfer of significant risk and rewards
- Customer has legal title to the asset
- The entity has transferred physical possession of the asset
- Customer has accepted the asset
- Entity has the present right to payment of the asset

10. No non-cash considerations are received/given during the current year.

11. As per the letter no: MOD I.D No 4(8)/2022/NDCD/DDP, dated 21-03-2023 received from DDP it was informed that the company can raise an additional revenue towards profit element of 7.5% on the issue price of items under deemed contracts. The same is applicable for the issues made from 1st October 2021.

12. Payments under the Supply of Equipments and Spares are based on the terms of the Deemed Contract that stipulates that 60% of the amount be paid in advance and the balance 40% and GST on the whole be paid upon delivery of the product

Disaggregation of revenue recognised against contracts with customers in FY 2024-25:

(Rs in Lakhs)

Particulars	Domestic				Total
	Government of India		Inter Unit	Others	
	Defence	Non-Defence			
Sale of Equipment	1,50,547.38	953.51	-	25,502.79	1,77,003.68
Unbilled Revenue	2,66,265.15	-	-	-	2,66,265.15
Income from Services	1,570.81	-	-	8.52	1,579.33
Sale of Spares	89,659.40	-	-	11,798.28	1,01,457.68
Less: Inter Unit				-	-47,876.55
Total	5,08,042.74	953.51	-	37,309.59	4,98,429.29

Disaggregation of revenue recognised against contracts with customers in FY 2023-24:

(Rs in Lakhs)

Particulars	Domestic				Total
	Government of India		Inter Unit	Others	
	Defence	Non-Defence			
Sale of Equipment	1,52,585.25	739.50	-	26,782.98	1,80,107.73
Unbilled Revenue	2,36,508.58	-	-	-	2,36,508.58
Income from Services	1,723.13	-	-	17.04	1,740.17
Sale of Spares	74,096.63	5.60	-	12,164.85	86,267.08
Less: Inter Unit		-	-	-	-38,307.35
Total	4,64,913.59	745.10		38,964.87	4,66,316.21



Note No. 22

Other Income

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Interest Income	237.84	271.60
Interest Income from Term Deposits	47,034.97	53,031.20
Scrap Sales	1,307.97	1,728.75
Income from Liquidated Damages	1,323.81	2,187.10
Rental Income	751.82	838.01
Miscellaneous	1,629.37	80.73
Creditors written off	688.28	-
Profit share from Midhani	33.00	-
Net gain on sale of property, plant and equipment	106.23	97.74
Provisions written back		
- Warranty	2,830.68	1,630.91
- Others	-	9.23
Foreign exchange gain	84.88	186.53
Other non-operating income	1,735.21	359.42
Contribution from Government Grant	2.73	52.67
Total	57,766.79	60,473.89

Disclosures

1. Government grant received towards Trade Apprentice Stipend from MSDE of Rs.2.73 lakhs (PY Rs.52.67 Lakhs) pertains to expenses incurred in previous Financial Years. Grant towards meeting expenditure is recognized as income as and when the expenditure for which the grant is sanctioned is incurred or receipt of grant whichever is later on a conservative basis.
2. Other Non-operating income includes Lease Income from Midhani for Rs.Nil (PY - Rs.Nil). On a conservative note, no Lease Income is recognised during the year as the Methodologies of Calculations of Income are in process with Midhani.
3. During the year the company has received Rs.33 Lakhs towards profit share from Midhani. As on the balance sheet date, GST has not been discharged on the said amount. Management is in the process of seeking clarification from tax authorities/professional consultants to determine the applicability of GST. In case GST is determined as payable, there may arise a liability including applicable interest and penalty.
4. During the Financial Year 2024-25 two foreign vendors JSC Rosobornexport and Heckert GmbH having balance Rs 350.93 lakhs and Rs 337.26 respectively has been written off. Management has confirmed that there is no due payable to these parties and these balances were appeared before corporatisation and settled before corporatisation itself.
5. HVF has received the government grant for Board of Apprenticeship Training (BAT) Rs.21.30 Lakhs. Grant towards meeting expenditure is recognized as income as and when the expenditure for which the grant is sanctioned is incurred or receipt of grant whichever is later on a conservative basis.
6. An Advance had been paid of Rs 1179.26 Lakhs based on So. No. R039/001/20-21 to Titan Masini Grele SA Romania prior to corporatization in relation to the construction of plant and machinery, same figure of Capital Work-in-Progress (CWIP) was recognised in the Company's opening balance sheet as on 01.10.2021 ie, date of corporatization. Subsequently, the contract was cancelled due to non-performance by the



contractor and the entire advance amount was encashed during the financial year 2023-24. The balance available in the CWIP related to this contract was Rs 229.30 Lakhs as on 31-03-2025, same has been adjusted against the advance refunded and the unadjusted portion of Rs 949.96 lakhs of the encashed advance has been written off and accounted as forfeiture income in the Statement of Profit and Loss under Other non operating income.

Note No. 23

Cost of Materials Consumed

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Opening Stock of Stores-in-Hand	1,45,029.21	1,34,748.08
Add : Purchases during the Year	3,43,607.33	3,31,820.87
Less : Closing Stock of Stores-in-Hand	2,09,718.04	1,25,392.81
Total	2,78,918.50	3,41,176.14

Disclosures

1. In OFMK Unit, Material consumption has been reduced to 43% in the current year from 56% in the previous year. The reason being last year 7.5% provision for profit element was made for purchases made from 1st Oct 2021 to March 2023 from DPSU's while in the current year the percentage was decided at 6% from Oct 2021. Hence lower provision for the year and reversal of earlier provision and changes in the stage completion mix together impacted the consumption.
2. Difference in opening stock of raw material and closing stock of Raw material is due to regrouping of stock in transit of HVF and VFJ by Rs 12311.50 and 7324.90 lakhs respectively.
3. Opening Stock of raw material in the current year is adjusted for opening stock in Transit Rs. 3057.38 (Rs in lakhs) and stock under Inspection Rs. 16579.01 (Rs in Lakhs) Hence there is a difference in the opening stock of current year when compared with the closing stock of the previous year.
4. Total value of import Consumed in various unit of AVNL

(Rs in Lakhs)

Unit	2024- 25	2023-24
HVF	9,330.56	7,847.58
EFA	-	27.14
MTPF	6.20	36.36
VFJ	-	-
OFMK	312.15	1,032.09
Total	9,648.91	8,943.17



Note No. 24

Changes in Inventories of Finished Goods, Work-in-Progress & Scrap

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Opening Stock		
Work in Progress	1,24,137.92	108,511.18
Finished Components	2,5,665.53	21,257.86
Completed Articles	663.18	462.00
Stock in Transit	647.72	3,527.58
Stock under Inspection	-	
Closing Stock		
Work in Progress	97,457.53	1,24,137.92
Finished Components	23,136.61	24,925.45
Completed Articles	742.82	663.18
Stock in Transit	-	619.97
Stock under Inspection	58.88	9,254.13
Increase/(Decrease):		
Work in Progress	-26,680.39	15,626.74
Finished Components	-2,528.92	3,667.59
Completed Articles	79.64	201.18
Stock in Transit	-647.72	-2,907.61
Stock under Inspection	58.88	9,254.13
Net Increase/(Decrease)	-29,718.51	25,842.03

In HVF During the year, stock-in-transit and stock under inspection amounting to ₹11353.38 Lakhs and ₹30286.76 Lakhs respectively have been reclassified from 'Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade' to 'Cost of Materials Consumed' to present a more appropriate classification of material costs. Accordingly, the previous year's figures have been regrouped and restated by ₹3057.38 Lakhs and 9254.12Lakhs respectively to ensure comparability with the current year's presentation

Difference in opening stock of Finished components by Rs 740.08 is due to adjustment of non moving item of previous year of OFMK. Closing stock of Stock under inspection has been regrouped to raw material and hence the same is reflecting as Nil in the current year.

**Note No. 25****Employee Benefit Expenses**

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Salaries, Wages & Bonus	1,15,685.84	1,06,556.97
Leave Salary	243.82	62.16
Contribution to:		
- Pension Funds	-	5,513.42
Post retirement medical scheme	-	-
Staff welfare expenses	2,882.98	2,166.45
Less: Receipts		
Net Staff Welfare Expenses		
Training Charges	72.19	55.07
Total	1,18,884.83	1,14,354.07

Disclosures:

As per Letter No. 1(5)/2021/OF/DP(Plg-V)/02 dated 24/09/2021 received from DDP, Ministry of Defence all the employees are under deputation for a period of 2 years starting 01-10-2021. As per the said Letter, the employees continue to be the Central Government employees and the pension liability of existing employees will continue to be the obligation of the Central Government. The pay allowances and medical facilities are paid by the Company for these employees. Given the substance of these expenses, it has been presented as employee benefit expenses in the financial statements. AVNL is not liable for the end of service benefits of employees that have been deputed. Therefore, provisions have not been made towards terminal benefits including leave encashment of the deputed employees. Letter no :1(5)/2023/Egom/OF/DP(M&P) dated 08th August 2023 received from Government of India Ministry of Defence Department of Defence Production has extended the period for further 1 year w.e.f 01st October 2023. Further through letter no: 1(5)/2023/EGOM/Deemed Deput/OF/DP/M&P), dated 09 September 2024 deputation period further extended upto 31 December 2025.

Note No. 26**Other Expenses**

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Consumption of Stores and spare parts	-	-
Consumable Tools	-	-
Electricity Charges	4,945.15	5,112.25
Water Charges	3,785.92	3,798.67
Communication expenses	193.59	188.75
Repairs & Maintenance	3,482.56	2,532.97



(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
- Machinery & Equipment	-	10.78
- Building	133.44	245.96
- Others	139.83	382.54
Stationery	30.99	44.04
Insurance	126.29	-
Contract Labour Expenses	8,200.54	7,468.10
Trade Apprentice Stipend	301.50	337.17
Commission on Scrap Sales	5.11	7.39
Remuneration to Auditors	20.05	19.80
Research & Development	2,111.44	1,308.91
Legal & Professional Charges	1,010.99	364.05
Security Charges (DSC)	5,914.59	5,299.28
Security Charges (Others)	127.61	-
Transportation Charges	737.41	1,127.94
Travelling Expenses	1.40	1.55
Common Service Expenses	716.98	670.93
IOL	-	-
Corporate Social Responsibility	849.34	457.07
Publicity & Public Relations	8.85	497.19
Stationery & Consumables	73.76	91.81
Provision for Other Expenses	21.87	2.56
Provision for doubtful trade receivables & Advances	-	32.27
Foreign exchange loss	144.82	-
Penalties, Fees, Interest etc.	221.37	264.11
Miscellaneous Expenses	6,099.54	2,094.51
Write Off	-	1.10
Input GST written off	-	-
Prior Period Items	118.15	5.74
Interest on MSME	-17.34	253.74
Asset Written off	15.10	
Impairment of Inventory	63.20	52.38
Provision for Tax on electricity	28.74	-
Provision for Stock (Gun 125MM)	-	710.33
Escalation on Purchase (Deemed Contracts)	-	-
Total	39,612.79	33,383.89

FINANCIAL STATEMENTS

**Disclosure****Breakup of Remuneration to Auditors**

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
a) As Auditor	14.00	18.00
b) For Taxation matter	1.80	1.80
c) Other Services - Certification Fees	-	-
d) Reimbursement of Expenses	4.25	-
Total	20.05	19.80

Note No. 27**Exceptional Items**

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Liquidates damages on sales (Deemed Contracts)	19,455.70	-38,917.30
Total	19,455.70	-38,917.30

Liquidated Damages

As per Letter No. MOD I.D. No. 4(8)/2022/ND CD/DDP dated 21/3/2023, it was intimated by DDP that Liquidated Damages will be levied from AVNL towards delayed supplies. Accordingly, AVNL created provision towards Liquidated damages for the current year in respect of contracts existing for the year ended 31 March 2025 under Note No.27 -Exceptional items. Provision for Liquidated Damages to the tune of Rs.31524.18 Lakhs (Previous Year Rs.12004.22 Lakhs) which represents the liability that might crystallise due to delays in supply as per the Amended Contract.

Note No. 28**General Notes to Accounts****1. Statement of Compliance**

The Financial Statements are prepared in accordance with Indian Accounting Standards (Ind AS) {as notified under Section 133 of the Companies Act, 2013 (the "Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended} and other relevant provisions of the Act.

2. Impairment of Assets

The Company has analysed indications of impairment of assets and appropriate provision has been created for impairment wherever the realizable value of assets technically assessed is less than the carrying amount of those assets.

**3. Contingent Assets**

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Lease Income Receivable	-	-

Lease income receivable from Midhani is considered as Contingent Asset as a matter of prudence and conservative approach.

4. Contingent Liabilities

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Claims not acknowledgeable as debts	2,565.22	44.17
Outstanding Letters of Credit	668.51	860.68
GST Demand	21,044.93	12,467.78
Others	5,669.72	1,621.04
Amount Payable - Pending Inspection	211.51	-
Total	30,159.89	14,993.67

GST Demand

- a) Contingent Liability includes Rs.20599.32 Lakhs (Previous Year Rs.12467.78 Lakhs) on account of an appeal pending due to discrepancy in availment of Input Tax credit pertaining to Old GST of erstwhile Heavy Vehicles Factory (HVF) under OFB period.
- b) Rs.445.61 Lakhs in EFA represents the appeal was filed against GST Demand and it is pending with Appellate Authority.

Contingent Liabilities - Others includes the following

- a) Rs.155.85 Lakhs (Previous Year Rs.85.35 Lakhs) for cases lodged against EFA, which has disclaimed liability and expects no financial impact based on legal advice.
- b) Rs.8.47 lakhs (Previous Year Rs.12.04 Lakhs) with respect to Court case as projected from Letter No.1009/DS&IR/Court Case/Expenditure/2022 of MTPF.
- c) Rs.Nil (Previous Year Rs.18.25 Lakhs) for an appeal filed by M/s.Vijay Electrodes.
- d) Rs.5,505.40 Lakhs (Previous Year Rs.1505.40 Lakhs) pertains to Bank Guarantee at Head Office.

5. Contractual Commitments

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Estimated amount of contracts remaining to be executed towards Capital Commitments Other Commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved)	26,878.92	16,120.85
	-	-
Total	26,878.92	16,120.85



1. Capital Commitments as on March 31, 2025 are as follows: Rs. 14190.77 Rs in lakhs (PY.5685.94 lakhs) towards Plant & Machinery and Civil works in the OFMK Unit; Nil (PY Rs. 368.37 Lakhs) towards Building and Civil works in Avnl HO; Rs.5831.94 in lakhs (PY 543.40 Lakhs) for renovation of Buildings in the EFA Unit; 3911.93 in lakhs (PY Rs. 6869 Lakhs) for civil construction and 2944.28 lakhs for Plant & Machinery in the HVF Unit; Nil (PY Rs. 1361.45 Lakhs) for Buildings and Plant & Machinery in the MTPF Unit; and Nil (PY Rs. 1292.69 Lakhs) for Plant & Machinery in the VFJ Unit.
2. In view of the nature of business, being long term contracts there may be other commitments for purchase of material etc. which has been considered as normal business process, hence not been disclosed.

6. Leases

Leasing of Wide Miller Plant & Machinery to Midhani by OFMK is considered as an Operating Lease as per IND AS 116. As per the lease agreement the Original investment is to be collected over a period of 40 years. Additionally, AVNL will get a share of 50% of the profit out of the Sales made from such facility to parties other than AVNL.

7. Confirmation of Balances

Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and provisions / adjustments are made wherever considered necessary.

8. Segment Reporting

Ministry of Corporate Affairs vide Notification No. 463 (E) dated 5 June, 2015 and as amended has exempted Companies engaged in Defence Productions from requirement of Segment Reporting.

9. Disclosure relating to CSR Expenditure

- a) Gross amount required to be spent by the Company during the FY 2024-25 is Rs. 849.34 lakhs (Previous year Rs.457.07 lakhs).
- b) Amount spent during the FY 2024-25 is Rs.404.04 lakhs (PY Rs.69.87 Lakhs), (purposes other than construction/acquisition of asset).
- c) Amount unspent during FY 2024-25 is Rs.445.30 lakhs (PY Rs. 387.20 Lakhs) which has been deposited in a separate bank account. Unspent CSR amount has been provided in books of accounts of financial year 2024-25.
- d) In addition, out of the amount unspent of Rs.408.30 Lakhs arising from FY 2022-23 and FY 2023-24, Rs.238.43 Lakhs was spent during FY 2024-25. The balance of Rs.169.87 Lakhs is part of Unspent CSR provision as on 31/3/2025.

(Rs in Lakhs)

Particulars	2024-25	2023-24
Amount required to be spent by the Company during the year	849.34	457.07
Amount of Expenditure incurred	404.04	69.87
Shortfall at the end of the year	445.30	387.20
Total of previous years shortfall	408.30	21.09
Reasons for shortfall	Project are ongoing for more than a Year.	
Nature of CSR activities	Skill Development, Health & Nutrition	



(Rs in Lakhs)

Particulars	2024-25	2023-24
Details of related party transaction e.g. Contribution to a trust controlled by the company in relation to CSR expenditure as per relevant accounting standard	Not Applicable	Not Applicable
Whether 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	Not Applicable	Not Applicable

10. Emergency Fund/Capex Fund

Money received from Government of India as Emergency Fund during the Financial year 2021-22 amounted to Rs.41770 lakhs for utilisation against accrued Committed Liabilities (not in the form of Equity) as at 01 October 2021. This was fully utilised and the balance is Rs.Nil. During the Financial year 2022-23 the Company received Rs.27140 lakhs from Government of India towards Equity Contribution which was fully allotted and disclosed under Equity Share Capital. Out of which the Company has utilised Rs.22598 Lakhs and the balance of Rs.4542 Lakhs is outstanding as on 31 March 2025.

Money received from Government of India as Capex Fund during the Financial year 2021-22 to Financial Year 2024-25 amounted to Rs.105600 Lakhs. Out of which the Company has utilised Rs.91615 Lakhs and the balance of Rs.13985 Lakhs is outstanding as on 31 March 2025.

11. Research and Development Expenditure (R&D)

The total expenditure towards R & D during the year is Rs. 6633.32 lakhs. Part of the expenses is covered in other expenses in income statement and balance is covered in the general material consumption and employee cost. These expenses are net of input tax credits.

12. MTPF (unit of AVNL) has given the Bank Guarantee of Rs.10 Lakhs to the Additional Director General, General Acquisition Technical (Army) towards procurement of Individual under Water Breathing Apparatus. Bank holds Rs.10 Lakhs in the form of Margin towards the same.

13. The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

14. All figures in the Financial Statements are rounded off to nearest Lakhs and decimals thereof, unless otherwise mentioned.

15. Accrued Committed Liability

1. AVNL has created Liability in Balance sheet for all accrued and crystallised liability as on 01-10-2021.
2. Liabilities have also been created and set-off for the ACL, for which Emergency Authorization Fund has already been received.
3. Additional ACL has been projected for the further requirement by AVNL vide letter No.AVNL/FIN/EAF/ACL/2025-26, dated 02.07.2025. The liabilities for the same will be created in the books once approval/confirmation is received from DDP. The details are provided below:



SN	Head	Amount Claimed (Rs.in Crores)	DPSU Remarks
1	Pay & Allowance including PLB	4.43	AVNL was paid Rs 26.79 Cr in EAF. But actual spent is Rs.31.22 Crore. The difference is claimed.
2	Procurement	13.86	AVNL was paid Rs 315.65 Cr in EAF. But actual spent is Rs.359.41 Crore. The difference is claimed.
3	Engine Warranty Repair	8.38	AVNL was paid Rs 171.47 Cr in EAF. But actual spent is Rs.179.85 Crore. The difference is claimed.
4	Repayment of Russian Debt	769.24	AVNL has already projected Rs 769.24 Cr for making repayment of Russian Debt. 29 installments have been paid by OFB. AVNL is making payment from 30th installment onwards. Rs.82 Cr has been received in EAF. Balance payable is projected to MoD.
5	Procurement	238.53	HVF- Rs. 6.15 Cr difference in purchase price of MBT Arjun spares in comparison with DC. HVF- Rs 231.5 Cr difference in purchase price of AV spares in comparison with DC
6	Court Cases	43.34	All under subjudice (VFJ) (Unconfirmed)
7	Price fixation arrears payable to SAIL	2.3	VFJ - Rs 2.3 Cr for SAIL
8	Pay & allowances	0.3554	VFJ - Transport Allowance arrears & MTPF- Pay fixation arrears and Transport Allowance arrears
9	Civil Works	0.3221	VFJ- MES Works
10	Viability Gap funding for making up the loss	52.58	Loss in making 126 Nos. of Sharang Gun. Rs 75.96 Cr was projected earlier. But only Rs 23.38 Cr. was received in EAF. Balance now projected.
11	Viability Gap funding for making up the loss	160	Accumulated loss in manufacturing of BMP and variants over the past 4 years (FY 2021-22 to FY 2024-25)
12	Viability Gap funding for making up the loss	11.96	Loss in execution of old OH orders due to delay in supply of Engines by customer (Difference between the present cost of production and old DC price) (to be executed)
13	Engine spare parts replacement	16.83	JDI has been completed for the Engines supplied during OFB Era. Liabilities are likely to be raised to the tune of Rs. 16.83 Cr
14	BLT Tank & Bridge Modification and repair works	8.4	HVF LSP Tank repair- Rs 2.57 Cr, BLT: 64 modification-Rs 2.88 Cr, BLT T-72 tank repair works- Rs .48 Cr, BLT Bridge Super structure 9BSS): 01no. - Rs 2.47 Cr

16. As per provisions of Section 149 and Section 177 of the Companies Act 2013, the Company is required to appoint Independent Directors and at least one-woman director, and constitute Audit Committee respectively. However, being a Government Company and Defence Public Sector Unit, the Company is required to complete certain administrative procedures related appointment of directors including Independent Directors and Woman Director. Due to pendency of such procedures, the Company was not able to appoint Independent Directors including woman director. The company has constituted an audit committee which is not in compliance with section 177 of the Act and rules made thereunder the composition of BOD is not in compliance with provision of Companies Act 2013 and DPE guidelines on corporate governance for CPSEs. the Company has also not complied with clause VII of schedule IV of the Companies Act, 2013 regarding holding of meeting of independent directors without the attendance of



non-independent directors and members of the management. The Management has made necessary applications with the government in this regard. The Management believes that aforesaid noncompliance will not require material adjustment to the Financial Statements.

17. Previous year figures have been re-grouped wherever necessary.

Note No. 29

Related Party Transactions

a. Transactions with Government and Government Related Entities by the Parent Company:

As AVNL is a government entity under the control of Ministry of Defence (MoD), the company has utilized the exemption available under Ind AS 24. However, as required Ind AS 24, following are the individually significant transactions 99.70% of the Company's Turnover; 99.99% of the Company's Receivables & 99.88% of the Company's customer advances are with respect to Government or Government Related Entities.

b. Key Management Personnel Details

i. Name of Key Management Personnel's

Mr. Sanjay Dwivedi, Chairman and Managing Director

Mr. C Ramachandran, Director – Finance

Mr. B Pattanaik, Director – Human Resources

Mr. G Srinivasan, Chief Financial Officer

Mrs. Garima Khare, Company Secretary

ii. Compensation to Key Management Personnel's

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2025	For the Year Ended 31 st March 2024
Short term employee benefits	183.28	183.58
Post employment benefits	-	-
Long term employee benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	183.28	183.58

**Note No. 30****Fair value measurements****Financial assets and liabilities at amortised cost**

(Rs in Lakhs)

Particulars	As at March 31 st , 2025	As at March 31 st , 2024
<u>Financial assets</u>		
Trade receivables	2,26,465.79	2,68,696.00
Cash and cash equivalents	1,50,763.95	1,97,470.77
Bank Balances [other than (ii) above]	4,82,595.05	5,61,412.28
Other financial assets	20,254.40	26,288.55
Total financial assets	8,80,079.19	1,053,867.60
<u>Financial liabilities</u>		
Trade payables	2,30,218.76	1,72,665.36
Other Financial Liabilities	2,840.95	2,729.25
Total financial liabilities	2,33,059.71	1,75,394.61

Fair value of financial assets and liabilities measured at amortised cost

The fair values of all financial instruments carried at amortised cost are not materially different from their carrying amounts since they are either short-term in nature or the interest rate applicable are not materially different from the current market rate of interest.

There are no financial instruments measured under the category of Fair value through Profit and Loss and Fair value through other comprehensive income.

Note No. 31**Financial risk management**

In the course of its business, the Company is exposed primarily to market risk, liquidity risk and credit risk, which may impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as credit risks. The risk management policy is approved by the board of directors.

A. Credit risk

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses both the direct risk of default and the risk of deterioration of creditworthiness.

The credit risk of the Company mainly arises from trade receivables, cash and bank balances and other receivables.

Significant amount of trade receivables are due from Government / Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non government trade receivable, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk. The Company typically receives 60% advance payments against bank guarantee which further safeguards the credit risk associated with trade receivables.



For banks and financial institutions, only high rated banks/institutions are accepted.

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk, being the total of the carrying amount of balances with bank, short term deposits with banks, trade receivables and other financial assets is disclosed at the end of the each reporting period. Refer relevant notes for details.

B. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and deposits and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to pay out obligations. Due to the dynamic nature of the underlying businesses, Company ensures availability of funds by managing the working capital by accepting the order for production of goods after getting 60% of order value as advance from customers. Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet this. The Company invests its surplus funds in bank fixed deposits.

Maturities of financial liabilities

- i) The tables below analyses the Company's financial liabilities into relevant maturity groupings based on their contractual maturities:

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(Rs in Lakhs)

As at 31 st March, 2025	Total	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Trade payables	2,30,218.76	-	1,79,960.56	50,258.20	-
Other Financial Liabilities	2,840.95	111.74	-	2,729.21	-
Total	2,33,059.71	111.74	1,79,960.56	52,987.41	-

As at 31 st March, 2024	Total	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Trade payables	1,72,665.36	-	75,696.51	96,968.85	-
Other Financial Liabilities	2,729.25	93.45	-	2,635.80	-
Total	1,75,394.61	259.11	764.08	3.60	-

C. Market Risk

Market risk is the risk of any loss in future earnings, in realizable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

**(i) Foreign currency risk**

The Company transacts internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EURO. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The Company has only import and no export transactions in foreign currencies. The imports are higher than the exports and hence the Company has foreign currency exposure to the extent of purchases being higher than exports.

The currencies to which the Company is exposed to are not subject to significant volatility. However, the management closely monitors movements in these currencies and takes necessary actions, as may be required to protect the Company from losses on account of volatility.

(Rs in Lakhs)

Particulars	As at 31 st March 2025	As at 31 st March 2024
Financial assets		
Trade Receivables		
USD	0.05	-
EURO		
Bank Balances		
USD	-	-
Net exposure to foreign currency risk (assets)	0.05	-
Trade payables		
USD	12.52	22.35
EURO	8.69	0.87
Capital creditors		
EURO	-	
Net exposure to foreign currency risk (liabilities)	21.21	23.22

ii. Foreign Exchange Earnings and Out Go

In OFMK, the company has incurred expenditure in foreign currency amounting to Rs. 1954.98 Lakhs (Previous Year: Rs.2,004.97 Lakhs) and has earned no income in foreign currency during the year and also previous year. and also previous year. Advance paid to Waldrich Coburg Rs.809.60 Lakhs.

As per Ind AS 21 in OFMK Most vendor advance for purchase of goods are non monetary item because they are settled by delivery of goods ,not cash and Rs. 3.99 laks outstanding balnce in JSC Rosoboron expert relating to purchase of Goods not relating to any cash settlement.

The sensitivity of profit or loss to changes in foreign exchange rates with respect to year end payable / receivable balances is as follows :



	Impact on profit	Impact on profit
	As at 31 st March 2025	As at 31 st March 2024
Increase by 5%*		
USD	0.13	0.23
EURO	0.09	0.01
Decrease by 5%*		
USD	0.12	0.21
EURO	0.08	0.01

*Holding all other variables constant

Note No. 32

Capital management

The Company's objectives when managing capital are to:

Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares. The Company determines the amount of capital required on the basis of annual operating plans and long-term projects and other strategic investment plans. The funding requirements are met through equity.

Note No. 33

Earnings per share

(Rs in Lakhs)

Particulars	31 st March 2025	31 st March 2024
Basic earnings per share Profit attributable to the equity holders of the company used in calculating basic earnings per share	33,492.69	60,506.53
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	13,19,02,86,495	13,01,54,44,058
Basic earnings per share in INR	0.25	0.46
(b) Diluted earnings per share Profit attributable to the equity holders of the company used in calculating diluted earnings per share	33,492.69	60,506.53
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	13,19,02,86,495	13,01,54,44,058
Diluted earnings per share in INR	0.25	0.46

FINANCIAL STATEMENTS

Financial Ratios as per Revised Schedule III Requirements

Sl No.	Particulars	FY 2024-25	FY 2023-24	Numerator	Denominator	Variance	Remarks
1	Current Ratio	1.68	1.59	Current Assets	Current Liabilities	6%	-
2	Debt-Equity Ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3	Debt Service Coverage Ratio	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4	Return on Equity Ratio	2.33%	4.45%	Profit After Tax	Shareholders Funds excluding Profit After Tax	-48%	Previous year profit includes reversal of LD Provision. Hence the ratio is not comparable
5	Inventory Turnover (No. of Days)	230	225	Average Inventory	Revenue from Operations per Day	2%	-
6	Trade Receivables Turnover (No. of Days)	181	149	Average Receivables	Revenue from Operations per Day	21%	Due to profit element yet to be received.
7	Trade Payables Turnover (No. of Days)	238	165	Average Trade Payables	Cost of Materials Consumed including Changes in Inventory per Day	44%	Due to 6% profit element payable to New DPSUs
8	Net Capital Turnover Ratio (in Times)	0.81	0.81	Revenue from Operations	Working Capital	0%	-
9	Net Profit Ratio	6.72%	12.98%	Profit After Tax	Revenue from Operations	-48%	Previous year profit includes reversal of LD Provision. Hence the ratio is not comparable.
10	Return on Capital Employed	3.18%	6.01%	Profit Before Tax	Shareholders Funds excluding Profit After Tax	-47%	Previous year profit includes reversal of LD Provision. Hence the ratio is not comparable.
11	Return on Networth	2.32%	4.40%	Profit After Tax	Average Networth	-47%	Previous year profit includes reversal of LD Provision. Hence the ratio is not comparable.
12	Assets Turnover Ratio	23.27%	22.02%	Total Income	Total Assets	6%	
13	Return on Investment	2.49%	4.62%	Profit After Tax	Share Capital	-46%	Previous year profit includes reversal of LD Provision. Hence the ratio is not comparable.

As per our report of even dated attached

For Natraj Associates

Chartered Accountants

Firm Regn. No. : 002440S

Sd/-

G.Natarajan

Partner

Membership No. : 011660

Date: 31st July 2025

Place: Chennai

UDIN: 2501660BMIVWV5915

For and on behalf of Board of Directors

Sd/-

Sanjay Dwivedi

Chairman & Managing Director

DIN: 09282314

Sd/-

G. Srinivasan

Chief Financial Officer

Sd/-

Garima Khare

Company Secretary



Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A – Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sl. No.	Particulars	Name of the Subsidiary
1.	The date since when subsidiary was acquired	Not Applicable
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period.	
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	
4.	Share capital	
5.	Reserves and surplus	
6.	Total assets	
7.	Total Liabilities	
8.	Investments	
9.	Turnover	
10.	Profit before taxation	
11.	Provision for taxation	
12.	Profit after taxation	
13.	Proposed Dividend	
14.	Extent of shareholding (in percentage)	

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations – Not Applicable.
- Names of subsidiaries which have been liquidated or sold during the year – Not Applicable.

**Part B – Associates and Joint Ventures**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Name of Associates or Joint Ventures	LENS (LABORATORY FOR ELECTRO OPTICAL NAVIGATIONAL SYSTEMS) FOUNDATION.
1.	Latest audited Balance Sheet date	31st March 2025
2.	Date on which the Associate or Joint Venture was associated or acquired	10/06/2024
3.	Shares of Associate or Joint Ventures held by the company on the year end	Associates
	(a) No. Of Shares held	3,60,675
	(b) Amount of Investment in Associate/Joint Venture	360.68 Lakhs
	(c) Extent of holding %	35%
5.	Description of how there is significant influence.	No significant influence
6.	Reason why the associate/joint venture is not consolidated	No controlling interest as per Ind AS 110
7.	Networth attributable to shareholding as per latest audited Balance Sheet	-----
8.	Profit or Loss for the yeari.	-----
	ii. Considered in Consolidation	-----
	ii. Not Considered in Consolidation	-----

Notes:

- Names of associates or joint ventures which are yet to commence operations – NIL.
- Names of associates or joint ventures which have been liquidated or sold during the year – NIL.

As per our report of even dated attached
For Natraj Associates
Chartered Accountants
Firm Regn. No. : 002440S

Sd/-
G.Natarajan


Partner
M. No.: 011660

For and on behalf of Board of Directors

Sd/-
Sanjay Dwivedi
Chairman & Managing Director
DIN: 09282314

Sd/-
G. Srinivasan
Chief Financial Officer

Sd/-
Garima Khare
Company Secretary



We express sincere
gratitude to our
Stakeholders

We at AVNL consider you as
Partners in Progress
Catalysts of Change
Carriers of Culture

As we continue to forge a head, we look forward to
strengthening our partnership and exploring new
opportunities together.






ARMoured VEHICLES NIGAM LIMITED

A Government of India Enterprise
Ministry of Defence

AVNL Corporate Office
HVF Road, Bhaktavatsalapuram, Avadi, Chennai,
Tiruvallur Dist, Tamil Nadu - 600 054.

CIN - U35990TN2021GOI145504

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