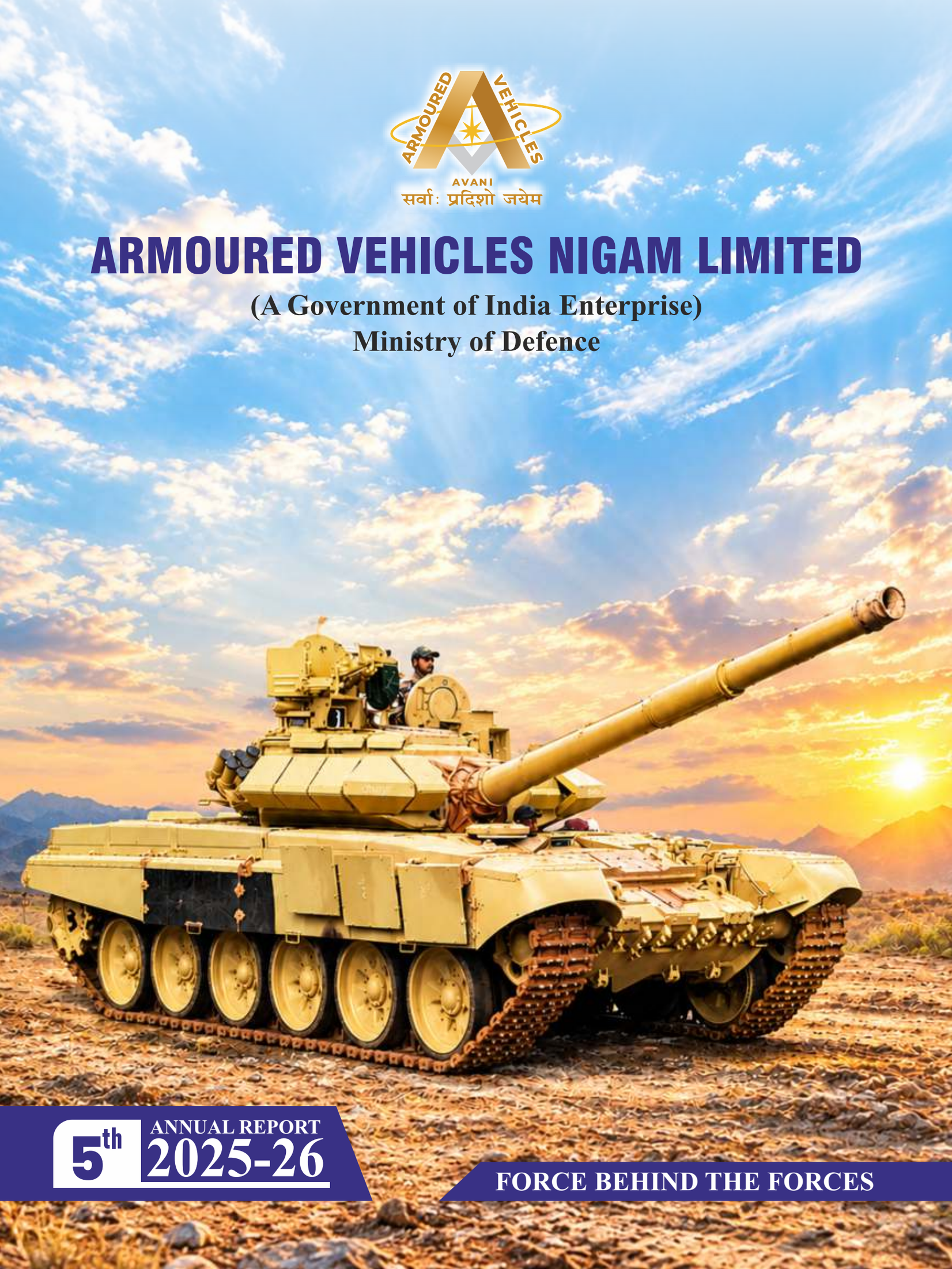
AVANI
सर्वा: प्रदिशो जयेम

ARMOURED VEHICLES NIGAM LIMITED

(A Government of India Enterprise)
Ministry of Defence



5th ANNUAL REPORT 2025-26

FORCE BEHIND THE FORCES

AVANI

सर्वा: प्रदिशो जयेम



ARMOURED VEHICLES NIGAM LIMITED

आत्मनिर्भर भारत

MAKE IN INDIA

DEDICATION

5th Annual Report

of

Armoured Vehicles Nigam Limited (AVNL)

is dedicated to our nation

INDIA that is BHARAT

अत्रापि भारतं श्रेष्ठं जम्बूद्वीपे महामुने।
यतो हि कर्मभूमिरेषा ह्यतोऽन्या भोगभूमयः ॥"

The Greatest Civilization Of The World

Bharat (India) is therefore the best of the divisions of Jambu-Dwipa, because it is the land of karma: the others are places of enjoyment alone.



PLEDGE

To the service of the Nation by
Empowering our Armed Force &
Strengthening our Sovereign Capabilites in
Strategic and Security Sector

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Corporate Office

Armoured Vehicles Nigam Ltd. (AVNL) is one of the seven newly established Defence Public Sector Undertakings. AVNL was formally incorporated as a wholly owned Government of India company under the Companies Act 2013 on August 14, 2021. Its headquarters is situated in Avadi, Chennai.

- Heavy Vehicles Factory (HVF), Avadi, Chennai
- Engine Factory (EFA), Avadi, Chennai
- Vehicle Factory Jabalpur (VFJ)
- Ordnance Factory Medak (OFMK)
- Machine Tool Prototype Factory (MTPF), Ambernath
- Institute of Learning, Avadi (IOLAV)
- Institute of Learning, Medak (IOLMK)
- Institute of Learning, Ambernath (IOLAM)

Marketing Office:

AVNL New Delhi Office | AVNL Pune Office

The restructuring and establishment of this new company exclusively for the manufacture of Armoured Vehicles and other Military Vehicles is aimed at elevating the former Ordnance Factories to a leadership position in the production of Armoured and Military Logistics Vehicles. This initiative seeks to enhance accountability, elevate product quality, and enable exports to other nations, thereby supporting the nation's self-reliance as part of the Aatmanirbhar Bharat initiative.

This transformation aligns with the vision of our Hon'ble Prime Minister Shri Narendra Modi to achieve self- sufficiency in defence manufacturing and reduce import dependency.

AVNL is leveraging its robust manufacturing capabilities and a skilled workforce with over six decades of experience in specialized equipment. AVNL has also established itself as a leader in bolstering the mobility of the Armoured Corps of the Indian Army. It is poised to lead the way in the years ahead.

OUR

VISION MISSION VALUES

VISION

To strive to be a world class Armoured Vehicles Manufacturer and a trusted Global Brand for domestic and International customers.

MISSION

- **To be a prominent patron of AatmaNirbharBharat Abhiyan and Make in India Initiative in the Defence Sector.**
- **To establish and retain leadership in domestic market as the most reliable and preferred partner of our Defence and Homeland Security agencies and develop the group into an international class defence conglomerate.**
- **To create and strengthen Brand AVANI by providing superior value for money and exceeding the expectation of all stakeholders.**
- **To be a system integrator of state-of-the-art technology and engineering solutions in the field of military mobility for our existing and potential customers.**
- **To be a learning organisation with global competencies, committed to creativity and innovation.**

VALUES

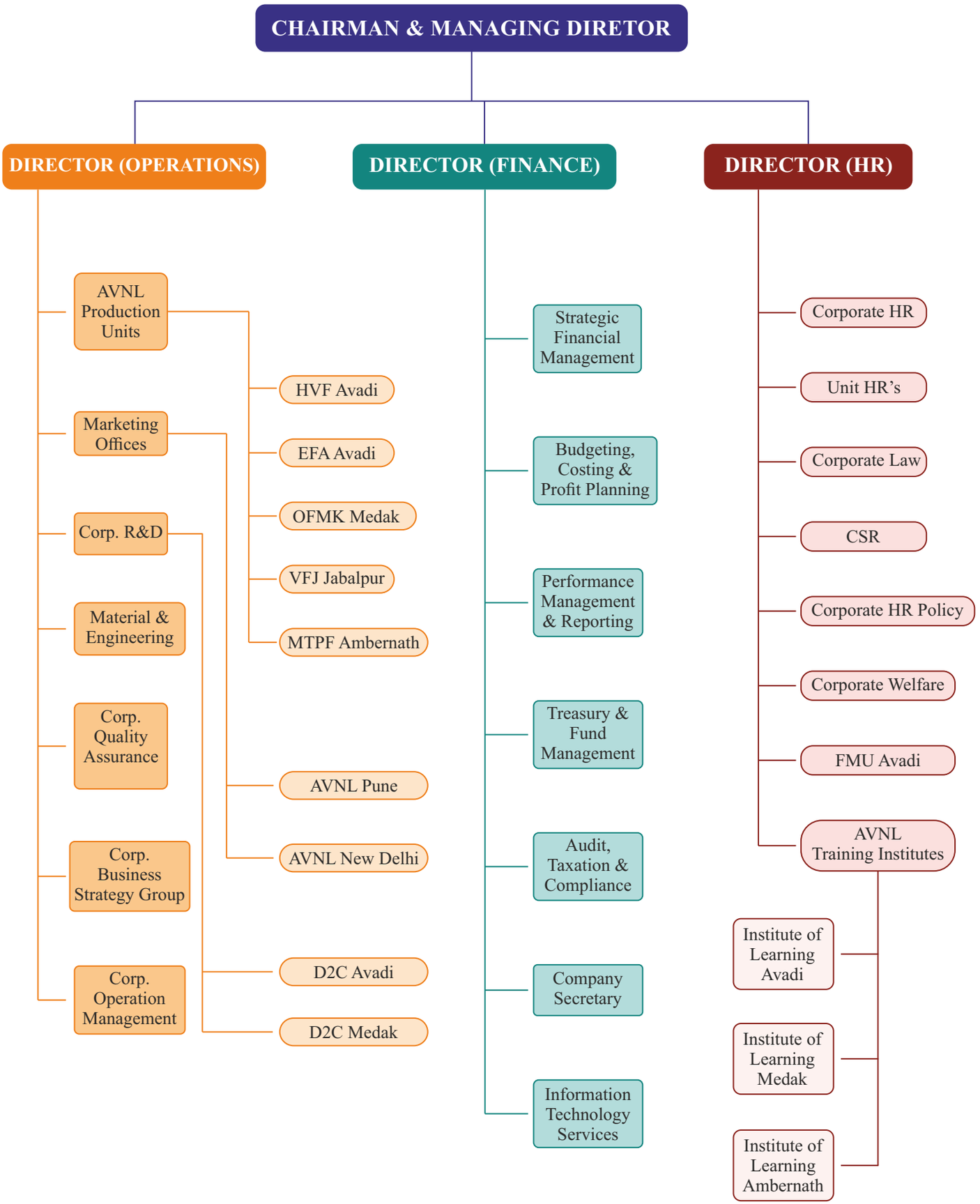
- **Holding Oneself to the Highest standards**
- **Creativity and Innovation**
- **Customer Centric**
- **Ownership, Responsibility and Accountability**
- **Frugality - Accomplish more with less**
- **Uncompromising Quality**
- **Delivery of results in time**
- **Trust and Team Spirit**
- **Loyalty in the Company**

Strategic Goals

- To make AVNL as one Billion USD turnover company and achieve Navratna status.
- To ensure 100% indigenization, across all the platforms as a part of Aatmanirbhar Bharat Abhiyan.
- To become the most reliable and preferred partners for Armoured Vehicle manufacturing and homeland security.
- To establish and develop AVNL into an International class defence conglomerate.
- To be an organization with design and development and to be committed to creativity and innovation.
- To generate Intellectual Property under Mission Raksha Gyan Shakti and ensure to get large number of IPR in Patents, Copyrights, Trademarks and Designs.
- To create and strengthen brand AVNL by manufacturing a product which exceeds the expectation of the customer and all stakeholders recognized globally.
- To sustain development and competency of employees by proper training, exposing to technology specific programs and modern manufacturing processes and practices to increase productivity.
- To develop and maintain quality as per International Standards and upgrade to AS9100D and other International Standards by improving the quality and meeting the customer's delight.
- To undertake Corporate Social Responsibility and Sustainability Projects to help in Nation Building through Indigenization and building up capabilities for strategic self-reliance.



Organogram


CHAIRMAN & MANAGING DIRETOR
DIRECTOR (OPERATIONS)
DIRECTOR (FINANCE)
DIRECTOR (HR)
AVNL Production Units
HVF Avadi
EFA Avadi
OFMK Medak
VFJ Jabalpur
MTPF Ambernath
Marketing Offices
AVNL Pune
AVNL New Delhi
Corp. R&D
D2C Avadi
D2C Medak
Material & Engineering
Corp. Quality Assurance
Corp. Business Strategy Group
Corp. Operation Management
Strategic Financial Management
Budgeting, Costing & Profit Planning
Performance Management & Reporting
Treasury & Fund Management
Audit, Taxation & Compliance
Company Secretary
Information Technology Services
Corporate HR
Unit HR's
Corporate Law
CSR
Corporate HR Policy
Corporate Welfare
FMU Avadi
AVNL Training Institutes
Institute of Learning Avadi
Institute of Learning Medak
Institute of Learning Ambernath



Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors, I have the privilege of presenting the 5th Annual Report of AVNL for FY 2025-26, a year marked by sustained momentum, stronger execution and continued progress towards long term growth. During the year, AVNL achieved strong growth, with Revenue from Operations rising 22% on the back of enhanced execution and operational performance. FY 2025-26, has been one of growth, resilience and transformation. Together, we have navigated challenges, seized new opportunities and continued to strengthen our foundation for the future. Past year was a year that marked significant progress in our journey and it is visible in significant milestones achieved by AVNL.

In recognition of consistent performance, Mini-Ratna Category–I status was conferred by DPE, reflecting AVNL's pursuit of excellence in India's Defence Manufacturing ecosystem.

Financial & Performance Highlights of the Year

During the FY 2025-26, AVNL achieved Rs.6097.03 Crores as a Revenue from Operations marking a significant increase from Rs.4984.29 Crores in the previous fiscal year, making growth of 22.3%. Our Profit Before Tax (PBT) reached at Rs.1302.24 Crores, and Profit After Tax (PAT) stands at Rs.1008.71 Crores.

AVNL has achieved the highest ever direct Value of Issue (VOI) of Rs.6097.03 Crores during the FY-2025-26 despite several challenges, particularly supply chain constraints on account of geopolitical conflicts. Further, AVNL has also received overhauling contract for 40xT-90 Tanks and 110xT-72 Tanks valuing Rs.1290.99 Crores and Rs.1832.11 Crores and another contract for overhauling of BMP II for a total cost of 999.60 Crores. With continued required support, more such contracts are likely to be received by AVNL enabling to scale newer heights of turnover planned for the current year and beyond.

Significant Achievements

We are proud to announce a monumental milestone, the roll out of our 1000th indigenously manufactured tank in FY 2025–26. Building on this momentum, we have also initiated a new T-series tank overhauling facility at VFJ. This capacity augmentation underscores our unwavering commitment to bolstering national security and advancing self-reliance in defense manufacturing.

I take this privilege to announce that AVNL has been conferred with the Mini Ratna- I status w.e.f. 27th May 2025 by the Department of Public Enterprises, MoF, GoI - an important milestone that underscores our consistent pursuit of excellence in India's Defence sector. Building on this achievement, AVNL is charting a clear path towards attaining Navaratna status, with a strengthened focus on indigenization, new product development and the establishment of industry - led customer support centres.

Development of Vendor Ecosystem

AVNL utilized the GeM platform for 83.76% of its overall procurement requirements during FY 2025-26. AVNL organized 02 MSME/Defence Manufacturing Conclaves to promote and facilitate collaboration between MSMEs and DPSUs. As a part of Government of India initiative for indigenization of goods of import origin, continuous efforts are being made for development of vendors through Make – II, Source Development Open Tender Enquiry (SDOTE), IDEX and Drishti Challenge routes.

Future Outlook

Global Defence Industry is undergoing rapid and complex changes. The very nature of warfare is being redefined by emerging technologies, asymmetric threats and shifting geopolitical alliances. In this evolving landscape, there are technological challenges in integrating advanced technologies like AI and robotics and new system requirements for the modernization of our Armed Forces.

R&D is the need of the hour. Accordingly, AVNL is evolving from being a production focused organization to a self-reliant leader in Design and Development of advanced platforms for the Armed Forces. To institutionalize innovation and indigenous design capability, AVNL established two dedicated Design, Development and Innovation Centres (D2IC) AVANI AVISHKAR CENTRE at HVF, Avadi & OFMK, Medak. Further, to enhance the knowledge base, AVNL has initiated M.Tech/MBA courses for its executives in association with leading educational Universities, Technology Management Course in collaboration with DRDO in hybrid mode.

With all these initiatives, primary focus is on upgrading the existing products and development of new products/futuristic platforms to meet the future requirement of Indian Army and Indian Navy thereby diversifying the business of AVNL.

New Initiatives

"Global Market Outreach and Export Promotion"

In alignment with our strategic mandate to position Armoured Vehicles Nigam Limited (AVNL) as a global defence manufacturing powerhouse, the Company actively accelerated its international market presence through targeted participation in premier global Defence expositions during the year. AVNL successfully projected its advanced product portfolio and manufacturing capabilities to an international audience through the high-profile engagements in 10th Indo Defence 2024 Expo and Forum (Jakarta, Indonesia), Defence and Security Equipment International (DSEI) 2025 (London, UK), Egypt Defence Expo (EDEX-2025) and World Defense Show 2026 (Riyadh, Saudi Arabia)

Growth Driver Projects:

AVNL has undertaken a number of projects for up-gradation of existing products and development of new products/futuristic platforms. Prototypes of Light Armoured Multi Purpose Vehicle (LAMV) , Light Bullet Proof Vehicle (LBPV) , Forward Repair Team – Tracked [FRT(Tr)], 76/62 SRGH Proximity Fuze , Quick Reaction Team (QRT) Vehicle, NAMICA- Mk-II have already been developed

The pilot Hull and Automotive system of the Futuristic Infantry Combat vehicle (FICV) designed and developed by OFMK, a unit of AVNL is made functionally ready, which is a significant milestone. Another milestone has been achieved by VFJ, a unit of AVNL in successfully developing Light Bullet Proof Vehicle, for which an order has been received from state police.

Human Resource Initiatives:

To further enhance workforce management, AVNL has adopted a policy which streamlines the engagement of contractual labour through an Annual Requirement Plan (ARP) developed by each unit. This plan categorizes and quantifies technical and non-technical labour requirements based on well-defined ratios and expected outcomes.

Implementation of Dash Boards, which was taken up as a reform, has already started bringing positive results in the form of improved efficiency and effectiveness of business processes.

Rajbhasha implementation in AVNL Corporate Office and units is ensured as per Rajbhasha Policy. The Parliamentary Committee on Official Language during their inspection at MTPF Ambernath have given a satisfactory report.

AVNL gave Rajbhasha a special status of its own through our inaugural Rajbhasha Conference. It showed the initiatives from various Units, which included integrating Hindi into workplace practices, and books and tools designed to assist non-Hindii speakers in learning the language.

CSR Initiatives

AVNL is committed to its social responsibility. In this endeavor, the company has undertaken various CSR projects, towards integrating our social and business goals in a sustainable manner in line with schedule VII of the Companies Act, 2013 and DPE Guidelines. AVNL had allocated an amount of Rs. 11.04 Crores approx. towards its CSR obligation in accordance with Section 135 of the Companies Act 2013 for the F.Y.2025-26.

Some of the major CSR Projects of AVNL in 2025-26 includes (a) Swarnim Centre of Value Based Educational Excellence, Skilling and Wellness in partnership with the Indian Army, (b) Financial Assistance for UDGAM Initiative – Unifying Development and Growth for Dignified Livelihoods for Margianlised OBC Communities through NBCFDC, (c) Nutritional support to Female children in Rural Sanga Reddy/Medak District Telengana through Local Revenue Authorities and OFMK, (d) Construction of new building consisting of 5+1 class rooms in Tribal School, Guniganthur Village Jawadhu Hills, Thiruvannamalai District, Tamil Nadu, (e) Provided Assistive devices and appliances to specially abled Children of Balvikas, Avadi in Association with ALIMCO, (f) Nutritional support to TB Patients under TB Elimination Program through MTPF and District TB Officer, (g) Rising Star Centre of Value based Educational Excellence, Skilling and Wellness Partnership with the Indian Army, (h) Contribution of Armoured Force Flag Day Fund (AFFD FUND) and (i) Development of National Heritage Complex, Lothel, Gujarat.

Corporate Governance

AVNL recognizes good corporate governance as an essential component for achieving sustainable growth and protecting stakeholder interests. The Company's governance framework is designed to ensure that its affairs are conducted in accordance with the applicable statutory and regulatory requirements. AVNL remains committed to continuously strengthening its governance practices in line with the evolving regulatory framework.

A detailed Report on Corporate Governance together with the Certificate on Corporate Governance issued by Practicing Company Secretary forms an integral part of this Annual Report.

AVNL has undertaken various initiatives after corporatisation in line with the requirement of corporate entity such as introduction of Risk Management Policy, Comprehensive Insurance Cover for Organisational Assets, Comprehensive TReDS Platform Integration, Budgetary Control, Financial Data Dashboard etc. which have been very helpful for effective financial control over its operations.

As a Miniratna – I company, AVNL has taken all the initiatives which are required to further grow to Navaratna status and beyond in near future.

Acknowledgments

I extend my sincere thanks to our customers, vendors, employees, the Board of Directors and the Department of Defence Production (DDP), Ministry of Defence for their continued support and guidance. I also thank you, our shareholders, for your enduring confidence in AVNL. Backed by a sustainable order book, enhanced execution capabilities and clear strategic direction, your Company is well positioned to address national priorities, deliver long term value, and contribute meaningfully to Atmanirbhar Bharat to meet the requirement of Defence preparedness of the nation.

Jai Hind

With best wishes and warm regards,

Yours Sincerely,

Sd/-

(Satyabrata Mukherjee)
Chairman & Managing Director
DIN: 09282280

Date: 24th September 2026
Place: Avadi, Chennai

Board of Directors



SATYABRATA MUKHERJEE

Chairman & Managing Director &
Director (Operations) [Addl. Charge]

He holds B.E. in Mechanical Engineering from Jadavpur University. He is alumnus of Defence Service Staff College, Wellington and MSc in Defence & strategic Studies from University of Madras.

Being the top student of MSc Course in Military Vehicles Technology in the College of Management and Technology, UK, he was awarded Challenger Trophy by Defence Academy of UK by Cranfield University in 2009.

He has a diverse background spanning defence manufacturing, quality control, R&D, project management and HR. He has a proven expertise in leading complex defence system development, Projects and manufacturing processes.

He is recognized for promoting indigenous capabilities and managing international collaborations and has been awarded 'Ayudh Bhushan' by erstwhile OFB for defence production excellence.

Prior to appointment of CMD of AVNL, Shri Satyabrata Mukherjee served in AVNL as Director (Operations). He has started his career as IOFS in 1991 from NADP, since then he served in many positions of Ordnance Factory Tiruchirapalli, Ordance Factory Board, Heavy Vehicles Factory and Ordnance Factory Medak and as Director (HR) of IOL.

Board of Directors



RAJIV KUMAR SHARMA

Director (Finance) &
Chief Financial Officer (CFO)

Shri Rajiv Kumar Sharma assumed charge as Director (Finance) of Armoured Vehicles Nigam Limited (AVNL) on 23rd February 2026. Prior to joining AVNL, he has served as an Additional General Manager (Internal Audit) at Bharat Heavy Electricals Limited (BHEL), a Maharatna PSU under the Ministry of Heavy Industries.

Shri Rajiv Kumar Sharma is a finance professional with over 30 years of rich and diverse experience in Corporate Finance, Internal Audit and Corporate Governance. He is an Associate Member of the Institute of Cost Accountants of India (ICMAI) & the Institute of Company Secretaries of India (ICSI). He is also a Law graduate and holds a degree in MBA (Finance).

He began his professional career in 1995 as an Executive Trainee (ET) with BHEL and has served across Corporate, Regional Offices & Joint Venture of BHEL in diverse capacities.

Over the span of his career, he has progressed through various portfolios including Accounting, Internal Audit, Budgeting, Joint Venture & Subsidiaries, Corporate & Secretarial Affairs etc. demonstrating his strong expertise in such fields. His extensive knowledge and vast experience in finance and corporate governance will further elevate AVNL's financial management standards while upholding the highest standards of governance practice. Besides work, he is also an avid trekker, often leading teams on challenging expeditions.

Board of Directors



SANDEEP M SALVE

Director (HR)

Shri Sandeep Madhukar Salve assumed charge as Director (HR) of Armoured Vehicles Nigam Limited (AVNL) on 30th March, 2026.

Shri Sandeep Madhukar Salve is a professional with extensive experience of nearly 30 years across various domains such as HR, Finance & Operations.

He holds a B.E. degree in Electronics Telecommunication and also holds Master's Degree in Law from Savitribai Phule Pune University, Maharashtra. He has also completed various Certified Courses and Executive Programs including Executive Master's Program in Business Administration (Financial Management), Advanced Management Programme in Operations and Supply Chain (AMPOS) from ISB and Certifications in Intellectual Property Rights from various Government and reputed Organizations.

Board of Directors



Dr. GARIMA BHAGAT

Joint Secretary (LS), Ministry of Defence,
D/o Defence Production &
Govt. Nominee Director

Dr. Garima Bhagat is a B.Tech Gold Medalist and a law graduate, with a PhD from IIT Delhi. She is a 1996 Batch Indian Revenue Service Officer (IRS-IT).

With over 30 years of public service experience in the Government of India, Dr. Bhagat has accumulated extensive expertise in areas such as taxation, anti-corruption, public procurement, administration, and competition law. She has held several significant positions within the Central Board of Direct Taxes (CBDT) and the Government of India. Notably, she served as the Chief Vigilance Officer (CVO) at the Employees' State Insurance Corporation (ESIC) and as Joint Director General at the Competition Commission of India. Dr. Bhagat is author of several papers in top International Journals and is a regular visiting faculty member at various premier educational and training institutions.

Presently she is holding the position of Joint Secretary (Land System) in the Department of Defence Production (DDP), Ministry of Defence, Govt. of India. Prior to her current role, she served as Commissioner of Income Tax in Delhi.

She is also a Part-Time Official Director (Government Nominee Director) on the Board of India Optel Ltd and Advance Weapon and Equipment India Limited (AWEIL).

Chief Vigilance Officer



Dr. P M Saravanan
IPoS

Key Managerial Personnel



Garima Khare
Company Secretary

Senior Management (As on 04.09.2026)

Chief General Managers



Harekrishna Behera



P K Arora



Shiva Shankar Prasad



P. K. Bummerkar



Praveen Kumar



D K Madan



Vijaya Dat Kagita



Anurag Kumar Sharma



Sanjeev Kumar Agrawal



Durgesh Nandan Verma



Surendra Kumar



Ajai Kumar Rai



J P Singh



VNR Nayudu



Dr. R Srinivasan



Kadirvel S



Atul Khare

General Managers


Anil Prasad Shrivastava


Hemant Kumar Paikra


Ranjan Kumar Bal


S. Gnanasekaran


T Dola Sankar


Gireeshbabu P.K


Gangavathu Ramdas


Krishnamoorthy B


Narendra N N


Dhillon Gurjeet Singh


Siddique Sulaiman S


Indal Kumar Pankaj


Jayant B. Meshram


Paidi Annajee Rao


Kalu Ram Meena


Amit Kumar


Ravi Singh


Tulasi Rao K


Rameshwar Meena


Rameshwar Meena


P. Chandrasekhar


Karra Sankara Rao


Chetan Kumar R Patel


Jaheeruddien Shaik


P. S. Lingeswara Swami


Suman Trivedi

Corporate Information

Registered & Corporate Office

Armoured Vehicles Nigam Limited
HVF Road, Bhaktavatsalauram, Avadi,
Chennai 600054, Tamil Nadu

Marketing Offices

AVNL New Delhi Office

AVNL Pune Office

Manufacturing Units

Heavy Vehicles Factory
Avadi, Chennai - 600 054

Engine Factory
Avadi, Chennai-600 054

Vehicle Factory Jabalpur
Jabalpur, Madhya Pradesh - 428009

Ordnance Factory Medak
Yeddumailaram (PO), Kandi
(Mdl) Sangareddy (Dt),
Telangana - 502205

Machine Tools Prototype Factory
Ordnance Estate Ambernath,
Maharashtra - 421502

Training Institutes

AVNL Institute of Learning, Avadi
Avadi, Chennai - 600054

AVNL Institute of Learning, Medak
Medak, Yeddumailaram, Telangana - 502205

AVNL Institute of Learning, Ambernath
Thane, Maharashtra - 421502

Statutory Auditors

Joseph & Rajaram
Chartered Accountants
Chennai - 600018

Branch Auditors

Heavy Vehicles Factory, Avadi

S. Santhanagopalan & Co
Chartered Accountant
Chennai - 600020

Engine Factory Avadi

K.M. Mohandass & Co
Chartered Accountant
Chennai - 600008

Machine Tool Prototype Factory

KMPS & Associates
Chartered Accountant Thane - 400602

Vehicle Factory Jabalpur

P.C Bardia & CO
Chartered Accountants, Jabalpur

Ordnance Factory Medak

S.R Mohan & Co
Chartered Accountants, Hyderabad

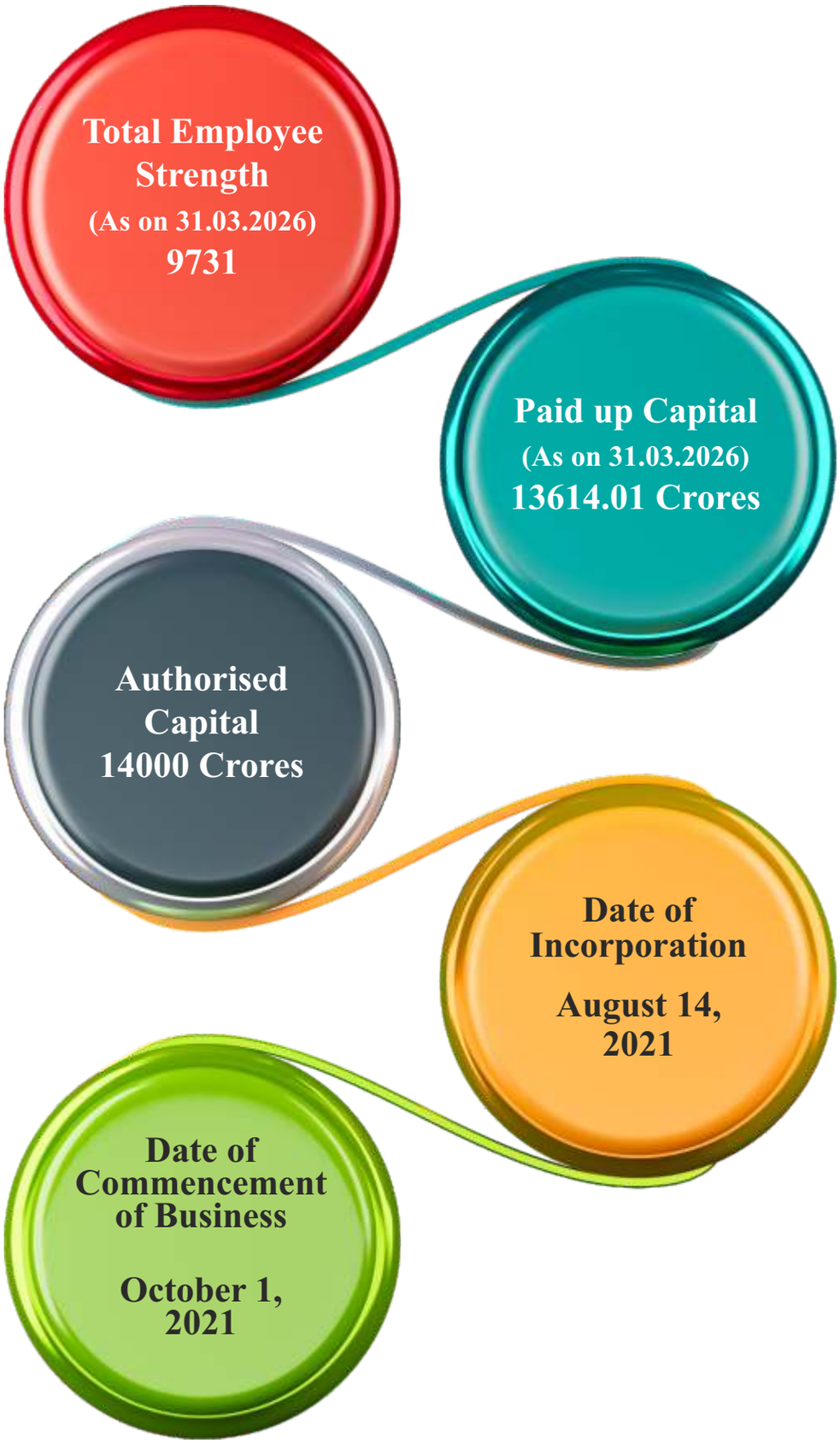
Cost Auditor

M/s Diwanji & Co
Cost Accountants, Vadodara, Gujarat

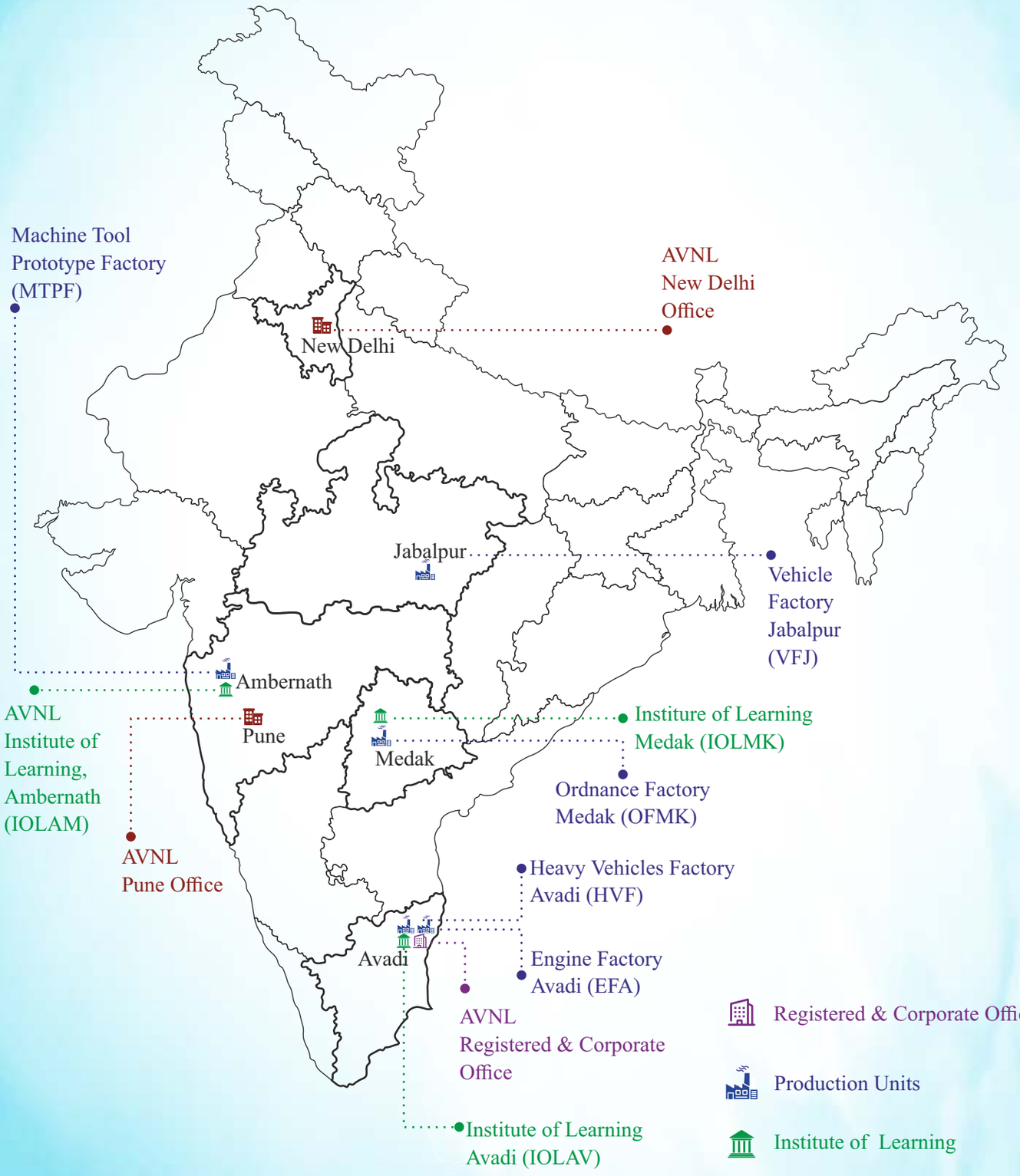
Secretarial Auditor

S. Sandeep & Associates
Practicing Company Secretaries,
Chennai

Corporate Information



AVNL Footprint



*Map of India is indicative, and may not be to scale

AVNL Milestones



2026
- Received 'LBPV' order from Tamilnadu
- Rolling out of Indigenised manufactured 1000th T-90 tank
- Inauguration of AVANI Aavishkaar Centre
- Laying of foundation stone for OH of T series tanks at VFJ

2025
- Operation of more than 90% indigenisation of T-90 tanks
- MiniRatna-1
- Uprating of T-72 tank with 1000 HP engine
- Inhouse development of GS Hardtop for Armed Forces
- Improved indigenisation level of T series tanks

2024
- First batch of 6x6 Mine Protected Vehicle developed by VFJ
- T-90 Mark-III tanks delivered to the Indian Army
- Award for contract for upgradation for 693 BMP-II

2019
- Rolling out of first batch of T72 OH-II (Ajeya)from HVF
- Up-gunning of Sharang M-46 Gun from 130mm to 155mm

2017
Rolling out of BLT and Trawl T-72 out of HVF

2009
Indigenous Bhishma tank was rolled out by HVF

2008
Rolling out of of MPV and Bullet Proof Vehicles by VFJ

2004
Rolling out of MBT Arjun MK-1 by HVF

1998
VFJ switched to New Gen Vehicles – Stallion 5/7.5 (Ton), LPTA 2.5 (Ton) by VFJ

1993
Rolling out of Overhauled T-72

1984
Rolling out of Ajeya by HVF (T-72)

1966
Rolling out of Vijayanta by HVF

Timeline of AVNL Units

1953 - MTPF | 1961 - HVF | 1969 - VFJ | 1984 - OFMK | 1987 - EFA | 2021 - AVNL

Production Units



Heavy Vehicles Factory, Avadi

- T-72 Ajeya
- T-90 Bhishma
- T-72 Trawl
- MBT Arjun
- T-72 Bridge Layer Tank
- Overhauling of all Armoured Vehicles

Established in **1961**

Production Units



Engine Factory Avadi

- Engine V46 for T-72 Ajeya
- Engine V92S2 for T-90 Bhishma
- Engine UTD20 for BMP II
- Overhauling of all above engines

Established in **1987**

Production Units



Vehicle Factory Jabalpur

- 5/7.5 ton stallion
- 2.5 ton LPTA
- 2KL water bowser
- Mine Protected Vehicle (MPV) 4x4
- Modernised Mine Protected Vehicle (MMPV) 6x6
- Upgunning of 130 mm to 155 mm (Sharang)

Established in **1969**

Production Units



Ordnance Factory Medak

- BMP-II Sarath
- CMT (Carrier Mortar Tracked)
- CCPT (Carrier Command Post Tracked)
- AERV (Armoured Engineering Reconnaissance Vehicle)
- AAT (Armoured Ambulance Tracked)
- CRN-91 Gun (Close Range Naval Gun)
- ICV Command
- Namis(Tr)
- Overhauling of BMP-II

Established in **1984**

Production Units



Machine Tool Prototype Factory, Ambernath

- **SPMs (Special Purpose Machines)**
- **Gear boxes for Armoured Vehicles**
- **Electronic fuzes for Ammunition**
- **Decoy launcher (KAVACH)**
- **14.5 mm Artillery Trainer**

Established in **1953**

Infrastructure Available at AVNL Production Units

Heavy Vehicles Factory Avadi



CNC Controlled Cold Roll Hardening for Torsion Bar



CNC Turn Mill Centre



CNC Cylindrical Grinding Machine



CNC Torsion Bar Twisting Machine

Engine Factory Avadi



Landis Grinding Machine



CNC Turning Centre

Machine Tool Prototype Factory, Ambernath



CNC Gear Shaping Machine



CNC Thread Grinding Machine



CNC Gear Grinding Machine



3D Cordinate Measuring Machine



CNC Gear Hobbing Machine

Ordnance Factory Medak



CNC Vertical Machining Centre With Trunion Rotary Table



CNC Vertical Machining Centre



CNC Horizontal Machining Centre 500



CNC Water Jet Cutting Machine



Plasma cum Oxy-fuel cutting Machine



CNC Cylinderical grinding Mc

Vintage Products

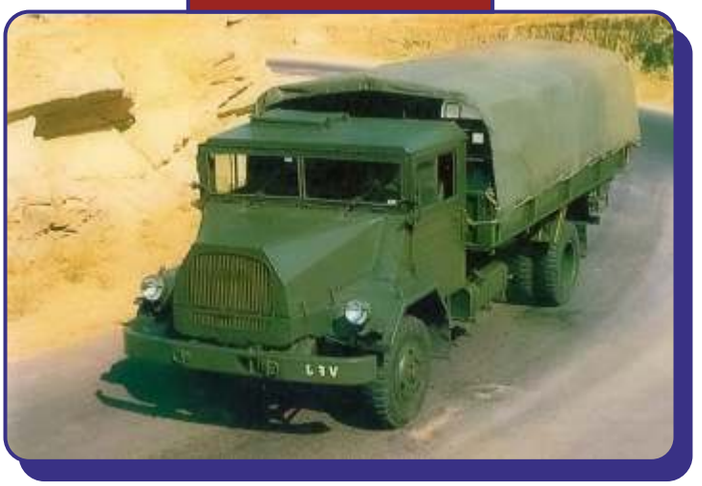
Jonga



Vijayanta



Shaktiman



Armoured Recovery Vehicle



Nissan



Customised Bullet Proofing

Maruthi Gypsy



Ambassador



Tata 407



Tata Safari



MPV 4x4



Toyota Prado



Current Products Range of AVNL



Light Bullet Proof Vehicle (LBPV)

Designed, Developed and Manufactured at Vehicle Factory Jabalpur

- **Designed to withstand STANAG-1 ballistic threat from all sides, underbelly granade blast and side mine blasts**
- **Equipped with Run flat tyres**
- **Reinforced suspension system for better mobility**

T-72 Ajeya (CIA) Tank

- **780 HP Engine**
- **Layered Armour Protection**
- **125mm smooth bore Gun**
- **7.62 mm Co-axial Machine Gun**
- **12.7mm air defence Machine Gun**





T-90 Bhishma Tank

- **125mm smooth bore 2-axis stabilized gun with a thermal sleeve**
- **1000 HP Engine**
- **Maximum range of aimed firing with TIFCS with 1800 mtr range**
- **Capable of firing Laser Guided Missile through its Gun Barrels - 5000 mtr Range**

Upgraded BMP-II M

- **Armament upgrade**
- **3rd Gen TI Sight**
- **Integration of Fire Control System**



MBT-Arjun

- 1400 HP Engine
- Combat capability in both day & night
- Configured and designed for Indian conditions with advanced equipment





Bridge Layer Tank

- Instant bridge laying and recovery
- Capable of laying 20 mtr Scissors Bridge

T-72 Trawl

- Capable of creating Vehicle Safe Lane (VSL) of 5.39 mtr width through minefield using for numbers of Trawl tanks in tandem
- Combination of roller and plough type



BMP-II Sarath

- High mobility & speed upto 65 kmph, with easy steering ability
- Amphibious vehicle which can travel at 7 kmph on water
- Camouflage capability with the help of smoke grenades





Armoured Ambulance Tracked

- Capable of providing immediate medical attention to injured battle field causalities
- Fully tracked and high mobility Vehicle
- Can cross water obstacles

Carrier Mortar Tracked

- Capable of firing 81 mm mortar
- Capable of firing 7.62mm MAG Gun



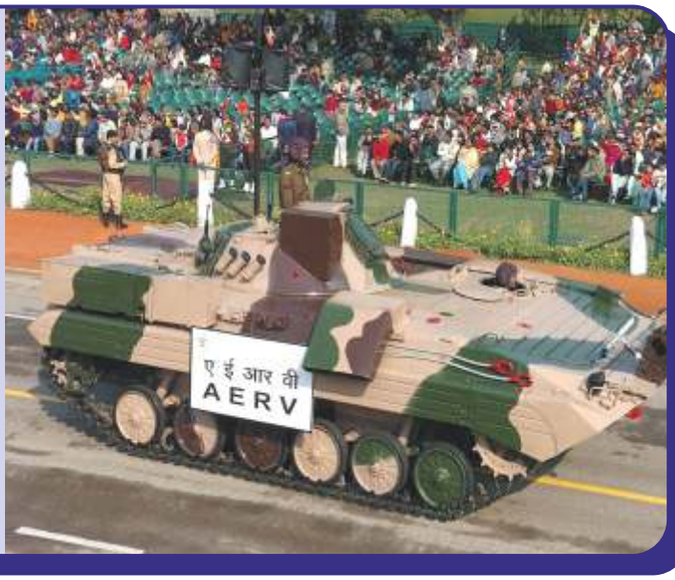


Carrier Command Post Tracked

- Capable of tactical fire control functions to achieve effective deployment of Self-Propelled (SP) artillery guns.
- Serves as a common platform for command post functions of all the Indian artillery guns

Armoured Engineer Reconnaissance Vehicle

- Designed to carry out terrestrial and riverbed survey to facilitate construction of assault bridges across water obstacles in both offensive and defensive operations in plain, desert and riverine terrain
- Equipped with specialized equipments including: echo-sounder, water current meter, laser-range-finder and GPS





NBC-Reconnaissance Vehicle

- For tactical support in carrying out Nuclear, Biological & Chemical contamination survey
- Testing soil, air and water or NBC contamination
- It protects crew against NBC contaminated environment

Close Range Naval-91 Gun

- Close Range Naval-91 is a naval version of 30mm automatic gun installed on a ship
- Capable of being remotely operated





V-92S2 Engine For T-90

- Fitted on BHISHMA Battle Tank (T-90)
- Turbocharged
- 1000HP at 2000 RPM

V46-6 Engine For T-72

- Fitted on Ajeya Battle Tank (T-72)
- Super charged
- 780HP at 2000 RPM





Namis(Tr)

- The NAMIS(Tr) consists of NAG 3rd Generation -ATGM & BMP-IIK Amphibious Infantry Combat Vehicle based NAG Missile Carrier (NAMICA) for Reccee & Support Battalions (Tracked), Mechanized Infantry, Indian Army.
- The complete Automotive Systems, amphibian capability and NBC protection of BMP-IIK have been retained as it is for NAMICA.
- The Troops Compartment has been modified to accommodate Gunner Station, Battery Pack, and Auxiliary Power Unit (APU).
- Salvo-firing
- Multi-Level Redundancy for Missile Firing Stations (Gunner & Commander) (for Missile Firing)
- Secondary Armament Protection System (PKT Gun System)
- Auxiliary Power System for silent watch and Missile firing

UTD-20 Engine For BMP-II

- Fitted on Sarath Vehicle (ICV BMP- II)
- Naturally aspirated
- 300HP at 2600 RPM





Stallion

- 5/7.5 Tonnes category
- 4X4 Power Train
- 180 HP Diesel Engine

LPTA

- 2.5 Tonnes category
- 155HP Diesel Engine, Torque 590 Nm @ 1500rpm
- 4X4 Power terrain



2KL-water Bowser

- Off road capability
- Capable of maintaining temperature within 5-degree variation between in the range (+)50 °c (-)10°c





Upgraded Mine Protected Vehicle (MPV)

- Upgraded version of MPV 4X4
- Major upgradation includes Mobility,HVAC, Rear View Camera, Self-Recovery Winch, Rotating Search Lights and Power Operated Rear view Mirror

MMPV 6X6

- Modernised Mine-Protected Vehicle (MMPV) 6X6: Designed and developed by AVNL
- Successfully tested by CRPF
- 320 HP, BS-IV Diesel Engine generating peak torque of 1250 Nm at 1200-1800 rpm
- Protection against High Blast impacts
- Rear view camera with night vision capability



Sharang Gun

- Upgradation of in-service 130 mm Field Gun
- Caliber - 155/45 mm
- Mechanized ammunition loading system through Ammunition Tray and Rammer Assembly





Electronic Fuzes

- Provides double layer safety (Electronic and Mechanical)
- Compliance with International standards MIL-STD-1316 & 331 and STANAG-4187

Kavach MOD-II

- Designed to counter the threats of various anti-ship missiles by using Chaff Decoys
- Provides soft kill defence in three layered defence scheme





14.5 mm Artillery Trainer

- The Artillery Trainer 14.5mm is a close range training equipment well suited for training of Gun crews, fire controllers and specially used for training of artillery men
- The Artillery trainer is a single barrel gun manually operated to set at the required range
- It consists of Gun Mount, Barrel, Tripod, Aiming & Laying Gear and Storage Chest.
- SIZE (L X W X H) mm:-1550 X 300 X 325
- Weight: 86 kg
- Ammunition Cartridge of 14.5mm x 51mm in 3 Charges.

NEW PRODUCTS LAUNCHED BY AVNL

LIGHT ARMOURED MULTI-PURPOSE VEHICLE

Designed, Developed and Manufactured at Vehicle Factory Jabalpur

- **Designed to withstand:**

  STANAG-II ballistic threat from the sides & front

  STANAG-I ballistic threat from top and rear

  STANAG-II(a) & STANAG-II(b) level blast protection
- **Equipped with Run Flat tyres and Self-recovery winch**
- **Improved surveillance with 360deg camera**
- **Independent suspension on front and rear**



NEW PRODUCTS LAUNCHED BY AVNL

UP-GRADATION OF T-72 TANK WITH 1000 HP ENGINE

- **T-72 Tank upgraded with High Powered Engine and associated automotive aggregates.**
- **High Power to Weight Ratio.**
- **Better mobility, Acceleration and gradibility**
- **Combat load of the Tank 44 Tons ± 2%.**

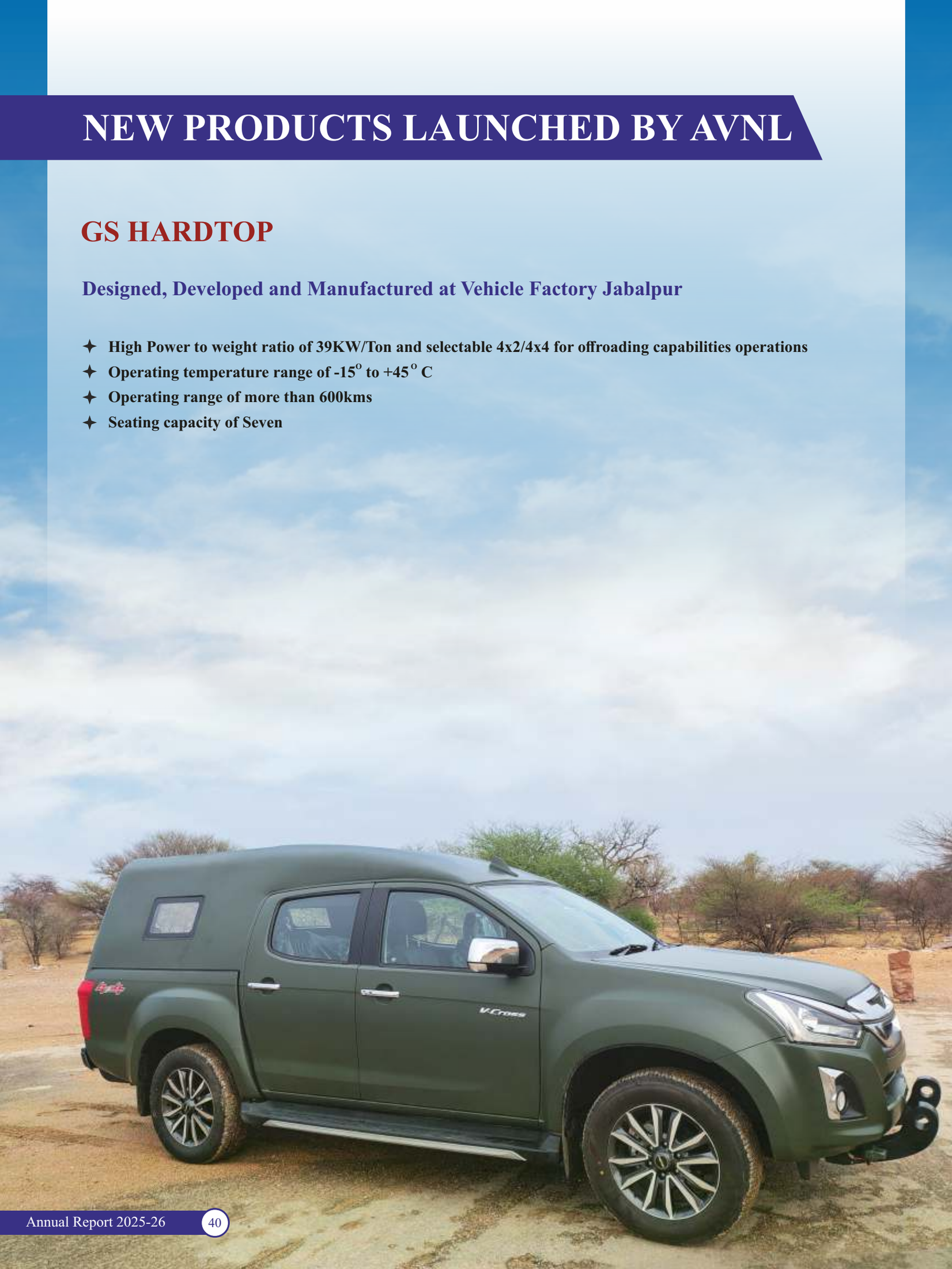


NEW PRODUCTS LAUNCHED BY AVNL

GS HARDTOP

Designed, Developed and Manufactured at Vehicle Factory Jabalpur

- **High Power to weight ratio of 39KW/Ton and selectable 4x2/4x4 for offroading capabilities operations**
- **Operating temperature range of -15^{O} to +45^{O} C**
- **Operating range of more than 600kms**
- **Seating capacity of Seven**



Human Resource Development

Human Resource within an organization is recognized as one of its paramount assets. This valuable resource significantly contributes to the organization's journey towards global leadership. AVNL places utmost importance on continually enriching its talented and experienced workforce, ensuring they remain abreast of the latest manufacturing and management techniques while adhering rigorously to stringent quality guidelines.

The training initiatives are meticulously crafted to align with customer requirements, promoting inclusive growth and addressing specific needs effectively.

To achieve the above, it has the following Institutes of Learning which are centres of excellence in the respective field of their specialisation.

1. AVNL IOL, Avadi
2. AVNL IOL, Medak
3. AVNL IOL, Ambernath



AVNL Institute of Learning, Avadi

The strategic vision of AVNL necessitates the conversion of human resource, which is the most valuable asset of the Organization, into strategic force multipliers for achieving the mission and goals of the Company. This is possible only through investment in human resources by way of training interventions, to enhance the capability, competence and capacity of the employees so that they are well equipped to deal with organizational issues both at the macro and micro levels and resolve them in the interest of the Company as well as the overall national interest. Therefore, AVNL embedded learning and development into its corporate culture and adopted the Mission “To be a learning organization with global competencies, committed to creativity and innovation”. AVNL IOLAV organizes courses of 3 categories.

AVNLIOLAV provides a comprehensive set of learning objectives, contents, materials and methods for the participants to attain their training goals. Our Training programme comprises action and activity based behavioral training intervention for employee development based on experiential learning methodology of learning by doing hands on practice including outdoor adventures and team building activities that engage participants to bring out the desired teaching outcome.

To meet the evolving requirements of industry and modern technical education, AVNL – IOL Ambernath is equipped with comprehensive infrastructure and specialised training facilities of Hydraulic and Pneumatic Laboratory equipped with Electro-Hydraulic training kits, Electro-Pneumatic training kits, Advanced Pneumatic training kits, LVDT training kits and Microcontroller training kits etc.

It has also got Robotics and Mechatronics Laboratory for providing exposure to emerging technologies and modern industrial automation. IOL Ambarnath has got a library housing approximately 4,500 technical and non-technical books, supporting academic learning, technical knowledge enhancement and overall development.

With its strong heritage, modern infrastructure and focus on emerging technologies, AVNL – IOL Ambernath continues to serve as a centre for technical skill development and human resource enhancement. The institute remains committed to preparing competent, disciplined and industry-ready professionals who can contribute effectively to the growth of the defence production ecosystem and the nation's industrial development.









AVNL IOLAV has created a Cut cum working model room and a Demonstration facility with the support of HVF & EFA units of AVNL for Live demonstration and Hands on Practical Training on Dis-Assembly & Assembly of various sub systems of Armoured Vehicle such as Engine, IGB, BGU, Air Compressor, Side Gear Boxes, Suspension System etc., to the participants. Efforts are also being made to create more cut cum working models of AV Tank sub assembly and give more emphasize to practical oriented training programme on AV Technology.

GUEST HOUSE

The present Hostel building can accommodate 45 participants. Accommodation with AC / Non-AC rooms, Messing catered through a contract at reasonable cost, Mini Gym, Volley Ball Court and Table Tennis Facilities are available for participants



AVNL Institute of Learning, Medak

The Core Competency of **IOLMK** are CNC Part Programming and CNC Technology. It has CNC Lab with Siemens and Fanuc Simulation Software. It has 16 licenses of SIEMENS SINUTRAIN 840D & FANUC NC GUIDE SIMULATION SOFTWARE to train the participants on Part Programming

In the year 2025-2026, IOL Medak conducted 57 courses in which 930 participants attended the courses. These courses included CNC, Management, Technical and Domain courses like Operation and Maintenance of BMP & its variants. Also, topics on Corporate Law & Taxation, Cyber Security, Quality 4.0, IPR and New Labour Codes were organised.

Memorandum of Understanding (MoU) was signed on 16.12.2025 between AVNL IOLMK and National Institute of Electronics and Information Technology (NIELIT), Hyderabad (a unit of NIELIT New Delhi) under the administrative control of Ministry of Electronics & Information Technology (MeitY) for mutual collaboration in areas of Robotics Process Automation, Internet of Things, 3D Printing/Additive Manufacturing and UI / UX Design.



AVNL IOLMK OFFICE BUILDING

A session on CNC Part Programming at GCF Jabalpur:



A session on orientation programme for LDCE- Chargeman



A session on electrical safety

AVNL Institute of Learning, Ambernath

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During the year 2025-26: IOLAM conducted 113 courses for AVNL Units & other DPSUs in which 2277 participants attended the courses. Some of the courses were Drone Technology, MS Project, AUTOCAD Mechanical, Quality 4.0, Cyber Security, Ethical Hacking, Artificial Intelligence, Generative AI in HR, IPR etc.

Glimpse of DVET classroom





Glimpse of the course on SMAC (Social, Mobile, Analytics & Cloud) for RPF & CISF





Association with Industry Bodies

Armoured Vehicles Nigam Limited (AVNL) has signed several Memorandums of Understanding (MoUs) with leading industry bodies such as SCOPE, FICCI, SIDM, and other reputed institutions, aimed at enhancing industry collaboration and knowledge exchange. These partnerships open avenues for policy advocacy, R&D collaboration, and market access. SCOPE (Standing Conference of Public Enterprises) promotes excellence among CPSEs and facilitates capacity building. FICCI (Federation of Indian Chambers of Commerce & Industry) offers access to national and international industry forums, enabling AVNL to align with emerging technologies. SIDM (Society of Indian Defence Manufacturers) helps integrate AVNL into the defence MSME ecosystem, boosting innovation and indigenisation efforts.



Research and Development

AVNL is evolving from being a production focused organization to a self-reliant leader in Design and Development of advanced platforms for the Armed Forces. To achieve this objective, AVNL R&D Manual Version 1.0-2025 for Design & Development of Defence products has been implemented w.e.f 01.01.2026.

Establishment of AVANI AVISHKAR Centres:

To institutionalize innovation and indigenous design capability, AVNL established two dedicated Design, Development and Innovation Centres (D2IC) under the banner of AVANI AVISHKAR CENTRE at HVF, Avadi & OFMK, Medak

These centres are tasked with acquiring technical Know How and Know Why in following field:

- Power Pack
- Turret and Weapon Systems
- Chassis and Suspension Systems
- Vetronics
- Gun Control Systems
- Armour and Special Materials

Orders received from IA/Navy/State Government:

AVNL have secured the following orders from Indian Navy/ Indian Army/state government:

- Development of Proximity Fuze for 76/62 SRGM Ammunition (335 Sets) valued at Rs. 2.25 Crore from the Controllerate of Naval Armament
- Development of 30 mm HEPFF Ammunition (1,290 Nos.) valued at Rs.5.15 Crore from the Controllerate of Naval Armament
- Development of 76/62 mm SRGM HEPFF Ammunition (200 Nos.) valued at Rs. 4.37 Crore from the Controllerate of Naval Armament
- Light Bullet Proofing Vehicle (LBPV) (05 Nos.) from Tamil Nadu State Police
- Partial Bullet Proof of 2.5 Ton LPTA 715 (14 Nos.) from Tamil Nadu State Police

New Product Developed:

During the FY 2025- 2026, AVNL has been able to successfully develop the following vehicles:

- Light Armoured Multi-Purpose Vehicle (LAMV),
- Forward Repair Team – Tracked (FRT-Tr)
- Quick Reaction Team Vehicle

Major Milestones Achieved:

Electromagnetic Launcher System:

D2C/HVF secured a Letter of Intent from ARDE/DRDO, Pune, to act as the Development-cum-Production Partner (DcPP) for the development of an Electromagnetic Launcher System. This strategic project is expected to have long-term implications for AVNL's technological capabilities while contributing to India's future defence preparedness.

Futuristic Infantry Combat Vehicle (FICV):

OFMK designed and developed the first pilot sample of the Hull and Automotive System for the Futuristic Infantry Combat Vehicle (FICV). The component level design and development of Running Gear and suspension systems have been successfully completed In-house by AVNL/OFMK

Directed Energy Weapon system:

MTPF has been selected as the development agency by CHESS, Pune for development of 10Kw DEW system.

Intellectual Property Rights (IPR)

Under Mission Raksha Gyan Shakti (MRGS), AVNL continued strengthening its intellectual property portfolio. During FY 2025-26, the Company filed:

- 41 Patents
- 07 Copyrights
- 01 Trademark

These achievements reflect AVNL's growing focus on innovation-led growth and knowledge asset creation.



Light Bullet Proof Vehicle

Certifications

As Quality being the focus area for the company, AVNL is committed for continual improvement through process approach in line with world class quality system. All AVNL Units are accredited to ISO 9001:2015 for Quality Management Systems (QMS), as a milestone one of the Unit i.e. OFMK has certified AS 9100D an Aerospace Quality Management System Standard. The testing Labs of Units are certified with ISO/IEC 17025:2017, which pertains to the competence of testing and calibration laboratories to ensuring AVNL products to meet global standards.

QUALITY MANAGEMENT SYSTEM

OFMK/AVNL AEROSPACE QMS

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM (OHSMS))

ENVIRONMENTAL MANAGEMENT SYSTEM

ENERGY MANAGEMENT SYSTEM

INTERNATIONAL STANDARD FOR TESTING & COLLABORATION

Steps Towards Aatmanirbharata

In support of the 'Make in India' initiative and self-reliance in defence, AVNL units are closely collaborating with Indian industries to develop and produce indigenous items and sub-systems. AVNL has organized various seminars and outreach programs to achieve this goal. AVNL has identified 44 major sub-systems/Line Replaceable Units (LRUs) for Russian platforms to be indigenized, and these have been included in the Positive Indigenization Lists.

Indigenization initiatives for these items have already been launched through Source Development Orders or Project Sanction Orders (under Make-II). AVNL is actively supporting the relevant industries in expediting the development of these items by providing samples, access to testing facilities, and technical guidance & support.

Till FY 2024-25, 37 items were indigenised and in 2025-26, 1 item has been indigenized making a total of 38 LRUs with continuous efforts by AVNL units and Indian industry partners.

These efforts have yielded significant benefits for the country, including reduced dependency on imports, competitive pricing, and savings in foreign exchange.

Due to these persistent efforts, the indigenization level have increased to 96.91% for Tank T-72, 92.14% for Tank T-90 and 99% for ICV BMP-II.

Successfully Indigenized Products during 2025-26



Pre-Heater-T 72 Tank

Pre Heater Assy is used during extreme cold climate conditions. The preheating system preheats the engine, radiator coolant, water jackets, engine oil and transmission oil before starting the engine. The preheating system consists of boiler, fuel injection system, radiators, fan etc.

Service for Customers

AVNL has proactively taken initiative to establish Forward Support Centres (FSCs) at Patiala and Jodhpur to strengthen customer satisfaction by ensuring timely and reliable warranty support. These centres are designed to improve operational readiness by delivering essential services closer to the forces, thereby fulfilling critical field requirements more efficiently.

Training of Army Personnel for Operation and Maintenance

IOLAV and IOLMK regularly conduct Armoured Vehicle specialised training for EME and Armoured Corps personnel. This not only helps in understanding the complexities in the process of manufacturing but also its maintenance, defect investigations and prevention.

Armoured Vehicles which are manufactured at AVNL units are covered under 1 year warranty. During this period if any complaints or defects are received, they are attended by a team of specialists from respective units to the locations where the Armoured Vehicle is located, including forward posts.

Key Events









Hon'ble Raksha Mantri Shri Rajnath Singh inaugurated the Bhoomi Poojan Ceremony for T -Series Tank Overhaul Project at Vehicle Factory Jabalpur, a Unit of AVNL on 27th August 2026 in the presence of Hon'ble Chief Minister of Madhya Pradesh Dr Mohan Yadav, Shri Sanjeev Kumar, Secretary (Defence Production) and Dr Garima Bhagat, JS (LS), DDP, MoD.

India Pavilion Inauguration Ceremony

India Pavilion officially being inaugurated by Hon'ble Raksha Rajya Mantri Shri Sanjay Seth in World Defence Show, Riyadh on February 8, 2026.









Meeting with Minister of State (Ministry of Defence), UK

Mr. Luke Pollard, Minister of State (Ministry of Defence), UK, along with British Embassy officials from Riyadh, engaged in detailed discussions with the AVNL team. The conversation focused on strengthening bilateral scientific cooperation and expanding business partnerships between India and the United Kingdom in the defense sector.



Defense and Security Equipment International (DSEI - 2025), London, United Kingdom held from 9th-12th September 2025



VIP & MoD Delegation

- H E. Shri. Vikram K. Doraiswamy, High Commissioner of India to United Kingdom
- Shri. Sanjeev Kumar, Secretary, Department of Defence Production, Government of India
- Dr. Garima Bhagat, JS(LS), Department of Defence Production, Government of India
- Shri. Soyam Shunkoo, DPO (ICE-I), Department of Defence Production, Government of India















Memorandum of Agreement between 601 EME Bn and AVNL for setting up of Forward Support Centre (FSC), Patiala signed on 28th January 2026.





Memorandum of Agreement between CAFVD, Khadki and AVNL for setting up corporate office and warehouse at CAFVD, Khadki signed on 6th April 2026.

Marathon





Republic Day







Independence Day













International Women's Day celebration





Inauguration Function and Valedictory Function - Vigilance Awareness Week 2025



Smt. Arti C Srivastava, Addl. Secretary, CVC and Shri P M Saravanan, CVO/BEL (Having additional charge of CVO/AVNL) visited AVNL CO, HVF & EFA on 05.06.2026. Smt. Arti C Srivastava, Addl. Secretary, CVC delivered a lecture on the topic of Preventive Vigilance to the Officers of AVNL.

AVNL Foundation Day



















International Yoga Day











Members of Parliamentary Committee on Official Language carrying out inspection of Rajbhasha exhibition of MTPF



CMD receiving certificate from the Honourable Bhartrahari Mehtab, MP and Vice-chairman of Parliamentary Committee on Official Language

AVNL Chairman Cup













Celebrating The Nation's Pride

The 80th Independence Day celebration at AVNL Corporate Office was a vibrant and memorable event. The ceremony began with the flag hoisting, carried out by Shri Satyabrata Mukherjee, CMD, AVNL.



NOTICE

NOTICE IS HEREBY GIVEN THAT THE 05TH ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF ARMOURED VEHICLES NIGAM LIMITED (AVNL) WILL BE HELD ON MONDAY, 28TH SEPTEMBER 2026 AT 03:30 P.M. IST THROUGH VIDEO CONFERENCING (VC)/ OTHER AUDIO-VISUAL MEANS (OAVM) TO TRANSACT THE FOLLOWING BUSINESSES:

Ordinary Business

01. To receive, consider, approve and adopt the Audited Financial Statements of the Company for the Financial Year ended on March 31, 2026 together with the Board's Report, the Auditor's Report and Comments of the Comptroller and Auditor General of India (C&AG) and Management replies, if any, thereon and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT the audited financial statements of the Company for the Financial Year ended March 31, 2026, the reports of the Board of Directors and Auditors thereon and Comments of the Comptroller and Auditor General of India, as circulated to the members, be and are hereby received, considered and adopted."

02. To authorize the Board of Directors to fix the remuneration of Statutory Auditor of the Company to be appointed by Comptroller and Auditor General of India (C&AG) for the financial year 2026-27 and in this regard to consider and if deemed fit to pass with or without modification the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 139(5) read with the provisions of Section 142 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re- enactment thereof, for the time being in force), the Board of Directors of the Company, be and is hereby authorized to fix the remuneration of the Statutory Auditors of the Company appointed/ to be appointed by the Comptroller and Auditor General of India for the Financial Year 2026-27.

Special Business

03. To ratify the remuneration of the Cost Auditor for the Financial Year 2026-27 and in this regard to consider and if thought fit, to pass the following resolution as an Ordinary Resolution with or without modification(s):

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the remuneration of Rs. 4,95,000/- (Rupees Four Lakhs Ninety Five Thousands only) (inclusive of all taxes)payable to M/s. Joshi Apte and Associates, Cost Accountants (Registration No. 000240), appointed by the Board of Directors of the Company as Cost Auditor to conduct the audit of the cost records of the Company for the financial year 2026-27, be and is hereby ratified and confirmed."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as may be considered necessary, proper or expedient to give effect to this resolution."

By order of the Board of Directors
Armoured Vehicles Nigam Limited

Sd/-
(Garima Khare)
Company Secretary
Membership No. ACS: 33471
Email: cs@avnl.co.in

Date: 05th September 2026
Place: Avadi, Chennai

Notes:

1. The Ministry of Corporate Affairs ("MCA"), vide its General circular nos. 14/2020 dated April 8, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 5, 2020, 02/2022 dated May 5, 2022 and subsequent circulars issued in this regard, the latest being 3/2025 dated September 22,2025 (collectively referred to as 'MCA Circulars'), has permitted companies to conduct their Annual General Meeting ('AGM') through Video Conferencing ('VC') or Other Audio Visual Means ('OAVM'), subject to compliance of various conditions mentioned therein. In compliance with the aforesaid MCA Circulars, applicable provisions of the Companies Act, 2013 and rules made thereunder, the 05th AGM of the Company is being convened and conducted through VC/OAVM on Monday, 28th September 2026 at 03:30 PM (IST). The Registered Office of the Company shall be deemed to be the venue for the AGM.
2. As per the provisions of Clause 3.B.IV of the General Circular No.20/2020 dated May 5, 2020, the matters of Special Business as appearing at Item Nos. 3 of the accompanying Notice, are considered to be unavoidable by the Board and hence, forms part of this Notice.
3. Pursuant to provisions of Section 105 of the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since this AGM is being held through VC pursuant to MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for AGM and hence, the Proxy Form, Attendance Slip and Route Map of the venue of the Meeting are not annexed to this Notice.
4. Participation of Members through VC/OVAM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Companies Act, 2013.
5. Pursuant to Section 112 of the Act, the President of India, who is Members of the Company, is requested to send the signed copy of the nomination letter authorizing its representative to attend the AGM and cast vote at the AGM through VC/OAVM to the Company by email through its registered email address to cs@avnl.co.in.
6. The Relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business, as set out above is annexed hereto.
7. Pursuant to Section 139 of the Companies Act, 2013, the Auditors of a Government Company are to be appointed or re-appointed by the Comptroller and Auditor General of India (C&AG) and in pursuant to Section 142 of the Companies Act, 2013, their remuneration is to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Members of the Company, in the 4th Annual General Meeting held on 28th August 2025, had authorized the Board of Directors to fix the remuneration of Statutory Auditors for the financial year 2025-26. Accordingly, the Board of Directors in its 36th Board Meeting held on 26th September 2025 has fixed audit fee of Rs. 4,00, 000/- (Rupees Four Lakhs only) for the Statutory Auditors for the financial year 2025-26 in addition to applicable GST. The Statutory Auditors of the Company for the year 2026-27 are yet to be appointed by the C&AG. Accordingly, the Members may authorize the Board to fix an appropriate remuneration of Statutory Auditors as may be deemed fit by the Board for the year 2026-27.
8. None of the Directors of the Company is in any way related with each other.
9. Facility to join the meeting through VC/OAVM shall be opened 15 minutes before the scheduled time of the AGM and shall be kept open upto 15 minutes after the scheduled start time of the AGM.
10. All documents referred to in the accompanying Notice are available for inspection by the Members electronically. Members seeking to inspect such documents are requested to send a prior intimation to the email ID mentioned above, and the Company shall make the same available for inspection electronically during business hours up to the date of the AGM.
11. VC link for the Annual General Meeting (AGM) will be shared separately.

To:
1. ***All Members of AVNL***
2. ***Directors of AVNL***
3. ***Statutory Auditors***
4. ***Secretarial Auditors***

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant To Section 102(1) Of The Companies Act, 2013.

The following Explanatory Statement sets out all material facts relating to Special Business mentioned in Item No. 3 in the accompanying notice.

Item No. 3

Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 requires remuneration of the cost auditors as approved by the Board to be ratified by the shareholders subsequently.

Accordingly, the Board of Directors in its Meeting held on 04th September 2026 has approved the appointment of M/s. Joshi Apte and Associates, Cost Accountants (Registration No. 000240), at a remuneration of Rs. 4,95,000/- (Rupees Four Lakhs Ninety Five Thousands only) (inclusive of all taxes) to conduct the Cost Audit of the Company for the financial year 2026-27.

Accordingly, members are requested to consider and ratify the remuneration payable to the Cost Auditors for the financial year 2026-27 as set out in the resolution.

None of the Directors, Key Managerial Personnel of the Company or their relatives are, in any manner, concerned or interested, financially or otherwise, in the said resolution.

The Board of Directors recommends the resolution as set out in Item No. 3 of the accompanying Notice for approval of the Members by way of an Ordinary Resolution.

By order of the Board of Directors
Armoured Vehicles Nigam Limited
Sd/-
(Garima Khare)
Company Secretary
Membership No. A33471
Email: cs@avnl.co.in

Date: 05th September 2026
Place: Avadi, Chennai

STATUTORY REPORT

Board's Report

Dear Shareholders,

Your Board of Directors takes great pleasure in presenting the 05th Annual Report on the business and operations of your Company, including the Audited Financial Statements for the Financial Year ended on 31st March 2026.

Summarised Financial Performance & Highlights

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

(Rs. in Crore)

Particulars	2025-26	2024-25
Gross Income	6776.39	5563.13
EBITDA	1605.17	696.06
Depreciation	302.93	238.66
Profit/ (Loss) before Tax (PBT)	1302.24	457.40
Less: Tax Expenses	293.52	122.47
Profit/ (Loss) After Tax (PAT)	1008.72	334.93

This is the fifth year of operations of your company, delivering consistent performance after it commenced its Business Operations from 01st October 2021.

During the year, the Company achieved the Revenue from Operations of ₹6097.04 crore as compared to the previous year ₹4984.29 crore. The Profit Before Tax (PBT) for the current year is ₹1302.24 crore as against ₹457.40 crore in the previous year.

Growth Plan

AVNL achieved its highest-ever revenue of ₹6776.39 crore in FY 2025–26 since its incorporation in 2021, marking a significant milestone in its growth journey. Building on this strong performance, AVNL aspires to emerge as a US$1 billion company and attain Navratna status by FY 2029–30.

These aspirations are underpinned by a robust order book of approximately ₹35,500 crore, complemented by a strong pipeline of key growth-driver projects. With its expanding order book, strategic initiatives and continued focus on operational excellence, AVNL is well positioned to accelerate its growth trajectory and strengthen its position as a leading player in the defence manufacturing sector.

Quality

AVNL quality philosophy is rooted in the principles of customer satisfaction, process discipline, continuous improvement and zero defect delivery. Various initiatives have been undertaken during the financial year for further improvement of Quality.

Quality Circle

Quality circle teams from units participated in State / Chapter, National level competitions of CCQC / NCQC 2025 and have won 'Gold' and 'Par Excellence' awards. This has resulted in learning from interaction with different Quality circle teams from other companies at the state level and national level.



Quality Schemes

DDP has promulgated various QA schemes such as Self Certification Scheme (SCS), Green Channel Policy, and Third Party Inspection (TPI) etc. to promote reforms and ease of doing business. AVNL has taken initiatives to supply AVNL products under SCS and Green Channel Scheme and inspection through TPI.

Quality Review

Quarterly Review Meetings (QRM) are held periodically with DGQA to resolve/review quality related issues and based on the customer complaints, root cause analysis have been carried out and corrective and preventive measures have been taken to avoid recurrence of defects.

In-house Quality Training

There are training calendars with tailor made programs to up-skill the manpower and several training courses such as Quality 4.0, Quality guide I & II, Certified training program on lead auditors – ISO 9001:2015, QMS, Awareness on IMS (EMS,QMS & OHSMS), Lean six sigma green belt, Quality design and control and 12 steps QC story etc. were conducted.

Units already have a system in place for incentivizing the achievements of quality and lesser rejections / rework periodically.

Additionally, Units are conducting Vendor Meet on a regular basis.

Atmanirbhar Bharat

AVNL as the OEM for the current fleet of Battle Tanks (T-72, T-90 and MBT Arjun) and Infantry Combat Vehicles (BMP-II) for the Indian Army, boasts over six decades of experience in manufacturing Armoured Vehicles and their variants. This extensive experience has positioned AVNL as an expert in every system of these platforms, cultivating invaluable domain knowledge. AVNL has successfully collaborated with DRDO and Indian industries to develop MBT Arjun, variants of T-72 like BLT, and variants of BMP-II such as Armoured Ambulance, AERV, CCPT, CMT, and NBC-Recce.

Innovation has been pivotal to AVNL's growth. Therefore, the company places paramount importance on R&D and innovation, aligning its strategies with the Government of India's initiatives. AVNL actively supports start-ups through iDEX (Innovation for Defence Excellence), offering new challenges and mentoring them in developing cutting-edge technologies.

Recognizing global advancements in weapon platforms, AVNL has embarked on developing next generation products for the Armed Forces.

Growth Driver Projects

As requirement of the products being manufactured by AVNL is likely to get saturated with the Services in a period of 10 years, R&D Plan has been made by AVNL to undertake development of the following products during the next 5 to 10 years which will be ready for induction in the Services as per their technology road map:

- Design / Development of future products [FICV, FRCV, ARVs, Wheeled AFV, LAMV, FRT (Tr), Proximity Fuzes].
- Developing upgrades of existing products (T-72/T-90/BMP)

AVNL is in the process of developing a new generation products such as Global Mine Protected Vehicle, Light Specialist Vehicle, Counter Unmanned Aerial System (CUAS) for BMP and Wheeled Armoured Fighting Vehicle to reach out the global market.

The above products, once developed, will provide a comprehensive growth to AVNL in long term beyond 10 years horizon. Therefore, AVNL perceives itself to occupy the position of Global Armoured vehicle manufacturer by the year 2047. AVNL has been making consistent efforts to obtain export contracts which are primarily affected due to restrictive clause of TOT contracts of T-72, T-90 and BMP-II prohibiting India to undertake export without the express consent of Russia.

Industry 4.0 / QA 4.0

AVNL Units implemented Industry 4.0 and Quality 4.0 across 341 machines and 370 processes /Critical to Quality (CTQ) components respectively. This enables Real time data monitoring system for traceability, Automated data logging from critical stations, Predictive maintenance and analytical dashboards, Digitalization of quality ecosystem with IoT enabled inspection tools and mobile QMS platforms reducing human intervention in inspection. Further 172 additional Critical to Quality (CTQ) processes have been identified for implementation of Quality 4.0.

Modernisation

AVNL has undertaken significant initiative to modernise its Plant & Machinery and associated civil infrastructure in its five units to align with the dynamic landscape of Armament manufacturing. These initiatives aim to establish AVNL as a world class manufacturer of Armoured Vehicles and a trusted global brand, catering to both domestic and international markets.

Throughout its holistic modernisation strategy, AVNL has focused on integrating advanced technologies across manufacturing, design, and testing process to enhance productivity and minimise human intervention. Industry 4.0, Q4.0 and Automation plays a crucial role in ensuring traceability of products through a Digital Passport system that provides comprehensive product information.

The modernisation efforts at AVNL encompass the replacement of outdated plant and machinery, expansion of production capabilities, and establishment of new facilities.

Some notable projects implemented in FY 2025-26:

- 5 -Axis Abrasive CNC Water jet Cutting Machine.
- IGBT digital microprocessor controller welding machine.
- CNC Special Purpose Cylinder Head Cam Shaft 3 Way Line Boring Machine.
- 3D metal printer machine (additive technology)
- Non-Contact Laser Measuring Machine.
- Gear Roll Tester for Inspecting of Internal Gears
- EDM Wire cut Machine.
- Optical Metallurgical Microscope with Image analyzer.
- Implementation of I 4.0 and Q 4.0

Some notable ongoing projects include:

- Creation/Enhancement of additional overhauling facility for 110 T-series tanks per annum
- CNC Turn Mill Centre for V46-6 crankshaft Tooled up CNC Turn Mill Centre with HSK- 63 & 100 Tool Holder
- CNC Plasma Cum Oxy-Fuel Cutting Machine

These initiatives underscore AVNL's commitment to leveraging State-of-Art technologies and infrastructure enhancements to bolster its manufacturing capabilities and meet the evolving demands of the defence sector.

Dividend

Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, GoI, has exempted your Company for payment of Dividend for the Financial Year 2025-26.

Amount Transferred to Reserves

During the year, your Company has not transferred any amount to General Reserve.

Borrowings

As on 31.03.2026, the short-term and long-term borrowings of the Company was Nil.

MOU with Government

Your company has signed Memorandum of Understanding with the Administrative Ministry, Department of Defence Production, Government of India for the year 2025-26, the performance Rating of which is awaited.

However, your company has achieved "Good" performance rating with a score of 55.36 for the year 2024-25.

Credit Rating

During the year, CARE Ratings Limited have granted your Company a credit rating of AA+ i.e. Stable for Fund based Long Term cash credit amounting to ₹2000 Crores.

Changes in Share Capital

The Company's authorised capital was ₹ 14,000.00 Crore and paid-up share capital was ₹13,614.01 Crores as on 31st March 2026. The entire paid up share capital of your Company is held by the Government of India.

During the year 2025-26, your Company has issued 186347817 [Eighteen Crore Sixty Three Lakhs Forty Seven Thousand Eight Hundred and Seventeen] fully paid up equity shares having face value of Rs. 10/- per share at par aggregating to Rs. 186,34,78,170/- (Rupees One Hundred Eighty Six Crore Thirty Four Lakh Seventy Eight Thousand One Hundred and Seventy Only) to the Hon'ble President of India, through Joint Secretary to the Government of India, Ministry of Defence (Department of Defence Production).

Accordingly, the Paid up Share capital of the Company has been increased from ₹13,427.66 Crore to ₹ 13,614.01 Crore divided into 13614011062 numbers of equity shares of Rs. 10/- each on account of equity shares issued to the Hon'ble President of India.

Information Technology Initiatives

AVNL continues to strengthen its digital ecosystem through strategic investments in Information Technology infrastructure, cybersecurity, and enterprise digital transformation. The Company maintaines a secure, self-reliant IT infrastructure comprising high-performance servers with robust information security controls and dedicated network connectivity across all AVNL units, ensuring reliable enterprise-wide data exchange and uninterrupted business operations.

A significant milestone during the year was the operationalization of a centralized Security Operations Centre (SOC) integrated with an advanced Security Information and Event Management (SIEM) platform.

The SOC provides continuous security monitoring, proactive cyber risk management, and timely incident response, thereby enhancing the Company's cyber resilience and safeguarding critical digital assets. Strengthened operating system-level and application-level access controls, together with Multi-Factor Authentication (MFA) and enhanced identity governance, further reinforced AVNL's cybersecurity framework.

Digital governance was further strengthened through the deployment of executive dashboards, enhancement of e-Office implementation across units, and continuous IT infrastructure modernization, resulting in improved operational efficiency, transparency, collaboration, and informed decision-making across the organization. These initiatives reaffirm AVNL's commitment to building a secure, resilient, and technology-driven enterprise aligned with the Government of India's Digital India vision.

In FY 2026–27, AVNL will accelerate its digital transformation agenda with the objective of creating an integrated, intelligent, and secure digital enterprise. The Company will continue to strengthen the capabilities of its centralized Security Operations Centre through advanced threat monitoring, enhanced cyber defence mechanisms, and continuous security surveillance to address the evolving cybersecurity landscape.

In addition, the Company will evaluate suitable Artificial Intelligence (AI) use cases to improve operational efficiency, optimize business processes, and support informed managerial decision-making. Through these initiatives, AVNL aims to establish a future-ready digital ecosystem that delivers operational excellence, robust information security, and sustainable business value.

Human Resources

AVNL had employee strength of 11,799 on 1st October 2021 when its commenced its operations. AVNL had 9731 regular employees in its strength as on 31st March 2026. They are under deemed deputation and are subject to the rules & regulations applicable to the Central Government servants till their absorption. As on 31st March 2026, your company is also having 03 Functional Directors including Chairman & Managing Director on the payroll of the Company.

A. Category-Wise Details of Employees

Category	Male Employees	Female Employees	Total
Group-A (GOs)	179	15	194
Group-B (GOs)	1098	108	1206
Group-B (NGOs)	806	93	899
NIEs	463	185	648
IEs	6363	421	6784
Total	**8909**	**822**	**9731**

B. Categories of SCs/STs/OBCs/PWD Employees

Category of Employees	Group A (GOs)	Group B (GOs)	Group B (NGOs)	NIEs	IEs	Total
Scheduled Caste	40	223	163	163	1596	2185
Scheduled Tribe	23	114	71	51	529	788
Other backward class	45	442	328	227	2806	3848
Ex-Servicemen	00	09	02	11	68	90
PwD	06	37	29	18	143	233
Total	**114**	**825**	**593**	**470**	**5142**	**7144**

Grievance Redressal System

In order to address the grievance of employees, an institutionalised Grievance Redressal System is available in all units as well as in Corporate Office.

In the units, at shop floor level, the Head of Section / Divisional Officer addresses the grievances raised by the employee. If the grievances are not settled at the shop floor level, then it is addressed at the level of the Head of the Strategic Business Unit. The final level for settlement of grievance is the Head of the Unit.

In order to address the grievances of SC / ST / OBC employees, Liaison Officers are appointed in all units. Regular quarterly meetings are held with the Associations. The issues raised by them are addressed within the ambit of rules.

DOPT has established Central Public Grievance Redress and Monitoring System (CPGRAMS). It is an online platform available to the public to lodge their grievances. An officer has been nominated in all units as the Nodal Officer for prompt disposal of the grievances raised in the CPGRAMS platform.

During the FY 2025-26, a total of 117 grievances have been redressed in AVNL.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has zero tolerance towards sexual harassment of women at the workplace and has instituted systems in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. Internal Complaint Committees have been constituted in all the production & non- production units.

The details of complaints received during the FY 2025-26 and their disposal are given below:

(a) Number of complaints of sexual harassment received : 01 No.
(b) Number of complaints disposed off : 01 No.
(c) Number of cases pending for more than ninety days : Nil

Compliance under Provisions relating to the Maternity Benefit Act, 1961

To ensure health, dignity, and rights of working women, AVNL is fully compliant with the provisions of the Maternity Benefit Act 1961.

Compliance under Right of Persons with Disabilities (RPwD) Act, 2016

As mandated under the Act, the Company has extended all necessary relaxation/ concessions to employees with benchmark disabilities as per the RPwD Act 2016. 'Equal Opportunity Policy' has been approved and implemented by the Board to ensure fair treatment at workplace. The Policy has been uploaded on the Company website www.avnl.co.in

Vigilance

The Vigilance setup has been established in the Company as per the guidelines of the Central Vigilance Commission (CVC). The corporate vigilance is headed by a Chief Vigilance Officer (CVO) with supporting officers and staff. A separate Vigilance Officer is designated at every unit level.

At the Corporate Level, a Deputy Chief Vigilance Officer has been appointed in consultation with the CVO. The deputy CVO is working under the CVO for coordinating with the Units of AVNL and generating all required reports & conducting inquiries as per CVC directives.

Preventive Vigilance

The focus of AVNL is on preventive vigilance. The vigilance department examines high value procurements on a regular basis and conducts surprise inspections. Anomalies found, if any, are informed by the CVO to the top management for necessary and appropriate improvements in the system and serious issues, if found any, are brought to the knowledge of the Ministry and CVC for advice on initiating Regular Departmental Action (RDA). All complaints received in vigilance are handled as per CVC's complaint handling policy. Apart from investigations on received, verified & registered complaints, vigilance department is conducting periodic inspections, surprise checks, CTE type intensive examinations, regular scrutiny of Annual Immovable Property Returns (AIPRs) etc. to boost up preventive Vigilance. Vigilance status to employees in cases of promotion, deputation, outside employment, confirmation, foreign visits, postings in sensitive areas etc are being given online by this department for final clearance to be issued by Vigilance/DoO (C&S), Kolkata in respect of Gr. A & B Officers who are on deemed deputation to AVNL. 'Vigilance Awareness Week' is celebrated every year as guided & directed by the CVC through their circulars. Your company observed 'Vigilance Awareness Week 2024' as per CVC guideline.



Walkathon program during Vigilance Awareness Week 2025. Officials from AVNL have participated in the program organised at Avadi.

Integrity Pact

Integrity Pact is a statutory requirement for preventing corruption in public contracts and procurement actions. In this pact, an agreement is made between the purchaser and the bidder on a public contract binding condition of ethical with statutory obligations, which shall bring transparency in their dealings. This includes both buyer and bidder will not demand or offer bribe, not collude with competitors, etc. AVNL has maintained absolute integrity, transparency, accountability, professionalism in all its commercial transactions. Integrity Pact is an integral part of all tenders/contracts, agreements valuing over ₹ 4.00 Crores. In tenders whose cost value is more than ₹4.00 Crores, IP clause has to be agreed by the bidder at the time of quoting. Non-compliance, tantamount to rejection of the bid. Integrity Pact has to be signed by both the parties. For monitoring of Integrity Pact, the following Independent External Monitors (IEM), have been appointed after approval of Central Vigilance Commission:

Shri Shyam Nandan Prasad, Ex-Director, (Retd.)/ Coal India Limited- for the period up to July 2025.

Shri Thanglura Darlong, Ex-IFS, (Retd).- for the period from April 2025 to March 2026.

Particulars of Contracts or Arrangements with Related Parties

The Company has not entered into any contracts or arrangements with related parties referred to in section 188 of the Companies Act, 2013. The particulars in Form "AOC-2" as required under section 134(3)(h) of the Companies Act, 2013 and Rule 8 of Companies(Accounts) Rules, 2014 is attached at ***Annexure A.***

Corporate Governance

> ***"The governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board and the board's accountability to the company and the shareholders."***
>
> ***- OECD Principles of Corporate Governance***

Your Company recognizes that sound corporate governance is the foundation of sustainable growth, operational excellence and long-term value creation. The Company is committed to conducting its business with the highest standards of integrity, transparency, accountability and ethical practices while ensuring compliance with the applicable provisions of the Companies Act, 2013 and the rules made thereunder.

Your Company remains committed to adhering to the highest standards of good corporate governance and continuously strives to adopt and strengthen best governance practices. Through a robust governance framework, effective oversight, prudent decision-making, strong internal controls and sound risk management, the Company seeks to safeguard the interests of all stakeholders, enhance stakeholder confidence and foster a culture of responsibility, compliance and continuous improvement.

AVNL remains committed to continuously strengthening our governance framework in line with applicable laws and emerging best practices.

In terms of the DPE Guidelines on Corporate Governance for CPSEs, a Report on Corporate Governance along with Certificate on Corporate Governance from the Practicing Company Secretary is placed at ***Annexure - B*** to this Report.

Code of Business Conduct and Ethics

The Board of Directors of the Company has formulated "The Code of Business Conduct and Ethics for Board Members and Senior Management and Key Managerial Personnel" to enhance ethical and transparent process in managing the affairs of the Company as per Department of Public Enterprises Guidelines. A copy of the same has been circulated to all concerned and posted on your Company's website.

The Board Members, KMPs and Senior Management Personnels to whom the said Code is applicable have affirmed compliance of the same for the year ended 31st March 2026.

The Board Members, KMPs and Senior Management Personnels to whom the said Code is applicable have affirmed compliance of the same for the year ended 31st March 2026.

A declaration to this effect signed by the Chairman & Managing Director of your Company is annexed to this Report.

Management Discussion & Analysis Report

Management Discussion and Analysis Report required under the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) is attached to this Report as ***Annexure-C*** and forms part of Annual Report.

Industrial Relations

Industrial Relations scenario in the Company was very cordial & harmonious during the year. The consistent collaboration between Management and Unions/ Associations has developed a peaceful and amicable environment. Workmen Unions/ Associations have extended exemplary co-operation with Management, aligning efforts towards achieving Company objectives.

Negotiations and mediation were done through structured Bipartite committee meetings like IR Mechanism meeting held quarterly at Corporate level and High Level Consultative Committee (HLCC) meetings held bi-annually at corporate level wherein issues relating to upliftment of working conditions, employee welfare and grievances of employees are discussed and resolved. These are consultative platforms wherein suggestions of workmen Unions/ Associatios are captured and discussed.

With the introduction of New Labour Codes in the Industry, all the necessary steps were taken to implement New Labour Codes in all the Units of the Company w.e.f 01/04/2026 so as to ensure compliance with labour laws and regulations. Grievances are addressed promptly within time schedule and resolved amicably at various levels.

In order to create a productive and harmonious work atmosphere, sufficient initiatives have been taken for Workmen Participation and Culture Building which has resulted into trust and mutual respect.

Implementation of Official Language Policy

In compliance with the provisions of the Official Languages Act, 1963, and as per the directives of the Department of Official Language, Ministry of Home Affairs, Government of India, AVNL is committed to implement the Official Language Hindi within the Company in both letter and spirit. Quarterly Hindi progress reports are submitted to the DDP in a timely manner.

Letters, office orders, circulars, tenders, advertisements, annual reports, etc., are issued bilingually. All correspondences received in Hindi are replied to in Hindi. All manuals, procedural documents, regulations, and policies are prepared bilingually. All printed materials pertaining to the Company's schemes are published bilingually. All formats and stationery are produced bilingually.

To facilitate ease of working in both Hindi and English for employees, the Corporate Office and its units have developed PHP modules, ensuring the issuance of mandatory documents bilingually. Workshops are regularly conducted for officers and employees in collaboration with renowned faculty from the Ministry of Home Affairs and reputed institutions. To foster effective communication between Hindi and non-Hindi speaking personnel, spoken language training is regularly provided to both groups of employees. Quarterly and Annual Magazines are published in Hindi-Tamil-English regularly.

Rajbhasha Conference

To monitor the progressive use of the Official Language in AVNL units, Official Language Conference was organized on February 28, 2026, under the chairmanship of Chairman and Managing Director.

An exhibition was also arranged to showcase the bilingual work undertaken by the units on 17.02.2026. GM/CO & HR inspected and evaluated the documents presented in the exhibition.

Awards to the Units:-

Heavy Vehicles Factory, Avadi was awarded the first prize for the best implementation of the Official Language. Vehicle Factory Jabalpur received the second prize and MTPF received the third prize for the best implementation of Official Language. Ordnance Factory, Medak received the Best Magazine prize for its annual magazine "Saarath". IOL Avadi received the Best exhibition award.



CMD had distributed the Shields and Certificates to the Officers of HVF

Sponsorship by AVNL Corporate Office:-

1. Under the aegis of TOLIC (PSU), Chennai AVNL sponsored and organized Hindi Drama Competition on 20.06.2025 in the Valluvar-Vasuki Marriage Hall located in HVF Estate.
2. AVNL had also sponsored for the TOLIC meeting held on 19.12.2025 at Chennai.

Employees were encouraged to participate in the competitions conducted by Town Official Language Implementation Committee.

Organising Hindi Day/Fortnight:-

All units of AVNL celebrated Hindi Fortnight during September 2025, inspiring employees to actively use Hindi in their daily work and enthusiastically participate in the competitions held throughout the event.

To mark the conclusion of the Hindi Fortnight, the AVNL hosted a grand closing ceremony on September 29, 2025 at Avadi. Dr. Chitti Annapoorna, Head of the Hindi Department at Madras University, graced the occasion as the Chief Guest. During the event, Dr. Annapoorna released two collections of short stories namely "Resham ka keeda" "Manthan" authored by Smt. Sushila Dwivedi and distributed prizes to the winners of the various competitions held during the Hindi Fortnight.

Inspections carried out by DDP and MHA:-

1. An inspection was carried out by personnel from the Department of Defence Production at the AVNL Corporate Office, Heavy Vehicles Factory (HVF) Avadi, and the Engine Factory on June 16 and 17, 2025.
2. The Deputy Director of the Regional Implementation Office, Kochi, conducted an official inspection at the AVNL Corporate Office on December 18, 2025.
3. The Parliamentary Committee on Official Language conducted an inspection at MTPF, Ambarnath, on May 15, 2026.

Achievements by AVNL:-

1. AVNL Corporate Office was awarded the first prize for the best implementation of Official Language during the year 2025 on 28.07.2025 by Town Official Language Implementation Committee (PSU), Chennai.
2. AVNL Corporate Office was awarded the Consolation prize for third edition of the magazine "Avani-Pravah" during the year 2025 on 28.07.2025 by Town Official Language Implementation Committee (PSU), Chennai.
3. The team of AVNL, Heavy Vehicles Factory, Avadi won the second prize in the Hindi drama competition conducted by the TOLIC on 20.06.2025.
4. The team of AVNL, Heavy Vehicles Factory won the first prize in Hindi Duet song competition conducted by the TOLIC.
5. AVNL, Engine Factory, Avadi was awarded the third prize by the TOLIC (PSU), Chennai in the Quiz competition "Engine Samachar" conducted by the TOLIC on 23.05.2025.
6. AVNL, Engine Factory, Avadi has won the motivation prize for the Hindi Noting and Drafting competition conducted on 16.05.2025 by the TOLIC.
7. AVNL, Heavy Vehicles Factory, Avadi has been conferred the third prize by TOLIC (PSU), Chennai for the best implementation of Official Language for the year 2025.
8. In addition to the above, the employees of AVNL CO, HVF and EFA have won prizes in Hindi Antakshari and solo song competitions



Receiving of Shield and Certificate for the Best Implementation of Official Language



Releasing of Annual Rajbhasha Magazine by CMD, Director (Operation) and Director (HR)



Dr. Annapoorna releasing two collections of short stories namely “Resham ka keeda” “Manthan” authored by Smt. Sushila Dwivedi, Sr. Litterateur



Rajbhasha Conference

Implementation of Right to Information Act, 2005

During the FY 2025- 26, AVNL received 113 RTI applications and information was provided within the statutory time period. There are no pending applications.

All the appeals before the Appellate Authority under Section 19(1) of the RTI Act, were also disposed in time bound manner.

AVNL'S Proactive Disclosure Initiative

AVNL has taken proactive measures in line with the Suo-Motu disclosure principle outlined in Section 4 of the RTI Act. This aims to enhance transparency within public authorities by proactively releasing a substantial volume of information in the public domain. The goal is to minimize the necessity for individual RTI applications. In adherence to the provisions of Section 4(1)(b), AVNL has taken proactive steps to fulfil the mandate by making necessary information readily available on its official website.

Procurement through GeM

Government e-Marketplace (GeM) is implemented by the Government to transform public procurement, ensuring complete transparency, efficiency and eliminating malpractice through a paperless, system – driven platform. During the Financial Year 2025-26, AVNL achieved a milestone by procuring goods and services worth Rs. 5,279.70 Crores through GeM. This accomplishment represents 146.66% against the administrative target of Rs. 3,600 Crores fixed by the DDP for FY 2025-26 and accounts for 78.87% of AVNL's total domestic procurement value. Continuous addition of functional modules and tools on GeM for diverse product and service categories has enhanced operational ease. Looking ahead, AVNL has set a tentative GeM procurement target of Rs. 4000 Crores for FY 2026-27 and remains steadfast in its procurement footprint on the platform.

Procurement from Micro Small & Medium Enterprises (MSMEs)

AVNL continuously expands and strengthens its vendor base to meet its diverse outsourcing requirements. In compliance with the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order issued by the Government of India, AVNL adheres to the mandatory minimum procurement target of 25% from MSEs and 4% for SC/ST-owned MSEs. During FY 2025-26, out of the total procurement of goods and services amounting to Rs. 6,694.30 Crores, AVNL successfully sourced Rs. 1,673.99 Crores from MSEs, achieving a 25.01% procurement share and fully satisfying the mandatory national mandate.

Within the total MSE procurement value of Rs. 1,673.99 Crores, Women- owned MSEs Procurement stood at Rs. 109.85 Crores constituting 6.56% of total MSE procurement (exceeding the 3% target). SC/ST – owned MSEs Procurement reached Rs. 20.92 Crores constituting 1.25% of total MSE procurement. AVNL continues to proactively encourage and onboard local MSME vendors, strengthening domestic manufacturing capabilities and contributing significantly to the 'Aatmanirbhar Bharat' initiative in Defence production.

Board of Directors and Key Managerial Personnel (KMP)

The Board of Directors of the Company comprise of Functional Directors, Government Nominee Director and Independent Directors who are appointed by the Government of India from time to time. However, during the F.Y. 2025-26, no Independent Director was appointed on the Board of the Company.

The tenure and remuneration of the Functional Directors including the Chairman and Managing Director are determined by the Government of India. The Government's appointment orders also specify the detailed terms and conditions governing their appointment including a provision for the applicability of the relevant rules of the Company.

The Government Nominee Directors are appointed by the Department of Defence Production (DDP), Ministry of Defence, Government of India. They are not entitled to any remuneration or sitting fees for attending meetings of the Board or its Committees.

As on 31st March, 2026, the Board of Directors of AVNL consisted of Five (05) Directors viz. Four (04) Functional Directors and One (01) Government Nominee Director.

The following changes took place amongst the Board of Directors/ KMPs during the financial year:

- Shri Chandrasekhar Ramachandran ceased to be Director (Finance) on 30.04.2025 on attaining the age of superannuation.
- Shri Biswaranjan Pattanaik ceased to be Director (HR) on 31.08.2025 on attaining the age of superannuation
- Shri Rajiv Kumar Sharma was appointed as Director (Finance) w.e.f. 23.02.2026.
- Shri Sandeep Madhukar Salve was appointed as Director (HR) w.e.f. 30.03.2026.

Further, no changes took place in the Key Managerial Personnel of your Company during the financial year 2025-26 The details of Directors/ KMPs and changes therein subsequent to the close of the financial year are detailed in Report in Corporate Governance.

Number of Board and its Committee Meetings held during the Year

During the year, six meetings of the Board of Directors were held. The details of meetings of the Board and Committees thereof held during the year are furnished in the Corporate Governance Report, which forms part of this Report.

Committees of the Board

Presently, your Company has one Statutory Committee viz. Corporate Social Responsibility Committee. Due to the non-availability of Independent directors on the Board of your Company no other statutory Committees viz. Audit Committee and Nomination & Remuneration Committee have been constituted. However, your Company will constitute such Committees after the appointment of requisite number of Independent Directors by the Administrative Ministry i.e. MoD.

A detailed note on the composition, terms of reference and meetings of its Committee are provided in the Corporate Governance Report as annexed to this Board Report.

Compliance with Secretarial Standards

Your Company is in compliance with the applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

Information regarding Employees remuneration under Section 197 of the Companies Act, 2013 read with Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

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

Board Evaluation

Ministry of Corporate Affairs has, vide its notification dated June 5, 2015, notified the exemptions to Government Companies from the provisions of the Companies Act, 2013 which inter-alia provides that Sec. 134(3)(p) regarding statement on formal annual evaluation shall not

apply to Government Companies, in case the Directors are evaluated by the Ministry, which is administratively in-charge of the company, as per its own evaluation methodology. Further, in line with above exemptions, Sub-Sections (2), (3) & (4) of Sec 178 regarding appointment, performance evaluation and remuneration shall not apply to Directors of Government Companies.

Directors Retiring by Rotation

As per Notification No. GSR 463(E) dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 152(6) of the Companies Act, 2013 is not applicable to the Government Companies in which the entire paid up share capital is held by the Central Government. Accordingly, retirement of directors by rotation in accordance with requirement of provisions is not applicable to the company.

Declaration by Independent Director

The appointment of Independent Directors on the Board of the Company is pending with the Administrative Ministry, i.e., the Department of Defence Production (DDP), Ministry of Defence, Government of India. Accordingly, the declarations required to be furnished by the Independent Directors pursuant to Section 149(7) read with Schedule IV of the Companies Act, 2013, shall be obtained upon their appointment by the Administrative Ministry.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an integral part of our commitment to Sustainable Development Goals (SDGs) and inclusive growth. Your Company is integrating social, environmental and human development concerns in the entire value chain of corporate business for the development of the marginalized sections and the social and ecological environment in which it operates. As a responsible Corporate Citizen, AVNL aims to make meaningful and impactful Contributions to the communities and the society at large. It has adopted care and concern for the People and the Planet as one of its core business philosophy. AVNL strives to set high standards and endeavours to go beyond statutory requirement towards making enduring impact economically, socially and environmentally.

During the Financial year 2025-26, AVNL continued to pursue impactful CSR initiatives by focusing in thrust areas viz., Healthcare, Nutrition, Sanitation, Education & Youth empowerment, Skill development & Employability for underprivileged, Preservation and protection of Cultural Heritage, Rural Development, Environmental sustainability & ecological balance, Upliftment of other Backward Communities, support to Armed Forces veterans in line with the Schedule VII of Section 135 of Companies Act, 2013 and DPE guidelines on national priority and CSR Policy of the Company.

AVNL's Flagship CSR initiative for partnering with the Indian Army for providing education, skilling, wellness and mentorship to border area children in border area of J&K has received recognition at the National Level. The Corporate Social Responsibility Policy, Composition of the committee and CSR Projects/activities of the Company is available in the Company's website at www.avnl.co.in

Annual Report on CSR activities undertaken by your Company during the year 2025-26 pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached to the report as ***Annexure-D***.





Educational and motivational tour of Students of CSR Project Swarnim - Akhnoor to AVNL Units

Annual Return

Pursuant to Section 92(3) read with Section 134(3)(a) of the Companies Act 2013, Annual Return of the Company is available on the website of the Company and can be accessed at www.avnl.co.in

Auditors

A. Statutory & Branch Auditors

Pursuant to Section 139(5) of the Companies Act 2013, for FY 2025-26, the Comptroller and Auditor General of India (C&AG) appointed M/s Joseph & Rajaram, Chartered Accountants, Chennai, as Statutory Auditors of the Company for the audit of accounts of AVNL HO.

M/s S. Santhanagopalan & CO., Chartered Accountants, Chennai, were appointed as Branch Auditors of HVF Chennai. M/s K.M. Mohandas & Co, Chartered Accountants, Chennai, were appointed as Branch Auditors of EFA, Chennai. M/s K M P S & Associates, Chartered Accountants, Thane were appointed as Branch Auditors for the MTPF, Ambernath. M/s P.C Bardia & CO, Chartered Accountants, Jabalpur were appointed as Branch Auditors for the VFJ, Jabalpur. M/s S.R Mohan & Co., Chartered Accountants, Hyderabad were appointed as Branch Auditors for the OFM, Medak

The Statutory Auditors' Report on financial statements for the FY 2025-26 and comments of the Comptroller & Auditor General of India (C&AG) along with Management replies thereto under Section 143(6)(b) of the Companies Act, 2013 on the financial statement, is appended to this Annual Report.

B. Cost Auditors

Your Company has appointed M/s. Diwanji & Co., Cost & Management Accountants as Cost Auditors (FRN: 000339) for conducting the Cost Audit of the Company for the year 2025-26. The Company maintains cost records as specified by the Central Government under Section 148(1) of the Companies Act, which are audited by Cost Auditors.

C. Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of your Company has appointed M/s. S Sandeep & Associates, Company Secretaries, Chennai as Secretarial Auditor to undertake the Secretarial Audit of the Company for FY 2025-26.

The Secretarial Audit Report forms part of Annual Report as ***Annexure-E*** along with management's reply to the observation therein.

Material changes affecting the Financial Position of the Company Disclosures under Section 134 (3)(L) of the Companies Act, 2013

There have been no material changes and commitments which can affect the financial position of the Company between the end of the Financial Year of the Company and date of this report.

Particulars of Loan, Guarantees and Investments under Section 186 of the Companies Act, 2013

The Company being a Government Company engaged in defence production is exempted from Section 186 of the Companies Act, 2013 in accordance with Ministry of Corporate Affairs Notification No. 463(E) dated 05th June, 2015.

Environmental and Pollution Control

AVNL has taken various initiatives for sustainable development of the natural resources and developed the best practices to maintain a clean environment and improve the eco-system. To prevent pollution, various green energy initiatives were taken by the Company like replacement of incandescent lamps with LED lights, installation of energy- efficient transformers, micro controller based APFC panels reducing energy consumption, initiating of thermal insulation by providing cladding in select buildings, adoption of BEE, ECBC guidelines on green buildings to reduce energy consumption, phased replacement of utility vehicles with e-vehicles, replacement of conventional ceiling fans with BLDC ceiling fans in a phased manner. These measures in conserving the natural resources will go a long way in maintaining the environment.

In order to reduce water consumption and also to conserve rainwater, extensive rainwater harvesting has been done in the estates of AVNL. The water bodies which were covered with invasive species have been desilted and refilled with storm water drains and thus have been restored to full-fledged water bodies, recharging the groundwater.



Handing over of Financial statements to Statutory Auditors (C&AG) on 24th July 2026 for Supplementary Audit.

Corporate Social Resposibility Initiative





Distribution of assistive devices and appliances to specially abled children of Balvikas, Avadi on 11th March, 2026 in association with the Artificial Limbs Manufacturing Corporation of India (ALIMCO). This aimed at enhancing mobility, independence and quality of life for the young beneficiaries.



Shri Arun Singh, DIG/CASO, CISF Unit, ASG, Chennai and officers from AVNL inaugurated the augmentation of facilities at the CISF Unit, ASG, Chennai on 17th November, 2025.



Extended CSR support to the Society for Rural Development (SFRD) for the construction of a new school building comprising six classrooms at the SFRD Tribal School in Jawadhu Hills, Thiruvannamalai District on 11th November 2025.



CSR Initiative - *"EK PED MAA KE NAAM"*





A Skill Development Programme in “Machine Operator & Programmer– CNC Milling” held on 08.10.2025 under CSR initiative in collaboration with CIPET: IPT, Chennai





Distribution of artificial limbs and mobility aids to children was carried out by ALIMCO (RMC-Chennai) at GDP Hall, Collectorate, Tenkasi District, Tamil Nadu, on 12th September 2025 in the presence of Thiru A. K. Kamal Kishore, IAS, District Collector & Magistrate, Tenkasi; Thiru S. Jayachandran, District Revenue Officer, Thiru R. Mahizhnan, District Differently Abled Welfare Officer and officers from AVNL. Under such initiative more than 133 beneficiaries received support and 225 appliances were distributed.



Shield given for sponsoring TOLIC meeting



First prize for the best implementation



Received consolation prize for the best publication of 4th edition of the Annual magazine Avani-Pravah

Augmenting Renewable Energy (RE) And Improving Energy Efficiency

AVNL has installed Solar Power Plants (SPP) to the total capacity of 38.65 MW in all its units for harnessing renewable energy and has implemented energy efficient projects for improving energy efficiency with an aim to meet Government's commitments in Green Growth and adopting energy efficient measures in industrial production. Furthermore, 600 KW of Rooftop Solar power plant is under installation at HVF, Avadi.

In this regard action plan was chalked our with six key focus areas. The specific highlights of achievements in the set key focus areas are as under:

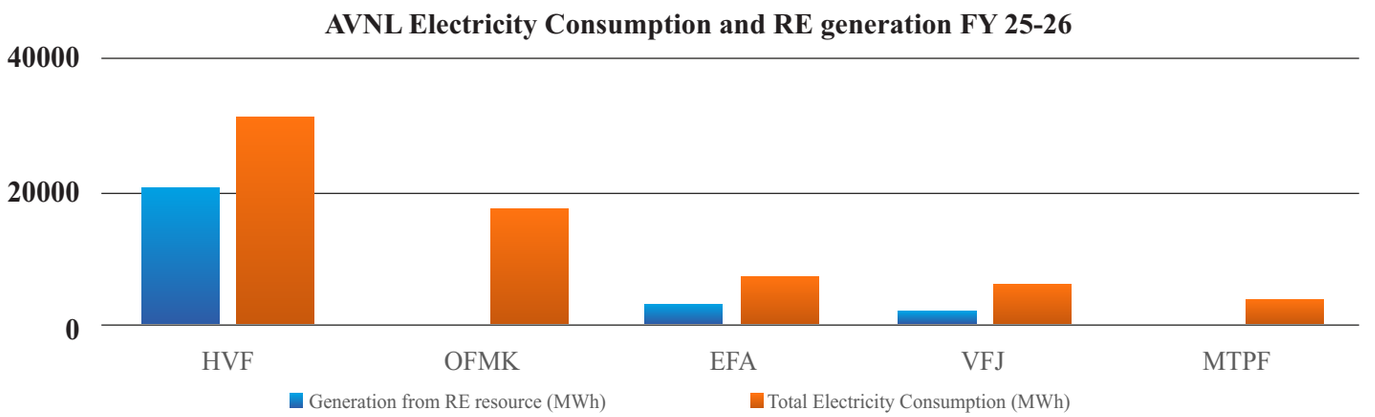
A. To increase renewable energy consumption

AVNL has Installed 38.65 MW Capacity of SPP in AVNL Units.

AVNL has installed Green Energy generation capacity to the extent of 75% of total energy requirements.

Units wise energy requirements and green energy generation through SPP are displayed in the graph below:

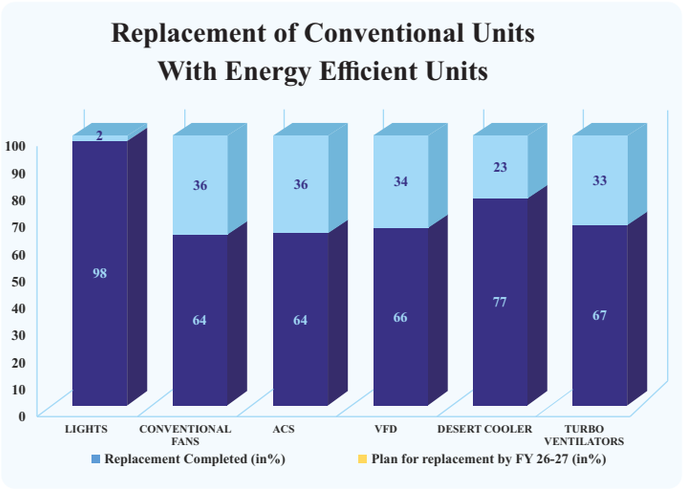
	2025-26					
Parameter	**HVF**	**EFA**	**OFMK**	**MTPE**	**VFJ**	**TOTAL**
Total Electricity consumption (MWh)	31155.69	7326.64	17362.0	3985.58	6230.62	**66060.50**
Annual consumption of renewable energy (MWh)	20752.69	3502.64	-	236.00	2303.73	**26795.06**
Annual consumption of electricity from Grid (MWh)	10403.00	3824.00	17362.0	3749.59	3926.90	**39265.44**



B. Improvement in energy efficiency of appliance.

AVNL is installing energy efficient appliances/equipments by replacing conventional ones. It is planned to complete 100% conversion to energy efficient facilities by 2026-27.

The graph below is a pictorial representation of the plans



Replacement Completed (%)

Plan for replacement by FY 26-27 (%)

C. Cut down losses & wastages

AVNL has achieved close to unity power factor in all Units i.e. 0.998.

Further, Investment Grade Energy Audit has been completed in all AVNL units and audit recommen-dations are being implemented.

D. Move towards green buildings

AVNL has taken measures for integrating green building norms in new project constructions and to obtain certification for existing factory and estate buildings. AVNL has planned to meet Green building norms in the construction like AVNL Corporate Office, Type VI Qtrs at Avadi. Green building concepts is also proposed in the construction of New Multi Purpose Hall at MTPF, Ambernath. AVNL is also planning to go for Green Building Certification for Admin building at Engine Factory, Avadi.

E. Promote transition to electric mobility

AVNL has deployed 74 e-vehicles for material handling, three wheelers, two wheelers and other vehicles in its Units. Further, 44 e- vehicles are proposed to be procured in FY 26-27.

F. Establishing Rewards Initiative

Creation of institutional mechanisms and enabling environment for capacity building, measurement, evaluation, monitoring, reporting, and rewarding energy efficiency initiatives.

AVNL has set mechanisms to create awareness about energy efficiency targets among employees and residents and to provide training to staff and officers about energy-saving strategies.

Conservation of Energy, Technology Absorption and Foreign Exchange

Your Company, being a Defence PSU, the disclosure of information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo under the provisions of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 (as amended) is not required as the Ministry of Corporate Affairs vide Notification GSR No.680 (E) dated 4th September, 2015 has granted exemption to Defence Public Sector Undertaking.

Safety and Compliances

As a responsible Defence manufacturing organization, AVNL commitment to Safety, Health and Environment (SHE) will remains unwavering. Given the sensitive nature of our operations, which involve complex systems, precision engineering, stringent adherence to safety protocols is not only regulatory obligations but core operational imperative.

All AVNL Units are certified with ISO 45001:2018 (Occupational Health and Safety Management Systems) and ISO 14001:2018 (Environmental Management).

AVNL unit has adopted the four grade safety management structure for ensuring the Safety of Plant, Machinery and its employees.

I - The Occupier/ HOD
II - Controlling Officer (SAG)
III - Chief Safety Officer (JAG)
IV - Safety Officers (Gr. B with mandatory safety requirement) and Electrical Safety Officer.

Further, three-tier audit i.e. SAL-I, on monthly basis, SAL – II & III , Bi-annually are being carried out in production Units to reinforcement of the above safety activities and ensure the safety which includes electrical safety. In addition to the above, representatives of respective state Directorate of Industrial Safety & Health officials and Pollution Control Board are visiting the factories to ensure the compliance of statutory requirement in respect of Safety, Health & Environment. Observations (if any) made are duly addressed at priority.

Further the safety committee meetings are held periodically to ensure adherence of safety norms and the safety related issues are reviewed at apex level.

55th National Safety Day Campaign was observed from 4th March to 10th March of 2026 in all our AVNL Units. A series of activities were conducted throughout the week as a part of the safety initiative. These included the Display of safety day banners, Administration of Safety & Health pledge to the employee by the HOD at workstations, Practical demonstrations on use of PPEs, Fire Fighting Equipment [FFEs], Rescue Apparatus, Safety exhibition & competitions, Safety quizzes and demonstrations on basic first aid and firefighting etc. The Fire Service Week was observed during 14th April to 20th April 2025 for enhancing awareness and strengthening fire preventions measures across the AVNL Units.

Training programs are conducted regularly for employees on the Industrial Safety, First aid and handling of Fire Fighting Equipment. Safety norms are strictly followed especially for Work at Height, Excavation works & Confined space. Proper Personal Protective Equipment (PPE's) have been issued to Industrial Employees [IE's] & its utility is monitored to mitigate the Un-Safe Acts. PPE's are upgraded and are at par with latest technology/ equipment.

Periodic inspection is being carried out by competent person for the Material Handling Equipment, Lifting Tackles, Pressure Vessels, etc.

Each Unit have full- fledged set up of Fire Fighting System (i.e. Fire Brigade, Fire Tenders, Fire Hydrants and SWTs etc.) and the Mock Drill at unit level is being conducted on monthly basis.

All the AVNL units are having well defined Disaster Management Plan to meet the emergency situation, if any arises. Bi- Annual DMP Drill in association with Mutual Aid Units / Organization.

Statutory Compliance

All the statutory requirements in respect of safety are continuously monitored for compliance by the Corporate Office. Timely renewal of consents for Air & Water, Industrial license and obtaining Authorization for Hazardous Waste Material Handling are ensured.

Health & Environment

Annual Medical Examination has been carried out for all the Employees to ensure their health. Various tests viz. Vision test, Urinal test, Audiometric Examination, Pulmonary function test, etc. are being carried out to protect the employees from Occupational Diseases.

The solid, E- Waste, Effluents/ Sewage are disposed as per the norms of respective State PCBs.

Plantation of saplings are also carrying out during Safety Week celebration, Environment day observation on 5th June 2025 and other important occasions.

Internal Financial Controls

The Company has an Internal Financial Control System (IFC) of AVNL, is founded on well documented policies and procedures for ensuring orderly and efficient conduct of its businesses, including adherence to Company's policies, safeguarding of assets, prevention & detection of frauds and errors, accuracy & completeness of the accounting records and timely preparation of reliable financial information.

The source of implementation and maintenance of IFC are Manuals, Guidelines, Delegation of Powers and IT system & controls and are effected through well-defined organizational structure i.e. people operating in various departments within the Company at different levels at each stage of the processes. The Internal Financial Controls commensurate with the size, scale and complexity of its operations and are working effectively. A detailed note on internal financial controls is provided in the Management Discussion and Analysis Report

Deposits

During the year under review, your Company has not accepted any deposits from the public within the meaning of Section 73 of the Companies Act, 2013.

Directors' Responsibility Statement

Pursuant to section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors state that,

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

b. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2026 and of the profit and loss of the Company for the year ended on that date;

c. The directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. That the directors have prepared the accounts for the financial year ending 31st March, 2026 on a going concern basis;

e. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f. The directors have devised a proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Public Relations and Media Initiatives

As part of its Public Relations and Corporate Communications strategy, Armoured Vehicles Nigam Limited (AVNL) has undertaken several key initiatives to strengthen its brand presence and public outreach. In addition to active participation in prestigious defence exhibitions at both national and international levels, AVNL has regularly published insightful articles and sponsored content in reputed defence and industry magazines, highlighting its achievements, innovations, and forward looking initiatives.

AVNL has also extended its outreach through sponsorship of sports events, awareness rallies, and other public-facing initiatives, effectively building goodwill and enhancing brand visibility among diverse audiences.

On the digital front, AVNL has strategically leveraged virtual platforms to reinforce its corporate messaging. The company has notably increased its presence on social media particularly on X (formerly Twitter)- where it engages effectively with stakeholders, shares updates, and highlights milestones. This targeted digital engagement has contributed to a significant rise in follower count, expanding awareness about AVNL's contributions across sectors.

AVNL's achievements have received regular coverage across prominent print and online media platforms, featuring major updates and milestones related to AVNL, further enhancing the organisation's visibility and credibility within the defence ecosystem.

Details of Subsidiary, Joint Venture or Associates

Pursuant to the Defence Testing Infrastructure Scheme (DTIS) of Government of India for setting up of Defence Testing Infrastructure, your Company along with the consortium members i.e. Bharat Electronics Limited (BEL), Goa Shipyard Limited (GSL) & India Optel Limited (the Lead Member) and Tamil Nadu Industrial Development Corporation Limited has incorporated a Company under Section 8 of the Companies Act, 2013 named as LENS (Laboratory for Electro Optical Navigational Systems) Foundation on 15th May 2024. Your Company has invested an amount of Rs. 3,60,67,500/- as its contribution of 35% to the equity share capital of this Company. It will provide state-of-the-art testing and certification facilities in the field of Electro-Optics to manufacturers of defence equipment / systems.

Pursuant to the provisions of Section 129(3) of the Companies Act, read with Rule 5 of Companies (Accounts) Rules, 2014 (as amended), a separate statement containing the salient features of the financial statement of Subsidiaries/Associate/Joint Ventures in Form AOC-1 is appended to the Financial Statements

Details of Significant and Material Orders Passed by The Regulators or Courts or Tribunals

There is/are no significant and material orders passed by the regulators or courts or tribunal impacting the going concern status and the Company's operation in future.

Fraud Reporting

During the year under review, neither the Statutory Auditor nor the Secretarial Auditor has reported any fraud to the Audit Committee/ Board under Section 143(12) of the Companies Act, 2013.

Development and Implementation of Risk Management Policy

Risk management is a critical process that organizations employ to identify, assess, and mitigate potential risks that could affect their operations, projects, or objectives. By evaluating risks, whether they stem from financial uncertainties, regulatory changes, natural disasters, or technological failures, Company can proactively plan strategies to minimize its impact. This involves implementing controls, contingency plans, and risk transfer mechanisms to protect assets, reputation, and stakeholders' interests. Effective risk management not only enhances resilience but also fosters a culture of

preparedness and adaptability within an organization, ensuring sustainable growth and continuity in the face of uncertainty. Accordingly, your Company has prepared its Risk Management Policy and the same have been approved by the Board of Directors. The Risk Management Policy outlines the Risk management structure, scope and objectives, identified areas of risks, methodology for Risk Management, roles and responsibilities of Risk Management Committees at various levels, Role and functions of risk champions, reporting of the Risk Management and organization structure for Risk Management.

Valuation Difference between Loan Sanction and one-time settlement

The difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions- Not Applicable to the Company.

Proceeding Pending Under The Insolvency and Bankruptcy Code, 2016

No applications against AVNL under Insolvency and Bankruptcy Code, 2016 (IBC) have been admitted during the year and no proceedings against AVNL under IBC are pending as on March 31, 2026.

Acknowledgements

The Directors place on record its sincere gratitude for the valuable guidance, cooperation, advice and continued support extended by the various Ministries of the Government of India, particularly the Department of Defence Production (DDP), Ministry of Defence (MoD), Ministry of Finance (MoF), Department of Public Enterprises (DPE), Department of Investment and Public Asset Management (DIPAM), and the Government of Tamil Nadu. The Board looks forward to their continued support and cooperation in the years ahead.

The Directors also expresses their deep appreciation and sincere thanks to all Government agencies and departments, the Comptroller and Auditor General of India, Statutory Auditors, Internal Auditors, Secretarial Auditors and all other stakeholders for their wholehearted support, guidance, advice, assistance and cooperation throughout the year. The Board values their continued association and looks forward to receiving the same encouragement and support in the future.

The Directors extends its gratitude to the Company's consultants, advisors, contractors and all other business associates for their guidance, professional support and contributions. The Board also places on record its sincere appreciation for the invaluable services, advice, cooperation and support rendered by the Members of the Board during their respective tenures as Directors.

The Directors place on record our deep appreciation of the dedicated efforts and valuable services rendered by the employees contributing to the performance of the Company during the year 2025-26. The commitment displayed by the employees at all levels is exemplary and praise-worthy.

For and on behalf of the Board of Directors of
Armoured Vehicles Nigam Limited

Sd/-

SATYABRATA MUKHERJEE
Chairman & Managing Director
DIN: 09282280

Date: 04th September 2026
Place: Avadi, Chennai

Annexure – A

Form No. AOC -2

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

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

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

Not Applicable

2. Details of material contracts or arrangements or transactions at arm's length basis:

Not Applicable

For and on behalf of the Board of Directors of
Armoured Vehicles Nigam Limited

Sd/-

SATYABRATA MUKHERJEE
Chairman & Managing Director
DIN: 09282280

Date: 04th September 2026
Place: Avadi, Chennai

Annexure – B

Report on Corporate Governance

Corporate Governance is the framework of rules, practices and processes by which the Company is directed and controlled. It promotes transparency, accountability, integrity, ethical business conduct and compliance with applicable laws, while safeguarding the interests of all stakeholders and creating sustainable long-term value.

This report is prepared in accordance with the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by Department of Public Enterprises ('DPE'), Ministry of Finance, Government of India., highlighting corporate governance methodology at Armoured Vehicles Nigam Limited (AVNL / the Company).

1. Philosophy of Corporate Governance

Armoured Vehicles Nigam Limited (AVNL), a Mini-Ratna Category-1 (Schedule-A), Defence Public Sector Undertaking (DPSU) under the administrative control of the Ministry of Defence (MoD).

Corporate Governance refers to the framework of rules, practices and processes by which companies are managed and controlled. Effective corporate governance ensures a balance between the interests of a Company's many stakeholders such as shareholders, management, customers, suppliers, government, and the community at large.

The primary goals of effective corporate governance are to ensure ethical conduct, enhance shareholder value, mitigate risks, and achieve sustainable growth. AVNL's philosophy on Corporate Governance involves ensuring transparency in decision-making, accountability of the Board and the Management, integrity in financial reporting and adherence to ethical conduct. Central to this framework is the Board of Directors, which plays a crucial role in overseeing the company's management, strategy and operations which not only strengthens the stakeholder's confidence but also contributes to the long-term sustainability and success of the organization. By fostering trust and integrity, the philosophy of corporate governance aims to enhance long-term shareholder value while contributing positively to society and ensuring regulatory compliance.

The following good governance practices are being followed and have been put in place:

- Code of Business Conduct and Ethics for Board of Directors and Senior Management Personnel.
- Implementation of Right to Information Act, 2005 and suo moto disclosures of information on Company's website on regular basis for ease of stakeholders.
- Preventive Vigilance has been the thrust area of the Vigilance department set up as per the Central Vigilance Commission (CVC) Guidelines.
- Procurement through Government e-Marketplace (GeM) with an aim to ensure all procurements in a transparent manner, avoiding undesired malpractices.

A Report on Corporate Governance along with Compliance Certificate from the Practicing Company Secretary (PCS), as per the Corporate Governance Guidelines enunciated by the Department of Public Enterprises (DPE), Govt. of India, is outlined below.

2. Board of Directors

The Board of Directors plays a crucial role in the overall functioning, strategic decision making and leadership of the Company. It provides strategic direction and leadership and oversees the management policies and their effectiveness, looking at the long-term interests of shareholders. The Board performs key functions by fulfilling the responsibilities for achieving economy, efficiency and effectiveness for the Company.

The Board functions in accordance with the powers delegated under the Companies Act, 2013 ('the Act'), Memorandum & Articles of Association, Guidelines issued by DPE and other guidelines issued by the Government of India from time to time, as may be applicable to the Company.

A. Composition of the Board of Directors

AVNL is a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 (the Act) and the President of India presently holds 100% of the total paid-up share capital. Your Company being a Government Company, all the Directors are appointed by the President of India, through Administrative Ministry.

As on 31st March, 2026, the Board of Directors of AVNL comprised five (5) Directors which included four (4) Functional Directors (including CMD) and one (1) Government Nominee Directors. The positions of three (3) Independent Directors remained vacant during the financial year. The Government Nominee Director is appointed in accordance with the order issued by Department of Defence Production, Ministry of Defence, Government of India.

B. Details of the composition of the Board of Directors, category of the Director, attendance at the Board Meeting & Annual General Meeting (AGM) and other Directorships during the financial year 2025-26 are given below:

Sl. No.	Name of Directors	Meetings held during respective tenure of Directors	No. of Meetings attended	Attendance at the last AGM held on 28.08.2025	No. of Directorship held*	No. of Committee Membership in other Companies	No. of Directorships in Other Public Companies (excluding AVNL)
	(a) Whole Time / Functional Directors (including Additional Charge)						
1.	Shri Sanjay Dwivedi Chairman & Managing Director DIN: 09282314	6	6	Yes	Nil	Nil	Nil
2.	Shri C. Ramachandran Director (Finance) DIN: 09315439	0	0	NA	Nil	Nil	Nil
3.	Shri Biswaranjan Pattanaik Director (HR) DIN: 09282313	3	3	Yes	Nil	Nil	Nil
4.	Shri Satyabrata Mukherjee, Director (Operations) DIN: 09282280	6	6	Yes	Nil	Nil	Nil
5.	Shri Rajiv Kumar Sharma Director (Finance) DIN: 11552747	0	0	NA	Nil	Nil	Nil
6.	Shri Sandeep Madhukar Slave Director (HR) DIN: 11574871	0	0	NA	Nil	Nil	Nil
	(b) Govt. Nominees/ Part-Time Official Directors						
7.	Dr. Garima Bhagat Joint Secretary (LS), DDP, MoD, GoI DIN: 10881164	6	6	No		Nil	4 (GRSE, AWEIL, IOL, TCL)*
	(c) Independent Director/Part Time (Non-Official) Director**						
-	-	-	-	-	-	-	-

Full names of the referred companies:

GRSE - Garden Reach Shipbuilders & Engineers Limited
AWEIL - Advanced Weapons and Equipment India Limited
IOL - India Optel Limited
TCL - Troop Comforts Limited

** AVNL is waiting for induction of Independent Directors which is pending with Administrative Ministry i.e. Department of Defence Production (DDP), Ministry of Defence, Government of India. The Company has been pursuing the matter with the administrative ministry for filling up of vacant positions of Independent Directors.

Notes:

Following changes took place in the Directorship during the year 2025-26 and thereafter till the date of this report:

1. Shri C. Ramachandran ceased as Director (Finance) due to superannuation on 30.04.2025.
2. Shri Sanjay Dwivedi, Chairman & Managing Director was entrusted with the additional charge of Director (Finance) from 01.05.2025 to 22.02.2026.
3. Shri B. Pattanaik ceased as Director (HR) due to superannuation on 31.08.2025.
4. Shri Satyabrata Mukherjee, Director (Operations) was entrusted with the additional charge of Director (HR) from 01.09.2025 to 29.03.2026.
5. Shri Rajiv Kumar Sharma was appointed as Director (Finance) w.e.f. 23.02.2026 and as CFO w.e.f. 01.07.2026.
6. Shri Sandeep Madhukar Salve was appointed as Director (HR) w.e.f. 30.03.2026.
7. Shri Sanjay Dwivedi ceased as Chairman & Managing Director on 02.04.2026 on account of appointment as Director General Ordnance (Coordination & Services).
8. Shri Satyabrata Mukherjee, Director (Operations) was entrusted with the additional charge of Chairman & Managing Director from 03.04.2026 to 28.07.2026.
9. Shri Satyabrata Mukherjee was appointed as Chairman & Managing Director w.e.f. 29.07.2026 and was entrusted with the additional charge of Director (Operations) from 29.07.2026.

C. Meetings of Board and Attendance:

The meetings of the Board are held at the Company's Registered Office at Avadi, Chennai and are scheduled in advance. The Company Secretary, in consultation with the Chairman & Managing Director, sends a written notice of each Board meeting to every Director. Agenda papers, together with the supporting documents, are circulated to the Board members well in advance of meetings to enable them to make informed decisions.

The members of the Board have access to all information of the Company and are free to recommend inclusion of any matter for discussion in agenda, which is usually sent in advance. If necessary, senior management is also invited to attend the Board Meetings to provide additional inputs to the items being discussed at the Board meetings. Further, presentations to the Board are given during the course of discussion wherever required.

The Directors are also provided with video-conferencing facility to enable them to attend/participate in Board/Committee meetings. In case of exigencies, the meeting(s) is/ are convened at shorter notice as provided under the Companies Act, 2013 or resolutions passed through circular resolutions, if required.

During the financial year ended on 31st March 2025, six (6) Meetings of the Board were held on 21st May 2025, 26th June 2025, 31st July 2025, 26th September 2025, 19th November 2025 and 14th January 2026.

D. Brief resume of newly appointed Director during the year:

Shri Rajiv Kumar Sharma, Director (Finance)

Shri Rajiv Kumar Sharma assumed charge as Director (Finance) of Armoured Vehicles Nigam Limited (AVNL) on 23rd February 2026. Prior to joining AVNL, he has served as an Additional General Manager (Internal Audit) at Bharat Heavy Electricals Limited (BHEL), a Maharatna PSU under the Ministry of Heavy Industries.

Shri Rajiv Kumar Sharma is a finance professional with over 30 years of rich and diverse experience in Corporate Finance, Internal Audit and Corporate Governance. He is an Associate Member of the Institute of Cost Accountants of India (ICMAI) & the Institute of Company Secretaries of India (ICSI). He is also a Law graduate and holds a degree in MBA (Finance).

He began his professional career in 1995 as an Executive Trainee (ET) with BHEL and has served across Corporate, Regional Offices & Joint Venture of BHEL in diverse capacities.

Over the span of his career, he has progressed through various portfolios including Accounting, Internal Audit, Budgeting, Joint Venture & Subsidiaries, Corporate & Secretarial Affairs etc. demonstrating his strong expertise in such fields. His extensive knowledge and vast experience in finance and corporate governance will further elevate AVNL's financial management standards while upholding the highest standards of governance practice. Besides work, he is also an avid trekker, often leading teams on challenging expeditions.

Shri Sandeep Madhukar Salve, Director (HR)

Shri Sandeep Madhukar Salve is a professional with extensive experience of nearly 30 years across various domains such as HR, Finance & Operations.

He holds a B.E. degree in Electronics Telecommunication and also holds Master's Degree in Law from Savitribai

Phule Pune University, Maharashtra. He has also completed various Certified Courses and Executive Programs including Executive Master's Program in Business Administration (Financial Management), Advanced Management Programme in Operations and Supply Chain (AMPOS) from ISB and Certifications in Intellectual Property Rights from various Government and reputed Organizations.

E. Appointment and Remuneration of Directors

AVNL, being a Central Government Public Sector Enterprise (CPSEs), the appointment, tenure and remuneration of Directors (Functional Directors including Chairman & Managing Director) are determined by the Government of India, indicating the terms & conditions of appointment. The Articles of Association of the Company provides for appointment of all Directors by the President of India. The terms and conditions of appointment of a Director shall be determined by the President of India, subject to the provisions of the Act. Further the Directors of your Company are paid such remuneration as the President of India, may determine, from time to time.

The Part Time Official Directors (i.e. Government Nominee Director) are appointed by the President of India and is generally from the Administrative Ministry i.e. MoD. They are not entitled for any remuneration/sitting fees.

The Part Time Non-Official Directors (i.e. Independent Directors) are appointed by the President of India generally for a period of three years. They are not paid any remuneration except the sitting fees for attending Meetings of the Board of Directors and Committees thereof. Your Company is waiting for induction of Independent Directors by the Ministry of Defence, Government of India.

Details of remuneration paid to CMD and Functional Directors for the year ended 31st March 2026 are given below:

(in Rs.)

Name of Director	Salaries & Allowances	Performance Linked Incentive	Retirement Benefits (Pension/ Gratuity) Perquisites	Total
Shri Sanjay Dwivedi Chairman & Managing Director (CMD)	42,36,672	-	-	42,36,672
Shri C. Ramachandran Director (Finance) [Upto 30.04.2025]	8,38,153	-	-	8,38,153
Shri Biswaranjan Pattanaik Former Director (HR) [Upto 31.08.2025]	22,07,385	-	-	22,07,385
Shri Satyabrata Mukherjee Director (Operations)	57,17,515	-	-	57,17,515
Shri.Rajiv Kumar Sharma Director (Finance) (w.e.f.23.02.2026)	5,02,571	-	-	5,02,571
Shri Sandeep M Salve Director (HR) (w.e.f.30.03.2026)	28,056	-	-	28,056

The Company does not pay any commission to its Directors neither issued any stock options to its Directors. There has been no other pecuniary relationship or transactions of the Part-Time Directors vis-à-vis the Company during the year under review.

F. Directors' Shareholding

None of the Directors is holding equity shares in your Company as on 31st March 2026.

G. Evaluation Criteria

Ministry of Corporate Affairs (MCA) vide notification dated 5th June 2015, has exempted Government Companies from the provisions of section 178(2), (3) and (4) which requires formulation of criteria for determining qualifications, positive attributes, independence and annual evaluation of Directors & policy relating to remuneration of Directors. Further, MCA vide notification dated 5th July 2017, had prescribed that the provisions relating to review of performance of Independent Directors and evaluation mechanism, as prescribed in Schedule IV of the Companies Act, 2013, are also not applicable to Government companies.

The performance evaluation of Functional Directors, Government Nominee Directors and Independent Directors of your Company is done by Ministry of Defence (Administrative Ministry) as per applicable Rules and Procedures.

3. Mandatory Committees of The Board

A. Audit Committee

The Company is awaiting the induction of Independent Directors by its Administrative Ministry i.e., the Ministry of Defence, Government of India. Due to the non-availability of Independent Directors on the Board, the Company could not constitute the Audit Committee during

the period under review. Consequently, meetings of the Audit Committee could not be convened during the said period. Accordingly, matters pertaining to the Audit Committee were placed directly before the Board of Directors for its consideration and approval.

B. Nomination & Remuneration Committee

The Company is awaiting the induction of Independent Directors by its Administrative Ministry i.e., the Ministry of Defence, Government of India. Due to the non-availability of Independent Directors on the Board, the Company could not constitute the Nomination & Remuneration Committee during the period under review. Consequently, meetings of the Nomination & Remuneration Committee could not be convened during the said period. Accordingly, matters pertaining to the Nomination & Remuneration Committee were placed directly before the Board of Directors for its consideration and approval.

C. Corporate Social Responsibility (CSR) Committee

The Board of Directors of your Company has constituted the CSR Committee on 29th April 2022 and also approved the Corporate Social Responsibility Policy formulated as per the Section 135 of the Companies Act, 2013 and the rules framed thereunder.

As on March 31, 2026, the CSR Committee comprised of three Director. During FY 2025-26, One (1) Meetings of CSR Committee was held on 28th August 2025.

The Committee composition during the year 2025-26 and the details of attendance of Members for the said meeting(s) are as follows:

Name of Member	Category	Position in Committee	Number of meetings held during the tenure of the respective member	No. of Meeting Attended
Shri C.Ramachandran Director (Finance)	Whole-Time Director	Chairman (upto 30.04.2025)	0	0
Shri Sanjay Dwivedi Chairman & Managing Director	Whole-Time Director	Chairman (w.e.f. 21.05.2025)	1	1
Shri Biswaranjan Pattanaik Director (HR)	Whole-Time Director	Member (upto 31.08.2025)	1	1
Shri Satyabrata Mukherjee Director (Operations)	Whole-Time Director	Member	1	1
Dr. Garima Bhagat Govt. Nominee Director	Part Time Official Director	Member (w.e.f. 26.09.2025)	NA	NA

The Terms of Reference (ToR) of CSR Committee, inter-alia, include the following:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by Company as per the Companies Act, 2013;
- To review and recommend the amount expenditure to be incurred on the activities to be undertaken by the Company;
- To monitor the CSR policy of the Company from time to time;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

Your Company has reconstituted its Board Level CSR Committee consequent to the appointment of Director (Finance) and Director (HR). Presently, the Committee has the following members:

i) Chairman & Managing Director [Holding Additional Charge of Director (Operations)]

ii) Director (Finance)

iii) Director (HR)

4. Other Committee

Apart from the statutory committees, the Board also have following Committees for smooth operations of the Company:

A. Committee of Directors (CoD)

Your Company has constituted a Committee of Directors (CoD) for deciding, framing and approving new policies, rules, procedures, Memorandum of Understandings (MOUs), Delegation of Powers (DoP) and approving any change(s)/ modification(s)/ amendment(s) to the existing policies, rules, procedures, MOUs, delegation of powers as deemed necessary from time to time.

As on 31st March 2026, the composition of Committee of Directors is as under-

S.No.	Designation	Position in Committee
1.	Chairman & Managing Director	Chairman
2.	Director (Finance)	Member
3.	Director (HR)	Member
4.	Director (Operations)	Member

B. Risk Management Committee

In terms of Section 134 of the Companies Act, 2013 and Chapter 7 of the Department of Public Enterprises (DPE) Guidelines, your Company has formulated a Risk Management Policy to establish a structured and comprehensive framework for identifying, assessing, monitoring, mitigating and reporting risks that may impact the achievement of the Company's strategic and operational objectives.

Pursuant to the said Policy, the Board of Directors has constituted a Risk Management Committee (RMC) with the following composition:

S.No.	Designation	Position in Committee
1.	Chairman & Managing Director	Chairman
2.	Director (Operations)	Member
3.	Director (Finance)	Member
4.	Director (HR)	Member

The objective of the Policy is to facilitate a common understanding of risks at an early stage for effective mitigation to meet the Company's business goals. The mitigation measures identified shall be embedded suitably into the business processes of the Company. In order to achieve the Business goals, the policy has established a structured and disciplined approach to the risk management in order to mitigate the risk related issues.

The Board of Directors reviews and monitors the status of Risk Management through the Risk Management Committee (RMC), which examines the risks identified by the internal Corporate Risk Management Committee (CRMC) , assesses the status of Risk Management in the Company, monitors and reviews the implementation and effectiveness of the risk mitigation measures. The Risk Management Policy is posted on the Company's website, www.avnl.co.in.

The Corporate Risk Management Committee (CRC) identifies and updates areas of risks covering the Company as a whole and report to the Risk Management Committee for review and apprising to the Board of Directors.

C. Committee of Directors for Capital Expenditure

Your Company has also constituted a Committee of Directors for Capital Expenditure on 14th January 2026.

5. Disclosures

(i) There were no cases of related party transactions that may have potential conflict with the interests of the Company at large. Transactions with related parties, if any, that were entered into during the financial year were in the ordinary course of business.

(ii) During the year, the Company has complied with the provisions of the Companies Act, 2013 (except as otherwise stated in this report). No penalties / strictures were imposed on the Company by any Statutory Authority on any matter related to violation of any provisions of the Act/guidelines issued by Government, from the inception.

(iii) The Company has a Whistle Blower mechanism in line with the CVC Guidelines whereby employees can raise concerns to the competent authority in case they observe unethical and improper practices or any other wrongful conduct in the Company. It provides necessary safeguards for protection of the whistle blower from reprisals or victimization.

(iv) The Company has complied with the requirements of the DPE Guidelines on Corporate Governance (except as otherwise stated in this report).

(v) The Company has complied with Presidential Directives issued by the Central Government from inception.

(vi) There were no items of expenditure debited in books of accounts, which are not for the purposes of the business.

(vii) No expenses were incurred by the Company which are personal in nature and incurred for the Board of Directors and Top Management.

(viii) During the year, Administrative and Office Expenses constituted 2.67% of the Total Expenditure during FY 2025-26 as compared to 3.67% in the previous year. The increase was primarily attributable to insurance expenses relating to AVNL assets.

6. General Body Meetings

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

Financial Year	No. of the Annual General Meeting	Date and time of AGM	Location
2024-25	04th AGM	28.08.2025 at 03:30 PM (IST)	Meeting was held through videoconferencing
2023-24	03rd AGM	23.09.2024 at 03:30 PM (IST)	Deemed Venue was Registered Office of the Company i.e. C/o Armoured Vehicles Headquarters, HVF Road, Avadi, Chennai- 600054
2022-23	02nd AGM	25.09.2023 at 03:00 PM (IST)	

(ii) Details of Special Resolutions passed in previous three AGMs:

Special resolutions were passed at the 03rd Annual General Meeting held on 23rd September 2024 and the 04th Annual General Meeting held on 28th August 2025 for approving the preferential allotment of shares on private placement basis to selected group of persons, namely the Hon'ble President of India.

(iii) Annual General Meeting of the current Financial Year 2025-26:

Date : 28th September 2026 (Monday)

Time : 03:30 PM (IST)

Venue : Deemed Venue: Registered Office of the Company, C/o Armoured Vehicles Headquarters, HVF Road, Avadi, Chennai– 600054

7. Means Of Communication

The Company's website www.avnl.co.in is available in the bilingual format i.e. English and Hindi. It provides comprehensive information to all its stakeholders and shareholders regarding the details of the Company's business, products, services, awards & achievements, facilities, human resources, recruitment, Training & Development, Corporate Social Responsibility activities, vigilance, RTI, and other updates and news. The Company's website also contains Annual Reports, Notices, Annual Returns, Policies, Manuals etc. The Company periodically disseminates information through press releases and its annual reports

8. Audit Qualifications

Replies to the audit observation/qualifications on Accounts by the Statutory Auditors and Secretarial Auditor are included as an attachment to the Director's Report. Comments of the Comptroller & Auditor General of India (C&AG) along with management replies thereto have been attached as an addendum to the Directors Report.

9. Training Of Board Members

In accordance with Chapter 3 of the DPE Corporate Governance Guidelines and applicable provisions of the Companies Act, 2013, a 'Training Policy for Board of Directors of AVNL' was formulated and approved by the Board of Directors. As per the terms of the said policy, the Board members including Independent Directors are provided with the familiarization/ orientation programs on their roles, rights, responsibilities, nature of industry, Company's business model, procedures and practices and also provided with necessary documents, brochures and reports to keep the Directors abreast of the necessary information relating to the Company.

10. Whistle Blower Policy

AVNL is complying the Whistle Blower Protection Policy in accordance with CVC guidelines on Public Interest Disclosure and Protection of Informers Resolution (PIDPI/PIDR). Under the PIDPI Resolution, Central Vigilance Commission is the designated agency to receive complaints from whistle blowers and the identity of the whistle blower is protected. Chapter-IV of CVC Vigilance Manual (updated 2021) describes the mechanism to lodge complaints under Whistle Blower Policy and to get protection from victimisation.

11. Code of Business Conduct and Ethics for Board Members and Senior Management (Code of Conduct)

The Company is committed to conduct its business in accordance with the highest standards of business ethics and complying with applicable Laws, Rules and Regulations.

A copy of the Code of Conduct is available on the Company's website at www.avnl.co.in. All members of the Board and Senior Management have confirmed their compliance with the Code of Conduct for the year under review. A declaration signed by the Chairman & Managing Director is appended to this report at ***Annexure-B1***.

12. CEO/CFO Certification

As per DPE Guidelines, CEO/CFO Certificate on the Financial Statements and Internal Controls relating to financial reporting for the year 2025-26, as submitted to the Board, is annexed to this Report as per ***Annexure-B2***.

13. Compliance Certificate

This Report duly complies with the applicable requirements of Guidelines on Corporate Governance for CPSEs and covers all the applicable suggested items mentioned in Annexure-VII of the Guidelines. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE is also sent to the Administrative Ministry regularly.

A Certificate obtained from a Practicing Company Secretary regarding compliance of the conditions of Corporate Governance in accordance with the guidelines issued by Department of Public Enterprises (DPE) has been included as ***Annexure-B3*** to the Report.

For and on behalf of the Board of Directors of
Armoured Vehicles Nigam Limited

Sd/-

(Satyabrata Mukherjee)
Chairman & Managing Director
DIN: 09282280

Date: 04th September 2026
Place: Avadi, Chennai

ANNEXURE –B1

Declaration of Compliance with the Code of Conduct

Declaration by Chairman and Managing Director regarding compliance with the Code of Conduct by Board Members and Senior Management for the Financial Year 2025-26.

I, Satyabrata Mukherjee, Chairman and Managing Director, Armoured Vehicles Nigam Limited, do hereby declared that all Board Members and Senior Management Personnel of your Company have affirmed compliance with the Code of Conduct & Ethics for Board Members and Senior Management Personnel of Armoured Vehicles Nigam Limited (AVNL) for the year ended 31st March, 2026.

For and on behalf of the Board of Directors of
Armoured Vehicles Nigam Limited

Sd/-

(Satyabrata Mukherjee)
Chairman & Managing Director
DIN: 09282280

Date: 04th September 2026
Place: Avadi, Chennai

ANNEXURE –B2

Certificate by CEO & CFO
(As required under DPE Guidelines on Corporate Governance)

To,

The Board of Directors
Armoured Vehicles Nigam Limited (AVNL),
Chennai.

a. We have reviewed financial statements and the cash flow statement of Armoured Vehicles Nigam Limited (AVNL) for the year ended on 31st March 2026 and that to the best of our knowledge and belief:

   i) These statements do not contain any materially untrue statement or omit any material factor contain statements that might be misleading;
   ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

b. There are, to the best of their knowledge and belief, no transactions entered into by the Company during the period ended on 31st March 2026 which are fraudulent, illegal or violative of the Company's code of conduct.

c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Board, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d. We have indicated to the auditors and the Board:

   i) that there are no significant changes in internal control over financial reporting during the period;

   ii) that there are no significant changes in accounting policies during the period.

   iii) we are not aware of any instance during the period of significant fraud with involvement therein of the management or any employee having a significant role in the Company's internal financial control system over financial reporting.

Sd/-
(Rajiv Kumar Sharma)
Director (Finance) & CFO
DIN: 11552747

Sd/-
(Satyabrata Mukherjee)
Chairman & Managing Director
DIN: 09282280

Date: 04th September 2026
Place: Avadi, Chennai

ANNEXURE –B3

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,
M/s. ARMOURED VEHICLES NIGAM LIMITED,
CIN: U35990TN2021GOI145504
C/o Armoured Vehicles Headquarters, HVF Road,
Bhaktavatsalapuram, Avadi, Chennai-600054

We have examined the compliance of the conditions of Corporate Governance by **ARMOURED VEHICLES NIGAM LIMITED** ('the Company') for the year ended on 31st March, 2026, as stipulated under Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises ("DPE Guidelines"), for the financial year ended 31st March, 2026.

Management's Responsibility:
The compliance of conditions of Corporate Governance is the responsibility of the Management. The responsibility includes design, implementation and maintenance of internal control and procedures to ensure compliance with conditions of Corporate Governance as stated in DPE Guidelines.

Our Responsibility:
Our examination was limited to examining procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated under DPE Guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

Our Opinion:
In our opinion, on the basis of our examination of the relevant records produced, information provided, the explanations and clarifications given to us, the representations made by the Management, we certify that the Company has complied with all mandatory regulations and the conditions of Corporate Governance as stipulated under Guidelines on Corporate Governance for Central Public Sector Enterprises for the year ended on 31st March, 2026, except to the extent of following:

It has been observed that the Company did not have any Independent Director in the Board during the year under review. Hence, the Company has not adhered to the following compliances:

i) The composition of the Board of Directors of the Company is not in conformity as stipulated under the Companies Act, 2013 and DPE Guidelines on Corporate Governance.

ii) The Company could not constitute Audit Committee and Nomination and Remuneration Committee in accordance with the applicable clauses of DPE Guidelines. The Company has constituted CSR Committee with three directors without Independent Director. Separate meeting of Independent Directors without the attendance of non-independent directors could not be held for the financial year 2025-26.

It was explained by the Management that the appointment of Independent Directors falls under the purview of the Government of India through the Administrative Department, i.e., the Ministry of Defence (MoD). Accordingly, the Company has no role in the appointment of such Directors.

The Management further informed that the Company has taken initiatives by making multiple requests to the Ministry of Defence for filling the vacant positions of Independent Directors within the stipulated time frame. The Company has also brought to the notice of the Ministry the applicable penal provisions under the Companies Act, 2013, in this regard.

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

For S SANDEEP & ASSOCIATES
Company Secretaries

Sd/-

S SANDEEP
Managing Partner
CP. No.: 5987
FCS: 5853
PR: 6526/2025
UDIN: F005853H001367741

Place: Chennai
Date: 03rd September 2026

Annexure - C

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Introduction

On 15.10.2021, Hon'ble Prime Minister Shri Narendra Modi dedicated seven newly established Defence Companies, formed from the erstwhile Ordnance Factory Board, to the nation. In his address, the Hon'ble Prime Minister highlighted that the neglect of these entities in the post-Independence period had resulted in considerable dependence on foreign suppliers, a situation that these new entities were established to address. The seven new Defence PSUs are playing a pivotal role in achieving import substitution and advancing the vision of Aatmanirbhar Bharat.

The transformation of the Ordnance Factories into productive and profitable assets was driven by the Government of India's objectives of enhancing expertise across product ranges, strengthening competitiveness, improving quality standards, optimising cost efficiency and ensuring self-reliance in defence preparedness. Since the launch of the Make in India initiative, India's defence production has witnessed remarkable growth, reaching an all-time high of ₹1.78 lakh crore in FY 2025-26, while defence exports also touched a record ₹38,424 crore in FY 2025-26.

These achievements demonstrate a fundamental transformation in India's defence landscape—from a country with significant dependence on foreign suppliers to an increasingly capable and competitive defence manufacturing nation. Nearly 65% of defence equipment is now produced domestically, while a growing ecosystem of DPSUs, private companies, MSMEs, start-ups and research institutions is contributing to indigenous design, development and manufacturing. The sustained growth in defence production and exports reflects the country's strong commitment to self-reliance and the vision of Aatmanirbhar Bharat, ensuring that India not only meets its national security requirements but also develops a robust and globally competitive defence industrial base that contributes to technological advancement and economic growth.

Industry Structure and Development:

In line with the Government of India's continued efforts to promote Aatmanirbharta in Defence, strengthen indigenous design, development and manufacturing capabilities, reduce import dependence and establish India as a global defence manufacturing hub, several major policy initiatives and industrial development measures were undertaken during 2025–26. The major initiatives and developments highlighted as India achieved a record ₹1.78 lakh crore in defence production during FY 2025–26, registering a growth of approximately 15.6% over ₹1.54 lakh crore in FY 2024–25. The private sector's contribution also increased to around 24%, or approximately ₹42,000 crore, indicating the growing participation of private industries in India's defence manufacturing ecosystem. India's defence exports reached an all-time high of ₹38,424 crore in FY 2025–26, an increase of 62.66% over ₹23,622 crore in FY 2024–25. DPSUs contributed 54.84% while the private sector contributed 45.16% of total exports. Indian defence products are now being exported to more than 80 countries, strengthening India's position as an emerging global defence manufacturing and export hub. The Government initiated the transition from DAP-2020 towards DAP-2026, with the draft released in February 2026. The proposed framework seeks to simplify procurement procedures, accelerate acquisition timelines, strengthen indigenous manufacturing and increase Indigenous Content requirements. The proposed DAP-2026 raises the Indigenous Content requirement under the Buy (Indian-IDDM) category from 50% to 60%, further encouraging indigenous design and manufacturing. Defence Industrial Corridors: The Uttar Pradesh Defence Industrial Corridor (UPDIC) and Tamil Nadu Defence Industrial Corridor (TNDIC) continued to develop as major centres for defence manufacturing, investment and technology development. By April 2026, UPDIC had attracted investment commitments of approximately ₹42,057 crore, with ₹4,409 crore in grounded investments, while TNDIC had attracted commitments of approximately ₹32,699 crore, with actual investments of ₹6,446 crore. These corridors are strengthening regional supply chains and providing infrastructure for defence and aerospace industries. The Make framework continued to promote indigenous design, development and manufacturing through Make-I, Make-II and Make-III categories.

By March 2025, 145 projects involving 171 industries had been undertaken under the Make initiative, comprising 40 Make-I, 101 Make-II and 4 Make-III projects. These projects support prototype development, import substitution and

manufacturing in India through technology transfer from foreign OEMs. The Government continued to expand the role of private companies and MSMEs in defence production through iDEX, Make projects, Positive Indigenisation Lists, SRIJAN, Defence Industrial Corridors and domestic procurement. The private sector's share in total defence production reached approximately 24% in FY 2025–26, representing its highest-ever contribution and demonstrating the increasing role of private industry in India's defence industrial base. Future Targets for Defence Production and Exports: The Government has set ambitious targets to further expand the defence industrial base. The defence production target has been set at approximately ₹2 lakh crore, with an aspiration to reach ₹3 lakh crore by 2029. Defence exports are targeted to reach ₹50,000 crore by 2029, supported by increased indigenous production, international collaboration and expansion into global markets. The Government's defence industry development plan is therefore focused on increasing indigenous content, modernising manufacturing, promoting advanced technologies, strengthening MSMEs and startups, increasing private-sector participation, developing defence industrial corridors, expanding defence exports and reducing dependence on imports. The record production of ₹1.78 lakh crore and exports of ₹38,424 crore achieved during FY 2025–26 demonstrate the progress made towards building a self-reliant, technologically advanced and globally competitive Indian defence industrial ecosystem.

About AVNL

Armoured Vehicles Nigam Limited (AVNL), a Government of India Enterprise under the Department of Defence Production, Ministry of Defence, is a leading Defence Public Sector Undertaking dedicated to the design, development, manufacture, upgrade and life-cycle support of armoured fighting vehicles, infantry combat vehicles, engines, military logistic vehicles and specialised defence mobility solutions. Established in October 2021 following the corporatisation of the erstwhile Ordnance Factory Board, AVNL has rapidly emerged as a strategically important player in India's defence manufacturing ecosystem.

AVNL operates through five manufacturing units, combining decades of engineering and manufacturing expertise with contemporary technologies and capabilities. Its product portfolio encompasses main battle tanks, Infantry Combat Vehicles (ICVs), Mine Protected Vehicles, logistic vehicles and high-performance engines. The company also provides overhaul, upgrade, repair and life-cycle support for critical platforms operated by the Indian Armed Forces.

A significant milestone in AVNL's transformation has been the grant of Miniratna Category-I status in May 2025 by the Government of India. The recognition reflects AVNL's strong financial and operational performance, growth in turnover, enhanced indigenisation and its contribution to strengthening India's indigenous defence production capabilities. AVNL is simultaneously investing in research, development, modernisation and future-ready technologies. Its current R&D portfolio covering areas such as the Future Ready Combat Vehicle, Futuristic Infantry Combat Vehicle,Wheeled Armoured Fighting Vehicles, Light Tracked Armoured Repair Vehicles, Armoured Recovery Vehicle, Light Armoured Multipurpose Vehicle, while modernizing its manufacturing facilities in line with Industry 4.0 principles.

With more than six decades of accumulated expertise in armoured vehicle manufacturing, growing indigenisation, expanding R&D capabilities, a robust order pipeline and Miniratna-I status, AVNL is entering a new phase of accelerated growth and transformation. The company is committed to building and strengthening the AVANI brand by delivering superior value, assured quality, technological excellence and dependable life-cycle support to its customers.

Going forward, AVNL aspires to become a world-class armoured vehicle and military mobility company, a trusted global defence brand and a leading Indian system integrator, driven by innovation, self-reliance, operational excellence and customer-centricity. Through its commitment to Atmanirbhar Bharat, indigenous technology development and global competitiveness, AVNL is poised to make a significant contribution to India's emergence as a self-reliant and globally competitive defence manufacturing power.

Indigenisation Initiative of AVNL

AVNL Units have indigenised total 37 PIL items out of 51 items till FY 2024-25. In FY 2025-26, 1 PIL item namely Pre-heater (PRO 45972) for T-72 tank was indigenised making a total 38 LRUs. It is to mention that with continuous efforts by AVNL units & Indian industry partners have achieved Indigenisation level for T-72 tank is 96.91%, for T-90 tank is 92.14% and for ICV BMP is 99%.

Research and Development

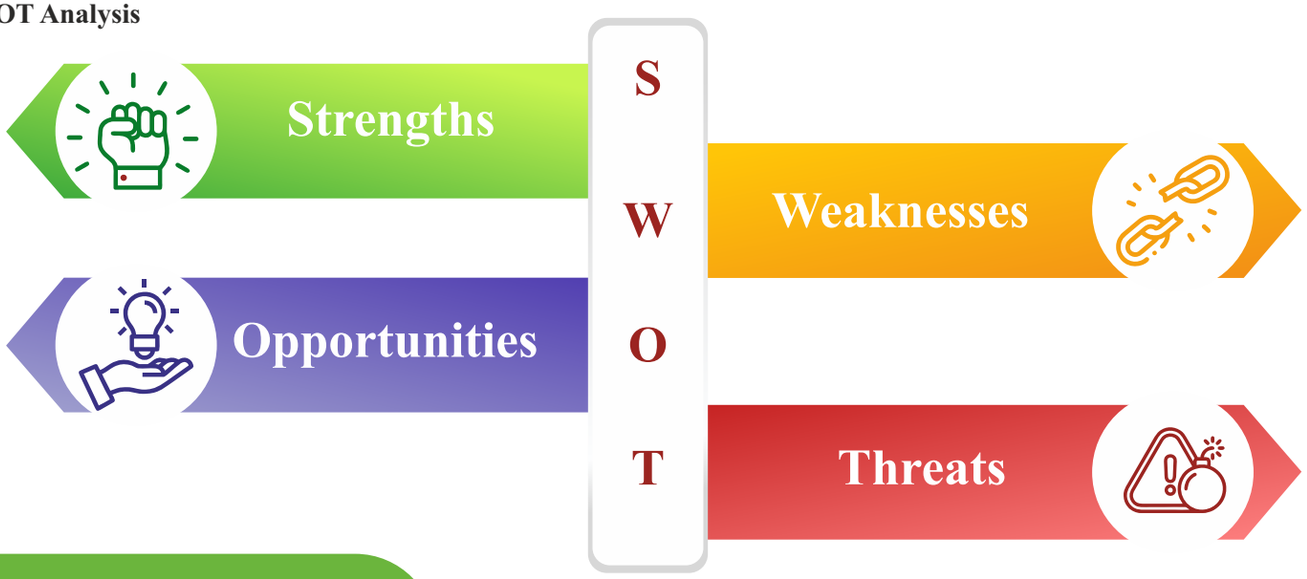
✦ **Design and Development centres (D2C):**

AVNL has set up robust Design and Development Centres (D2Cs) in all units with team of multi disciplinary Executives/Engineers. D2Cs have been equipped with high end computers and advance softwares.

Further, to enhance the knowledge base, AVNL has initiated M.Tech courses for its officials in association with leading educational Universities and Technology Management Course in collaboration with DRDO in hybrid mode.

These Centres primarily focus on accelerating the integration of technologies developed through in-house, private industries, academics, government labs in project management mode to develop the final product/platform required by Indian Army/Indian Navy.

SWOT Analysis



STRENGTHS

- Modern manufacturing infrastructure and state-of-the-art production facilities.
- Highly skilled and experienced workforce with strong domain expertise.
- Strong capabilities in complex platform manufacturing and precision engineering.
- Ability to develop different variants based on customer requirements.
- Strong order book and established customer base.
- Capability for technology absorption, localisation and indigenous product development.
- Strong association with Armed Forces, DRDO, DPSUs and defence industries.
- High indigenous content in major armoured vehicle platforms.

WEAKNESSES

- Vulnerability to disruptions in the global and domestic supply chain.
- Dependence on limited or nominated suppliers for critical components.
- Lengthy testing and qualification procedures for indigenous components.
- Dependence on government defence procurement programmes.
- Limited international market presence compared with global defence manufacturers.
- Export restrictions associated with foreign OEM technologies.
- Legacy-platform dependence and need for faster transition to next-generation systems.

OPPORTUNITIES

- Growing opportunities under Aatmanirbhar Bharat and Make in India.
- Increasing indigenisation and import-substitution requirements.
- Modernisation and upgradation of existing T-72, T-90 and BMP-II fleets.
- Development of next-generation platforms such as FICV, FRCV.
- Expansion into international defence export markets.
- Growing demand from paramilitary and homeland-security forces.
- Collaboration with MSMEs, startups, DRDO and private industries.

THREATS

- Rapid obsolescence of existing defence technologies.
- Increasing vulnerability of MBTs to advanced anti-armour and precision weapons.
- Growing use of UAS, drones and loitering munitions affecting conventional armoured platforms.
- Changing future requirements of the Armed Forces due to emerging warfare technologies.
- Increasing competition from private defence companies.
- Supply-chain disruptions arising from geopolitical conflicts and global wars.
- Shortage and price fluctuations of electronic components and semiconductor chips.
- Strong competition from international OEMs in export markets.

Future Outlook in Defence Production

Growth in Defence Production: India's defence production has reached an all-time high of ₹1.78 lakh crore in FY 2025–26, compared with ₹1.54 lakh crore in FY 2024–25. The Government has set a target of ₹2 lakh crore in defence production in the near term and ₹3 lakh crore by 2029, indicating strong future growth potential for the domestic defence industry. Defence exports have increased from just ₹686 crore in FY 2013–14 to ₹38,424 crore in FY 2025–26, representing more than a 56-fold increase. India now exports defence products to over 80 countries, while the Government continues to target ₹50,000 crore in defence exports by 2029. This indicates significant opportunities for Indian defence companies to expand their global presence. The Indigenous content in India's defence equipment has increased nearly 65%, compared with the earlier dependence on imports for around 65–70% of requirements. The Government is expected to further increase indigenous content through Positive Indigenisation Lists, SRIJAN, Buy (Indian-IDDM), Make programmes and domestic procurement policies. By May 2026, more than 15,700 defence items had been indigenised, including 3,204 items from Positive Indigenisation Lists.

Domestic Procurement has been strengthening continuously through government procurement being used as a tool to create assured demand for Indian defence manufacturers. In FY 2024–25, defence contracts worth ₹2,09,050 crore were signed, while contracts worth approximately ₹1.82 lakh crore had been concluded during FY 2025–26 as reported by the Government. This sustained procurement is expected to strengthen production capacity and encourage further investment by domestic industries. The private sector's contribution to defence production has increased steadily and reached approximately 24% in FY 2025–26, equivalent to around ₹42,000 crore. This is expected to increase further as private companies, MSMEs and startups participate in indigenous design, manufacturing, R&D and defence exports. Recent conflicts have demonstrated the increasing importance of drones and counter-drone systems in modern warfare. At NDIC 2026, the Government emphasised the need for India to become a global hub for indigenous drone manufacturing, including domestic production of critical components such as software, batteries, engines and other subsystems. This is expected to create major opportunities for startups, MSMEs and established defence manufacturers.

The iDEX ecosystem is expected to play an increasingly important role in developing next-generation defence technologies. By 2026, almost more than 650 startups and innovators had been engaged through iDEX and nearly 550 contracts had been signed. Procurement worth more than ₹2,400 crore from startups and MSMEs had been approved, while projects worth around ₹1,500 crore had been sanctioned for development of new technologies. With more than 16,000 MSMEs participating in the defence ecosystem, the future defence industrial base is expected to become more broad-based. Greater integration of MSMEs and startups into DPSU and private-sector supply chains will improve localisation of critical components and reduce dependence on foreign suppliers. The Government is continuing to reform defence procurement to reduce delays, encourage indigenous design and facilitate technology infusion. The implementation of DAP-2026 and development of updated procurement frameworks are expected to provide a more efficient and industry-friendly acquisition system while maintaining the priority for indigenous manufacturing. Government spending on defence has increased significantly, supporting modernisation of the Armed Forces and expansion of domestic production. The Ministry of Defence allocation has increased from ₹2.53 lakh crore in 2013–14 to ₹7.85 lakh crore in 2026–27, while capital expenditure has increased to approximately ₹2.19 lakh crore. This sustained expenditure is expected to provide long-term demand for Indian defence manufacturers.

✦ Major R&D Projects Under Development:

AVNL has undertaken following major R&D projects with a cumulative value of approximately Rs. 780 Crore, focused on both product upgrades and development of next-generation defence systems.

These projects are being executed through in-house development, co-development arrangements and Funded Development Partnerships (FDPs) with academia, research institutions, industry partners and OEMs.

- Armoured Recovery Vehicle (ARV)
- Futuristic Infantry Combat Vehicle (FICV)
- Wheeled Armoured Fighting Vehicle (WhAFV)
- Forward Repair Team (Tracked)
- NAMICA Mk-II
- Counter Unmanned Aircraft System (CUAS) for T-90, T-72 and BMP-II.
- Future Ready Combat Vehicle (FRCV)
- 600+ HP Power Pack for Tracked Vehicles
- Proximity Fuze for 76/62 SRGM.
- Ampoule Reserve Battery (18 Volt) for Fuze FB-40
- Kavach Mod-III
- Light Armoured Multi-purpose Vehicle (LAMV)
- Light Bullet Proofing Vehicle (LBPV)

Internal Control System and Its Adequacy

AVNL has an adequate and robust system of internal controls commensurate with the size, nature and complexity of its operations. The Company has established documented policies, procedures and systems covering its major operational and financial activities to ensure effective monitoring, accountability, transparency and compliance with applicable rules and regulations.

The Company has implemented the Production Planning and Control (PPC) Module as an important component of its internal control framework. The PPC Module facilitates systematic planning, monitoring and control of production-related activities, including production planning, material requirements, work orders, progress monitoring and related operational processes. The system enables effective monitoring of activities and provides appropriate controls for ensuring accountability and timely corrective action.

AVNL has also established defined levels of authority and delegation of powers for approval, monitoring and decision-making across various functions. Appropriate levels of authorisation and controls are embedded in the processes to ensure segregation of duties, accountability and effective oversight of financial and operational transactions. These controls are periodically monitored to ensure that activities are carried out within the approved authority framework.

The Company has an Internal Audit function which conducts audits of all its Units and functions based on an approved audit programme and a risk-based approach. Internal Audit reviews the adequacy and effectiveness of internal controls, compliance with established policies and procedures, financial and operational processes and identifies areas requiring improvement. The observations arising from Internal Audit are communicated to the concerned department for corrective and preventive action and are followed up for compliance.

The internal control framework is further strengthened through regular monitoring by the Management and appropriate levels of authority. The Company continuously reviews its systems and procedures and takes necessary measures to strengthen controls, address identified risks and improve operational efficiency.

The internal control systems are designed to provide reasonable assurance regarding the reliability of financial and operational information, safeguarding of assets, prevention and detection of errors and irregularities, compliance with applicable rules and regulations, and effective and efficient conduct of business operations. Based on the systems and procedures in place, the Company considers its internal control framework to be adequate and commensurate with its operations.

Financial Performance with respect to Operational Performance

The Performance highlights of the company during the year ended 31st March 2026 are as follows:

(Rs. In Laksh)

Particulars	2025-26	2024-25
Revenue from Operations	6,09,703.50	4,98,429.29
Add: Other Income	67,935.35	57,883.26
Gross Income	6,77,638.85	5,56,312.55
Earnings Before Interest, Taxes & Depreciation	1,60,516.93	69,605.75
Less: Finance Cost	-	-
Less: Depreciation	30,292.90	23,865.99
Profit Before Exceptional Items & Tax	1,30,224.03	45,739.76
Less: Exceptional Items	-	-
Profit After Tax	1,30,224.03	45,739.76
Other Comprehensive Income (Net Of Tax)	-	-
Inventory	5,34,512.08	3,31,999.87
Trade Receivables	3,66,808.85	2,26,465.79
Earnings Per Share (EPS)	0.74	0.25
Dividend (%)	Exempted	Exempted

Details of Significant Changes in Key Financial Ratios

In accordance with the applicable requirements of Schedule III to the Companies Act, 2013, the Company has reviewed the key financial ratios for the financial year 2025-26 as compared with the immediately preceding financial year 2024-25. The significant changes, where the variation is 25% or more, together with the reasons for such changes, are as follows:

S.No.	Particulars	FY 2025-26	FY 2024-25	Variance
1	Return on Equity Ratio	6.74%	2.33%	189%
2	Net Profit Ratio	16.54%	6.72%	146%
3	Return on Capital Employed	8.70%	3.18%	174%
4	Return on Net worth	6.58%	2.32%	184%
5	Return on Investment	7.41%	2.49%	198%

1. Return on Equity Ratio (ROE)

The increase is primarily attributable to the significant improvement in profit after tax during the year, while the shareholders' funds did not increase proportionately.

2. Net Profit Ratio

The improvement is mainly attributable to the increase in profit after tax during the year, supported by growth in revenue from operations and improved profitability.

3. Return on Capital Employed (ROCE)

The increase is primarily due to the significant improvement in profit before tax during the year relative to the capital employed.

4. Return on Net Worth (RONW)

The improvement is mainly attributable to the increase in profit after tax, while the average net worth has not increased proportionately, resulting in an upward movement in the ratio.

5. Return on Investment (ROI)

The increase is primarily attributable to the significant improvement in profit after tax during the year in relation to the share capital

Risks and Concerns

Supply Chain & Geopolitical Risk:

- Geopolitical disruptions can affect the timely delivery of critical imported components and consequently impact execution of existing contracts.
- Continued dependence on imported/ex-import items remains a vulnerability.
- Indigenisation and development of alternate sources therefore remain important risk-mitigation priorities.

Dependence for Critical Items:

- Dependency for certain critical items/sub-systems, creating concentration and supply-continuity risk in terms of disruption, capacity constraint, price escalation or delayed supply could directly affect production schedules and contract deliveries.

- Any delay in procurement from these sources can have a cascading impact on assembly, testing and final delivery of vehicles/platforms.
- Long-term supply arrangements and improved vendor capacity planning should also be pursued for items where alternate sourcing is presently difficult.

Changing Warfare Technology & Future of MBT/ICV:

- The rapid proliferation of UAS and other emerging technologies creates uncertainty regarding the future requirement and relevance of conventional MBTs and ICVs.
- This could affect both confirmed orders and long-term visibility of requirements.
- AVNL needs to continuously upgrade existing platforms with technologies such as Counter-UAS (CUAS), Active Protection Systems (APS) and other modern survivability and situational-awareness capabilities.

Technology Gap & Future Order Risk:

- Inadequate in-house capability in certain critical technologies may result in AVNL being unable to meet technical specifications in future tenders.
- This may lead to loss of domestic business opportunities or inability to participate effectively in tenders.

Rising Cost of Production:

- Increase in direct material costs is a Very High criticality risk and can adversely affect margins and competitiveness.
- Imported components, single-source procurement and limited vendor competition can further increase the cost base.
- Indigenisation, alternate sourcing, competitive vendor development and long-term procurement contracts are therefore critical.

Cyber Security:

- Cyber incidents could result in loss of sensitive information and disruption of critical information infrastructure.
- Continuous threat monitoring, dashboard-based reviews and coordination with CERT-In remain necessary.

Our Business Strategy

AVNL has six decades of experience in manufacturing armoured vehicles, expertise in critical manufacturing, and a strong order book. AVNL's strategy is focused on meeting the requirements of the Armed Forces in a timely manner while maintaining high quality to meet their operational needs. AVNL has established Specific, Measurable, Achievable, Relevant, and Time-bound (SMART) goals, which are aligned with this mission. Strategic goals are communicated across the organization and periodically reviewed to ensure alignment with long-term aspirations and requirements. The involvement of stakeholders, employees, customers, and industrial partners plays a crucial role in achieving the strategic objectives. As of March 31, 2026, AVNL has an order book of over Rs. 35,523 crores. AVNL has chalked out a strategy to ensure that the desired targets are achieved.

A. Focus on Customer Requirements

AVNL has adopted an immediate action plan focused on strengthening accountability and promoting continuous improvement across the organization. The plan emphasizes timely delivery of equipment to customers while ensuring adherence to prescribed quality standards. AVNL is in the process of establishing a Forward Support Centre at Patiala and Jodhpur to enhance after-sales services (including providing engineering support services during field exercise after issue of Tanks and also arranging warranty repair post warranty services in short notice) for T-72 and T-90 tanks, BMP-II and their variants. This initiative will enhance service capabilities of AVNL to effectively meet the operational requirements of the Indian Army.

AVNL is also in the process of comprehensively modernising of T-90, Upgrades of BMP and T-72 tank with the support of OEM to cater the modern requirements of the Armed Forces. Similarly, for the upgradation of 1,000 Nos. T-72 tanks with 1,000 HP engines, a contract dated 07.03.2025 was concluded by the Ministry of Defence with JSC ROE for the procurement of 1,000 HP uprated engines, along with Transfer of Technology (ToT) and associated automotive peripherals.

B. Order Book and Capacity Enhancement

- AVNL had an order book of approximately Rs.35,356 crores as on 31 March 2025. In addition, orders worth approximately Rs.6262 crores were secured during FY 2025–26. Out of this, Order worth Rs.6097.03 crores has been executed in 2026-27. Further orders are there in pipeline.

- Realisation of this substantial order potential would require AVNL to enhance production and delivery capabilities.
- To achieve this significant enhancement in production and delivery capabilities, a comprehensive strategy is chalked out, with focused interventions in Supply Chain Management, Human Resource Management, and Business Process Re-Engineering. These initiatives are aimed at improving productivity, reducing cycle times, strengthening capacity utilisation, enhancing responsiveness across the value chain, and enabling AVNL to meet emerging demand in a timely manner.

i) Supply Chain Management:

- To strengthen Supply Chain Management and address the current challenge of single-vendor dependency, a clear roadmap has been developed. The roadmap focuses on developing alternate sources in areas where the capacity of existing vendors is inadequate, while addressing the long lead time associated with vendor/source development.
- As part of this initiative, action has been initiated towards systematic outsourcing, with a focus on strengthening both pre-contract and post-contract management. In addition, agencies are being engaged for new source development and expansion of the vendor base. These measures are aimed at reducing single-source dependency, ensuring supply continuity, enhancing competition, and reducing procurement lead times.

ii) Human Resource Management:

- In Human Resource Management, the key challenge is the efficient utilisation of manpower by ensuring that deployment is fully aligned with current and emerging business requirements.
- To address this, a comprehensive exercise is being undertaken for the functional reallocation and rationalisation of executives across various verticals, based on business priorities, workload, competencies, and organisational requirements. The objective is to ensure optimal utilisation of available human resources, improve productivity, and align manpower deployment with AVNL's growth and business objectives.

iii) Business Process Re-Engineering:

- In the area of Business Process Re-Engineering, the key challenges are inefficient operational processes and workflows, resulting in lower productivity, longer cycle times and higher operating costs.
- To address these challenges, a comprehensive strategy has been formulated for process re-engineering, standardisation and optimisation. The key areas identified for transformation include outsourcing of various non-core activities such as store, trade receivables, other services such as maintenance, IT etc.
- The focus is on simplifying and streamlining workflows, eliminating non-value-added activities, improving process ownership and accountability, and leveraging technology and outsourcing wherever appropriate. These initiatives are expected to reduce operational costs, improve productivity, shorten turnaround times and enhance overall organisational efficiency.

C. MRO Business

- The MRO business offers significant growth potential, with a visible business opportunity for the overhaul and MRO of T-90 and BMP-2 platforms estimated at approximately Rs. 29,300 crores over the next five years.
- To capitalise this opportunity and enhance MRO capacity, in addition to the existing capacity of 150 Tanks at HVF, a new project for the additional capacity of 80 tanks at Vehicle Factory, Jabalpur has been initiated. A project involving an investment of approximately Rs. 472 crores, is also planned to be undertaken at VFJ.
- The facility is being developed to substantially augment AVNL's MRO capabilities and is targeted to become operational by FY 2028–29. This capacity enhancement will enable AVNL to undertake a larger volume of tank MRO, reduce turnaround time, and strengthen its position as a major MRO service provider to the Indian Armed Forces.

D. Modernisation Plan

AVNL has developed a comprehensive Modernisation Plan aimed at transforming the organisation into a future-ready, globally competitive, and technologically advanced defence enterprise. A total modernization expenditure of Rs. 460 crores was incurred during FY 2025–26. Further, 276 modernization projects have been identified,

involving a total investment of approximately Rs. 1,563 crores, with the projects targeted for completion by FY 2028–29.

Efforts are being made to implement human-assisted robotic assembly for the suspension systems of T-72/T-90 tanks on the assembly line, as well as for gearbox assembly and hull stationary testing. The modernisation programme is focused on strengthening AVNL's technological and manufacturing capabilities and is expected to deliver the following key outcomes:

- Technology upgradation and adoption of advanced manufacturing technologies.
- Improvement in productivity through automation, digitalisation and process optimisation.
- Enhancement of quality and safety standards across manufacturing operations.
- Sustenance of existing production capacity through replacement and upgradation of ageing equipment and infrastructure.
- Capacity enhancement to meet the growing requirements of the Armed Forces.
- Creation of future-ready manufacturing capabilities to address emerging technologies, products and long-term business requirements.

E. Transformation in Quality

The quality of the final products manufactured by AVNL instills confidence in its customers and fosters relationships that have lasted for over 6 decades in the field of Armoured and Military Logistics Vehicle manufacturing.

AVNL is fully committed to supply variety of Armoured Vehicles, Weapon systems, and related components. Key products include the T-90 Bhishma Main Battle Tank, various tracked and wheeled armoured vehicles and naval gun systems. AVNL also manufactures components like electronic fuzes, gearboxes and other critical parts of the systems etc. All products are conforming to the Quality requirements desired by its customers and strive continual improvement of these products to Customer satisfaction and to meet applicable statutory and regulatory requirements.

All AVNL units are accredited to ISO 9001:2015 for Quality Management Systems (QMS), as a milestone, one of the Unit i.e. OFMK has certified AS9100D an Aerospace Quality Management System Standard. The testing Labs of Units are certified with ISO/IEC 17025:2017, which pertains to the competence of testing and calibration laboratories to ensuring AVNL products to meet global standards.

Quality driven is essential for long term success for any organization. A common belief system is essential to transform to a quality driven organization. Transformation to a quality driven organization requires us to modify, expand, and create new processes while simultaneously streamlining and simplifying existing work processes through implementing Industry 4.0 & QA 4.0.

Policy for AI adoption has been formulated leveraging Industry 4.0, artificial intelligence, computerized measurements of critical parameters, and traceability of manufacturing through an Online Passport Generation System.

Digital transformation in Quality:

AVNL has been taking initiatives for digital transformation in its production units such as:

- Implementation of Digital technologies (Bluetooth enabled measuring instruments, QR code based traceability system, Remote inspection etc.) which minimizes human error in quality management. Quality managers can use digital tools to improve quality control and assurance processes. The tools provide predictive insights and automate quality checks, ensuring higher accuracy and reliability. Quality related information can be shared instantly, bolstering communication and fast problem-solving. Through digitization of online Passport System and NQDBMS, QC team can monitor performance metrics, identify crucial quality areas, and implement corrective actions effectively. All the above continual improvement is monitored in AVNL for the digital transformation in QA 4.0.
- AVNL has identified machines which are compatible with Industry 4.0 signifies a major shift in AVNL manufacturing units, which will enable the production units faster response time, smarter and more efficient process through the integration of digital technologies like Internet of Things (IoT), Artificial Intelligence (AI), and big data analytics. These industrial transformation will result in AVNL units towards high precision data, enhanced productivity, greater visibility across the entire value chain, continuous innovation, Real-time data collection, predictive analytics can identify potential quality issues before they escalate. Further Units are committed to buy the machines and equipment's which will be Industry 4.0 complied.

F. Transformation in Culture

Following the corporatization of the Ordnance Factories into PSUs, AVNL had to evolve into a profitable and productive National Strategic Asset. It aimed to enhance its product range, boost competitiveness, improve quality, increase cost efficiency, and ensure self-reliance. These reforms were implemented by incorporating the company's values and resulted in increased productivity and profitability. With a strong customer focus, unwavering integrity, and a dedicated team, AVNL made significant strides in demonstrating its manufacturing capabilities by delivering high-quality Armoured Vehicles to its Indian customers on time.

Material Developments in Human Resource, Industrial Relations Front

The role of human resources is pivotal for organizations aiming to cultivate a culture that reflects core values and aspirations while effectively managing the organization's most valuable asset i.e. its people. Human resources play a crucial role in translating the Vision and Mission into actionable strategies, policies, and practices that drive employee engagement and monitor performance over the short and long term. Through these systems, human resource management ensures employees are aligned with organizational goals, motivated to contribute to its success, and steadfast in upholding its values.

HR Vision

To be a strategic business partner that enables AVNL to be a world class manufacturer and trusted global brand through attraction, retention and engagement of a talented, diverse inclusive workforce.

HR Mission

- Providing an agile efficient and effective HR infrastructure aligned with the company's strategic plan that provides best-in-class HR services.
- Maintaining higher level of customer satisfaction and supporting organizational and fiscal growth.
- Fostering positive culture and inclusive diverse work environment that values the company greatest asset, its people and encourages and empower the staff and employees.
- Promoting a rewarding work experience that supports recruitment, hiring engagement and retention of top tier talent.
- Recruiting, hiring and investing in superior talent and promoting learning environment that includes professional career development programs that enable people to realize their full potential and maximize their performance.

Alignment of HR Policies with Business

- Analyzing the organisation
- Aligning the HR strategies with the company's vision & mission
- Involvement and development of the human resource towards the goal Communicating statements to the employees
- Designing training and development programmes
- Performance management and evaluations
- Fostering employee engagement and motivation

AVNL employed 9731 employees as of March 31, 2026. All employees are on deemed deputation. As a company, AVNL faces challenges with the entry of large corporate entities into its field. It is crucial that AVNL's HR policies are designed to anticipate and adapt to future customer needs. With a strong focus on Research and Development, AVNL continually absorbs new technological developments to maintain its competitive edge.

AVNL has recognized the significance of continuous learning and operates three institutions dedicated to excellence in learning and development. They have the autonomy to strategize, execute, implement, and evaluate their learning outcomes. This independence allows them to diversify their programs and courses to meet contemporary needs effectively. They are empowered to collaborate through MoUs with educational institutions, businesses and industry, enhancing their teaching and learning capabilities while fostering innovation and personal development.

In order to enhance the competency and capability of all its employees (Executives as well as Non Executives), AVNL has fixed 100% Annual Training Target for all the categories. Moreover, AVNL has tied up with reputed Technological and Management Training Institutes for capacity building of its employees through training interventions to prepare them as leaders who would drive the growth of the Company.

Being an Armoured Vehicle manufacturer, it is essential for AVNL not only to train its own employees but also to ensure that users, such as EME personnel servicing these specialized equipment and quality personnel are well informed about various manufacturing processes, maintenance procedures and related services. Specialized courses include training on Gun Control Systems, Optical Navigational Systems, operation and maintenance of BLTs, and engines for Armoured Vehicles and Military Trucks. This comprehensive training covers defect investigations, operational and maintenance aspects of Armoured Vehicles and Military Logistics Vehicles.

In order to meet the quantitative and qualitative manpower requirements of the AVNL Units emanating from operational imperatives, hiring of domain experts and professionals is absolutely necessary, particularly when there is no recruitment of regular employees for want of Govt. sanction. Hence, AVNLCO has formulated Policies for contractual engagement of professionals.

Through these engagement policies, AVNL is striving to meet its requirements of manpower in the domains of R&D, Production Planning, Material Management, Quality, Production, Finance & Accounts and Human Resource Development (HRD) etc.

AVNL has implemented a comprehensive workforce policy that not only enhances manpower planning but also fosters talent development through structured engagement. A key component is the Annual Requirement Plan (ARP), created by each unit to systematically assess and categorize the need for technical and non-technical personnel. This ensures efficient workforce allocation based on clear benchmarks and performance expectations.

Environmental & Pollution Control

AVNL had taken various initiatives, for sustainable development of the natural resources and developed the best practices in order to maintain a clean environment and improve the eco-system. In order to prevent pollution control, various green energy measures were undertaken by AVNL like replacement of incandescent lamps with LED lights, installation of energy efficient Desert Cooler, Turbo Ventilators, ACs, Variable Frequency Drives (VFD), micro controller based APFC panel reducing energy consumption, initiating thermal insulation by providing cladding in select buildings, adopting BEE, ECBC guidelines on green buildings to reduce energy consumption, phased replacement of utility vehicles with e-vehicles, replacement of conventional ceiling fans with BLDC ceiling fans in a phased manner. These measures in conserving the natural resources will go in a long way in maintaining the environment. In order to reduce the water consumption and also to conserve rain water extensive rain water harvesting plants have been constructed in the AVNL estate. All the water bodies which were covered with invasive species have been desilted and collected with storm water drains and thus have got restored to a full-fledged water body, recharging the ground water.

Segment-wise or Product- Wise Performance

The Ministry of Corporate Affairs, Government of India vide Notification No. S.O. 802(E) dated 23 Feb 2018 granted exemption to the Companies engaged in defence production to the extent of application of relevant Accounting Standard on segment reporting. Hence, the segment-wise/ product-wise performance is not appended to this Report.

Conservation of Energy, Technology Absorption and Foreign Exchange

As a defence Central Public Sector Enterprise (CPSE), AVNL was granted exemption vide Notification GSR No.680 (E) dated September 4, 2015, from the disclosure of information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo under the provisions of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014.

Corporate Social Responsibility

Relevant information in this regard is disclosed in **Annexure- D** of the Board's Report.

Cautionary Statement

Certain Statements made in the Management Discussion and Analysis Report related to the Company's Strength, Strategies, objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government policies, regulations and taxation, natural calamities and so on over which the Company does not have any direct/ indirect control.

Annexure - D

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE YEAR 2025-26.

1. Brief outline on CSR Policy of the Company.

AVNL has formulated a CSR Policy which shall at all times endeavour for upliftment and betterment of the neglected and underprivileged sections of the society by identifying and fulfilling the needs in the local vicinity where it operates, by following means:

- To take up programmes that benefit the communities and enhancing the quality of life & socio-economic wellbeing of the people.
- To aim at supplementing the role of Government in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of the activities.
- Contributing to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Society.
- Collaborating with community institutions (Government/Non-Government) for achieving fulfilment of the above objectives.

2. Composition of Corporate Social Responsibility Committee (During the year):

S.No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1.	Shri Sanjay Dwivedi	Chairman & Managing Director/ Chairman of CSR Committee	1	1
2.	Shri Biswaranjan Pattanaik	Director (HR)/ Member of CSR Committee*	1	1
3.	Shri Satyabrata Mukherjee	Director (Operations)/ Member of CSR Committee	1	1
4.	Dr. Garima Bhagat	Govt. Nominee Director/ Member of CSR Committee**	NA	NA

*Member upto 31.08.2025 ** Member w.e.f. 26.09.2025

3. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.

(i) Composition of CSR Committee Web-link: https://avnl.co.in/index.php/committee

(ii) CSR Policy Web-link: https://avnl.co.in/files/avnl_documents/AVNL_CSR_Policy.pdf

(iii) Approved CSR Projects Web-link: https://avnl.co.in/csr-activities-sustainable-development- initiatives

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not applicable

5.

(Rs in Lakhs)

(a)	Average net profit of the Company as per sub-section (5) of section 135	55248.5
(b)	Two percent of average net profit of the Company as per sub-section(5) of section 135	1104.97
(c)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years	-
(d)	Amount required to be set off for the Financial Year, if any	-
(e)	Total CSR obligation for the Financial Year [(b)+(c)-(d)]	1104.97

(Rs in Lakhs)

6.			
	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	195.08
	(b)	Amount spent in Administrative Overheads	7.92
	(c)	Amount spent on Impact Assessment, if applicable	-
	(d)	Total amount spent for the Financial Year [(a)+(b)+(C)]	203

(e) CSR amount spent or unspent for the Financial Year

Total Amount Spent for the Financial Year (Rs in Lakhs)	Amount Unspent (Rs in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount Transferred to any fund specified under Schedule VII as per second proviso to subsection (5) of section 135		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
203	901.97	24th April 2026	-	-	-

(f) Excess amount for set-off, if any:

(Rs in Lakhs)

S.No.	Particular	Amount
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	-
(ii)	Total amount spent for the Financial Year	-
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	-
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous Financial Years, if any	-
(v)	Amount available for set off in succeeding Financial Years [(iii)-(iv)]	-

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

(Rs in Lakhs)

S. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135	Balance Amount in Unspent CSR Account under subsection (6) of section 135	Amount Spent in the Financial Year	Amount transferred to a Fund specified under schedule VII as per second proviso to sub section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, inf any
					Amount	Date of Transfer		
1	2024-25	445.30	445.30	361.90	-	-	83.40	-
2	2023-24	387.20	169.77	50.00	-	-	119.77	-
3	2022-23	117.86	0.08	-	0.08	8th May 2025	0	-

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital assets created/ acquired: **Not applicable**

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not applicable

S. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or assets(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered Address
NA	NA	NA	NA	NA	NA	NA	NA

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal office/Municipal Corporation/ Gram Panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per subsection (5) of section 135:

The entire amount of CSR Obligation for FY 2025-26 of Rs 1104.97 Lacs was decided to be spent on 'Ongoing Projects' approved by CSR Committee as per CSR Policy of the Company.

During Financial Year 2025-26, the Company spent Rs 203 Lacs out of total CSR Obligation of Rs 1104.97 Lacs as per Sec 135(5). The Balance unspent amount of Rs 901.97 Lacs was transferred to a separate Bank Account, namely 'Unspent CSR Account' in accordance with Sec 136(6). The Unspent amount will be spent within a period of three financial years from the date of such transfer as permitted under Sec 135(6).

For and on behalf of the Board of Directors of
Armoured Vehicles Nigam Limited

Sd/-

(Satyabrata Mukherjee)
Chairman- CSR Committee and
Chairman & Managing Director
DIN: 09282280

Sd/-

(Sandeep M Salve)
Member- CSR Committee and
Director (HR)
DIN: 11574871

Date: 04th September 2026
Place: Avadi, Chennai

Annexure - E

FORM No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2026

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
ARMOURED VEHICLES NIGAM LIMITED
U35990TN2021GOI145504
C/o Armoured Vehicles Headquarters,
HVF Road, Bhaktavatsalapuram,
Avadi, Chennai 600054.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ARMOURED VEHICLES NIGAM LIMITED** (U35990TN2021GOI145504) (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2026, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2026 according to the provisions of:

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

   ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not Applicable for the period under review).

   iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder. (Not Applicable for the period under review).

   iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (Not Applicable for the period under review).
   Being an unlisted Public Company, the regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the company.

2. We further report that, based on examination, on test check basis, of the relevant documents, information received, records maintained and representation received, there are adequate systems and processes in place to monitor and ensure compliance with the below mentioned laws applicable specifically to the Company engaged in the manufacture of Armoured and Military Logistics Vehicles for defence sector and also all other applicable laws, rules, regulations and guidelines, which includes the following :

a) Factories Act, 1948
b) The Water (Prevention and Control of Pollution) Act, 1974
c) The Air (Prevention and Control of Pollution) Act, 1981
d) The Environment (Protection) Act, 1986

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

i) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
ii) Guidelines issued by Department of Public Enterprises (DPE);
iii) Guidelines/Circulars issued by Ministry of Defence from time to time;
iv) Order / Regulations issued by the Govt. of India from time to time;

4. We further report that:

During the period under review, the Company has complied with the provisions of the above Acts, Rules, Regulations, Guidelines and Standards, within the prescribed time or later on payment of additional fees, subject to the following observations:

a) As per Section 149(4) of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Guidelines issued by the Department of Public Enterprises for Corporate Governance, the composition of the Board shall comprise of Independent Directors in proportion to the Functional Directors in the Board. It has been observed that the Company did not have any Independent Directors in the Board during the year under review. Hence, the composition of the Board of Directors of the Company is not in conformity as stipulated under the Companies Act, 2013 and DPE Guidelines on Corporate Governance during the year under review.

Further due to absence of Independent Directors in the Board, the Company has not adhered to the following compliances:

i) Constitution of the Audit Committee, Nomination and Remuneration Committee, as required under the provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance.

ii) As per section 135, the Corporate Social Responsibility [CSR] Committee shall be constituted with three or more directors out of which at least one director shall be an independent director. The Company has constituted CSR Committee with three directors without Independent Director. The business transacted in the Committee meetings has been subsequently ratified by the Board in its meetings.

iii) The Company could not comply with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of a separate meeting of Independent Directors without the attendance of non-independent directors and members of the management for the financial year 2025-26.

It was explained by the Management that the appointment of Independent Directors falls under the purview of the Government of India through the Administrative Department, i.e., the Ministry of Defence (MoD). Accordingly, the Company has no role in the appointment of such Directors. Further the Company has taken initiatives by making multiple requests to the Ministry of Defence for filling the vacant positions of Independent Directors within the stipulated time frame. The Company has also brought to the notice of the Ministry the applicable penal provisions under the Companies Act, 2013, in this regard.

5. We further report that:

Subject to the observations stated above, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The changes in the composition of the Board of Directors and key managerial personnel that took place during the period under review were carried out in compliance with the provisions of the Act

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

The Company has obtained all necessary approvals under the various provisions of the Companies Act, 2013 to the extent applicable; and

There was no prosecution initiated and no fines or penalties were imposed during the year under review under the Securities Exchange Board of India Act, 1992, The Securities Contracts (Regulation) Act, 1956, Depositories Act, 1996, Foreign Exchange Management Act, 1999 and Rules, Regulations and Guidelines framed under the aforesaid Acts against / on the Company, its Directors and Officers.

The Directors have complied with the disclosure requirements in respect of their eligibility for appointment, their independence, wherever applicable and compliance with the Code of Business Conduct & Ethics for Directors and Management Personnel;

We further report that based on the information received, records maintained and representation received, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with all applicable laws, rules, regulations and guidelines.

We further report that during the period under review no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. referred to above have taken place, except for the following:

- In accordance with the provisions of the Act, on 21st May 2025, the Company, by way of Right Issue, allotted 17,30,00,000 Equity Shares of face value of ₹10/- (Rupees Ten Only) each, aggregating to ₹173,00,00,000/- (Rupees One Hundred Seventy Three Crore Only), on a pari passu basis, to The Hon'ble President of India (Through Joint Secretary to Government of India, Ministry of Defence, Department of Defence Production) on account of receipt of CAPEX fund in the form of equity contribution by Government of India.
- In accordance with the provisions of the Act, on 26th September 2025, the Company, by way of Preferential issue, allotted 1,33,47,817 Equity Shares of face value of ₹10/- (Rupees Ten Only) each aggregating to ₹13,34,78,170/- (Rupees Thirteen Crore Thirty Four Lakh Seventy Eight Thousand One Hundred and Seventy Only) on a pari passu basis to The Hon'ble President of India (Through Joint Secretary to Government of India, Ministry of Defence, Department of Defence Production) for consideration other than cash.

*For **S Sandeep & Associates***
Sd/-
S Sandeep
Managing Partner
FCS No.: 5853
C P No.: 5987
PR No: 6526/2025
UDIN: F005853H001367642

Place: Chennai
Date: 03/09/2026

This report is to be read with our letter of even date which is annexed as **Annexure A** and forms an integral part of this report.

ANNEXURE – A

To,

The Members,
ARMOURED VEHICLES NIGAM LIMITED
U35990TN2021GOI145504
C/o Armoured Vehicles Headquarters,
HVF Road, Bhaktavatsalapuram
Avadi, Chennai 600054

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

*For **S Sandeep & Associates***
Sd/-
S Sandeep
Managing Partner
FCS No.: 5853
C P No.: 5987
PR No: 6526/2025
UDIN: F005853H001367642

Place: Chennai
Date: 03rd September 2026

Management reply to the Observation made by the Secretarial Auditor in Secretarial Audit Report for the Financial Year 2025-26

S.No.	Observation by Secretarial Auditor	Management Reply
a.)	As per Section 149(4) of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Guidelines issued by the Department of Public Enterprises for Corporate Governance, the composition of the Board shall comprise of Independent Directors in proportion to the Functional Directors in the Board. It has been observed that the Company did not have any Independent Directors in the Board during the year under review. Hence, the composition of the Board of Directors of the Company is not in conformity as stipulated under the Companies Act, 2013 and DPE Guidelines on Corporate Governance during the year under review. Further due to absence of Independent Directors in the Board, the Company has not adhered to the following compliances: i. Constitution of the Audit Committee, Nomination and Remuneration Committee, as required under the provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance. ii. As per section 135, the Corporate Social Responsibility [CSR] Committee shall be constituted with three or more directors out of which at least one director shall be an independent director. The Company has constituted CSR Committee with three directors without Independent Director. The business transacted in the Committee meetings has been subsequently ratified by the Board in its meetings. iii. The Company could not comply with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of a separate meeting of Independent Directors without the attendance of non-independent directors and members of the management for the financial year 2025-26.	The appointment of Independent Directors falls within the purview of the Government of India through the Administrative Ministry i.e. the Ministry of Defence (MoD). Accordingly, the Company has no role in the appointment of Independent Directors. Further, the Company has taken initiatives by making multiple requests to the Ministry of Defence for filling the vacant positions of Independent Directors on the Board within the stipulated time. The Company has also brought to the notice of the Ministry the applicable penal provisions under the Companies Act, 2013, ensuring compliance with the statutory requirements.

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Members of M/s. ARMOURED VEHICLES NIGAM LIMITED
Report on the Audit of Financial Statements

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, 2026, 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 material accounting policies and other explanatory information (hereinafter referred to as "the financial statements") which include the financial results of five units namely, 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, for the year ended on that date, audited by other unit auditors.

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 and adverse opinion paragraph relating to MTPF unit, 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, subject to the adverse opinion given by the Unit Auditor in respect of MTPF, 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, 2026, 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

i. As reported by the unit auditors of VFJ, EFA, OFMK, HVF & MTPF, the trade receivable balances including advances and the balances of sundry creditors are not supported by balance confirmations from the parties. Several of these balances have remained static with no movement during the year. Wherever the confirmations have been received in respect of some balances there are differences compared to the balances in the books. In the absence of complete balance confirmation, reconciliations, invoicewise ageing records and supporting documentations, the trade receivables and other financial assets could have been overstated and impairment losses may be understated in the financial statements as the management have not performed an ECL assessment thereby showing a deviation from the requirements of Ind AS 109, the impact of non-confirmation and non-reconciliation of such balances in the financial statements is not known.

ii. There were long outstanding debtors and creditors in the books of accounts of the units as reported by the respective unit auditors from the date of corporatization. The details or other evidences are not available to determine the recoverability or absolute liability. The following balances with comments in respect of such debtors and creditors as shown by the unit auditors are to be noted

MTPF: Sundry creditors – Rs. 2,187.70 lakhs

HVF: Creditors showing a debit balance of Rs. 115 lakhs and debtors having credit balance of Rs. 132 lakhs

VFJ: Customer advance - Rs. 5,788.88 lakhs

OFMK: Opening balance taken over Rs. 456.11 lakhs

iii. The units have not carried out or documented a formal assessment of impairment indicators for its property, plant and equipment and the useful life of such fixed assets has not been formally determined and documented by the AVNL technical committee, as reported by some of the unit auditors The absence of such assessment may result in overstatement of asset values and understatement of depreciation/impairment charges, thereby not complying with the provisions of Ind AS 36

iv. Fair value was not properly arrived in respect of assets available in EFA unit and the condemned assets continued to be shown in books

v. In respect of VFJ the capital work in progress amounting to Rs. 708.12 lakhs due for capitalisation in the previous year was not done and capitalised in the current year, non-compliance of Ind AS 8

vi. The intangible assets should be valued at the end of each financial year to arrive at the impairment as per Ind AS 38. The present policy states that Intangible asset shall be amortised over their useful life on a straight-line basis, the financial impact could not be assessed.

Basis for Adverse opinion in respect of MTPF unit

1. **Internal contradiction in provisions:** While the provision balance (relating to Liquidated Damages – LD charges) has been updated on the face of the Balance Sheet as at March 31, 2026, the corresponding disclosure in the Note no. 27 carries forward the previous year's figures without modification, contrary to the presentation requirements of Ind AS 1 and Ind AS 37. Similarly, comparative figures of contingent liabilities have not been correctly carried forward. The note disclosures do not reflect the correct status of the Company's provisions.

2. **Accrual basis not consistently followed:** Certain income – including lease income and recovery of electricity charges and penalty of Rs. 1,000 per month for delay from HDFC Bank in respect of its ATM in the Unit's premises – has been accounted on a receipt basis rather than on accrual, contrary to the accrual basis of accounting under Ind AS. The impact on the Statement of Profit and Loss has not been ascertained.

3. **Other liabilities – Note no. 17:** The Unit has created a provision towards common services expenses amounting to Rs. 1,545.51 lakhs as at March 31, 2026, payable to Yantra India Limited. Management has not provided the basis of working or supporting documents for the creation of the said provision. Further, the provision was created on a monthly basis during the year without any corresponding payments to Yantra India Limited. In the absence of sufficient appropriate audit evidence regarding the occurrence, measurement and completeness of the liability, we were unable to determine whether the said provision reflects a true and fair view in the financial statements.

4. **Provision for Warranty – Note no. 18, disclosure no. i:** The Unit makes a provision for warranty at 1% on sales to each unit except inter-unit sales. Expenses incurred towards warranty are debited to the Statement of Profit and Loss instead of being set off against the said provision, and the excess provision reversed is credited by debiting the Statement of Profit and Loss instead of being shown separately as other income. The warranty provision made appears to be on the higher side as compared with the actual cost incurred, if any.

5. **Trade Payables – MSME / Section 43B(h) – Note no. 15:** The Unit has MSME vendors. The Unit accounts for purchases based on receipt vouchers rather than invoices, which may lead to disallowance under Section 43B(h). Further, interest provided for delay in payment to Micro and Small creditors during FY 2022-23, FY 2023-24 and FY 2024-25 has not been continued during the current year and the liability provided towards interest is only for payables outstanding as on 31.3.2026. As no time limit is stipulated under the MSMED Act, 2006 for claiming interest on delayed payments, the premature reversal results in an understatement of liabilities. Further, the Unit has also not maintained proper records to identify and classify suppliers registered under the MSMED Act, 2006, and as sufficient information and vendor confirmations are not made available, the disclosures required under the Act and Schedule III may be incomplete or misstated.

6. **Deemed Contracts – Note no. 10, disclosure no. i:** The Unit delivers products on the basis of Deemed Contracts. However, reconciliation of Sales (amount/quantity/rate) with the Deemed Contracts was not made available for our verification.

7. **Security Deposits and Earnest Money Deposits – Note no. 8, 16:** The partywise details of Security Deposit with Customers (including EMD) of Rs.1455.38 lakhs appearing on the Asset Side and Security Deposit (including EMD) of Rs.1455.38 lakhs appearing on the Liability side, taken over from the erstwhile Defence Accounts Department on corporatisation w.e.f. 01.10.2021 (i.e. as at 30.09.2021), are not available.
8. **TDS Reconciliation:** Reconciliation of GST-TDS and TDS/TCS credit as per Form 26AS, the Annual Information Statement (AIS) and the Taxpayer Information Statement (TIS) has not been carried out / accounted for in the financial statements.
9. **GST Reconciliation – Note no. 17:** The Unit has reported a negative GST balance of Rs.1512.22 lakhs under Current Liabilities; a net debit balance presented as a negative liability requires examination for correct classification under Ind AS 1 (asset vs. liability). Management did not provide the underlying workings, reconciliations or supporting documentation. Input GST credit claimed and availed was not reconciled with GSTR-2B, and reconciliation between the books and the GST returns filed has not been carried out. In the absence of such records, it was not possible to verify the accuracy, completeness, recoverability and classification of the GST balances reported.
10. **Revenue from operations – Note no. 22:** The sales recorded appear to be on the higher side as compared with the cost of goods sold (including direct expenses), the gross profit margin being approximately 50%. In the absence of deemed-contract details, cost sheets and in view of the reversal of sales recorded without proper documentary evidence, it was not possible to comment on the actual sales and profitability for the year.

    The qualified opinions and adverse opinion in respect of MTPF given by the unit auditors have been considered wherever it is impacting the company as a whole.

    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

1. Capital work in progress: CWIP is booked to the extent of payment made for successful installation of machinery. The balance amount is paid at a later date and as per the terms of contract. No liability towards that balance payment is created in the books.
2. Liquidated damages on sales: The amount has to be reduced from sales as per Ind AS 115. Instead, the company has shown an amount of Rs. 29,551.74 lakhs under other expenses.
3. The Inter Unit balance differences including stock in transit and under inspection at units level were given accounting effect at HO after the audit of respective units and on the basis of confirmation from the respective units.
4. **Fixed Assets — Land (Title / Mutation / Registration)**

    Land parcels transferred from / linked to the Government of India (or handed over by defence authorities) are capitalised in the books, but legal title, mutation or registration in the company's name is incomplete or pending across every unit covered in the document.

Units involved: EFA, HVF, VFJ, MTPF, OFMK

Unit	Audit comments
EFA	Freehold land of 82.385 acres valued at Rs. 162.41 crore transferred from Government of India to AVNL; transfer of Title Deeds not complete; capitalised based on MoU dated 29.09.2021 (Disclosure 5, Note 3).
HVF	Title/conveyance for certain land and buildings transferred from Government of India is under process; financial impact of future registration/updating costs cannot presently be ascertained (Disclosure 15, Note 3).
VFJ	Company holds 927.88 acres of land, of which only 27.45 acres has been mutated in the company's name; balance 900.43 acres title deeds not held in company's name, recorded on the basis of MoU between GoI and AVNL, mutation under process (Disclosure 5 & 15, Note 3).
MTPF	Value of land admeasuring 80.06 acres not recognised in the books, as no agreement has been reached with Yantra India Limited for segregation of the specific land area between MTPF and Yantra India Limited (Disclosure 5, Note 3).
OFMK	Excess land parcel of 120.62 acres (difference between company records and Directorate Ordnance (C&S) handing-over document) capitalised per addendum valuation report by R.K. Patel, FY 2022-23, approved by Ministry of Defence and the Board; 67 acres pending formal registration pending reconciliation with state government authorities; 200 sq. ft. of land under encroachment, matter taken up with the District Collector for eviction/recovery (Note 3).

5. Inventory

i. Stock under Inspection (IGP raised, Receipt Voucher not issued / pending Quality Check)

Inventory for which Inward Gate Passes have been generated but Receipt Vouchers not issued, or items pending quality check, is carried/provided for without independent verification of existence, in three of the five units.

Units involved: EFA, VFJ, OFMK

Unit	Audit comments
EFA	Inventory includes products under inspection (IGP generated, RV not issued) and items pending Quality Check aggregating Rs. 0.11 crore; these were not subjected to physical verification by M/s. G. R. Kumar & Co. LLP during the year, so existence could not be independently verified and is based on management representations (Disclosure 6, Note 9).
VFJ	Provision made for value of stock under inspection (IGP made, RV not made / items under quality check) aggregating Rs. 346.665 lakhs; includes items pending beyond 12 months; reasons for the delay in completing quality check, issuing RV, or intimating rejection to vendors were not made available.
OFMK	Value of goods amounting to Rs. 3,673 lakhs not considered under stock as the Receipt Voucher has not been made; a provision for the value of stock under inspection has been made.

ii. Slow-Moving Stock

No provision/write-down recognised for slow-moving inventory.

Unit	Audit comments
EFA	No provision/write-down has been recognised in respect of slow-moving inventories aggregating Rs. 7.78 crore (Disclosure 2, Note 9).

6. Inventory / Payables — Goods Rejected, Not Recognised

Rejected imported goods and related advance/payment not reflected in the books; impact undeterminable.

Unit	Audit comments
EFA	Goods valued at Rs. 9.88 crores supplied by M/s. RoE Russia were rejected on account of quality deficiencies and not recognised as inventory in the books; the corresponding advance/payment towards procurement is also not reflected in the books. In the absence of sufficient and appropriate audit evidence on current status and recoverability, the auditor was unable to determine whether any asset, receivable, provision, write-off, disclosure or other consequential adjustment was required, and the consequential impact thereon.

7. Provisions — Escalation Claims from Related DPSU Units

Provision recognised on the basis of a government communication without corroborating claims/debit notes.

Unit	Audit comments
HVF	Provision of Rs. 3,464.45 lakhs made for escalation on purchases from other DPSU units based on communication from the Department of Defence Production; no corresponding claims/debit notes from respective parties were made available, and probability/timing of settlement could not be ascertained. In the absence of sufficient appropriate audit evidence, the auditor is unable to determine whether adjustment is required to provisions, purchases/expenses, profit for the year and net assets (Note 18).

8. Trade Payables

i. MSMED Act Compliance

Interest provision for delayed MSME payments reversed within a year, and suppliers not properly classified under the MSMED Act.

Unit	Audit comments
OFMK	Interest provided in the previous year for delay in payment to Micro and Small creditors was reversed during the current year, i.e., within one year. As there is no stipulated time period under the MSMED Act, 2006 for claiming such interest, the auditor states the provision should have been continued for at least 3 years (limitation period) before reversal. Further, the company has not maintained proper records to identify and classify suppliers registered under the MSMED Act, 2006; due to lack of proper bifurcation and vendor confirmation, disclosures required under the Act are incomplete (Notes 27 and 15).

ii. Write-back of Sundry Creditors

Write-back of long carried-forward creditor balances during the year.

Unit	Audit comments
OFMK	Write-back of carried-forward balances under Sundry Creditors – Others amounting to Rs. 11,542 lakhs during the current financial year (Disclosure 4, Note 23).

9. Revenue — Lease Income Not Recognised

Lease income from a related DPSU not recognised; impact unascertained.

Unit	Audit comments
OFMK	Lease Income from Mishra Dhatu Nigam Limited (Midhani) is not recognised; the impact of the same is unascertained as no information is available (Disclosure 4, Note 28).

Our opinion is not modified in respect of the above matters presented under "Emphasis of Matter".

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
We draw attention to the fact that the Company has two softwares Tally for accounting and PPC for operational transactions. PPC is not integrated with the Financial Accounting software i.e., Tally, considering the size and nature of operations of the entity, we suggest to have a robust accounting system to be in place to avoid any kind of errors. And also noticed that data in Tally is imported from the data in excel sheets.	Our audit procedure included among others obtaining an understanding of the process for transfer of data between PPC and tally, evaluating the design and implementation of relevant control, testing selected reconciliation performed by management between two systems and performing substantive audit procedures on a sample basis to assess the completeness and accuracy of transaction recorded in the financial statements

Other matters

The 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, were audited by other auditors and their observations have been considered in this report.

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 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 Directors 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 2026 (Refer Disclosure 5 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 reports 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 Unit Auditor's report in this respect, we report that the Company has in use multiple software such as Tally Prime & PPC for maintaining its books of accounts. With regards to Tally Prime, a feature of recording audit trail called 'Edit Log' is not available and enabled throughout the year for all relevant transactions recorded in the software in respect of the units HVF, VFJ, OFMK & MTPF. The audit trail feature has not been tampered with and the audit trial has been preserved by the Company as per the statutory requirements for record retention.

With regard to 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 exist to curtail any discrepancies.

For Joseph & Rajaram
Chartered Accountants
Firm Reg. No. 001375S

Sd/-
Lakshminarayanan R
Senior Partner
M.No.016246
UDIN: 26016246NLQBIA8092

Place: Chennai
Date: 22/07/2026

Annexure "A" to the Independent Auditor's Report

(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. 74 Lakhs and the same has not been verified.

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

Unit MTPF: Unadjusted variances of Rs. 8.88 lakhs were observed between fixed asset register and financial statements

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

(b) According to the information and explanations given to us, the physical verification of Property, Plant and Equipment at the Corporate Office, Engine Factory Avadi (EFA) PPE of Fair value of Rs. 14.76 crores and Heavy Vehicles Factory (HVF) for 77 items of plant and machinery was not conducted. 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

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	01-10-2021	Transferred from Government of India to the newly formed DPSU, AVNL. The conveyance of Title Deeds in favour of the company is under process.
		21,759.00			31-03-2023	
Property, Plant & Equipment	Buildings	77,642.26			01-10-2021	

We refer to Disclosure. 15 of Note 3 to Financial Statements; the reconciliation of land transferred from Directorate of Ordnance (C&S) is 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 reports given by the Unit Auditors', the inventory (including non-moving stock) 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 HVF & EFA.

Unit – HVF: The physical verification did not cover non-moving inventory amounting to Rs. 13,044.67 lakhs, which constitutes approximately 3.43 per cent of total inventory as at 31 March 2026. Considering the nature, value and risk associated with such non-moving inventory, including its specialised and security sensitive nature, in our opinion, the coverage of physical verification of inventory was not appropriate to that extent.

It was also observed from the financial statements and records made available to us that inventories include stock under inspection of Rs. 41,002.46 lakhs and stock in transit of Rs. 3,043.85 lakhs. Certain balances pertain to prior periods and, in some cases, receipt vouchers or related accounting records were not available or were not generated as at the reporting date.

There were discrepancies in physical verification of stock as per stock audit report.

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. 1.96 crores. The Unit has made provision in the books for the shortage; an internal committee was formed to verify the unverifiable inventory.

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. No quarterly returns are filed with the bank and an utilisation statement is only submitted.

(III) According to information and explanation given and audit procedures performed, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

(IV) According to the information and explanations given and on the basis of our examination of the records of the Company, the Company has neither made any investments nor has it given loans or security as specified under Section 185 of the Companies Act, 2013 ("the Act") and the Company has not provided any security as specified under Section 186 of the Act. 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 was 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 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.

In respect of MTPF unit, a sum of Rs. 99,569/- of welfare cess has not been deposited and interest on MSME suppliers of Rs. 77,56,986/- has not been paid

(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, 2026, on account of any dispute, are as follows:

Name of the Statute	Name of the Due	Amount Demanded (Rs. in Lakhs)	Amount Paid (Rs. in Lakhs)	Period to which the amount related	Forum where dispute is pending	Remarks, if any
In respect of OFMK						
Goods and Services Tax Act, 2017	Tax	12.16	1.22	FY 2017-18	Appellate Authority	-
Goods and Services Tax Act, 2017	Tax & Penalty	32.24	2.93	FY 2017-18	Appellate Authority	-
Goods and Services Tax Act, 2017	Tax & Penalty	47.75	4.34	FY 2021-22	Appellate Authority	-
In respect of EFA						
Goods and Services Tax Act, 2017	Tax & Interest	2.34	0.12	2019-20	Appellate Authority	Amount paid represents pre-deposits
Goods and Services Tax Act, 2017	Tax & Interest	2.11	0.10	2018-19	Appellate Authority	Amount paid represents pre-deposits
Goods and Services Tax Act, 2017	Tax & Interest	1.38	-	2021-22	Appellate Authority	-
In respect of VFJ						
Goods and Services Tax Act, 2017	Tax & Interest	1283.73	-	-	MP High Court	-
In respect of HVF						
Goods and Services Tax Act, 2017	Tax, Interest & Penalty	32,559.58	1,433.00	2017-18 to 2021-22	Appellate Authority	-
Customs Act, 1962	Duty & Interest	2,853.79	165.00	2023-25	CESTAT	-

(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 and the information and explanation given, 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 wilful 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, 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 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 noted to the financial statements.

(XIV)(a) According to the information and explanations given, the Company has an internal audit system commensurate with the size and nature of its business; which needs to be strengthened in MTPF unit.

(b) The reports of the Internal Auditors for the period under audit were considered to the extent the reports have been submitted.

(XV) According to the information and explanations given, 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, 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, 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 except for the matters specified in the basis for qualified/adverse opinion, 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) 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, there is no requirement to prepare Consolidated Financial Statements.

For Joseph & Rajaram
Chartered Accountants
Firm Reg. No. 001375S
Sd/-
Lakshminarayanan R
Senior Partner
M.No.016246
UDIN: 26016246NLQBIA8092

Place: Chennai
Date: 22/07/2026

Annexure "B" to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of **M/s. ARMOURED VEHICLES NIGAM LIMITED** as of 31 March 2026 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("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 over Financial Reporting

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 over Financial Reporting

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 2026, 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) Multiple software applications including PPC & Tally are being used by the company which are not integrated. The absence of full system integration and reliance on manual intervention indicate deficiencies in control relating to data transfer, reconciliation and financial reporting.

As the PPC 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.

(d) Enormous delay between dispatch of goods and registering income vice versa was noticed in some units.

(e) The control on timing of capitalisation of assets needs toning up

(f) Generally, it is noticed from the audit reports of the units that there is variance between books of accounts and GST returns filed. Reconciliation of difference in ITC has not been done in some units.

(g) Lack of internal control in respect of inventory management as reported by EFA, HVF & VFJ

(h) Companies internal control over scrutiny and verification of documents submitted by bidders in the tendering process is inadequate as reported by the unit auditor of VFJ

(i) Expenses, debit notes, credit notes and other transactional adjustments are recorded only at the time of final settlement of payment thereby causing misstatement of revenue as reported by the unit auditor of HVF.

(j) Partywise details of security deposits are not maintained by some units.

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 Joseph & Rajaram
Chartered Accountants
Firm Reg. No. 001375S

Sd/-

Lakshminarayanan R
Senior Partner
M.No.016246
UDIN: 26016246NLQBIA8092

Place: Chennai
Date: 22/07/2026

Annexure "C" to the Independent Auditor's Report

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 30.09.2026 vide Letter No.: 1(5)/2023/EGOM/OF/DP(M&P) dated 04.11.2025. 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 as on the date of balance sheet had 3 employees (Directors) and all of them are eligible only for leave encashment. The amount payable as leave encashment for Director operations is provided for. The other Directors are not eligible as per information given. There are no investments for fair value assessment under Ind AS 113 or Ind AS 19.

(II) Whether the company has a system in place to process all the accounting transactions through IT System? If yes, whether review of this system and control that are significant to the Companies financial reporting process as well as cyber security has been done by Information Security Auditing Organisation empanelled by Cert-IN at minimum frequency of once in a year and material discrepances found, if any have been suitably reported? The implication of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications may also be reported.

The Company uses "Tally Prime" as their Accounting Software for recording its financial transactions which is supported by PPC. The units use PPC for reporting and data collection to capture all the financial data. However, Tally Prime and PPC 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.

There is cyber security system but the report dated June 2024 was only available.

(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.

No fund by way of grant was received during the year by the company.

(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 Regularity 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 highlighted

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 it is not listed in the stock exchange. The provisions of CERT-IN are reported to have been complied with. The Company is of the opinion that the regulations of all other departments are not applicable to them.

For Joseph & Rajaram
Chartered Accountants
Firm Reg. No. 001375S
Sd/-
Lakshminarayanan R
Senior Partner
M.No.016246
UDIN: 26016246NLQBIA8092

Place: Chennai
Date: 22/07/2026

Additional/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 2025 has been completed during the Financial Year 2025-26? If there is any deviation; the reasons, nature of deviation and its impact on financial statements may be stated.

The following points, unitwise wherever there is deviation, are furnished.

Unit: VFJ - The title deeds in respect of land are yet to be registered in the name of the Company. Around 900.43 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 2026 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 – The transfer of title over land is still under process. The assets were capitalised through a net asset value adjustment

Unit: OFMK – Transfer of title over land to AVNL is still under process to the extent of 67 acres all other assets and liabilities have been transferred as on 01.10.2021.

(II) Whether the Company has carried out reconciliation exercise pertaining to inter-company/intracompany 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.

Inter-Unit balances are reconciled at the year end except for the units mentioned below.

OFMK – Inter unit balances remain unreconciled as of the reporting date. There is a difference of about Rs. 13,000 lakhs

EFA – Interunit reconciliation statement was not available Differences were observed in VFJ (Rs. 0.09 Cr) and OFMK (Rs. 3.11 Cr)

However, subsequent to the audit of the units on the basis of information from units, the unit balance differences have been reconciled/adjusted at HO level.

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.

The details are furnished unit wise below

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), Ambernath 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 900.43 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 – Mutation of 505.568492 acres out of 1382.607 acres of HVF land in the name of AVNL has been completed. Mutation of balance land is under process by Tiruvallur District Collector Office.

Unit: OFMK – Title over land to AVNL is still under process to the extent of 67 acres. However, land has been capitalised in the books based on MoU between GOI and AVNL. An area of 200 sq. Ft. of land is under encroachment.

(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 2025-26 is yet to be initiated by the Company. Hence, we are unable to comment on the actual implementation of the pricing policy.

(V) 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. G R Kumar & Co., Chartered Accountants, during the year. Discrepancies noticed on such verification, included shortages amounting to Rs. 1.93 crores and Rs. 1.26 crores worth inventory were not available for verification. The Unit has made provision in the books for the shortage, and an internal committee was formed to verify the unverifiable inventory.

Unit: HVF – The physical verification did not cover non-moving inventory amounting to Rs. 13,044.67 lakhs, which constitutes approximately 3.43 per cent of total inventory as at 31 March 2026. Considering the nature, value and risk associated with such non-moving inventory, including its specialized and security sensitive nature, in our opinion, the coverage of physical verification of inventory was not appropriate to that extent.

It was also observed from the financial statements and records made available, that inventories include stock under inspection of Rs. 41,002.46 lakhs and stock in transit of Rs. 3,043.85 lakhs. Certain balances pertain to prior periods and, in some cases, receipt vouchers or related accounting records were not available or were not generated as at the reporting date.

There were discrepancies in physical verification of stock as per stock audit report.

Unit – VFJ: The systems and procedure relating to valuation, treatment of non-moving items and handling of shortages/excess in respect of stock were found to be inadequate.

For Joseph & Rajaram
Chartered Accountants
Firm Reg. No. 001375S
Sd/-
Lakshminarayanan R
Senior Partner
M.No.016246
UDIN: 26016246NLQBIA8092

Place: Chennai
Date: 22/07/2026

MANAGEMENT'S RESPONSE TO THE QUALIFIED OPINION OF STATUTORY AUDITOR

Qualified Opinion	Management Response
1. As reported by the unit auditors of VFJ, EFA, OFMK, HVF & MTPF, the trade receivable balances including advances and the balances of sundry creditors are not supported by balance confirmations from the parties. Several of these balances have remained static with no movement during the year. Wherever the confirmations have been received in respect of some balances there are differences compared to the balances in the books. In the absence of complete balance confirmation, reconciliations, invoice wise ageing records and supporting documentations, the trade receivables and other financial assets could have been overstated and impairment losses may be understated in the financial statements as the management have not performed an ECL assessment there by showing a deviation from the requirements Ind AS 109, the impact of non-confirmation and non-reconciliation of such balances in the financial statements is not known.	The Company has initiated the process of obtaining balance confirmations from trade receivables, advances, and trade payables for the year ended 31 March 2026. However, confirmations from certain parties were not received as of the reporting date despite follow-up efforts. Since all our Trade Receivables and Trade Payables transactions are with Government/PSU's Management believes that no material adjustment is required to the carrying amount of Trade Payables, Trade Receivables and other Financial Assets as at the reporting date. Management will be undertaking an assessment of Expected Credit Loss (ECL) in accordance with the requirements of Ind AS 109 as required. Army is the major customer of AVNL. The clearance of bills process involves at least 2 to 3 agencies wherein bills submitted by AVNL passes through different channels(Budget, CPA, authorisation authority, verification etc.) before reaching the final payment authority (PCDA) and confirmation is given only for bills lying with PCDA, hence gap is visible in Trade receivables balance of AVNL & customer. Also, these Army units does not involve single PCDA. Every Army unit has a corresponding PCDA Office spread out through the country between Jalandhar, Delhi till Pune. Further, after clearance of the payment, cheque-slips are being issued to the customer, then it comes to AVNL either by hand or by dak which takes nearly 20-22 days sometimes making reconcilations of payments hectic.
2. There were long outstanding debtors and creditors in the books of accounts of the units as reported by the respective unit auditors from the date of corporatization. The details or other evidences are not available to determine the recoverability or absolute liability. The following balances with comments in respect of such debtors and creditors as shown by the unit auditors are to be noted MTPF: Sundry creditors – Rs. 2,187.70 lakhs HVF: Creditors showing a debit balance of Rs. 115 lakhs and debtors having credit balance of Rs. 132 lakhs VFJ: Customer advance - Rs. 5,788.88 lakhs OFMK: Opening balance taken over Rs. 456.11 lakhs	Long-outstanding and unreconciled balances under trade receivables and trade payables, as disclosed in the notes to the financial statements, primarily pertain to the opening balance sheet as at 1 October 2021, being the date of corporatization.The Company has initiated reconciliation and verification exercise to identify, validate, and substantiate these balances based on the available supporting records with AVNL and erstwhile OFB. Based on the reconciliation, appropriate accounting treatment, wherever required, will be carried out in accordance with the applicable accounting standards and the Company's accounting policies. Balances that remain unreconciled , even after completion of the verification process and upon the expiry of three years from the date of corporatization, will be considered for write-off or write-back, as appropriate, after obtaining the necessary approvals from the competent authority and in compliance with the applicable statutory requirements. AVNL Management will write off/write back during the forthcoming year.

Qualified Opinion	Management Response
3. The units have not carried out or documented a formal assessment of impairment indicators for its property, plant and equipment and the useful life of such fixed assets have not been formally determined and documented by the AVNL technical committee, as reported by some of the unit auditors The absence of such assessment may result in overstatement of asset values and understatement of depreciation/impairment charges, thereby not complying with the provisions of Ind AS 36	The useful lives of Property, Plant and Equipment have been reviewed by the Technical Committee, and depreciation has been provided based on the recommendations of the Committee in accordance with the Company's accounting policy and the requirements of Ind AS 16 whereas the assessment of impairment indicators in accordance with Ind AS 36 was not consistently carried out across certain units.Wherever impairment indicators are identified, the Company will carry out a detailed impairment assessment and recognize impairment losses, if any, in accordance with the requirements of Ind AS 36. Based on the information presently available, management is not aware of any material impairment indicators requiring recognition of an impairment loss in the financial statements.
4. Fair value was not properly arrived in respect of assets available in EFA unit and the condemned assets continued to be shown in books	The Company follows the cost model for the measurement of Property, Plant and Equipment in accordance with Ind AS 16. Accordingly, Property, Plant and Equipment are carried at cost less accumulated depreciation and impairment losses, wherever applicable, and are not measured at fair value on a recurring basis.With regard to the condemned assets, the Company has identified such assets based on their physical condition and operational status. These assets continue to be carried in the books pending their disposal. The Company is in the process of identifying suitable buyers and completing the necessary statutory and administrative formalities for their disposal.
5. In respect of VFJ the capital work in progress amounting to Rs. 708.12 lakhs due for capitalisation in the previous year was not done and capitalised in the current year, non-compliance of Ind AS 8	The delay in capitalization of certain Capital Work-in-Progress (CWIP) assets primarly might be due to pending completion of documentation, verification of project costs, and administrative formalities at the respective units. The Company has since capitalized these assets during FY 2025-26 upon completion of the necessary verification process.The Company is reviewing the instances of delayed capitalization to determine whether they constitute prior period errors or whether the capitalization was dependent upon the completion of the requisite documentation and verification.
6. The intangible assets should be valued at the end of each financial year to arrive at the impairment as per Ind AS 38. The present policy states that Intangible asset shall be amortised over their useful life on a straight-line basis, the financial impact could not be assessed.	Wherever impairment indicators are identified, a detailed impairment test will be performed and appropriate accounting treatment will be given in accordance with the applicable Indian Accounting Standards.Based on the information presently available, management is not aware of any impairment indicators that would require recognition of an impairment loss in respect of the Company's intangible assets. However, the assessment process will continue to be strengthened and documented on a periodic basis.

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

कार्यालय महानिदेशक लेखापरीक्षा
(आयुध निर्माणियां) कोलकाता
'आयुध भवन' 10/ए, शहीद खुदीराम बोस रोड
(पूर्वी खंड, 8वां तल), कोलकाता - 700 001

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

OFFICE OF THE DIRECTOR GENERAL OF
AUDIT (ORDNANCE FACTORIES) KOLKATA
'AYUDH BHAWAN'
10/A, SHAHEED KHUDIRAM BOSE ROAD
(EAST WING, 8th FLOOR) KOLKATA - 700 001

No 2331 /T-459/AVNL/Accounts/2026-27 Dated 24 September 2026

Confidential/Speed Post

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

Subject : Comment 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 2026

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 Standalone and Consolidated Financial Statements of M/s Armoured Vehicles Nigam Limited, Avadi for the year ended 31 March 2026.

Receipt of this letter may kindly be acknowledged.

Encl :- As stated.

Yours faithfully,

Sudha Rajan

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

Phone : +91-22-2248-1134 **Fax : +91-33-2248-3291** **E-Mail : pdaof@cag.gov.in**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON FINANCIAL STATEMENTS OF M/s ARMOURED VEHICLES NIGAM LIMITED, AVADI FOR THE YEAR ENDED 31 MARCH 2026

The preparation of Financial Statement of M/s Armoured Vehicles Nigam Limited, Avadi for the year ended 31 March 2026 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on 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 Audit Report dated 22 July 2026.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Standalone Financial Statements of M/s Armoured Vehicles Nigam Limited, Avadi for the year ended 31 March 2026 under Section 143 (6) (a) of the Act. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

Based on my Supplementary Audit, 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.

A. Comment on Disclosure

Inventories (Note No 09): ₹ 5,34,5.12 crore

The above note includes Non-Moving Raw Materials of ₹99.48 crore and Non-Moving Finished Goods of ₹75.58 crore as of 31 March 2026.

Audit observed that in 2024-25, such non-moving inventory was valued at 'Nil' under its then Accounting Policy, instead of at the lower of cost and net realizable value (NRV) as required under Ind AS 2.

In 2025-26, valuation was done based on Valuation Committee assessment, however, no retrospective adjustment was made to the opening inventory/comparative figures, as mandated under Ind AS 8 (para 42 and 49) for correction of material prior-period error/change in Accounting Policy. The Note no 09 is deficient to the extent of disclosure of prior period error.

B. Comments on Auditor's Report

(i) Discrepancies in the Balances of Sundry Debtor/Creditor

(a) The Statutory Auditor reported in the 'basis for qualified opinion' paragraph that there is debit balance of ₹1.15 crore in Sundry Creditors and credit balance of ₹1.32 crore in Sundry Debtors in the Financial Statements of a unit (Heavy Vehicle Factory) of AVNL. However, Audit observed that the Financial Statements showed an amount of ₹10.50 crore as debit

balance of Sundry Creditors and ₹2.36 crore as credit balance of Sundry Debtors. Therefore, there is a factual discrepancy's in the Auditor's Report.

(b) Audit observed that non-movement balance in Sundry Creditors was reported by the branch Auditor (Heavy Vehicle Factory) amounting to ₹35.14 crore as a qualification. The correct figures as observed by the Audit was ₹38.52 crore. The Principal Auditor did not consider this qualification in their Audit Report. This is not in compliance with Standard on Auditing (SA) 600 'Using the work of another Auditor'.

(ii) Provision – Escalation Claims from Related DPSU Units (₹34.64 crore):

The Auditor stated in the 'Emphasis of Matter' (EoM) paragraph that provision of ₹34.64 crore was made for escalation on purchases from other DPSUs, whereas the amount pertains to the previous year with no additional provision made during 2025-26. The EoM para is used by the Auditor for better understanding of the users of Financial Statements as per Standard on Auditing (SA) 706 'Emphasis of Matter Paragraph and Other Matter Paragraph in the Independent Auditor's Report'. This is not in compliance with SA 706.

(iii) "Non-consideration of basis of qualified opinion in Independent Auditor's Report:

The Independent Auditor of the Production Unit reported that accounting of the Unit's share of payments under a long-term multi-party international agreement, extending up to 2037 and linked to Special Drawing Rights (SDR), on cash basis was not in accordance with **Ind AS 109**, which requires recognition and present-value measurement of the Financial Liability. In the absence of formal valuation of the remaining instalments, the consequential impact on liabilities, expenses and reserves could not be quantified.

The above significant qualification reported by the Independent Auditor of the Production Unit was not appropriately considered in the Independent Auditor's Report of AVNL Corporate Office. This is not in compliance with Standard on Auditing (SA) 600 'Using the work of another Auditor'.

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

Sudha Rajan 24/9/26

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

Place: Kolkata
Date: 24 September 2026

MANAGEMENT RESPONSE TO COMMENTS OF C&AG

During the financial year ended 31st March 2025, non-moving inventories were carried at Nil value based on management's assessment, at that time, of their obsolescence, lack of usability and zero net realisable value under the economic and operational conditions then prevailing.

During the current financial year 2025-26, following updated technical evaluations, advice of CAG, changes in market demand and identification of alternative consumption avenues carried out by the Valuation Committees constituted at the respective Units, management re-assessed the economic utility of these items. Accordingly, non-moving Raw Materials of ₹9,948.44 lakh and Finished Goods of ₹7,557.65 lakh (Previous Year: Nil) have been valued at the lower of cost and current net realisable value, in line with the core accounting policy under Ind AS- 2.

As this re-alignment represents a revision of valuation inputs based on new information and developments arising during the current year (rather than the correction of an error that existed in the prior period), it constitutes a change in accounting estimate under Ind AS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), and not a change in accounting policy nor a prior-period error. Consequently, the impact has correctly been recognised prospectively in the Statement of Profit and Loss for the current financial year, and in management opinion no retrospective adjustment to opening balances/comparative figures is required.

Balance Sheet as at 31st March 2026

(Rs in Lakhs)

Particulars	Note No.	As at 31st Mar 2026	As at 31st Mar 2025
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	3	8,33,552.13	8,32,433.39
(b) Capital Work-in-Progress	4	23,500.56	16,445.99
(c) Investment Property	5	1,387.52	1,387.52
(d) Other Intangible Assets	6	74,764.66	527.70
(e) Financial Assets			
(i) Non Current Investments	7	360.68	360.68
(ii) Other Non Current Financial Assets	8	4,020.64	4,180.17
(f) Deferred Tax Assets (Net)	20	6,425.41	-
(g) Other Non Current Assets	13	6,412.68	1,521.76
(2) Current Assets			
(a) Inventories	9	5,34,512.08	3,31,999.87
(b) Financial Assets			
(i) Trade Receivables	10	3,66,808.85	2,26,465.79
(ii) Cash & Cash Equivalents	11	3,27,096.49	1,50,763.95
(iii) Bank Balances [other than (ii) above]	11.1	2,76,703.16	4,82,595.05
(iv) Other Financial Assets	12	15,704.10	20,254.40
(c) Current Tax Assets	19	31,692.76	10,964.99
(d) Other Current Assets	13	3,15,575.05	3,10,435.07
(3) Non Current Assets classified as held for sale	28(3)	15.22	-
TOTAL ASSETS		**28,18,531.98**	**23,90,336.33**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	14(a)	13,61,401.10	13,42,766.32
(b) Other Equity	14(b)/ 21	2,36,209.59	1,27,870.79
Total Equity		**15,97,610.69**	**14,70,637.11**
LIABILITIES			
(1) Non-current Liabilities			
(a) Financial Liabilities			
Other Financial Liabilities	16	65,263.57	-
(b) Deferred Tax Liabilities (Net)	20	-	5,145.45
(2) Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	15		
- Total outstanding dues of micro, small & medium enterprises;		7,752.81	7,994.97
- Total outstanding dues of other than micro, small & medium enterprises		2,54,551.13	2,13,681.05
(ii) Other Financial Liabilities	16	3,548.59	2,847.86
(b) Other Current Liabilities	17	7,42,249.10	6,10,442.17
(c) Short term Provisions	18	1,00,466.03	63,230.38
(d) Current Tax Liabilities	19	47,090.06	16,357.34
TOTAL EQUITY & LIABILITIES		**28,18,531.98**	**23,90,336.33**
Notes including material accounting policies	1-28		

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

As per our report of even dated attached

For Joseph & Rajaram
Chartered Accountants
Firm Regn. No. : 001375S

Sd/-
Lakshminarayanan R
Senior Partner
Membership No.: 016246
Place: Chennai
Date: 22/07/2026
UDIN: 26016246NLQBIA8092

For and on behalf of Board of Directors

Sd/-
Satyabrata Mukherjee
Director-Operations &
CMD(Addl. Charge)
DIN: 09282280

Sd/-
Rajiv Kumar Sharma
Director-Finance
DIN: 11552747

Sd/-
Garima Khare
Company Secretary

Profit & Loss Statement for the Year Ended 31st March 2026

(Rs in Lakhs)

	Particulars		Note No.	For the Year Ended 31 st March 2026	For the Year Ended 31 st March 2025
	INCOME				
I	Revenue from Operations		22	6,09,703.50	4,98,429.29
II	Other Income		23	67,935.35	57,883.26
III	**Total Income (I+II)**			**6,77,638.85**	**5,56,312.55**
IV	**EXPENSES**				
	(a)	Cost of Materials Consumed	24	4,34,078.82	2,78,918.50
	(b)	Purchase of Stock-in-Trade		-	-
	(c)	Changes in Inventories of Finished Goods, Work-in-Progress & Scrap	25	(1,27,843.85)	29,718.51
	(d)	Employee Benefits Expenses	26	1,30,194.53	1,18,884.83
	(e)	Finance Costs		-	-
	(f)	Depreciation and Amortization Expenses	3, 5 & 6	30,292.90	23,865.99
	(g)	Other Expenses	27	80,692.42	59,184.96
	TOTAL EXPENSES (a to g)			**5,47,414.82**	**5,10,572.79**
V	**Profit before Exceptional Items & Tax**			**1,30,224.03**	**45,739.76**
VI	Exceptional Items			-	-
VII	**Profit before Tax (V - VI)**			**1,30,224.03**	**45,739.76**
VIII	Tax Expense				
	-	Deferred Tax		(11,570.86)	(2,893.89)
	-	Earlier years tax		(6,166.74)	(1,216.38)
	-	Current Tax		47,090.06	16,357.34
	Total Provision for Taxation			29,352.46	**12,247.07**
IX	**Profit for the year (VII - VIII)**			**1,00,871.57**	**33,492.69**
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)**			**1,00,871.57**	**33,492.69**
XII	Earnings per Equity Share (Face value of INR 10 each):				
	(1)	Basic		0.74	0.25
	(2)	Diluted		0.74	0.25
Notes including material accounting policies			1-28		

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

As per our report of even dated attached
For Joseph & Rajaram
Chartered Accountants
Firm Regn. No. : 001375S

Sd/-
Lakshminarayanan R
Senior Partner
Membership No.: 016246
Place: Chennai
Date: 22/07/2026
UDIN: 26016246NLQBIA8092

For and on behalf of Board of Directors

Sd/-
Satyabrata Mukherjee
Director-Operations &
CMD(Addl. Charge)
DIN: 09282280

Sd/-
Rajiv Kumar Sharma
Director-Finance
DIN: 11552747

Sd/-
Garima Khare
Company Secretary

Cash Flow Statement for the Year Ended 31st March 2026

Particulars	For the Year Ended 31 st March 2026.	For the Year Ended 31 st March 2025
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	1,30,224.03	45,739.76
Add: Other Comprehensive income		-
Add: Exceptional (Gains)/Losses	-	-
Profit before exceptional items & taxes	**1,30,224.03**	**45,739.76**
Add: Depreciation	30,292.90	23,865.99
Add: Inventory written down (net)	(1,090.90)	63.20
Less: Profit on Sale or Property, Plant & Equipment	(160.83)	(12.54)
Less: Interest on Income Tax Refund	(383.24)	-
Add: Asset Written Off	2.23	15.10
Less: Interest Income	(46,265.49)	(47,008.85)
Operating Profit before Working Capital Changes	**1,12,618.70**	**22,662.66**
Add: Increase in Trade Payables	40,627.93	57,553.38
Add: Increase in Provisions	37,235.66	19,633.41
Add: Increase in Other Current Liabilities	1,97,771.23	(1,35,091.94)
Add: Decrease in Inventory	(2,01,421.32)	(35,486.53)
Less: (Increase) in Trade Receivables	(1,40,343.06)	42,230.20
Less: (Increase) in Other Current Assets	(3,503.04)	(1,44,982.17)
Add: Decrease in Earlier Period Tax	6,166.74	1,216.38
Cash Generated from Operations	**49,152.84**	**(1,72,264.61)**
Income Taxes & Advance Taxes Paid (Net)	(37,075.40)	(6,174.63)
Net Cash Inflow/(Outflow) From Operating Activities	**12,077.44**	**(1,78,439.24)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) /Sales of Tangible Assets	(28,088.86)	(19,807.10)
(Additions)/Deductions to Capital Work in Progress	(7,054.57)	(3,168.37)
(Purchase) of Intangible Assets	(77,416.42)	(216.74)
(Purchase) of Investments	-	(360.68)
Increase / (Decrease) from term deposits & other bank balances	2,05,891.90	78,817.22
Interest on Income Tax Refund	383.24	-
Interest received	44,990.55	59,082.05
Net Cash Inflow/(Outflow) From Investing Activities	**1,38,705.84**	**1,14,346.38**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity	17,300.01	31,737.19
Increase in Non Current Liabilities (Others)	8,249.24	(14,351.16)
Net Cash Inflow/(Outflow) From Financing Activities	**25,549.25**	**17,386.03**
Net Cash from/(Used) in Operating Activities	12,077.44	(1,78,439.24)
Net Cash from/(Used) in Investing Activities	1,38,705.84	1,14,346.38
Net Cash from/(Used) in Financing Activities	25,549.25	17,386.03
NET INCREASE/(DECREASE) IN CASH EQUIVALENTS	**1,76,332.53**	**(46,706.83)**
CASH OR CASH EQUIVALENT AT THE BEGINNING OF THE YEAR	**1,50,763.95**	**1,97,470.77**
CASH OR CASH EQUIVALENT AT THE END OF THE YEAR	**3,27,096.48**	**1,50,763.95**

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

As per our report of even dated attached
For Joseph & Rajaram
Chartered Accountants
Firm Regn. No. : 001375S

Sd/-
Lakshminarayanan R
Senior Partner
Membership No.: 016246
Place: Chennai
Date: 22/07/2026
UDIN: 26016246NLQBIA8092

For and on behalf of Board of Directors

Sd/-
Satyabrata Mukherjee
Director-Operations &
CMD(Addl. Charge)
DIN: 09282280

Sd/-
Rajiv Kumar Sharma
Director-Finance
DIN: 11552747

Sd/-
Garima Khare
Company Secretary

A Government of India Undertaking
CIN: U35990TN2021GOI145504

Statement of Changes in Equity

A. Equity Share Capital

(Rs in Lakhs)

Balance at the beginning of the reporting period (01/04/2025)	Changes in equity share capital during the year	Balance at the end of the reporting period (31/03/2026)
13,42,766.32	18,634.78	13,61,401.10

Balance at the beginning of the reporting period (01/04/2024)	Changes in equity share capital during the year	Balance at the end of the reporting period (31/03/2025)
13,11,029.14	31,737.18	13,42,766.32

Note: 55,27,817 No of Equity shares at face value of Rs.10/ per share has been issued during the Financial Year 2025-26 for consideration other than Cash.

B Other Equity

2025-26

(Rs in Lakhs)

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial 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	1,334.78	-	-	-	-	1,26,536.01	-	-	-	-	-	-	-	1,27,870.79
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additions during the year	8802.01													
Restated balance at the beginning of the reporting period	-	-	-	-	-		-	-	-	-	-	-	-	-
Total	10,136.79	-	-	-	-	**1,26,536.01**	-	-	-	-	-	-	-	1,36,672.80
Comprehensive Income for the year		-	-	-	-	1,00,871.57	-	-	-	-	-	-	-	1,00,871.57
Dividends	-	-	-	-	-		-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-		-	-	-	-	-	-	-	-
Shares Issued	1334.78	-	-	-	-		-	-	-	-	-	-	-	1,334.78
Balance at the end of the reporting period	8,802.01	-	-	-	-	**2,27,407.58**	-	-	-	-	-	-	-	2,36,209.59

2024-25

	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus				Debt instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Effective portion of Cash Flow Hedges	Revaluation Surplus	Exchange differences on translating the financial 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	15685.96	-	-	-	-	93,043.32	-	-	-	-	-	-	-	1,08,729.28
Changes in accounting policy or prior period errors		-	-	-	-		-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting Period		-	-	-	-		-	-	-	-	-	-	-	-
Total	**15685.96**	-	-	-	-	**93,043.32**	-	-	-	-	-	-	-	1,08,729.28
Comprehensive Income for the year	-	-	-	-	-	33,492.69	-	-	-	-	-	-	-	33,492.69
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares Issued	14351.18	-	-	-	-	-	-	-	-	-	-	-	-	14,351.18
Balance at the end of the reporting period	**1,334.78**	-	-	-	-	**1,26,536.01**	-	-	-	-	-	-	-	1,27,870.79

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

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

As per our report of even dated attached

For Joseph & Rajaram
Chartered Accountants
Firm Regn. No. : 001375S

Sd/-
Lakshminarayanan R
Senior Partner
Membership No.: 016246

Date: 22/07/2026
Place: Chennai
UDIN: 26016246NLQBIA8092

For and on behalf of Board of Directors

Sd/-
Satyabrata Mukherjee
Director-Operations & CMD(Addl. Charge)
DIN: 09282280

Sd/-
Rajiv Kumar Sharma
Director-Finance
DIN: 11552747

Sd/-
Garima Khare
Company Secretary

NOTES TO ACCOUNTS

1.Corporate Information

Armoured Vehicles Nigam Limited (CIN: U35990TN2021GOI145504) (herein after 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. AVNL had acheived Miniratna Status vide letter F.No.1(5)/2023/Miniratna/DP(M&P) dated 27 May 2025

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.

2. Material Accounting Policies

2.1 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.

2.2 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.

2.3 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

2.4 Basis of Measurement

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

2.5 Functional and Presentation Currency

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

2.6 Recent Accounting Pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under the Companies (Indian Accounting Standard) Rules, 2015, from time to time. For the year ended 31st March, 2026, MCA has notified amendments to Ind-AS 1 – Presentation of Financial Statements (classification of liabilities as current or non-current, including liabilities with covenants), Ind-AS 12 Income Taxes (International Tax Reform - Pillar Two Model Rules), Ind AS 21 – The effects of changes in Foreign Exchange Rates (Lack of exchangeability) and Ind AS 7 – Statement of Cash Flows and Ind AS 107 – Financial Instruments Disclosures (Supplier Finance arrangements). Based on a review and evaluation of the new pronouncements, the Company has determined that they do not have any significant impact on the financial statements.

NOTES TO ACCOUNTS

2.7 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 over time 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 as asset that the customer controls as the asset is created or enhanced.

(iii)The company's performance does not create as 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

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

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

FOR Contracts

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.

NOTES TO ACCOUNTS

2.8 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.

2.9 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.

v) GST credit on civil work which is capitalised will be added along with the value of building/civil work and depreciated over the useful life of such asset.

vi) Assets which are declared as condemned by a committee will be classified as asset held for sale and depreciation will not be charged on such asset. Re-classification of asset held for sale will be made at cost less accumulated depreciation.

2.10 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

NOTES TO ACCOUNTS

use. Intangible Assets that are not yet ready for their intended use as at the reporting date are classified as "Intangible Assets under Development".

2.11 Depreciation / Amortization

i)Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The Company, based on technical assessments, depreciates certain items of building, plant and equipment and other asset classes over estimated useful life which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that the estimated useful life of assets is realistic and reflects 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 life on a straight-line basis, from the date they are available for use.

2.12 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.

2.13 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.

2.14 Expenditure on Technical Know-How

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.

2.15 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.

2.16 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.

NOTES TO ACCOUNTS

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.

2.17 Borrowing Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Profit and Loss as other gains/(losses). Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are

substantially ready for their intended use or sale. Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in the Statement of Profit & Loss in the period in which they are incurred.

2.18 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 based on the assessment and valuation carried out by Valuation Committee.

vii) Non moving Inventory are those items of inventory which are greater than 3 years.

viii) Physical verification of inventories is carried out annually by independent external agencies, and necessary adjustments are made in the books of accounts to reconcile with book records.

ix) The Company follows a Standard Operating Procedure (SOP) for inventory management and valuation, as approved by the Board.

2.19 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.

2.20 Provision for Warranties

i)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.

ii)As an interim measure, and pending the availability of sufficient historical trend data, the Company has adopted a policy of providing for warranties at 1% of equipment and spare sales, representing management's current best estimate.

iii)The provision is reviewed periodically, and once adequate historical trends are established, the percentage or basis of provisioning will be reassessed to ensure it reflects the most reliable estimate of expected claims.

2.21 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

NOTES TO ACCOUNTS

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.

2.22 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.

2.23 Contingent Liabilities/Assets

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

2.24 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.

2.25 Financial Instruments

A. 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.

Amortized Cost

Financial assets that are held within the business model with an objective to hold them to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding are measured subsequently at amortized cost using the effective interest rate method (EIR method) net of impairment, if any. The amortization as per EIR and loss on account of impairment, if any, are recognized in the Statement of Profit and Loss. By applying the above criteria, the following financial assets are measured at amortized cost:

(a) Trade receivables

(b) Loans

(c) Other financial assets

Fair value through other comprehensive income

Financial assets that are held within the business model whose objective is achieved by both selling the financial assets and collecting the contractual cash flows that are solely payments of principal and interest are measured subsequently at fair value through other comprehensive income. Movements in the fair value of such financial asset are recognized in the other comprehensive income. Interest income as per EIR and loss on account of impairment, if any, are recognized in the Statement of Profit and Loss. On derecognition, the cumulative gain or loss that has previously been recognized in the other comprehensive income is reclassified to other income in the Statement of Profit and Loss.

NOTES TO ACCOUNTS

Fair value through profit or loss

A financial asset is measured subsequently at fair value through profit or loss if it does not meet the classification criteria for measurement at amortized cost or fair value through other comprehensive income. Such financial assets are measured at fair value with all changes in the fair value, including interest and dividend income, if any, being recognized as other income in the Statement of Profit and Loss. A financial asset is derecognized when the contractual rights to the cash flow from the asset expires, or when the contractual rights to receive the cash flows are transferred. Subsequent to initial recognition, impairment losses are recognized in respect of all financial assets other than those classified for subsequent measurement under FVTPL. In respect of trade receivables, expected credit loss over the lifetime of the asset is estimated by adopting a simplified approach of provision matrix based on historical loss rates reflecting present conditions and forecast of future economic conditions. Under this approach, trade receivables are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other relevant factors to estimate the expected cash loss from these assets. In respect of financial assets other than trade receivables, if the credit risk has increased significantly since initial recognition, the impairment is measured at lifetime credit losses. The impairment losses and reversals are recognized in the Statement of Profit and Loss.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognised in the Statement of Profit and Loss except for those which are designated as hedging instruments in a hedging relationship.

B. Financial Liabilities

Financial liabilities are recognized when the Company becomes a party to the contractual positions of an instrument. Financial liabilities are recognized initially at fair value. In the case of financial liabilities other than those recognized at fair value through profit and loss (FVTPL), the transaction costs attributable to the acquisition of the financial liability are added to the fair value for the initial recognition. In the case of financial liabilities recognized at FVTPL, the transaction costs are recognized in the Statement of Profit and Loss.

Financial liabilities other than those recognized at FVTPL are subsequently measured at amortized cost using EIR method. Financial liabilities carried at FVTPL are measured at fair value with all changes in fair value recognized in the Statement of Profit and Loss. The Company measures the following financial liabilities under amortized cost:

(a) Borrowings

(b) Lease liabilities

(c) Trade payables

d) Other financial liabilities

Financial liabilities held for trading are measured at FVTPL. Financial liabilities and financial assets are offset and net amount presented in the Balance sheet when the Company has a legal right to offset and intends to settle the same on net basis or realize the asset and settle the liability simultaneously. A financial liability is derecognized when it is extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires. Foreign exchange gains and losses. For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognised in Statement of Profit and Loss under other income. The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in the Statement of Profit and Loss.

NOTES TO ACCOUNTS

C. Fair Value Hierarchy

The fair value of financial instruments are classifiable into three categories based on the inputs used in valuation technique. The three categories are as follows:

Level 1: Quoted prices for identical instruments in an active market

Level 2: Directly or indirectly observable market inputs, other than Level 1 inputs and

Level 3: Inputs which are not based on observable market data.

(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.

2.26 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.

2.27 Cash Flow Statement

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

2.28 Employee Benefits

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 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 04 November 2025, period deputation further extended upto 30 September 2026.

2.29 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 invalue. Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

2.30 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.

2.31 Trade and Other Payables

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

ii)Liabilities are derecognized only when they are settled, remitted, or otherwise legally discharged in accordance with applicable laws.

iii)Any write-back of payables is carried out in compliance with Ind AS 109 and the provisions of the Companies Act, 2013.

iv)Unclaimed trade payables outstanding for more than three years may be written off, subject to periodic review each year, in accordance with the provisions of the Limitation Act.

2.32 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.

2.33 Errors and Estimates

i)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.

ii)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.

iii)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.

2.34 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.

2.35 Events after the Reporting Period

i)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.

ii)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.

Note No. 3

Property, Plant & Equipment

(Rs in Lakhs)

Particulars	Gross Carrying Amount					Depreciation					Impairment			Net Book Value
	As at 1st April 2025	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Reclassification	As at 31st Mar 2026	Accumulated Depreciation as at 1st April 2025	Depreciation during the year	Deductions/ Adjustments during the year	Reclassification	As at 31st Mar 2026	Accumulated Impairment Loss as at 1st April 2025	Impairment during the year	As at 31st Mar 2026	As at 31st Mar 2026
Land														
Land(Freehold)	5,24,629.04	-	-	-	5,24,629.04	-	-	-	-	-	-	-	-	5,24,629.04
Buildings														
Buildings(Inside Factory)	91,404.87	6,980.80	138.04	-	98,247.63	10,675.31	4,666.26	35.64	45.03	15,260.90	3.38	-	3.38	82,983.35
Buildings(Outside Factory)	26,428.93	6,103.42	2.21	-	32,530.14	2,805.01	1,330.62	-	-45.03	4,180.66	48.99	-	48.99	28,300.49
Plant & Equipment														
Plant & Machinery	2,55,346.06	13,078.87	347.33	-229.87	2,67,638.23	56,554.54	19,578.94	257.74	-3.93	75,871.80	-	-	-	1,91,766.43
Plant & Machinery-IOL	197.54	27.06	-	-	224.60	57.75	10.68	-	-	68.43	-	-	-	156.17
Vehicles	2,989.05	94.46	56.11	-	3,027.39	1,467.58	515.10	44.91	-	1,937.77	-	-	-	1,089.62
Computers and Hardware	2,056.55	493.11	19.69	-15.65	2,514.32	580.18	624.23	16.50	-9.49	1,178.42	-	-	-	1,335.88
Furniture Fixtures	1,216.50	516.40	-	-	1,732.90	258.45	178.68	-	-0.04	437.17	-	-	-	1,295.73
Electrical Installations & Electronics	193.22	96.74	-	78.95	368.91	26.42	28.20	-	2.52	57.14	-	-	-	311.77
Office Equipment	250.32	90.80	2.40	39.59	378.31	48.00	50.00	1.33	8.59	105.26	-	-	-	273.05
Control systems, electronic Equipments and other other similar items	217.62	1,092.58	-	123.42	1,433.62	37.06	105.91	-	0.03	143.00	-	-	-	1,290.62
Servers & Networks	71.46	3.10	-	86.12	160.68	5.07	24.80	-	10.83	40.70	-	-	-	119.98
Total	**9,05,001.16**	**28,577.35**	**565.78**	**82.56**	**9,32,885.78**	**72,515.37**	**27,113.42**	**356.12**	**8.51**	**99,281.26**	**52.37**	**-**	**52.37**	**8,33,552.13**

(Rs in Lakhs)

Particulars	Gross Carrying Amount					Depreciation					Impairment			Net Book Value
	As at 1st April 2024	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	Reclassification	As at 31st Mar 2025	Accumulated Depreciation as at 1st April 2024	Depreciation during the year	Deductions/ Adjustments during the year	Reclassification	As at 31st Mar 2025	Accumulated Impairment Loss as at April 2024	Impairment during the year	As at 31st Mar 2025	As at 31st Mar 2025
Land														
Land(Freehold)	5,24,629.04	-	-	-	5,24,629.04	-	-	-	-	-	-	-	-	5,24,629.04
Buildings														
Buildings(Inside Factory)	90,498.89	905.97	-	-	91,404.87	6,162.26	4,513.06	-	-	10,675.31	3.38	-	3.38	80,726.17
Buildings(Outside Factory)	21,453.07	4,975.86	-	-	26,428.93	1,715.67	1,089.34	-	-	2,805.00	48.99	-	48.99	23,574.93
Plant & Equipment														
Plant & Machinery	2,44,177.61	11,666.22	497.77	-	2,55,346.06	39,753.78	17,058.00	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	-	1,467.61	-	-	-	1,521.47
Computers and Hardware	733.16	1,323.38	-	-	2,056.55	240.16	340.02	-	-	580.17	-	-	-	1,476.37
Furniture Fixtures	740.45	476.05	-	-	1,216.50	124.35	134.10	-	-	258.45	-	-	-	958.05
Electrical Installations & Electronics	142.24	50.98	-	-	193.22	7.78	18.64	-	-	26.42	-	-	-	166.80
Office Equipment	134.17	116.15	-	-	250.32	25.96	22.04	-	-	48.00	-	-	-	202.32
Control systems, electronic Equipments and other similar items	168.97	48.65	-	-	217.62	11.63	25.43	-	-	37.06	-	-	-	180.56
Servers & Networks	2.08	69.38	-	-	71.46	0.30	4.77	-	-	5.07	-	-	-	66.39
Total	**8,85,456.81**	**20,046.79**	**502.46**	**-**	**9,05,001.16**	**49,108.01**	**23,667.59**	**260.23**	**-**	**72,515.36**	**52.37**	**-**	**52.37**	**8,32,433.39**

* Buildings include Roads

NOTES TO ACCOUNTS

Disclosures:

1. Cost Model has been adopted to value the Property, Plant & Equipment.

a. Initial recognition and measurement

An item of property, plant and equipment is recognized as an asset if and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.Items of property, plant and equipment are initially recognized at cost. Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses.The acquisition or construction of some items of property, plant and equipment although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment, may be necessary for the Company to obtain future economic benefits from its other assets. Such items are recognized as property, plant and equipment.

b. Subsequent costs

Subsequent expenditure is recognized in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably. The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit or loss as incurred

c. Derecognition

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on disposal of an item of property, plant and equipment are determined as the difference between sale proceeds from disposal, if any, and the-carrying amount of property, plant and equipment, and are recognized in the statement of profit and loss.

2. Freehold Land consists of 5,319.35 Acres of Land.

3. Freehold Land includes land leased out. The area leased out by OFMK is 97.43 acres. The details of the other area of land leased out are 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. However, The transfer of title deed is not complete and the land & buildings have been capitalised in the books of accounts of the unit based on the MOU signed between GoI and the Company.

There are differences between records maintained by the company and the handing over document. Such differences are tabled below:

NOTES TO ACCOUNTS

Unit	Area as per Valuer's Report (Acres)		Area as per Handing Over Report (Acres)	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/updation 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	3 to 65 years
Plant & Machinery	5 to 25 years
Vehicles	8 to 10 years
Electrical Installation,Electronic Control System & Equipments	7 to 10 years
Furniture & Fixtures	10 years
Office Equipment	5 to 10 years
Servers and Networks	6 Years
Computer & Hardware	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. 2.11 of the Company and recognised as expenses in the Statement of Profit and Loss.
10. During the Financial Year no provision was considered necessary for impairment of assets as the realizable value of assets technically assessed is more than the carrying amount of these assets
11. 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.
12. During the year, the Company reviewed the useful life of certain assets based on technical assessment and management evaluation. Accordingly, the useful life of Buildings, Motor Vehicles and Plant & Machinery was revised. The revision has been accounted for prospectively as a change in accounting estimate in accordance with the applicable accounting standards. Please refer to disclouse no 7 above.
    As a result of the revision in useful life, depreciation expense for the year has increased and the profit before tax for the year has decreased by Rs.2,509.35 lakhs.

NOTES TO ACCOUNTS

13. During the year, the Company reviewed the classification of certain assets under Property, Plant and Equipment (PPE). Accordingly, certain assets previously classified under Plant & Machinery have been reclassified to Electrical Installations & Equipment, Air Conditioners & Refrigerators, and Electronic Control Systems & Equipment based on their nature and usage. Further , certain assets previously classiftied under Computers have been reclassified into Office Equipment and Server & Networks.Consequent to such reclassification and application of the respective useful lives/depreciation rates applicable to these asset categories, additional depreciation of Rs.13.72 lakh has been charged during the year
14. Furniture & Fixtures and Other Items as disclosed in the Commercial Accounts reported by Defence Accounts Department do not have assetwise 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 process.
		21,759.00			31/3/2023	
Property, Plant & Equipment	Buildings	77,642.26			1/10/2021	

13. Asset with acquisition cost less than Rs 10,000/- is depreciated fully in the financial year of acquisition .
14. 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
15. Total of 111.66 Acres of Land has 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.

Note No. 4

Capital Work-in-Progress

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Civil Construction	14,792.46	10,961.62
Plant & Machinery	8,708.10	5,484.37
Total	**23,500.56**	**16,445.99**

Disclosures:
For Contractual Commitments refer Note No. 28 , Point No. 6

Capital Work-in-Progress Ageing Schedule 2025-26

(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	14,831.84	8,668.72	-	-	23,500.56
Total	**14,831.84**	**8,668.72**	-	-	**23,500.56**

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	12,976.44	3,289.21	180.34	-	16,445.99
Total	**12,976.44**	**3,289.21**	**180.34**	-	**16,445.99**

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 1st April 2025	Additions/ Adjustments during the year	Capitalization/ Deductions/ Adjustments during the year	As on 31st Mar 2026
Civil Construction	10,961.61	17,052.22	13,221.38	14,792.45
Plant & Machinery	5,484.38	13,341.66	10,117.93	8,708.10
Total	**16,445.99**	**30,393.88**	**23,339.31**	**23,500.56**

Note No. 5

Investment Property

(Rs in Lakhs)

Particulars	Gross Block				Amortisation				Net Book Value
	As at 1st April 2025	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31st March 2026	Accumulated Amortisation as at 1st April 2025	Amortisation during the year	Deductions/ Adjustments during the year	As at 31st March 2026	As at 31st March 2026
Land (Held for Rentals)	1,387.52	-	-	1,387.52	-	-	-	-	1,387.52
Total	**1,387.52**	-	-	**1,387.52**	-	-	-	-	**1,387.52**

Particulars	Gross Block				Amortisation				Net Book Value
	As at 1st April 2024	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31st March 2025	Accumulated Amortisation as at 1st April 2024	Amortisation during the year	Deductions/ Adjustments during the year	As at 31st March 2025	As at 31st March 2025
Land (Held for Rentals)	1,387.52	-	-	1,387.52	-	-			1,387.52
Total	**1,387.52**	-	-	**1,387.52**	-	-	-	-	**1,387.52**

Disclosures:

INVESTMENT PROPERTY:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction costs and wherever applicable borrowing costs. Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

NOTES TO ACCOUNTS

(i) Amounts recognised in Profit or Loss for Investment Properties

Particulars	As at 31st March 2026	As at 31st March 2025
Rental income	0.38	0.38
Profit from Investment Properties before depreciation	**0.38**	**0.38**
Depreciation	0	0
Profit from Investment Properties	**0.38**	**0.38**

(ii) Contractual obligations

The Company has no contractual obligations to sell, construct or develop investment property or for its repairs, maintenance or enhancements

(iii) Leasing arrangements

A. 1.5 acres of land was leased to State Bank of India (formerly known as SBH) at Ordnance Factory Estate Yeddumailaram for building its bank premises and quarters for its staff. SBH constructed a building as per approved plan for the purpose of accomodating its branch and staff quarters and occupied the premises on 23.03.1991. The lease arrangement is till 2047.

B. Lease Deed executed on the 20th day of September 1990 between The Deputy Commissioner (Admin), Kendriya Vidyalaya Sangathan, New Delhi and The General Manager, Ordnance Factory Project, Yeddumailaram to occupy the Plot of land containing by measurement 300 Metres x 200 metres or 60,000 Sq Metres or Six Hectares or 14.826 acres situated at Ordnance Factory Township at Yeddumailaram in the Medak District. KV to hold the premises in perpetuity from the 2nd day of December 1989 and paying the yearly rent of Rupee one only.

C. M/s BEL was nominated by the MoD for development of 150MW, Solar Power Project on OFB Lands in Developer mode. BEL would invest in setting up of Solar Power Plant on Land taken on Lease from OFMK. A total of 75 acres of land licenced to M/s BEL for installation of 16 MW Solar Power Plant at Ordnance Factory, Medak. The land lease agreement was executed between OFMK and M/s BEL, Bengaluru and commenced on 03.05.2016. The licence period is for a period of 25 years and subsequently, 5 acres of land was leased out to M/s BEL for additional 1 MW. Upon the request of M/s BEL, 1.112 acres of land was leased out for bay extension work near TS TRANSCO substation. As such, total leased out land was 81.112 acres.

(iv) Fair value

Particulars	As at 31st March 2026	As on 31 March 2025
Investment properties	1,387.52	1,387.52

Significant judgement:

(v)The fair value arrived per acre is taken as per the valuation report by RK Patel in the FY 2022-23.

(vi) Impairment is tested as per the accounting policy 2.30. The company has assessed that there are no indicators of impairment.

Note No. 6

Other Intangible Assets

(Rs in Lakhs)

Particulars	Gross Block				Amortisation				Net Book Value
	As at 1st April 2025	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31st March 2026	Accumulated Amortisation as at 1 st April 2025	Amortisation during the year	Deductions/ Adjustments during the year	As at 31st March 2026	As at 31st March 2026
Software licenses	479.09	77,492.65	84.28	77,887.45	115.56	3,095.84	8.88	3,202.52	74,684.93
Patents	543.66	-	-	543.66	380.29	83.64	-	463.93	79.73
Others (Developments Cost)	0.79	-	0.79	-	-	-	-	-	-
Total	**1,023.54**	**77,492.65**	**85.07**	**78,431.11**	**495.85**	**3,179.48**	**8.88**	**3,666.45**	**74,764.66**

Particulars	Gross Block				Amortisation				Net Book Value
	As at 1st April 2024	Additions/ Adjustments during the year	Deductions/ Adjustments during the year	As at 31st March 2025	Accumulated Amortisation as at 1 st April 2024	Amortisation during the year	Deductions/ Adjustments during the year	As at 31st March 2025	As at 31st March 2025
Software licenses	263.14	215.95	-	479.09	25.58	89.97	-	115.55	363.54
Patents	543.66	-	-	543.66	271.86	108.43	-	380.29	163.37
Others (Developments Cost)	-	0.79	-	0.79	-	-	-	-	0.79
Total	**806.80**	**216.74**	**-**	**1,023.54**	**297.44**	**198.40**	**-**	**495.84**	**527.70**

Disclosures:

1. 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 10 years or as approved by the Technical Committee.
2. Intangible assets such as Softwares,Copy rights, Patents etc shall be amortized over their useful life as per their contractual terms or 10 Years which ever is earlier.
3. 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. 2.13
4. Expenditure incurred towards self-generated copyrights and patents, for which no probable future economic benefits are expected, has been charged to the Statement of Profit and Loss

Note No. 7

Non Current Investments

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Investment in Shares - Unquoted at Cost (LENS) No. of Equity shares of Rs. 100 each - 3,60,675 shares	360.68	360.68
Total	**360.68**	**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 Statement of Profit and Loss nor adjust its investment value based on the change in the Investee's assets.

Note No. 8

Other Non - Current Financial Assets

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st Mar 2025
Deposit with TNEB	411.01	410.09
Deposit with TSSPDCL	286.64	286.64
Deposit with HMWSSB	81.83	81.83
Deposit with NBCC	25.74	25.74
FD for Bank Guarantee	105.00	105.00
Term Deposits	570.00	500.00
Security Deposit (Public Fund)	2,540.42	2,770.87
Total	**4,020.64**	**4,180.17**

Note No. 9

Inventories

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Raw Material/Stores	2,51,029.38	2,09,718.05
Work in Progress	2,13,788.17	97,457.52
Finished Components	35,392.65	22,788.54
Stock in Transit	569.21	3,925.72
Stock under Inspection	36,731.89	4,182.48
Unrealised Profit on Stock	-2,999.22	-6,072.44
TOTAL	**5,34,512.08**	**3,31,999.87**

NOTES TO ACCOUNTS

Disclosures:

1. Valuation of Inventories has been made as per Company's Accounting Policy No. 2.18.
2. Raw materials includes slow moving inventories for which no provision is made amounting to Rs 778.06 Lakhs(Previous year RS.900.15 Lakhs)
3. Stock in Transit & Stocks under inspection are valued at cost.
4. Closing Value of Stock in transit reflects the items sold by one unit but not reached other unit
5. Stock under inspection includes items for which Inward Gate Pass(IGP) is made but Receipt Voucher (RV) Is not Issued , and Items received but under Quality Check which aggregates to Rs. 36,731.89 Lakhs
6. Raw Material Stock includes Stock under inspection Rs.44,648.56 Lakhs (Previous year Rs.36,261.39 Lakhs) and Stock in Transit of Rs.2,994.91 Lakhs(Previous year - Rs.11,353.38 Lakhs)

7. Non Moving Inventories

Non-moving inventories have been identified and reviewed by the valuation committee for assessment of net realizable value (NRV), wherever considered necessary.Stores in hand includes non moving stock of Rs 9,948.44/- Lakhs(Previous Year - Nil). Finished Goods includes non moving component of Rs 7,557.65 Lakhs/- (Previous Year -Nil).

Non moving inventory/component value is based on the assessment and valuation carried out by the Valuation Committee constituted by the respective Unit. No such valuation of non-moving inventory was carried out in the previous year and, accordingly, the non-moving inventory was valued at nil based on the policy prevailing at that time

Note No. 10

Trade Receivables

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
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	3,66,808.85	2,26,465.79
Trade Receivables which have significant increase in credit risk	324.17	356.44
Trade Receivables - credit impaired	-	-
Less: Allowance for Doubtful Debts	-324.17	-356.44
Sub Total	**3,66,808.85**	**2,26,465.79**
Total	**3,66,808.85**	**2,26,465.79**

NOTES TO ACCOUNTS

Trade Receivables ageing schedule

(Rs in Lakhs)

Particulars	As at 31 st Mar 2026					
	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	2,85,259.15	46,111.84	27,637.10	2,742.52	5,058.24	3,66,808.85
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
(iii) Undisputed Trade receivables – considered doubtful	-	-	-	-	324.17	324.17
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	- -
(vi) Disputed Trade Receivables - credit impairedLess: Allowance for Doubtful Debts	-	-	-	-	-324.17	-324.17
TOTAL	**2,85,259.15**	**46,111.84**	**27,637.10**	**2,742.52**	**5,382.41**	**3,66,808.85**

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 years	
(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	-	-	32.27	-	324.17	**356.44**
(iv) Disputed Trade Receivables - considered good	-	-	-	-	-	-
(v) Disputed Trade Receivables which have significant increase in credit risk	- -	- -	- -	- -	- -	- -
(vi) Disputed Trade Receivables - credit impairedLess: Allowance for Doubtful Debts	-	-	-32.27	-	-324.17	**-356.44**
TOTAL	**1,42,261.97**	**39,619.26**	**34,537.02**	**7,660.83**	**2,386.71**	**2,26,465.79**

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. 28.17. There is no value and disclosure

NOTES TO ACCOUNTS

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.

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.

d. During the Financial Year 2025-26 no impairment has been done for the assets.

5. Ageing of Trade Receivables has been done from the Appointed Date of 1st October 2021.

Note No. 11

Cash & Cash Equivalents

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Balances with banks	5,320.33	66,840.27
Cash on hand	0.97	0.28
Term Deposits - Maturity of less than 3 months	3,21,775.18	83,923.40
TOTAL	**3,27,096.48**	**1,50,763.95**

Note No. 11.1

Bank Balances [other than (ii) above]

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Term Deposits - Maturity greater than 3 months	2,76,500.00	4,82,425.20
Earmarked CSR Balance	203.16	169.85
Total	**2,76,703.16**	**4,82,595.05**

Note No. 12

Other Current Financial Assets

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Advance to others	4.67	4.27
Interest accrued but not due on term deposits	124.73	72.62
Receivables other than trade receivables	-	51.06
Term Deposits	140.00	70.00
Income Tax Refund Receviable	-	5,894.82
Interest Receivable	15,434.70	14,161.63
Total	**15,704.10**	**20,254.40**

Disclosures:

a. Interest accrued but not due represents the interest receivable on FD provided for Bank Guarantee as presented under Note No. 8 - 'Other Non - Current Financial Assets'.

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

Note No. 13

Other Assets

(Rs in Lakhs)

Particulars	As at 31 st March 2026	As at 31 st March 2025
Non Current		
Capital Advances	6,412.68	1,505.08
Prepaid Expenses	-	16.68
Sub Total	**6,412.68**	**1,521.76**
Current		
Advances other than Capital Advances		
Advances to Employees	857.89	581.45
Advances for purchases	2,04,433.09	2,33,369.85
Other Advances	3,566.83	3,243.98
Receivables from Estate	302.40	283.29
Others		
Prepaid Expenses	336.52	381.36
Other Current Assets	1,393.03	1,601.37
Units - Balance not adjusted		
Head Office	-	-267.77
Input GST	1,02,748.61	69,298.32
GST TDS Receivable	0.05	20.64
Recoverable from GOI	529.06	529.06
Indirect Taxes - GST	9.47	5.13
GST Demand Pre-Deposit	1,398.10	1,388.39
Sub Total	**3,15,575.05**	**3,10,435.07**
Total	**3,21,987.73**	**3,11,956.83**

In EFA, advances for purchases as shown above is under reconciliation. But as a matter of abundant caution a full provision is made to the tune of Rs 347.65 lakhs. In the event of recovery of these advances, the amount will be written back to the extent of 347.65 lakhs

Disclosures:

1. Impairment of Financial Assets

Refer Note No. 28 disclosure no. 2. There is no impairment of financial assets

2. Related Party Disclosure

No exposure to related parties under this head with reference to the note 28, disclosure no. 17

Note No. 14

a. Equity Share Capital

Particulars	As at 31st Mar 2026		As at 31 Mar 2025	
	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	13,42,76,63,245	13,42,766.32	13,11,02,91,400	13,11,029.14
(ii) Issued during the period	18,63,47,817	18,634.78	31,73,71,845	31,737.18
(iii) Outstanding at the end of the year, fully paid up	13,61,40,11,062	13,61,401.10	13,42,76,63,245	13,42,766.32

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

Particulars	As at 31st Mar 2026		As at 31 Mar 2025	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the Reporting Period	13,42,76,63,245	13,42,766.32	13,11,02,91,400	13,11,029.14
Add: Shares Issued during the period	18,63,47,817	18,634.78	31,73,71,845	31,737.18
Less: Shares bought back during the period	-	-	-	-
Shares outstanding at the end of the Reporting Period	13,61,40,11,062	13,61,401.10	13,42,76,63,245	13,42,766.32

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

Particulars	As at 31st Mar 2026		As at 31 Mar 2025	
	No. of Shares	Amount	No. of Shares	Amount
Government of India, Ministry of Defence	13,61,40,11,062	100%	13,42,76,63,245	100%
Total	**13,61,40,11,062**	**100%**	**13,42,76,63,245**	**100%**

b. Other Equity

Particulars	As at 31st Mar 2026	As at 31st Mar 2025
General Reserves	-	-
Retained Earnings	2,27,407.58	1,26,536.01
Equaity Shares Pending Allotment	8,802.01	1,334.78
Total	**2,36,209.59**	**1,27,870.79**

Note No. 15

Trade Payables

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Non Current		
- Others	-	-
Sub Total	-	-
Current		
- Dues to micro & small enterprises	7,752.81	7,994.97
- Others	2,54,551.13	2,13,681.05
TOTAL	**2,62,303.94**	**2,21,676.02**

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 31st March 2026	As at 31st Mar 2025
a) The principal and the interest due thereon remaining unpaid as at 31 March:		
Principal	7,752.81	7,994.97
Interest	1,392.98	962.19
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 the appointed day during the year ending 31 March:		
Principal		
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.		
e) Interest accrued and remaining unpaid at the end of the year ending 31 March	1,392.98	962.19
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	1,392.98	962.19

2. Trade Payables Ageing Report

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Principal amount due outstanding as at end of year	7,752.81	7,994.97
Principal amount overdue more than 45 days	7,752.81	7,994.97
Interest paid to the supplier		
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		

NOTES TO ACCOUNTS

(Rs in Lakhs)

Particulars	As at 31st March 2026				
	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	6,052.52	1,032.43	112.56	555.30	**7,752.81**
(ii) Others	2,01,192.06	42,710.90	5,777.09	4,871.08	**2,54,551.13**
(iii) Disputed Dues - MSME					
(iv) Disputed Dues -Others					
Total	**2,07,244.58**	**43,743.33**	**5,889.65**	**5,426.38**	**2,62,303.94**

(Rs in Lakhs)

Particulars	As at 31st 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	
(i) MSME	5,560.16	2,029.56	64.06	341.19	**7,994.97**
(ii) Others	1,74,393.49	28,746.59	4,163.40	6,377.57	**2,13,681.05**
(iii) Disputed Dues - MSME	-	-	-	-	**-**
(iv) Disputed Dues -Others	-	-	-	-	**-**
Total	**1,79,953.65**	**30,776.15**	**4,227.46**	**6,718.76**	**2,21,676.02**

1. Ageing of Trade Payables has been done from the Appointed Date of 1st October 2021.
2. As per accounting policy accounts payable outstanding for more than 3 years are written back. In OFMK during the current year sundry creditors written Back is Rs.11990.45 lakhs. The same is shown in Other Income under Creditors Written back

Note No. 16

Other Current Financial Liabilities

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Non Current		
Payable for Acquistion of Intangible Assets	65,263.57	-
Sub Total (A)	65,263.57	-
Current		
Security Deposits	2,255.73	2,146.02
Payable for Acquistion of Intangible Assets	568.79	-
Other liabilities	15.49	0.15
Earnest Money Deposit	708.58	701.69
Sub Total (B)	**3,548.59**	**2,847.86**
TOTAL	**68,812.16**	**2,847.86**

Note No. 17

Other Current Liabilities

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st Mar 2025
Current	-	-
DSC Charges Payable	70.41	1,119.92
Expenses Payable	3,443.61	2,733.48
Payable to YIL	1,545.51	906.01
Others	0.18	-
Statutory liabilities		
GST Payable	-1,463.98	1,704.63
GST TDS Payable	613.80	543.61
TCS Payable	2.10	0.98
Labour Cess Payable	40.20	49.54
Professional Taxes Payable	1.38	1.58
TDS Payable	545.76	287.24
Staff Related:		
Employee Salary Payable	7,323.75	7,063.73
Private Recoveries Payable	1,085.02	942.19
Government Recoveries Payable	2,114.01	1,934.82
NPS Deceased Trust	-	-
Advances from Customers	6,96,512.46	5,74,985.59
Advances Repayable to Customers	24,719.14	17,389.13
Government of India (Emergency Fund)	4,242.74	-
Other Liabilities	1,453.01	779.72
TOTAL	**7,42,249.10**	**6,10,442.17**

Disclosure:

1. In OFMK,Advance from customers includes Rs 348.58 lakhs from M/s. ABG Shipyard Ltd which was received prior to incorporation of AVNL towards supply of materials, against the said advance ,materials were procured and utilised for manufacture of customised products which are not saleable for any other alternate use. Subsequently, M/s.ABG Shipyard Ltd has gone into liquidation .
2. Advance Repayable to Customers Rs.24,719 Lakhs(Previous year -Rs.17,389.13 Lakhs) includes advance received from Indian Army for supplies made before 01 October 2021.

Note No. 18

Provisions

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Employee Benefits		
for Bonus	681.53	683.89
for Gratuity	45.35	-
Others		
for Warranty	6,099.53	6,181.30
for Onerous Contracts	384.40	-
for Dispensation	11,506.18	4,839.65
for Tuition fee	339.67	447.00
for Audit Fees	20.02	19.30
for Tax on electricity	86.53	55.34
for Advance on Creditors	707.48	715.70
for DA Arrears	34.78	31.83
for Interest on MSME	1,392.98	962.19
for Liquidated Damages	61,075.91	31,459.90
for Expenses	3,516.04	3,380.30
for CSR	1,105.16	717.38
for Inventory	983.89	1,237.26
for other Provisions	12,486.58	12,499.34
Total	**1,00,466.03**	**63,230.38**

Disclosures:

1. Movement in Provisions

(Rs in Lakhs)

Particulars	As at 1st April 2025		Additions	Utilisation	Reversal	As at 31st March 2026	
	Non - Current	Current				Non - Current	Current
Provision for Bonus	-	683.89	687.29	521.22	168.43	1.44	680.09
Provision for Gratuity	-	-	45.35	-	-	-	45.35
Provision for Onerous Contracts	-	-	384.40				384.40
Provision for Dispensation	-	4,839.65	22,789.66		16,123.13	-	11,506.18
Provision for Warranty	-	6,181.30	6,089.88	-	6,171.65	938.58	5,160.95
Provision for Audit Fees	-	19.30	20.02	16.30	3.00	-	20.02
Provision for Tax on electricity	-	55.34	31.19	-	-	55.34	31.19
Provision for Advance to Creditors	-	715.70	-	-	8.22	707.48	-
Provision for DA Arrears	-	31.83	34.78	31.83	-	-	34.78
Provision for Interest on MSME	-	962.19	449.13	-	18.34	943.85	449.13
Provision for Liquidated Damages	-	31,459.90	31,932.61	-	2,316.60	30,069.08	31,006.83
Provision for Expenses	-	3,380.30	1,966.87	87.61	1,743.56	1,549.13	1,966.87
Provision for CSR	-	717.38	901.96	514.18	-	203.20	901.96
Provision for Tuition fee	-	447.00	339.67	-	447.00	-	339.67
Provision for Other Provisions	-	12,499.33	1,102.82	-	1,115.57	11,383.76	1,102.82
Provision for Inventory	-	1,237.27	160.66	-	414.00	823.27	160.66
Total	**-**	**63,230.38**	**66,936.29**	**1,171.14**	**28,529.50**	**46,675.13**	**53,790.90**

NOTES TO ACCOUNTS

Movement in Provisions

(Rs in Lakhs)

Particulars	As at 1st April 2024		Additions	Utilisation	Reversal	As at 31st March 2025	
	Non - Current	Current				Non - Current	Current
Provision for Bonus	-	788.19	683.89	275.73	512.46	-	683.89
Provision for Dispensation	-		4,839.65			-	4,839.65
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	-		31.83			-	31.83
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
Provison for Tuition fee	-	-	447.00	-	-	-	447.00
Provision for Other Provisions	-	310.09	12,499.33	-	310.09	-	12,499.33
Provision for Inventory	-	1,603.69	526.94	893.36	-	-	1,237.27
Total	**-**	**30,189.67**	**49,799.55**	**1,459.22**	**15,299.62**	**-**	**63,230.38**

Disclosure:

Warranty Provision:

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 2025-26. Once the historical trend of the claims is analysed such warranty provision will be determined based on such trends and provisions will be adjusted accordingly.

Onerous Contract :

Provision for onerous contract represents the loss assessed by the company on its executory sale contracts. Such loss will be provided as and when the assessment is made, by the company during the course of execution / at the inception of such contracts. The provision is reviewed periodically.

Dispensation :

Provision for Dispensation represents the estimated liability on account of component items pending for supply against vehicle sales already accounted for in the books.

Provision For share of Profit to DPSU represents the contractual margin payable to other DPSUs against supplier / services executed under deemed contracts, recoverable on a pass through basis from the customer.

Liquidated Damages:

This amount is provided taking into consideration the tentative Target delivery schedule for the delayed supplies identified as on 31.3.26 . Such LD charges will be revisited every year for the cumulative delays and the provision amount will be adjusted accordingly.

EFA in FY 25-26 has made Provision for tax on Electricity charges Payable to TNEB at 5% on Electricity Charges amounting to Rs. 31.19 lakhs

Provision for DA Arrears and Provision for Bonus to staff and industrial employees has been made based on best estimate of the management.

During the Financial Year 2025-26 physical verification of inventory was conducted in EFA and identified that there is a deficiency in the other items amounting to Rs 192.36 lakhs. The stock is overstated to Rs 192.36 Lakhs for which provision is created in the Books of account for the FY 2025-26.

In HVF, Provision for contract labour created in the previous financial year has been reversed, as the amount is no longer payable under the contract terms.

Gratuity provision of Rs.45.35 lakhs relates to Fixed Tenure Contract (FTC) employees, for whom the Company has a present obligation. Terminal benefits of deputed Government employees are borne by the Ministry of Defence and are not provided.

Current year reversal of provisions has been carried out based on actual expense analysis as well as based on past trend of such expense claim.

Note No. 19

Current Tax Assets/Liabilities

(Rs in Lakhs)

Particulars	As at 31 st March 2026	As at 31 st March 2025
Current Tax Assets		
Advance Payment of Income Tax	31,692.76	10,964.99
Total	**31,692.76**	**10,964.99**
Current Tax Liability		
Provision for taxation	47,090.06	16,357.34
Total	**47,090.06**	**16,357.34**

Note No. 20

Deferred Tax Assets/Liabilities

(Rs in Lakhs)

Particulars	As at 31 st March 2026	As at 31 st March 2025
Deferred Tax Assets	-26,691.48	-14,217.07
Deferred Tax Liabilities	20,266.07	19,362.52
Total	**-6,425.41**	**5,145.45**

Disclosure:

(Rs in Lakhs)

Particulars	As at 31 st March 2025	Additions/ (Reversals) in Income Statement	Additions/ (Reversals) recognised in Equity	As at 31 st March 2026
Deferred Tax Asset				
Provision for Bonus	172.14	-0.60		171.54
Provision for warranty	1,555.83	-20.58		1,535.25
Provision for Debit balance in creditors	180.14	-2.07		178.07
Provision for Liquidated Damages	7,918.46	10,447.21		18,365.67
Provision for Doubtful Debts	89.72	-8.13		81.59
Provision for Audit Fees	4.86	0.18		5.04
Provision for Expenses	850.82	34.16		884.98
Provision for Others	997.62	2,145.25		3,142.87
Provision for Inventory	311.42	-63.76		247.66
Provision for Tuition fee	112.51	-27.02		85.49
Provision for Gratuity	-	11.41		11.41
Provision for DA Arrears	-	8.75		8.75
Provision for Tax on Electricity	13.93	7.85		21.78
Unpaid MSME Balance	2,009.62	-58.24		1,951.38
Total	**14,217.07**	**12,474.42**		**26,691.49**
Deferred Tax Liability				
Property, Plant & Equipment	19,362.52	903.56		20,266.08
Total	**19,362.52**	**903.56**		**20,266.08**
Net Deferred Tax Assets/(Liability)	**-5,145.45**	**11,570.86**		**6,425.41**

Note No. 21

NAV Adjustment

(Rs in Lakhs)

Particulars	As at 31 st March 2026	As at 31 st March 2025
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
Renewal & Replacement Fund	782.00	782.00
NAV Adjustment- Total	**1,334.78**	**1,334.78**

Disclosures

a) The net amount of Rs. 552.78 Lakhs (Total NAV adjustment - Renewal & replacement fund) represents the following:

(i) Capitalization of Test Cell Buildings amounting to Rs. 1,117.62 Lakhs by way of NAV Adjustment.

(ii) Capital Work-in-Progress to the extent of Rs. 2.44 Lakhs adjusted in connection with the capitalization of Test Cell Buildings.

(iii) 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.

(iv) 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.

(v) 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 capitalizedon 1/10/2021. This double accounting has been corrected by way of NAV adjustment.

Approval from the Board of Directors was obtained on 31.07.2025 and 13347817 equity shares were issued to the Government of India for a value of Rs. 1,334.78 Lakhs.

Equity Shares issued for Rs.1334.78 Lakhs during 2025-26 represents the following

b) Rs. 782.00 Lakhs received towards Renewal & Replacement Fund from Government of India

c) Rs. 552.78 Lakhs due to NAV Adjustment done at EFA on account of Tangible Asset inclusions valuation.

Note No. 22

Revenue from Operations

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2026	For the Year Ended 31 st March 2025
Sale of Products		
- Equipment	2,89,947.51	1,40,933.93
- Spares	51,322.49	89,659.48
- Intra Company Equipment Sales	15,711.39	36,069.74
- Intra Company Spare Sales	8,121.35	11,798.28
- Stage Booking Revenue	2,67,426.48	2,66,265.07
Income from Services	1,007.03	1,570.81
Intra Company Service Income	-	8.52
Less: Intra Company Sales	(23,832.72)	(47,876.55)
Total	**6,09,703.53**	**4,98,429.28**

Disclosures

1. Revenue is recognized both on a 'Point in Time' basis and 'Stage Completion' (Output method) as per IND AS 115and as per mentioned in accounting policy no. 2.7.
2. 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.
3. 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.
4. Revenue from Operations include Rs.2,67,426.48 Lakhs (Previous year Rs.2,66,265.07 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 Stage Booking Revenue is done in compliance of Ind AS 115 upon completion of stages.
5. Warranties provided are primarily in the nature of performance warranty.
6. The company's turnover mainly includes supply of Defence equipments.
7. 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.
8. Contract entered into with customer, typically does not have a return/refund clause.
9. For revenue recognition in respect of performance obligation satisfied at a “point in time” the following criteriais 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 for 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 from DDP 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 for the Supply of Equipments and Spares are based on the terms of the Deemed Contract. Usually the contract 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.

NOTES TO ACCOUNTS

Disaggregation of revenue recognised against contracts with customers in FY 2025-26:

(Rs in Lakhs)

Particulars	Domestic				Exports	Total
	Government of India		Inter Unit	Others		
	Defence	Non-Defence				
Sale of Equipment	2,98,291.95	-	-	7,366.93	-	**3,05,658.88**
Stage Booking Revenue	2,67,426.48	-	-	-	-	**2,67,426.48**
Income from Services	1,007.03	-	-	-	-	**1,007.03**
Sale of Spares	51,282.82	39.67	-	8,121.34	-	**59,443.83**
Less: Inter Unit		-	-	-	-	**-23,832.72**
Total	**6,18,008.28**	**39.67**	**-**	**15,488.27**	**-**	**6,09,703.49**

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

(Rs in Lakhs)

Particulars	Domestic				Exports	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**
Stage Booking 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**

Note No. 23

Other Income

(Rs in Lakhs)

Particulars	For the Year Ended 31 st March 2026	For the Year Ended 31 st March 2025
Interest Income - from Term Deposits	46,265.49	47,034.97
Interest Income others	109.70	237.84
Income tax refund - Interest	383.24	-
Scrap Sales	1,973.87	1,307.98
Transportation Income	2,001.12	781.28
Income from Liquidated Damages	1,298.57	1,323.81
Rental Income(including Investment Property)	770.25	751.81
Creditors written back	11,990.45	688.28
Profit share from Midhani	-	33.00
Net gain on sale of property, plant and equipment	160.83	106.23
Provisions written back		
- Warranty	441.89	2,250.74
- Others	1,306.33	-
Other non-operating income	180.17	1,735.22
Contribution from Government Grant	-	2.73
Miscellaneous	1,053.46	1,629.36
Total	**67,935.35**	**57,883.26**

NOTES TO ACCOUNTS

Disclosures

- Government grant received towards Trade Apprentice Stipend from MSDE of Rs.Nil (Previous Year Rs.2.73 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 - Accounting Policy 2.8.
- Other Non-operating income includes Lease Income from Midhani for Rs.Nil (Previous Year - Rs.Nil). On a conservative note, no Lease Income is recognised during the year as the Method of Calculation of Income is in process.
- During the financial year 25-26, the EFA has received rent from Indus Towers Limited towards providing facilities for installation/operation of Tower on Wheels at the Company's premises.
- Other creditors of OFMK include an amount of Rs.11,542 Lakhs which has been carried forward under "Sundry Creditors - Others" as part of the opening balances. Additionally, vendor balances outstanding for more than 3 years are written back for which no claims has been received to date In accordance with Accounting Policy 2.31 (Clause iv).
- Liquidated Damage Charges are recovered in case there is delay in suppply of goods/material by vendor as per supply schedule mentioned in the purchase order. The other income recorded on account of LD Charges is at the time of making the payment to the suppliers.

Note No. 24

Cost of Materials Consumed

(Rs in Lakhs)

Particulars	For the Year Ended 31st March 2026	For the Year Ended 31st March 2025
Opening Stock of Raw Material/Stores	2,09,776.93	1,45,029.21
Add : Purchases during the Year	5,12,632.38	3,43,607.33
Less : Closing Stock of Raw Material/Stores	2,88,330.49	2,09,718.04
Total	**4,34,078.82**	**2,78,918.50**

Disclosures

1. In EFA,Opening Stock of raw material in the current year is adjusted for stock under Inspection Rs.58.88 Lakhs.Hence there is a difference in the opening stock of current year when compared with the closing stock of the previous year.
2. Closing Stock of Raw Material in Current year includes Non Moving Stock of Rs.9,948.44 Lakhs (Previous Year - Nil) relating to units
3. Raw Material Stock includes Stock under inspection Rs.81,380.45 Lakhs (Previous year Rs.36,261.39 Lakhs) and Stock in Transit of Rs.3,564.12 Lakhs(Previous year - Rs.11,353.38 Lakhs)
4. Raw Material Purchases includes Stock under inspection Rs.81,380.45 Lakhs and Stock in Transit of Rs.3,564.12 Lakhs
5. Total Value of Imports consumed by various units of AVNL

(Rs in Lakhs)

Unit	2025- 26	2024-25
HVF	62,375.82	9,330.56
EFA	184.76	-
MTPF	383.01	6.20
VFJ	-	-
OFMK	1,113.19	312.15
Total	**64,056.78**	**9,648.91**

Foreign currency details towards the above expenditure could not be given

Note No. 25

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

(Rs in Lakhs)

Particulars	For the Year Ended 31st March 2026	For the Year Ended 31st March 2025
Opening Stock		
Work in Progress	97,457.53	1,24,137.92
Finished Components	23,879.43	26,328.71
Stock in Transit	-	647.72
Stock under Inspection	-	-
Closing Stock		
Work in Progress	2,13,788.16	97,457.53
Finished Components	35,392.65	23,879.43
Stock in Transit	-	-
Stock under Inspection	-	58.88
Increase/(Decrease):		
Work in Progress	1,16,330.63	(26,680.39)
Finished Components	11,513.22	(2,449.28)
Stock in Transit	-	(647.72)
Stock under Inspection	-	58.88
Net Increase/(Decrease)	**1,27,843.85**	**(29,718.51)**

1. In EFA during the year, stock under inspection amounting to Rs.58.88 Lakhs has 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 Rs.58.88 Lakhs to ensure comparability with the current year's presentation.

2. Closing Stock of Finished Goods in Current year includes Non Moving Stock of Rs. 7,557.65 Lakhs (Previous Year - Nil)

Note No. 26

Employee Benefit Expenses

(Rs in Lakhs)

Particulars	For the Year Ended 31st March 2026	For the Year Ended 31st March 2025
Salaries, Wages & Bonus	1,26,878.79	1,15,685.86
Leave Salary	165.23	243.82
Staff welfare expenses	2,980.42	2,882.98
Training Charges	170.08	72.19
Total	**1,30,194.52**	**1,18,884.85**

NOTES TO ACCOUNTS

Disclosures:

1. 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. Period of Deemed Deputation of all the Employees was extended upto 30 September 2026 vide OM No.1(5)/2023/EGoM/Deemed Deput./OF/DP(M & P), dated 04 November 2025.
2. The Company has considered the provisions of the new Labour Codes notified by the Government of India in determining Employee Benefit Expenditure.

Note No. 27

Other Expenses

(Rs in Lakhs)

Particulars	For the Year Ended 31st March 2026	For the Year Ended 31st March 2025
Electricity Charges	5,324.02	4,945.14
Water Charges	4,067.48	3,785.92
Communication expenses	357.47	193.60
Repairs & Maintenance		
- Machinery & Equipment	1,044.98	688.26
- Building	2,829.42	2,639.04
- Others	372.90	288.72
Stationery	160.81	104.74
Insurance	422.88	126.29
Contract Labour Expenses	9,524.40	8,200.54
Trade Apprentice Stipend	1,107.83	301.50
Commission on Scrap Sales	2.68	5.11
Remuneration to Auditors	20.80	20.05
Research & Development	10,899.74	2,111.44
Legal & Professional Charges	602.64	1,010.99
Security Charges (DSC)	3,955.22	5,914.59
Transportation Charges	2,389.47	1,518.69
Travelling Expenses	20.11	1.40
Common Service Expenses	656.59	716.98
Corporate Social Responsibility expenses	1,104.97	849.34
Publicity & Public Relations	392.98	8.85
Liquidated damages on sales	29,551.73	19,455.69
Provision for Warranties	1,640.83	-440.11
Provision for Other Expenses	39.98	21.87

NOTES TO ACCOUNTS

Other Expenses

(Rs in Lakhs)

Particulars	For the Year Ended 31st March 2026	For the Year Ended 31st March 2025
Provision for Onerous contracts	384.40	-
Foreign exchange loss	337.64	59.93
Penalties, Fees, Interest etc.	54.16	221.37
Prior Period Items	-	118.15
Provision for Interest on MSME	390.79	(17.33)
Asset Written off	2.23	15.10
Provision for Non Moving Stock	-	63.20
Provision for Tax on electricity	31.19	28.74
Miscellaneous Expenses	3,002.06	6,227.18
Total	**80,692.40**	**59,184.97**

Disclosure
Breakup of Remuneration to Auditors

(Rs in Lakhs)

Particulars	For the Year Ended 31st March 2026	For the Year Ended 31st March 2025
a) Statutory Audit Fees	15.00	15.00
b) Tax Audit fees	1.80	1.80
c) Reimbursement of Expenses	4.00	3.25
Total	**20.80**	**20.05**

1. As per Letter No. MOD I.D. No. 4(8)/2022/NDCD/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 2026 under Note No.27 -Other Expenses. Provision for Liquidated Damages to the tune of Rs.61,075.91 Lakhs (Previou Year Rs.31,459.90 Lakhs) represents the liability that might crystallise due to delays in supply as per the Amended Contract.

2. In HVF,R&D expenditure includes material consumed of Rs.1,650.96 Lakhs for research activities.

Note No. 28

Other Notes on Accounts to Financial Statement

Disclosure no:

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.

NOTES TO ACCOUNTS

3. Non Current Assets Held for Sale

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Non current Assets held for sale	15.22	-

NON-CURRENT ASSETS (OR DISPOSAL GROUPS) HELD FOR SALE AND DISCONTINUED OPERATIONS:
Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.
Depreciation and Amortization on such assets cease immediately upon there classification as held for sale.
An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.
Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

4. Contingent Assets

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Lease Income Receivable	-	-

Lease income receivable from Midhani is considered as Contingent Asset as a matter of prudence and conservative approach. Midhani has requested MoD for waiver of clause w.r.t annual payment of 2.50%, the same is pending with MoD.

5. Contingent Liabilities

(Rs in Lakhs)

Particulars	For the Year Ended 31st March 2026	For the Year Ended 31st March 2025
Claims not acknowledged as debts	2,248.21	2,521.05
Outstanding Letters of Credit	3,007.09	668.51
GST Demand	36,170.18	21,089.10
Bank Guarantee	5.40	-
Others	8,250.80	5,669.72
Amount Payable - Pending Inspection	-	211.51
Total	**49,681.69**	**30,159.89**

GST Demand

a) Contingent Liability includes Rs.32,559.58 Lakhs (Previous year RS.20,599.32 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. Contingent liabilities include a pending Customs Appeal before the CESTAT amounting to Rs. 2,853.79 lacs. The matter pertains to a classification issue relating to imported items.

b) Contingent Liability Rs.712.64 Lakhs (Previous year Rs.445.61 Lakhs) in EFA represents the appeal was filed against GST Demand and it is pending with Appellate Authority

c) Contingent Liability includes Rs.44.17 Lakhs(Previous year Rs.44.17 Lakhs) in OFMK represents an appeal against the said orders before the appropriate appellate authorities. The management, based on legal advice management belives that the company has a strong case and no provision is required at this stage.

Bank Guarantee

Bank guarantee refers to bank guarantee furnished to Commandant CAFVD Khadki,Pune towards performance of contractual obligation(s) for an amount Rs 5.4 Lakhs and Guarantee cover from 14-03-2024 to 13-05-2026

NOTES TO ACCOUNTS

Contingent Liabilities - Others includes the following

a) Rs.45.60 Lakhs(Previous Year Rs.155.85 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.8.47 Lakhs) with respect to Court case as projected from Letter No.1009/DS&IR/Court Case/Expenditure/2022 of MTPF

c) Rs.191.33 Lakhs (Previous Year Rs.Nil) pertains to OFMK

d) Rs.8,005.40 Lakhs (Previous Year Rs5,505.40 Lakhs) pertains to Bank Guarantee at Head Office.

6. Contractual Commitments

(Rs in Lakhs)

Particulars	As at 31st March 2026	As at 31st March 2025
Estimated amount of contracts remaining to be executed towards Capital Commitments and Other Commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved)	40,450.53	26,878.92
Total	**40,450.53**	**26,878.92**

a.) Capital Commitments as on March 31,2026 are as follows: Rs. 15,192.00 Lakhs (Previous Year Rs.14,190.77 Lakhs)towards Plant & Machinery and Civil works in OFMK Unit; Rs.Nil (Previous Year Rs. Nil) towards Building and Civil works in Avnl HO; Rs.5,075.36 Lakhs (Previous Year Rs. 5,831.94 Lakhs) for renovation of Buildings and Plant & Machinery in EFA Unit; Rs.20,183.17 Lakhs(Previous Year Rs. 6,856.21 Lakhs) for Civil Construction and Plant & Machinery in HVF Unit; Rs.Nil(Previous Year Rs. Nil) for Buildings and Plant & Machinery in MTPF Unit; and Rs.Nil (Previous Year Rs. Nil) for Plant & Machinery in VFJ Unit.

b.) 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.

7. 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.

8. 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.

9. 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.

10. Disclosure relating to CSR Expenditure

a) Gross amount required to be spent by the Company during the FY 2025-26 is Rs. 1,104.97 Lakhs(Previous Year Rs.849.34 Lakhs)

b) Amount spent during the FY 2025-26 is Rs.203.00 Lakhs(Previous Year Rs.404.04 Lakhs), (purposes other than construction/acquisition of asset)

c) Amount unspent during FY 2025-26 is Rs.901.97 Lakhs (Previous Year Rs.445.30 Lakhs) which has been deposited in a separate bank account. Unspent CSR amount has been provided in books of accounts of financial year 2025-26.

d) In addition, out of the amount unspent of Rs.615.18 Lakhs arising from FY 2022-23,FY 2023-24 and FY 2024-25, Rs.411.99 Lakhs was spent during FY 2025-26. The balance of Rs.203.19 Lakhs is part of Unspent CSR provision as on 31/3/2026.

NOTES TO ACCOUNTS

(Rs in Lakhs)

Particulars	2025-26	2024-25
Amount required to be spent by the Company during the year	1104.97	849.34
Amount of Expenditure incurred	203.00	404.04
Shortfall at the end of the year	901.96	445.30
Total of previous years shortfall	615.18	408.30
Reasons for shortfall	Project are ongoing for more than a Year.	
Nature of CSR activities		Skill Development, Health & Nutrition
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

The CSR activities interalia cover projects relating to construction of school building, installation of solar LED lights in rural areas, supply of ambulances to Ex-serviceman health scheme, providing seweing machine to SHGs

11. Emergency Fund/Capex Fund

Money received from Government of India as Emergency Fund during the Financial year 2021-22 amounted to Rs.41,770 lakhs for utilisation against accrued Committed Liabilities (not in the form of Equity) as at 01 October 2021. There is a balance of Rs. 4242.74 lakhs as on 31.03.2026. During the Financial year 2022-23 the Company received Rs.27,140 lakhs from Government of India towards Equity Contribution which was fully alloted and disclosed under Equity Share Capital. Out of which the Company has utilised Rs.26,848 Lakhs and the balance of Rs.292 Lakhs is outstanding as on 31 March 2026

Money received from Government of India as Capex Fund during the Financial year 2021-22 to Financial Year 2025-26 amounted to Rs.1,22,900 Lakhs. Out of which the Company has utilised Rs.1,19,468 Lakhs and the balance of Rs.3,432 Lakhs is outstanding as on 31 March 2026

12. Research and Development Expenditure(R &D)

AVNL, have certified a total expenses towards R & D Rs.10,899.74 Lakhs (Previous year Rs.2,111.44 Lakhs) including consumptions towards R & D. The expenses towards R & D (revenue is reflected in the Income Statement and the expense towards Capex are reflected in the Balance Sheet. These expenses are net of Input Tax Credits.

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

14. Accrued & Committed Liability:

a. AVNL has created Liability in Balance sheet for all accrued and crystallised liability as on 01-10-2021.

b. Liabilites have also been created and set-off for the ACL, for which Emergency Authorization Fund has already been recieved

c.Additional ACL has been projected for the further requirement by AVNL vide letterNo.AVNL/FIN/EAF/ACL/2025-26, dated 02.07.2025. The details are provided below:

SN	Head	Amount Claimed (Rs.in Crores)	FY 2025-26	FY 2024-25
1	Pay & Allowance including PLB	4.43	Funds not yet received	AVNL was paid Rs 26.79 Cr in EAF. But actual amount spent is Rs.31.22 Crore. The difference is claimed.
2	Procurement	13.86	Funds not yet received	AVNL was paid Rs 315.65 Cr in EAF. But actual amount spent is Rs.359.41 Crore. The difference is claimed.

NOTES TO ACCOUNTS

SN	Head	Amount Claimed (Rs.in Crores)	FY 2025-26	FY 2024-25
3	Engine Warranty Repair	8.38	Funds not yet received	AVNL was paid Rs 171.47 Cr in EAF. But actual amount spent is Rs.179.85 Crore. The difference is claimed.
4	Repayment of Russian Debt	769.24	Fund allotted was Rs.744.59 Crores instead of Rs.769.24 Crores. Out of Rs.744.59 Crores, Rs.88.02 Crores was received during the financial year 2025-26.	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 as payable to MoD.
5	Procurement	238.53	Funds not yet received	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 comparision with DC
				EFA-JDI Team identified defective supplies made during OFB era Rs.0.88 Cr
6	Court Cases	43.34	Funds not yet received	All under subjudice (VFJ) (Unconfirmed)
7	Price fixation arrears payable to SAIL	2.30	Funds not yet received	VFJ - Rs 2.3 Cr for SAIL
8	Pay & allowances	0.36	Funds not yet received	VFJ - Transport Allowance arrears & MTPF- Pay fixation arrears and Transport Allowance arrears
9	Civil Works	0.32	Funds not yet received	VFJ- MES Works
10	Viability Gap funding for making up the loss	52.58	Funds not yet received	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	160.00	Funds not yet received	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	Funds not yet received	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	Funds not yet received	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	8.40	Funds not yet received	HVF LSP Tank repair- Rs2.57 Cr, BLT: 64 modification-Rs2.88 Cr, BLT T-72 tank repair works- Rs.0.48 Cr, BLT Bridge Super structure 9BSS): 01no. - Rs 2.47 Cr

NOTES TO ACCOUNTS

15. 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.

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

17. Related Party Transactions

a. Transactions with Government and Government Related Entities:

As AVNL is a government entity under the control of Ministry of Defence (MoD). The transaction of the company are with the Government (Parent) companies/bodies hence, the disclosure relating to related parties is not made as permitted by Ind AS 24.

b. Key Management Personnel

i. Name of Key Management Personnel

Mr. Sanjay Dwivedi, Chairman and Managing Director (ceased to be CMD with effect from 02.04.2026)
Mr.Satyabrata Mukherjee Director - Operations (had taken additional Charge with effect from 02.04.2026) appointed on 30.09.2024
Mr.Rajiv Kumar Sharma , Director - Finance (Appointed with effect from 23.02.2026)
Mr. B Pattanaik, Director - Human Resources(ceased to be Director with effect from 31.08.2025)
Mr.Sandeep Salve Director - Human Resources (Appointed with effect from 30.03.2026)
Mr. G Srinivasan, Chief Financial Officer(ceased to be Chief Financial Officer with effect from 30.06.2026)
Mrs. Garima Khare, Company Secretary

ii. Compensation to Key Management Personnel - Transactions

(Rs in Lakhs)

Particulars	For the Year Ended 31st March 2026	For the Year Ended 31st March 2025
Short term employee benefits	173.09	183.28
Post employment benefits	-	-
Long term employee benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	**173.09**	**183.28**

18. Fair value measurements

Financial assets and liabilities at amortised cost

(Rs in Lakhs)

Particulars	As at March 31st, 2026	As at March 31st, 2025
Financial assets		
Trade receivables	3,66,808.85	2,26,465.79
Cash and cash equivalents	3,27,096.48	1,50,763.95
Bank Balances [other than (ii) above]	2,76,703.16	4,82,595.06
Other financial assets	15,704.10	20,254.40
Total financial assets	**9,86,312.59**	**8,80,079.19**
Financial liabilities		
Trade payables	2,62,303.94	2,21,676.02
Other Financial Liabilities	3,548.59	2,847.86
Total financial liabilities	**2,65,852.53**	**2,24,523.88**

NOTES TO ACCOUNTS

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.

19. 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 and other receivables.

Significant amount of trade receivables is 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 anadequate 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 31st March, 2026	Total	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Trade payables	2,62,303.93	-	2,07,244.57	55,059.36	-
Other Financial Liabilities	3,548.58	131.94	568.79	2,847.85	-
Total	**2,65,852.51**	**131.94**	**2,07,813.36**	**57,907.21**	**-**

As at 31st March, 2025	Total	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Trade payables	2,21,676.02	-	1,79,953.65	41,722.37	-
Other Financial Liabilities	2,847.86	111.74	-	2,736.12	-
Total	**2,24,523.88**	**111.74**	**1,79,953.65**	**44,458.49**	**-**

NOTES TO ACCOUNTS

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 31st March 2026	As at 31st March 2025
Financial assets		
Trade Receivables		
USD	0.05	0.05
EURO		
Bank Balances		
USD	-	-
Net exposure to foreign currency risk (assets)	**0.05**	**0.05**
Trade payables		
USD	5.21	12.52
EURO	0.17	8.69
Capital creditors		
EURO	-	-
Net exposure to foreign currency risk (liabilities)	**5.38**	**21.21**

ii. Foreign Exchange Earnings and Out Go

In OFMK, the company has incurred expenditure in foreign currency amounting to Rs. 133.00 Lakhs (Previous Year: Rs.1,954.98 Lakhs) and has earned no income in foreign currency during the year and also previous year. Advance paid to Waldricch Coburg Rs.809.60 Lakhs on 05.08.2024

As per Ind AS 21 in OFMK Most vendor advance for purchase of goods are non monetary item because thay are settled by delivery of goods ,not cash and Rs. 3.99 laks oustanding balance 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 :

NOTES TO ACCOUNTS

	Impact on profit	Impact on profit
	As at 31st March 2026	As at 31st March 2025
Increase by 5%*		
USD	0.06	0.13
EURO	0.00	0.09
Decrease by 5%*		
USD	0.05	0.12
EURO	0.00	0.08

*Holding all other variables constant

20. Capital management

The Company's objectives when managing capital are to:

'-safeguard its ability to continue as a going concern.

'-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 from government.

The Company is looking for avenues to reduce the present huge capital.

21. GST Intergration

Prior to 01.10.2025, AVNL was operating under two separate GST registrations in the State of Tamil Nadu, namely Heavy Vehicles Factory (HVF) and Engine Factory Avadi (EFA). Pursuant to the approval accorded by the Chairman and Managing Director (CMD) vide letter dated 01.10.2024, it was decided to operate under a single GST registration in Tamil Nadu. Accordingly, with effect from 01.10.2025, the GST registration of HVF has been adopted for undertaking procurement and sales activities. Consequently, all purchases and outward supplies pertaining to both HVF and EFA are being carried out through the GST registration of HVF from the said date.

22. Earnings per share

(Rs in Lakhs)

Particulars	31st March 2026	31st March 2025
(a) Basic earnings per shareProfit attributable to the equity holders of the company used in calculating basic earnings per shareWeighted average number of equity shares used as the denominator in calculating basic earnings per share	1,00,871.57	33,492.69
	13,58,58,87,539	13,19,02,86,495
Basic earnings per share in INR	**0.74**	**0.25**
(b) Diluted earnings per shareProfit attributable to the equity holders of the company used in calculating diluted earnings per share Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	1,00,871.57	33,492.69
	13,60,42,14,992	13,19,02,86,495
Diluted earnings per share in INR	**0.74**	**0.25**

23. The Company did not have anything to report in respect of the following

Benami properties.

b. Trading or investment in crypto or virtual currency

c. Giving/ receiving of any loan or advance or funds with the understanding that the recipient shall lend, invest, provide security or guarantee on behalf of the company/funding party.

d. Transactions not recorded in books that were surrendered or disclosed as income during income-tax assessment

e. Charges or satisfaction not registered with ROC beyond statutory period.

f. Transactions with struck-off companies.

g. Non-compliance with number of layers as prescribed under the Companies Act, 2013 read with Companies (Restriction on number of layers) Rules, 2017.

Financial Ratios as per Revised Schedule III Requirements

24. Ratios

Sl No.	Particulars	FY 2025-26	FY 2024-25	Numerator	Denominator	Variance	Remarks
1	Current Ratio	1.62	1.68	Current Assets	Current Liabilities	-4%	-
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	6.74%	2.33%	Profit After Tax	Shareholders Funds excluding Profit After Tax	189%	The Profit has increased during the year
5	Inventory Turnover (No. of Days)	259	230	Average Inventory	Revenue from Operations per Day	13%	-
6	Trade Receivables Turnover (No. of Days)	178	181	Average Receivables	Revenue from Operations per Day	-2%	-
7	Trade Payables Turnover (No. of Days)	203	258	Average Trade Payables	Cost of Materials Consumed including Changes in Inventory per Day	-21%	-
8	Net Capital Turnover Ratio (in Times)	0.86	0.81	Revenue from Operations	Working Capital	6%	-
9	Net Profit Ratio	16.54%	6.72%	Profit After Tax	Revenue from Operations	146%	There is growth in Sales during the Current year as compred to Previous year and also considerable increase in profit
10	Return on Capital Employed	8.70%	3.18%	Profit Before Tax	Shareholders Funds excluding Profit After Tax	174%	The profit tax has increased considerably compared to previous year
11	Return on Networth	6.58%	2.32%	Profit After Tax	Average Networth	184%	Profit after tax has gone up. Average networth has not proportionately increased hence, there is upward trend in ratio
12	Assets Turnover Ratio	24.04%	23.27%	Total Income	Total Assets	3%	-
13	Return on Investment	7.41%	2.49%	Profit After Tax	Share Capital	198%	Profit after tax has gone up

As per our report of even dated attached
For Joseph & Rajaram
Chartered Accountants
Firm Regn. No. : 001375S

Sd/-
Lakshminarayanan R
Senior Partner
Membership No.: 016246

Date:
Place: Chennai
UDIN: 26016246NLQBIA8092

For and on behalf of Board of Directors

Sd/-
Satyabrata Mukherjee
Director-Operations & CMD(Addl. Charge)
DIN: 09282280

Sd/-
Rajiv Kumar Sharma
Director-Finance
DIN: 11552747

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:

1.Names of subsidiaries which are yet to commence operations – Not Applicable.

2.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	31/03/2025*
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	
	(a) No. Of Shares held	3,60,675
	(b) Amount of Investment in Associate/Joint Venture	360.68 Lakhs
	(c) Extent of holding %	35%
4.	Description of how there is significant influence.	No significant influence
5.	Reason why the associate/joint venture is not consolidated	No controlling interest as per Ind AS 110
6.	Networth attributable to shareholding as per latest audited Balance Sheet	------
7.	Profit or Loss for the yeari.	
	ii. Considered in Consolidation	------
	ii. Not Considered in Consolidation	--------

Notes:

*The Financial Statements of LENS for the year ended on 31.03.2026 is under finalization as on date of approval of AOC-1. Hence the Latest audited Balance Sheet date available is 31.03.2025.

1. Names of associates or joint ventures which are yet to commence operations - NIL.
2. 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 Joseph & Rajaram
Chartered Accountants
Firm Regn. No. : 001375S

Sd/-
Lakshminarayanan R
Senior Partner
Membership No.: 016246

Date: 22.07.2026
Place: Chennai

For and on behalf of Board of Directors

Sd/-
Satyabrata Mukherjee
Director-Operations & CMD(Addl. Charge)
DIN: 09282280

Sd/-
Rajiv Kumar Sharma
Director-Finance
DIN: 11552747

Sd/-
Garima Khare
Company Secretary

Notes:

Notes:

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 ahead,
we look forward to strengthening
our partnership and exploring
new opportunities together.**

AVANI

सर्वा: प्रदिशो जयेम

ARMOURED VEHICLES NIGAM LIMITED

(A Government of India Enterprise)
Ministry of Defence

CIN - U35990TN2021GOI145504

AVNL Registered & Corporate Office

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

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AVANI_PR Official.AVANI.PR