



ARMoured VEHICLES NIGAM LIMITED

(A GOVERNMENT OF INDIA ENTERPRISE)
(MINISTRY OF DEFENCE)

“FORCE BEHIND THE FORCES”

3rd
ANNUAL REPORT
2023-24





अवनि आत्मनिर्भर भारत



AVANI
सर्वाः प्रदिशो जयेम



ARMoured VEHICLES
NIGAM LIMITED



मेक इन इंडिया

DEDICATION

3rd Annual Report

of

Armoured Vehicles Nigam Limited (AVNL)

is dedicated to our nation

INDIA that is BHARAT

“अत्रापि भारतं श्रेष्ठं जम्बूद्वीपे महामुने। यतो ही कर्मभूरेषा
ह्यतोऽन्या मोगभूमयः ॥”

THE GREATEST CIVILIZATION NATION OF THE WORLD

Bhárata (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.



AVANI

सर्वाः प्रदिशो जयेम

THE FORCE BEHIND THE FORCES

ARMoured VEHICLES NIGAM LIMITED

(AVNL)

was born during

AZADI KA AMRIT KAAL





ARMoured VEHICLES NIGAM LIMITED
(AVNL)

is the pillar of

VIKSIT BHARAT





PLEDGE



To the service of the Nation by
Empowering Our Armed Forces &
Strengthening our Sovereign Capabilities in
Strategic and Security Sector



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CORPORATE OVERVIEW

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. The company commenced its operations on the designated date of October 1, 2021.

AVNL emerged from the former Ordnance Factory Board, comprising five factories:

- Heavy Vehicles Factory, Tamil Nadu
- Engine Factory Avadi, Tamil Nadu
- Vehicle Factory Jabalpur, Madhya Pradesh
- Ordnance Factory Medak, Telangana
- Machine Tool Prototype Factory, Ambarnath, Maharashtra

The dedication of this company to the nation took place on October 15, 2021, by the Hon'ble Prime Minister Shri Narendra Modi, coinciding with Vijaya Dashami.

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 Honorable Prime Minister Shri Narendra Modi to achieve self-sufficiency in defence manufacturing and reduce import dependency.

AVNL, leveraging its robust manufacturing capabilities and a skilled workforce with over six decades of experience in specialized equipment, has 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

To strive to be a world class Armoured Vehicles Manufacturer for the Indian Army and Para Military Forces and a trusted Global Brand for domestic and International customers.

OUR MISSION

- To be a prominent patron of Aatmanirbhar Bharat 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 AVNL 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.



OUR 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



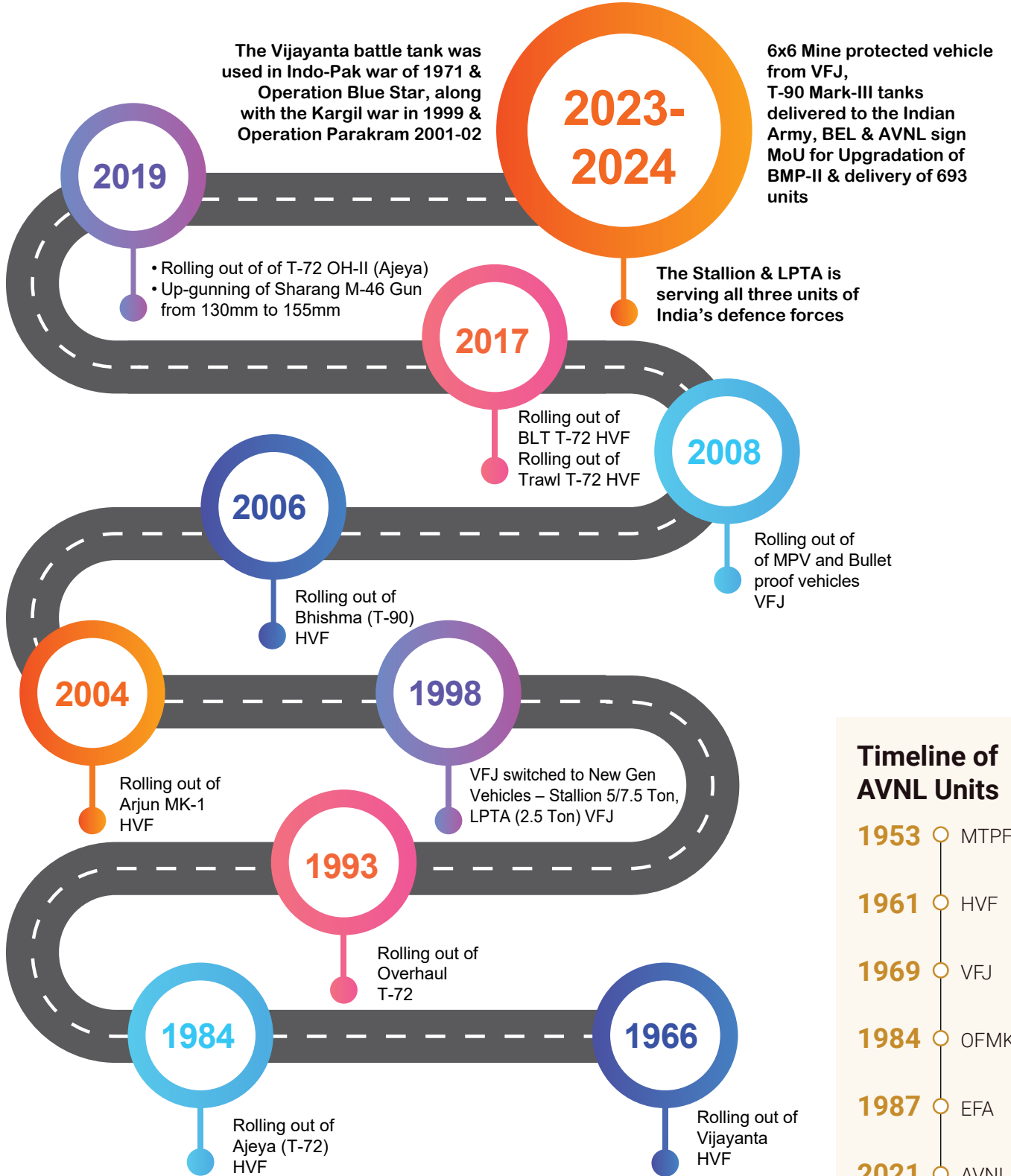
OUR STRATEGIC GOALS

- To make AVNL as one Billion USD turnover company in 2025-26.
- To ensure complete indigenization, across all the platforms of all the Import Contents in the next 3 years, 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 intensified R&D and learning to keep pace with global developments 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 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 satisfaction.
- To undertake Corporate Social Responsibility and Sustainability Projects and help in Nation Building through Indigenization and building up capabilities for strategic self-reliance.



THE FORCE BEHIND THE FORCES

AVNL MILESTONES



Timeline of AVNL Units

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

CORPORATE OVERVIEW



THE FORCE BEHIND THE FORCES



CHAIRMAN & MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

It brings me immense joy that we are stepping into our fourth year of Operations, and this Annual Report is a testament to that vision, effort and foresight with which we are marching on as one of the premier defence companies in India.

AVNL is transforming into a public sector undertaking with strong aspirations and goals aligned with the national security of our country. We take immense pride in competing with other international brands as it reflects our country's progress towards self-reliance in the defence manufacturing and production sector. AVNL is the largest supplier of battle tanks and equipment to the fourth-largest military power in the world. We carry forward the legacy and experience we have gained, and are committed to become a world leader in battle tank manufacturing by continuously modernizing and upgrading the products and manufacturing facilities.

The defence industry faces several global challenges that impact its operations, strategies, and future developments. Rapid advancements in technologies such as artificial intelligence, cyber capabilities, and autonomous systems, require constant adaptation and investment to maintain technological superiority, security and adapting strategies beyond the conventional military responses. Navigating these challenges requires strategic foresight, innovation, collaboration, and a commitment to continuous adaptation and improvement within the defence industry.

In the dynamic world of business, strong relationships are the cornerstone of success, and we



THE FORCE BEHIND THE FORCES

are truly fortunate to have collaboration with dedicated and professional partners among the DPSUs, private industry and academia. One such partnership with BEL has resulted into contract with Indian Army for armament upgrade of BMP-II for which BEL will supply 693 fire control systems and sighting systems. Besides this, AVNL is working with BEL for development of many other such platforms. AVNL is partnering with MIDHANI to set up an Armour Plates Manufacturing facility.

Needless to say that AVNL is having very strong partnerships with our sister DPSUs such as IOL, AWEIL, MIL, YIL and also BDL for the development of indigenously developed platforms.

These efforts are not only the testament to our endeavour towards an Aatmanirbhar Bharat, but also demonstrate our resolve towards setting a network which establishes uninterrupted procurement for defence production, which is world class, yet cost effective. As we continue to forge ahead, I look forward to further strengthening our partnership and exploring new opportunities together. Your commitment to excellence and shared vision have consistently inspired us to reach new heights and achieve remarkable milestones together.

Collaboration is at the heart of our culture. Our teams work seamlessly across disciplines and departments, leveraging diverse perspectives to solve intricate problems and deliver innovative solutions. They thrive in dynamic environments, adapting quickly to new technologies and operational requirements. This dedication ensures they remain at the forefront of their fields.

During the year, we have signed a contract with the Indian Navy for KAVACH decoy system and 30mm CRN-91 guns, made by our facilities at Ambernath and Medak respectively. We delivered the first batch of Mark-III T-90 Bhishma tanks to the Indian Army, customized and loaded with advanced features, from the armour to the armament inside. Also for our Army and Paramilitary Forces, we delivered Mine Protected Vehicles, made at Vehicle Factory, Jabalpur. During the same period, we exceeded in supply of engines and various ICVs. These events highlight our commitment to meeting deadlines to our armed forces, even with the challenges brought about by a changing Geo-political climate affecting the supply chain.

In an industry where technology evolves rapidly, continuous learning is essential. Our employees are keen learners, staying updated with the latest advancements through training programs, professional development opportunities, and collaborative research initiatives.

Vehicle Factory Jabalpur has signed an MoU with IIITDMJ (Indian Institute of Information Technology, Design and Manufacturing, Jabalpur) on collaborative research projects, employee education programs and the first steps in setting up a research park.

We recently had a Customized Training Program on Artificial Intelligence in collaboration with IIT, Madras, at our Institute of Learning at Avadi. More such initiatives are to follow, where we have crossed the bridge to meet academia, to ensure that not only the latest developments in core technology are tapped, acknowledging the ground realities, but also in preparing the next generation of technologists and workforce.

This year also saw visits by high-profile dignitaries, from the Raksha Rajya Mantri Shri Ajay Bhatt and the Secretary of Defence Shri Giridhar Aramane to the present Chief of Army Staff General Upendra Dwivedi (PVSM, AVSM) and General Officer Commanding-in-Chief of the Southern Command, Lt General Ajai Kumar Singh visiting our facilities. We also took part in various defence exhibitions, both at the national and international level. They were not just platforms for us to showcase our products, but also a venue to form a network of collaborations.

At AVNL, our employees are not just professionals; they are guardians of security and champions of innovation. Their expertise, dedication, and unwavering commitment make them the backbone of our success in safeguarding the future.



THE FORCE BEHIND THE FORCES

This description highlights the technical expertise, dedication to national security, collaborative spirit, ethical standards, continuous learning, and proud tradition that define employees in the defence industry.

AVNL has successfully designed, developed and manufactured Armament Upgrade of BMP-II and completed army field trials and evaluations. This R&D project's success led to securing an order for 693 BMP-II ICVs. Prototypes of the 'Uprating of Power of T-72 tank from 780 HP to 1000 HP engine have successfully undergone user trials. Success in this project has boosted self-reliance and is providing an edge in battle management to the Indian Army.

The defence industry requires a highly skilled workforce in areas such as engineering, cybersecurity and data analytics. Recruiting and retaining talent, especially in competitive markets, is a persistent challenge.

A Performance Linked Incentive (PLI) Scheme can offer several benefits to both employees and organizations. PLI schemes tie financial rewards directly to individual or team performance, motivating employees to achieve specific goals and targets. This enhances employee engagement as they are driven by clear objectives and the opportunity to earn rewards based on their performance. By linking incentives to performance metrics aligned with organizational objectives, PLI schemes ensure that employees' efforts contribute directly to the company's overall success. This alignment helps in focusing efforts on strategic priorities and improving organizational effectiveness.

PLI schemes can be customized to suit different roles, departments, or organizational levels, allowing for flexibility in incentivizing various aspects of performance that are critical to each area's success. AVNL always strives to attain the highest standard of Corporate Governance practice. The Company has complied with the Guidelines on Corporate Governance framed by the Department of Public Enterprises (DPE).

The Company has established systems and procedures to ensure that, its Board of Directors are well informed about the policies of the Company.

This enables them to discharge their responsibilities and enhance the overall value of all stakeholders. We are constantly reviewing the Policies and Procedures of the Company and updating them to ensure transparency in all aspects.

As a team, we take pride in our company's rich heritage of innovation and service. We honor the legacy of those who came before us while boldly shaping the future of defence technology. Together, we are pioneers, innovators, and protectors, united by a shared vision of a safer, more secure world.

This text from the Mahabharat epitomises our belief, both in ourselves and in our partners:

यथा धर्मो यथा ज्ञानं यथा भक्तिः प्रकाशते।
तथा तेनापि सर्वेषां क्रियतां कार्यमात्मनः॥

As righteousness, knowledge, and devotion shine forth, so should it be performed by everyone.

Mahabharata, Udyoga Parva 20.17

Jai Hind

With best wishes and warm regards,

Yours Sincerely,

Date:

Place::Avadi, Chennai

Sanjay Dwivedi,

Chairman & Managing Director

DIN:09282314



PROFILE OF THE BOARD OF

DIRECTORS



SANJAY DWIVEDI

**CHAIRMAN & MANAGING DIRECTOR /
DIRECTOR OPERATIONS**

He is a Mechanical Engineer with B.E. from NIT Raipur and M. Tech. in Thermal Engineering from MANIT, Bhopal. He is an Alumnus of National Defence College, Delhi and IIM, Ahmedabad. He is an IOFS [Indian Ordnance Factories Service] Officer of 1988 batch. He also worked as Engineer in National Fertilizers Limited for 18 months before joining Ordnance Factories. During his entire career, he served in several Units/Establishments and has acquired deep domain knowledge in the field of production of Tanks and Weapons and has served in various functional fields of Management like Production, Planning, Maintenance, Quality Assurance and Material Management. While serving as Deputy Director General at OFB, Kolkata looking after Planning of the entire organization for a period of five years, he gathered a rich knowledge of products as well as various management matters of the entire organization and its linkages and functioning with other organizations.

Thereafter, he served as General Manager of Ordnance Factory, Tiruchirapalli which is engaged in production of small arms and medium caliber weapons used in Battle Tanks. He also served as First Secretary (Technical) at Embassy of India, Moscow for a period of four years from 2006 to 2011 gaining rich experience in the matters of international affairs in general and bilateral cooperation with Russia and other CIS countries, in particular. He is well versed with various Technologies used in Armoured Vehicles such as T90 Tank, T-72 Tank, BLT, Arjun and BMP-II and its variants, Mine Protected Vehicle etc.



C. RAMACHANDRAN

DIRECTOR/FINANCE

He holds post graduate Diploma in Business Management (1998) from Indian Institute of Management, Kolkata. He also is an alumnus of Indian Institute of Technology, Mumbai where he studied for his M.Tech (1988) in Industrial Management. He has studied Electrical Engineering from University of Jabalpur (1986), Madhya Pradesh. He started his career as Management Trainee in Indian Oil Corporation in 1988 and subsequently moved to Ordnance Factory Board in 1989. During past 35 years in OFB Organization, he has served in 8 Units/ Establishments of OFB and has acquired deep domain knowledge in several fields including Production & Operations Management, Materials Management, IT, Administration and several related fields of Management Sciences.

His most recent assignment before his nomination as Director in interim BOD of AVNL has been in New Delhi Office of Ordnance Factory Board and as Deputy Director General (COORDINATION), OFB New Delhi Office, which coordinates between OFB Kolkata and DDP, MOD, Army, Navy, Air Force, MHA, UPSC, DOPT, MEA, MSDE and other Government Organizations in New Delhi. He has sustained and deep rooted interests in several fields including Management Sciences, Statistics, Operations Research, IT, & Humanities including Foreign Affairs, Strategic Policy and Strategic Affairs, Military History, Development Economics, Study of Languages, poetry and current affairs. He has working level proficiency in four Indian Languages besides English. He is also an avid player of bridge and likes to solve crossword puzzles.



B. PATTANAİK

DIRECTOR/HUMAN RESOURCES

A graduate from Ravenshaw College and Post Graduate from Utkal University Odisha, Shri Biswaranjan Pattanaik joined Indian Ordnance Factories Service (IOFS) in 1991 being selected through Civil Services Examinations. In his last 33 years in Government Service, he has served as Administrative Officer in various Ordnance Factories where he has provided leadership in areas like HR, Legal, Vigilance and Administration.

He also has served in various critical personnel/HR/Legal/Vigilance functional areas in erstwhile Ordnance Factory Board. On his selection as Director/HR in Armoured Vehicles Nigam Limited (AVANI), he has assumed charge on 1.10.2021 at AVNL Corporate Office, Avadi, Chennai.



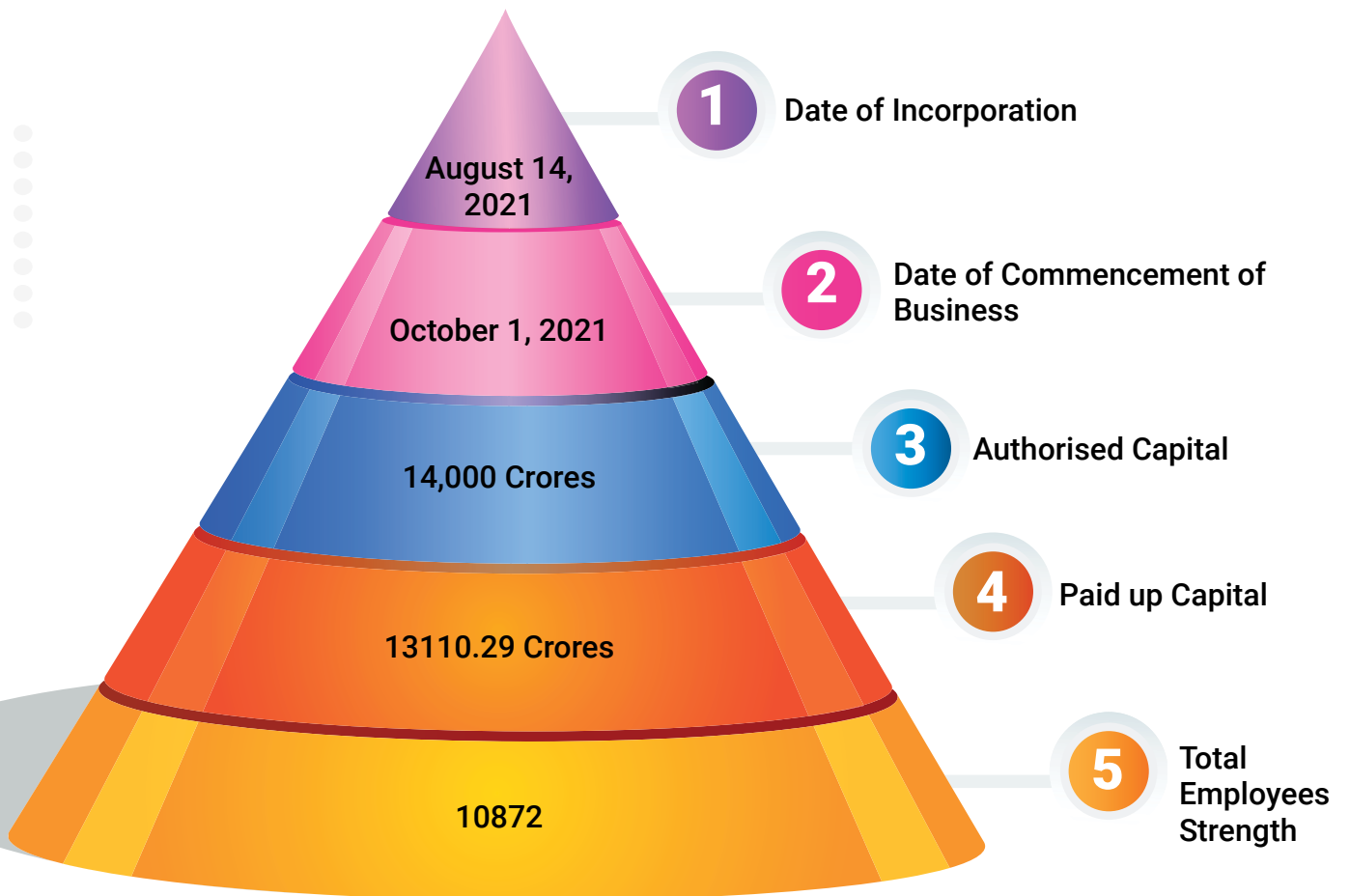
SHALABH TYAGI

GOVERNMENT NOMINEE DIRECTOR

Shri Shalabh Tyagi belongs to 1997 batch (1996 exam batch) of Indian Railway Services of Electrical Engineers (IRSEE). After completing B.Tech (electrical) from IIT Kharagpur, he has worked in various capacities in Public sector, Railways and other ministries in the areas for production, development and induction of new technologies, standardization of specifications, design, development and commissioning of rolling stock, Safety Certification and Audits of Railway Assets etc. He has got international exposure of various manufacturing and testing facilities related to Railway infrastructure in Germany, China, Denmark and Belgium.

Presently, he is working as Joint Secretary in the Department of Defence Production, Ministry of Defence. He is Government Nominated Director in the Boards of Hindustan Shipyard Limited, Armoured Vehicles Nigam Limited, India Optel Limited and MIDHANI.

CORPORATE INFORMATION





BOARD OF DIRECTORS

SHRI SANJAY DWIVEDI

Chairman & Managing Director (w.e.f. 21.07.2023) &
Director (Operations) (I/C)

SHRI C. RAMACHANDRAN

Director / Finance

SHRI BISWARANJAN PATTANAİK

Director / Human Resources

SHRI SHALABH TYAGI

Government Nominee Director

SHRI A. N. SRIVASTAVA

Chairman & Managing Director
(w.e.f 28.06.2022 to 27.06.2023)





THE FORCE BEHIND THE FORCES

CHIEF VIGILANCE OFFICER

SMT KALYANI SETHURAMAN, IRAS

(w.e.f: 04.03.2024)

SHRI SHRIKANT WALGAD

(w.e.f. 24.06.2022 to 14.02.2024)

CHIEF FINANCIAL OFFICER

SHRI G. SRINIVASAN

COMPANY SECRETARY

MS. GARIMA KHARE

(w.e.f. 01.02.2024)

SHRI DINESH SINGH JHALA

(w.e.f. 16.03.2023 to 31.01.2024)

CHIEF GENERAL MANAGERS

SHRI RAJEEV MATHUR

SHRI HAREKRISHNA BEHERA

SHRI A.K.BAPAT

SHRI RAMBHAD VIJAY

SHRI RAJESH KUMAR

SHRI SANJEEV KUMAR BHOLA

SHRI PRAVEEN KUMAR ARORA

SHRI SHIVA SHANKAR PRASAD

SHRI P K BUMMERKAR

SHRI PRAVEEN KUMAR

SHRI ANURAG KUMAR SHARMA

GENERAL MANAGERS

SHRI SIVAKUMAR M

SHRI SRINIVASAN G

SHRI VIJAYA DAT KAGITA

SHRI SELVAM L V

SHRI BOLEWAR BABU

SHRI KAMLESH KUMAR

SHRI P BABJI

SHRI DURGESH NANDAN VERMA

SHRI SURENDRA KUMAR

SHRI SANDEEP M SALVE

SHRI AJAY KUMAR RAI

SHRI J P SINGH

SHRI SRINIVASAN R

SHRI RATNA PRASAD BN

SHRI KADIRVEL S

SHRI ATUL KHARE

SHRI RANJAN KUMAR BAL

SHRI GNANASEKARAN. S

SHRI GIREESH BABU P K

SHRI GANGAVATHU RAMDAS

SHRI SIDDIQUE SULAIMAN S

SHRI ASHUTOSH KUMAR

SHRI INDAL KUMAR PANKAJ

SHRI B RAJESH KANNA

SHRI JAYANT B MESHAM

SHRI P ANNAJEE RAO



THE FORCE BEHIND THE FORCES

STATUTORY AUDITORS

M/s. T.G. Sukumaran & Co,

Chartered Accountants
Chennai, Tamil Nadu - 600004

BRANCH AUDITORS

HVF Unit

M/s. S. Santhanagopalan & Co.

Chartered Accountants Chennai - 600020

Engine factory, Avadi

M/s. K.M. Mohandas & Co.

Chartered Accountants Chennai - 600008

Vehicle Factory Jabalpur

M/s. Piyush Chandra Mishra & Associates,

Chartered Accountants
Jabalpur - 482001

Ordnance Factory Medak

M/s. Akasam & Associates

Chartered Accountants Hyderabad -500004

Machine Tool Prototype Factory, Ambernath, Mumbai

M/s. KMPS & Associates

Chartered Accountants
Thane, Maharashtra – 400602

COST AUDITOR

M/s. Singh Ranjeet & Co,

Cost Accountant
Lucknow - 226001

SECRETARIAL AUDITOR

M/s. S. Sandeep & Associates

Practicing Company Secretaries
Chennai- 600006

REGISTERED & CORPORATE OFFICE

Armoured Vehicles Headquarters

HVF Road, Bhaktavatsalapuram, Avadi
Chennai 600054, Tamil Nadu

MARKETING OFFICES

AVNL New Delhi Office

AVNL Pune Office

OUR MANUFACTURING UNITS

Heavy Vehicles Factory

Avadi, Chennai – 600 054

Engine Factory

Avadi, Chennai – 600054

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

OUR 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

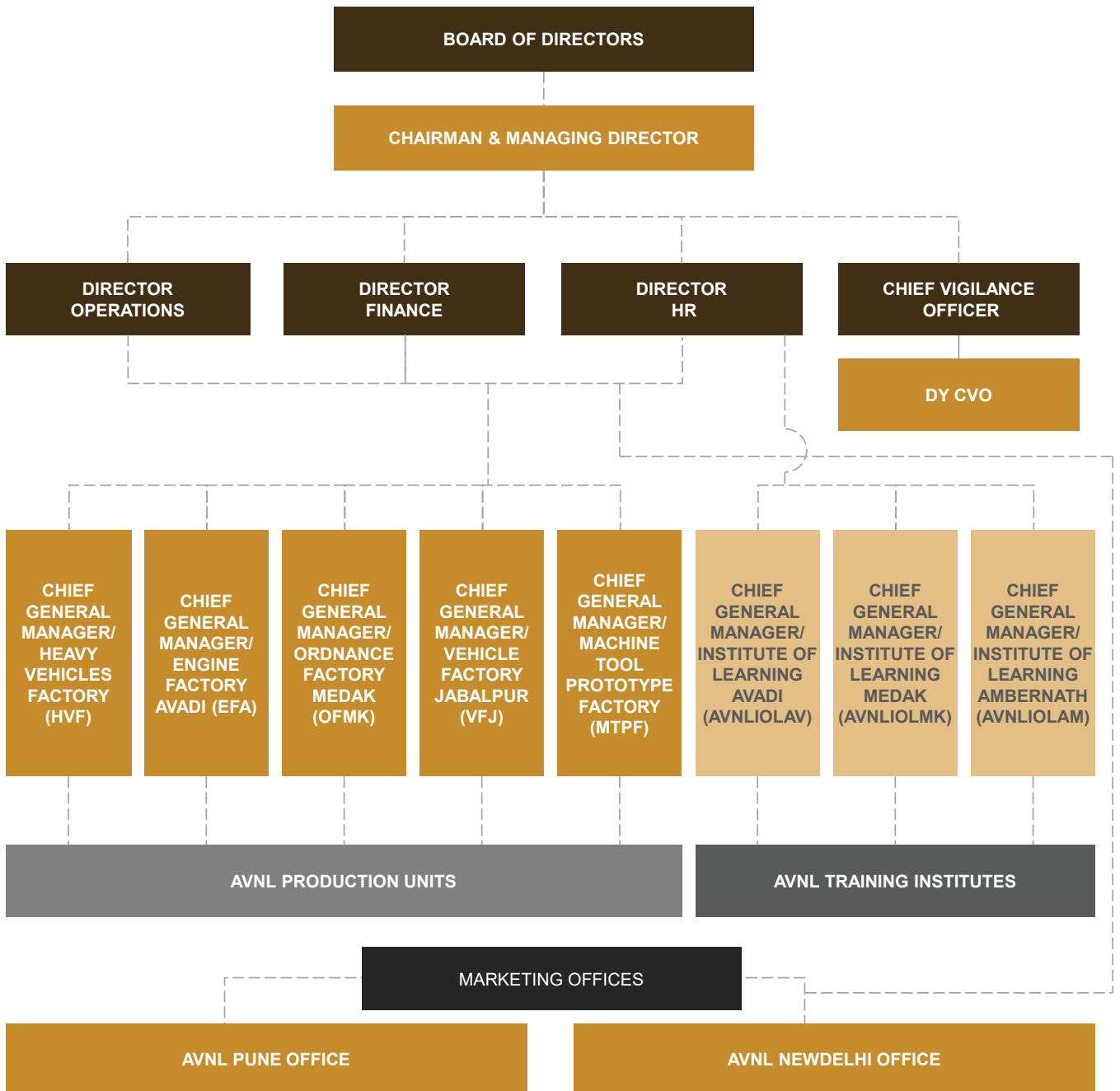


THE FORCE BEHIND THE FORCES

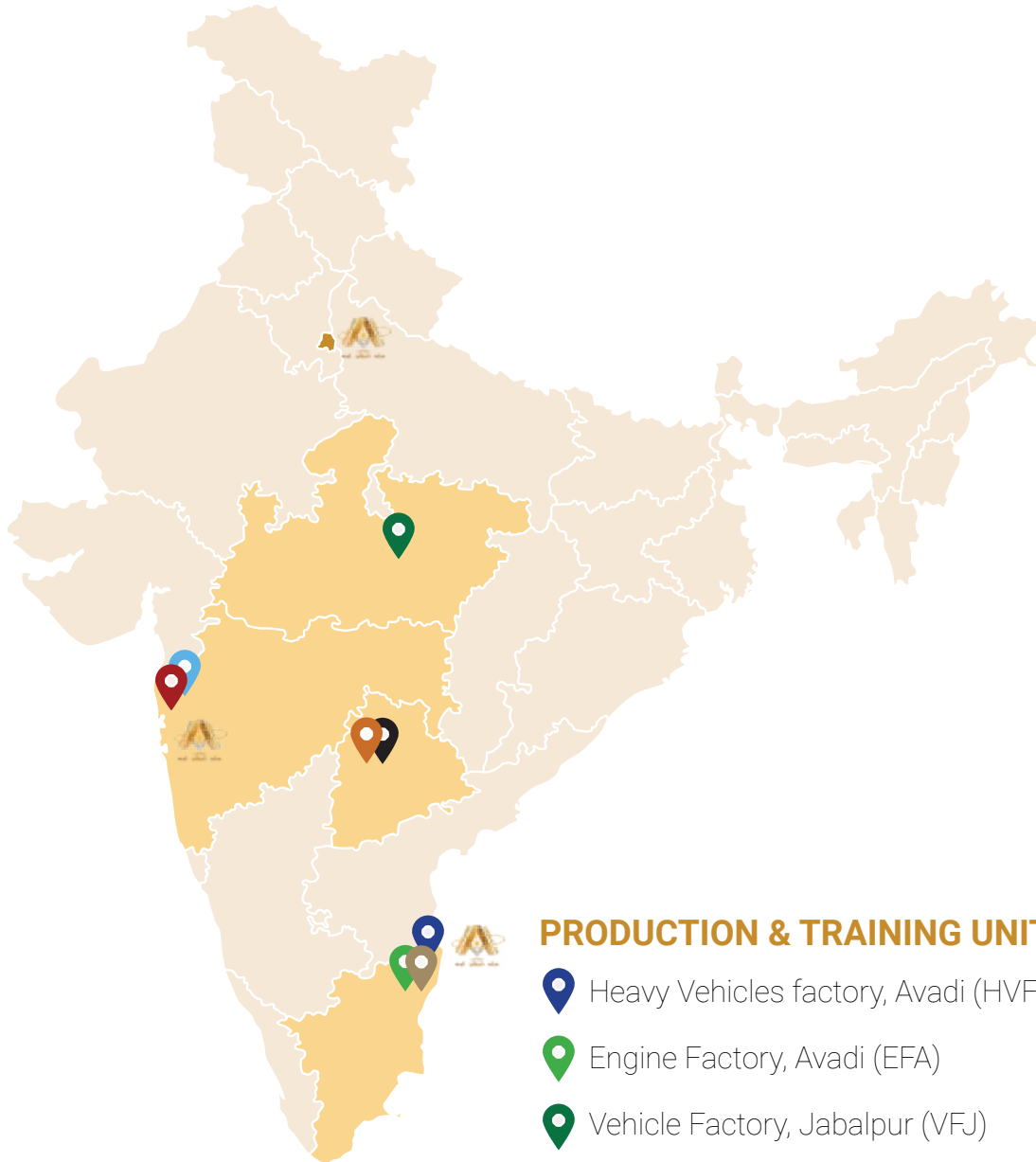
ARMOURED VEHICLES NIGAM LIMITED

AVADI, CHENNAI - 600054

ORGANOGRAM OF AVNL



AVNL FOOTPRINT



MARKETING OFFICES

AVNL New Delhi

AVNL Pune



HEADQUARTERS

AVNL, Avadi, Chennai

PRODUCTION & TRAINING UNITS

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

CORPORATE OFFICE



In the field of Armoured Vehicle Manufacturing, a new beginning was made on 01.10.2021, by creating a newly carved DPSU, AVNL, which commenced its activities on the appointed date. AVNL Corporate Office is located at HVF Road, Bhaktavatsalapuram, Avadi, Chennai - 600 054

This DPSU comprises of 5 Production Units, 3 Institutes of Learning and 2 Marketing Offices, which are as follows:

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

Marketing Offices:

- AVNL New Delhi Office
- AVNL Pune Office

PRODUCTION

UNITS



2024



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

2024



ENGINE FACTORY, AVADI

- **Engine V46 for T-72 Ajeya**
- **Engine V92S2 for T-90 Bhisma**
- **Engine UTD20 for BMP II**
- **Overhauling of all the above Engines**

Established in
1987

2024



VEHICLE FACTORY, JABALPUR

- **5/7.5 Ton Stallion**
- **2.5 Ton LPTA**
- **2KL Water Bowser**
- **MPV 4x4 & Modernised Mine Protected Vehicles (MMPV) 6x6**
- **Uppunning of 130 mm to 155 mm (Sharang)**

Established in
1969

2024



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)**

Established in
1984

2024



MACHINE TOOL PROTOTYPE FACTORY, AMBERNATH

- **SPMs (Special Purpose Machines)**
- **Gear Boxes for Armoured Vehicles**
- **Electronic fuzes for Ammunition**
- **Decoy Launcher (KAVACH)**

Established in
1953

VINTAGE PRODUCTS OF AVNL

AVNL HVF



VIJAYANTA



ARMoured RECOVERY VEHICLE

AVNL VFJ



Jona



Nissan



Shaktiman

CUSTOMISED BULLET PROOFING



MARUTHI GYPSY

1



AMBASSADOR

2



TATA 407

3



TATA SAFARI

4



MINE PROTECTED VEHICLE (MPV 4X4)

5



TOYOTA PRADO

6

PRODUCTS OF
AVNL



“

Whether an atom bomb is necessary or not, in this world if you want to be recognized, if you don't want to be kicked about, you have to be powerful both militarily and economically.

-Field Marshal Sam Manekshaw

”

T-72 AJEYA CIA TANK

- 780 HP Engine.
- Layered Armour Protection.
- 125mm smooth bore Gun,
- 7.62 mm Co-axial Machine Gun and a 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.



MBT-ARJUN

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

BRIDGE LAYER TANK

- Instant bridge laying and recovery.
- Capable of laying 20 mtr Scissors bridges.



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 casualties.
- 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

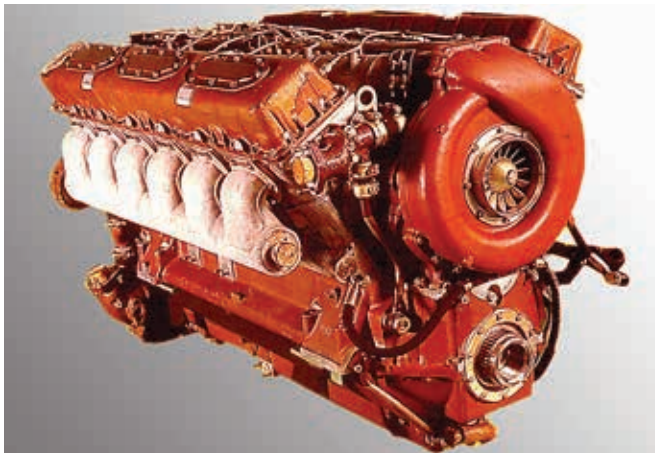
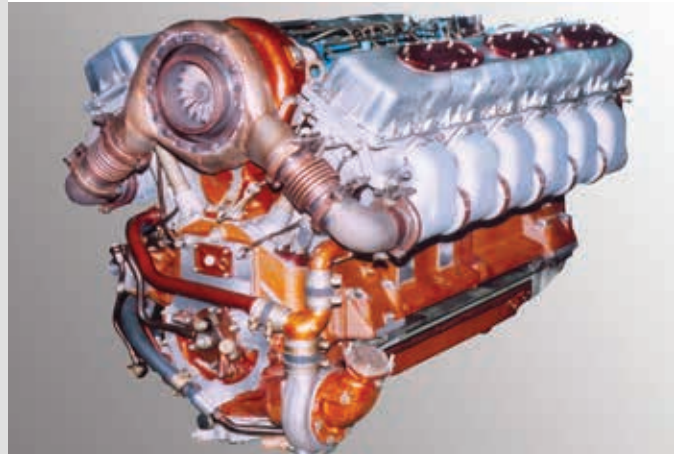


CLOSE RANGE NAVAL-91 GUN

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

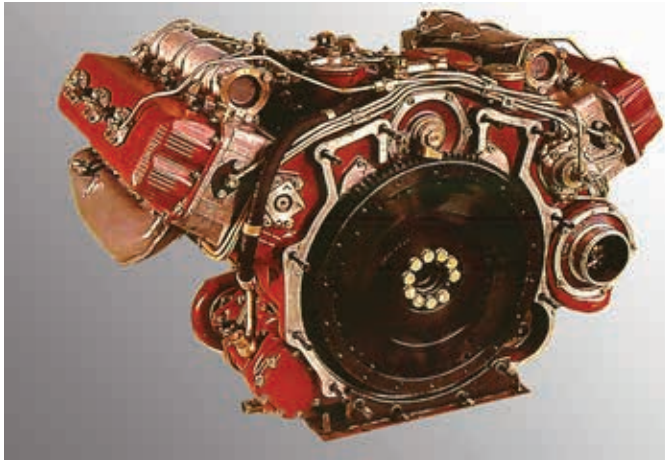
V-92S2 ENGINE FOR T-90

- 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.



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 terrain
- 180 HP Diesel Engine



LPTA

- 2.5 Tonnes Category.
- 155HP Diesel Engine, Torque 590 Nm @ 1500rpm
- 4X4 power terrain



2KL-WATER BOWSER

- All roads terrain capable.
- Capable of maintaining temperature within 5-degree variation between in the range (+)50 °c (-)10°c.

UPGRADED MINE PROTECTED VEHICLE

- 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.



SHARANG GUN

- Upgraded version of in-service 130 mm Field Gun.
- Caliber - 155/45 mm.
- Mechanized ammunition loading system through Ammunition Tray and Reamer 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.



UPGRADED BMP-II M

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

NEW PRODUCT LAUNCHED BY AVNL

MMPV 6X6

- 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

Modernised Mine-Protected Vehicle (MMPV) 6X6: Designed and developed by AVNL, successfully tested by CRPF.

Designed, Developed and Manufactured at Vehicle Factory, Jabalpur
A Unit of Armoured Vehicles Nigam Limited



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, Ambarnath**



AVNL IOLs are working towards achieving a high level of expertise, innovation and impact with the goal of gaining official recognition from the Ministry of Skill Development and entrepreneurship. This recognition would signify AVNL IOLs' outstanding contributions and accomplishments in the field of Learning & Development.

AVNL Institute of Learning, Avadi

AVNL IOL was originally founded in 1996 as a Regional Training Institute to provide training for Grade 'B' and 'C' employees from the former Ordnance Factories and allied establishments. It was later renamed Ordnance Factories Institute of Learning (OFIL). Following the corporatization of the Ordnance Factories, it has been rebranded as AVNL Institute of Learning.

The institute is responsible for Executive Training, specializing in Management, Quality, Industrial Engineering, and Armoured Vehicle Technology for AVNL employees.

AVNL IOL, Avadi boasts of excellent training facilities, including two air-conditioned classrooms with capacity up to 50 individuals each and an auditorium that seats 70. It features a well-equipped LAN room with 35 computers connected to the internet.

WORKING MODEL

In the field of Armoured Vehicle Technology training, AVNL- IOL, Avadi, operates specialized workshop equipped with operational models of T-72, T- 90, and BMP engines, as well as diverse tank subsystems. Trainees engage in immersive, hands-on exercises in a dedicated demonstration room, concentrating on the intricate assembly and disassembly of gearbox components, shock absorbers, air compressors, and hydro-pneumatic systems.

AVNL IOL, Avadi, enhances its training program through collaborative efforts with HVF (Heavy Vehicle Factory) and EFA (Engine Factory Avadi), facilitating educational factory visits. These visits provide trainees with invaluable practical insights into manufacturing processes, and other pertinent aspects of armoured vehicle production. This integrated approach ensures comprehensive skill development and practical knowledge acquisition essential for proficiency in armoured vehicle technology.

AVNL IOL, Avadi, also provides training to Army personnel in Armoured Vehicle operation and maintenance. The Indian Army, as the main customer of AVNL, has hailed this collaborative exercise and training initiative.

Since its inception, IOLAV has conducted 1748 courses, training close to 42000 employees. Notably, it has trained 2605 Armoured Core Personnel of Field Units in AV Technology Courses, covering topics such as gun control, transmission systems in tanks, and maintenance. For the financial year 2023-24, IOLAV organized 88 courses with 2341 participants.

Additionally, in the year 2023-24, IOLAV signed an MoU with VELTECH Multi Tech College, Avadi, Chennai, to further upgrade its offerings. It has also signed an MoU with Dhanalaxmi Srinivasan Engineering College, along with SRM University, Chennai.

IOLAV is optimizing costs and expanding its services to



Signing of an MoU at IOL-Avadi with VELTECH Multi Tech College



Shri C. Ramachandran, Director, Finance, AVNL CO, inaugurating a session at IOL-Avadi

include professional development courses, corporate training programs, and mentorship initiatives.

Certificate of Accreditation:

In order to enhance the credibility, reputation, and operational quality of training institutions, while also ensuring compliance with national and international

standards, all three AVNL Institutes of Learning (AVNL IOLs) have been accredited under the Capacity Building Commission’s National Standards, as assessed by the National Accreditation Board of Education and Training (NABET), for their continual compliance with these standards.



NDRF team from Arakonnam Battalion 4, on a visit to IOL, Avadi on attending a course on CBRN (Chemical Biological Radiological Nuclear) Defence



Shri V. R. Rambhad, IOFS, Chief General Manager of HVF, A unit of AVNL, inaugurated a Customized Training Program On ARTIFICIAL INTELLIGENCE in collaboration with IIT, Madras. The program was organized by HVF Avadi, for 3 days (July, 3-5, 2024) at AVNL IOL, Avadi



Personality Development & Motivational training program under the theme 'GURUKUL- LEARNING IS FUN' at IOL, Avadi on 19.08.2023 for Graduate & Diploma Engineers of 2022-23 batch for their career guidance

AVNL Institute of Learning, Medak

IOL, Medak is the Premier Institute in training personnel in the field of CNC Programming and CNC Technology, which makes it unique. It was earlier known as RTI Medak.



Training Infrastructure

AVNL IOL Medak has the following infrastructure capability.

- 4 AC class rooms with each class having 30 seating capability.
- 1 AC conference hall
- Laboratory
- IT lab having 25 LAN computers along with other teaching aids and Internet facility

- Library
- Hostel Complex for 100 personnel along with 2 Lecture Halls

Training Programmes

The Core Competency of the Institute 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.

During the year 2023-2024, IOL Medak conducted 58 courses in which 609 participants attended. These courses included CNC, Management, Technical, SPC, SQC TECHNIQUES and SIX SIGMA, Operation and Maintenance of BMP & its variants. Also, topics on Artificial Intelligence, Industrial Safety Management and a workshop of GeM were organised.

The Institute has signed MoUs with the following reputed organisations:

- Administrative Staff College of India (ASCI), Hyderabad
- Narsee Monjee Institute of Management Studies (NMIMS), Hyderabad
- National Informatics Centre (NIC), Hyderabad
- RDSDE (Regional Directorate Of Skill Development & Entrepreneurship), Hyderabad



Accreditation certificate received by IOL-Medak from lead accessor from Capacity Building Commission



Awareness course on NPS conducted through Executives of Union Bank of India

AVNL Institute of Learning, Ambernath



AVNL IOL Ambernath was earlier known as Artisan Training School. In 1950s, Apprentices were trained in the field of Mechanical Engineering Trades. These trainees, after their completion, were picked up by many leading industrial houses located in Maharashtra, Gujarat and other Western Parts of the Country. They were instrumental in many of the Industrial progression of leading industries like TATA, Godrej, Mazgaon Dock etc.

Infrastructure

AVNL IOL, Ambernath has the following infrastructure facilities:

- 4 AC modern classrooms accommodating 40 individuals per room, with Interactive Panel with modern teaching aids
- 31 workstations in the IT lab

- 30 workstations in the design lab
- Hydraulic and Pneumatic Lab with Electro-Hydraulic and Electro-Pneumatic Kit, Advanced Pneumatic Kit, LVDT training kit, Micro-controller kits
- Auditorium which can accommodate 213 individuals
- 4 hostels
- 4500 technical and non-technical books

Training Programmes

In the year 2023-24, IOLAM conducted 86 courses, in which 1501 participants attended the courses. Some of the courses were AUTOCAD Mechanical, Cyber Security: Cyber Forensics.

IOL Ambernath conducted programmes to generate awareness on CBRN (Chemical, Biological, Radiological, Nuclear). Programmes on Hydraulics and Pneumatics were held as part of specialized training. Selected students pursuing their ITI at different institutes, were given exposure to AutoCAD.

An MoU has been signed with XLRI Leadership Education and Development (XLEAD), Jamshedpur and IOL- Ambernath for collaboration in training and development..



Apprentices at the practical classes



Participants in the IT lab



IOL, Ambernath has been accredited by Capacity Building Commission's National Standard



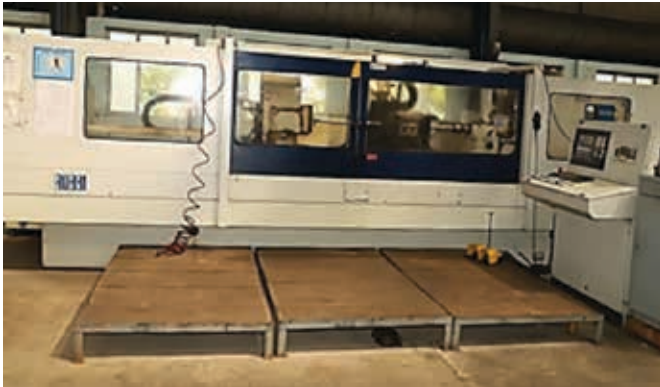
One of the classrooms for conducting theory, along with a display of products.



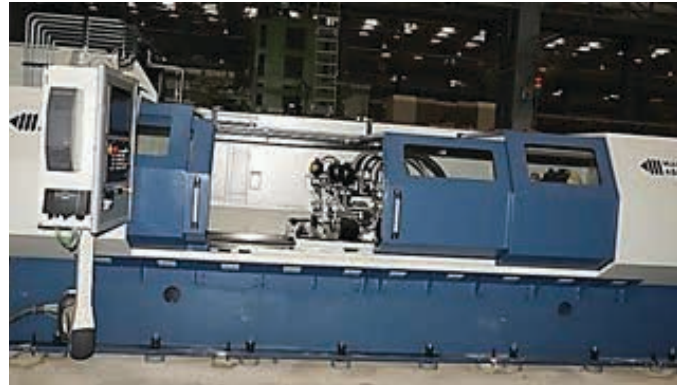
Members from the Capacity Building Commission at IOL- Ambernath.

INFRASTRUCTURE AVAILABLE IN AVNL PRODUCTION UNITS

Heavy Vehicles Factory



CNC TURN MILL CENTRE



CNC CONTROLLED COLD ROLL HARDENING FOR TORSION BAR



CNC PLANO MILLER MACHINE, WALDRICH COBURG-GERMANY

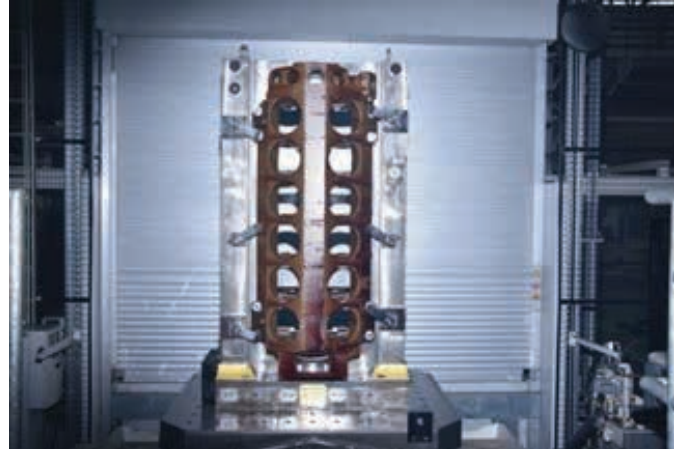


CNC PLANO MILLER MACHINE, WALDRICH COBURG-GERMANY

ENGINE FACTORY AVADI

EFA has got Flexible Manufacturing System (FMS) with 2 sets of (4+4) horizontal machining centers which is unique asset of this type in the country. It comprises of 8 machining centers, tool magazines, rail guided vehicles (RGV), automatic storage / retrieval system and a centralized computer. It enables the factory to achieve high volume of production of various critical structural elements of engines involving high precision and accuracy.





NILES GRINDING MACHINE



LANDIS GRINDING MACHINE



CNC TURNING CENTER

MACHINE TOOL PROTOTYPE FACTORY, AMBERNATH



CNC GEAR SHAPING MACHINE



CNC THREAD GRINDING MACHINE



CNC GEAR GRINDING MACHINE



3D CORDINATE MEASURING MACHINE



CNC GEAR HOBGING MACHINE



THE FORCE BEHIND THE FORCES

CERTIFICATIONS

AVNL is dedicated to ensuring its products meet global standards, with a strong emphasis on quality as the cornerstone of its operations and customer satisfaction. To this end, AVNL prioritizes quality across all its processes within its manufacturing units and during service delivery in forward areas. The company adheres to accredited systems aligned with world-class quality standards, including ISO 50001:2018, ISO/IEC 17025:2017, OHSMS, EMS, AS9100D, and ISO 45001. These certifications underscore AVNL's commitment to maintaining excellence and reliability in every aspect of its operations and services.



QUALITY MANAGEMENT SYSTEM



OFMK/AVNL AEROSPACE QMS



OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM (OHSMS)



ENVIRONMENTAL MANAGEMENT SYSTEM



ENERGY MANAGEMENT SYSTEM



INTERNATIONAL STANDARD FOR TESTING & COLLABORATION

RESEARCH AND DEVELOPMENT

AVNL has successfully designed, developed, and manufactured Armament Upgrade of BMP-II and completed army field trials and evaluations successfully. This R&D project's success led to securing an order worth Rs.6089.53 Crores for BMP-II up-gradation. Additionally, AVNL has also successfully developed Mine Protected Vehicles (4x4 and 6x6 versions), Decoy Launcher Kavach, Close Range Naval Gun (CRN-91), and Electronic Fuzes.

Prototypes of the 'Upgrading of power of T-72 Tank from 780 HP to 1000 HP Powerpack have also been developed for trials, and the equipment is currently undergoing user trials. Success in this project will boost self-reliance and provide an edge in battle management to the Indian Army.

Ongoing projects:

AVNL is in the process of designing and developing state-of-the-art military platforms such as FICV, Bharat tank, Firepower Upgrade, Indian Light Tank, and Wheeled Armoured Fighting Vehicle (8x8). AVNL has initiated 15 R&D projects for the development of new products and 30 R&D projects for upgrading existing products, with a total value of Rs 573 Crores. To achieve this, AVNL has collaborated with leading academia, R&D institutions, Indian industry partners, and Indian & foreign OEMs.

Some major R&D projects under development:

- Futuristic Infantry Combat Vehicle
- Armoured Vehicle Tracked-Light Repair
- Firepower Upgrade of BMP-II
- Indian Light Tank
- Wheeled Armoured Fighting Vehicle (8x8)
- Bharat Tank
- Kavach MoD-III

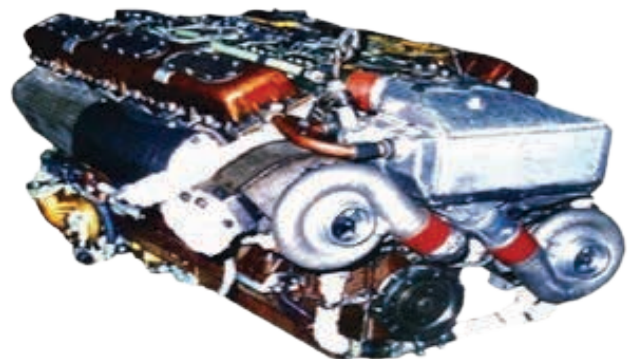
AVNL's continuous efforts under Mission Raksha Gyan Shakti (MRGS) for enhancing the company's intellectual capital resulted in filing 42 patents, 25 copyrights, and 1 trademark in 2023-24.

Under the iDEX (Innovation for Defence Excellence) program, to promote startups and solve complex issues, AVNL has initiated 13 challenges which are in the active stage of development.

AVNL has prioritized R&D by providing resources and top-level management commitment to introduce innovative products to the customer. AVNL's capital investment in 2023-24 has increased substantially as compared to 2022-23 and is planned to increase by an additional 15-20% in next year.



Armament Upgrade of BMP-II



Upgrading of T-72 Tanks Engine from 780 HP to 1000 HP

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 31 major sub-systems/Line Replaceable Units (LRUs) for Russian platforms to be indigenized, and these have been included in the Positive Indigenization Lists.

In 2022-23, 12 LRUs had been indigenized, and in 2023-24, 8 LRUs indigenised, making a total of 20 LRUs with continuous efforts by AVNL units and Indian industry partners.

The details of the 8 LRUs indigenized in 2023-24 are as follows:

- Optical Sending Unit (T-90)
- Starter Generator (T-72)
- Set for Cleaning Internal Space from Dust B.MTO.1 (T-72 & T-90)
- Installation of Tachogenerator Assembly (T-90)
- Metallic Sectioned Ammunition Belt for 7.62 MM Rifle PKT Cartridge (BMP-II)
- Spring Assembly 765-33-cd107 (BMP-II)
- Air Vent Valve Assy (T-72 & T-90)
- Fuel Injection Pump (BMP-II)

Due to these persistent efforts, the indigenization level have increased to 96% for Tank T-72, 88% for Tank T-90 and 98.5% for ICV BMP-II.

These efforts have yielded significant benefits for the country, including reduced dependency on imports, competitive pricing, and savings in foreign exchange. Additionally, 11 LRUs are in various stages of development, testing, and trials. 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..

SUCCESSFULLY INDIGENIZED PRODUCTS DURING 2023-24



OPTICAL SENDING UNIT

- It is an Electronic device which is used to sense Fire through Electromagnetic radiation and feeds signal for operation of the fire- fighting equipment
- Photo-detector is exposed to the flame radiation at a distance of up to 1.5 m
- Indigenized through M/s Centum Electronics Ltd, Bangalore
- Used in T-90 Tanks

STARTER GENERATOR FOR T-72 (10 KW)

- Used to start T-72 Tanks
- Functions as Generator as well.
- Indigenized through M/s TVS Lucas, Chennai
- The starter-generator is parallel- excited when it runs as a generator and develops 10KW electrical power and compound-excited when it runs as a starter
- Used in T-72 Tanks



SET FOR CLEANING INTERNAL SPACE FROM DUST B.MTO.1

- It is used for cleaning interior area of the tank compartments by Compressed Air
- Indigenized through M/s Starkeon Engg Pvt Ltd, Kancheepuram.
- Used in T-72 / T-90 Tanks

INSTALLATION OF TACHOGENERATOR ASSEMBLY

- Provides power to traverse- reduction gear of code-94 in T-90 Tank
- Indigenized through M/s EMD Electronics Instrument Ltd, Chennai.
- The Tachogenerator is DC type generator with excitation from a permanent magnet
- Used in T-90 Tanks



METALLIC SECTIONED AMMUNITION BELT FOR 7.62MM PKT CARTRIDGE

- The Metallic Sectioned Ammunition Belt consists of 10 sections and each section consisting of 25 links
- Indigenized through M/s DND Enterprises, Nagpur
- Used in BMP-II Tanks

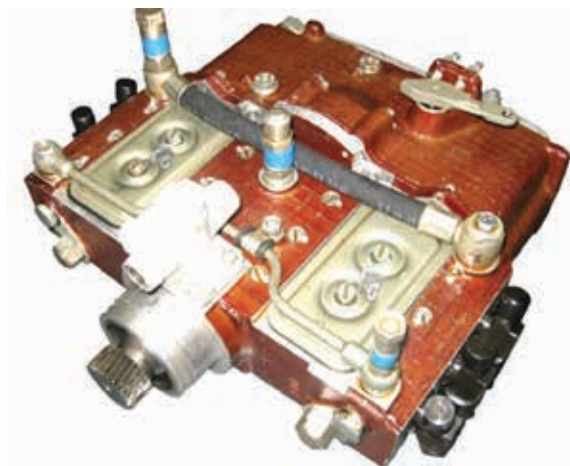


SPRING ASSEMBLY

- It used to absorb shocks for BMP- II, BMP-IIK & variants as a part of suspension system
- Indigenized through M/s Bronco Metals Pvt Ltd, Coimbatore.
- Used in BMP-II Tanks.

AIR VENT VALVE ASSY

- To release air and fuel vapors from pump HK-12M, fine fuel filter, and pipelines both prior to starting the engine when cutting in centrifugal fuel feed pump.
- Indigenized through M/s Anant Defence Systems Private Limited, Pune
- Used in T-90 / T-72 Tanks.



Fuel Injection Pump (UTD-20 Engine)

- Fuel injection pump consists of 103 components
- Indigenized through In-house, AVNL/EFA, Chennai
- Used in BMP-II Tanks

FELICITATION OF INDIAN PARTNERS ON SUCCESSFUL INDIGENIZATION

AVNL organized the Second Felicitation Program to recognize the contribution of Indian private partners for their successful indigenization of LRUs on July 07, 2023. This effort has ensured that the indigenization level of the Armoured Vehicle is over 90%, resulting in the manufacturing of all components and saving crores of foreign exchange.



Armoured Vehicles Nigam Ltd (AVNL) organized a Felicitation Program to recognize the contributions of Indian Industry Partners on Successful Indigenization of Tank T-90 manufactured by Heavy Vehicle Factory, Avadi & Infantry Combat Vehicle manufactured by Ordnance Factory, Medak.



SERVICE FOR CUSTOMERS

AVNL Units are conducting User Interaction Meet (UIM) on regular basis. During UIM, the concerned team along with representatives from newly formed DPSUs (viz., OFT, OLF, MTPF, EFA etc.) and other DPSUs (viz., BEML, BEL etc.) interact in detail with the User Units and impart training programs on Do's/ Don't, best driving practices, Upkeep/Maintenance of vehicle etc., in addition to the repairs/rectifications of defects if any. Post UIM, a feedback session is being organized and feedback forms are collected.



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 and 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 deputed from its units to the place where the Armoured Vehicle is located, including forward posts.



PARTICIPATION IN CONCLAVES AND EXHIBITIONS

AVNL – SIDM INDIGENIZATION CONCLAVE 2023

An Indigenization Conclave 2023 was conducted on 20.11.2023 at AVNL Estate, Avadi. This initiative served as a dedicated platform for Industry Partners, with a specific focus on MSMEs to join hands with AVNL and contribute for the Indigenization Drive. This Conclave offered opportunities for one-on-one interactions and the display of sub- assemblies and provided a tangible representation of the Indigenization process. AVNL presented to the industry on Indigenization opportunities available in Srijan portal of DDP.



The Chief Guest of the conclave was Shri Sanjay Dwivedi, CMD, AVNL, Shri B Pattanaik, Director HR, AVNL along with Shri Ramesh, DG, SIDM and Director CVRDE

REGIONAL MSME CONCLAVE 2024

AVNL presented to Industry partners to join hands with AVNL in Indigenization drive to achieve self-reliance under the 'Aatmanirbhar Bharat' initiative and also to collaborate on upgrading existing products and develop new ones.



Shri Sanjay Dwivedi, CMD, AVNL, addressing the conference virtually.



Ministry of Defence (MoD) through the Society of Indian Defence Manufacturers (SIDM) organized a Regional MSME Conclave on 28.02.2024 at Hyderabad in collaboration with AVNL and BDL

MSME CONCLAVE ON INDIGENIZATION 2024

On 29.02.2024, MDL and AVNL jointly organized an MSMEs Conclave at MDL, Mumbai aimed at highlighting opportunities for indigenization, the Srijan portal, and Transfer of Technology (ToT) for spare parts. The event saw enthusiastic participation with 125 MSMEs and 150 representatives engaging in discussions during the MSME Outreach program.



Delegates from MDL and AVNL emphasized the potential for MSMEs to manufacture import-substitute items, urging innovative approaches aligned with MIL grade standards. They underscored the critical importance of maintaining high product quality for defence platforms. The event also featured presentations outlining opportunities in product manufacturing, maintenance, and support for defence platforms.

During the event, MDL and AVNL representatives provided detailed insights into the operational procedures of the Srijan Portal. This initiative aimed to enable MSMEs to express their interest in designing, developing, and manufacturing products based on their capabilities and core strengths.



OFMK successfully organized an "Industry Partners Interaction Meeting" which was presided over by Shri K.Sudhakar, CGM/OFMK and other senior officers.



On 20.06.2024, an MoU was signed between AVNL and Ashok Leyland, in the esteemed presence of Dr. Mohan Yadav, Chief Minister of Madhya Pradesh, Shri Sanjay Dwivedi, Chairman and Managing Director of AVNL; representing Ashok Leyland were Shri Krishnan Sadagopan, Senior Vice President, and Shri Ravikanth S, AGM of Defence Vehicles.

AVNL took part in several domestic exhibitions, including the National Defence Exhibition 2023, the International Conference on Defence Designs, the International Police Expo & Homeland Security Expo, as well as 13 other exhibitions organized by DDP, FICCI, Indian Army, Indian Navy, and various other organizers.



AVNL had a successful participation in EDEX 2023 at Cairo, Egypt from Dec 4-7, 2023. They had productive interactions with stakeholders regarding the localization and export of AVNL platforms. Meetings were held with Egyptian Armed Forces officials, including President Eng. Hany and Gen. Maged, who showed interest in upgrading their platforms with AVNL products for field exercises. AVNL submitted a Budgetary Quote for various spare parts for BMP II items to the Egyptian Tank Plant in Cairo, Egypt.

The Seoul International Aerospace and Defence Exhibition (ADEX) 2023, hosted by the Ministry of National Defence, ROK and KAIA, took place from October 17-22, 2023. AVNL participated as both exhibitor and visitor, showcasing products like Battle Tanks, ICVs, Mine Protected Vehicles, Kavach MOD II, and the CRN-91 Gun. Indian Ambassador Mr. Amit Kumar acknowledged support from KDIA, Chanwon City Industry Promotion Agency, and the Society of Defence Manufacturers during the seminar. The event facilitated opportunities for Indian and South Korean defence industries to explore collaborations.



As part of the Indian delegation at Seoul and representing AVNL were Shri Sanjay Dwivedi, CMD, AVNL, and Shri V R Rambhad, CGM, HVF (a unit of AVNL).



Indian Ambassador to South Korea, Shri Amit Kumar, inaugurating India Pavilion with Shri Sanjay Dwivedi, CMD, AVNL, at Seoul (South Korea)

AVNL participated in the 9th International Police Expo at Pragati Maidan, New Delhi, from July 4-5, 2024. The expo connects police representatives and security technology suppliers worldwide to explore opportunities in internal security, training, protection, and rescue services.



VFJ, AVNL is demonstrating Armoured Ambulance on MPV 4x4, Bullet Proof Morcha and scaled models of MPV 4x4 and MPV 6x6. An inside view of the facilities available within the ambulance.



A side profile of the Armoured Vehicle Ambulance, displayed at the 9th International Police Expo.

VISIT OF DIGNITARIES AT AVNL

Defence Secretary Shri Giridhar Aramane, IAS, visited AVNL & its Units on 13.02.2024



Defence Secretary chairing a meeting with AVNL officers at AVNL Corporate Office.



Defence Secretary's visit to Heavy Vehicle Factory (HVF)



Defence Secretary interacting with Unions and Associations at HVF





Visit of Hon'ble RRM, MoD, Shri. Ajay Bhatt to Ordnance Factory, Medak, Unit of AVNL on 15.01.2024



On 15.01.2024, Hon'ble RRM, MoD Shri. Ajay Bhatt visited AVNL unit OFMK and reviewed ongoing production and R&D activities. CMD/AVNL Shri. Sanjay Dwivedi was present during the visit along with OFMK team led by CGM/OFMK Shri. K. Sudhakar.



RRM at the shop floor of OFMK



Visit of Shri. T. Natarajan, AS/DP, MoD to the AVNL Corporate Office On 22.02.2024



Mr T. Natarajan being felicitated by Shri Sanjay Dwivedi, CMD AVNL, Shri C. Ramachandran, Director Finance and Shri B Pattanaik, Director HR



Shri T. Natarajan in a meeting with senior officials at AVNL Corporate Office.



Shri.T. Natrajan, IAS, AS(DP) Visited AVNL, Medak unit to review the status of implementation of Quality 4.0. He was accompanied by Shri Sanjay Dwivedi, IOFS, CMD/AVNL, Shri. S S Prasad, IOFS, CGM/OFMK, Lt Gen R S Reen, DG, DGQA, Shri.Manoj Kumar, DDG/OSD(LS), MoD and other senior officers of AVNL, DGQA, BEL & BDL

Visit of Chief of the Army Staff (then VCOS), General Upendra Dwivedi On 10.04.2024

General Upendra Dwivedi (COAS) visited Armoured Vehicles Nigam Limited (AVNL) and its unit HVF and EFA. He was briefed on cutting edge 'A' (Armoured) Vehicle technologies, including MBT Arjun and Tank T-90 Mk-III.



Gen Upendra Dwivedi being welcomed by Shri Sanjay Dwivedi, along with Shri C Ramachandran, Director Finance and Shri B Pattanaik, Director HR.



Gen Upendra Dwivedi being shown around the factory floor.





Shri Sanjay Dwivedi (CMD/AVNL), Shri Bhanu Prakash Srivastava (Director Operations/ BEL), Shri C. Ramchandran (Director Finance / AVNL), Shri B Pattanaik (Director Human Resources/ AVNL) regarding the armament upgrade of BMP-2.



On 15.03. 2024, Shri Shalabh Tyagi, JS(P&C), DDP, Govt. nominee Director/ AVNL visited Corporate office, AVNL and took review of ongoing production and R&D activities at HVF, EFA. He also visited Proof Range Avadi, Chennai.



Shri T. Muthukumar, Director/Production & Marketing, MIDHANI visited AVNL Corporate Office on 02.04.2024 for discussion regarding Armour Plates with CMD/ AVNL, GM/OFMK, CVRDE and DMRL team.



Major General Vikram Taneja, ADG OS, MGS Branch visited AVNL Corporate Office for technical discussion with CMD/ AVNL.



Maj. Gen. Devindar Kumar, AVSM, SM, ADG MECH INF, IHQ of Ministry of Defence (Army), New Delhi, visited various production shops at Heavy Vehicles Factory, Avadi, a Unit of AVNL, on 15.05. 2024



Shri Sarat Chaturvedi, IA & AS, DG, Audit (Ordnance Factories), Kolkata at the AVNL Corporate Office



Lt. Gen A. K. Singh, PVSM, AVSM, YSM, SM, VSM GOC-IN-C Southern Command visited AVNL unit HVF and interacted with Shri. Sanjay Dwivedi CMD/AVNL and team of officers at HVF led by Shri V. R. Rambhad CGM/HVF



Shri Sanjay Kumar Jha, CMD MIDHANI, a Public Sector Undertaking under the Department of Defence Production, MoD, Shri Sanjay Dwivedi, CMD AVNL, Shri Gowri Shankar Rao N, Director Finance at MIDHANI, Shri C. Ramachandran Director Finance AVNL Co, ; on discussions regarding an MoU between MIDHANI and AVNL for establishing an armour production facility



In a major boost, India Coast Guard has signed a contract with (Armoured Vehicle Nigam Limited) for procurement of ten 30 mm CRN-91 guns along with SOP. The 30 mm CRN- 91 guns is already inducted weapon in ICG and is indigenously made in India by Ordnance Factory Medak.



Smt. Kalyani Sethuraman IRAS, CVO/AVNL visited Medak unit. She was felicitated by Shri S.S.Prasad, CGM, OFMK



AVNL signs its first major contract with the Indian Army for upgrading a fleet of 693 ICV BMP- II Sarath vehicles. Shri P. Babji (GM, AVNL/OFMK) and Dr Ajay Kumar CMD & DG Acquisition (extreme right)

CELEBRATING THE NATION'S PRIDE



AVNL organised CMDs' Conference 2023 during Dec 22-23, 2023. Among the points discussed were strategies in newly formed 7 DPSUs and important issues pertaining to HR, profit sharing and supply chain management.



Shri B. Pattanaik, Director, HR, receiving the HR Leadership Award from Global HR Excellence Awards, under the aegis of World HRD Congress on 15.02.2024.



Shri Sanjay Dwivedi handing over certificates and prizes to Senior officers of AVNL CO (receiving the award is Shri S. Gnanasekaran, GM, Operations) during the Independence Day celebrations.



Launching of AVNL & Co Intranet portal on Independence Day, 2023



On the occasion of National Unity Day, a marathon and awareness drive was organized by HVF.



Members of the AVNL WWA with school children, as part of events organised during Vigilance Awareness Week



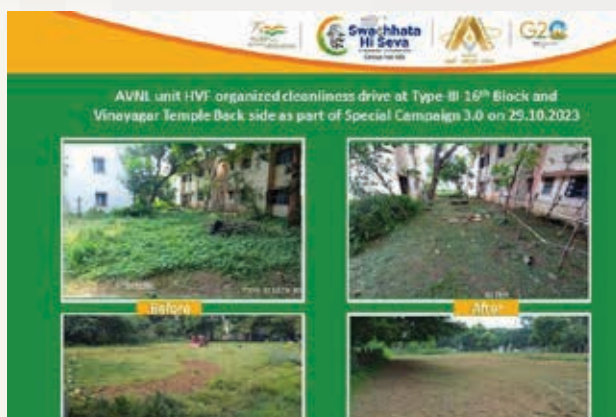
AVNL celebrated its 2nd Foundation Day on 01.10.2023 accompanied by CMD/AVNL, Board of Directors, AVNL WWA Chairperson Smt. Rashmi Dwivedi, and AVNL WWA Co-Chairperson Smt. Deeptimayi Pattanaik.



A rally was organised as part of AVNL's 2nd Foundation Day celebrations.



As part of the Swachhata Campaign, an awareness walk was held at the AVNL Estate premises.



Also as part of the Swachhata campaign, places around the AVNL estate were cleaned.



Unity Pledge week at the AVNL Corporate Office, where the pledge, bilingual (Hindi and English), was read.



Hindi Fortnight Celebrations at AVNL.



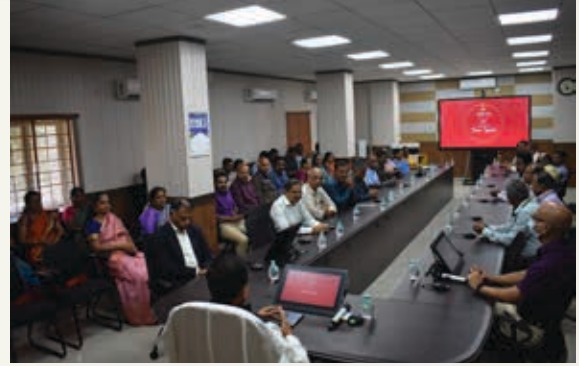
On the occasion of International Women's Day celebration, an enlightening Seminar on Women's Health was given by Dr.(Mrs.) Veena Balamurugan, MBBS, DMCH, AMA, for all women employees of AVNL Corporate Office.



AVNL has signed MoU with leading academia IIT-Madras for associating in R&D activities. In this regard, AVNL has organized 2 days R&D Conclave for Officers of its five Units in IIT Madras on August 07-08, 2024 which was inaugurated by Shri C. Ramachandran, Director/Finance, AVNL and Shri Manu Santhanam, Dean / Industrial Consultancy & Sponsored Research, IIT Madras.



Launching the Digital Work Place initiatives at AVNL Corporate Office.



Celebrations of New Year, 2024

Republic Day Celebrations at AVNL Corporate Office



On the occasion of Republic Day, the National Flag was unfurled by Shri Sanjay Dwivedi, CMD, AVNL.



HVF, a unit of AVNL, on 13.05.2024 achieved a milestone by Rolling out T-90 Mk-III tanks. Lt. Gen. Vivek Kashyap, AVSM, VSM, DGAC, virtually flagged off the First set of 10 T-90 Mk-III Tanks of 464 Indent for Indian Army in the presence of Shri Sanjay Dwivedi, IOFS, ndc, CMD/AVNL.



Shri C. Ramachandran, Director, Finance, AVNL CO, flagging off the a batch of T-90 III tanks from HVF, Avadi.



10th International Day of Yoga Celebrations at Ajeya Stadium, Avadi, Chennai



Students from Vijayanta school, who have won prizes in yoga at the National Level, were also part of the event.



International Yoga Day Celebrations at AVNL Corporate Office, with the trainers of the session being felicitated.



Staff and officers at the Corporate Office engaged in Yoga session.



Participants at the Inter DPSU sports meet 2023-24, which included YIL (Yantra India Limited), AVNL (Armoured Vehicles Nigam Limited), BEML (Bharath Earth Movers Limited), TCL (Troop Comforts Limited) and MIL (Munitions India Limited). YIL emerged as the winner.

CORPORATE SOCIAL RESPONSIBILITY



On 16.05.2024, MoUs were signed as part of AVNL's CSR Initiative with the Archaeological Survey of India (ASI) and the National Culture Fund (NCF), Ministry of Culture, (Government of India).

This collaboration will help preserve cultural sites and provide tourist facilities at Sun Temple, Konark, Odhisha, Brihadeshwara Temple, Tamil Nadu and Temple of Somnath & Temple at Katni, Madhya Pradesh.



AVNL has taken the initiative for the development of infrastructure, promoting education and youth empowerment through Swarnim Centre Of Value-Based Educational Excellence in partnership with 10 Inf Div (Cross Sword Div) of the Indian Army, and National Integrity and Educational Development Organisation (NIEDO) as training partner in Akhnoor, Jammu & Kashmir.

Through this project, 30 underprivileged children of Jammu & Kashmir hailing from economically weaker sections, especially from rural, semi-rural, non-urban areas, and hilly areas will be trained for competitive examinations for a period of 12 months.





Shri B. Pattanaik, Director, HR, AVNL CO, receiving the appreciation memento from the White Knight Corps, under whose auspices the program is being implemented, along with NIEDO.



Kalinga Institute of Industrial Technology (KISS) University has entered into a Memorandum of Understanding (MoU) with Armoured Vehicles Nigam Limited (AVNL). The signing ceremony was attended by notable dignitaries including Shri Biswaranjan Pattanaik, Director of HR at AVNL, Dr. Achyuta Samanta, Founder of KISS & KIIT, Dr. Saranjit Singh, Vice-Chancellor of KIIT DU, Professor Deepak Kumar Behera, Vice-Chancellor of KISS DU, Dr. Prashanta Routray, CEO and Registrar of KISS University, and Mr. W Easwar, CFO of KISS.



On 07.02.2024, ANVL distributed aids and appliances to Divyangjan children under CSR in collaboration with Artificial Limbs Manufacturing Corporation of India (ALIMCO) in Bal Vikas Sansthan, Avadi.



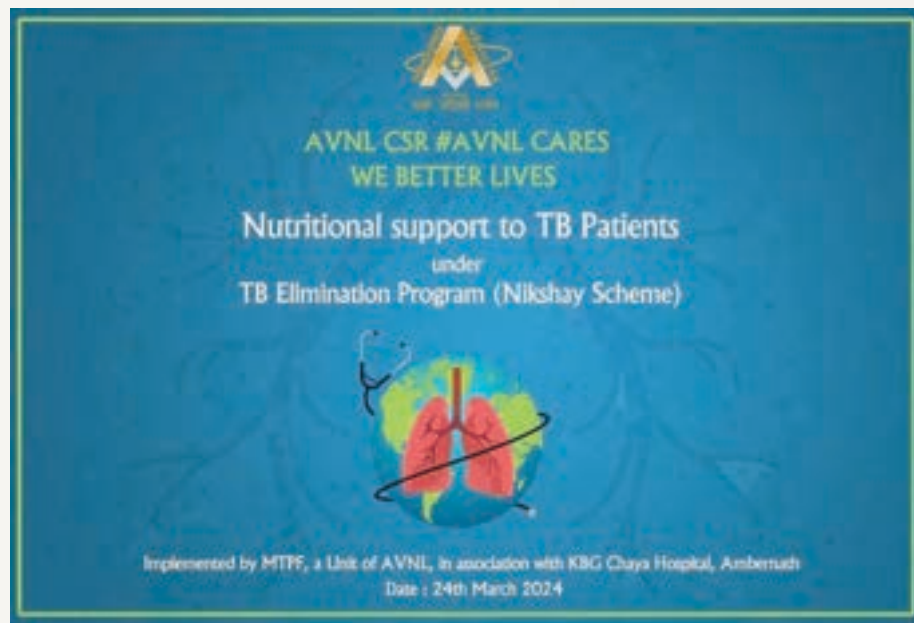
Shri B Pattanaik, Director HR, AVNL, addressing the dignitaries and faculty at KISS University



AVNL was honored with the prestigious Global CSR Award, organized under the aegis of the 13th World CSR Congress at Mumbai.



AVNL, Ambarnath unit observed World TB day. Under Nikshay Scheme, Nutritional Diet for TB patients were distributed. The motto for the initiative was: "Let's come forward. Together We can beat TB."





THE FORCE BEHIND THE FORCES

NOTICE OF 03RD (THIRD) ANNUAL GENERAL MEETING OF AVNL

NOTICE IS HEREBY GIVEN THAT THE 03RD (THIRD) ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF ARMOURED VEHICLES NIGAM LIMITED (AVNL) WILL BE HELD ON MONDAY, 23RD SEPTEMBER 2024 AT 3.30 P.M. (IST) THROUGH VIDEO CONFERENCING ("VC") OR OTHER AUDIO VISUAL MEANS ("OAVM") TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended on March 31, 2024 together with the Reports of the Board of Directors and the Statutory Auditors thereon and Comments of the Comptroller and Auditor General of India, and to pass the following resolution with or without modification as Ordinary Resolution:**

"RESOLVED THAT the Audited Financial Statements of the Company for the financial year ended March 31, 2024 along with, Statutory Auditors report and Comments of Comptroller & Auditor General of India and the Board's Report, for the financial year 2023-24 thereon as placed before the meeting be and are hereby received, considered and adopted."

- To fix the remuneration of Statutory Auditor for F.Y. 2024-25 by passing the following resolution with or without modification as Ordinary Resolution:**

In terms of provisions of Section 142 of the Companies Act, 2013, the remuneration of the Auditors shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. Hence, it is proposed that the Members may authorize the Board to fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2024-25, as may deem fit.

"RESOLVED THAT pursuant to the provisions of Section 139,141,142,144 and other applicable provisions, if any, of the Companies Act, 2013, read with the underlying rules viz. Companies (Audit and Auditors) Rules, 2014, the Members be and are hereby authorize the Board to fix the remuneration of the Statutory Auditors of the Company for the Financial Year 2024-25, as may deem fit."

SPECIAL BUSINESS

- To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the Financial Year 2024-25 & 2025-26 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing the following resolution as Ordinary Resolution with or without modification(s):**

"RESOLVED THAT pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of ₹9,90,000/- (Rupees Nine Lakhs Ninety Thousand only) including applicable Tax payable to M/s. Diwanji & Co, Cost Accountants (Registration No. 000339), for conducting cost audit of the Company for the Financial Year 2024-25 and 2025-26, as approved by the Board of Directors of the Company, be and is hereby ratified;



THE FORCE BEHIND THE FORCES

4. To Approve the offer or invitation to subscribe to Equity shares by way of preferential allotment on private placement basis to select group of persons, and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 42, 62 and all other applicable provisions, if any, of the Companies Act 2013 read with rules, circulars and notifications made thereunder (including any statutory modification/s, amendments thereto or re-enactment/s, thereof for the time being in force) and Articles of Association of the Company as amended and such other statues, notifications, circulars, rules and regulations as may be applicable, the consent of the Shareholders be and is hereby accorded for the issue offer and allot upto 14,35,11,845 (Rounded off) fully paid up equity shares having face value of Rs. 10/- (Rupees Ten only) per share at par aggregating upto Rs. 143,51,18,450/-(Rupees One Hundred Forty Three Crores Fifty One Lakhs Eighteen Thousand Four Hundred and Fifty only) to the following identified person (the “Offeree”) as given in the table below on a preferential basis by way of private placement for consideration other than cash;

Name and Address of the Offeree/ Identified person	No of equity shares to be offered - Upto
Name: Hon’ble President of India (Through Joint Secretary to the Government of India, Ministry of Defence, Department of Defence Production)	14,35,11,845 (Fourteen Crores Thirty Five Lakhs Eleven Thousand Eight Hundred and Forty Five) (Rounded off)

RESOLVED FURTHER THAT the aforesaid Equity Shares shall rank pari-passu in all respect with the existing fully paid up Equity Shares of the Company and shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company;

RESOLVED FURTHER THAT pursuant to the provisions of the Act and Rules, the consent of the members be and is hereby granted to record the name of the Offerees and maintain such record in the manner set out in Form PAS-5 of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

RESOLVED FURTHER THAT for the purpose of above resolutions, Shri Sanjay Dwivedi, CMD (DIN: 09282314) or Shri. C. Ramachandran, Director (Finance) (DIN: 09315439) or any Director of the Company or the Company Secretary (“Authorised Person”) be and are hereby severally authorised on behalf of the Company to do all such acts, deeds, matters and things, as the Authorised Person may at his/her discretion, deem necessary or desirable for such purpose and to settle any question, difficulties or doubts that may arise in this regard, including without limitation, to administer the entire preferential issue, to determine the number of shares to be offered to the Offeree, timing of the offer, to maintain record of private placement offers in Form PAS-5, authenticating the entries made in Form PAS-5, finalising and entering into or execution of all agreements/ arrangement(s)/ document(s), as the Authorised Person may in his / her absolute discretion deem fit, authorizing any officer(s) of the Company, severally, to sign for and on behalf of the Company agreement(s) and any other related paper(s)/ document(s), including the authority to amend or modify such agreement(s), document(s), making requisite filings with the Registrar of Companies, Ministry of Corporate Affairs and any other government or regulatory body, delegating necessary authorizations to any officer of the Company, as may be required and to do all such acts, deeds and things as may be necessary or incidental in this connection for giving effect to the foregoing resolution, without being required to seek further consent or approval of the Members and that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”



THE FORCE BEHIND THE FORCES

“RESOLVED FURTHER THAT all actions taken by the Authorised Persons in connection with any matter referred to or contemplated in any of the foregoing resolutions are hereby approved ratified and confirmed in all respects.”

**By order of the Board of Directors
Armoured Vehicles Nigam Limited**

Date: 31.08.2024
Place: Avadi, Chennai

**Garima Khare
Company Secretary
Membership No. – A33471
email: cs@avnI.co.in**



THE FORCE BEHIND THE FORCES

Notes:

1. The Ministry of Corporate Affairs ("MCA"), vide its General circular nos. 14/2020 dated April 8, 2020, 20/2020 dated May 5, 2020 and 09/2023 dated September 25, 2023 (collectively "MCA Circulars") have permitted Companies to conduct AGM through 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 03rd AGM of the Company is being convened and conducted through VC/OAVM. The deemed venue for the 03rd AGM shall be the Registered Office of the Company.
2. As per 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 their behalf. Since the AGM is being held through VC or OAVM as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the AGM and hence the Route Map, Proxy Form and Attendance Slip are not annexed to this Notice.
3. Government Representatives / Members of the Company are to attend and vote at the AGM through VC/OAVM facility. The representative of "H.E. The President of India" intending to appoint their authorised representatives pursuant to Sections 112 of the Act, as the case may be, are requested to send the signed copy of the nomination letter in advance.
4. As per the provisions under the MCA Circulars, Members attending the AGM through VC/OVAM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. The relevant explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 & Secretarial Standard 2 on General Meetings, in respect of Special Businesses, as set out above is annexed hereto.
6. None of the Directors of the Company is in any way related with each other.
7. The facility of joining the e-AGM through VC/OAVM will be opened 15 minutes before and will be open upto 15 minutes after the scheduled start time of the e- AGM.
8. All documents referred to in the accompanying notice are open for inspection at the Registered Office of the Company on all working days during business hours (barring Saturday and Sunday) up to the date of AGM. However, Members seeking to inspect such documents are requested to send prior intimation at the Email Id cs@avn1.co.in and the same shall be provided through the Electronic Media.
9. 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
5. Cost Auditors



THE FORCE BEHIND THE FORCES

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

The following statement sets out all material facts relating to certain Special Business mentioned in the accompanying Notice of AGM:

Item No. 3 – Ratification of Remuneration to Cost Auditors for FY 2024-25 and 2025-26

The Board of Directors of the Company, has approved in its 28th Board meeting held on 27th August 2024, the appointment of M/s. Diwanji & Co, Cost Accountants (Registration No. 000339), at a remuneration of ₹ 9,90,000/- (Rupees Nine Lakhs Ninety Thousand only) including applicable Tax to conduct the Cost Audit of the Company for the financial year 2024-25 & 2025-26.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit & Auditor Rules), 2014, the remuneration payable to the Cost Auditor is required to be ratified by the members of the Company.

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

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

Item No. 4- To Approve the offer or invitation to subscribe to Equity shares by way of preferential allotment on private placement basis to select group of persons, and in this regard, to consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special resolution

The Board of Directors in its 19th Board Meeting held on 19.05.2022 was informed that certain adjustments were required to be made to the originally submitted Net Asset Value (NAV) in respect to land area difference, Security deposits, GST refund to HVF, Amount received from MoD for RR & Inventory reconciliation of VFJ. Accordingly, the Board took the note of additional Net Asset Value (NAV) of Rs.143,51,18,454/- (Rupees One Hundred and Forty Three Crores Fifty One Lakhs Eighteen Thousand and Four Hundred Fifty Four Only) and directed to forward the same to DDP for their intimation and issuance of shares for the adjustment value subject to authentication by the Ministry.

DDP vide a letter MoD ID No. 14/DP/OFBCIC/Share/AVNL/Vo-I dated 25.04.2024 has requested to provide equity shares corresponding to the adjusted NAV.

AVNL Board of Directors in its 26th Board Meeting held on 06.06.2024 noted & approved the additional NAV of Rs. 143,51,18,454/- as received from DDP.

The following disclosures are made in terms of Rule No.13(2) of the Companies (Share Capital and Debentures) Rules, 2014:

Object of the Issue:

Due to the certain adjustments w.r.t. land area difference, Security deposits, GST refund to HVF, Amount received from MoD for RR & Inventory reconciliation of VFJ there is an additional Net Asset Value (NAV) of Rs.143,51,18,454/- (Rupees One Hundred and Forty Three Crores Fifty One Lakhs Eighteen Thousand and Four Hundred Fifty Four Only).

Further as mentioned above, this proposed issue is being made in lieu of the additional NAV amount which has been arrived at due to revised NAV.



THE FORCE BEHIND THE FORCES

Total No. of shares to be issued:

Issue and offer up to 14,35,11,845 (Fourteen crores thirty five lakhs eleven thousand eight hundred and forty five only) fully paid equity shares having face value of Rs 10/- (Rupees Ten Only) per share (“**Equity Shares**”) at par on preferential basis by way of private placement for consideration other than cash to ‘The President of India’ through, Joint Secretary to the Government of India, Ministry of Defence (Department of Defence Production) as approved by the Board of Directors at their meeting held on 06.06.2024.

The price at which allotment is proposed:

Equity shares having face value of Rs. 10/- (Rupees Ten only) each are proposed to be issued at par.

Basis on which the price has been arrived at along with valuation report:

The Board of Directors have considered the issue price of Equity shares of Rs. 10/- (Rupees Ten only) based on the valuation report issued by a registered valuer. The valuation report is open for inspection at the registered office of the Company on all working days during business hours (barring Saturday and Sunday) up to the date of AGM. However, Members seeking to inspect such documents are requested to send prior intimation at the Email Id cs@avn1.co.in and the same shall be provided through the Electronic Media.

Relevant Date:

Relevant Date means a date atleast thirty days prior to the date on which the General Meeting of the company is scheduled to be held.

The class or classes of person to whom the allotment is proposed to be made is as under:

Name and Address & PAN of the Offeree/ Identified person	No of equity shares to be offered- Upto*
Name: Hon’ble President of India (Through Joint Secretary to the Government of India, Ministry of Defence, Department of Defence Production)	14,35,11,845 (Fourteen crores thirty five lakhs eleven thousand eight hundred and forty five only)

**the number of share are being rounded off*

Intent of Promoters, Directors or KMP of the Company to subscribe to the preferential allotment:

No contribution is being made by the Directors, Promoter, Key Management Persons and none of them intend to participate in the proposed preferential issue of equity shares.

Proposed time within which the allotment shall be completed:

Within a period of 12 months from the date of circulation of the private placement offer to the Offeree.

The names of the proposed allottees and the percentage of post preferential offer capital that may be held by them:

Name of the proposed allottee(s)	% of post preferential offer share capital (on a fully diluted basis), assuming fully paid up
Name: Hon’ble President of India through, Joint Secretary to the Government of India, Ministry of Defence (Department of Defence Production)	99.99%



THE FORCE BEHIND THE FORCES

The Change in control, if any, in the company that would occur consequent to the preferential offer:

There would be no change in the control consequent to this preferential offer.

The No. of persons to whom allotment on preferential basis have already been made during the year in terms of number of securities as well as price:

There were no allotments of securities made on preferential basis during the year.

The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer:

In terms of Rule 13 (2) (g) of the Companies (Share Capital and Debentures) Rules, 2014, where the shares are offered on a preferential / private placement basis, the price of the resultant shares shall be determined beforehand on the basis of valuation report of a registered valuer. As per the Valuation Report, the fair value of equity shares of the Company has been determined as Rs. 10/- (Rupees Ten only) per equity share. Board of Directors at their meeting held on 06.06.2024 have noted/ approved the valuation report. The Board has also approved the valuation report issued by the registered valuer for the additional NAV (non - cash consideration component) in lieu of which equity shares are proposed to be issued.

Name and Address of valuer who performed valuation:

The valuation of the equity shares has been done by M/s. R.K. Patel & Co, Registered Valuer (Regn No. IBBI/RV/02/2018/10303), having office at No. 314, Phoenix complex, Nr. Suraj Plaza, Sayajigunj, Vadodara –390020, India.

The Preissue and post issue shareholding pattern of the Company:

S.No	Category	Pre-Issue		Post issue	
		No. of shares	% of shareholding	No. of shares	% of shareholding
A	Promoters Holding				
1	Indian:				
	Individual	-	-	-	-
	Central Government	13,11,02,91,400	100	13,25,38,03,245	100
	Bodies Corporate	-	-	-	-
	Sub Total	13,11,02,91,400	100	13,25,38,03,245	100
2	Foreign Promoters	-	-	-	-
	Sub Total (A)	13,11,02,91,400	100	13,25,38,03,245	100
B	Non Promoters' Holding				
1	Institutional Investors	-	-	-	-
2	Non Institution:	-	-	-	-
	Private corporate bodies	-	-	-	-
	Indian Public	-	-	-	-
	Directors and relatives	-	-	-	-
	others (including NRIs)	-	-	-	-
C	ESOP Pool	-	-	-	-
	GRAND TOTAL	13,11,02,91,400	100	13,25,38,03,245	100



THE FORCE BEHIND THE FORCES

Principle terms of assets charged as securities:

Being an offer for issuance of equity shares, no assets of the Company are being charged as security.

The following disclosures are being made pursuant to Rule 14 (1) of the Companies (Prospectus and Allotment of Securities) Rules, 2014: Not Applicable

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

The Board of Directors recommends the resolution as set out in Item No. 4 for approval of the Members by way of a Special Resolution.

By order of the Board of Directors

Armoured Vehicles Nigam Limited

Date: 31.08.2024

Place: Avadi, Chennai

Garima Khare
Company Secretary
Membership No. – A33471
email: cs@avn1.co.in



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STATUTORY REPORT

Board's Report For The Financial Year 2023-2024

Dear Shareholders,

Your Board of Directors takes immense pleasure in presenting the 03rd Annual Report on the performance of your Company ("the Company" or "AVNL"), and its Audited Financial Statements for the Financial Year ended 31.03.2024, together with Reports of the Statutory Auditors and the Comptroller & Auditor General of India (C&AG) thereon.

SUMMARISED FINANCIAL PERFORMANCE & HIGHLIGHTS

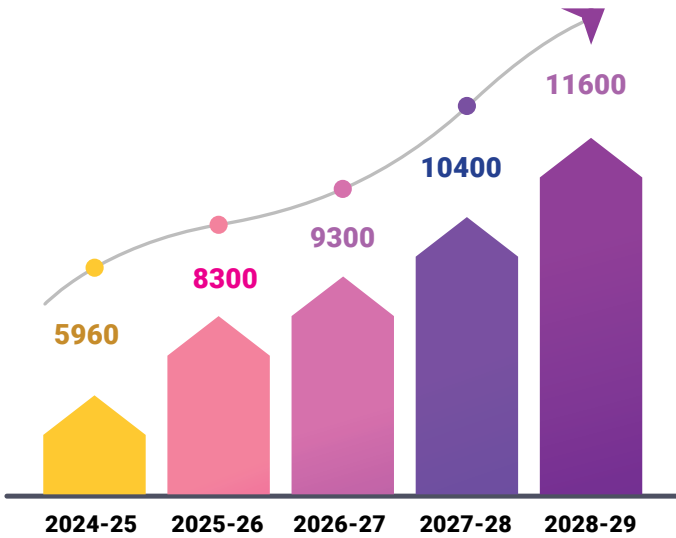
The financial highlights for the year ended 31.03.2024 are summarised as under:

Particulars	(Rs in Crores)	
	2023-2024	2022-23
Gross Income	5267.90	5428.43
EBITDA	1026.35	582.27
Depreciation	209.22	198.70
Profit / (Loss) Before Tax	817.13	383.57
Less: Tax Expense	212.06	112.40
Profit / (Loss) after Tax	605.07	271.17

The company was incorporated in August 2021 and the Business Operations of the company commenced from 01.10 2021.

During the year the Company achieved the gross income of ₹ 5267.90 Crores as compared to ₹5428.43 Crores in previous Financial Year. The Profit After Tax (PAT) for the year is ₹ 605.07 Crores and the Profit Before Tax (PBT) stands at ₹ 817.13 Crores .

GROWTH PLAN (RS. IN CRORES)



QUALITY

All production divisions/units of your company are certified with ISO 9001:2015 (QMS), which focuses on quality management systems; as a milestone Ordnance Factory, Medak (OFMK) was certified AS9100D, an Aerospace Quality Management System Standard. The Material Testing Lab, Electronics Lab, and Standard Labs are certified with ISO/IEC 17025:2017, which pertains to the competence of testing and calibration laboratories. In addition to these certifications, AVNL is committed to continuously improving customer satisfaction through customer meets and interactions with users. Corrective Actions & Preventive Actions are implemented wherever necessary to drive improvement in processes and meet customer expectations.

AVNL has also taken up UTD-20 engine for supplying under Self Certification Scheme and further plans to undertake the supply of BMP-OH under the Self-Certification scheme.

All AVNL Units have formulated Acceptance Test Procedure (ATP) in association with respective Quality Assurance Agency for their end products and the stores are manufactured & inspected accordingly.

IN-HOUSE QUALITY TRAINING

AVNL has implemented 3 tier Quality setup Quality Control (QC), Quality Assurance (QA) & Quality Assurance Group (QAG) at AVNL units to enhance quality. The quality set up is exclusively headed by a GM level officer.

AVNL Units are conducting User Interaction Meet (UIM) on a regular basis. During UIM, the concerned team along with representatives from sister ordnance factories and other DPSUs (viz., BEML, BEL etc.) on best practices of maintaining quality.

Further, suggestions for improvement received from User directorate (Addl. DG / Mech Inf) are periodically discussed in Alteration Committee Meetings and design clauses are incorporated in the existing platforms.

Quarterly Review Meeting (QRM) headed by Addl. DG /DGQA is held with all the stake holders of AVNL units to resolve/review quality related issues viz customer complaints, RFR and to implement corrective measures.

Quality Monitoring Group (QMG) meetings headed by ADGQA (PP&T) MoD conducts monthly review meeting with all new DPSUs to resolve the quality related issues

Based on need, trainings are imparted to the man power engaged in Quality Function for enhancing the knowledge with respect to quality of the product.

AATMANIRBHAR BHARAT





AVNL, as the OEM for the current fleet of Battle Tanks and Infantry Combat Vehicles (BMP-II) with 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 Trawls, and BMP-II variants 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 Artificial Intelligence (AI) and IoT-based technologies in weapon platforms, AVNL has embarked on developing next-generation products for the Armed Forces.

GROWTH DRIVER PROJECTS:

AVNL manufactures Tank Platforms, ICVs, B-Category Vehicles, and naval weapons platforms. The company has identified Growth Driver Projects aimed at substantially increasing turnover across short, medium, and long terms. Action plans are in place for projects including OH/MRO facilities for T-72/T-90 Tanks at VFJ, enhancing OH capacity at HVF, development of new products, product upgrades for BMP, Tank platforms and diversifying product portfolio.

INDUSTRY 4.0 / QA 4.0:

1. AVNL has been consistently upgrading its manufacturing process & technology to the emerging Industry 4.0/Q4.0 standards to increase operational efficiencies. AVNL instanced to automate its production system wherever feasible to increase productivity and avoid human intervention.
2. To ensure continual improvement in quality, AVNL Units identified various operations for online data capturing in the area of inspection, machining. Accordingly AVNL has initiated procurement action of various machines/

equipment complied with Industry 4.0 to enhance the quality.

3. AVNL has taken up 18 projects of QA 4.0/I 4.0 for implementing in 100 Days, [viz. use of Bluetooth-enabled instruments for direct capture of data, Online data capturing, Spectro analysis of molten metal, Barcoding of Critical components, etc.], which will be completed in due course of time.

MODERNISATION

AVNL has undertaken significant efforts in modernising its Plant & Machinery and associated civil infrastructure 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 modernisation strategy, AVNL has focused on integrating advanced technologies across manufacturing, design, and testing processes to enhance productivity and minimize human intervention. I4.0, Q4.0 and Automation plays a crucial role, 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 ongoing projects include:

- MRO and OH facility for T-series tanks at VFJ ERP project for all the units including AVNL
- Overhauling infrastructure for MBT Arjun at HVF
- Enhancement overhauling capacity of T-series tank from 120 per annum to 150 per annum at HVF.
- Installation of Single/Double Station Induction Hardening Machine at MTPF Implementation of CNC special purpose cylinder head cam shaft 3-way line boring machine at EFA
- Introduction of Bus Bar Trunking System at MTPF Development of V92S2 Engine turbocharger test rig at EFA

- Upgradation of Power Transformers and switchgear equipment at HVF Retrofitting and reconditioning of HMT Berardi Horizontal Boring & Milling Machine with Twin Pallets & Tool Magazine at HVF
- Introduction of Fibre Laser Cutting Machine at VFJ.

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

AVNL has outlined several new facilities to expand its operational capacity, including:

- Increasing the capacity for Overhauling of T-Series Tanks Project from 120 to 150 units at HVF
- Establishing QA & QC infrastructure dedicated to the Arjun Tank
- Developing overhaul (OH) infrastructure specifically for the Arjun Mk-I Tank
- Establishing Maintenance, Repair, and Overhaul (MRO) facilities for T-Series Tanks
- Overhauling engines for T-72 & T90 Tanks



The upgraded series of T-90 III tanks being handed over to the Army, at HVF, Avadi.

DIVIDEND

As per Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government

of India vide O.M. F.No. 4/27/2019-DIPAM-II- A(E) dated 13.06.2023, AVNL is exempted for payment of dividend for FY 2021-22, FY 2022-23 and FY 2023-24. Hence, your Board of Directors is not recommending any dividend for the year ended 31.03. 2024.

AMOUNT TRANSFERRED TO RESERVES

During the under review, AVNL has earned a Profit after tax (PAT) of ₹ 605 Crores for the FY 2023-24 and the whole amount was transferred to General Reserves.

BORROWINGS

As on 31.03.2024, the short-term and long-term borrowings of the Company was Nil.

CREDIT RATING

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

CHANGES IN SHARE CAPITAL

The Authorized Share Capital and Paid up Share Capital of the Company as on 31.03.2024 stands at ₹ 14,000 crores and ₹13,110.29 crores respectively. The entire paid up share capital of your Company is held by Government of India.

During the year 2023-24, Ministry of Defence, GOI has allocated ₹290 crores for CAPEX and ₹14.36 Crores to meet Company's Emergency Authorisation Fund which is required to apportion in the form of Equity share capital. Accordingly, the Company has issued 1,43,60,000 Equity Shares and 29,00,00,000 equity shares of Rs. 10/- per share through Rights Issue basis to the President of India, GOI on 19.05.2023 and 27.07.2023 respectively.

Accordingly, the Paid up Share capital of the Company has been increased from ₹12,805.93 Crores to ₹13,110.29 Crores divided into 13,11,02,91,400 numbers of equity shares of Rs. 10/- each on account of equity shares issued to the Hon'ble President of India after obtaining the necessary approvals from the concerned authorities.

INFORMATION TECHNOLOGY INITIATIVES

The Company has created self-sustained IT Infrastructures with two latest high- end Servers having adequate information security features configured in it. These servers are connected on a dedicated network bandwidth with the Servers of all Units of AVNL for the purpose of undisturbed automatic data transfers and information sharing between AVNL Corporate office and Manufacturing Units. AVNL has developed and implemented DASHBOARD for Contract Management System (CMS), Finance & HR. This ensures availability of information in time, integrity of data and improves overall work efficiency.

The Company started its communication through exclusive mail services by creating 1500 user mail accounts configured from NIC Cloud with adequate cyber security measures. AVNL has also established CPPP (Central Public Procurement Portal) for the e-procurement of Goods & Services. Apart from these, there are several other important initiatives undertaken by the Corporate IT, AVNL Corporate Office.

Dashboard for R & D, Plant and Machinery, Quality, Personal Information System and Budget have been developed and are under implementation. Other important initiatives undertaken by AVNL/IT are:

- OVRA (Online Vendor Registration Application) is on the verge of being launched.

- Enterprise Resource Planning (ERP) for all functional areas, process started by engaging renowned consultants who have completed Functional Requirement Study (FRS), Detailed Project Report (DPR) and Request for Proposal (RFP) completed and Bid floated in GeM and the work is under progress.
- Website for AVNL is developed and hosted in NIC Cloud after obtaining necessary security compliances and certifications.
- Implemented NIC e-office (Office Automation and Knowledge Management) is made functional on premises in the Server of AVNL in phase-I; plans are to extend the same to all units.
- Initiative is underway to establish Chakrayuh solution at AVNLCO and its Units to strengthen the cyber security posture and is going on war footing under the guidance of MoD.
- Cyber Security document is prepared and approved by CoD and being followed. The initiative has been for an Internet leased Line (ILL) connection for all Units.
- The initiative has been for integration of Tally system for all Units and finance MIS reports generation.
- Initiative underway to establish DR (Data Recovery) Centre for AVNL.



On 12.01.2024, CSG-DDP conducted seminar on Cyber Security Awareness for all officers and employees of AVNL . The seminar emphasized on the importance of cyber hygiene and shared organizational best practices to be followed to stay vigilant against cyber crimes. The seminar was also attended by officers and employees from all AVNL units through VC.



THE FORCE BEHIND THE FORCES

HUMAN RESOURCES

AVNL had an employee strength of 11,799 on October 01, 2021 when it commenced its operations. On 31.03.2024 it had 10,872 employees in its strength. They are under deemed deputation from the erstwhile OFB units and are subject to the rules, regulations applicable to the Central Governments servants till their absorption.

A. Category-Wise Details of Male-Female Employees

Category	Employees		Total Employees
	Male	Female	
Group-A (GOs)	211	14	225
Group-B (GOs)	1187	109	1290
Group-B (NGOs)	872	87	959
NIEs	630	24	844
IEs	7094	454	7548
TOTAL	9994	878	10872

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	44	226	167	163	1758	2358
Scheduled Tribe	25	125	55	38	567	810
Other backward Class	48	334	307	228	2913	3830
Ex-Servicemen	0	13	01	13	75	102
PWD	09	26	17	14	205	271
Total	126	724	547	456	5518	7371



THE FORCE BEHIND THE FORCES

GRIEVANCE REDRESSAL SYSTEM FOR SC/ST AND PUBLIC GRIEVANCE REDRESSAL

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 unit, at shop floor level, the concerned shop floor Head of Sections/Divisional Officers addresses the grievances raised by the employee. If the grievance are not settled at the shop floor level, then it is being 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/OBCs employees a Liaison Officer is 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 a Public Grievance Redressal Mechanism and Monitoring System (CPGRAMS). A Group-A officer has been nominated in all units as the Nodal Officer for prompt disposal of the grievances raised in the CPGRAMS.

During the FY 2023-24 all units of AVNL including the corporate office of the Company redressed and resolved the 75 grievances of the employees.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance towards sexual harassment at the workplace and towards this end, it has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. All employees (permanent, contractual, deputation, temporary and trainees) are covered under the said policy. During the financial year under review, the Company has not received any complaint of Sexual Harassment of Women at Workplace.

The Company has complied with the provisions relating to the constitution of Internal Committee (IC) under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 to redress complaints received regarding sexual harassment.

COMPLIANCE UNDER RIGHT OF PERSONS WITH DISABILITIES ACT, 2016 (RPWD)

As mandated under the Act, the Company extended all necessary relaxation/ concessions to employees with disabilities as per the statute/ Govt. directives. 'Equal Opportunity Policy' has been formulated and approved by the Board which prevents any kind of discrimination. 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 in every unit.

At the Corporate Level, a Deputy Chief Vigilance Officer has been appointed in consultation with the CVO. The deputy CVO will work under the CVO for coordinating with the unit's Vigilance Officer.

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.



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Vigilance clearances to employees in cases of promotion, deputation, outside employment, confirmation, foreign visits, for postings in sensitive areas etc are being given online by this department (AVNL) for final clearance to be issued by Vigilance/DoO (C&S), Kolkata.

'Vigilance Awareness Week' is celebrated every year as guided & directed by the CVC through their circulars. AVNL Corporate Office and all its units observed 'Vigilance Awareness Week 2023' as per CVC guidelines.



***When people are financially invested, they want a return.
When people are emotionally invested, they want to contribute.***

-Simon Sinek



INTEGRITY PACT

Integrity Pact (IP) 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 conditions of ethical conduct 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 ₹ 5.00 Crores. In tenders whose cost value is more than ₹5 .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

Shri Thanglura Darlong, Ex-IFS, (Retd).

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. However, Information pursuant to Section 134(3) (h) of the Companies Act, 2013 read with rule 8(2)/ of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure -I**.

CORPORATE GOVERNANCE

"Corporate Governance is the backbone of sustainable business practices, ensuring trust, integrity, and responsible decision-making."

Corporate governance is the set of principles and practices that guide the actions and directions of the Company. Corporate governance encompasses the processes, practices and structures that ensure businesses are managed effectively, transparently and in the best interests of shareholders and stakeholders. Strong Corporate Governance framework promotes trust among investors, support long- term strategic goals, and mitigate risks, ultimately contributing to the overall health and sustainability of the organization.



THE FORCE BEHIND THE FORCES

In terms of DPE Guidelines, a Report on Corporate Governance along with a Compliance Certificate on Corporate Governance from the Practicing Company Secretary is annexed to this report as **Annexure - II** and forms part of Annual Report. In terms of Para 8.2.3 of the DPE Guidelines of CPSEs, the Company's compliance level as per the grading report on Corporate Governance is rated at 'Excellent' for FY 2023-24.

CODE OF BUSINESS CONDUCT AND ETHICS:

The Board of Directors of the Company has laid down a Code of Business Conduct and Ethics for all Board Members, KMPs and Senior Management of the Company pursuant to DPE Guidelines. The Code of Business Conduct and Ethics has been posted on the Company's website i.e. www.avnl.co.in. All Board Members, the KMPs and Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics as on 31.03. 2024.

A declaration to this effect signed by the Chairman & Managing Director 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 annexed to this Report as **Annexure - III** and forms part of Annual Report.

INDUSTRIAL RELATIONS

Throughout the year, industrial relations remained consistently cordial and harmonious. The ongoing collaboration between Management and Unions/Associations has fostered a peaceful environment. Workmen Unions/Associations have demonstrated commendable cooperation with Management, aligning efforts towards our shared Company objectives. Negotiation and mediation are the paths taken for engagement and resolution of any issue.

Compliance with labor laws and regulations has been followed to avoid any legal dispute. Our established

Grievance Redressal Mechanism effectively addresses employee grievances and representations, ensuring a supportive workplace environment for all.

Policies for Employee participation and Workplace Culture have been put in place to foster trust and mutual respect, creating a more productive and harmonious work atmosphere. Also, conflict resolution and employee welfare programs have contributed to improve employee morale and satisfaction.

Positive industrial relations contributed to the overall safety and well-being of the workforce, aligning their efforts with the strategic goals of national defence.

IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

In accordance with the provisions of the Official Language Act, 1963, and as directed by the Official Language Implementation Department of the Ministry of Home Affairs, Government of India, AVNL is steadfast in its commitment to implementing Rajbhasha Hindi throughout the Company, both in principle and practice. Quarterly Hindi Progress Reports are diligently submitted to the relevant authorities.

All officers and employees are actively encouraged to use the Official Language through a variety of training programs and seminars. Letters, office orders, circulars, tenders, advertisements, annual reports, and other communications are issued bilingually. Correspondence received in Hindi is promptly replied to in Hindi. Manuals, procedures, regulations, and policies are available in bilingual formats. Printed materials concerning company schemes are also published in bilingual formats.

To further foster the adoption of the Official Language Policy, Units and Corporate Office have extensively employed PHP Programming, ensuring an accessible and user-friendly approach for employees. Regular training sessions, conducted by accredited faculties from reputed institutes and the Ministry of Home Affairs, are provided to enhance language proficiency among employees.

To facilitate effective communication between Hindi and non-Hindi speaking personnel, regular language training

sessions are conducted. Periodical publications of quarterly and annual magazines further contribute to the promotion and implementation of the Official Language Policy within AVNL.

Committee of Parliament on Official Language, New Delhi has conducted inspection of MTPF, Ambernath on 14.07.2023, and AVNL Institute of Learning on 19.01. 2024, in Mumbai.

The committee appreciated both the units for the best efforts put in for implementation of Official Language and advised to increase the percentage of work, to conduct more workshops and seminars in the future. The members of the Committee also inspected the Rajbhasha exhibition and praised the various works done for the implementation of Rajbhasha by both the units.

WORKSHOPS:-

1. AVNL Institute of Learning, Avadi, conducted a one-month spoken Hindi workshop from April 03.04.2023 to 02.05.2023 for TOLIC Offices (Chennai). Fifty-one employees attended and benefited from the training.
2. Another workshop on the implementation of Official Language through PHP was organized by AVNL Institute of Learning, Avadi, for employees of member offices of TOLIC (PSU) on February 23, 2024. Twenty-nine employees attended the workshop.
3. AVNL Institute of Learning, Avadi, organized a special Hindi workshop on the implementation of Official Language for officers of AVNL CO on 12.02.2024. Nineteen officers participated in the workshop.

ACHIEVEMENTS OF AVNL CORPORATE OFFICE AND UNITS:-

1. Vehicle Factory Jabalpur received the award from Hon'ble Ramesh Bais, Governor / Maharashtra for excellent work in the field of official language for the year 2022-23 during the Central and West Regional Joint Official Language Conference held in Mumbai on 23rd November 2023.



Committee of Parliament on Official Language Inspection of MTPF, Ambernath



Committee of Parliament on Official Language inspection of IOL, Ambernath



Shri Kamlesh Kumar, General Manager and Rajbhasha Officer and Shri Shailendra Singh, A.P. & Divisional Officer/ Rajbhasha receiving the award from Hon'ble Ramesh Bais.

- The AVNL team participated in a Hindi Drama competition organized by the Town Official Language Implementation Committee (PSU) at BPCL on 09.02.2024, at Airports Authority of India and won a Consolation Prize.



- The AVNL CO team won the first prize in the Antakshari competition conducted by the Town Official Language Implementation Committee (PSU) at BPCL on 16.05.2024.



IMPLEMENTATION OF RIGHT TO INFORMATION ACT, 2005

In order to promote transparency and accountability, your Company has implemented the provisions of the Right to Information Act, 2005 (RTI Act) in letter and spirit and instituted appropriate mechanisms to provide information to the citizens under the provisions of this Act. The applications received from the citizens of India as well as transferred applications under Section 6 (3) of the RTI Act were replied to within the prescribed statutory time period. During the year 2023- 24, the Company received 202 RTI applications and the information was provided within the statutory time period. There are no pending applications.

RTI applicants preferred appeal before the Appellate Authority under Section 19(1) of the RTI Act. These were disposed in time bound manner. No appeals are pending as on 31 Mar 2024 before the Central Information Commissioner for the RTI applications filed for the year 2023-24.

AVNL'S PROACTIVE DISCLOSURE INITIATIVE

AVNL has taken proactive measures in line with the Suo-moto 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 to the public domain. The goal is to minimize the necessity for individual RTI applications. Specifically, Section 4(2) of the RTI Act mandates that all public authorities regularly provide a significant amount of information to the public using diverse communication channels, including the Internet.

In adherence to the provisions of Section 4(1)(b), AVNL has taken proactive steps to fulfill this mandate by making necessary information readily available on its official website

PROCUREMENT THROUGH GEM

Government e-Marketplace (GeM) is implemented by the Government with the aim to transform all the Government



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procurements in a transparent manner so as to avoid undesired malpractices in the procurement process. The portal was launched on 09.08.2016 by the Hon'ble Minister for Commerce & Industry. Procurement through GeM has been authorized by adding a new Rule No. 149 in the General Financial Rules 2017.

GeM is a completely paperless, transparent and system-driven e-marketplace that enables speedy procurement of common-use goods and services with minimal human interface. During the year 2023-24, AVNL has procured materials & services worth Rs. 2687.30 Crores through GeM constituting 103.35% against DDP revised GeM target of Rs.2600 Crores and 81.79% of the total domestic procurement value. Continuous add-on tools for procurement of materials and services in various ranges are found user-friendly and are being adopted. AVNL is determined to improve procurement through GeM.

PROCUREMENT FROM MICRO SMALL & MEDIUM ENTERPRISES (MSMES)

AVNL has systematically developed an extensive vendor base covering most of the outsourcing requirements. As per the directive of the Government, minimum 25% procurement has to be done from Micro Small & Medium Enterprises (MSMEs) enhanced from 20% earlier and providing a minimum 3% reservation for Women owned MSMEs and 4% for SC/ST Enterprises. During the year 2023-24 AVNL has procured Goods & Services valuing Rs.924.00 Crores out of Rs. 3285.58 Crores which constitutes about 28.12% from MSMEs.

During FY 2023-24, Women-owned MSMEs and SC/ST MSMEs got order values to the tune of Rs.81.50 Crores and Rs.16.80 Crores respectively which constitutes 8.78% and 1.81% of Rs.924.00 total 2023-24 MSME order value. This is a remarkable achievement for AVNL Further, AVNL is procuring materials required for production & for other requirements through MSMEs.

BOARD OF DIRECTORS

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Board of Directors of the Company comprises of Functional Directors and Government Nominee Directors who were appointed by Government of India from time to time. Further, the tenure and remuneration of Functional Directors including Chairman and Managing Director are decided by Government of India. The Government communication also indicates the detailed terms and conditions of 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 and they are not entitled to any remuneration/ Sitting fees.

Pursuant to the orders of the Government of India and in accordance with the Articles of Association of the Company Shri Sanjay Dwivedi and Shri Biswaranjan Pattanaik were appointed as first Directors of the Company.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL WHO WERE APPOINTED OR HAVE RESIGNED DURING THE YEAR

As on 31st March, 2024, the Board of Directors of AVNL comprised of Four (4) Directors viz. three Functional Directors and one Government Nominee Director.

Chairman & Managing Director (CEO); General Manager (Finance) (CFO) and Company Secretary are declared as Key Managerial Personnel (KMP), as defined under Section 2(51) of the Companies Act, 2013.



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The following changes took place among the Board of Directors/KMPs during the Financial year:

S.No	Name	Designation	Date of Appointment/Cessation
1	Shri A N Srivastava	Chairman & Managing Director	Ceased w.e.f 27.06.2023
2	Shri Sanjay Dwivedi*	Chairman & Managing Director	Appointed w.e.f 21.07.2023
3	Shri Dinesh Singh Jhala	Company Secretary	Ceased w.e.f 31.01.2024
4	Smt Garima Khare	Company Secretary	Appointed w.e.f 01.02.2024

*Shri Sanjay Dwivedi was already holding the charge of Director (Operations) w.e.f. 14.08.2021. Further vide MoD ID No. PC-1 to 1(5)/2021/OF/DP(Plg-V) dated 21st July, 2023, Shri Sanjay Dwivedi, Director (Operations) has been nominated and appointed as Chairman & Managing Director of the Company w.e.f. 21.07.2023 against vacant position due to untimely sad demise of Shri A.N. Srivastava former CMD.

Further details of Directors/ KMP and changes therein subsequent to the close of the financial year are given in Report in Corporate Governance.

Pursuant to the provisions of Section 203 of the Act, the Key Managerial Personnel (KMP) of the Company are-

Managing Director
Shri A N Srivastava (upto: 27.06.2023) Shri Sanjay Dwivedi (w.e.f 21.07.2023)
Chief Financial Officer (CFO)
Shri G Srinivasan (w.e.f. 16.03.2023)
Company Secretary (CS)
Shri Dinesh Singh Jhala (upto : 31.01.2024) Smt Garima Khare (w.e.f 01.02.2024)

Number of Board and its Committee Meetings held during the Year

During the year, Seven Board meetings were held and the maximum interval between any two meetings was not more than 120 days. The details of meetings of the Board and Committee(s) held during FY 2023-24 are furnished in the Corporate Governance Report, which forms a part of this report.

Committees of the Board

As on 31.03.2024, one Statutory Committee viz. Corporate Social Responsibility & Sustainable Development Committee has been constituted by the Board. However 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. Your Company will constitute such Committees after the appointment of requisite no of Independent Directors by the Administrative Ministry i.e. MOD.

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



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Compliance with Secretarial Standards

The Board of Directors hereby declare that, the provisions of Secretarial Standards-1 ("Board Meeting") and Secretarial Standards-2 ("General Meetings") issued by ICSI and notified by the Ministry of Corporate Affairs (MCA), u/s 118(10) of the Companies Act, 2013, for all the Board and General Meetings of the Company held during the Financial Year 2023-24 have been duly complied with.

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

AVNL being a Government Company, the provisions of Section 197 of the Companies Act, 2013 shall not apply in view of the Gazette Notification dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India. The terms and conditions of Functional Directors is decided by the Government of India.

BOARD EVALUATION

As per MCA Notification dated 05.06.2015, provisions of Section 134(3)(p) read with Rule 8(4) of the Companies (Accounts) Rules, 2014 shall not apply to Government Companies, as the Directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the Company. As AVNL is a Government Company, the above provision is not applicable.

DIRECTORS RETIRING BY ROTATION

As per MCA Notification dated 05.06. 2015, Section 152 (6) (Retirement of Director by rotation) of the Companies Act, 2013 shall not apply to your Company, being 100% shares are held by the Central Government.

DECLARATION BY INDEPENDENT DIRECTOR

The Company 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. Hence, the declaration from Independent Directors shall be obtained as and when Independent Directors were appointed by Administrative Ministry under Section 149(6) & Schedule IV of the Companies Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY

The importance of inclusive growth is now widely recognized as an essential part of India's quest for development. It reiterates the country's commitment to include such sections of the society in the growth process, which have remained excluded from the mainstream of development.

In line with this national endeavour, Corporate Social Responsibility (CSR) has been conceived as an instrument for integrating social, environmental and human development concerns in the entire value chain of Corporate business. The operations of AVNL judged by its positive actions towards the stakeholders, environment and the society and how socially responsible your company is besides its financial performances. Therefore, AVNL is consistently endeavoring its responsibility towards the community, particularly the marginalized sections and the social and ecological environment in which it operates.



THE FORCE BEHIND THE FORCES

AVNL adopted care and concern for the People and the Planet as one of its core business philosophy. AVNL strives to set high standards and endeavors to go beyond statutory requirement towards making enduring impact economically, socially and environmentally with mission to make long lasting, meaningful and impactful contributions for the development and enrichment of society and environment.

AVNL is conscious of its responsibilities towards society, and as per the provisions of the Companies Act, 2013 and spending 2% of the average net profits of the immediate three preceding financial years towards CSR activities. The AVNL focus under CSR during the Financial year 2023-24 in compliance to the Schedule VII of Section 135 of Companies Act 2013 in core areas viz., Protection and preservation of National Heritage, Education, Skill development for underprivileged in Border areas of J&K, Healthcare & Nutrition with allocated CSR fund Rs. 4,57,07,000 for the FY 2023-24. AVNL has undertaken the following major ongoing projects during the year are as follows:

1. Swarnim Centre of Value-Based Educational Excellence, Skilling, And Wellness in partnership with Armoured Vehicles Nigam Ltd in partnership with Indian Army and NIEDO.
2. Organizing Camps to distribute aids and appliances to the needy disabled persons of Bal Vikas Kendra, Avadi, Chennai, Tiruvallur District, TN.
3. National TB Elimination Program financial support to State TB Office, Government of Tamil Nadu, Chennai.
4. Contribution to National Cultural Fund (NCF) for preservation and protection of national Heritage for the following three projects in partnership with NCF and ASI circles
 - i. Providing public amenities like Smart Toilet, Childcare room, Rest room for senior citizen at Sun Temple, Konark, Puri district, Odissa.
 - ii. Expanding the illumination to the exterior portion as well in Brihadiswara Temple at Tanjavur, Tamilnadu.
 - iii. Drinking water facility, Toilet Block, CCTV Surveillance system, Garden development and maintenance, Desilting of the Moat at Temple of Somnath and Ruins, Bargon, Katni, Madhya Pradesh.
5. Health and Nutritional programs in Development of Particularly vulnerable Tribal Groups (PVTG) blocks of Orissa and Chattisgarh.
6. Nutritional support to 100 TB patients under National TB Elimination Program in coordination with TB Eradication Team of Municipal Hospital (Ambarnath - Dr BG Chaya Hospital)

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 under taken by your Company during the year 2023-24 pursuant to Section 135 of the Companies Act 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended is attached to the report as **Annexure-IV**.

ANNUAL RETURN

Pursuant to section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company as on March 31, 2024 is available on the website of the Company at www.avnl.co.in



THE FORCE BEHIND THE FORCES

AUDITORS

A. Statutory Auditors

Pursuant to Section 139(5) of the Companies Act 2013, for the FY 2023-24, the Statutory and Branch Auditors of the Company appointed by Comptroller and Auditor General of India (C&AG) for the year 2023-24 are as under-

S.No	Firm Name	Unit
STATUTORY AUDITORS		
1	M/S. T.G. SUKUMARAN & CO, CHENNAI	AVNL HO
BRANCH AUDITORS		
2	M/S. S. SANTHANAGOPALAN & CO., CHENNAI	HVF, Chennai
3	M/S. K.M. MOHANDAS & CO., CHENNAI	EFA, Chennai
4	M/S. KMPS & ASSOCIATES, THANE	MTPF, Ambarnath
5	M/S. PIYUSH CHANDRA MISHRA & ASSOCIATES, JABALPUR	VFJ, Jabalpur
6	M/S. AKASAM & ASSOCIATES, HYDERABAD	OFM, Medak

The Statutory Auditors' Report on financial statements for the FY 2023-24 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. Singh Ranjeet & Co., Cost & Management Accountants as Cost Auditors (FRN: 104255) for conducting the Cost Audit of the Company for the year 2023-24. 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 the provisions of Section 204(1) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sandeep & Associates, Practising Company Secretaries, Chennai, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by the Secretarial Auditor for the Financial Year 2023-24 is annexed to this report as **Annexure - V** and forms part of Annual Report.

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 has not given any loan/ provided any guarantee or security/ made any investment under Section 186 of the Companies act, 2013 during the year ended 31.03.2024.



THE FORCE BEHIND THE FORCES

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 plants have been constructed in the estate of AVNL. All the water bodies which were covered with invasive species have been desilted, and refilled with storm water drains and thus have got restored to a full-fledged water body, recharging the groundwater.

SOLAR POWER PLANT AT OFMK & HVF

In the AVNL unit of HVF - 16 MW, OFMK-16.25 MW and VFJ- 10 MW solar power plants have been installed. This has resulted in an average saving of ₹ 3.5 Crores per annum and also contributing towards green energy.

AVNL'S ACHIEVEMENT IN AUGMENTING RENEWABLE ENERGY AND IMPROVING ENERGY EFFICIENCY

AVNL has installed Solar Power Plants (SPP) 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.

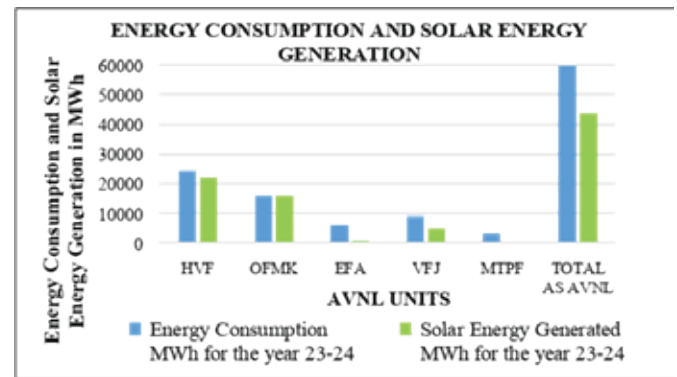
In this regard action plan was chalked out with six key focus areas. The specific highlights of achievements in the set key focus areas are as under:

A. Expand renewable energy use

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

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

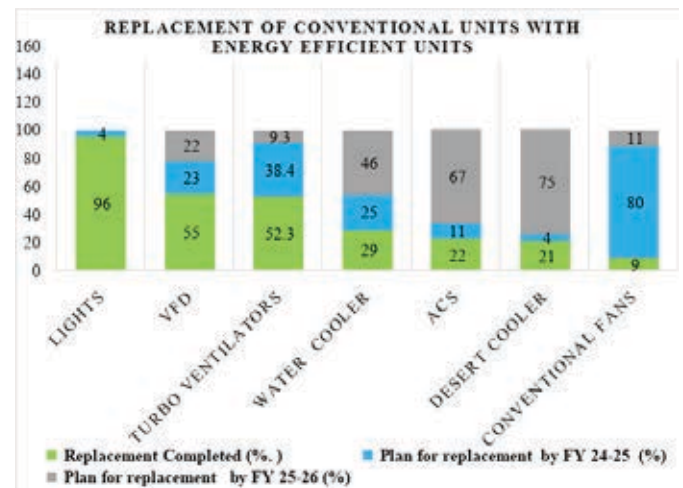
Units wise energy requirements and green energy generation through SPP are displayed in the graph below.



B. Improvement in energy efficiency of appliance and processes

AVNL is installing energy efficient appliances/equipments by replacing conventional ones. It is planned to complete 100% conversion to energy efficient facilities by 2025-26.

The graph below is a pictorial representation of the plans and achievements:





THE FORCE BEHIND THE FORCES

C. Cut down losses & wastages and reduce specific energy consumption

AVNL has achieved close to unity power factor in all Units i.e. 0.998. The energy & cost savings, and reduction in specific energy consumption achieved are as under:

AVNL Units	HVF	OFMK	EFA	VFJ	MTPF	Total
Energy Savings achieved in 2023-24 (kWh)	2,15,40,731	18,16,550	59,22,650	94,40,615	20,48,388	4,07,68,934
Monetary savings achieved in 2023-24 (Rs.)	5,08,16,000	1,36,00,000	3,73,91,646	7,30,70,385	1,52,40,008	19,01,18,039
Reduction in specific energy consumption in 2023-24(%)	2	3	28	1	18	10

Further, Investment Grade Energy Audit has been completed in all AVNL units and audit recommendations are to be implemented in due course of time.

D. Move towards green buildings

AVNL has taken measures for integrating green building norms in new constructions and to obtain certification for existing factory and estate buildings. HVF has planned to meet Green building norms in the construction of ERP office, AVNL Corporate Office, Museum, Type VI Qtrs. MTPF has proposed green building concepts in the construction of New Multi Purpose Hall. EFA is planning to go for Green Building Certification for Admin building.

E. Promote transition to electric mobility

AVNL has deployed 14 e-vehicles in its Units and set a target set to achieve at least 50% transition to electric vehicles or next-generation vehicles by 2026.

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. Training on energy efficiency/ energy management was imparted to 286 employees/officers of AVNL Units during the year 2023-24.

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 exempted via the Ministry of Corporate Affairs vide Notification GSR No.680 (E) dated 4th September 2015.



THE FORCE BEHIND THE FORCES

SAFETY AND COMPLIANCES

Objective of AVNL is to achieve the Zero accident and ensure the effectiveness of Safety, Health and Environment (SHE) Management system, by eliminating the Un-Safe Act & Un-Safe Conditions in AVNL Units through the continual improvement on sustained Safe Work Environment.

Safety:

In order to achieve the above, AVNL unit has implemented the four grade safety management structure in all the production units:

Level- 1 - The Occupier/ HOD

Level -2 - Controlling Officer (SAG)

Level -3 - Chief Safety Officer (JAG)

Level-4- Safety Officers (Gr. B with mandatory safety requirement and Electrical Safety Officer.

Further reinforcement is ensured through various levels of Audit by:

1. SAL-I (Audit by Fy. Safety Officer on monthly basis)
2. SAL- II [Audit by SAL-II Team (Inter Fy.) – Bi-annual]
3. SAL- III (Audit by AVNL CO safety team– Bi-annual)

In addition to the above, respective state Directorate of Industrial Safety & Health [DISH] officials are visiting the factories to ensure the statutory compliance in respect of Safety, Health & Environment and any observations made are duly addressed.

During 4th March to 11th March of 2024 The 53rd National Safety Day Campaign was observed in all our AVNL Units. Various activities were conducted throughout the week, viz. Display of safety day banners, Administration of Safety & Health pledge to the employee by the HOD at workstations, Practical demonstrations on use of PPEs, FFEs and rescue apparatus with special focus on equipment for working at height, Safety Net & Safety Belt, Wearing of safety badges, Safety exhibition and competitions such as safety slogans, essays, and elocutions in Hindi, Telugu, and English. Safety quizzes and demonstrations on basic first aid and firefighting were also organized as part of safety promotional activities.

A work permit system has been strictly implemented especially for Work at Height, Excavation works & Confined space.

Proper Personal Protective Equipment (PPE's) have been issued to IE's & its utility is monitored to mitigate the Un-Safe Acts & Conditions. PPE's are being upgraded at par with latest technology/ equipment.

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

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

All the 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 being conducted.

The earthing system for the buildings and Lightning arrestors are being ensured by Electrical Safety Audit.



Shri V. R. Rambhad, IOFS, Chief General Manager of HVF, A unit of AVNL, at the National Safety Day.

Statutory Compliance:

Continues monitoring of all statutory compliances required for industrial units at Corporate Office level and factory level. Timely renewal of consents for Air & Water, Industrial license and obtaining Permission for Hazardous Waste Material Handling, Online Registration etc. are ensured.

HEALTH & ENVIRONMENT

Annual Medical Examinations are being conducted for all the Employees for ensuring the health of employees. In order to ensure the Safety of working personnel against

Occupational Diseases, various tests viz. Vision test, Urinal test, Audiometric Examination, Pulmonary function test etc. have been carried out.

Most of our units have been certified to International Standard for Environment Management System (ISO 14001) as well as ISO 45001 for OHSMS. The solid, E-Waste management & Safe disposal of Effluents/ Sewage are being followed as per the Norms of respective State PCBs. Plantation of saplings also carrying out during safety week celebration and other important occasions viz. Environment day observation on 5th June 2024.



A medicinal plant being planted by Shri Sanjay Dwivedi, CMD, AVNL at VFJ.

INTERNAL FINANCIAL CONTROLS

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. These internal audit systems have been designed in such a way that systems, procedures and operations are made to work to keep a check and at the same time follow the detailed Standard Operating Procedures.

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 the requirement under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a. That in the preparation of the annual accounts for the period ended 31st March, 2024 the applicable accounting standards, read with the requirements set out under schedule III to 'the Act' have been followed along with proper explanation relating to material departures;
- b. That 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 at the end of the financial year and of the profit and loss of the company for the year;
- c. That 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, 2024, 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. That the directors have devised 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

AVNL has strategically leveraged virtual platforms to enhance corporate communication and marketing initiatives. Beyond actively participating in prestigious

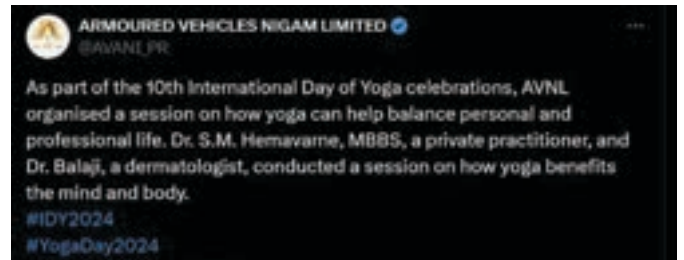
defence exhibitions both nationally and globally, AVNL meticulously crafts and disseminates compelling articles and advertisements in renowned Defence publications.

On the social media front, AVNL has strategically enhanced its digital footprint, particularly on X (formerly Twitter), effectively engaging with an international audience and bolstering awareness of the company's accomplishments. This proactive approach has significantly amplified AVNL's visibility in the social media sphere, showcasing its achievements to a global audience. AVNL is also harnessing this platform to announce significant company updates and spotlight its Corporate Social Responsibility (CSR) initiatives effectively.



Ordnance Factory Medak (A unit of AVNL)
@avninofmkpro

On 12th July, Shri.T.Natrajan, IAS, AS(DP) Visited AVNL, Medak unit to review the status of implementation of Quality 4.0. During his visit, he visited various shops and expressed his satisfaction over progress made and suggested further improvements. He was accompanied by Shri Sanjay Dwivedi, IOFS, CMD/AVNL, Shri. S S Prasad, IOFS, CGM/OFMK, Lt Gen R S Reen, DG, DGQA, Shri.Manoj Kumar, DDG/OSD(LS), MoD and other senior officers of AVNL, DGQA, BEL & BDL. @AVANI_PR

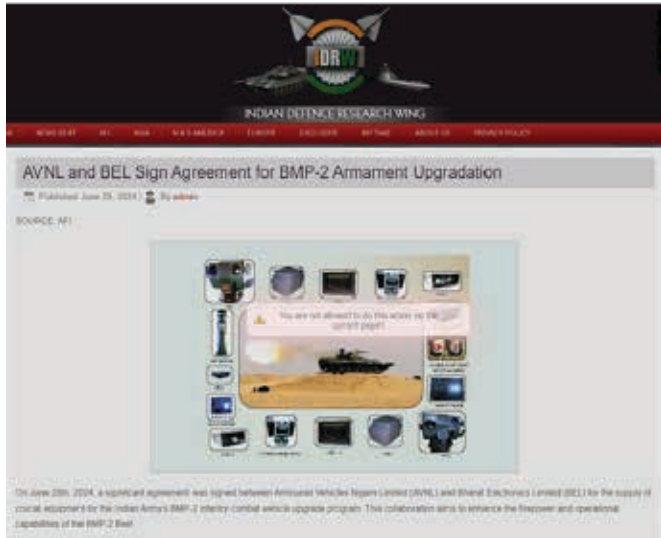


Chief Minister, MP @CMMadhyaPradesh - 31m
मुख्यमंत्री डॉ. मोहन यादव की गरिमामयी उपस्थिति में आज जबलपुर में आयोजित रीजनल इंडस्ट्री कॉन्क्लेव में प्रदेश सरकार और भारत की लीडिंग कॉर्पोरेशन वीकल मैग्निफेक्चरिंग कंपनी अशोक लेलेड व एवीएनएल के मध्य एम.ओयू का आदान-प्रदान किया गया।
@PMOIndia
@DrMohanYadav51
@CimGOI @investindia...



The achievements of AVNL have garnered coverage in both print and online media forums.

Below: Indian Defence Research Wing, a prominent website for the updates on Indian Defence Industry, which mentions the major events on AVNL.



Swarnim Center: Advancing Skills, Wellness, & National Integrity with AVNL & Indian Army's Education Initiative

JAMMU EXPRESS NEWS AKHNOOR, NOV 3

The 'Swarnim Centre of Excellence & Wellness' project, in collaboration with Armoured Vehicles Nigam Limited (AVNL), a Ministry of Defence MoD Public Sector Undertaking (PSU), has been conceived to create a brighter future for the youth of Akhnoor and the surrounding regions. This initiative is primarily focused on economically disadvantaged sections of society, especially those hailing from rural, semi-rural, and non-tribal areas.

The project involves a comprehensive, full-time residential program designed to mentor and guide these young individuals for a duration of twelve months, with a particular emphasis on preparing them for competitive entrance examinations. The program, operating under the auspices of the White Knight Corps, will be executed by the National Integrity & Educational Development Organisation (NIEDO), a Non-Profit educational trust. The Cross Swords Division will oversee the overall implementation of the welfare program, encompassing administration, logistics, and monitoring of progress, with the necessary financial support provided by AVNL.

This initiative is part of the Indian Army's sustained commitment to 'Nation Building' and the promotion of 'Shiksha Se Samridhi' (prosperity through education), aimed at securing a better future for the youth in the Union Territory of Jammu & Kashmir. The memorandum of understanding (MoU) between Cross Swords Division, AVNL, and the training partner, NIEDO, was officially signed on November 3, 2023. The signing ceremony was graced by the presence of the Corps Commander of the White Knight Corps, and it was witnessed by senior officials, including SSP Mital Lal Bhagat and SDM Akhil Sadotra from Akhnoor.

The project's scope extends beyond academic mentoring and encompasses the provision of soft skills, personality development, essential life skills, leadership capabilities, personal well-being programs, vocational training, and comprehensive grooming to ensure the holistic development of the participants. This initiative is a significant step toward nurturing the potential of the region's youth and facilitating their overall growth and success.

YLINE TheHitavada JABALPUR Thursday March 14 2024

Lt Gen Shekhawat inspects production work, military products produced in VFJ

Staff Reporter

LIEUTENANT General P S Shekhawat, General Officer Commanding Madhya Bharat Area visited Vehicle Factory Jabalpur, on Wednesday. Senior Jeet Kumar Bhoja, Chief General Manager of Vehicle Factory Jabalpur and other officials welcomed the GOC. After this, the General Officer Commanding inspected the production work and military products being produced in the factory. The GOC was briefed by Chief General Manager who gave detailed information about the military products and military vehicles being produced in the factory.

Chief General Manager of Vehicle Factory Jabalpur explained the perspective planning of the factory including research and development, future projects and indigenisation of equipment. He also informed that the factory has been supplying military vehicles to the Indian Army and other security forces for many decades.

Visit of the General Officer Commanding underlines vital role played by VFJ in supporting operational preparedness and effectiveness of the Indian Army. His visit highlights the Army's commitment in ensuring highest standards of supply and maintenance of military vehicles and equipment to its defence personnel. The visit was essential to foster a culture of continuous improvement and address any issues impacting the Army's operational capabilities. The GOC also gave a number of new ideas and inputs regarding operational requirements of Indian Army to the Chief General Manager which was appreciated by the staff of Vehicle Factory Jabalpur. The Chief General Manager said that he will immediately start working on some of the ideas and showed interest in brain storming sessions between civil engineers and Army officers for understanding exact requirements of Indian Army and refinement of existing production line. Lieutenant General P S Shekhawat, General Officer Commanding Madhya Bharat Area, appreciated professional contribution of Sanjeev Kumar Bhoja, Chief General Manager of Vehicle Factory Jabalpur and his entire staff. He also praised qualities of military vehicles and equipment being produced by the factory.

AVNL - Powering Battlefield Vehicles Through Indigenisation



THE FORCE BEHIND THE FORCES



AVNL organized 10K Marathon at AVNL Estate, Avadi in collaboration with Ambattur Arimass and Chennai Runners on March 10, 2024



The run was also part of the International Women's Day celebration; seen on stage are Shri C. Ramachandran, Director, Finance, Shri Sanjay Dwivedi, CMD, AVNL, and Smt Rashmi Dwivedi, Chairperson, AVNL WWA.

DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES

As on 31st March 2024, AVNL has no Subsidiaries, Joint Ventures or Associates Companies.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

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 to the Audit Committee under Section 143(12) of the Companies Act, 2013. However, any such instances will be reported to Audit Committee.

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 systematically 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.

PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

No application has been made under the Insolvency and Bankruptcy Code against your Company; hence the



THE FORCE BEHIND THE FORCES

requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year is not applicable.

ACKNOWLEDGEMENTS

Your Directors place on records their gratitude for the valuable co-operation, advice and support received from the various Ministries of Government of India especially 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), Government of Tamil Nadu and look forward to their continued support and co-operation in future.

Your Directors wish to acknowledge their deep sense of appreciation and sincere thanks to all Government Agencies, Departments, Comptroller & Auditor General of India, Statutory Auditors, Internal Auditors, Secretarial Auditors and each and every stakeholder for their wholehearted and continued support, guidance, advice, assistance and co-operation from time to time during the year and hope to receive the same kind of co-operation in the future as well.

Your Directors thank Company's Consultants, Advisors, Contractors for their valuable advice and guidance and all others who are associated with the Company. Your Board of Directors wish to place on record their sincere appreciation for the valuable services, advise, Co-operation and support given by Members of the Board during their respective tenure as Directors.

Your Directors place on record their appreciation for the co-operation extended by all the Officers and Employees of the Company in the progress of the project and for the smooth conduct of the operations by the Company during the Year.

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

B PATTANAİK
Director
DIN: 09282313

SANJAY DWIVEDI
Chairman & Managing Director
DIN: 09282314

DATE: 27.08.2024

Place : Avadi, Chennai



THE FORCE BEHIND THE FORCES

ANNEXURE – I

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

- Name(s) of the related party and nature of relationship: Not Applicable
- Nature of contracts/arrangements/transactions: Not Applicable
- Duration of the contracts/arrangements/ transactions: Not Applicable
- Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- Justification for entering into such contracts or arrangements or transactions: Not Applicable
- Date(s) of approval by the Board: Not Applicable
- Amount paid as advances, if any: Not Applicable
- Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

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

- Name(s) of the related party and nature of relationship: Not Applicable
- Nature of contracts/arrangements/transactions: Not Applicable
- Duration of the contracts/arrangements/ transactions: Not Applicable
- Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- Date(s) of approval by the Board: Not Applicable
- Amount paid as advances, if any: None

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

B PATTANAİK
Director
DIN: 09282313

SANJAY DWIVEDI
Chairman & Managing Director
DIN: 09282314

DATE: 27.08.2024

Place : Avadi, Chennai



THE FORCE BEHIND THE FORCES

ANNEXURE –II

REPORT ON CORPORATE GOVERNANCE

AVNL is a Schedule-A Enterprise of Government of India. The Company has established a sound framework of Corporate Governance. The particulars of Company's report on Corporate Governance are as under:

1. PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance refers to the framework of rules, practices and processes by which companies are managed and controlled. The primary goals of effective corporate governance are to ensure ethical conduct, enhance shareholder value, mitigate risks, and achieve sustainable growth. Central to this framework is the Board of Directors, which plays a crucial role in overseeing the company's management, strategy, and operations. Hence, a good Corporate Governance helps companies operate efficiently, manage risks effectively and build trust with stakeholders and the community at large.

Your Company is committed to adopting best governance practices to maximize stakeholder value sustainably. We prioritize ethical conduct, transparency, integrity and accountability in the conduct of business. By upholding these principles, we aim to earn enduring confidence from our stakeholders.

The Report on Corporate Governance along with Compliance Certificate from the Practicing Company Secretary, as per the Guidelines on Corporate Governance for CPSEs 2010 issued by the Department of Public Enterprises, Govt. of India ('DPE Guidelines'), vide DPE's OM No.18(8)/2005-GM dated 14 May 2010, is given at the end of the Report.

2. BOARD OF DIRECTORS

The Board oversees the overall functioning of the Company and gives strategic directions. The Board of Directors of the Company plays a pivotal role in ensuring good Corporate Governance.

A. Composition of Board of Directors

AVNL is a Government Company under the administrative control of the Department of Defence Production (DDP), Ministry of Defence (MoD). The composition of the Board of Directors is governed by the provisions of the Companies Act, 2013 (the Act) and DPE Guidelines. Being a Government Company and as per the Articles of Association of the Company, the power to appoint Directors vests with the President of India.

As on 31st March, 2024, the Board of Directors of your Company consisted of four Directors including the Chairman and Managing Director, two functional Directors and One Government Nominee Director. The Nominee Directors are appointed in accordance with the order issued by Department of Defence Production, Ministry of Defence, Government of India.





THE FORCE BEHIND THE FORCES

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 2023-24 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 25.09.2023	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 A. N. Srivastava Chairman & Managing Director DIN: 03547253 [upto 27.06.2023]	1	1	NA	NIL	-
2	Shri Sanjay Dwivedi Chairman & Managing Director and Directors (Operations) (Addl. Charge) DIN: 09282314 [w.e.f. 14.08.2021]	7	7	Yes	NIL	Nil
3	Shri C. Ramachandran Director (Finance) DIN: 09315439 [w.e.f. 15.09.2021]	7	6	Yes	NIL	Nil
4	Shri Biswaranjan Pattaniak Director(HR) DIN: 09282313 [w.e.f. 14.08.2021]	7	7	Yes	NIL	Nil
(b) Govt. Nominees/ Part-Time Official Directors						
5	Shri Shalabh Tyagi Joint Secretary (P&C), DoDP, MoD, GoI DIN: 10042888 [w.e.f. 16.03.2023]	7	6	Yes	1 (MIDHANI)	3 (IOL, HSL, MIDHANI)*
(c) Independent Director/Part Time (Non-Official) Director **						
-	-	-	-	-	-	-

*Abbreviations used:

IOL - India Optel Limited HSL - Hindustan Shipyard Limited MIDHANI - Mishra Dhatu Nigam Limited

** The AVNL is waiting for induction of Independent Directors which is pending with Administrative Ministry i.e. Department of Defence Production, Ministry of Defence, Government of India. The Company has been pursuing with its Administrative Ministry for filling up of vacant post of Independent Directors.

Notes:

Following changes took place in the Directorship during the year 2023-24 and thereafter till the date of this report:

1. Department of Defence Production (DDP), Ministry of Defence (MoD), Government of India, vide MoD ID No. PC-I to 1(5)/2021/OF/DP(PIg-V) Pt-III dated 23rd June 2023 has given additional charge of CMD, AVNL to



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Shri Sanjay Dwivedi, Director (Operations) on account of medical leave of Shri A.N. Srivastava, CMD, AVNL.

- Shri A.N. Srivastava, Former Chairman & Managing Director of the Company has been ceased from the Directorship of the Company w.e.f. 27th June 2023, due to his untimely sad demise.
- Department of Defence Production (DDP), Ministry of Defence (MoD), Government of India, vide MoD ID No. PC-1 to 1(5)/2021/OF/DP(PIg-V) dated 21st July, 2023 has appointed Shri Sanjay Dwivedi, Director (Operations) as Chairman & Managing Director of the Company with immediate effect i.e. w.e.f. 21st July 2023. Further Shri Sanjay Dwivedi, Chairman & Managing Director has been entrusted with the additional charge of Director (Operations) till the appointment of the permanent Director (operations) through regular process as per DoPT Guidelines.

C. Meetings of Board and Attendance:

The Board of Directors meets at regular intervals to review the Company's operational & financial performance, order book status, formulate strategies for business development, ensure regulatory compliances, approve financial results & budgets and formulate / review internal policies and systems.

During the year 2023-24, seven (07) meetings of the Board of Directors were held, the details of which are given below:

S. No	Board Meeting Number	Date of Board Meetings
1.	19th Board Meeting	19.05.2023
2.	20th Board Meeting	28.06.2023
3.	21st Board Meeting	27.07.2023
4.	22nd Board Meeting	29.08.2023
5.	23rd Board Meeting	06.11.2023
6.	24th Board Meeting	10.01.2024
7.	25th Board Meeting	15.03.2024

D. Brief resume of newly appointed Director:

During the Financial Year 2023-24, no new appointment of Directors were made till the date of this report.

E. Appointment and Remuneration of Directors

AVNL being a Central Government Public Sector Enterprise (CPSEs), the appointment of Chairman & Managing Director and Functional Directors of the Company is made by the Government of India, indicating the tenure, remuneration and other terms & conditions of appointment.

As per the Articles of Association of the Company, the Directors of your Company are paid such remuneration as the President of India, may determine, from time to time.

Details of remuneration paid to CMD and Functional Directors for the year ended 31st March 2024, are given below:

Name of Director	Salaries & Allowances	Performance Linked Incentive	Other Benefits and Perquisites	Total (In Rs.)
Shri A.N. Srivastava Chairman & Managing Director (Up to : 27.06.2023)	12,30,458/-	-	-	12,30,458/-
Shri Sanjay Dwivedi Chairman & Managing and Director (Operations) (I/C)	38,72,448/-	-	-	38,72,448/-
Shri C. Ramachandran Director (Finance)	45,98,532/-	-	-	45,98,532/-
Shri Biswaranjan Pattaniak Director (HR)	39,08,304/-	-	-	39,08,304/-

Part Time Official (Government / Non-Executive) Directors are not paid any remuneration or sitting fees for attending Board/Committee Meetings.

Part Time Non-Official (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. The AVNL is waiting for induction of Independent Directors which is pending with Administrative Ministry i.e. Department of Defence Production, Ministry of Defence, Government of India.

The Company neither didn't pay any commission to its Directors nor issued any stock options to its Directors. There



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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 are holding equity shares in your Company as on 31st March 2024.

G. Evaluation Criteria

The Board of Directors of the Company comprises of Functional Directors, Government Nominee Directors appointed by the Government of India from time to time pursuant to Article 88 of Articles of Association of the Company. Further, the Government communication also indicates the detailed terms and conditions of their appointment, the scale of pay with components such as Basic Pay, Dearness Allowance, Entitlement to Accommodation etc. subject to the relevant rules of the Company. The Govt. Nominee Directors are appointed by the Ministry of Defence and they are not entitled to any remuneration/sitting fees.

In view of the above, the performance of all Functional Directors and Government Nominee Directors is being evaluated by the Administrative Ministry every year based on own evaluation methodology.

3. MANDATORY COMMITTEES OF THE BOARD OF DIRECTORS

As per the statutory requirement of the Companies Act, 2013 & DPE guidelines following Committees applicable to AVNL during the FY 2023-24 as under:

A. AUDIT COMMITTEE

The AVNL is waiting for induction of Independent Directors which is pending with Administrative Ministry i.e. Department of Defence Production, Ministry of Defence, Government of India. Hence, the Company has not constituted the Audit Committee due to absence of Independent Directors on Board during the FY 2023-24. Meeting of the Audit Committee could not be held during this period and therefore, business items pertaining to the Audit Committee were directly placed before the Board during this period.

B. NOMINATION & REMUNERATION COMMITTEE

The AVNL is waiting for induction of Independent Directors which is pending with Administrative Ministry i.e. Department of Defence Production, Ministry of Defence, Government of India. Hence, the Company has not constituted the Nomination & Remuneration Committee due to absence of Independent Directors on Board during the FY 2023-24. Meeting of the Nomination & Remuneration Committee could not be held during this period and therefore, business items pertaining to the Nomination & Remuneration Committee were directly placed before the Board during this period.

C. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Your Company has constituted a Board Level Corporate Social Responsibility Committee on 29.04.2022. The Committee has been constituted in accordance with provisions of the Section 135 of the Companies Act, 2013 read Rules with Companies (Corporate Social Responsibility policy) Rules, 2014 and DPE Guidelines. During the year 2023-24, the Committee met two times on 26.09.2023 and 20.12.2023.

The terms of reference of CSR Committee shall, inter-alia, include the following:

- a. To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- b. To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the Company;
- c. To monitor the CSR policy of the Company from time to time;
- d. 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.



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The composition of the CSR Committee during the FY 2023-24 and the details of Members' participation at the meetings of the said Committee are as under:

S. no	Name of Member	Designation/ Category	No. of Meeting held during respective tenure of member	No. of Meeting Attended
1.	Shri Sanjay Dwivedi Chairman & Managing Director and Director (Operations) (I/C)	Chairman	2	2
2.	Shri C. Ramachandran Director (Finance)	Member	2	2
3.	Shri Biswaranjan Pattaniak Director (HR)	Member	2	2

4. OTHER COMMITTEE

A. COMMITTEE OF DIRECTORS (COD)

The AVNL has constituted a Committee of Directors for deciding and framing new policies, rules, procedures, MOUs, delegation of powers and changes in existing policies, rules, procedures, MOUs, delegation of powers.

The composition of Committee of Directors as on 31st March 2024 was as under-

1.	Shri Sanjay Dwivedi, Chairman & Managing Director	Chairman
2.	Shri C. Ramachandran, Director/ Finance	Member
3.	Shri. Biswaranjan Pattanaik, Director/ HR	Member

B. RISK MANAGEMENT COMMITTEE (RMC)

The Board of Directors has approved its Risk Management Policy on 06.06.2024 and constituted a Board Level Risk Management Committee (RMC) with the following composition:

- Chairman & Managing Director- Chairman
- Director (Operations)- Member
- Director (Finance)- Member
- Director (HR)- Member

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.

5. DISCLOSURES

The following disclosures are made in accordance with the Chapter 7 of the DPE Corporate Governance Guidelines:

- 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 that were entered into during the financial year were in the ordinary course of business.
- 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.
- The Company has a Whistle Blower Policy 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. The policy provides direct access to the Chairman, Audit Committee and necessary safeguards for protection of the whistle blower from reprisals or victimization.
- The Company has complied with the requirements of the DPE Guidelines on Corporate Governance (except as otherwise stated in this report).
- The Company has complied with Presidential Directives issued by the Central Government from inception.
- There were no items of expenditure debited in books of accounts, which are not for the purposes of the business.
- No expenses were incurred by the Company which are personal in nature and incurred for the Board of Directors and Top Management.



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viii. Administrative and office expenses as a percentage of total expenses and reasons for the increase, if any:

Administrative and office expenses were 2.36% of the total expenses for the year 2023-24 against 8% in the previous year. The rise in administrative and office expenses can be attributed to the recent requirement of IT staff executives, utilities, and extensive marketing of AVNL products at Defence Expos worldwide.

6. GENERAL BODY MEETINGS

AVNL was incorporated on 14.08.2021 and completed its two Financial Years i.e. 2021-22 & 2022-23. Accordingly, the Company has conducted only two Annual General Meeting during the last three years.

i. The details of the last three Annual General Meeting of the Company are as follows:

Financial Year	No. of the Annual General Meeting	Date and time of AGM	Location
2022-23	02nd AGM	25.09.2023 AT 3.00PM (IST)	Deemed Venue: Registered Office of the Company, C/o Armoured Vehicles Headquarters, HVF Road, Avadi, Chennai- 600054
2021-22	01st AGM	28.12.2022 AT 3:00PM (IST)	Deemed Venue: Registered Office of the Company, C/o Armoured Vehicles Headquarters, HVF Road, Avadi, Chennai- 600054

ii. Special resolutions passed in the previous three AGMs:

There was no special resolution passed in the previous two Annual General Meetings.

iii. Annual General Meeting of the current Financial Year 2023-24:

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

Date 23rd September 2024

Time 3.30 PM (IST)

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 Return etc. The Company periodically disseminates information through press releases and its annual reports.

8. AUDIT QUALIFICATIONS

Reply to qualification on Accounts by Independent Statutory Auditors and Secretarial Auditor is included as an attachment to the Directors' Report. Comments of Comptroller & Auditor General of India along with management replies thereto has been attached as 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

Vigilance/AVNL is having a 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



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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, Key Managerial Personnel (KMPs) 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.

12. 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 Administrative Ministry regularly. The certificate obtained from Practicing Company Secretary regarding compliance of conditions of guidelines of Corporate Governance of CPSEs has been annexed to this Report.

DECLARATION

As provided under the Guidelines on Corporate Governance for CPSEs 2010 issued by the Government, it is hereby declared that all Board members, Key Managerial Personnel (KMPs) and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of Armoured Vehicles Nigam Limited for the year ended 31st Mar 2024.

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

B PATTANAİK
Director
DIN: 09282313

SANJAY DWIVEDI
Chairman & Managing Director
DIN: 09282314

DATE: 27.08.2024

Place : Avadi, Chennai



THE FORCE BEHIND THE FORCES

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,

M/s. ARMoured VEHICLES NIGAM LIMITED,

CIN: U35990TN2021GO1145504

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, 2024, 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, 2024.

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, 2024 except to the extent of following:

- a. It was observed that the Company has not appointed Independent Director including Women Director on the Board. Due to absence of Independent Directors, 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 2023-24.

It was explained by the Management that appointment of Independent director (including women Director) falls under the purview of the Government of India through Administrative Department i.e. Ministry of Defence. The Company has taken initiatives by making multiple requests to the Ministry of Defence (MoD) for filling the vacant posts of Independent Directors in the Company, within the stipulated time, referring penal provisions under the Companies Act, 2013.

- b. As per DPE Guidelines, the Board shall ensure integration and alignment of the risk management system. It was noted that the Company has not adopted risk management policy during the Financial Year 2023-24.

It was explained by the Management that after the closure of the Financial Year 2023-24, the Company has prepared its Risk Management Policy and the same have been approved by the Board of Directors.

We further state that such compliance 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

S Sandeep

Managing Partner

CP. No.: 5987

FCS: 5853

PR: 1116/2021

UDIN: F005853F000765700

Place: Chennai

Date: 18.07.2024



Annexure-III

MANAGEMENT DISCUSSION & ANALYSIS REPORT FOR FY 2023-2024

Introduction

On 15.10.2021, Hon'ble Prime Minister Shri Narendra Modi dedicated 7 newly established Defence Companies, formed from the erstwhile Ordnance Factory Board, to the nation. In his address, the Hon'ble PM highlighted that the neglect of these companies post- independence had led to dependence on foreign suppliers, a situation these new entities are set to change. These Defence Companies are pivotal in achieving import substitution and advancing the vision of Atmanirbhar Bharat.

The transformation of these Ordnance Factories into productive and profitable assets was driven by the Government of India's objectives to enhance expertise across product ranges, bolster competitiveness, elevate quality standards, optimize cost efficiency, and ensure self-reliance in defence preparedness. This initiative underscores the Government's vision to elevate India's defence sector to new heights, fostering a conducive ecosystem for Foreign Direct Investment and promoting exports. Consequently, AVNL was established during this transformative period, marking a significant milestone in achieving independence in manufacturing Armoured and Military Logistics Vehicles from 1.10.2021. AVNL order book exceeding Rs 34,538 crores, reflecting growing confidence in their capabilities.

Industry Structure & Development

- In line with the government's decision to promote self-reliance in the defence sector and encourage indigenous design, development, and manufacturing to reduce dependency on imports, several policy decisions have been implemented. Some of the major initiatives and policies are as follows:
- The Defence Acquisition Procedure DAP 2020 was introduced as part of the Atmanirbhar Bharat Abhiyan.
- The IDDM (Indigenously Designed Developed and Manufactured) category was given top priority for procuring capital equipment.

- Positive Indigenisation Lists with a time limit for imports were enforced, including high-technology items.
- More than 5012 items, such as assemblies and components, were identified for indigenization, with 2977 already indigenized and further restrictions on imports after specific timelines.
- The Capital Procurement process under the "Make I" category for Indian private industries was simplified, with the government funding upto 70% of the developmental costs for import substitution.
- The "Make II" category (Industry Funded) for indigenous development and manufacturing of defence equipment was initiated, with relaxed criteria to be industry friendly.
- The government increased the FDI limit to 74% through the automatic route for companies seeking new defence industrial licenses and up to 100% through the government route for modern technology.
- The iDEX innovation ecosystem was launched to promote innovation and technological development.
- A Technological Development Fund was established to encourage the participation of public-private partnerships, especially MSMEs, by providing grants for cutting-edge technology capability. ADITI (Acing Development of Innovative Technologies with iDEX) is a Scheme under iDEX for Promoting Innovations in Critical and Strategic Defence Technologies to facilitate rapid development of strategically critical technologies which are sensitive and innovative from the Defence perspective and required by the country. In the existing scheme for iDEX, technologies/solutions around the ballpark figure of Rs. 3.0 Crore of development cost are catered. However, there are financial restrictions in the development of critical and advanced technologies which require high capital investment. At the same time, due to the change in the dynamics of modern warfare, it is imperative to develop the technologies, which are advanced, critical, and strategic from the perspective of future warfare.



Accordingly, ADITI sub-scheme has been initiated under iDEX under DDP with budgetary support of Rs.750 Crore for the period from FY 2023- 2024 to FY 2025-2026. The quantum of Grant up to 50% of product development budget (PDB) with maximum limit of Rs. 25 Crore, leading to a PDB around Rs. 50 Crore or beyond.

- The indigenization Srijan Portal was launched for DPSUs/Services with an interface to support the development of MSMEs, startups, and industries for import substitution. Indian industries have already indigenized 12511 out of 36446 defence items that were previously imported.
- An offset portal was created to ensure transparency and attract investments and Transfer of Technology.
- The strategic partnership model was notified, allowing Indian entities to tie up with global OEMs for Transfer of Technology through a transparent competitive process.
- Two Industrial Corridors were established, with investments amounting to ₹8125 Crores in the corridors located in Uttar Pradesh and Tamil Nadu.
- An Inter-Governmental Agreement (IGA) on mutual cooperation and joint manufacturing of spares, components, aggregates, and other materials related to Russian/Soviet origin arms was signed in 2019, enhancing service support for Russian equipment in service with the Indian Army.
- A Defence Investor Cell was created in the Ministry of Defence to provide all necessary information related to investment opportunities, procedures, and regulatory requirements.
- The Defence Testing Infrastructure Scheme (DTIS) was formulated to provide the defence industry with easy access to testing facilities, proposing the establishment of 6 to 8 Defence Testing Infrastructures (DTI) with grants-in-aid.

MoD has nominated IOL (India Optel Limited) as the lead member of the consortium for (DTIS) LENS foundation, other share holders are AVNL, BEL,GSL & TIDCO (Tamil Nadu Industrial Development Corporation), Chennai.

Ministry of Corporate Affair (MCA) has granted approval

for incorporation of schedule 8 company named "LENS (Laboratory For Electro-Optical Navigational System) foundation" on 15.05.2024 with Corporate Identity Number (CIN) U72100TN2024NPL170245.

Due to the government's initiatives, the country has seen a rise in defence exports to nearly Rs 21,083 Crores in the Financial year 2023-24, an increase over the last FY 2022-23.

These reforms have created significant opportunities for the DPSUs, Foreign Manufacturers, Indian Private Players, and MSMEs to contribute their expertise, experience, and resources to the defence of the nation, as well as to save foreign currency.

As the sole Public Sector Undertaking in the manufacturing of battle tanks, infantry combat vehicles, and Army Logistics Vehicles, AVNL has capitalized on its vast experience and expertise, and in partnership with DRDO and other Indian industries, successfully developed variants of T-72 such as BLT, Trawls, and BMP variants like Armoured Ambulance, AERV, CCPT, CMT, and NBC Recce. This cooperation, involving knowledge, experience, and available opportunities, along with the role played by academia, has propelled the company to greater heights.

Through iDEX and support during the development of new technology, the Company has been able to upgrade many of its products and modernise its equipment. Embracing the trend of Artificial Intelligence and IoT-based technology for the development of next-generation weapon platforms, the Company has made significant strides in developing new products required for the Armed Forces' next generation of weapons.

Leveraging these policies, AVNL has designed newly Mine Protected Vehicles in 4X4 and 6X6 versions for the Indian Army and Para Military Forces, as well as conducted Armament Upgrades for BMP-II. Its collaboration with the Indian Navy and academic institutions has resulted in the successful launch of the Decoy Kavach and the Close Range Naval Gun (CRN-91) for the Indian Navy.

Additionally, by utilizing its expertise in manufacturing complex electronic fuses, the unit of MTPF, Ambernath has designed and developed the latest state-of-the-art Electronic Fuze to be fitted in ammunitions and missiles.

The Company recognizes that without focusing on developing new platforms through its own R&D in collaboration with industrial partners and aligning with the rapid advancements in global technology, it would not be able to sustain itself. Consequently, it has made significant investments in R&D and has partnered with leading R&D institutions such as DRDO, ARDE, DRDL, and academic institutions such as IIT Madras, IIM Bangalore, and NIT Trichy. The Company is currently overseeing 15 new R&D projects for development while 30 R&D projects are already in advanced stages for upgrading existing products worth ₹ 573 Crores. Some major R&D products include:

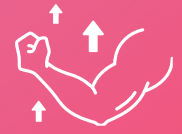
- Futuristic Infantry Combat Vehicle
- Armoured Vehicle Tracked-Light Repair
- Fire Power Upgrade of BMP-II
- Indian Light Tank
- Wheeled Armoured Fighting Vehicle
- Design and Development of Bharat Tank
- Design and Development of Kavach Mod-III

SWOT ANALYSIS

When an organization of the size of AVNL takes critical measure towards its future and addresses the challenges in a competitive environment, it has to look into its strengths, weaknesses and opportunities and plan its strategies accordingly.



STRENGTHS



- i. State-of-Art manufacturing facility with huge and modern infrastructure.
- ii. Dedicated, experienced workforce with excellent domain knowledge and competency in complex and precision equipment manufacturing.
- iii. 6 decades of customer relationship.
- iv. Ability to diversify and produce variants.
- v. Expertise in manufacturing complex system and integrating with R&D and private entrepreneurs.
- vi. Strong order book.
- vii. Assimilate and innovate new research and design.
- viii. Strong relation with the customer and DRDO and a dedicated supply chain of industries.

WEAKNESSES



- i. Complexity of the product and long lead testing procedures for technical advancements.
- ii. Poor supply chain affected by pandemic and global ramifications of the world.
- iii. Huge technological gap in assimilating technology between User, Producer and the Manufacturer.
- iv. Restriction imposed on TOT, IPR and other contractual obligations.
- v. A workforce which doesn't understand the changing scenario emerging in the world.
- vi. Unrealistic prices of deemed contracts.

OPPORTUNITIES



- i. Flexibility in executing the contracts by decentralisation and delegation of power
- ii. Appropriate utilisation of the policy of the government and indigenise the import components by a robust Indian Industries through hand holding.
- iii. Stress on modernisation with investments on plant and machinery.
- iv. A growing market of Para Military Force and other Space and Defence Sectors, which require critical and precision manufactured components, which the Company has expertise & knowledge.

THREATS



AVNL also faces challenges in executing its work which are considered as a threat if not taken into cognizance.

- i. Entry of private entrepreneurs with huge investments and conducive policies of the government to enter into the manufacturing of Armoured Vehicles.
- ii. Dependency on single nominated source or PSUs as a supplier of critical components. Difficulty in sourcing new component and a complex Trial and Test processes.
- iii. Difficulty in sourcing new component and a complex Trial and Test processes.
- iv. Supply chain disturbances due to global war scenario/pandemic and recessions.
- v. Exponential increase of cost of electronic chips in global market affecting the profit margins.
- vi. Rapid advancements and developments made by developed countries in the field of Armoured Vehicles when compared to India.

FUTURE OUTLOOK

In the Union Budget of 2024-25, the Ministry of Defence received ₹6,21,940.85 crores, accounting for 13% of the total budget. The capital investment outlay has increased for the third consecutive year to 1.72 lakh crores, which is 1.89% of GDP. To promote innovation and strengthen the defence industrial ecosystem, iDEX has been allocated ₹518 Crores and ₹400 Crores through a new sub-scheme (iDEX ADITI). 75% of the defence capital acquisition budget is reserved for purchases from local companies, which will strengthen Micro, Small, and Medium Enterprises (MSMEs) in the defence sector

The defence industry in India is a significant sector with strategic importance due to the country's geopolitical position and security concerns. India has consistently allocated a substantial portion of its annual budget to defence expenditure. The country's defence sector relies on both domestic production and imports to meet its requirements.

The government has been promoting indigenous defence manufacturing under initiatives like "Make in India" to reduce dependency on foreign imports.

1. India has a network of defence public sector undertakings (DPSUs) such as AVNL, Hindustan Aeronautics Limited (HAL), Bharat Electronics Limited (BEL), Bharath Earth Movers Limited (BEML), Yantra India Limited (YIL), Bharat Dynamics Limited (BDL), among others, which are involved in manufacturing defence equipment ranging from aircraft to missiles and electronics.
2. In recent years, the Indian government has encouraged greater participation of private companies in defence manufacturing through policy reforms and partnerships. This has led to the growth of private defence companies involved in various aspects of defence production.
3. India has made significant strides in defence research and development (R&D) through organizations like the DRDO and CVRDE.
4. India has been exploring opportunities to export defence equipment and technologies to friendly countries. This is part of its broader strategy to enhance defence diplomacy and generate revenue from defence exports. The Indian government has initiated strategic partnerships with foreign defence manufacturers and governments to collaborate on defence technology transfer, joint ventures, and co-production of defence equipment.



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Modernisation Efforts: India is focused on modernising its armed forces through the acquisition of state-of-the-art defence equipment, including fighter jets, submarines, artillery systems, and surveillance technologies.

Geopolitical Implications: The development of India's defence industry has significant geopolitical implications, influencing regional stability, defence partnerships, and global defence trade dynamics.

AVNL has a growth plan projection of 9321 Crores for 2025-26, and is aiming for Rs. 11534 Crores by 2028-29.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The company has established a robust system of internal controls aimed at ensuring operational effectiveness and efficiency, reliable financial reporting, and adherence to relevant laws and regulations. This system includes clearly defined organizational structures, pre-determined authority levels, and management- issued procedures covering critical areas such as budgeting, procurement, materials management, operations, finance, human resources, and more.

The Company has in place, various policies and procedures for maintaining adequate and effective internal controls. Functional autonomy is ensured by way of delegation of financial powers of the Board to the CMD/Directors. These powers are further sub-delegated to executives at various levels for smooth and efficient day-to-day functioning.

An independent Internal Audit mechanism is in place for conducting extensive audit of various operational & financial matters and for monitoring compliances of Company's procedures and policies with well-defined annual audit programme. Internal Audit with regard to three major areas such as Inventory, Transactions and Fixed Assets are outsourced to professional practicing firms. Audit of other activities are carried out by in-house Internal Audit department.

The adequacy of Internal Control Procedures is reviewed and reported by the Statutory Auditors in their Audit Report. The Company, being a Government Company, is subject to audit by the Office of Comptroller and Auditor General of India.

RISKS AND CONCERNS

Risks and concerns are an integral part of any business. The Company has developed an appropriate Risk Management framework to monitor, identify, assess and mitigate risks that may potentially impact the Company's performance. The major risks and concerns to the Company are:

1. Dependence on few customers i.e. Indian Army, Para Military and Navy.
2. Requirement for augmentation of IT infrastructure including Software/ERP system aligning with advancement in technology.
3. Uncertainties on the part of suppliers and subcontractors affecting supply chain. Increased competition influencing maintenance of cost competitiveness and
4. Sustenance in market share.
5. Dependence on foreign collaborators for critical data/equipment required for manufacturing.
6. Rising inflation/global geo-political scenario impacting the pricing of several core items and materials.

OUR BUSINESS STRATEGY

Based on various factors, AVNL has developed a business strategy that draws on its six decades of experience in manufacturing Armoured Vehicles, expertise in critical manufacturing and a strong order book. The strategy is focused on meeting customer needs and fulfilling their requirements in a timely manner while maintaining high quality to meet operational needs.

AVNL has established Specific, Measurable, Achievable, Relevant, and Time- bound (SMART) goals, which are aligned with its mission. These goals are communicated throughout the organization and are periodically reviewed to ensure alignment with long-term aspirations and requirements. Involving stakeholders, such as employees, customers, and industrial partners, plays a crucial role in sustaining and achieving the strategy.

To achieve the strategy, AVNL, with an order book of ₹32,644 Crores as of 31.03.2024, has four master plans in place to ensure the desired targets are achieved.



A. Immediate Action Plan

AVNL has adopted an immediate action plan focused on accountability and continuous improvement within the organization. Emphasizing timely delivery of equipment to customers and maintaining prescribed quality are key aspects of this plan. Professional costing of products, input materials, and overheads, as well as prioritizing expenditures and finding ways to reduce overheads through outsourcing and other resources, are being addressed. AVNL is also revising process schedules and outdated procedures inherited from the past to improve manufacturing efficiency. To meet customer demand for quality, strict quality checks are being implemented, leveraging Industry 4.0, artificial intelligence, computerized measurements of critical parameters, and traceability of manufacturing through an Online Passport Generation System.

B. Transformation in Productivity & Efficiency

AVNL has made its Procurement Manual simpler to increase productivity and efficiency. It has extensively adopted GeM procurement with minimal human interface. By outsourcing with strict quality control, AVNL has become a major technological aggregator. Previously a manufacturer of complicated Armoured Vehicles, AVNL has shifted towards being a system aggregator for various major assemblies, testing, and final assembly. This shift has ensured increased output and cost reduction. AVNL has focused on rectifying defects in the manufacturing process, implementing strict quality checks with minimal human intervention, reducing rework and repair which has increased its efficiency and productivity. Modernising its plant and machinery with advanced technology upgrades has also contributed to increased efficiency and productivity. AVNL has taken steps to replace its old plant and machinery with state-of-the-art technology machines due to wear and tear, loss of accuracy, and reduced capacity from extensive usage.

C. 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. To ensure and reinforce this high quality,

AVNL has implemented various measures such as training its quality control personnel, introducing online inspection route cards and quality passport systems, and conducting periodic tests during both incoming material inspection and manufacturing processes. All process sheets undergo thorough scrutiny by the quality team to prevent any failure or quality discrepancies in the final product. Acceptance test procedures are mutually agreed upon by the manufacturer, DGQA, and the user, and final product acceptance is contingent on the successful inspection of all functional parameters, both static and dynamic, witnessed and documented by DGQA and the user. Additionally, regular quality liaison meetings, defect investigation, and corrective and preventive actions at various levels are undertaken to keep pace with quality developments and improvements. To minimize human error, all quality entries are digitized using an Online Passport System and Beta version along with NQDBMS for system-enabled quality monitoring. Digital measuring instruments are extensively used for direct data capture, including online temperature monitoring in heat treatment processes. Furthermore, a three-tier quality system has been implemented, comprising Quality Control for input material inspection, Quality Assurance for final product inspection, and periodic quality and process audits undertaken by QAG, with reports submitted directly to the AVNL CO. To meet customer demands, address complaints, and educate them on maintenance drills, regular User Interaction Meetings are held in the forward units of the Armoured Core, where trained and experienced officers and workers from AVNL interact with, train, and facilitate repairs at these locations. These user interaction meetings have significantly bolstered customer confidence among units such as the Armoured Core, EME, and others that utilize AVNL products.

D. Transformation in Culture

Following the corporatization of the Ordnance Factories into PSUs, AVNL had to evolve into a profitable and productive 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 vision & mission
- Involvement and development of the human resource assets towards the goal Communicating statements to the employees
- Designing training and development programmes
- Performance management and evaluations
- Fostering employee engagement and motivation

AVNL currently employs 10,872 individuals as of March 31, 2024. All employees are on deemed deputation. As a company, AVNL faces challenges with the entry of large corporate entities into the 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. To achieve its strategic goals effectively, AVNL must formulate policies that shield it from global changes, challenges, and potential supply chain disruptions in the course of its operations.

The success of any human resource policy hinges on effectively communicating strategic changes in decisions, culture, and related issues to all stakeholders. Leaders must utilize a variety of channels that resonate with diverse needs, preferences, and learning styles. Emphasizing the use of marketing materials and social media is essential in creating a pervasive brand identity that builds trust, fosters loyalty, and ensures long-term success.

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 professionals, enhancing their teaching and learning capabilities while fostering innovation and personal development. This approach encourages self-reflection and skill enhancement for continual improvement.



The learning outcomes are evaluated through pre and post-course assessments, with results analyzed following each session. Later, performance metrics are systematically reviewed by their immediate superiors. This analysis informs adjustments and enhancements aimed at maintaining and enhancing the learning outcomes over time.

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. This comprehensive training covers defect investigations, operational and maintenance aspects of Armoured Vehicles and Military Logistics Vehicles. Specialized courses include training on Gun Control Systems, Optical Navigational Systems, operation and maintenance of BLTs, and engines for Armoured Vehicles and Military Trucks.

AVNL is the sole provider of such specialized courses in the country, offering hands-on training and exposure to the manufacturing, maintenance, and overhaul processes specific to these vehicles. This ensures that all stakeholders involved are equipped with the necessary knowledge and skills to perform their roles effectively.

In order to keep abreast on the latest development of the industry, these institutions also conduct AT, Industry 4.0 and IPR related courses to all its employees. Such customized training programmes to its employees ensures the honing of their skills and also making them to adopt towards the requirement of future while maintaining their past experience and exposure.

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 transformers, micro controller based APFC panel reducing energy consumption, initiating

thermal insulation by providing cladding 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.

In the AVNL unit of HVF and OFMK, solar power plants have been installed and has resulted in an average saving of ₹ 3.5 Crores p.a. at the same time, contributing towards green energy.

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- IV** of the Board's Report.

Cautionary Statement

Statements made in the Management Discussion and Analysis Report related to the Company's Strength,



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Strategies, objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements and progressive 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 control.

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

B PATTANAİK
Director
DIN: 09282313

SANJAY DWIVEDI
Chairman &
Managing Director
DIN: 09282314

DATE: 27.08.2024

Place : Avadi, Chennai



THE FORCE BEHIND THE FORCES

Annexure - IV

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 fulfillment of the above objectives.

2. Composition of Corporate Social Responsibility ("CSR") Committee:

S. No	Name of Member	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 / Chairman & Managing Director and Director (Operations) (I/C)	2	2
2.	Shri C. Ramachandran	Member/ Director (Finance)	2	2
3.	Shri Biswaranjan Pattaniak	Member/ Director (HR)	2	2

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.

CSR Committee: The composition of the CSR Committee is available on our website at www.avnl.co.in

CSR Policy: The CSR Policy of the Company is available on our website at www.avnl.co.in

CSR Budget: The CSR budget for the F.Y. 2023-24 is available on our website at www.avnl.co.in.

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.

		(Rs in Lakhs)
5.	(a) Average net profit of the Company as per sub-section (5) of section 135	22853.59
	(b) Two percent of average net profit of the Company as per sub-section(5) of section 135	457.07
	(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)]	457.07



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(Rs in Lakhs)

6.	(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project)	69.87
	(b)	Amount spent in Administrative Overheads	-
	(c)	Amount spent on Impact Assessment, if applicable	-
	(d)	Total amount spent for the Financial Year [(a)+(b)+(C)]	69.87
	(e)	CSR amount spent or unspent for the Financial Year	387.20

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
69.87	387.20	17th April 2024	-	-	-

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

(Rs in Lakhs)

Sl. No.	Particular	Amount
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section	457.07
(ii)	Total amount spent for the Financial Year	69.87
(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)

Sl. 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, if any
					Amount	Date of Transfer		
1.	2022-23	117.86	117.86	29.42	-	-	117.86	-
2.	2021-22	NA	NA	NA	NA	NA	NA	NA
3.	2020-21	NA	NA	NA	NA	NA	NA	NA

Note: The Company was incorporated on 14.08.2021 and Commenced its business from 01.10.2021. Hence the CSR Activities were undertaken from 2022-23 onwards.



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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

Sl. 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		
					CSR Registration Number, if applicable	Name	Registered Address
(1)	(2)	(3)	(4)	(5)	(6)		
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 2023-24 of Rs 457.07 Lacs was decided to be spent on 'Ongoing Projects' approved by CSR Committee as per CSR Policy of the Company.

The Company spent Rs 69.87 Lacs during the year out of CSR Obligation for FY 2023-24 of Rs 457.07 Lacs as per Sec 135(5). The Balance unspent amount of Rs 387.20 Lacs was transferred to a separate Bank Account, namely 'Unspent CSR Account' in accordance with Sec 136(6). The Unspent amount of Rs 387.20 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**

B PATTANAİK
Director
DIN: 09282313

SANJAY DWIVEDI
Chairman & Managing Director
DIN: 09282314

DATE: 27.08.2024

Place : Avadi, Chennai



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Annexure - V

FORM MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2024 [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 2024, generally 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 2024 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;

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.
5. 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 DPE Guidelines, the Board shall ensure integration and alignment of the risk management system. It was noted that the Company has not adopted risk management policy during the Financial Year 2023-24. It was explained by the Management that after the closure of the Financial Year 2023-24, the Company has prepared its Risk Management Policy and the same have been approved by the Board of Directors.
- b. As per Section 149(4) of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have at least two Independent Director in its Board. It was observed that the Company does not have any Independent Director including Women Independent Director on the Board. As such, 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.

Due to absence of Independent Directors, 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 meeting has been subsequently ratified by the Board in its Meeting.
- 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 2023-24.

It was explained by the Management that appointment of Independent Director (including women Director) falls under the purview of the Government of India through Administrative Department i.e. Ministry of Defence and the Company has no role in such appointments. Further, the Company has taken initiatives by making multiple requests to the Ministry of Defence (MoD) for filling the vacant posts of Independent Directors in the Company, within the stipulated time, referring penal provisions under the Companies Act, 2013.



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6. 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 these 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 19th May, 2023, the Company by way of Rights issue allotted 1,43,60,000 Equity Shares at pari passu ranking of face value ₹10/- each amounting to ₹14,36,00,000/-.
- In accordance with the provisions of the Act, on 27th July, 2023, the Company by way of Rights issue allotted 29,00,00,000 Equity Shares at pari passu ranking of face value ₹10/- each amounting to ₹290,00,00,000/-.

For S Sandeep & Associates

S Sandeep

Managing Partner

FCS: 5853

CP. No.: 5987

PR: 1116/2021

UDIN: F005853F000765722

Place: Chennai

Date: 18.07.2024

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.



THE FORCE BEHIND THE FORCES

'Annexure A'

To,

The Members,
ARMOURED VEHICLES NIGAM LIMITED
U35990TN2021GO1145504
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

Place: Chennai
Date: 18.07.2024

S Sandeep
Managing Partner
FCS: 5853
CP. No.: 5987
PR: 1116/2021
UDIN: F005853F000765722



THE FORCE BEHIND THE FORCES

Management replies to the Observations made by the Secretarial Auditor in Secretarial Audit Report for the Financial Year 2023-24

S. No	Observation in the Report	Replies to the Observation
1	As per DPE Guidelines, the Board shall ensure integration and alignment of the risk management system. It was noted that the Company has not adopted risk management policy during the Financial Year 2023-24.	The Company has prepared its Risk Management Policy after the closure of the Financial Year 2023-24 and the same have been duly approved by the Board of Directors.
2	<p>As per Section 149(4) of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have at least two Independent Director in its Board. It was observed that the Company does not have any Independent Director including Women Independent Director on the Board. As such, 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.</p> <p>Due to absence of Independent Directors, the Company has not adhered to the following compliances:</p> <ol style="list-style-type: none"> 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. 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 meeting has been subsequently ratified by the Board in its Meeting. 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 2023-24. 	The appointment of Independent Director (including women Director) falls under the purview of the Government of India through Administrative Department i.e. Ministry of Defence and the Company has no role in such appointments. Further the Company has taken initiatives by making multiple requests to the Ministry of Defence (MoD) for filling the vacant posts of Independent Directors in the Company, within the stipulated time, referring penal provisions under the Companies Act, 2013.



3

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT (Revised)

To the Members of Armoured Vehicles Nigam Limited

Report on the Audit of the Standalone Financial Statements of Armoured Vehicles Nigam Limited.

Reason for Revision: Pursuant to the observations from O/o the Comptroller and Auditor General of India, the Company has revised their financials (Reclassification changes in Balance Sheet, Statement of P&L, Cash Flow Statement and Notes to Accounts and made additional disclosure in Sub Note No. 7 under Note No. 27 which has been approved by the Board of Directors in their meeting held on 16th September 2024. Accordingly, we have issued this revised report which supersedes our earlier report issued on 23th July 2024 on the Financial Statements of the Company.

Qualified Opinion

We have audited the accompanying standalone financial statements of Armoured Vehicles Nigam Limited ("the Company") ("AVNL"), which comprise the balance sheet as at 31st March 2024, and the statement of Profit and Loss (including other Comprehensive income), the cash flows Statement and the Statement of changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (hereinafter referred as "Standalone Financial Statements") in which are incorporated the Results for the year ended on that date audited by the branch auditors of the Company's branches (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.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of matters described in the Basis for Qualified Opinion of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state



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of affairs of the Company as at March 31 2024, the profit and total comprehensive income, statement of change in equity and its cash flow statement for the year ended on the date.

Basis for Qualified Opinion

1. The transactions between the Branches and HO to Branches are not properly reconciled at Branch level and in elimination of Inter unit transactions at Standalone Financial Statements of AVNL, balances of net Rs. -44.97 Lakhs (EFA – OFMK Rs. 232.14 Lakhs, HVF to OFMK Rs. -13.06 Lakhs & Rs. -264.04 Lakhs) remains unreconciled at HO Account (Refer Note No. 11 Other Assets – Branches - HO Balance).
2. In the branches of VFJ & MTPF, Branch Auditors have Qualified the Branch Accounts (Para ii of the Qualified Opinion Para of the Branch Auditors Report) that the Company has sent the letters and emails for the balance confirmations for Sundry Debtors, Sundry Creditors, Advances and deposits and the Company has received confirmation from few parties. Wherever the statements are received significant variations are observed which needs reconciliation and most of the Sundry debtors and Sundry creditors contains the government organizations/military institutions from whom ledgers/confirmations are not received. The impact of the same on profit or loss cannot be ascertained by them for their respective Branches. (Refer Sub Note No. 7 Under Notes No. 26). Also, in the branches of HVF, OFMK & EFA, the Branch Auditors have stated out the same issue of External Confirmations as prescribed in Standards on Auditing SA 505 but they have not modified their opinion in this respect.
3. In the books of EFA, Branch Auditors have Qualified the Branch Accounts (Para 1 of the Qualified Opinion Para of the Branch Auditors Report) that the Management has identified physical shortage in the inventory of Rs. 893.36 Lakhs based on the Stock Audit Report of M/s. K Selvaraj & Co., Cost Accountants dated July 05, 2023. The said shortage of 893.36 Lakhs includes shortage of diesel of Rs. 697.67 Lakhs and the details of the period during which the said deficiency has arisen i.e., whether pre-incorporation or post incorporation, are not available. The Company has created a provision in the books of Accounts debiting the Statement of Profit and Loss.
4. When the assets were taken over at the time of Corporatization, roads were part of the Building under the Commercial accounts and also accounted as part of Buildings in the Company's books as a result of which the useful life was considered the same as that of Buildings and the likely impact of increase in depreciation and decrease in the net value of PPE not accounted in the books of accounts is Rs. (wherever roads are identifiable as separate item in the PPE register). (Refer Note No. 3) Property Plant & Equipment). For the units of MTPF and EFA & wherever roads are not easily identifiable as separate item, the impact is yet to be ascertained.
5. In the unit of HVF, Work in Progress Plant & Machinery does not include Rs. 1607.28 Lakh being the difference between value of work in progress and the payments made before corporatization of AVNL for eight Nos. Of plant and machinery under construction/development and Work in Progress Civil Construction does not include Rs. 110.09 Lakh being the difference between value of work in progress and the payments made before corporatization of AVNL for 26 Nos. of civil works under construction which had resulted in understatement of Capital Work in Progress and Equity (Net Asset Value) by ₹ 1717.37 lakh (Refer Note No. 4 Capital Work in Progress).

We conducted our audit of the Standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements



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that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Financial Statements.

Emphasis of Matter

We draw attention to the following matters in the Notes to the Standalone Financial Statements:

1. Attention is invited to Disclosure No. 5 & Property not held in the name of the Company under Notes No. 3 of the Standalone Financial Statements Wherein Management stated that there are differences in acres of land to the extent of 230.34 acres between records maintained by the company and the handing over document provided by Directorate of Ordnance (C&S) and also stated that Freehold land of 5,319.35 acres valued at Rs. 5,26,016.56 Lakhs and Building valued at Rs. 77,642.26 Lakhs were transferred from Government of India to the newly formed DPSU, AVNL is not in the name of Company. The conveyance of Title Deeds in favour of the company is still under process. The Land & Buildings has been capitalised in the books of accounts based on the MoU signed between GOI and AVNL as on 29/09/2021. The difference in acres with respect to EFA, HVF and OFMK i.e excess land parcel to the extent of 0.205, 97.22 & 120.62 acres have been capitalised in the books of accounts as per the addendum to the valuation report by R. K. Patel in the year FY 2022-23 and necessary adjustments in NAV has been done and the same has been approved by the Ministry of Defence and the Board. For MTPF and VFJ branches, the discrepancies are still under reconciliation and yet to be adjusted against NAV.
2. We draw attention to Disclosure No. 6 under Note No.3 the management has stated that any cost that might be incurred for registration/ updating in revenue records shall be capitalized at the time of incurrance. The impact of this cost on the Books of accounts cannot be ascertained.
3. Attention is invited to Disclosure No. 13 under Notes No. 3 of the Standalone Financial Statements Wherein Management stated that Asset wise details are not available for Furniture & Fixtures. However, the Branch is in communication with the LAO to get the breakups.
4. Attention is invited to Disclosure No. 10 under Note No. 3 of the standalone Financial Statements Wherein the Management has stated that in the Branch of EFA, where based on the physical verification of Fixed Assets (Building and Machinery) conducted by M/s. Mahesh A & Associates. It was stated that the buildings - "Test Cell Building 14 & 15" amounting to Rs. 1,117.62 Lakhs, which were completed in the year of 2017 were not considered during the takeover of the assets from the erstwhile entity during the incorporation of the newly formed DPSU, Armoured Vehicles Nigam Limited. Alongside the value of Machinery "Crane" valued at Rs. 369.74 Lakhs & Machinery "IR-Spectrometer & CNC 20 CMN" valued at Rs. 192.66 Lakhs, which were overstated due to clerical error and being capitalised twice respectively during prior periods and other variances in assets as mentioned in the disclosure referred to above. The management is yet to issue shares for the net variance of Rs. 552.78 Lakhs.
5. Attention is invited to Disclosure No. 12 under Note No. 3 of the standalone Financial Statements, Wherein the Management has stated that in the Branch of OFMK, 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 to them and the same is considered as Operating Lease in respect of which Nil income is accounted in books on a conservative basis as the Methodologies of Calculations of Income are in Process with Midhani. The impact of the same in the books is unascertained as necessary information is not available.
6. Attention is invited to Note No. 4 schedule 'Capital Work-in-Progress Ageing Schedule 2023-24', where the management awaits details from PCFA (Fys) Kolkata for entire balances of CWIP shown under the ageing 2-3 years i.e., Rs. 787.09 Lakhs.



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7. Attention is invited to Notes No.7 of the standalone Financial Statements Wherein, Provision is made for Value of Stock under inspection which includes Items for which Inward Gate Pass (IGP) is made but Receipt Voucher (RV) is not made, and Items received but under Quality Check which aggregates to Rs. 9254.12 Lakhs in HVF, Rs. 1,576.18 Lakhs in EFA, Rs. 7324.88 Lakhs in VFJ & Rs. 3228.21 Lakhs in OFMK and Stock in transit of Rs. 3057.38 Lakhs accounted in HVF & Rs. 1513.44 Lakhs in OFMK.

The above said stock under inspection & Stocks in transit includes Long pending items beyond 6 months aggregating to Rs. 92.54 Lakhs in Stocks under Inspection & Rs. 30.57 Lakhs in Stock in transit in HVF and Rs. 174 Lakhs in Stocks under Inspection in VFJ. Reason for this substantial delay in completing the Quality check and issuance of RV or intimation about the rejection to the vendors is not known to us. In identifying inventory undergoing quality check, the Branch Auditors have placed reliance on the report shared with them by the management.

8. Attention is invited to Disclosure 2 (ii) under Note No. 7 of the standalone Financial Statements wherein it is stated that, no provision has been made for Slow moving stocks amounting to Rs. 15,682.99 Lakhs and the Company has yet to devise a policy on provisioning of Slow-moving Inventories.
9. We draw attention to Note No. 11 – Advance for purchases – In EFA, the entire advances of Rs. 318.15 Lakhs for purchase is under reconciliation for which provision is made in the Books of Account. In OFMK, advances of Rs. 361.61 Lacs is continuing from Opening balances of 01-10-2021.
10. We draw attention to Note No. 13 – Trade payables as on 31-03-2024 includes Opening Credit balances with no movement during the year amounting to Rs. 2712.52 lakhs in HVF, Rs. 598.59 in EFA, Rs. 2187.70 Lakhs in MTPF (Party details awaited), Rs. 4.25 Lakhs in OFMK & Rs. 361.61 Lakhs in Advances from Customers in OFMK and Trade Payables includes credit balances to the extent of Rs. 11,543.16 Lakhs at Ordnance Factory Medak for which the management still awaits party wise breakup details from Principal Controller of Accounts

(Fys), Kolkata for the transactions undertaken prior to 01.10.2021 and hence has decided to carry these accounts in the books to meet future claims, if any.

11. Attention is invited to Disclosure No.11 under Notes No.20 of the Standalone Financial Statements Wherein Management stated that (As per the letter no. MOD I.D No 4(8)/2022/NDCC/DDP dated 21-03-2023 received from Department of Defence Production (DDP) the profit element of 7.5% on the issue price (Selling Price) is allowed to be charged on the product sold under Deemed Contract (Grandfathering of Indents entered by OFB prior to Corporatization). To effect the same Debit notes are issued for an amount of Rs. 48,038.69 Lakhs retrospectively from 1st October, 2021 in the FY 2022-23. However no written consent accepting the Debit notes or confirmation of balance received from the respective parties post issuance of debit notes. Also, no significant movement in the current year with respect to the provision created. We were informed by the Management that this balance would be realized, once the Ministry of Defence Production decides & approves payment of GST on 7.5% profit element, the issue on account of which it is pending in the first place.
12. Attention is invited to under Notes No. 26 Exceptional & Prior Period Items of the Standalone Financial Statements Wherein Management stated that Provision for Liquidated Damages is made at Rs. 50,795.15 Lakhs computed at 10% on the defaulted delivery commitment during FY 2021-22 and FY 2022-23 on the Deemed Contracts with Army/Navy/Airforce/ODD/MHA etc, The Liquidated Damages column was not duly filled in the Deemed Contracts (Grand Fathering of Indents) hence the management is computing Liquidated Damages at the maximum rate of 10% in line with the provisions contained in para no. 2.4 of Ministry of Defence ID No. 18(4)/2014/restructuring of OFB/DP(Plg-V)/01 dated 20.07.2021. However, in 2023 Management has reworked the provision based on revised deemed contract wherein revised delivery schedule has been agreed based on which the above said provision has been reversed to the extent of Rs. 38,917.30 Lakhs during FY 2023-24. This reversal has been considered as exceptional item in the standalone Financial Statement.



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13. Attention is invited to Notes No. 22 of the Standalone Financial Statements Wherein Management stated that 7.5% escalation clause is applied on all purchases made from other DPSU units on all the Deemed contracts (Grand Fathering of Indents) and provision to the extent of Rs. 9,534.72 Lakhs is Created in the books of accounts in the FY 2022-23 (made as per the letter no. MOD I.D No 4(8)/2022/NDCD/DDP dated 21-03-2023 received from Department of Defence Production (DDP)). However, we have observed no such claim/ Debit notes are issued by those respective parties and there is no significant movement in this provision so far. Probability of claiming escalation clause by the respective vendors is not ascertainable.
14. Liability for retirement and other post-employment benefits has not been made in the Standalone financial statement by the Management as per Ind AS 19 as all the Employees (Group A, B & C) have been transferred from the erstwhile OFB to AVNL on deemed deputation from 01st October 2021, initially for a period of 2 Years (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 deputation period for further 1 year w.e.f 01st October 2023) in accordance with Rule 37A of the Central Civil Service (Pension) Rules 1972. The pension liabilities of the retirees and existing employees will continue to be borne by the Government from the Ministry of Defence. We have relied on the Office Memorandum Ref: DDP/MOD O.M. No. 1 (5)/2021/OF/DP(Plg-V)/02 dt 24-09-2021 (Refer Disclosure under Notes No. 24).
15. As per Para 25 of Rule 37A on conversion of a Government Department into a Public Sector Undertaking, the balance at the credit of the employees shall stand transferred to the PSU on the date of absorption. However, the Management has considered Leave Encashment as a part of pension liabilities mentioned in the Office Memorandum Ref: DDP/MOD O.M. No. 1 (5)/2021/OF/DP(Plg-V)/02 dt 24-09-2021 and stated that it will be borne by the Government and hence, provision for leave encashment based on Actuarial valuation has not been made in the books. (Disclosure under Notes No. 24)

16. Attention is invited to Disclosure No. 2 under Notes No. 16 of the Standalone Financial Statements Wherein Management stated that Provision for Warranty is created at 2.5% for the sale of Equipment and Spares sales of deemed contracts based on the best estimate of management. Even after the two and half years of operation as the manufacturing cycle itself is beyond 18 months and warranty period is also generally between 12 months to 24 months, expected value as per Ind AS 37 could not be arrived at as trend could not be established with the available data and requires at least a few more year's data for that. Hence, it is provided on the best estimate of management.

With respect to the Warranty provision based on 2.5% on sales, Branch Auditors of EFA, MTPF & VFJ were of the opinion that the provision created is on a higher side & in fact qualified their reports (MTPF & VFJ). We are of the opinion that to form a modified opinion on this matter only if the data relating to trends or actual costs incurred year on year towards warranty is analysed covering a period of their manufacturing cycle & warranty together.

The Management has neither made a provision nor a disclosure related to Contingent Liability for the Warranty expenses pertaining to Prior period sales as they expect it to be settled by Govt.

17. Attention is invited to Disclosure No. 5 under Note No. 20 wherein the Company has stated that Revenue from Operations includes Rs.6,242.15 Lakhs which pertains to FY 2022-23 and other Income (Income from Liquidated Damages Note No. 21) includes Rs. 312.23 Lakhs pertaining to FY 2022-23, but considering the materiality 1.40% of the operational turnover, the Company has not done restatement of comparative amounts of the previous year in compliance with the provisions of Ind AS 8 and rectified the prior period errors in FY 2023-24 only.

Our opinion on the Standalone Financial Statements is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in



our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters.

Nil

Other Matter

1. We did not audit the financial statements/information of 5 branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs. 23,06,621.84 Lakhs as at 31st March, 2024 and total revenues (including inter unit revenues of Rs. 38,307.35 Lakhs eliminated at consolidation) of Rs. 5,12,300.63 Lakhs for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors. For better presentation & to maintain uniformity in the standalone financial statement for AVNL as a whole, the Management had considered reclassification of balances in the signed financial statements of units, which we have verified and agreed upon.

Our opinion is not qualified in respect of this matter

2. The company generally deducts tax at source (TDS) under the Income Tax Act, 1961 at the time of payment to vendors and not on the accrual (Crediting the Vendor Ledger) resulting in non-compliance of the Income Tax Act, 1961.
3. Assets of the Company especially Buildings, Plant & machinery & Inventories including the ones in Transit/ third party location are not insured against damages due to theft /fire/pilferage/any natural calamities.
4. We draw attention to the fact that the GST Input Tax Credit (ITC) is not reconciled with the Books of accounts for the period under audit which has been reported by all the Branch Auditors. We were informed

by the management that such reconciliation would only be available while filing the GST Annual Return for the Financial Year under consideration. Be that it may, in the absence of alternative evidence, we are unable to comment on the extent of such amounts. The reconciliation process needs more attention for proper utilization of Input GST credits.

5. In HVF, labour contract payments were accounted for only upon the receipt of the invoice, rather than when the services were received which implies not following the accrual basis of accounting consistently. Due to inadequate information on the services received, Branch Auditors were unable to quantify the potential liabilities related to unbilled services. Our opinion is not modified in this respect. In MTPF, rent received from various properties, particularly recovery of electricity charges & penalty of Rs. 1000/- per month for delay in receiving the lease rental charges from HDFC Bank for its ATM installed in the MTPF premises, accrual basis is not being followed.
6. In HVF, the unit does not have the practice of issuing GST invoices for rental income and similarly in MTPF, the unit do not issue GST invoices for rent, LD charges, Penalty etc., This non-compliance may attract penal provisions
7. In EFA, the Provisions for LD creditors are carried in Balance Sheet at sum of Rs. 408.80 Lakhs as on 31st March 2024. Such sum includes an amount of Rs. 64.26 Lakhs created for recognition of Income against Liquidated Damages for which the break-up of the parties from whom such balances are recoverable are unascertainable since they pertain to balances carried over from the erstwhile entity where detailed break-up for the same is not available.
8. In respect of Advance paid by EFA, a sum of Rs. 47.09 Lakhs are paid as advance for stores at time of pre incorporation. The purpose of the advance paid to the said parties are uncertain to the Management as on date.
9. In the books of VFJ & MTPF, the party wise break up details for security deposits were not made available and in VFJ additionally, information relating to old opening balances outstanding in Advances from



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Customers were not made available for verification and in MTPF, party wise details relating to Earnest Money Deposits to be received from Principal Controller of Accounts, Kolkatta.

10. In the books of VFJ, Employee advances as per books of accounts are not reconciled with the physical records maintained by the Branch.
11. In VFJ, the amount received from NPS trust Rs. 83.24 Lakhs must be held in separate account but the same were used in the operations of the unit.
12. Disclosure under Contingent liabilities not made by the Management for the liabilities arising out of Employee related litigations filed before 01-10-2021 stating that the amounts of these claims are not quantified.
13. As the PPC and Foxpro (Data Collection tool) is not integrated with the Financial Accounting software i.e Tally, considering the size and nature of operations of the entity, we cannot rule out errors & omissions in the accounting data and preparation of financial statements though manual controls, checks and balances are in place. The internal controls of the company need to be strengthened further.
14. Provision of Rs. 2.95 Crores has not been made in the books of OFMK for the expenditure accrued towards tuition fee payable to employees of OFMK and OFIL, Medak engaged in training of Officers/Staff and Industrial Employees during the year 2023-24 which was paid in the year 2024-25.
15. Provision for DA and HRA arrears amounting ₹. 229.26 lakh (HVF ₹ 139.75 lakh; AVNL ₹ 13.47 lakh; OFMK ₹ 76.41 lakh) for the period January 2024 to March 2024 has not been made in the books of accounts.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the Standalone financial statements and our auditor's report thereon.

Our opinion on the Standalone 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 Standalone Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Standalone Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of the Standalone Financial Statements that give a true and fair view of the financial position, financial performance, total comprehensive income, statement of change in equity and cash flow statement in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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



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The Board of Directors of the company are responsible for overseeing the Group's and Branch's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the Standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material

uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on Other Legal and Regulatory Requirements

- I. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.



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- II. As required by Section 143(3) of the Act, we report that:
- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c. The standalone balance sheet, the standalone statement of profit and loss (including Other Comprehensive Income), the standalone statement of cash flows and the statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d. In forming our opinion, we have considered the Ind AS financial statements at branch level audited by Branch 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 Sec 143(5) of the Companies Act, 2013 and reporting on adequacy of the internal financial control over financial reporting.
 - e. In our opinion, the aforesaid Standalone Financial Statements comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended.
 - f. As per Notification No: G.S.R 463(E) dated June 05, 2015, subsection (2) of Sec 164 of the Companies Act, 2013 is not applicable to Government Companies.
 - g. With respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, we have given our report in Annexure - B. With reference to the Standalone Financial Statements our report expresses a qualified opinion on the effectiveness of the Company's internal financial controls over financial reporting.
 - h. As per Notification No. GSR 463(E) dated June 05, 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 on the Company.
- III. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the pending litigations along with estimated liabilities as at 31 March 2024 (Refer Sub Note No. 4 under Note No. 26)
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any



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person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

- v. No dividend has been declared or paid during the year by the Company.
- IV. Our comments in regard to the directions as stated under Sec 143(5) of the Companies Act, 2013, is given in Annexure C. For the purpose of reporting under this Section, we have relied upon the report given by Branch Auditors in this respect for respective branches.
- V. 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 (Revised 2024 Edition) issued by the Institute of Chartered Accountants of India and our reliance on Branch Auditor's report in this respect, we report that the company has in use multiple softwares such as Tally, FOXPRO and PPC for maintaining its books of account. With regards to tally, a feature of recording audit trail called 'Edit Log' is available and enabled throughout the year (Except in VFJ, where it is enabled on 24-04-2023) for all relevant transactions recorded in the software. With regard to FOXPRO and PPC, we have been informed that no separate facility to capture and report Audit Trail is available but in the case of PPC individual entry level changes are recorded against individual user logins and such entries can be queried to retrieve the user data. We also bring to attention that there exists no system for automatic transfer of data between the softwares mentioned and any transfer of data is done manually for which management has stated that Internal Controls exists to curtail any discrepancies. Further, during the course of our audit, we did not come across any instance of audit trail feature being tampered with and where audit trail is not available, we have tested the controls in place to ascertain their effectiveness.

For **T G Sukumaran & Co.,**
Chartered Accountants
Firm's Registration No: 009474S

Place: Chennai
Date : 16.09.2024

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 24019318BKATSJ6823



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ANNEXURE A To The Independent Auditors' Report

(Statement of matters specified in Para 3 & 4 of the order referred in the sub sections (11) of section 143)

REPORT OF THE AUDITOR TO THE MEMBERS IN ACCORDANCE WITH THE COMPANIES (AUDITORS' REPORT) ORDER 2020

S. No	Particulars	Auditors Remark
(i)	(a)(A) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;	The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment except for Furniture and Fixtures and other items taken over from Commercial Accounting amounting to Rs. 145.29 Lakhs for which Asset wise details were not available (Refer Disclosure No. 13 under Note No. 3).
	(a)(B) whether the company is maintaining proper records showing full particulars of intangible assets;	The Company has maintained proper records showing full particulars of Intangible assets.
	(b) Whether these Property, Plant and Equipment have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;	<p>The property plant and equipment were physically verified by the Management except in case of VFJ (Net value of PPE excluding land Rs. 16,584.50 Lakhs) Our Opinion Is not modified in this respect, as the Company's policy is covering verification of all the assets once in 3 years & as on the takeover date 01-10-2021, Physical verification of Fixed Assets has been carried out. In our opinion & based on the Branch Auditor's report, the periodicity of physical verification (to cover all the assets once in 3 years is reasonable but it has not been followed in the following branches AVHQ, EFA & VFJ) by the Management is not reasonable by having regard to the size of the Company and the nature of its assets.</p> <p>According to the information and explanations given to us, material discrepancies were noticed on such verification in EFA & HVF for which accounting has been in their books of accounts. In EFA, during the year under consideration Physical Verification of Building and Plant & Machinery has been conducted by M/s. Mahesh A & Associates, wherein addition of Fixed Assets amounting to Rs. 552.79 Lakhs relevant to prior periods were identified only during the current Financial Year.</p>



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S. No	Particulars	Auditors Remark
		<p>In HVF, 13 buildings are not in a usable condition for which the company has made adequate provision for impairment. During the year, a verification of Plant & Machinery was conducted by an independent Chartered Accountant appointed by the management. The verification report highlighted that most of the plant and machinery items were not numbered, were not located in the proper location, and approximately 77 items were not available. The management is taking corrective actions to address these discrepancies.</p> <p>No other material discrepancies were noticed on such verification.</p>
	<p>(c) Whether the title deeds of all the immovable properties</p> <p>(Other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company, if not, provide the details thereof in the Prescribed format (Refer Annexure A(1))</p>	<p>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 certain immovable properties disclosed in the standalone financial statements are not held in the name of the Company (Refer the table "Properties Not held in the name of the Company" under Note No. 3 of the Standalone Financial Statements) (Refer Annexure A(1))</p>
	<p>(d) Whether the company has revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year and, if so, whether the revaluation is based on the valuation by a Registered Valuer; specify the amount of change, if change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment or intangible assets;</p>	<p>According to the information and explanations given to us and on the basis of our examination of the records of the Company and on the basis of our reliance on Branch Auditor's report, the Company has not revalued its property, plant and equipment (including Right-of-use assets) or Intangible assets or both during the year.</p>
	<p>(e) Whether any 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, if so, whether the company has appropriately disclosed the details in its financial statements;</p>	<p>According to the information and explanations given to us and on the basis of our examination of the records of the Company and on the basis of our reliance on Branch Auditor's report, there are no proceedings initiated or pending against the Company for holding any Benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made there under.</p>



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S. No	Particulars	Auditors Remark
(ii)	(a) Whether physical verification of inventory has been conducted at reasonable intervals by the management and whether, in the opinion of the auditor, the coverage and procedure of such verification by the management is appropriate; whether any discrepancies of 10% or more in the aggregate for each class of inventory were noticed and if so, whether they have been properly dealt with in the books of account;	<p>Based on the report given by Branch Auditors', the inventory has been physically verified by the management at reasonable intervals during the year and coverage and procedure of such verification was found adequate except in EFA & in VFJ. During the year under consideration, in EFA Physical Verification of Inventory has been conducted by M/s. K. Selvaraj & Co., wherein reduction of Inventory amounting to Rs. 893.36 Lakhs relevant to prior & current periods were identified and accounted.</p> <p>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.</p>
	(b) Whether during any point of time of the year, the company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets; whether the quarterly returns or statements filed by the company with such banks or financial institutions are in agreement with the books of account of the Company, if not, give details;	<p>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 of Rs. Nil which is not in excess of Five crore rupees.</p> <p>Hence the requirement to report under this clause of the Order is not applicable.</p>
(iii)	Whether during the year the company has 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, if so,-	<p>The Company has not made any investments, 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 during the year. Accordingly, the provisions of Entire Clause 3 (iii) of the Order are not applicable to the Company.</p>
	(a) Whether during the year the company has provided loans or provided advances in the nature of loans, or stood guarantee, or provided security to any other entity [not applicable to companies whose principal business is to give loans], if so, indicate.	<p>Not Applicable.</p>



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S. No	Particulars	Auditors Remark
	(A) The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to subsidiaries, joint ventures and associates; (B) The aggregate amount during the year, and balance outstanding at the balance sheet date with respect to such loans or advances and guarantees or security to parties other than subsidiaries, joint ventures and associates;	Not Applicable.
	(b) Whether the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are not prejudicial to the company's interest;	Not Applicable.
	(c) In respect of loans and advances in the nature of loans, whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;	Not Applicable.
	(d) If the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;	Not Applicable.
	(e) Whether any loan or advance in the nature of loan granted which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over dues of existing loans given to the same parties, if so, specify the aggregate amount of such dues renewed or extended or settled by fresh loans and the percentage of the aggregate to the total loans or advances in the nature of loans granted during the year [not applicable to companies whose principal business is to give loans];	Not Applicable.
	(f) Whether the company has granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment, if so, specify the aggregate amount, percentage thereof to the total loans granted, aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013;	Not Applicable.



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S. No	Particulars	Auditors Remark
(iv)	In respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.	According to the information and explanations furnished to us and on the basis of examination of records of the Company, the Company has not granted any loans, nor made any investments or given any guarantees or securities during the year to any of the parties in accordance with the provisions of Section 185 of the Companies Act, 2013. In terms of Circular No. GSR 463(E) dated 05th 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)	In respect of deposits accepted by the company or amounts which are deemed to be deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules made there under, where applicable, have been complied with, if not, the nature of such contraventions be stated; if an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not;	According to the information and explanations furnished to us, the Company has not accepted any deposits from the public or member within the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act and the Rules framed there under. Further, as reported by the Management, there has been no order by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any tribunal against the Company to comply with. Accordingly, the provisions of Clause 3(v) of the Order are not applicable to the Company.
(vi)	Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained.	Maintenance of Cost records applicability is at Branch Level as manufacturing activity is carried out there and as per the Branch Auditor's Report and according to the information and explanation given to us, Branch Auditors have broadly reviewed the books of Account relating to materials, labour and other items of cost maintained but not made a detailed examination and are of the opinion that prima facie the prescribed accounts & records have been maintained. The Cost Audit report for the current year is not made available for us & in some units, it is not yet completed till the date of signing the Financials. In EFA, the last year's report had stated that the Cost records are maintained but not in the prescribed format and in OFMK, the last



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S. No	Particulars	Auditors Remark
		year's report has stated that there are differences in profit/loss as per Financial Statements & Cost records which needs to be reconciled for the Cost Audit review period.
(vii)	<p>(a) Whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, GST, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date, they became payable, shall be indicated;</p> <p>(b) Where statutory dues referred to in sub-clause (a) have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned (a mere representation to the concerned Department shall not be treated as a dispute);</p>	<p>Based on the information and explanations given to us and on the basis of our examination of the records of the Company and based on our reliance on the Branch Auditor's report, the Company has generally been regular in depositing Undisputed statutory dues to the appropriate authorities. There are no arrears of outstanding statutory dues as at March 31, 2024 for a period of more than six months from the date they became payable.</p> <p>Based on the information and explanations given to us and on the basis of our examination of the records of the Company and based on our reliance on the Branch Auditor's report, there are no Statutory dues which have not been deposited as on March 31, 2024 on account of any dispute except those mentioned in Annexure A(2).</p>
(viii)	Whether any transactions not recorded in the books of account have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), if so, whether the previously unrecorded income has been properly recorded in the books of account during the year;	Based on the information and explanations given to us and on the basis of our examination of the records of the Company and based on our reliance on the Branch Auditor's report, the company has not surrendered or disclosed any transactions previously unrecorded as income in the books of accounts, in the tax assessments under the Income Tax Act, 1961 as income during the year.
(ix)	(a) Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (as per format mentioned in CARO 2020 Guidance Note)	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Their Cash credit Account with SBI also carried a debit balance of Rs. 1.00. Accordingly, clause 3(ix) (a) of the Order is not applicable.
	(b) Whether the company is a declared willful defaulter by any bank or financial institution or other lender;	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a willful defaulter by any bank or financial institution or government or government authority.



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S. No	Particulars	Auditors Remark
	(c) Whether term loans were applied for the purpose for which the loans were obtained; if not, the amount of loan so diverted and the purpose for which it is used may be reported;	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not obtained any term loans. Accordingly, clause 3(ix)(c) of the Order is not applicable.
	(d) Whether funds raised on short term basis have been utilized for long term purposes, if yes, the nature and amount to be indicated;	According to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that no funds have been raised on short-term basis. Accordingly, clause 3(ix)(d) of the Order is not applicable.
	(e) Whether the company has taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures, if so, details thereof with nature of such transactions and the amount in each case;	According to the information and explanations given to us and on the basis of our examination of the Financial Statements of the Company, we report that 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 as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(e) of the Order is not applicable.
	(f) Whether the company has raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies, if so, give details thereof and also report if the company has defaulted in repayment of such loans raised;	According to the information and explanations given to us and on the basis of our examination of the Financial Statements of the Company, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries as defined under the Companies Act, 2013. Accordingly, clause 3(ix)(f) of the Order is not applicable.
(x)	(a) Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;	No such instance occurred during the year. Accordingly, clause 3(x)(a) of the Order is not applicable.
	(b) Whether the company has made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year and if so, whether the requirements of section 42 and section 62 of the Companies Act, 2013 have been complied with and the funds raised have been used for the purposes for which the funds were raised, if not, provide details in respect of amount involved and nature of non-compliance.	No such instance occurred during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.



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S. No	Particulars	Auditors Remark
(xi)	(a) Whether any fraud by the company or any fraud on the company has been noticed or reported during the year, if yes, the nature and the amount involved is to be indicated;	Based on examination of the books and records of the Company and according to the information and explanations given to us and on the basis of our reliance on Branch Auditor's Report, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
	(b) Whether any 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;	According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Companies Act, 2013 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
	(c) Whether the auditor has considered whistle-blower complaints, if any, received during the year by the company;	No Whistle Blower complaints have been received during the year. Accordingly, clause 3(xi)(c) of the Order is not applicable.
(xii)	(a) Whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability; (b) Whether the Nidhi Company is maintaining ten per cent. unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability; (c) Whether there has been any default in payment of interest on deposits or repayment thereof for any period and if so, the details thereof;	According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
(xiii)	Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;	According to the information and explanation given to us and based on our examination of records of the Company, transactions with related parties are in compliance with Sections 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.



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S. No	Particulars	Auditors Remark
(xiv)	(a) Whether the company has an internal audit system commensurate with the size and nature of its business;	Based on Information and explanations given to us and our audit procedure and based on our reliance on Branch Auditor's Report, in our opinion, the company has an Internal Audit System commensurate with the size and nature of its business and has appointed Internal Auditor (External person) to further strengthen the same.
	(b) Whether the reports of the Internal Auditors for the period under audit were considered by the statutory auditor	The Internal Audit reports of the Company issued till date has been considered by us and the Branch Auditors as stated by them.
(xv)	In case the company has undertaken non-cash transactions with their directors or other persons connected to the directors, whether the restrictions imposed are complied with.	According to the information and explanations given by the Management and on the basis of our reliance on Branch Auditor's Report, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 92 of the Companies Act, 2013.
(xvi)	(a) Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) and if so, whether the registration has been obtained;	The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
	(b) Whether the company has conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;	The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
	(c) Whether the company is a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, if so, whether it continues to fulfill the criteria of a CIC, and in case the company is an exempted or unregistered CIC, whether it continues to fulfill such criteria;	The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
	(d) Whether the Group has more than one CIC as part of the Group, if yes, indicate the number of CICs which are part of the Group;	According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.



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S. No	Particulars	Auditors Remark
(xvii)	Whether the company has incurred cash losses in the financial year and in the immediately preceding financial year, if so, state the amount of cash losses;	<p>The Company has not incurred cash losses during the financial year at Standalone Financial Statement level. As reported by Branch Auditor, the Company has incurred cash losses at branch level during the current year in case of VFJ of Rs. 4,936.64 Lakhs (PY Rs. 3,654.93 Lakhs).</p> <p>At branch level, cash losses of Rs. 2841.25 were incurred in OFMK in the previous year</p>
(xviii)	Whether there has been any resignation of the statutory auditors during the year, if so, whether the auditor has taken into consideration the issues, objections or concerns raised by the outgoing auditors;	<p>There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.</p>
(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, the auditor's knowledge of the Board of Directors and management plans, whether the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;	<p>According to the information and explanations given to us and on the basis of our reliance on Branch Auditor's Report, 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 that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.</p>



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S. No	Particulars	Auditors Remark
(xx)	<p>(a) Whether, in respect of other than ongoing projects, the company 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 in compliance with second proviso to sub-section (5) of section 135 of the said Act;</p> <p>(b) Whether any amount remaining unspent under sub- section (5) of section 135 of the Companies Act, pursuant to any ongoing project, has been transferred to special account in compliance with the provision of sub- section (6) of section 135 of the said Act;</p>	<p>The Company has transferred the Unspent amount of Rs. 384.20 Lacs has been transferred to a special account bearing No. 42891387502 with State Bank of India, HVF Avadi Branch on 18-04-2024.</p> <p>For previous year, we confirm that unspent amount of Rs. 21.09 Lakhs still lies in the special account bearing No. 41795540070 with State Bank of India, HVF Avadi branch.</p> <p>Refer Sub Note No. 10 (c) & (d) under Note No. 24 in the Standalone Financial Statement</p>
(xxi)	<p>Whether there have been any qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies included in the consolidated financial statements, if yes, indicate the details of the companies and the paragraph numbers of the CARO report containing the qualifications or adverse remarks.</p>	<p>In our opinion and according to the information and explanation given to us, the Company doesn't have investments in subsidiaries / associates / joint venture companies. Hence, no requirement to prepare Consolidated Financial Statements.</p> <p>However, the manufacturing units (branches) of the Company has been audited by separate Auditors for each branch and respective auditors have issued Independent Auditor's report including reporting under CARO and no adverse remarks mentioned by them except for reporting under Clause 3(i)(b) & (c) - title deeds of Immovable properties not held in the name of the Company and Clause 3(ii)(a).</p>

For **T G Sukumaran & Co.,**
Chartered Accountants
Firm's Registration No: 009474S

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 24019318BKATSJ6823

Place: Chennai
Date : 16.09.2024



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Annexure A(1): Title deed of Immovable Properties not held in the name of Company:

Description of Immovable Property	Gross Carrying Value as per Balance Sheet of the Company (Rs. In Lakhs)	Title deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter/director or employee of promoter/director	Period held (in the books)	Reason for not being held in name of Company (also indicate if in Dispute)
Land	5,04,257.56	Ordnance Factory Board, Ministry of Defence	No	Since 01/10/2021	Transferred from Government of India to newly formed DPSU - AVNL. The conveyance of title deeds in favour of the company is under process.
Land	21, 759.00	Ordnance Factory Board, Ministry of Defence	No	Since 31/03/2024	Additions made based on the Addendum to the valuation report issued by R. K. Patel for the excess land mentioned in handing & taking over documents.
Buildings	77,642.26	Ordnance Factory Board, Ministry of Defence	No	Since 01/10/2021	Transferred from Government of India to newly formed DPSU - AVNL. The conveyance of title deeds in favour of the company is under process.

Annexure A(2): Refer clause vii (b) of Annexure A

AMOUNTS INVOLVED AND FORUM WHERE DISPUTE IS PENDING SHALL BE MENTIONED.

Forum	Status	Case No. / Court	Period	Financial Im-pact / Amount claimed (in lakhs)
Assistant Commissioner AVADI: Zone – III: CHENNAI NORTH: Tamil Nadu	Central Goods & services Tax Act, 2017	Reference No. ZD3306230040890 Assistant Commissioner AVADI	Prior to Corporatization FY 2020-21	8,316.42
Assistant Commissioner AVADI: Zone – III: CHENNAI NORTH: Tamil Nadu	Central Goods & services Tax Act, 2017	Reference No. ZD330623004069Q Assistant Commissioner AVADI	FY 2021-22	3,521.32
Assistant Commissioner AVADI: Zone – III: CHENNAI NORTH: Tamil Nadu	Central Goods & services Tax Act, 2017	Reference No. ZD3312232944679 Assistant Commissioner AVADI	Prior to Corporatization FY 2017-18	630.04
				12,467.78



THE FORCE BEHIND THE FORCES

ANNEXURE-B

TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ARMoured VEHICLES NIGAM LIMITED (AVNL)

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 Armoured Vehicles Nigam Limited ("the Company") ("AVNL") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143 (10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by 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 controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting. We have also placed our reliance on Branch Auditor's Report in this respect to form an opinion.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.



THE FORCE BEHIND THE FORCES

A company's internal financial control over financial reporting includes those policies and procedures that

1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may be come in adequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024.

1. The company lacks sufficient internal controls regarding the deduction of Tax at Source (TDS) under the Income Tax Act, 1961 in all the branches. Specifically, the company deducts TDS only when making payments to vendors and not at the time of credit to Vendor Ledger. This may lead to non-compliance with the provisions of the Act.
2. The company has inadequate internal controls in place for the reconciliation of Receivables/ Payables. As a result, there was a failure to identify GST TDS credits / Income Tax TDS credits. This may lead to unnecessary cash outflow.
3. The Company has an inadequate internal control system in place for inventory & PPE specifically with respect to physical verification at timely intervals at EFA branch and VFJ for PPE & Inventories. This deficiency has the potential to cause material misstatements.
4. As the PPC and Foxpro (Data Collection tool) is not integrated with the Financial Accounting software i.e Tally, considering the size and nature of operations of the entity, we cannot rule out errors & omissions in the accounting data and preparation of financial statements though 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, we are suggesting to integrate the Application software and financial reporting software.

A material weakness' is a deficiency, or a combination of deficiencies, in internal control financial 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.



THE FORCE BEHIND THE FORCES

In our opinion, except for the possible effects of the material weaknesses described above, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For **T G Sukumaran & Co.,**
Chartered Accountants
Firm's Registration No: 009474S

Place: Chennai
Date : 16.09.2024

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 24019318BKATSJ6823



THE FORCE BEHIND THE FORCES

ANNEXURE - C

TO THE INDEPENDENT AUDITORS' REPORT COMMENTS IN REGARD TO THE DIRECTIONS AND ADDITIONAL DIRECTIONS ISSUED BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

<i>Directions under Section 143(5) of the Companies Act, 2013</i>	<i>Auditor's reply on action taken on the Directions</i>
<p>Whether the Company has a system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.</p>	<p>Company has implemented Tally Prime as Accounting Software for recording of its financial Transactions which is supported by PPC and FOXPRO. PPC is a Reporting and Data collection tool which has been used as base to capture all the financial data except Inventory. For Inventory, Management is using FOXPRO as Data Collection Tool. At AVNL level, as there is no manufacturing activity only tally is being used to report the financial transactions. Hence, we have relied upon the branch Auditor's report for commenting on the financial impact at Branch level.</p> <p>As the PPC and Foxpro is not integrated with the Financial Accounting software i.e Tally, considering the size and nature of operations of the entity, we cannot rule out errors & omissions in the accounting data and preparation of financial statements though manual controls, checks & balances are in place and We are unable to ascertain the impact of the same on the integrity of accounts and the financial implications. Hence, we are suggesting to integrate the Application software and financial reporting software.</p>
<p>Whether there is any restructuring of any existing loan or cases of waiver / write off of debts / loans /interest etc., made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.</p>	<p>No such Instance occurred during the year. Financial Impact - Nil</p>
<p>Whether funds received / receivable for specific schemes from Central /State agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.</p>	<p>EFA has received grant for Stipend paid to the apprentices. There is not deviation in the utilization of grants received from Central Government. The utilization is properly recorded and accounted in the Books of Accounts.</p> <p>AVNL has been receiving Emergency funds since its corporation and no deviation has been observed in its utilization and its properly recorded and accounted in the Books of Accounts.</p> <p>Impact – Nil</p>



THE FORCE BEHIND THE FORCES

Additional Directions under Section 143(5) of the Companies Act, 2013

Auditor's reply on action taken on the Directions

Whether the migration of assets and Liabilities on the date of transfer (Appointed date) from erstwhile OFB has been Completed? If there is any deviation; the reasons, nature of deviations and its impact on the FS may be Stated.

Opening Ind AS balance sheet as on appointed date signed by the GM Finance and Director Finance has been provided to us and that has been prepared based on the values as on 30/09/2021 received from Principal Controller of Accounts in Commercial format with fair value adjustments for arriving at Net Asset Value which has been approved by the Board and the Ministry and for the PPE and Intangibles, is based on the valuation done by Registered external valuers.

We have relied upon the valuation done by external valuers and the Net Asset value approved by the Board & the Ministry.

The above said NAV has undergone changes in the FY 2022-23 majorly on account of differences in land acres in handing over documents and as per the records of erstwhile OFB (considered by valuer) in HVF, EFA & VFJ but the reconciliation of differences in land acres in handing over documents and as per the records of erstwhile OFB (considered by valuer) in MTPF & VFJ units (For values kindly refer Disclosure No. 6 under Note No. 3 of PY) and also on account of the differences in Inventory as per books and physical verifications pertaining to pre – corporatization (For values kindly refer para 4 of EOM in our Audit report of PY).

The NAV once again had undergone changes to the extent of Rs. 552.78 Lacs in FY 2023-24 for the reasons specified in Disclosure No. 10 under Note No. 3 of the Standalone Financial Statement for which additional shares would be issued post approval from Board.

Whether the Company has carried out reconciliation exercise pertaining to intercompany/intracompany balances at the year end? Whether the confirmations have been obtained from the other DPSUs for balances due to/due from them at the year end? The reasons for unreconciled balances, if any, along with the unreconciled amount may be stated.

Opening balances of Inter unit are taken as per Commercial Accounts and reconciliation process has not been carried out for the same.

Whereas the reconciliation of the balances has been done (not on item-to-item level) at the Consolidated level for the year ended 31-03-2022 and for the year ended 31-03-2023, the transactions between the Branches and HO to Branches are not properly reconciled at Branch level and in elimination of Inter unit transactions at Standalone Financial Statements of AVNL, balances of Rs. 139.67 Lakhs



THE FORCE BEHIND THE FORCES

Additional Directions under Section 143(5) of the Companies Act, 2013

Auditor's reply on action taken on the Directions

remains unreconciled at HO Account (Refer Note No. 11 Other Assets – Branches - HO Balance - PY) which has been qualified in our Report (Para 1 - Qualification para). And for the FY 2023-24, the inter unit transactions are reconciled on an item-to-item basis except for the below unit's balance which has been Qualified in our Report (Para 1 of Qualified Opinion Para).

remains unreconciled at HO Account (Refer Note No. 11 Other Assets – Branches - HO Balance - PY) which has been qualified in our Report (Para 1 - Qualification para). And for the FY 2023-24, the inter unit transactions are reconciled on an item-to-item basis except for the below unit's balance which has been Qualified in our Report (Para 1 of Qualified Opinion Para).

Unit	Amt to be reconciled (Rs. In Lakhs)
EFA – OFMK	232.14
HVF – OFMK	-13.05
MTPF – OFMK	-264.04

Whether the Company has revised any of its Accounting policies or adopted any new Accounting policy? Whether the revisions of Accounting policy/adoption of new Accounting Policy are in accordance with the prudent accounting principles and applicable Ind AS?

The company has neither revised its accounting policy nor adopted any new accounting policy during the year under Audit.

Whether the changes in the accounting policies have been properly disclosed?

Impact - Nil

Inconsistency, if any, along with the impact of the same on the financial accounts may be stated

No material inconsistencies have been reported by the Branch Auditors.

Whether the provisions for employee benefit liabilities and their valuation on the date of formation of DPSUs have been made in accordance with the provisions of Ind AS? Deviation, if any, may be stated.

As on date of Formation, there is no Employee benefit related payable existed.

AVNL, a newly formed DPSU has employees including Officers, Staff and Industrial Employees who are under deputation from the Government of India for a period of 2 years w.e.f. 1/10/2021 and 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 deputation period for further 1 year w.e.f 01st October 2023. As per the Letter No. 1(5)/2021/OF/DP (Plg-V)/02dtd 24/09/2021 received from DDP, Ministry of Defence, Government of India, the DPSU's are expected to bear the short-term employee benefit expenses including basic pay, DA, HRA etc. and it is further informed vide the same letter that the Ministry shall continue to bear the retirement benefits of the deputed employees.



THE FORCE BEHIND THE FORCES

Additional Directions under Section 143(5) of the Companies Act, 2013

Auditor's reply on action taken on the Directions

As per Department of Defence Production, MoD, Gol letter No. 1(5)/2021/OF/DP(PIg-V)/02 dated: 24-09-2021, no provision of liability in respect of pension contribution towards employees on deemed deputation is required to be made in the Financial Statements of DPSUs. Whereas Ministry of Defence instruction on deemed contracts (Article 3.2) issued to the DPSUs stipulates that nothing more than the contract price referred to in Article 1 shall be payable. Whether the contract price referred to in Article I includes the cost element of pension contribution? If so, the efficacy of MoD instruction of 24-09-2021 vis - a - vis applicable provisions of Ind AS and its impact of Financial Statements of the DPSUs for the last two and half years ended 31st March 2024 may be stated.

Company is not liable for the end of service benefits of employees that have been deputed. Therefore, provisions have not been made towards terminal benefits of the deputed employees.

As per Para 25 of Rule 37A on conversion of a Government Department into a Public Sector Undertaking, the balance at the credit of the employees shall stand transferred to the PSU on the date of absorption. However, the Management has considered Leave Encashment as a part of pension liabilities mentioned in the Office Memorandum Ref: DDP/MOD O.M. No. 1(5)/2021/OF/DP(PIg-V)/02 dt 24-09-2021 and stated that it will be borne by the Government and hence, provision for leave encashment based on Actuarial valuation has not been made in the books.

The company had issued equity share capital to the Government of India inter alia on the basis of market value of the Land as mentioned in the MoD, Department of Defence Estate, New Delhi letter No. 757/02/L/DF.tpROJ/2021 dated: 10/06/2022. Whether the Market Value of the Land has been reflected in the Financial Statements of the DPSUs? If so, whether the issue of Share capital on the basis of Market Value is in consonance the Paragraph D7AA of Ind AS 101? If not, the impact on Financial Statements of the company as well as the appropriate valuation method may to be adopted by the company may be stated.

The general principle for the initial recognition of Property Plant & Equipment including Land, is at Cost. However, Ind AS 101 Para D5 allows a A first-time adopter may elect to measure an item of property, plant and equipment at the date of transition to Ind-ASs at its fair value and use that fair value as its deemed cost at that date. Hence in the opening balance sheet, transfer of assets at Fair value (i.e Value as per Valuation report) is in line with Ind AS 101 and hence, issue of Share Capital for the NAV calculated at Fair Value is in consonance with Para D7A of Ind AS 101.

Yes, the fair value of the Land has been reflected in the Financial Statement.

For **T G Sukumaran & Co.,**
Chartered Accountants
Firm's Registration No: 009474S

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 24019318BKATSJ6823

Place: Chennai
Date : 16.09.2024



THE FORCE BEHIND THE FORCES

Management Replies to the Qualifications in the Independent Statutory Auditors Report.

S. No	Qualifications	Management Replies
1.	The transactions between the Branches and HO to Branches are not properly reconciled at Branch level and in elimination of Inter unit transactions at Standalone Financial Statements of AVNL, balances of net Rs. - 44.97 Lakhs (EFA – OFMK Rs. 232.14 Lakhs, HVF to OFMK Rs. -13.06 Lakhs & Rs. -264.04 Lakhs) remains unreconciled at HO Account (Refer Note No. 11 Other Assets – Branches - HO Balance).	Currently the inter unit reconciliation is a manual process. Hence identifying the entries and passing necessary mirror entries are not done on a real time basis. However, unreconciled items are being investigated and accounted by the respective units on a regular basis. Efforts are made to provide a detailed SOP on the inter unit transactions and its reconciliation process. However, significant improvements are made during the current year to bring down the net difference when compared to last year.
2.	In the branches of VFJ & MTPF, Branch Auditors have Qualified the Branch Accounts (Para ii of the Qualified Opinion Para of the Branch Auditors Report) that the Company has sent the letters and emails for the balance confirmations for Sundry Debtors, Sundry Creditors, Advances and deposits and the Company has received confirmation from few parties. Wherever the statements are received significant variations are observed which needs reconciliation and most of the Sundry debtors and Sundry creditors contains the government organizations/military institutions from whom ledgers/confirmations are not received. The impact of the same on profit or loss cannot be ascertained by them for their respective Branches. (Refer Sub Note No. 7 Under Notes No. 26). Also, in the branches of HVF, OFMK & EFA, the Branch Auditors have stated out the same issue of External Confirmations as prescribed in Standards on Auditing SA 505 but they have not modified their opinion in this respect.	For major customers and suppliers balance confirmations letters are being sent to them for their confirmations. As the customers are predominantly Army/Navy/Air force, though letters on pending receivables are being sent the same is not being confirmed by the customer. However, invoices are raised by the company only after due approval from the customer post inspection as per the contract entered with them. Hence the company is confident of receiving the amount and hence no provision is warranted. Confirmations which are received from the suppliers and where ever the differences are identified, such differences are analysed and adequate measures are taken to reconcile the difference with the supplier.



THE FORCE BEHIND THE FORCES

S. No	Qualifications	Management Replies
3.	In the books of EFA, Branch Auditors have Qualified the Branch Accounts (Para 1 of the Qualified Opinion Para of the Branch Auditors Report) that the Management has identified physical shortage in the inventory of Rs. 893.36 Lakhs based on the Stock Audit Report of M/s. K Selvaraj & Co., Cost Accountants dated July 05, 2023. The said shortage of 893.36 Lakhs includes shortage of diesel of Rs. 697.67 Lakhs and the details of the period during which the said deficiency has arisen i.e., whether pre-incorporation or post incorporation, are not available. The Company has created a provision in the books of Accounts debiting the Statement of Profit and Loss.	Company has initiated the physical count process of critical inventory items at EFA by an external consultant. The shortfall in the inventory which was highlighted by the consultant has been duly provided in the financial books to reflect the correct value of the inventory. The shortfall in the diesel could not be identified with its period and hence the entire loss of Rs.679.67 lacs has been provided during the current year. However, the reason for such losses is being analysed by the unit and corrective action will be implemented to avoid such losses in future.
4.	When the assets were taken over at the time of Corporatization, roads were part of the Building under the Commercial accounts and also accounted as part of Buildings in the Company's books as a result of which the useful life was considered the same as that of Buildings and the estimated impact of increase in depreciation Rs. 1334.36 Lakhs and impact of decrease in profit being Rs. 988.52 Lakhs (wherever roads are identifiable as separate item in the PPE register). (Refer Note No. 3) Property Plant & Equipment). For the units of MTPF and EFA & wherever roads are not easily identifiable as separate item, the impact is yet to be ascertained.	When the assets were taken over at the time of corporatization, roads were part of the building under the commercial account. Hence it was carried as part of Building. However, where the roads are identifiable the same will be looked into during the financial year 2024-25 and will be classified separately. Depreciation policy will be amended to include Road as a separate asset and appropriate depreciation rate will be notified as per Schedule II of Companies Act, 2013. Depreciation will be recalculated from the date of incorporation and will be adjusted in the financials 24-25.
5.	In the unit of HVF, Work in Progress Plant & Machinery does not include Rs. 1607.28 Lakh being the difference between value of work in progress and the payments made before corporatization of AVNL for eight Nos. Of plant and machinery under construction/development and Work in Progress Civil Construction does not include Rs. 110.09 Lakh being the difference between value of work in progress and the payments made before corporatization of AVNL for 26 Nos. of civil works under construction which had resulted in understatement of Capital Work in Progress and Equity (Net Asset Value) by ₹ 1717.37 lakh (Refer Note No. 4 Capital Work in Progress).	The Breakup of CWIP provided by LAO as on 30-09-2021 was inaccurate and could not be identified/ Verified at the time of takeover of Assets and Liabilities due to which the difference on capitalization is carried over. We shall review in detail along with MES and respective past documents held with the respective department and ensure the same is corrected in the FY 2024-25.

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



सत्यमेव जयते

No. 161 /T-459/AVNL/Accounts/2024-25 Dated 20 September 2024

Confidential/Speed Post

कार्यालय
महानिदेशक लेखापरीक्षा
आयुध निर्माणियां
कोलकाता
OFFICE OF THE
DIRECTOR GENERAL OF AUDIT
ORDNANCE FACTORIES
KOLKATA

To,

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

Subject :- Comment under Section 143 (6) of the Companies Act 2013 on the Accounts of M/s
Armoured Vehicles Nigam Limited Avadi for the year ended 31 March 2024

Sir,

I am to forward herewith the Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act 2013 on the Financial Statements of M/s Armoured Vehicles Nigam Limited, Avadi for the year ended 31 March 2024.

Receipt of this letter may kindly be acknowledged.

Encl :- As stated.

Yours faithfully,


(Nirmalamati Maisnam)
Principal Director of Audit
(Ordnance Factories)
Kolkata

आयुध भवन- 10/ए, शाहीद खुदीराम बोस रोड (पूर्वी खंड, 8वां तल), कोलकाता - 700 001
'AYUDH BHAWAN' 10/A, SHAHEED KHUDIRAM BOSE ROAD (EAST WING, 8TH FLOOR) KOLKATA - 700 001
PHONE : 2248-2857, 2243-6341 • FAX : 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 THE FINANCIAL STATEMENTS OF M/s ARMoured VEHICLES NIGAM LIMITED AVADI FOR THE YEAR ENDED 31 MARCH 2024

The preparation of Financial Statement of M/s Armoured Vehicles Nigam Limited Avadi for the year ended 31 March 2024 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 (7) 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 16 September 2024 which supersedes their earlier Audit Report Dated 23 July 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Financial Statement of M/s Armoured Vehicles Nigam Limited Avadi for the year ended 31 March 2024 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. The financial statements of the Company have been revised by the management, as indicated in the First Paragraph of the Statutory Auditor's revised Audit Report dated 16 September 2024, to give effect to some of my audit observations raised during supplementary audit.

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

I. Comment on Financial Position

Balance Sheet

Liabilities-Non-Current Liabilities

Other Non Current Liabilities (Note No. 19) – ₹ 15685.96 lakh

The above amount of ₹. 15685.96 lakh pertains to Equity Shares Pending to be issued to the Government of India. However, as per Schedule III of The Companies Act, 2013, Shares pending to

be issued should have been included under Other Equity. This has resulted in Overstatement of Other Non-Current Liabilities (Note No. 19) and understatement of Other Equity (Note 12 (b)) by ₹ 15685.96 lakh

2. Statement of changes in equity

The Statement of Changes in Equity included in the Financial Statements of Armoured Vehicles Nigam Limited for the year ended 31 March 2024 has not been prepared in the format prescribed by Ministry of Corporate Affairs (MCA) vide notification dated 24th March 2021.

This has resulted in violation of Section 129 (1) of the Companies Act, 2013 which prescribes that the financial statements shall be in the form or forms as may be provided in Schedule III of Companies Act, 2013.

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


(Nirmalamati Maisnam)
Principal Director of Audit
(Ordnance Factories)
Kolkata

Place:- Kolkata-1
Dated:-20 September 2024



THE FORCE BEHIND THE FORCES

Management Response to Comments of CAG under Section 143 (6) of the Companies Act 2013 on the Accounts of M/s Armoured Vehicles Nigam Limited Avadi for the year ended 31st March 2024 (Ref: CAG Lr. No. 161/T-459/AVNL/Accounts/2024-25, dt. 20.09.2024)

1. Comment on Financial Position

Balance Sheet

Liabilities – Non-Current Liabilities

Other Non Current Liabilities (Note No. 19) – Rs. 15685.96 Lakhs

The above amount of Rs. 15685.96 lakhs pertaining to Equity Shares Pending to be issued to the Government of India. However, as per Schedule III of the Companies Act, 2013, Shares pending to be issued should have been included under Other Equity. This has resulted in Overstatement of Other Non-Current Liabilities (Note No. 19) and understatement of Other Equity (Note 12 (b)) by Rs. 15685.96 lakhs.

Management Response:

As per Section 62(1)(c) of the Companies act 2013, shares that needs to be issued to any person, need to be authorised by a special resolution, whether or not those persons include the persons referred to in clause (a) or clause (b), either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed.

As the approval of the Board and valuation report is pending, the prudent way of showing such pending equity value is under Liabilities than under Other Equity as any variation in amount identified during the valuation may impact the equity value. Also, a note has been given under the schedule No.19 disclosing the fact that the amount shown is against pending equity value for the NAV adjustment.

2. Statement of Changes in Equity

The Statement of Changes in Equity included in the Financial Statements of Armoured Vehicles Nigam Limited for the year ended 31st March 2024 has not been prepared in the format prescribed by Ministry of Corporate Affairs (MCA) vide notification dated 24th March 2021.

This has resulted in violation of Section 129(1) of the Companies Act, 2013 which prescribed that the financial statements shall be in the form or forms as may be provided in Schedule III of Companies Act, 2013.

Management Response:

Though the format has been changed vide notification dated 24th March 2021, it is to be noted that the additional data which is required as per the new format are not disclosed as these types of transactions such as Debt or Equity instruments through OCI / Effective portion of cash flow hedge/ Exchange difference on account of foreign operation, are not there.



THE FORCE BEHIND THE FORCES

Standalone Balance Sheet

As at 31.03.2024

Particulars	Note No.	(Rs in Lakhs)	
		As at 31st March 2024	As at 31st March 2023
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	3	837,683.88	842,874.34
(b) Capital Work-in-Progress	4	13,277.59	11,902.81
(c) Investment Property		-	-
(d) Other Intangible Assets	5	509.36	446.84
(e) Intangible Assets under Development		-	-
(f) Investment in Associates		-	-
(g) Financial Assets			
(i) Investments		-	-
(ii) Trade Receivables	8	-	-
(iii) Loans		-	-
(iv) Other Financial Assets	6	3,619.40	3,691.97
(h) Deferred Tax Assets	18	6,554.93	6,554.93
(i) Inventories			-
(j) Other Non Current Assets	11	28.64	34.99
(2) Current Assets			
(a) Inventories	7	296,576.54	277,156.25
(b) Financial Assets			
(i) Trade Receivables	8	268,696.00	112,169.40
(ii) Cash & Cash Equivalents	9	197,460.77	250,371.26
(iii) Bank Balances [other than (ii) above]	9.1	561,422.28	456,830.05
(iv) Loans		-	-
(v) Other Financial Assets	10	26288.55	5298.83
(c) Current Tax Assets	17	13,248.30	825.63
(d) Other Current Assets	11	173,657.81	94,181.49
TOTAL ASSETS		2,399,024.05	2,062,338.79



THE FORCE BEHIND THE FORCES

Particulars	Note No.	(Rs in Lakhs)	
		As at 31st March 2024	As at 31st March 2023
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12	1,311,029.14	1,280,593.14
(b) Other Equity		93,043.31	33,972.78
Total Equity attributable to the owners of the company			
Non Controlling Interest			
Total Equity		1,404,072.45	1,314,565.92
LIABILITIES			
(1) Non-current Liabilities			
(a) Deferred Income		-	-
(b) Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payables			
- Total outstanding dues of micro & small enterprises;		-	-
- Total outstanding dues of other than micro & small enterprises		-	-
(iii) Other Financial Liabilities		-	-
(c) Provision		-	-
(d) Deferred Tax Liabilities	18	14,594.20	1,946.11
(e) Other Non-Current Liabilities	19	15,685.96	15,133.18
(2) Current Liabilities			
(a) Deferred Income		-	-
(b) Financial Liabilities			
(i) Trade Payables	13		
- Total outstanding dues of micro, small & medium enterprises;		4,849.74	5,317.50
- Total outstanding dues of other than micro, small & medium enterprises		167,815.62	107,250.66



THE FORCE BEHIND THE FORCES

Particulars	Note No.	(Rs in Lakhs)	
		As at 31st March 2024	As at 31st March 2023
(ii) Other Financial Liabilities	14	2,729.25	3,017.59
(c) Other Current Liabilities	15	750,517.28	529,162.87
(d) Provisions	16	30,189.67	68,150.21
(e) Current Tax Liabilities	17	8,569.88	17,794.75
TOTAL EQUITY & LIABILITIES		2,399,024.05	2,062,338.79

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

As per our report of even dated attached

For and on behalf of Board of Directors

For **T G Sukumaran & Co.,**

Chartered Accountants

Firm's Registration No: 009474S

T G Sukumaran

Senior Partner

Membership No: 019318

UDIN: 24019318BKATSJ6823

C. Ramachandran

Director/Finance

DIN: 09315439

Sanjay Dwivedi

Chairman & Managing

Director

DIN: 09282314

DATE: 16.09.2024

Place : Avadi, Chennai

G. Srinivasan

Chief Financial Officer

Garima Khare

Company Secretary



THE FORCE BEHIND THE FORCES

Standalone Statement of Profit & Loss

For the Period from 01.04 2023 to 31.03.2024

Particulars	Note No.	(Rs in Lakhs)	
		As at 31st March 2024	As at 31st March 2023
I Revenue from Operations	20	466,316.21	503,629.49
II Other Income	21	60,473.89	39,214.19
III Total Income (I+II)		526,790.10	542,843.68
IV EXPENSES			
(a) Cost of Materials Consumed	22	341,176.14	269,591.47
(b) Consumption of Stock-in-Trade		-	-
(c) Changes in Inventories of Finished Goods, Work-in-Progress & Scrap	23	-25,842.03	9,608.63
(d) Employee Benefits Expense	24	114,354.07	116,049.18
(e) Finance Costs		-	-
(f) Depreciation and Amortization Expenses	3 & 5	20,922.01	19,869.90
(g) Other Expenses	25	33,383.89	38,572.04
TOTAL EXPENSES (a to g)		483,994.08	453,691.22
V Profit before Exceptional Items, Share of Profit of associate accounted under Equity method & Tax		42,796.02	89,152.46
VI Exceptional Items	26	-38,917.30	50,895.15
VII Profit before Share of Net Profit of Associate accounted under Equity Method & Tax (V - VI)		81,713.32	38,357.31
VIII Tax Expense			
- Deferred Tax		12,648.09	17,794.75
- Earlier years tax		-11.18	-
- Current Tax		8,569.88	-6,554.93
Total Provision for Taxation		21,206.79	11,239.82
IX Profit for the year (VII - VIII)		60,506.53	27,117.49
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		-	-



THE FORCE BEHIND THE FORCES

Particulars	Note No.	(Rs in Lakhs)	
		As at 31st March 2024	As at 31st March 2023
- 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)		60,506.53	27,117.49
XII Earnings per Equity Share (Face value of INR 10 each):			
(1) Basic		0.46	0.38
(2) Diluted		0.46	0.37

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

As per our report of even dated attached

For and on behalf of Board of Directors

For **T G Sukumaran & Co.,**

Chartered Accountants

Firm's Registration No: 009474S

T G Sukumaran

Senior Partner

Membership No: 019318

UDIN: 24019318BKATSJ6823

C. Ramachandran

Director/Finance

DIN: 09315439

Sanjay Dwivedi

Chairman & Managing

Director

DIN: 09282314

DATE: 16.09.2024

Place : Avadi, Chennai

G. Srinivasan

Chief Financial Officer

Garima Khare

Company Secretary



THE FORCE BEHIND THE FORCES

Standalone Cash Flow Statement

For the Period ended 31.03.2024

Particulars	(Rs in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	81,713.32	38,357.31
Add: Other Comprehensive income	-	-
Add: Exceptional (Gains)/Losses	(38,917.30)	50,795.15
Profit before exceptional items & taxes	42,796.02	89,152.46
Add: Depreciation	20,922.01	19,869.90
Add: Impairment	52.38	
Add: Inventory written down (net)	1,043.27	
Less: Profit on Sale or Property, Plant & Equipment	(16.34)	(34.78)
Add: Provision For Warranty	182.11	
Less: Interest Income	(53,031.20)	(34,729.34)
Operating Profit before Working Capital Changes	11,948.25	74,258.24
Add: Increase in Trade Payables	77,049.05	38,356.60
Add: Increase in Provisions	(46,794.30)	59,758.36
Add: Increase in Other Current Liabilities	258,893.62	145,205.23
Add: Decrease in Inventory	(26,980.91)	34,478.18
Less: (Increase) in Trade Receivables	(146,731.50)	(105,823.27)
Less: (Increase) in Other Current Assets	(132,699.85)	(12,797.98)
Add: Decrease in Earlier Period Tax	11.18	
Cash Generated from Operations	(5,304.46)	233,435.36
Income Taxes & Advance Taxes Paid (Net)	(30,161.09)	(825.63)
Cash Flow before Exceptional Items	(35,465.55)	232,609.43
Exceptional Items	38,917.30	(50,795.15)
Net Cash Inflow/(Outflow) From Operating Activities	3,451.75	181,814.58
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) /Sales of Tangible Assets	(14,528.49)	(87,308.17)
(Additions)/Deductions to Capital Work in Progress	(1,374.79)	54,573.22
(Purchase) of Intangible Assets	(193.86)	(64.93)
Increase / (Decrease) from term deposits & other bank balances	(104,592.23)	(456,830.05)
Interest received	32,080.24	31,373.21



THE FORCE BEHIND THE FORCES

Particulars	(Rs in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Net Cash Inflow/(Outflow) From Investing Activities	(88,609.13)	(4,58,256.72)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity	31,694.11	57,240.00
Increase in Non Current Liabilities (Others)	552.78	15,133.18
Corporate Social Responsibility (CSR) expenditure	-	-
Net Cash Inflow/(Outflow) From Financing Activities	32,246.89	72,373.18
Net Cash from/(Used) in Operating Activities	3,451.75	181,814.58
Net Cash from/(Used) in Investing Activities	(88,609.13)	(4,58,256.72)
Net Cash from/(Used) in Financing Activities	32,246.89	72,373.18
NET INCREASE/(DECREASE) IN CASH EQUIVALENTS	(52,910.49)	(2,04,068.96)
CASH OR CASH EQUIVALENT AT BEGINNING	250,371.26	454,440.22
CASH OR CASH EQUIVALENT AT CLOSING	197,460.77	(2,50,371.26)

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

As per our report of even dated attached

For and on behalf of Board of Directors

For **T G Sukumaran & Co.,**
Chartered Accountants
Firm's Registration No: 009474S

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 24019318BKATSJ6823

C. Ramachandran
Director/Finance
DIN: 09315439

Sanjay Dwivedi
Chairman & Managing
Director
DIN: 09282314

DATE: 16.09.2024

Place : Avadi, Chennai

G. Srinivasan
Chief Financial Officer

Garima Khare
Company Secretary



THE FORCE BEHIND THE FORCES

Standalone Statement of Changes in Equity

A. Equity Share Capital

Particulars	(Rs in Lakhs)	
	Note No	Amount
Balance as at 1st April 2023		1,280,593.14
Changes in Equity Share Capital during the year:		
- Issue of Shares		30,436.00
- Equity Share Capital pending Allotment		
- Buyback of Shares		
Balance as at 31st March 2024		1,311,029.14

Particulars	(Rs in Lakhs)	
	Note No	Amount
Balance as at 1st April 2022		44,453.00
Changes in Equity Share Capital during the year:		-
- Issue of Shares		1,236,140.14
- Equity Share Capital pending Allotment		-
- Buyback of Shares		-
Balance as at 31st March 2023		1,280,593.14

B. Other Equity

Particulars	Note No	(Rs in Lakhs)		
		Reserves & Surplus	Other Equity	Total Other Equity
Balance as at 1st April 2023		32,536.78	1,436.00	33,972.78
Profit for the year		60,506.53	-	60,506.53
Additions during the year		-	-	-
Total		93,043.31	1,436.00	94,479.31
Amount transferred to General Reserve		-	-	-
Transactions with owners in their capacity as owners		-	-	-
Dividends		-	-	-
Issue of Shares		-	-1,436.00	-1,436.00
Equity Share Capital - Pending Allotment		-	-	-
Buyback of Shares		-	-	-
Balance as at 31st March 2024		93,043.31	-	93,043.31



THE FORCE BEHIND THE FORCES

Note:

Equity Shares has been issued during the Financial Year 2023-2024 towards the amount received as Emergency Fund during the Financial Year 2022-2023 for Rs. 1436 Lakhs

Particulars	Note No	(Rs in Lakhs)		
		Reserves & Surplus	Other Equity	Total Other Equity
Balance as at 1st April 2022		5,419.29	-	5,419.29
Payable to Head Office		-	-	-
Profit for the year		27,117.49	-	27,117.49
Additions during the year		-	-	-
Total		32,536.78	-	32,536.78
Amount transferred to General Reserve		-	-	-
Transactions with owners in their capacity as owners		-	-	-
Dividends		-	-	-
Issue of Shares		-	-	-
Equity Share Capital - Pending Allotment		-	1,436.00	1,436.00
Buyback of Shares		-	-	-
Balance as at 31st March 2023		32,536.78	1,436.00	33,972.78

Note:

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

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

As per our report of even dated attached

For and on behalf of Board of Directors

For **T G Sukumaran & Co.,**

Chartered Accountants

Firm's Registration No: 009474S

T G Sukumaran

Senior Partner

Membership No: 019318

UDIN: 24019318BKATSJ6823

C. Ramachandran

Director/Finance

DIN: 09315439

Sanjay Dwivedi

Chairman & Managing

Director

DIN: 09282314

DATE: 16.09.2024

Place : Avadi, Chennai

G. Srinivasan

Chief Financial Officer

Garima Khare

Company Secretary



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

Note No. 1

General Information

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

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

Note No. 2

Material Accounting Policies

1. Basis of Preparation

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

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

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

3. Use of Estimates

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

4. Basis of Measurement

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

5. Functional and Presentation Currency

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



THE FORCE BEHIND THE FORCES

6. Revenue Recognition

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

Performance obligation over time

- a. Revenue is recognized overtime where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:
 - i. The company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs.
 - ii. The company's performance creates or enhances 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 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"

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

Ex-Works contract

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

For Contracts

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

Bill and hold Sales

- a. The product is currently ready for physical transfer to the customer
- b. The company does not have the ability to use the product or to direct it to another customer
- c. The product is identified separately as belonging to the customer



THE FORCE BEHIND THE FORCES

Measurement

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

Significant Financing Component

- “Advances received towards execution of Defence related projects are not considered for determining significant financing component since the objective is to protect the interest of the contracting parties. In respect of other contracts, the existence of significant financing component is reviewed on a case to case basis.”

7. Other Income

Interest Income

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

Government Grants:

Government Grants are recognized as follows

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

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

- i. The initial cost of an asset comprises its purchase price or construction cost (including import duties and non-refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).
- ii. An item of Property, Plant and Equipment and any significant part initially recognized separately as part of Property, Plant and Equipment is derecognized upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized.



THE FORCE BEHIND THE FORCES

- iii. The cost of property, plant and equipment not ready for their intended use at each reporting date is shown as capital-work in progress.
- iv. Capital work-in-progress comprises supply-cum erection contracts; the value of capital supplies received at site and accepted, capital goods in transit and under inspection.

9. Intangible Assets, Intangible Asset under Development"

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

10. Depreciation / Amortization

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

11. Disposal of Property, Plant and Equipment

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

12. Research and Development Expenditure

- i. Expenditure on Research activity is recognized as an expense in the period when it is incurred.



THE FORCE BEHIND THE FORCES

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

13. Expenditure on Technical Know-How

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

14. Impairment of Non-Financial Assets

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

15. Borrowing Costs

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

16. Inventories

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

17. 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



THE FORCE BEHIND THE FORCES

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.”

18. 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.

19. Foreign currency transactions

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

20. 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.

21. Contingent Liabilities/Assets

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

22. Fair value Measurement

- i. 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.

23. Financial Assets

i. Initial Recognition and Measurement

All financial assets are recognized initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

ii. Subsequent Measurement

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



THE FORCE BEHIND THE FORCES

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

ii. Derecognition

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

24. Trade and Other Receivables

- i. 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.

25. Cash Flow Statement

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

26. Employee Benefits

“As per Letter No. 1(5)/2021/OF/DP(PIg-V)/02 dated 24/09/2021 received from DDP, Ministry of Defence, all the employees are under deputation for a period of 2 years starting 1/10/2021. Letter no :1(5)/2023/Egom/OF/DP(M&P) dated 08/08/2023 received from Government of India Ministry of Defence Department of Defence Production has extended the period for further 1 year w.e.f 1/10/2023.”

27. Cash and Cash Equivalents

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

28. 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.



THE FORCE BEHIND THE FORCES

29. Trade and Other Payables

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

30. 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.

31. Errors and Estimates

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

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

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

32. 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.

33. Events after the Reporting Period

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

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



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 3

Property, Plant & Equipment

Particulars	Gross Carrying Amount						Depreciation				Impairment		Net Book Value As at 31st March 2024
	As at 1st April 2023	"Additions/ Adjustments during the year"	"Deductions/ Adjustments during the year"	Reclassification	As at 31st March 2024	As at 1st April 2023	Depreciation during the year	"Deductions/ Adjustments during the year"	Reclassification	As at 31st March 2024	Accumulated Impairment Less as at 1 April 2023	Impairment during the year	
Land													
Land(Freehold)	526,016.56	-	-	-	526,016.56	-	-	-	-	-	-	-	526,016.56
Buildings													
Buildings (Inside Factory)	85,438.00	5,060.89	-	-	90,498.90	3,597.34	2,564.91	-	6,162.26	-	3.38	3.38	84,333.23
Buildings (Outside Factory)	20,287.90	1,165.17	-	-	21,453.07	997.42	718.28	-	1,715.66	-	48.99	48.99	19,688.41
Plant & Equipment													
Plant & Machinery	236,396.67	8,949.31	894.73	-275.65	244,177.60	21,719.12	16,800.36	-227.47	1,029.03	39,753.78	-	-	204,423.81
Plant & Machinery-IOL	92.16	24.30	0.05	8.25	124.66	14.52	13.78	0.01	2.36	30.65	-	-	94.00
Vehicles	2,530.39	131.65	9.56	-	2,652.47	920.17	452.68	337.38	-	1,035.47	-	-	1,616.99
Computers and Hardware	257.38	477.39	1.62	-	733.16	46.51	179.65	0.37	-	240.33	-	-	492.82
Furniture Fixtures	200.01	274.55	1.53	267.41	740.45	21.04	26.94	0.03	76.40	124.35	-	-	616.09
Other Items	37.96	13.27	0.79	-	50.45	4.95	7.42	0.25	-	12.12	-	-	38.33
Electrical Installations	24.56	26.56	-	-	51.12	0.57	2.22	-	-	2.79	-	-	48.31
Electronics	4.01	87.12	-	-	91.13	0.16	4.85	-	-	5.00	-	-	86.13
Air Conditioners and Refrigerator	18.73	60.24	2.41	-	76.56	2.46	7.18	2.40	-	14.85	-	-	61.72
Office Equipment	-	15.65	-	-	15.65	-	0.82	-	-	0.82	-	-	14.83
Control systems, electronic Equipments and other similar items	-	160.48	-	-	160.48	-	9.61	-	-	9.61	-	-	150.87
Servers & Networks	-	2.08	-	-	2.08	-	0.30	-	-	0.30	-	-	1.78
Total	871,306.33	16,448.66	910.69	0.01	886,844.34	27,324.26	20,789.00	112.97	1,107.79	49,107.99	52.37	52.37	837,683.88



THE FORCE BEHIND THE FORCES

Particulars	Gross Carrying Amount						Depreciation				Impairment		Net Book Value	
	As at 1st April 2022	"Additions/ Adjustments during the year"	"Deductions/ Adjustments during the year"	Transfer to Held for Sale	As at 31st March 2023	Accumulated Depreciation as at 1st April 2022	Depreciation during the year	"Deductions/ Adjustments during the year"	Transfer to Held for Sale	As at 31st March 2023	Accumulated Impairment Loss as at 1 April 2022	Impairment during the year	As at 31st Mar 2023	As at 31st March 2023
Land														
Land(Freehold)	504,257.56	21,759.00	-	-	526,016.56	-	-	-	-	-	-	-	-	526,016.56
Buildings														
Buildings (Inside Factory)	55,523.57	21,734.07	-	8,180.36	85,438.00	1,021.08	2,562.62	-	12.90	3,596.61	-	-	-	81,841.38
Buildings (Outside Factory)	25,477.16	3,046.60	55.50	-8,180.36	20,287.90	326.27	690.92	6.14	-12.90	998.15	-	-	-	19,289.75
Plant & Equipment														
Plant & Machinery	196,428.41	40,186.80	221.70	-	236,403.39	7,181.94	15,701.09	55.91	-	21,719.33	-	-	-	213,576.30
Plant & Machinery-IDL	82.89	9.95	0.68	-	92.16	4.76	9.95	0.18	-	14.53	-	-	-	77.63
Vehicles	2,032.09	501.52	3.22	-	2,530.39	186.44	734.16	0.42	-	920.17	-	-	-	1,610.23
Computers and Hardware	64.46	192.92	-	-	257.38	8.36	38.14	-	-	46.51	-	-	-	210.89
Furniture Fixtures	137.40	62.61	-	-	200.01	4.56	16.48	-	-	21.04	-	-	-	178.98
Electrical Installations	-	28.56	-	-	28.56	-	0.73	-	-	0.73	-	-	-	27.82
Other Items	8.49	29.47	-	-	37.96	0.40	4.55	-	-	4.95	-	-	-	33.01
Air Conditioners	13.90	-	-	-	13.90	0.87	1.33	-	-	2.20	-	-	-	11.70
Refrigerator	0.12	-	-	-	0.12	0.01	0.02	-	-	0.04	-	-	-	0.09
Total	784,026.05	87,551.50	281.10	-	871,306.33	8,734.69	19,759.99	62.65	-	27,324.26	-	-	-	842,874.34



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosures:

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

Unit	Area as per Valuer's Report (Acres)	Area as per Handing Over 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 FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

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

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

8. Depreciation / Amortization

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

9. Method of Accounting Depreciation

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

10. NAV adjustment has been done for the following items for which shares will be issued post necessary approval

- Test Cell Building No. 14 & No. 15 are capitalised in the books of Accounts amounting to Rs 1,117.62 Lakhs
- The Value of EOT Crane (Machine Nos. :2618, 2619 & 2620) as on 01.10.2021 has been considered wrongly. Amount is identified and difference amounting to Rs 369.73 Lakhs is taken to NAV Adjustment. Excess Depreciation of Rs 51.35 Lakhs claimed during the period is reversed during the year.
- FT - IR Spectrometer Machinery no : 2735 amounting to Rs 19.36 Lacs and CNC 3D CMM Machinery no : 2737 amounting to Rs 173.30 Lacs is wrongly considered in Valuation Report as on 01.10.2021. The actual installation and Commencement date is 16.02.2022 and 13.04.2022 made in M Voucher and capitalized in the books of accounts. The assets has been capitalized twice in the books of accounts. The Assets capitalised on 01.10.2021 based on Valuation Report has been taken to NAV Adjustment and remove from books. Excess depreciation claimed is reversed.

11. Provision has been created for impairment of assets wherever the realizable value of assets technically assessed is less than the carrying amount of these assets. Impairment charged on Plant & Machinery during the financial year is Rs. 52.37 Lakhs and the same has been presented under Note No. 25 - Other Expenses.

12. 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.

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



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

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	504,257.56	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			1/10/2021	

Note No. 4

Capital Work-in-Progress

Particulars	(Rs in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Civil Construction	6,093.39	4,525.04
Equipment under inspection and in transit	-	-
Plant & Machinery	7,184.20	7,377.77
Others	-	-
Capital Items in Transit	-	-
Less: Provision for Impairment	-	-
Total	13,277.59	11,902.81

Disclosures:

For Contractual Commitments Disclosures refer Note No. 27, Point No. 5 - 'Contractual Commitments'



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Capital Work-in-Progress Ageing Schedule 2023-24

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

Capital Work-in-Progress Ageing Schedule 2022-23

CWIP					(Rs in Lakhs)
	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	849.18	11,053.63	-	-	11,902.81
Projects temporarily suspended					-
Total	849.18	11,053.63	-	-	11,902.81

Disclosures:

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

	(Rs in Lakhs)			
	As on 1 April 2023	"Additions/ Adjustments during the year"	"Capitalization/ Deductions/ Adjustments during the year"	As on 31 March 2024
Civil Construction	4,525.04	6,729.84	5,161.49	6,093.39
Equipment under inspection and in transit	-	-	-	-
Plant & Machinery	7,377.77	9,709.53	9,903.10	7,184.20
Others	-	-	-	-
Capital Items in Transit				
Furniture Fixtures				
Total	11,902.81	16,439.37	15,064.59	13,277.59



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 5

Other Intangible Assets

Particulars	(Rs in Lakhs)								
	Gross Carrying Amount				Amortisation				Net Book Value
	As at 1st April 2023	"Additions/ Adjustments during the year"	"Deductions/ Adjustments during the year"	As at 31st March 2024	Accumulated Amortisation as at 1st April 2023	Amortisation during the year	"Deductions/ Adjustments during the year"	As at 31st March 2024	As at 31st March 2024
Software licenses	67.61	195.53	-	263.14	1.30	24.28	-	25.58	237.56
Patents	543.66	-	-	543.66	163.13	108.73	-	271.86	271.80
Others (Developments Cost)	-	-	-	-	-	-	-	-	-
Total	611.27	195.53	-	806.80	164.43	133.01	-	297.44	509.36

Particulars	(Rs in Lakhs)								
	Gross Carrying Amount				Amortisation				Net Book Value
	As at 1st April 2022	"Additions/ Adjustments during the year"	"Deductions/ Adjustments during the year"	As at 31st March 2023	Accumulated Amortisation as at 1st April 2022	Amortisation during the year	"Deductions/ Adjustments during the year"	As at 31st March 2023	As at 31st March 2023
Software licenses	2.69	64.93	-	67.62	0.12	1.18	-	1.30	66.32
Patents	543.65	-	-	543.65	54.40	108.73	-	163.13	380.52
Others (Developments Cost)	-	-	-	-	-	-	-	-	-
Total	546.34	64.93	-	611.27	54.52	109.91	-	164.43	446.84

Disclosures:

- Value of Patents has been taken based on the report received from Ordnance Factory Board. As per the report, valuation has been carried out using the Replacement Cost Approach and the estimated useful life of intangible assets is taken as 5 years or as approved by the Technical Committee.
- The estimated useful life for Softwares is 5 to 6 years.
- Research & Development expenses pertains 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. 12.



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 6

Other Non - Current Financial Assets

Particulars	As at 31st March 2024	As at 31st March 2023
Deposit with TNEB	423.81	430.85
Deposit with TSSPDCL	286.64	286.64
Deposit with HMWSSB	81.83	81.83
FD for Bank Guarantee	105.00	105.00
Security Deposit (Public Fund)	2,722.12	2,787.65
Total	3,619.40	3,691.97

Disclosures:

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

Note No. 7

Inventories

Particulars	As at 31st March 2024	As at 31st March 2023
Stores in Hand	125,392.80	132,566.88
Work in Progress	124,137.92	108,511.18
Finished Components	24,925.45	21,257.86
Completed Articles	663.19	462.00
Stock in Transit	1,485.69	4,665.40
Stock under Inspection	21,383.41	10,312.78
Unrealised Profit on Stock	-1,411.92	-619.85
TOTAL	296,576.54	277,156.25

Disclosures:

- Valuation of Inventories has been made as per Company's Accounting Policy No. 16.
- Amount Recognised in Statement of Profit & Loss

During the year, for the following items, a provision has been created:

At EFA, Diesel to the tune of Rs. 697.68 Lakhs and other items amounting to Rs. 195.69 Lakhs are not available and therefore a full provision has been created for the same.

At HVF, Guns amounting to Rs. 710.33 Lakhs were identified as non useable, hence a full provision has been made for the same.

No provision has been made for Slow Moving Stocks amounting to Rs.15,682.99 Lakhs.

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



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 8

Trade Receivables

Particulars	As at 31st March 2024	As at 31st March 2023
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		1,721.84
Trade Receivables considered good - Unsecured	268,696.00	110,447.56
Trade Receivables which have significant increase in credit risk	356.44	324.17
Trade Receivables - credit impaired	-	-
Less: Allowance for Doubtful Debts	-356.44	-324.17
Sub Total	268,696.00	112,169.40
Total	268,696.00	112,169.40



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Trade Receivables ageing schedule

Particulars	As at 31st March 2024					(Rs in Lakhs)
	"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	151,181.02	39,509.94	73,372.11	4,632.94	-	268,696.01
ii. Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-
iii. Undisputed Trade receivables – considered doubtful	-	32.28	-	324.17	-	356.45
iv. Disputed Trade Receivables - considered good	-	-	-	-	-	-
v. Disputed Trade Receivables which have significant increase in credit risk	-	-	-	-	-	-
vi. Disputed Trade Receivables - credit impaired	-	-	-	-	-	-
Less: Allowance for Doubtful Debts	-	-32.28	-	-324.17	-	-356.45
TOTAL	151,181.02	39,542.22	73,372.11	4,957.11	-	268,696.00



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Trade Receivables ageing schedule

Particulars	As at 31st March 2023						(Rs in Lakhs)
	"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	63,949.56	47,660.76	559.08	-	-	112,169.40	
ii. Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	-	
iii. Undisputed Trade receivables – credit impaired	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 impaired	-	-	-	-	-	-	
Less: Allowance for Doubtful Debts	-324.17	-	-	-	-	-324.17	
TOTAL	63,949.56	47,660.76	559.08	-	-	112,169.40	

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.



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

3. Related Party Disclosure

Refer Note No. 28

4. Impairment of Assets

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

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

5. Ageing of Trade Receivables has been done from the Appointed Date of 1st October 2021

Note No. 9

Cash & Cash Equivalents

Particulars	As at 31st March 2024	As at 31st March 2023
Balances with banks	4,658.87	5,435.02
Cash on hand	0.46	0.31
Term Deposits - Maturity of less than 3 months	192,801.44	244,935.93
TOTAL	197,460.77	250,371.26

Note No. 9.1

Bank Balances [other than (ii) above]

Particulars	As at 31st March 2024	As at 31st March 2023
Term Deposits - Maturity greater than 3 months	561,401.19	456,712.19
Earmarked CSR Balance	21.09	117.86
Total	561,422.28	456,830.05



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 10

Other Current Financial Assets

Particulars	As at 31st March 2024	As at 31st March 2023
Interest accrued but not due on term deposits	43.52	4.76
Interest Receivables	26,245.03	5,294.07
Total	26,288.55	5,298.83,

Disclosure:

Interest accrued but not due represents the interest receivable on FD provided for Bank Guarantee as presented under Note No. 6 - 'Other Non - Current Financial Assets'..

Note No. 11

Other Assets

Particulars	As at 31st March 2024	As at 31st March 2023
Non Current		
Prepaid Expenses	28.64	34.99
Sub Total	28.64	34.99
Current		
Advances other than Capital Advances		
Advances to Employees	152.63	128.17
Advances for purchases	127,666.88	69,441.18
Other Advances	0.54	0.12
Receivables from Estate	216.69	90.17
Prepaid Expenses	58.11	77.48
Other Current Assets	3,841.28	4,612.05
Branches		
Head Office	-44.97	139.67
Input GST	40,346.64	19,184.94
TCS Receivable	5.40	4.54
Recoverable from GOI	524.32	503.17
GST Demand Pre-Deposit	890.29	-
Sub Total	173,657.81	94,181.49
Total	173,686.45	94,216.48



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosures:

1. Impairment of Financial Assets
Refer Note No. 27
2. Related Party Disclosure
Refer Note No. 28

Note No. 12

a. Equity Share Capital

Particulars	As at 31.03.2024		As at 31.03.2023	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital				
(a) Authorised				
Equity Shares of the par value 10 each	14,000,000,000	1,400,000.00	14,000,000,000	1,400,000.00
(b) Issued & Subscribed				
(i) Outstanding at the beginning of the year, fully paid up	12,805,931,400	1,280,593.14	444,530,000	44,453.00
(ii) Issued during the period	304,360,000	30,436.00	12,361,401,400	1,236,140.14
(iii) Outstanding at the end of the year, fully paid up	13,110,291,400	1,311,029.14	12,805,931,400	1,280,593.14

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

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

Particulars	As at 31.03.2024		As at 31.03.2023	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the Reporting Period	12,805,931,400	1,280,593.14	444,530,000	44,453.00
Add: Shares Issued during the period	304,360,000	30,436.00	12,361,401,400	1,236,140.14
Less: Shares bought back during the period		-		-
Shares outstanding at the end of the Reporting Period	13,110,291,400	1,311,029.14	12,805,931,400	1,280,593.14



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

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

Name of Shareholder	As at 31.03.2024		As at 31.03.2023	
	No. of Shares	Amount	No. of Shares	Amount
Government of India, Ministry of Defence	13,110,291,368	100%	12,805,931,368	100%
Total	13,110,291,368	100%	12,805,931,368	100%

b. Other Equity

Particulars	As at 31.03.2024	As at 31.03.2023
General Reserves	-	-
Retained Earnings	93,043.31	32,536.78
Equity Shares Pending Allotment	-	1,436.00
Total	93,043.31	33,972.78

Note No. 13

a. Trade Payables

Particulars	As at 31.03.2024	As at 31.03.2023
Current		
- Dues to micro & small enterprises	4,849.74	5,317.50
- Others	167,815.62	107,250.66
TOTAL	172,665.36	112,568.16

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



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

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

Particulars	As at 31.03.2024	As at 31.03.2023
"a) The principal and the interest due thereon remaining unpaid as at 31 March:"		
Principal	4,849.74	5,317.50
Interest	802.31	575.36
"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"	802.31	575.36
"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"		

2. Trade Payables Ageing Report

Particulars	As at 31st March 2024				(Rs in Lakhs)
	"Outstanding for following periods from due date of payment"				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4,429.06	9.06	411.39	0.23	4,849.74
(ii) Others	71,267.38	57,833.97	38,713.96	0.31	167,815.62
(iii) Disputed Dues - MSME					
(iv) Disputed Dues -Others					
Total	75,696.44	57,843.03	39,125.35	0.54	172,665.36



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Particulars	As at 31st March 2023				(Rs in Lakhs)
	"Outstanding for following periods from due date of payment"				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	4,985.73	5.05	326.72	-	5,317.50
(ii) Others	85,438.18	19,624.78	2,187.70	-	107,250.66
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues -Others	-	-	-	-	-
Total	90,423.91	19,629.83	2,514.42	-	112,568.16

- Ageing of Trade Payables has been done from the Appointed Date of 1st October 2021.
- Trade Payables in EFA, HVF and MTPF Units include Rs.598.59 Lakhs, Rs.2,712.52 Lakhs and Rs.2,187.70 Lakhs respectively, both outstanding since 01.10.2021 without any movement. The company will continue to hold these balances to meet future claims, if any.
- In OFMK Unit, Sundry Creditors Others include Rs.11,543.16 Lakhs considered in Opening balances as approved by the Ministry of Defence for which list of Vendors is still awaited from PCFA(Fys.), Kolkata.
- In the FY 2023-24 at EFA Unit, Trade Payable is netted off with Liquidated Damages Receivables to the tune of Rs. 59.2 Lakhs

Note No. 14

a. Other Current Financial Liabilities

Particulars	As at 31.03.2024	As at 31.03.2023
Security Deposits	2,052.10	1,981.61
Other liabilities	0.19	381.98
Earnest Money Deposit	676.96	654.00
TOTAL	2,729.25	3,017.59



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 15

Other Current Liabilities

Particulars	As at 31st March 2024	As at 31st March 2023
Deferred revenue - Customer grants	2.21	0
DSC Charges Payable	1,849.62	217.60
Expenses Payable	632.30	526.20
Payable to YIL	426.42	-
Statutory liabilities		
GST Payable	663.85	1,858.06
GST TDS Payable	390.74	332.51
194C TDS Payable	106.10	116.60
194J TDS Payable	5.10	7.71
194Q TDS Payable	33.05	41.30
192 TDS Payable	125.63	29.78
TCS Payable	1.38	2.05
Cess Payable	16.55	67.45
Professional Taxes Payable	1.66	1.68
TDS Payable	0.30	10.03
Staff Related:	-	
Employee Salary Payable	8259.80	7,549.29
Private Recoveries Payable	966.45	1,491.64
Government Recoveries Payable	2501.55	1,682.91
NPS Deceased Trust	3163.22	-
Advances from Customers	717690.47	498,045.01
Government of India (Emergency Fund)	5404.97	11,729.19
Other Liabilities	8275.91	5,453.86
Total	750517.28	529,162.87

Disclosure:

Other Liabilities includes Dispensation liability amounting to Rs.6,035.32 Lakhs



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 16

Provisions

Particulars	As at 31.03.2024	As at 31.03.2023
Employee Benefits		
for Bonus	788.19	864.60
Others		
for Warranty	10,594.99	12,520.44
for Audit Fees	19.50	17.70
for Tax on electricity	316.02	-
for Advance on Creditors	725.08	1,950.93
for Interest on MSME	802.31	575.36
for Liquidated Damages	12,004.22	50,795.15
for Expenses	2,617.28	1,308.17
for CSR	408.30	117.86
for other Provisions	310.09	
for Inventory	1,603.69	
Total	30,189.67	68,150.21



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosures:

1. Movement in Provisions

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

Movement in Provisions

Particulars	As at 1st April 2022		Additions	Utilisation	Reversal	As at 31st March 2023	
	Non - Current	Current				Non - Current	Current
Provision for Bonus	-	884.33	857.73	877.46	-	-	864.60
Provision for Warranty	-	4,748.58	10,043.01	59.45	2,211.70	-	12,520.44
Provision for Audit Fees	-	5.90	17.70	5.90	-	-	17.70
Provision for Advance on Creditors	-	2,386.89	51.74	280.48	207.22	-	1,950.93
Provision for Interest on MSME	-	366.15	277.12	-	67.91	-	575.36
Provision for Liquidated Damages	-	-	50,795.15	-	-	-	50,795.15
Provision for Expenses	-	-	1,308.17	-	-	-	1,308.17
Provision for CSR	-	-	117.86	-	-	-	117.86
Total	-	8,391.85	63,468.48	1,223.29	2,486.83	-	68,150.21



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Warranty provision has been calculated taking into account 2.50% on the equipment and spare sales. This percentage is based on the best estimate as identified by the management in the year 2021-22.

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

Note No. 17

Current Tax Assets/Liabilities

Particulars	As at 31st March 2024	As at 31st March 2023
Current Tax Assets		
Advance Payment of Income Tax	13,248.30	825.63
Total	13,248.30	825.63
Current Tax Liability		
Provision for taxation	8,569.88	17,794.75
Total	8,569.88	17,794.75

Note No. 18

Deferred Tax Assets/Liabilities

Particulars	As at 31st March 2024	As at 31st March 2023
Deferred Tax Assets	-6,554.93	-6,554.93
Deferred Tax Liabilities	14,594.20	1,946.11
Timing differences under the Income Tax Act, 1961		
Total	8,039.27	-4,608.82



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosure:

Particulars	"As at 1st April 2023"	"Additions/ (Reversals) in Income Statement"	"Additions/ (Reversals) recognised in Equity"	"As at 31st March 2024"
Deferred Tax Asset				
Provision for Bonus	217.62	-19.23	-	198.39
Provision for warranty	3,151.39	-484.63	-	2,666.76
Provision for Debit balance in creditors	491.05	-308.55	-	182.50
Provision for Liquidated Damages	12,785.14	-9,763.68	-	3,021.46
Provision for Doubtful Debts	81.59	8.13	-	89.72
Provision for Audit Fees	4.46	0.45	-	4.91
Provision for Expenses	329.27	329.50	-	658.77
Provision for Others	-	78.05		78.05
Provision for Inventory	-	403.65		403.65
Provision for Tax on Electricity	-	79.54		79.54
Unpaid MSME Balance	-	1,220.68		1,220.68
Total	17,060.52	-8,456.09	-	8,604.43
Deferred Tax Liability				
Property, Plant & Equipment	12,451.70	4,192.00		16,643.70
Total	12,451.70	4,192.00	-	16,643.70
Net Deferred Tax Assets/(Liability)	4,608.82	-12,648.09	-	-8,039.27



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 19

Other Non Current Liabilities

Particulars	As on 31 March 2024	As on 31 March 2023
Equity Shares Pending to be Issued	15,685.96	15,133.18
Total	15,685.96	15,133.18

Particulars	As on 31 March 2024	As on 31 March 2023
Test Cell Building 14 & 15	1,117.62	-
Less : Capital work in Progress	-2.44	-
Less : Value of Machinery - Value wrongly considered		-
EOT CRANE (3 NOS)	-369.74	-
FT - IR Spectrometer Machinery	-19.36	-
CNC 3D CMM Machinery	-173.30	-
NAV Adjustment (FY 2022-23)	14,351.18	14,351.18
Renewal & Replacement Fund	782.00	782.00
NAV Adjustment- Total	15,685.96	15,133.18

Disclosures:

1. Equity Shares pending board approval to be issued of Rs. 15,685.96 Lakhs represents the following:
 - a. Rs. 14,351.18 Lakhs represents NAV adjustment done during FY 2022-23, for which shares are yet to be issued
 - 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.



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 20

Revenue from Operations

Particulars	For the Year ended 31st March 2024	For the Year ended 31st March 2023
Sale of Products		
- Equipment	147,353.74	227,315.70
- Spares	80,554.20	97,107.16
- Intra Company Equipment Sales	32,753.99	30,184.16
- Intra Company Spare Sales	5,536.31	4,430.06
- Unbilled Revenue	236,508.58	174,061.04
Income from Services	1,723.13	2,739.81
Intra Company Service Income	17.04	19.97
Other operating revenue	176.57	2,406.28
Less: Intra Company Sales	-38,307.35	-34,634.69
Total	466,316.21	503,629.49

Disclosures:

- Revenue is recognized both on a 'Point in Time' basis and 'Stage Completion' basis as per IND AS 115.
- Revenue is recognized over time on the contracts for the supply of Armoured Vehicles wherever transfer of control on goods/services and performance obligation is satisfied over time. All other revenue is recognized at a point in time when control transfers.
- Revenue is recognized based on the stage completion in respect of Armoured Vehicles i.e. Percentage of completion method (Output Method). Once the manufacturing of Armoured Vehicles reaches the specified milestones/stages, Revenue is recognized as a percentage of deemed contract price.
- Revenue from Operations include Rs.236,508.58 Lakhs that have been recognised over the time period in respect of the Deemed Contracts entered into between AVNLS and the Indian Armed Forces. The Revenue recognition by way of Unbilled Revenue is done in compliance of Ind AS 115 upon completion of stages which is approved by the Quality Control Department.
- Revenue from Operations includes Rs. 6,242.15 Lakhs which pertains to FY 2022-23.
- Warranties provided are primarily in the nature of performance warranty.
- The company's turnover mainly includes supply of Defence equipment.
- Contract with the customer normally does not contain significant financing component and any advance payment received and / or amount retained by customer is with intention of protecting either parties to the contract.
- Contract entered into with customer, typically does not have a return/refund clause.



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

10. For revenue recognition in respect of performance obligation satisfied at a “point in time” the following criteria is used for determining whether customer has obtained “Control on asset”:
 - Transfer of significant risk and rewards
 - Customer has legal title to the asset
 - The entity has transferred physical possession of the asset
 - Customer has accepted the asset
 - Entity has the present right to payment of the asset
11. No non-cash considerations are received/given during the current year.
12. As per the letter no: MOD I.D No 4(8)/2022/ND CD/DDP, dated 21-03-2023 received from DDP it was informed that the company can raise an additional revenue towards profit element of 7.5% on the issue price of items under deemed contracts. The same is applicable for the issues made from 1st October 2021.
13. Dispensation amounting to Rs.7,436.20 Lakhs has been regrouped from Revenue from Operations to Cost of Materials Consumed.
14. At HVF Unit, Stage Booking revenue of Rs.2,17,499.93 Lakhs is recognised based on Inspection notes (I-notes) generated during the year. This includes stage booking revenue of Rs.88,704.97 Lakhs recognised based on Manual I-notes generated for T-90 Mk-III Stage I and Stage II. On account of non-availability of certain perennial imported items due to ongoing geo-political situation and on account of materials drawn through Draft Demand Notes (DDN) due to materials pending in IGP stage & not cleared for RV, regular Online I-notes could not be generated & hence resorted to Manual I-notes. With regards to Manual I-Notes, on the grounds of matching concept, necessary Provision for Draft Demand Notes(Rs.50,455.87 Lakhs) and towards items not available (Rs.12,960.01 Lakhs) is made totalling to Rs.63,415.88 Lakhs. In view of these manual adjustments, the stage movement in the system has not reflected the Stage Movement, as a result, the WIP got overstated in the system and hence the WIP has been manually adjusted to the extent of the demand notes pertaining to the warrants for which Manual I-notes is generated to the effect of Rs.51,828.51 Lakhs

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

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence			
Sale of Equipment	152,585.25	739.50	26,782.98	-	180,107.73
Unbilled Revenue	236,508.58	-	-	-	236,508.58
Income from Services	1,723.13	-	17.04	-	1,740.17
Sale of Spares	74,096.63	5.60	12,164.85	-	86,267.08
Less: Inter Unit		-	-	-	-38,307.35
Total	464,913.59	745.10	38,964.87	-	466,316.21



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 21

Other Income

Particulars	For the Year ended 31st March 2024	For the Year ended 31st March 2023
Interest Income	271.60	106.06
Interest Income from Term Deposits	53,031.20	34,729.34
Scrap Sales	1,728.75	2,114.23
Canteen Receipts	-	23.55
Income from Liquidated Damages	2,187.10	945.49
Rental Income	838.01	620.57
Miscellaneous	80.73	50.21
Net gain on sale of property, plant and equipment	97.74	34.78
Provisions written back		
- Warranty	1,630.91	-
- Others	9.23	144.22
Foreign exchange gain	186.53	-
Other non-operating income	359.42	436.04
Contribution from Government Grant	52.67	9.70
Total	60,473.89	39,214.19

Disclosure

- Government grant received towards Trade Apprentice Stipend from MSDE of Rs.52.67 Lakhs (PY - Rs.9.70 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.
- Other Non-operating income includes Lease Income from Midhani for Rs.Nil (PY - Rs.Nil). On a conservative note, No Lease Income is recognized during the year as the Methodologies of Calculations of Income are in Process with Midhani.

Note No. 22

Cost of Materials Consumed

Particulars	For the Year ended 31st March 2024	For the Year ended 31st March 2023
Opening Stock of Stores-in-Hand	134,748.08	142,349.24
Add : Purchases during the Year	331,820.87	261,990.31
Less : Closing Stock of Stores-in-Hand	125,392.81	134,748.08
Total	341,176.14	269,591.47



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosure:

In OFMK Unit, Material consumption has been reduced to 56% in the current year from 70% in the previous year. The reason being last year 7.5% provision for profit element was made for purchases made from 1st Oct 2021 to March 2023 from DPSU's while in the current year the percentage was decided at 6% from Oct 2021. Hence lower provision for the year and reversal of earlier provision and changes in the stage completion mix together impacted the consumption.

Note No. 23

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

Particulars	For the Year ended 31.03.2024	For the year ended 31.03.2023
Opening Stock		
Work in Progress	108,511.18	114,611.34
Finished Components	21,257.86	25,379.11
Completed Articles	462.00	2,748.38
Stock in Transit	3,527.58	628.42
Stock under Inspection		
Closing Stock		
Work in Progress	124,137.92	108,511.18
Finished Components	24,925.45	21,257.86
Completed Articles	663.18	462.00
Stock in Transit	619.97	3,527.58
Stock under Inspection	9,254.13	
Increase/(Decrease):		
Work in Progress	15,626.74	-6,100.16
Finished Components	3,667.59	-4,121.25
Completed Articles	201.18	-2,286.38
Stock in Transit	-2,907.61	2,899.16
Stock under Inspection	9,254.13	-
Net Increase/(Decrease)	25,842.03	-9,608.63



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 24

Employee Benefit Expenses

Particulars	For the Year ended 31.03.2024	For the year ended 31.03.2023
Salaries, Wages & Bonus	106,556.97	108,865.51
Leave Salary	62.16	162.79
Contribution to:		
Pension Funds	5,513.42	5,067.61
Staff welfare expenses	2,166.45	1,927.04
Training Charges	55.07	26.23
Total	114,354.07	116,049.18

Disclosures:

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

Note No. 25

Other Expenses

Particulars	(Rs in Lakhs)	
	For the year ended 31st March 2024	For the year ended 31st March 2023
Electricity Charges	5,112.25	5,272.26
Water Charges	3,798.67	3,795.26
Communication expenses	188.75	187.10
Repairs & Maintenance	2,532.97	2,593.71
- Machinery & Equipment	10.78	265.59
- Building	245.96	-
- Others	382.54	-
Stationery	44.04	47.76
Contract Labour Expenses	7,468.10	6,647.62
Trade Apprentice Stipend	337.17	148.56
Commission on Scrap Sales	7.39	-
Remuneration to Auditors	19.80	21.60



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Particulars	(Rs in Lakhs)	
	For the year ended 31st March 2024	For the year ended 31st March 2023
Research & Development	1,308.91	682.90
Legal & Professional Charges	364.05	194.08
Security Charges (DSC)	5,299.28	4,948.95
Security Charges (Others)	-	55.98
Transportation Charges	1,127.94	1,888.33
Travelling Expenses	1.55	-
Common Service Expenses	670.93	428.74
Corporate Social Responsibility	457.07	147.28
Publicity & Public Relations	497.19	135.87
Stationery & Consumables	91.81	106.92
Provision for Obsolescence	-	3,684.06
Provision for Warranty	-	4,080.20
Provision for Other Expenses	2.56	382.01
Provision for doubtful trade receivables & Advances	32.27	324.17
Foreign exchange loss	-	30.52
Penalties, Fees, Interest etc.	264.11	159.22
Miscellaneous Expenses	2,094.51	2,115.32
Write Off	1.10	-
Prior Period Items	5.74	80.04
Interest on MSME	253.74	10.95
LD Charges	-	114.38
Impairment Cost	52.38	-
Provision for Stock (Gun 125MM)	710.33	-
Escalation on Purchase (Deemed Contracts)	-	22.66
Total	33,383.89	38,572.04

Disclosure:

Breakup of Remuneration to Auditors

Particulars	(Rs in Lakhs)	
	For the period ended 31 March 2024	For the period ended 31 March 2023
a) As Auditor	18.00	18.00
b) For Taxation matter	1.80	3.60
c) Other Services - Certification Fees	-	-
d) Reimbursement of Expenses	-	-
Total	19.80	21.60



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 26

Exceptional Items

Particulars	(Rs in Lakhs)	
	For the year ended 31st March 2024	For the year ended 31st March 2023
Liquidated damages on sales (Deemed Contracts)	-38,917.30	50,795.15
Total	-38,917.30	50,795.15

Liquidated Damages

- As per Letter No. MOD I.D. No. 4(8)/2022/ND CD/DDP dated 21/3/2023, it was intimated by DDP that LD be levied for delayed supplies. Based on this, each Unit of AVNL had provided for a provision for Liquidated Damages to the tune of Rs. 50,795.15 Lakhs in FY 2022-23 under 'Note No. 26 - Exceptional Items'.
- During FY 2023-24, it was intimated through Letter No. 3312/OFB/Indent/PHQ/Prov dated 28/12/2023 received from Central AFV Depot, Kirkee that the original deemed contracts entered into on 20/7/2021 stand amended. Due to revised delivery schedules in the amended contracts, the company holds an excess provision of Rs.38,917.30 Lakhs. This pertains to liquidated damages provided for on supplies made between 1st October 2021 and 31st March 2024, which were initially considered delays under the original deemed contracts but are now superseded by the updated delivery schedules in the amended contracts. This excess provision of Rs.38,917.30 Lakhs has been reversed in FY 2023-24. Post this reversal, AVNL holds a provision for Liquidated Damages to the tune of Rs.12,004.22 Lakhs which represents the liability that might crystallise due to delays in supply as per the Amended Contract.

Note No. 27

General Notes to Accounts

1. Statement of Compliance

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

2. Impairment of Assets

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

3. Contingent Assets

Particulars	(Rs in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Lease Income Receivable		191.87

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



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

4. Contingent Liabilities

Particulars	(Rs in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Claims not acknowledgeable as debts	44.17	3,521.32
Outstanding Letters of Credit	860.68	860.68
Others	14,088.82	107.89
Total	14,993.67	4,489.89

Contingent Liabilities - Others includes the following

- Rs.12,467.78 Lakhs due to an appeal pending regarding the discrepancy in avilment of ITC for the old GST of the erstwhile Heavy Vehicles Factory (HVF) under the OFB period”
- Rs.85.35 Lakhs for cases lodged against EFA, which has disclaimed liability and expects no financial impact based on legal advice”
- Rs.18.25 Lakhs for an appeal filed by M/s. Vijey Electrodes
- Rs. 12.04 Lakhs for a court case in the MTPF Unit as detailed in Letter No. 1009/DS&IR/Court Case/Expenditure/2022
- Rs. 1505.40 lakhs pertains to bank guarantee at Head office..

5. Contractual Commitments

Particulars	(Rs in Lakhs)	
	As at 31st March 2024	As at 31st March 2023
Estimated amount of contracts remaining to be executed towards Capital Commitments	16,120.85	2,626.92
Other Commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved)		
Total	16,120.85	2,626.92

- Capital Commitments as on March 31,2024 are as follows: Rs. 5685.94 Lakhs towards Plant & Machinery and Civil works in the OFMK Unit; Rs. 368.37 Lakhs towards Building and Civil works in AVNL HO; Rs. 543.40 Lakhs for renovation of Buildings in the EFA Unit; Rs. 6869 Lakhs for civil construction and Plant & Machinery in the HVF Unit; Rs. 1361.45 Lakhs for Buildings and Plant & Machinery in the MTPF Unit; and Rs. 1292.69 Lakhs for Plant & Machinery in the VFJ Unit.
- In View of the nature of business, being long term contracts there may be other commitments for purchase of material etc., which has been considered as normal business process, hence not been disclosed.

6. Leases

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



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

7. Risk Management framework and Polices

a. Liquidity Risk

Company does not have any risk associate with Liquidity risk since it has adequate cash balance to meet its obligations.

b. Interest Rate Risk

Company doesnot have any financial intrument which might have an impact on fair value interest rate risk and cash flow interest rate risk. Also it could be noted that there is no pre-closure charges on Fixed deposit.

c. Credit Risk

As the company sales is mainly to Government/Government Departments no Credit risk is envisaged.

d. Currency Risk

Company does not have any export and very minimal imports to have exposure on foreign currency.

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. Foreign Exchange Exposure

The major currency wise exposure as on 31st March 2024 is given below:

Currency	Payables		Receivables	
	Foreign Currency (in Lakhs)	"Indian Rupee Equivalent (in Lakhs)"	Foreign Currency (in Lakhs)	"Indian Rupee Equivalent (in Lakhs)"
United States Dollar (USD)	22.35	1,861.32		
Euro (EUR)	0.87	79.00		
Great British Pound (GBP)				
Total	23.22	1,940.32		-



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

The major currency wise exposure as on 31st March 2023 is given below:

Currency	Payables		Receivables	
	Foreign Currency (in Lakhs)	"Indian Rupee Equivalent (in Lakhs)"	Foreign Currency (in Lakhs)	"Indian Rupee Equivalent (in Lakhs)"
United States Dollar (USD)	5.64	461.81		
Euro (EUR)				
Great British Pound (GBP)				
Total	5.64	461.81		-

ii. Foreign Exchange Earnings and Out Go

The company has incurred expenditure in foreign currency amounting to Rs. 2,004.97 Lakhs (Previous Year: Rs.4,383 Lakhs) and has earned no income in foreign currency during the year and also previous year.

11. Disclosure relating to CSR Expenditure

Particulars	(Rs in Lakhs)	
	2023-24	2022-23
Amount required to be spent by the Company during the year	457.07	147.28
Amount of Expenditure incurred	69.87	29.42
Shortfall at the end of the year	387.2	117.86
Total of previous years shortfall	21.09	0
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

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

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

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

Note No. 28

Related Party Transactions

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

As AVNL is a government entity under the control of Ministry of Defence (MoD), the company has utilized the exemption



THE FORCE BEHIND THE FORCES

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

available under Ind AS 24.

However, as required Ind AS 24, following are the individually significant transactions 99.70% of the Company's Turnover; 99.99% of the Company's Receivables & 99.88% of the Company's customer advances are with respect to Government or Government Related Entities.

b. Key Management Personnel Details

i. Name of Key Management Personnel's

Mr. A.N. Srivastava, Chairman and Managing Director till 27th June 2023.

Mr. Sanjay Dwivedi, Chairman and Managing Director from 21st July 2023; Additional Charge as Director - Operations

Mr. C Ramachandran, Director - Finance

Mr. B Pattanaik, Director - Human Resources

Mr. G Srinivasan, Chief Financial Officer

Mr. Dinesh Singh Jhala, Company Secretary till 31.01.2024

Mrs. Garima Khare, Company Secretary from 01-02-2024

ii. Compensation to Key Management Personnel's

Particulars	For the Year ended 31.03.2024	For the Year ended 31.03.2023
Short term employee benefits	183.58	178.26
Post employment benefits	-	-
Long term employee benefits	-	-
Termination benefits	-	-
Share based payments	-	-
Total	183.58	178.26



THE FORCE BEHIND THE FORCES

Financial Ratios as per Revised Schedule III Requirements

Sl No.	Particulars	FY 2023-24	FY 2022-23	Numerator	Denominator	Variance	Remarks
1	Current Ratio	1.61	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	4.50%	2.12%	Profit After Tax	Shareholders Funds excluding Profit After Tax	112%	Due to increase in interest income.
5	Inventory Turnover (No. of Days)	225	213	Average Inventory	Revenue from Operations per Day	6%	-
6	Trade Receivables Turnover (No. of Days)	149	43	Average Receivables	Revenue from Operations per Day	247%	Due to profit element yet to be received.
7	Trade Payables Turnover (No. of Days)	165	122	Average Trade Payables	Cost of Materials Consumed including Changes in Inventory per Day	35%	Due to 7.5% profit element payable to Other DPSUs
8	Net Capital Turnover Ratio (in Times)	0.80	1.04	Revenue from Operations	Working Capital	-23%	-
9	Net Profit Ratio	12.98%	5.38%	Profit After Tax	Revenue from Operations	141%	Due to increase in interest income & write back of LD Provision



THE FORCE BEHIND THE FORCES

Sl No.	Particulars	FY 2023-24	FY 2022-23	Numerator	Denominator	Variance	Remarks
10	Return on Capital Employed	6.08%	2.98%	Profit Before Tax	Shareholders Funds excluding Profit After Tax	104%	Due to increase in interest income & write back of LD Provision
11	Return on Investment	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

As per our report of even dated attached

For and on behalf of Board of Directors

For **T G Sukumaran & Co.**,
Chartered Accountants
Firm's Registration No: 009474S

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 24019318BKATSJ6823

C. Ramachandran
Director/Finance
DIN: 09315439

Sanjay Dwivedi
Chairman & Managing
Director
DIN: 09282314

DATE: 16.09.2024

Place : Avadi, Chennai

G. Srinivasan
Chief Financial Officer

Garima Khare
Company Secretary

We express sincere gratitude to our
Stakeholders



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

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




ARMoured VEHICLES NIGAM LIMITED

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Tiruvallur Dist, Tamil Nadu - 600 054.

CIN - U35990TN2021GOI145504

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