ARMOURED VEHICLES NIGAM LIMITED

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

"FORCE BEHIND THE FORCES"

2ND ANNUAL REPORT 2022-23

AVNL
THE WINGS OF CHANGE

G20

अवनि

AVANI

Azadi Ka Amrit Mahotsav

आत्मनिर्भर भारत

AVANI

A VISION FOR

ATMANIRBHAR BHARAT

MAKE IN INDIA

DEDICATION

2nd Annual Report

of Armoured Vehicles Nigam Limited (AVNL) (AVANI) is dedicated to Our Nation

India that is **Bharat**

THE GREATEST CIVILIZATION NATION IN THE WORLD

"अत्रापि भारतं श्रेष्ठं जम्बूद्वीपे महामुने।
यतो ही कर्मभूरेषा ह्यतोऽन्या भोगभूमयः।।"

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.

AVNL PLEDGE

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

AKAM CELEBRATIONS AT AVNL

AVNL Flag

AVNL Logo

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CORPORATE OVERVIEW 1

- Armoured Vehicles Nigam Ltd. (AVNL) is one amongst the seven newly formed Defence Public Sector Undertaking. AVNL was incorporated as a fully owned Govt. of India company under the Companies Act 2013 on 14.08.2021.
- Its Headquarters is located at Avadi, Chennai. It commenced its business on the appointed date of 01.10.2021.
- AVNL was carved out of the erstwhile Ordnance Factory Board consisting of 5 factories i.e. (a) Heavy Vehicles Factory, Tamil Nadu (b) Engine Factory Avadi, Tamil Nadu, (c) Vehicle Factory Jabalpur, Madhya Pradesh (d) Ordnance Factory Medak, Telangana and (e) Machine Tool Prototype Factory, Maharastra. This company was dedicated to the nation by the Hon'ble Prime Minister Shri Narendra Modi on 15.10.2021, on the Vijaya Dashami Day.
- The purpose of restructuring and creation of the new company exclusively for manufacture of Armoured Vehicles and other Military Vehicles was with an intention to transform the erstwhile Ordnance Factories to be a market leader in manufacturing Armoured and Military Logistics Vehicle and to ensure its accountability, improving quality and making its product exportable to other nations. This transformation was made with an intention to ensure the nation's self-reliance as a part of Atmanirbhar Bharat. This Atmanirbhar Bharat of making the nation defence manufacturing into the self-reliance and to reduce import dependency was the Vision of our Hon'ble Prime Minister. AVNL with its mighty manufacturing capability and an experienced work force, which has more than 60 years of manufacturing experience in these specialized equipments which has stood as a market leader in supporting the mobility of Armoured Core of the Indian Army, will pave the way for the future in the years to come.

Our

VISION, MISSION, VALUES & STRATEGIC GOALS

OUR VISION

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

OUR MISSION

- To be a prominent patron of Atmanirbhar 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

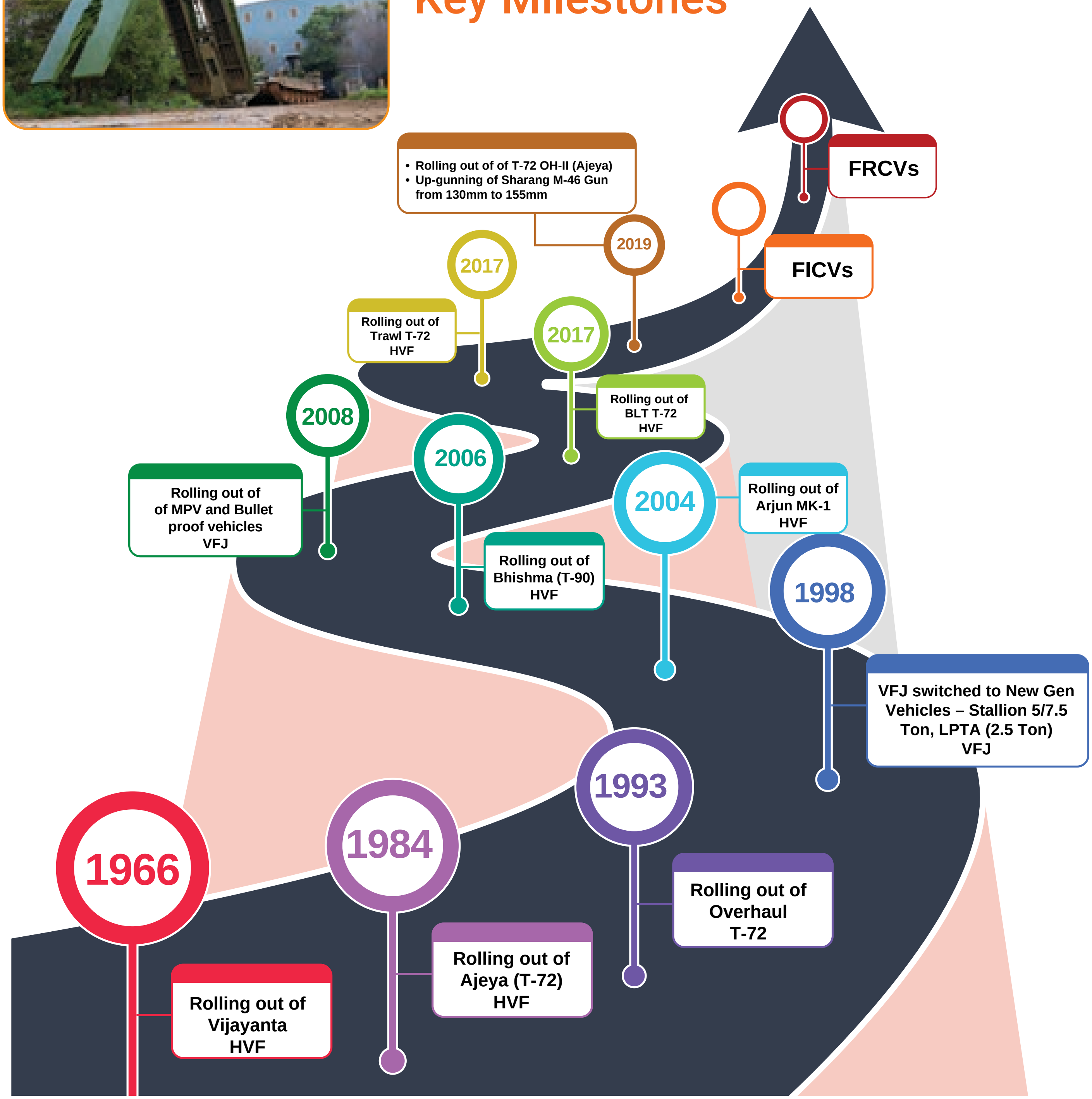
- Unwavering Integrity
- Holding Oneself to Highest Standards
- Creativity and Innovation
- Customer Centric
- Ownership, Responsibility and Accountability
- Frugality – Accomplish more with less
- Uncompromising Quality
- Delivery of results in time
- Trust and Team Spirit and Loyalty in the Company

OUR STRATEGIC GOALS

- To make AVNL as one Billion USD turnover company in 2025-26.
- To ensure complete Indigenization of all Import Contents in next 3 years
- To become the most reliable and preferred partners on Armoured Vehicle manufacturing and homeland security.
- To establish and develop the AVNL into an International class of defence conglomerate
- To be an organization with intensified R&D and learning to keep at pace with global development and committed to creativity, innovation.
- To generate Intellectual Property under Mission Raksha Gyan Shakti (MRGS) and to get a large number of IPR in Patents, Copyrights, Trademarks and Designs.
- To create and strengthen the brand AVNL by manufacturing a product which exceeds the expectation of the customer and all stakeholders recognised globally.
- To sustain development and competency of employees by proper training, exposing to technology specific programs and modern manufacturing processes to increase productivity.
- To upgrade and augment the existing plant, machinery.
- To develop and maintain quality as per International Standards and upgrade to AS100D or any 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.

AVNL MILESTONES

AVNL'S JOURNEY THIS FAR AND BEYOND
Key Milestones



CORPORATE OVERVIEW

Chairman & Managing Director's

MESSAGE

Dear Shareholders,

It is indeed a matter of great honour and privilege for me to have been appointed as Chairman & Managing Director of AVNL. I have been discharging my role as Director (Operations) of AVNL since August, 2021 to best of my abilities.

I am proud to bring out the outstanding contributions made by all the employees of AVNL in the last two years in discharging the contracts to its fullest capacity at all the units, thereby achieving a growth of more than 35% within one year of its operations.

We had the great advantage of having very strong order book at the time of formation of AVNL which had provided the initial boost essential to achieve parabolic growth trajectory for the company. I am glad to share that we have latched on to this advantage and have achieved desired growth in the initial period of operation establishing our credentials and now it is the time to envision and act with conviction to maintain this growth trajectory. I take this opportunity to reiterate some of the salient part of the vision of the company with all AVNL units.

As mentioned above, a healthy order book has provided the initial thrust to move forward. This advantage will be available for next 4-5 years only. Therefore, while discharging existing orders in a timely manner, we must bring our focus on development of new products by strengthening our R&D efforts, taking assistance from reputed academic institutions, tying up with private partners and need based collaboration with leading foreign OEMs to obtain specific technology not available indigenously as a last resort. We must harness potential of new technologies such as Artificial Intelligence, IoT and Machine Learning based technologies for upgradation of existing products to equip the users with technology of future and also for development of Next Generation Products. There is a need to swiftly move for strategic collaboration to get Indian industry co-partners, create joint ventures with international defence manufacturers to design and co-develop futuristic products.

With the efforts made by the AVNL units, we have been successful in completing development of MMPV 6x6 and upgradation of BMP-II during the last two years Our production units have committed their efforts for development of futuristic products such as FICV, FRCV, Light Tank, Electronic Fuzes etc. However, we need to scale up our efforts and foray into new fields. We are equipped with one of the state-of-the art production facilities for Armoured Vehicles production in the world. We should utilize this strength at this inflection point and work as a team with all our dedication to achieve goals set by AVNL for itself in line with our vision.

It is also important that we make sincere efforts to continuously modernize the available infrastructure with an aim to create broad, versatile and scalable production base having state-of-art production facilities.

Indigenization has been the core strength of AVNL group of factories and AVNL has achieved significantly high level of indigenization. However, the present geo-political situation has taught us that it is essential to be completely self-reliant in manufacture of critical products being manufactured by AVNL for defence preparedness of the nation. Accordingly, all actions are to be taken by us to ensure 100% self-reliance in line with clarion call of Atmanirbhar Bharat given by our Hon'ble Prime Minister. I would also like to emphasize that the user/customer has always to be in the focus of all our actions to meet all their aspirations for the products being manufactured or developed by us.

While it is important for us to manufacture and supply the equipments as per the requirements of the customer, it is equally, rather more important to ensure sustenance of the equipment already manufactured and supplied to the user. I would like to sensitize all our employees towards necessity of fulfilling this sustenance requirement of the equipments being manufactured and supplied by AVNL units to Indian Army specifically T-72, T-90, BMP-II, MBT Arjun and all its variants.

In order to collaborate and synergize the efforts of Industry and Academia for development of future products, AVNL has signed MoUs with various DPSUs, Govt. Agencies such as Tamil Nadu Industrial Development Corporation (TIDCO), Uttar Pradesh Express Industrial Development Authority (UPEIDC) and also other Indian major private players. We have also signed MoUs with premier educational institutions such as IITs, IIMs, NITs to harness their potential of knowledge and energy of youth available with them. We have to work closely with MSME fraternity for mutual collaboration to ensure quality and timely delivery of supplying items.

AVNL Institutes of Learning are being developed as Centres of Excellence under MSDE. They will play key role to impart technology oriented training among the employees to upgrade their knowledge on latest technologies in Armoured Vehicle Manufacturing.

We hold all our employees on the same pedestal, if not higher, as our customers as the organization is built by its employees who are the most precious resource. We are in the process of finalization of HR Policies and Recruitment Rules, keeping all our employees in the centre of our attention. As we may not be in a position to induct regular manpower till such time, we have also framed policies for engagement of professionals on fixed term contract basis and engagement.

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 is 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 we move towards celebrating our 2nd Foundation Day, I would like to mention that there is a need to improve our productivity and for this objective, AVNL has worked out and proposed an Output Oriented Incentive Scheme, which is under discussion and will be implemented soon which will benefit the organization and complete spectrum of our employees.

With our continual efforts, I am sure, AVNL will achieve greater heights. I shall quote sacred text from Rigveda

“संगच्छध्वं संवदध्वं

सं वो मनांसि जानताम्”

which means

“We Walk Together, We Move Together, We Think Together, We Resolve Together and Together We Take AVNL Forward.”

With warm regards and best wishes

Yours Sincerely,

Sd/-

Sanjay Dwivedi,
Chairman & Managing Director
DIN:09282314

Date : 29.08.2023
Place : Avadi, Chennai

BOARD OF DIRECTORS

Shri Sanjay Dwivedi,

Chairman & Managing Director

He is a Mechanical Engineer with B.E. from NIT Raipur and M. Tech. in Thermal Engg 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 over 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 T90s Tank, T-72 Tank, MBT Arjun and BMP-II and its variants, Mine Protected Vehicle etc.

Shri 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 34 years of service, he has served in 8 Units/Establishments of O.F.Organization 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 others 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.

BOARD OF DIRECTORS

Shri B. Pattanaik,

Director/HR

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 32 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 (AVNL), he has assumed charge on 1.10.2021 at AVNL Corporate Office, Avadi, Chennai.

Shri Shalabh Tyagi,

Part time Official & 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.

While working with Railways, he was instrumental in successful designing and commissioning of first Air-Conditioned Metro Rake for Kolkata Metro. He also played crucial role in Hon'ble Prime Minister vision of "Mission 100% Electrification" of Indian Railways broad gauge network, where almost 400% increase in annual commissioning of new lines Electrification is achieved during his tenure. 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 and India Optel Limited.

BOARD OF DIRECTORS

CORPORATE INFORMATION

Date of Incorporation:	14.08.2021
Date of Commencement of Business	1.10.2021
Authorised Capital	₹14000.00 Crores
Paid up Capital	₹12805.93 Crores
Total Employees Strength	11,350

BOARD OF DIRECTORS

SHRI. SANJEEV KISHORE
CHAIRMAN & MANAGING DIRECTOR
(upto: 28.06.2022)

SHRI. A. N. SRIVASTAVA
CHAIRMAN & MANAGING DIRECTOR
(From 28.06.2022 to 27.06.2023)

SHRI. SANJAY DWIVEDI
CHAIRMAN & MANAGING DIRECTOR
(w.e.f. 21.07.2023) &
DIRECTOR / OPERATIONS (I/C)

SHRI. C RAMACHANDRAN
DIRECTOR / FINANCE

SHRI BISWARANJAN PATTANAIK
DIRECTOR / HR

SHRI ANURAG BAJPAI
GOVERNMENT NOMINEE DIRECTOR
(upto: 06.01.2023)

SHRI SHALABH TYAGI
GOVERNMENT NOMINEE DIRECTOR
(w.e.f. 16.03.2023)

CHIEF FINANCIAL OFFICER

SHRI G. SRINIVASAN (w.e.f. 16.03.2023)

COMPANY SECRETARY

MS. GEETHALAKSHMI (upto: 01.03.2023)

SHRI DINESH SINGH JHALA (w.e.f. 16.03.2023)

CHIEF VIGILANCE OFFICER

SHRI. SHRIKANT WALGAD

CHIEF GENERAL MANAGERS

SHRI SANJAI WAKHALOO

SHRI PATEL TULARAM

SHRI CHANDRASEKARAN M

SHRI ASHOK GUPTA

SHRI RAJESH AGARWAL

SHRI K.SUDHAKAR

SHRI DINESH SINGH

SHRI RAJEEV MATHUR

SHRI A.K.BAPAT

SHRI RAMBHAD VIJAY

SHRI SANJEEV KUMAR BHOLA

SHRI PRAVEEN KUMAR ARORA

SHRI P.K.BUMMERKAR

GENERAL MANAGERS

SHRI RAJESH KUMAR

SHRI HAREKRISHNA BEHERA

SHRI SATYANANDA KUMAR

SHRI SIVAKUMAR M

SHRI ARUP RATAN SIT

SHRI SRINIVASAN G

SHRI PREM CHANDRA

SHRI SELVAM L V

SHRI ANURAG KUMAR SHARMA

SHRI BABJI P

SHRI DURGESH NANDAN VERMA

SHRI SURENDRA KUMAR

SHRI SANDEEP M SALVE

SHRI AJAI 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 G RAMDAS

STATUTORY AUDITORS

M/s. T.G. Sukumaran & Co,
Chartered Accountants
Chennai - 600004.

BRANCH AUDITORS

Heavy Vehicles Factory, Avadi

M/s. P.T. Ponnaiah & Co,
Chartered Accountants
Chennai - 600102

Engine Factory, Avadi

M/s. I P R S Company,
Chartered Accountants
Chennai - 600102

Vehicle Factory Jabalpur

M/s. Piyush Chandra Mishra & Associates,
Chartered Accountants
Jabalpur - 482002

Ordnance Factory Medak

M/s. Agarwal & Ladda,
Chartered Accountants
Hyderabad -500001

Machine Tool Prototype Factory, Ambernath, Mumbai

M/s. Akhilesh Pandey & Co.,
Chartered Accountants
Thane - 400615

COST AUDITOR

M/s. Singh Ranjeet & Co.
Cost Accountant
Lucknow - 226001

SECRETARIAL AUDITOR

M/s. V. Mahesh & Associates
Company Secretaries
Chennai – 600 028.

REGISTERED & CORPORATE OFFICE:

Armoured Vehicles Headquarters,
HVF Road, Bhaktavatsalapuram, Avadi,
Chennai - 600 054. Tamil Nadu.

OUR EXTENSION OFFICES :

AVNL PUNE OFFICE

AVNL NEW DELHI OFFICE

OUR MANUFACTURING UNITS:

Heavy Vehicles Factory
Avadi, Chennai – 600054

Engine Factory
Avadi, Chennai – 600054

Vehicle Factory
Jabalpur, Madhya Pradesh - 428009

Ordnance Factory
Medak, Telangana - 502205

Machine Tool Prototype Factory
Ordnance Estate Ambernath, Maharashtra – 421502

OUR TRAINING INSTITUTES:

AVNL Institute of Learning, Avadi
HVF Estate, Avadi, Chennai – 600054

AVNL Institute of Learning, Medak
Medak, Yeddumailaram - 502205

AVNL Institute of Learning, Ambernath
Thane, Maharashtra – 421502

ARMOURED VEHICLES NIGAM LIMITED

AVADI, CHENNAI - 600054

ORGANOGRAM OF AVNL

BOARD OF DIRECTORS

CHAIRMAN & MANAGING DIRECTOR

DIRECTOR OPERATIONS

DIRECTOR FINANCE

DIRECTOR HR

CHIEF VIGILANCE OFFICER

DY CVO

CHIEF GENERAL MANAGER/ HEAVY VEHICLES FACTORY (HVF)

CHIEF GENERAL MANAGER/ ENGINE FACTORY AVADI (EFA)

CHIEF GENERAL MANAGER/ ORDNANCE FACTORY MEDAK (OFMK)

CHIEF GENERAL MANAGER/ VEHICLE FACTORY JABALPUR (VFJ)

CHIEF GENERAL MANAGER/ MACHINE TOOL PROTOTYPE FACTORY (MTPF)

GENERAL MANAGER/ INSTITUTE OF LEARNING AVADI (AVNLIOLAV)

CHIEF GENERAL MANAGER/ INSTITUTE OF LEARNING MEDAK (AVNLIOLMK)

CHIEF GENERAL MANAGER/ INSTITUTE OF LEARNING AMBERNATH (AVNLIOLAM)

AVNL PRODUCTION UNITS

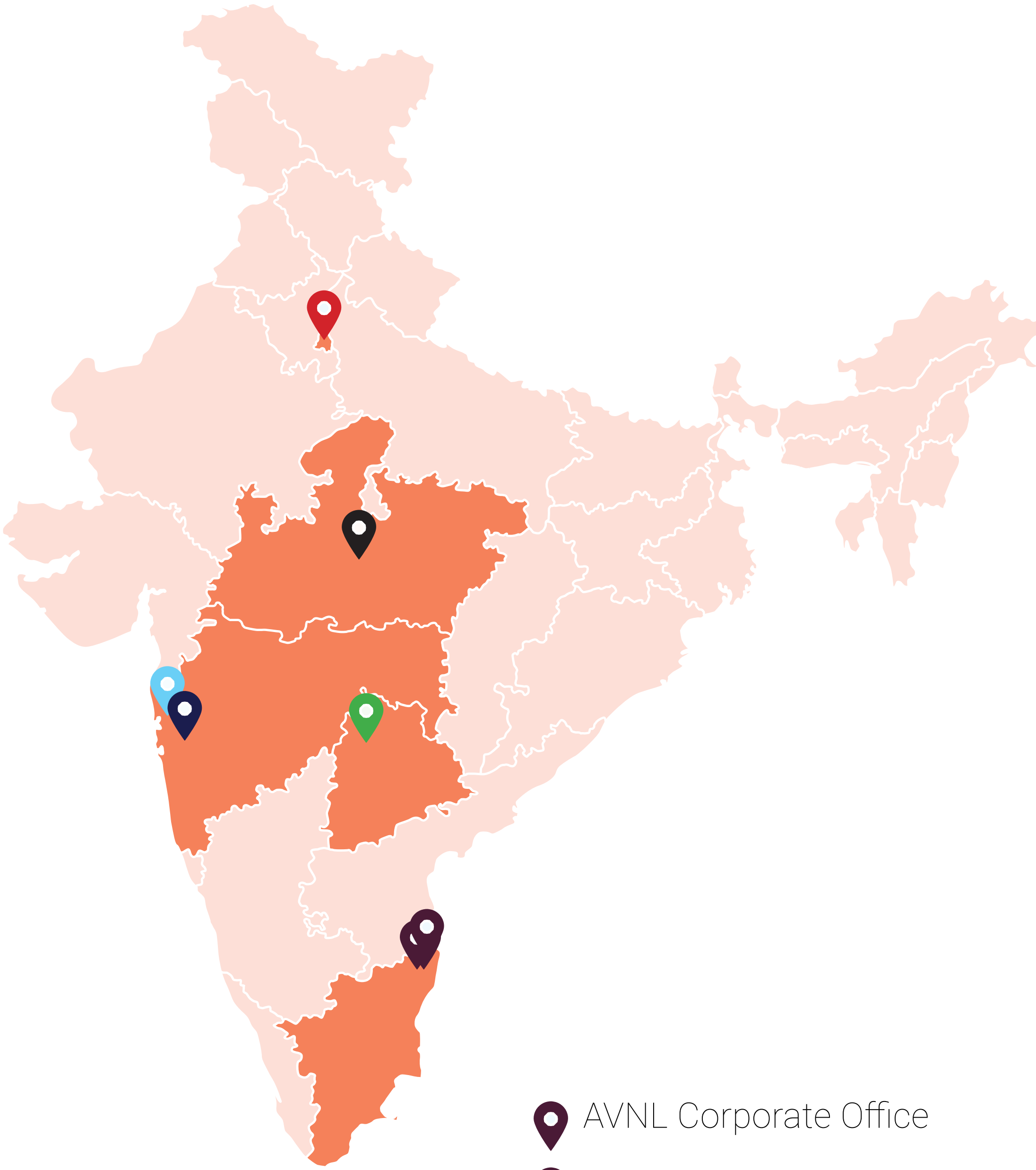
AVNL TRAINING INSTITUTES

EXTENTION OFFICES

AVNL PUNE OFFICE

AVNL DELHI OFFICE

AVNL FOOTPRINT



Vehicle Factory Jabalpur

Machine Tool Prototype Factory Ambernath

Ordnance Factory Medak

AVNL Corporate Office

Heavy Vehicles Factory Avadi

Engine Factory Avadi

AVNL Pune Office

AVNL New Delhi Office

CORPORATE OFFICE

In the era of Armoured Vehicle Manufacturing, a new beginning was made on 01.10.2021, by creating the 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.

AVNL has 5 production units, 3 Institutes of Excellence and 2 extension 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)

Extension Offices

- AVNL Pune Office
- AVNL New Delhi Office

PRODUCTION
UNITS

HEAVY VEHICLES FACTORY, AVADI (TAMIL NADU)

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

Established in
1987

ENGINE FACTORY, AVADI (TAMIL NADU)

- Manufacturing Engine V46 for T-72 (Ajeya)
- Manufacturing Engine V92S2 for T-90 (Bhishma)
- Manufacturing Engine UTD20 for BMP II
- Overhauling of all the above Engines

VEHICLE FACTORY, JABALPUR (MADHYA PRADESH)

- Manufacturing 5/7.5 Ton Stallion
- Manufacturing 2.5 Ton LPTA
- Manufacturing 2KL Water Bouser
- Mine Protected Vehicles (MPV) 4X4 & Modernised Mine Protected Vehicles (MMPV) 6X6
- Upgunning Sharang M46 from 130 mm to 155 mm

Established in
1984

ORDNANCE FACTORY, MEDAK (TELANGANA)

- Manufacturing BMP-II (Sarath)
- Manufacturing CMT (Carrier Mortar Tracked)
- Manufacturing CCPT (Carrier Command Post Tracked)
- Manufacturing AERV (Armoured Engineering Reconnisance Vehicle)
- Manufacturing AAT (Armoured Ambulance Tracked)
- Overhauling all BMPs
- Manufacturing CRN-91 Gun (Close Range Naval Gun)

MACHINE TOOL PROTOTYPE FACTORY (MAHARASHTRA)

- **Manufacturing Gear Boxes for Armoured Vehicles**
- **Manufacturing Electronic Fuzes for Ammunition**
- **Manufacturing Decoy Launcher (KAVACH)**

VINTAGE PRODUCTS OF AVNL

AVNL VFJ

SHAKTIMAN

NISSAN

JONGA

AVNL HVF

VIJAYANTA

ARMOURED RECOVERY VEHICLE

CORPORATE OVERVIEW

CUSTOMISED BULLET PROOFING

TATA 407

AMBASSADOR

MINE PROTECTED VEHICLE (MPV 4 X 4)

TOYOTA PRADO

TATA SAFARI

MARUTHI GYPSY

AVNL

PRODUCTS

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.

MAIN BATTLE TANK 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 a minefield.
- 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 casualities.
- Fully tracked and high mobility Vehicle.
- Can cross water obstacles.

CARRIER MORTAR TRACKED

- Capable of firing mortar through hull roof.

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

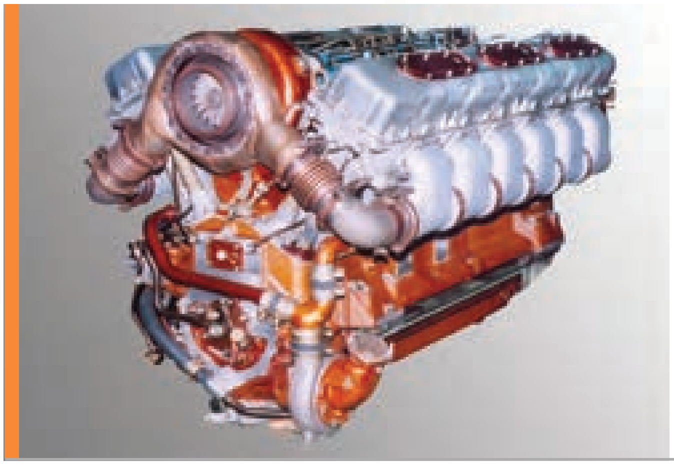
- Designed to carry out terrestrial and riverbed survey to facilitate construction of assault bridges across water obstacles in both offensive and defensive operations in plain, desert and riverine terrain.
- Equipped with specialized equipments including: echo-sounder, water current meter, laser-range-finder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

NBC- RECONNAISSANCE VEHICLE

- For tactical support in carrying out Nuclear, Biological & Chemical Contamination survey.

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.

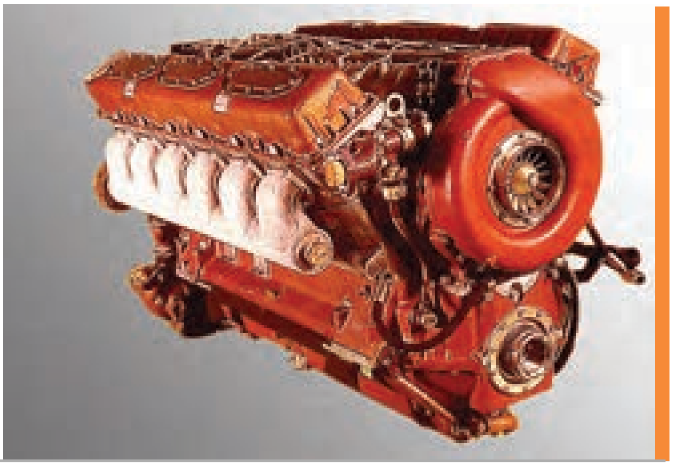


V-92S2 ENGINE FOR T-90

- Fitted on BHISHMA BATTLE TANK (T-90) TURBOCHARGED.
- 1000 HP at 2000 RPM.

V46-6 ENGINE FOR T-72

- Fitted on AJEYA BATTLE TANK (T-72) SUPERCHARGED.
- 780 HP at 2000 RPM.



UTD-20 ENGINE FOR BMP-II

- Fitted on SARATH VEHICLE (ICV BMP-II) NATURALLY ASPIRATED.
- 300 HP at 2600 RPM.

STALLION

- 5/7.5 Tonnes Category.
- 65,000 Stallion vehicles have been supplied to Armed Forces by Vehicle Factory Jabalpur (VFJ).

LPTA

- 2.5 Tonnes Category.
- More than 50,000 LPTA Vehicles have been supplied to Armed Forces by Vehicle Factory Jabalpur (VFJ).

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.**

NEW PRODUCT LAUNCHED BY AVNL IN FY 2022-23

MMPV 6X6

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

Features:

- 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.

TRAINING & DEVELOPMENT ARCHITECTURE

A Human Resource of an organisation constitutes one of the most important tangible asset. This tangible asset ensures the success of an organisation to be a global leader. AVNL has ensured that its talented, experienced work force keeps abreast with the latest manufacturing and management techniques and follow strict quality guidelines, ensuring its product to be a world class. The Trainings program are designed and made to suit the customer's requirement.

In order to achieve the objective, AVNL has the following Institutes of Learning which are aspiring to be Centres of Excellence.

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

AVNL IOL's shall strive to be recognised as a Centres of Excellence (CoE) by the Ministry of Skilled Development, Govt. of India AVNL IOLs are working towards achieving a high level of expertise, innovation and impact in a specific skill development with the goal of gaining official recognition from the Ministry of Skill Development. This recognition would signify AVNL IOL's outstanding contributions and accomplishments in the field of Learning & Development.

These Institutes are embarking on a plan of self-sustenance and earning revenue to AVNL through its various activities.

IOL, AVADI

AVNL IOL Avadi was established in 1996 as a Regional Training Institute for imparting training to Gr.'B' and 'C' employees of erstwhile Ordnance Factories and their allied Establishments. It was renamed as Ordnance Factories Institute of Learning (OFIL). Consequent to the Corporatization of the Ordnance Factories, this has been named as AVNL Institute of Learning (AVNL IOL). This institute has also been designated as a Centre of excellence for Executive Training of the AVNL employees in the sphere of Management, Quality, Industrial Engineering and Armoured Vehicle Technology.

The institute has an excellent training and infrastructural facility which includes, two Air Conditioned Class Rooms which can accommodate 50 persons and an Auditorium which can accommodate 70 persons. It has a well-equipped LAN room with 40 nos. of computers connected with Internet facility.

WORKING MODEL

In order to train the customers in the field of Armoured Vehicle technology, IOLAV has a cut cum working model room containing T-72, T-90 and BMP engines along with various sub systems of the tanks. It has a demonstration room where the trainees are made to work on assembly and disassembly of gear box, shock absorber, air compressors, Hydro pneumatic systems. IOLAV as a part of training in collaboration with HVF and EFA takes the trainees to the factory and exposes them on the various defect investigations and other practical trainings of manufacturing process in HVF and EFA.

IOLAV has conducted so far 1660 courses since its inception and trained 41500 employees. It has an unique distinction of training 2290 Armoured Core personnel of Field Unit in AV Technology Courses. In the year 2022-23 alone, it has trained 232 Army Field Unit and EME Personnel in the AV Technology Course. In this financial year, IOLAV had conducted 91 courses under which 1908 participants attended.

IOLAV has embarked on a mission to upgrade its services by signing a MoU's with the following entities.

- GK NDT Services, Chennai
- C-DAC, TIDEL Park, Chennai
- SRM University, Chennai
- PSQCS Pvt. Ltd. Chennai and
- Tamil Nadu Industrial Investment Corporation (TIIC)

Consequent to the signing of this MoU's with Tamil Nadu Industrial Investment Corporation, TIIC has requested AV courses in the field of Maintenance, Repair and Overhauling for 5 days as per their syllabus requirement. Accordingly, the same is being planned in the ensuing financial year.

IOL, MEDAK

AVNL IOL, Medak earlier known as RTI, Medak. It was renamed as OFIL Medak. Consequent to the corporatization, it was renamed as IOL, Medak. IOLMK is the Premier Institute in training personnel in the field of CNC Programming and CNC Technology. In this specialised training alone, it had conducted 19 courses, which is unique to this training institute.

As a part of upgrading its learning and development, IOLMK has signed MoU with Regional Directorate of Skill Development and Entrepreneurship, (RDSDE), Hyderabad.

Training Infrastructure

AVNL-IOL Medak has the following infrastructure capability.

- 4 AC class rooms with 30 seating capability.
- 1 AC conference hall
- Laboratory
- IT lab having 30 LAN computers along with other teaching aids and Internet facility
- Library
- Hostel Complex for 100 personnel along with 2 Lecture Halls

Training Programmes

IOLMK has Core Competency of CNC Part Programming and CNC Technology, 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 and specialised training institute in identified functional areas such as Marketing including Export, Branding, Corporate communication, Industry 4.0 etc.,

During the year, IOL Medak conducted 50 courses in which 570 participants attended. In this 37 courses were Core Competencies, which includes CNC, Management, Technical and Quality Courses.

IOL, 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 and many other industries.

Infrastructure

AVNL IOL, Ambernath has the following infrastructure facilities:

- 4 AC modern class rooms accommodating 30 individuals
- 29 work station with interactive panel design lab
- Hydraulic and Pneumatic Lab Kit with PLC Simulation Software
- Library with 4500 books
- Auditorium which can accommodate 213 individuals
- 4 hostels

Training Programmes

IOLAM has Core Competency of training on Hydraulics and Pneumatics system to train the participants on Part Programming and specialised training institute in identified functional areas such as Finance, Accounts, Audit systems, procedures and Material Management etc.,

In the year 2022-23, IOLAM conducted 94 courses, in which 1509 participants attended. In these courses, IOLAM conducted certain Civil Trade courses for outside participants and also as a part of Corporate Social Responsibility conducted AKAM 2 courses (Courses for under privileged students), in which 48 under privileged childrens participated.

As a part of upgrading its learning and also to keep abreast on human resource development, IOLAM had signed MoU's with the following agencies.

- Federations of Indian Industries – TMA for the purpose of exchange of faculties in defined technical areas.
- ITI, Ambernath, Karjat and Uran on faculty exchange in technical area.
- Bharti Vidhyapeeth College of Engineering, Belapu, Mumbai on faculty exchange.
- Chartered Accountant Association, Kalyan, Dombivali (WIRC) for faculty exchange.
- SAV management College Shelu and GV Acharya Intestate of Engineering and Technology on faculty exchange and skill development.

MoU with the Reputed Institutes by Training Institutes

MoU with SRM INST

MoU with TIIC

MoU with PSQCS

MOU with ASCI Hyderabad

MOU with NMIMS

MOU with RDSDE

INFRASTRUCTURE AVAILABLE IN AVNL PRODUCTION UNITS

Over the decades, AVNL continues to invest in state-of-the-art facilities harbouring world class facilities and capabilities. Our facilities include fully automated Forging, Metal Cutting and Machining Lines which are the largest of its kind and among the best in industry.

HVF

CNC Turn Mill Centre

CNC Cold Roll Hardening Machine for Torsion Bar

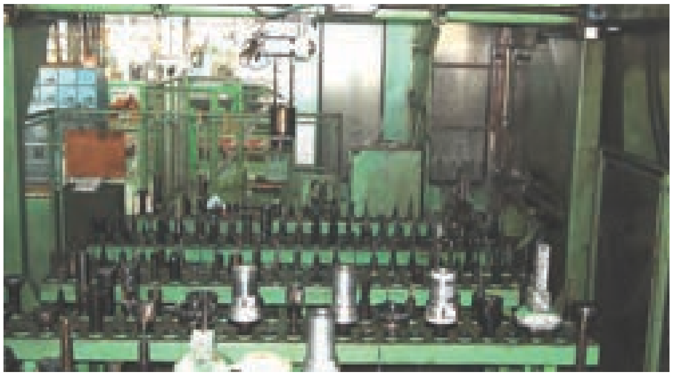
CNC Plano Miller Machine, Waldrich Coburg-Germany

CNC Plano Miller Machine, Waldrich Coburg-Germany

EFA

EFA has got Flexible Manufacturing System (FMS) with 2 sets of (4+4) horizontal machining centres which is unique asset of this type in the country. It comprises of 8 machining centres, 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.

FLEXIBLE MANUFACTURING SYSTEM (FMS)



CORPORATE OVERVIEW

OTHER STATE OF ART MACHINES

NILES MACHINE

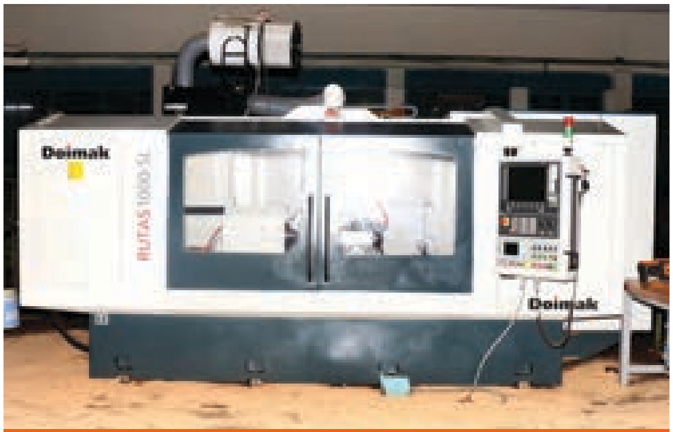
LANDIS GRINDING MACHINE

CNC OIL HOLE DRILLING MACHINE

CNC TURNING CENTER

MTPF

CNC GEAR SHAPING MACHINE



CNC THREAD GRINDING MACHINE

CNC GEAR HOBBING MACHINE

CNC GEAR GRINDING MACHINE

3D COORDINATE MEASURING MACHINE

CERTIFICATIONS

AVNL, in its effort to ensure its products are of world class, has taken quality as its prime motive for its business sustenance and customers' satisfaction. Accordingly, it has been focussing on quality with accredited institutions in line with world class quality systems in its various units during manufacturing processes and also extending its services at the forward areas. All its units are accredited with ISO50001:2018, ISO-IEC17025.2017, OHSMS, EMS, AS9100D and ISO45001 respectively.

QUALITY MANAGEMENT SYSTEM

OFMK/AVNL AEROSPACE QMS

ENVIRONMENTAL MANAGEMENT SYSTEM

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT SYSTEM (OHSMS))

RESEARCH & DEVELOPMENT

AVNL has designed, developed and manufactured Mine Protected Vehicle (4x4) and Modernised Protected Vehicle (6x6), Decoy Launcher Kavach, Close Range Naval Gun (CRN-91) and Electronic Fuzes. After successful trial evaluation, AVNL has launched Modernised Protected Vehicle (6x6) in DefExpo-2022. This vehicle has been successfully trial evaluated and ready for induction.

Total 15 R&D Projects for development of new products and 27 R&D Projects for upgrading of existing products valuing of ₹ 544 Crores have been undertaken. For this, AVNL has collaborated with the leading Academia, R&D Institutions, Indian Industry Partners, Indian & Foreign OEMs by signing MoUs with them.

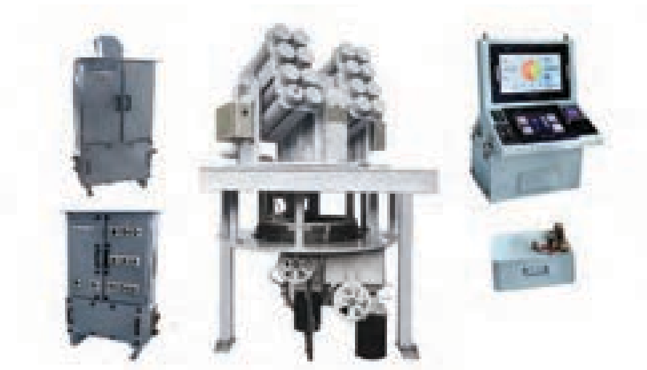
Some of the major R&D Projects which are under development are as under:

- Uprating of power of T-72 Tank from 780 HP to 1000 HP
- Armament Upgrade of BMP-II
- Futuristic Infantry Combat Vehicle
- Armoured Vehicle Tracked-Light Repair
- Fire Power Upgrade of BMP-II
- Indian Light Tank
- Wheeled Armoured Fighting Vehicle (8x8)
- Bharat Tank

In an effort to continuously strive under Mission Raksha Gyan Shakti (MRGS) for the effort towards enhancing the company's intellectual capital resulted in filing of 38 Patents, 9 Copyrights & 5 Trademarks in 2022-23 by AVNL.

AVNL has given 3 challenges under iDEX (Innovation for Defence Excellence) program to promote and to solve complex issues,

MMPV 6X6



Kavach MOD II

CRN-91

STEPS TOWARDS ATMANIRBHARATA

In order to boost 'Make in India' vision and 'Atmanirbharata' in Defence, AVNL Units are working in close collaboration with Indian Industries to develop and produce items and sub-systems indigenously. AVNL has also organized various seminars and outreach programmes. AVNL identified 31 major sub-systems / Line Replaceable Units (LRUs) pertaining to Russian Platforms for indigenization and the same has been placed in Positive Indigenization Lists. Because of its untiring efforts and guidance, AVNL Units have successfully indigenized 12 LRUs in 2022-23 which are as under:

i. Decontamination Set (TDP SET) (BMP-II)

ii. Starter Generator 18KW (T-90)

iii. Link Loading Machine Assembly (T-72, T-90)

iv. Electric Motor (T-90)

v. Cooling System (T-90)

vi. Automatic Unit B13 (T-90 HVF)

vii. Filtering & Ventilation System AR=120 (BMP-II)

viii. Ventilation System SP-3 (T-90 HVF)

ix. Gyro Drift Indicator GPK-59 (BMP-II)

x. Optical Quadrant KO-60 (BMP-II)

xi. Alarm Signalling Unit BAC-6A (T-90 HVF)

xii. Relay Regulator, P15M (T-90 HVF)

Due to these persistent efforts, the indigenization level have increased to 96% for Tank T-72, 83.9% for Tank T-90 and 98.5% for ICV BMP-II.

These efforts have reaped major benefits for the country which include reduction in dependency on import, competitive price and savings of foreign exchange. Further, 19 LRUs are under various stages of development, test & trials. For these items, action for indigenization have already been initiated through Source Development Orders or Project Sanction Orders (under Make-II). AVNL is supporting the concerned industries for its expeditious development of these items by providing the samples, access to the testing facilities and also by providing the technical guidance through regularly monitored periodical review, hand holding.

FELICITATION OF INDIAN PARTNERS ON SUCCESSFUL INDIGENIZATION

AVNL organized felicitation programs to recognize the contribution of the Indian Private Partners on successful Indigenisation LRUs. The above effort has ensured that the Indigenization level of Armoured Vehicle is over 90% in manufacturing of all components and saved crores of Foreign Exchange.


Armoured Vehicles Nigam Limited
Ministry of Defence
FELICITATION
To Indian Partners on
Successful Indigenisation
#India@75
#AatmaNirbharBharat
#PowerOfPartnership
#AKAM
27th July 2022, at 11.00 am, AVANI, Avadi, Chennai.


Armoured Vehicles Nigam Limited
Ministry of Defence
FELICITATION
To Indian Partners on

SUCCESSFUL INDIGENIZED PRODUCTS DURING 2022-23

DECONTAMINATION SET (TDP SET)

- The capacity to decontaminate 4.5x2
- Its in temperature of -35 to +50 degrees
- Indigenized through M/s HMI, Gwalior.
- Used in BMP-II

STARTER GENERATOR 18 KW

- Used to start T-90 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 18KW electrical power and compound-excited when it runs as a starter.
- Used in Hull Electricals of T-90 Tanks.

LINK LOADING MACHINE ASSY

- Link loading mechanism is designed to load the cartridge belt link with 7.62 mm rifle cartridges used in T-90, T-72 and BMP-II.
- Indigenized through M/s Sandeep Metals Craft, Nagpur and O.F. Dumdum (A unit of YIL).
- Used in T-72 / T-90 Tanks.

ELECTRIC MOTOR

- Provides power to traverse reduction gear of code-94 in T-90 Tank
- Indigenized through M/s M.G. Technicals, Kanpur.
- Voltage requirement is 29V DC and the current for idle rotation of the motor at 10V DC should not be more than 4.7A.
- Used in T-90 Tanks.

COOLING SYSTEM

- The cooling system consists of Rack with Radiator, Tanks and Fan with other valve accessories.
- Indigenized through M/s Standard Radiator, Vadodara.
- Maintain the temperature of the engine parts coming in contact with hot gases within the permissible limits.
- The cooling system is of a fluid, forced-circulation type. The filling capacity of the cooling system is 90 Lit.
- Used in T-90 Tanks.

AUTOMATIC UNIT B-13

- Master control unit for Fire fighting system.
- Indigenized through M/s Medequip Services, Hyderabad and M/s Sravins Instrument and Systems, Hyderabad.
- It generates and feed control commands to the actuating mechanisms in response to the signals received from Detector, Fire sensitive units, Optical sending units and from the controls used for manual application of the FIRE and CBR commands.
- Used in T-90 Tanks.

CORPORATE OVERVIEW

FILTERING & VENTILATION SYSTEM AR-120

- Provides air ventilation inside vehicle compartment.
- Indigenized through M/s Calwin, Ahmedabad.
- Voltage requirement is 29V DC and the current for idle rotation of the motor at 10V DC should not be more than 4.7A.
- Used in BMP-II and Tanks.

VENTILATION SYSTEM

- The ventilation system provides delivery of cleaned air to the Tank fighting & driving compartments building up overpressure in them.
- Indigenized through M/s TVS Lucas, Chennai.
- Ventilation of the fighting and driving compartments and reduction of the gas content in them, when the main gun and machine gun are fired.
- The blower is a centrifugal fan, which removes dust from air by inertia. Absorber-filter is designed for cleaning air delivered by the blower of chemical warfare agents and for final cleaning of air of dust which might be radioactive as well.
- Used in T-90 Tanks.

GYRO DRIFT INDICATOR GPK-59

- Navigation gyroscopic indicator designed for driving the BMP under conditions of poor visibility of the terrain and absence of reference points.
- Indigenized through M/s Pricol, Coimbatore.
- Voltage requirement is 29V DC and the current for idle rotation of the motor at 10V DC should not be more than 4.7A.
- Also used for indicating the direction of movement when the BMP is driven under water.
- Used in BMP-II/IIK.

OPTICAL QUADRANT KO-60

- Measuring Instrument to measure elevation of Gun Barrel.
- Indigenized through M/s Alpine, New Delhi.
- Used in BMP-II and Tanks.

ALARM SIGNALLING UNIT BAC-6A

- Alarm Signalling Unit generates alarms in the event of fire, braked condition of the tank, neutral condition of the cooling system fan, low oil pressure and low temperature in the engine, maximum temperature of the coolant and critical engine crankshaft speed to interlock the engine starting in case of low pressure and low temperature of oil in the engine.
- Indigenized through M/s Centum Electronics, Bengaluru.
- Used in T-90 Tanks.

RELAY REGULATOR P-15M

- Relay or Voltage Regulator P15M-3C is designed for automatic connection and disconnection of the starter-generator.
- Indigenized through M/s Indesys Equipments Pvt Ltd, Pune and M/s Medequip Services, Hyderabad.
- It operates as a regulator from the electric equipment circuitry for maintaining the generator voltage within the pre-set limits (26.5V – 28.5V).
- The reverse-current relay is used to automatically connect the starter-generator to the electric equipment circuitry when its voltage exceeds the storage battery voltage and to disconnect the starter-generator from the electric equipment circuitry when its voltage becomes less than that of the storage batteries.
- Used in T-90 Tanks.

SERVICE FOR CUSTOMERS

AVNL has taken various measures to meet the Customer's demand on quality, maintenance and spares support. When the Armoured Vehicles are handed over to the Customers, the unit which will operate this Tank becomes a part of the Inspection Team and only after their certification and clearance by the Project Management Team (PMT) the Tanks and ICVs are rolled out of the units.

TRAINING OF ARMY PERSONNEL FOR OPERATION AND MAINTENANCE

IOLAV and IOLMK regularly conduct Armoured Vehicle specialised training for EME and Armoured Core 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 reputed from its units to the place where the Armoured Vehicle is located including forward posts.

NATIONAL CELEBRATION

AVNL celebrated various events of national importance with great vigour and enthusiasm. International Yoga Day, Azadi Ka Amrit Mahotsava, Independence Day and Republic Day etc.

INTERNATIONAL YOGA DAY

Armoured Vehicles Nigam Limited (AVNL) successfully organized a series of events to commemorate International Yoga Day. The celebrations took place at the AVNL Corporation Office on two significant dates, 19th May 2022 and 30th May 2022, followed by celebrations on 21st June 2022 in all AVNL units.

Har Ghar Tiranga

As a part of Azadi Ka Amrit Mahotsav, Har Ghar Tiranga Campaign was celebrated with great zeal and splendour at all AVNL units through numerous activities and events.

500 National flags were distributed to Vijayantha Elementary School, Avadi, as part of the 'Har Ghar Tiranga' campaign. The idea behind the initiative is to invoke the feeling of patriotism in the minds of the people.

Shri Sanjay Dwivedi, Shri C. Ramachandran and Shri B. Pattanaik Directors of AVNL along with other staff & children partiipated. The students were delighted to receive the national flags. The feeling of patriotism flourished in every corner of the school premises.

Azadi Ka Amrit Mahotsav

As a part of Azadi ka Amrit Mahotsav (AKAM) to commemorate India's 75 years of independence, a public exhibition on State of the Art - Main Battle Tanks was organized to showcase the contribution towards Atmanirbhar Bharat, the government's initiative for a self-reliant India.

The exhibition showcased Main Battle Tanks - T-90 Bhishma, Ajeya Battle Tank T-72 and Bridge Laying Tank (BLT). After the inauguration, Shri. Sanjeev Kishore, DGO, DOO(C&S) unveiled a photo exhibition which featured historical evolution of battle tanks produced at HVF. A display of tank components such as Turbo Charger, Fuel Pump, Starter Generator, Cast and Forged Tracks, Various Gun Mounting Systems, Side & Intermediate Gear Box etc. and tank engines(i.e) UTD-20, V92S2, V46-6 were at display.

Independence Day & Republic Day

Independence day & Republic Day were celebrated with great vigour and enthusiasm in AVNL Corporate Office and all the units. Shri Sanjay Dwivedi, Director/OPS and Offg.CMD was the Chief Guest of the function. The Chief Guest unfurled the National flag with honourary salutation from DSC Jawans.

AVNL First Foundation Day

The First Foundation Day of AVNL was celebrated with great vigar and enthusiasum in the AVNL CO & also its units. Various Cultural programmes and sports events were organized to commerate this occasion.

Swachhata Campaign

AVNL had undertaken various initiatives in consonance with the philosophy of Special Campaign 2.0 to promote cleanliness & good governance at all its Units.

Special Campaign 2.0 for Promoting Swachhta & Disposal of Pending Matters was done, from 2nd to 31st October, 2022 with special emphasis on cleanliness of offices, de-weeding of old records, scrap disposal and disposal of old plant and machinery. AVNL conducted various campaign activities like cleanliness drive in its units, offices and residential areas.

Visit Of Dignitaries

PARLIAMENTARY STANDING COMMITTEE ON DEFENCE (SCOD) VISIT TO HVF

Visit Of Dignitaries

PARLIAMENTARY STANDING COMMITTEE ON DEFENCE (SCOD) VISIT TO MTPF

INSPECTION BY FIRST SUB COMMITTEE OF PARLIAMENT ON OFFICIAL LANGUAGE (HVF)

INSPECTION BY FIRST SUB COMMITTEE OF PARLIAMENT ON OFFICIAL LANGUAGE (OFMK)

Visit Of Dignitaries

VISIT OF MS. DIPTI MOHIT CHAWLA JS & AM (LS), MOD TO EFA

VISIT OF RUSSIAN DELEGATES TO EFA

VISIT OF MAJOR GENERAL MOHIT WADHWA, SM, ADG EME TO EFA

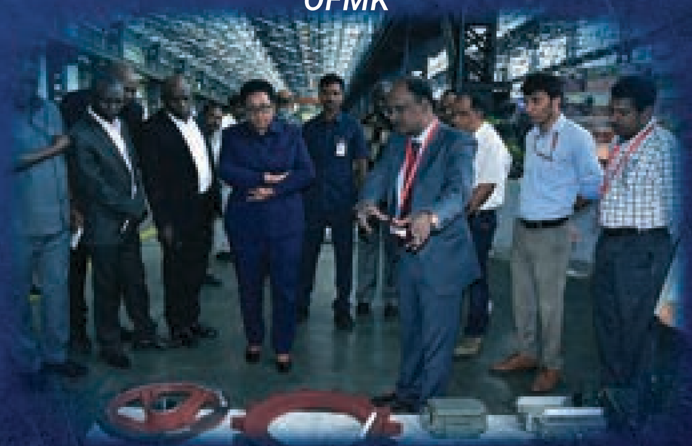
Visit Of Dignitaries

VISIT OF VIETNAMESE DELEGATION TO EFA

VISIT OF HIGH COMMISSIONER OF INDIA TO TANZANIA TO EFA

DELEGATES FROM GDDI VIETNAM VISIT TO OFMK

TANZANIA DEFENCE MINISTER VISIT TO OFMK



Visit Of Dignitaries

RUSSIAN DELEGATES VISIT TO VFJ

MAJOR GENERAL TEJINDER JAGGI, COMMANDER HQ TG (EME) VISIT TO VFJ

NAVY COMMANDER VISIT TO MTPF

PARTICIPATION IN DEFENCE EXHIBITIONS

Vietnam International Defence Expo (VIDE) 2022

Vietnam International Defence Expo (VIDE) 2022 held from 8th to 10th Dec, 22 at Vietnam, AVNL has received export inquiries from Viettel High Tech Co., Vietnam. They showed keen interest for further cooperation with AVNL in defence manufacturing.

National Defence MSME Conclave and Exhibition 2022

AVNL showcased its products at National Defence MSME Conclave and Exhibition held at Kota, Rajasthan on 11th-12th Sept, 2022 with focus on source development & indigenization. The exhibition was inaugurated by Hon. Speaker Lok Sabha, Shri Om Birla.

Review of the New Defence Companies by Hon'ble Raksha Mantri

Raksha Mantri Shri Rajnath Singh reviewed the working of the seven defence companies, carved out of erstwhile Ordnance Factory Board (OFB), at a meeting organised in New Delhi on 30th September, 2022 to mark the completion of one year of their operations.

Aero India 2023

AVNL has participated in Aero India 2023 event held from 13th to 17th Feb, 2023 at Bengaluru. In the event, AVNL interacted with OEMs of Russia, Israel for co-development and co-production of new platforms. Further, AVNL has also interacted with various countries including Tanzanian Delegation with whom discussions were held on supply of Infantry Combat Vehicles BMP-II.

NOTICE OF 2ND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE 02ND (SECOND) ANNUAL GENERAL MEETING (AGM) OF THE MEMBERS OF ARMOURED VEHICLES NIGAM LIMITED WILL BE HELD ON MONDAY, 25TH SEPTEMBER, 2023 AT 3.00 P.M. (IST) THROUGH VIDEO CONFERENCE ('VC') OR OTHER AUDIO VISUAL MEANS ('OAVM') TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS:

1. **To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended on March 31, 2023 together with the Reports of the Board of Directors and the Statutory Auditors thereon and Comments of the Comptroller and Auditor General of India.**

- **"RESOLVED THAT** the Audited Financial Statements of the Company for the financial year ended March 31, 2023 along with, Statutory Auditors report and Comments of Comptroller & Auditor General of India and the Board's Report, for the financial year 2022-23 thereon as placed before the meeting be and are hereby received, considered and adopted."

2. **To fix the remuneration of Statutory Auditor for F.Y. 2023-24.**

- 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 2023-24, 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 authorized the Board to fix the remuneration of the Statutory Auditors of the Company for the financial year 2023-24, as may deem fit and to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company."

SPECIAL BUSINESS

3. **To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the financial year 2022-23 & 2023-24 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as Ordinary Resolution:**

- **"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 Lakh Ninety Thousand Only) inclusive all taxes payable to M/s. Singh Ranjeet & Co., Cost Accountants, Lucknow, Uttar Pradesh having branch Office at Chennai, for conducting cost audit of the Company for the financial year 2022-23 & 2023-24, as approved by the Board of Directors of the Company at their 17th Board Meeting held on 17.01.2023, be and is hereby ratified;

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

By order of the Board of Directors

Armoured Vehicles Nigam Limited

Sd/-

Dinesh Singh Jhala
Company Secretary
Membership No. – A31656

Date: 04.09.2023
Place: Avadi, Chennai

Notes:

1. In view of the continuing COVID-19 pandemic, social distancing norms to be followed and pursuant to General Circular numbers 14/2020, 17/2020, 20/2020, 02/2021, 02/2022 and 10/2022 dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, May 5, 2022 and December 28, 2022, respectively, issued by the Ministry of Corporate Affairs (MCA) (collectively referred to as 'MCA Circulars') permits holding of the Annual General Meeting (AGM) through Video Conferencing (VC) facility or other audio visual means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ('Act') and MCA Circulars, the AGM of the Company will be held through VC/OAVM. The deemed venue for the 02nd AGM shall be the Registered Office of the Company.
2. Since the meeting will be held through VC or OAVM as per MCA circulars, physical attendance of the Members has been dispensed with. Accordingly, the facility for appointment of Proxies will not be available. Hence, Route Map, Proxy Form, Attendance Slip are not annexed to the 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. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. 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. Internal Auditors
5. Secretarial Auditors

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

Item No. 03 – Ratification of Remuneration to Cost Auditors for FY 2022-23 & 2023-24.

The Board of Directors of the Company, has approved in its 17th meeting held on 17.01.2023, the appointment of M/s Singh Ranjeet & Co., Cost Accountants, Lucknow, Uttar Pradesh, having branch office at Chennai, at a remuneration of ₹ 9,90,000/- (Rupees Nine Lakh Ninety Thousand only) inclusive all taxes to conduct the Cost Audit of the Company for the financial year 2022-23 & 2023-24.

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 Ordinary Resolution for your approval.

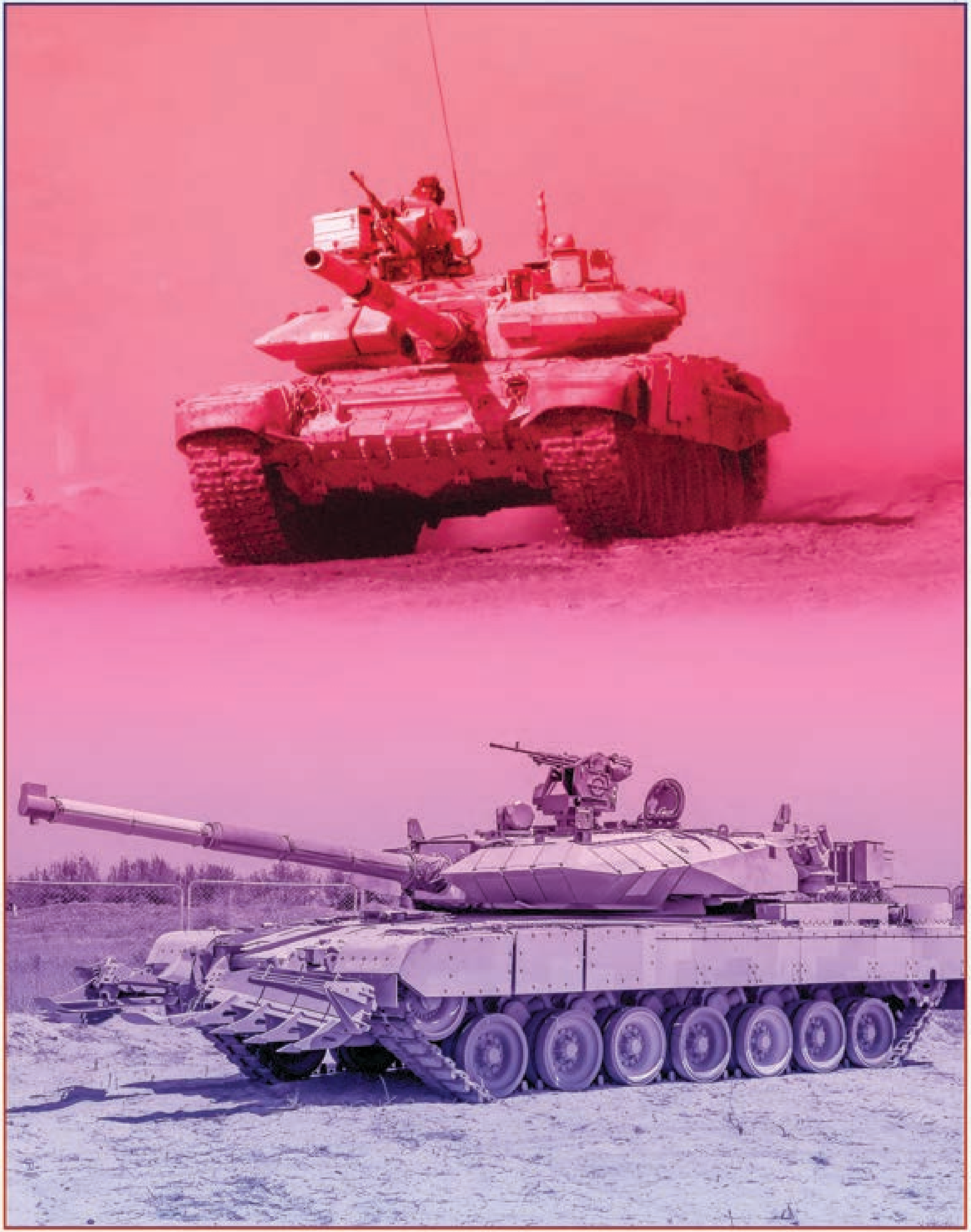
By order of the Board of Directors

Armoured Vehicles Nigam Limited

Sd/-

Dinesh Singh Jhala
Company Secretary
Membership No. – A31656

Date: 04.09.2023
Place: Avadi, Chennai



STATUTORY REPORT 2

Board's Report For The Financial Year 2022-23

Dear Shareholders,

Your Board of Directors takes great pleasure in presenting the 02nd (Second) Annual Report on the performance of your Company ("the Company" or "AVNL"), and its Audited Financial Statements for the Financial Year ended March 31, 2023, together with Reports of the Statutory Auditors and the Comptroller & Auditor General of India (C&AG) thereon.

Summarised Financial Performance & Highlights

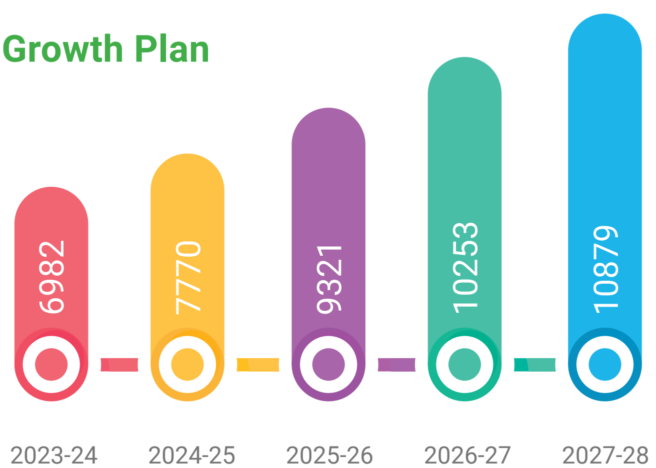
The financial highlights for the year ended March 31, 2023 are summarized as under:

Particulars	(Rs in Crores)	
	2022-23 (01.04.2022 to 31.03.2023)	**2021-22** (01.10.2021 to 31.03.2022)
Gross Income / Turnover	5273.61	2625.04
Profit /(Loss) Before Finance Cost and Depreciation	582.27	161.54
Depreciation	198.70	87.89
Profit / (Loss) Before Tax	383.57	73.65
Less: Tax Expense	112.40	19.46
Profit / (Loss) after Tax	271.17	54.19

The company was incorporated in August 2021 and the Business Operations of the company commenced from 1st October 2021. The gross income of the company in the second half of FY 2021-22 was ₹ 2625.04 Crores. Whereas the Profit before Tax (PBT) was ₹ 73.65 Crores and Profit after Tax (PAT) was ₹ 54.19 Crores.

During the first full year of operations i.e. FY 2022-23, the year under review, the Company has achieved a gross income of ₹ 5273.61 Crores. The Profit before Tax (PBT) for the year is ₹ 383.57 Crores and the Profit after Tax (PAT) is ₹ 271.17 Crores.

Growth Plan



Growth Plan (₹ in Crores)

Quality

AVNL is committed to the quality of its product, satisfying the Customer's need even beyond its period of life. Very strict quality control practices/ procedures in manufacturing process in line with world class quality systems are followed. It has embarked on a continuous process improvement in its manufacturing, to ensure its quality are maintained in all its 5 units.

In-house Quality training:

In order to achieve this, a dedicated quality control personnel who have been trained in their field of specialisation are posted in inspection teams for input materials. The process schedules and the final product are subjected to strict quality control audit. These processes are monitored through an online Inspection Route Cards, Quality Passport and Periodical Tests.

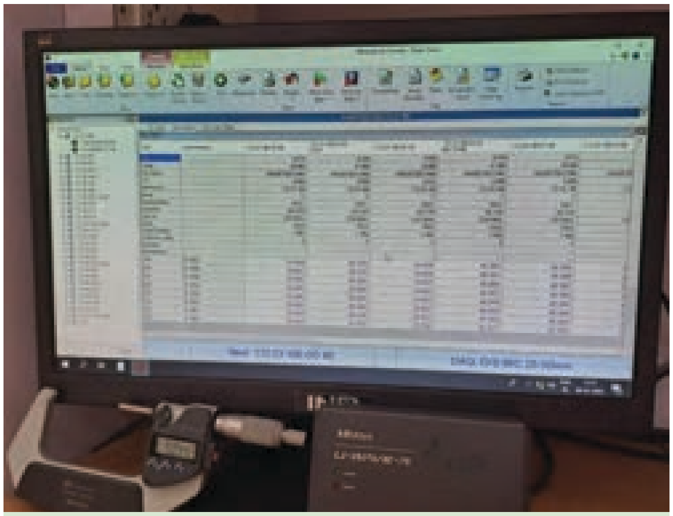
In order to ensure Customer's satisfaction, Acceptance Test Procedure (ATP) which are mutually agreed between DGQA and Manufacturers are framed. The final inspection and acceptance of its products are duly certified by DGQA and subjected to the acceptance by the user.

Thus only after acceptance, the user collects its product from the AVNL shop floor, after satisfying that, all its functional parameters and quality requirements are met.

In order to review the quality systems, which requires continuous improvement and changes in tune with the requirements raised by the user or as required for meeting International Standards, Quality Liaison Meetings are conducted with all stakeholders like DGQA, Armoured corps., MAG, which discuss the approved plan for improvement of quality of product and systems. It also review defect investigation and corrective and prevention actions plan.

KAIZEN PRESENTATION

BAR CODING SYSTEM



ONLINE GUAGING SYSTEM

DIGITAL TEMPERATURE RECORDING SYSTEM

ATMANIRBHAR BHARAT

AVNL, being the OEM for the current fleet of Battle Tanks & Infantry Combat Vehicle (BMP-II) to India Army, possess a colossal experience in manufacturing Armoured Vehicles and its variants for more than six decades. It has an expertise on every system of the platforms and has gained substantial domain knowledge of Armoured Vehicles Manufacturing and its Maintenance. With this, the domain of intellectual resource has gradually transformed from the 'Know-How' to 'Know-Why' which is essentially priceless.

The company has successfully developed MBT Arjun, Variants on T-72 such as BLT, Trawls and Variants on BMP-II such as Armoured Ambulance, AERV, CCPT, CMT, NBC-Recce in association with DRDO and Indian Industries. The innovation has always been a key factor for the growth of AVNL.

Therefore, it has given a paramount importance to R&D and innovation by investing its resources in developing new platforms and technologies by synergizing the knowledge-based available in the industry and academia, aligning its policies with initiatives of Government of India. AVNL is playing crucial role in encouraging start-ups by offering new-challenges under iDEX (Innovation for Defence Excellence) and hand holding them during the development of new technologies and products.

With the technical powers acquired over decades of experience and synergy of industry, AVNL has upgraded its products to improve its operational parameters and modernizing the military equipment and product profile. Recent trends indicate rapid strides are being made by countries over the globe in utilizing Artificial Intelligence (AI) and IoT based technologies for development of Next Generation Weapon Platforms. Taking cognizance of this development, AVNL has started undertaking development of products of Next Generation for the Armed Forces.

Industry 4.0

For an industry which manufactures the State of Art Armoured Vehicles to the Indian Army which contains the most complicated mechanisms of electronic, mechanical, pneumatic and hydraulic systems in order to ensure quality, and also efficiency, it requires a continuous monitored automation system of plant and machineries.

AVNL had embarked upon the method of adopting Industry 4.0 solutions and automated and computerised the handling of materials, manufacturing processes and marking the engraved data on its final product. It is on the process of modernising its plant and machinery to suit this requirement, so that its products fulfil the requirement of highest calibrations and at the same time are automated during the process of manufacturing and inspection, reducing human error.

Modernization

In order to keep pace with the rapidly changing scenario of the Armament manufacturing, AVNL undertook rapid strides to modernise its Plant & Machinery and also its associated civil works. This was made with an intention to make AVNL as a World Class Armoured Vehicle Manufacturer and a Trusted Global Brand, for Domestic and International Customer.

While undertaking the modernisation plan in its units, AVNL was focussing on advanced technology in manufacturing, design, testing and enhance its productive capacity, reducing human intervention coupled with automation including traceability of its products with relevant information through a Digital Passport. In AVNL, modernisation was carried out by replacing the old plant and machineries, augmenting the existing production capacity and creating new facilities.

Some of the important works for modernising the plant and machinery in the AVNL units which are under pipeline and are on the process of completion is as under.

- Single / Double Station Induction Hardening Machine MTPF
- CNC special purpose cylinder head cam shaft 3 way line boring machine EFA
- Bus Bar Trunking System MTPF
- V92S2 Engine turbocharger test rig EFA
- Replacement of Power Transformers and their switch gear equipments HVF
- Retrofitting & Reconditioning of HMT Berardi Horizontal Boring & Milling Machine with Twin Pallets & Tool Magazine HVF
- NC Hydraulic Shearing Machine VFJ

In order to augment its capacity, AVNL had planned to take up the following new facilities.

- Capacities to be enhanced for Overhauling of T-Series Tanks Project from 120 to 150 Nos at HVF
- QA & QC infrastructure for Arjun Tank
- OH infrastructure for Arjun Mk-I Tank
- MRO & OH Facility of T-Series Tanks.
- OH of Engines for T-72 & T90 Tank

In its effort to modernize the Plant & Machinery and the associated building and structures, AVNL had invested ₹ 95.08 Crores in Plant & Machinery and ₹ 40.04 Crores in Civil Works. In the ensuing Financial Year, it has an ambitious plan to invest an amount of ₹ 2767 Crores, out of which ₹ 2151 Crores will be spent on Plant & Machinery and ₹ 616 Crores on Civil Works.

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 31st March, 2023.

Amount transferred to reserves

During the under review, AVNL has earned a Profit after tax (PAT) of ₹ 271.17 Crores for the FY 2022-23 and whole amount was transferred to General Reserves.

Borrowings

As on March 31, 2023, the short term and long term borrowings of the Company was Nil.

Credit Rating

During the year, CARE Ratings Limited have 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, If Any

During the Financial Year 2022-23, the Authorised Share Capital of the Company has been increased from ₹ 12,500/- crores to ₹ 14,000/- crores.

During the year, the paid up share capital of the Company has been increased from ₹ 444.53 Crores to ₹ 12805.93 Crores on account of contribution of additional equity by the Government of India.

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 DASHBORAD for Contract Management System (CMS), Finance & HR. This ensures availability of information in time, integrity of data and improve overall work efficiency.

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

- Enterprise Resource Planning (ERP) for all functional areas, process started by engaging renowned Consultant who have completed Functional Requirement Study (FRS) and the work is under progress.
- Website of AVNL development and hosting in NIC Cloud is also at final stage of development by an empanelled vendor of NICS and it is ready for hosting soon after obtaining necessary security compliances and certifications.
- Intranet Website of AVNL has been developed and hosted in Server of AVNL which will benefit all employee from the information such as Policy, Procedures, Notice, Events, Circulars, Orders and News etc. from AVNL seamlessly.
- Corporate IT is also engaging NIC for implementing e-office (Office Automation and Knowledge Management) on-premises in the Server of AVNL in phase-| and on it's successful implementation, have a plan to extend the same to all Units in Phase-II.
- Corporate IT had initiated dialogue with the faculties of IIM, Bangalore for creating IT Policy, its implementation roadmap by appropriate Standard Operating Procedures (SOP) and customized IT training.
- Corporate IT has also initiated technical discussions with STQC and CDAC for auditing Cyber Security policies and all IT Assets as per ISO 27001 compliances to ensure Information Security.
- Corporate IT is also in the process of recruiting IT consultants and developers on a short term contract to fill the gap of IT manpower required immediately to carry out the said critical tasks.

Human Resource

"Human resource isn't a thing we do, it's the thing that runs our business"

"Steve Wyne"

"Financial resources may be the life blood of the company. But human resources are the brains"

"Rob Silzer"

AVNL had an employee strength of 11,799 on 01.10.2021 when it commenced its operations. On 31.03.2023 it has 11350 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 Govt. servants till their absorption.

(a) Category-Wise details of Female Employees

Category	Employees		Total Employees
	Male	Female	
Group-A (GOs)	182	10	192
Group-B (GOs)	1233	120	1353
Group-B (NGOs)	996	90	1086
NIEs	670	241	911
IEs	7342	466	7808
TOTAL	**10423**	**927**	**11350**

(b) Categories of SCs/STs/OBCs/PWD Employees

Category of Employees	Group-A (GOs)	Group-B (GOs)	Group-B (NGOs)	NIEs	IEs
Scheduled Caste	37	217	155	179	1762
Scheduled Tribe	19	107	33	39	585
Other backward Class	40	324	300	237	2844
Ex-Servicemen	0	14	01	19	79
PWD	6	32	17	17	228
Total	**102**	**694**	**506**	**491**	**5498**

Grievance Redressal System for SC/ST and Public Grievance Redressal.

In order to address the grievance of AVNL, an Institutionalised Grievance Redressal System is available in all units as well as in corporate office.

In the unit, at shop floor level, grievance redressal mechanism exists, where 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 Strategic Business Unit's General Manager Level. Finally, the grievances are, addressed by the Unit Head.

At Corporate Level, the concerned General Manager of the respective division and his subordinates addresses the grievances at two different levels. If the grievances are not settled, it can be raised up to the level of CMD.

In order to address the grievances of SC/ST/OBCs employees a Liaison Officer of Deputy Secretary equivalent level is appointed in all units and their grievances are addressed. Regular quarterly meeting 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 and CEO to address for prompt disposal of the grievances raised in the CPGRAMS.

During the FY 2022-23 all units of AVNL including 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 set up 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.

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 2022' as per CVC guidelines.

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:

1. Shri Shyam Nandan Prasad, Ex-Director, (Retd.) / Coal India Limited
2. 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 Report

Your Company is committed to maintain the highest standards of corporate governance in all spheres of business activities carried out by the Company and continues to lay strong emphasis on transparency, accountability and integrity. A detailed Report on Corporate Governance as per the Guidelines on Corporate Governance for CPSEs 2010 issued by DPE vide OM No. 18(8)/2005-GM dated 14 May 2010 along with Certificate on Corporate Governance from the Practicing Company Secretary is annexed to this report as ***Annexure - II*** and forms part of Annual Report. As per the Self-evaluation Annual Grading Report on Corporate Governance for FY 2022-23, the Company has achieved **'Very Good'** grading.

Code of Business Conduct and Ethics:

The Code of Business Conduct and Ethics has been posted on the Company's website of the Company i.e. **www.avnl.co.in** and all Board Members, the KMPs and Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics as on 31st March, 2023.

A declaration to this effect signed by the CEO i.e. Chairman & Managing Director of the Company is annexed to this report and forms part of Corporate Governance Report.

Management Discussion & Analysis Report

The Management Discussion & Analysis Report as required under the DPE Guidelines on Corporate Governance for CPSEs is annexed to this report as ***Annexure - III*** and forms part of Annual Report.

Industrial Relations

Industrial relations continued to be cordial and harmonious during the year. Overall industrial relations between the Management and Unions/Associations continued to be peaceful and the Workmen Unions / Associations cooperated with the Management to work towards the common objectives of the Company. Grievance Redressal Mechanism is in place in the Company to address employee grievances/ representations.

Implementation of Official Language Policy

In consonance with the provisions of the Official Language Act, 1963, and as per directions of Official Language Implementation Department of Ministry of Home Affairs, Government of India, AVNL is committed to implement the Rajbhasha Hindi in the Company in letter and spirit. The Quarterly Hindi Progress Reports are sent to concerned authorities on time.

All Officers and employees of the Company are encouraged to the use of Official Language through various training programs and seminars, Letters, Office-Orders, Circulars, Tenders, Advertisements, Annual Reports etc are issued bilingually. All the letters received in Hindi are replied only in Hindi. All the manuals, procedures, regulations and policies are in bilingual. All printed materials about the schemes of the Company are published in bilingual. All the format and stationery are published in bilingual.

The units and the Corporate Offices in order to encourage the implementation of the Official Language Policy have extensively used the PHP Programming for easy adoption and user friendly approach for employees to correspond. Periodical trainings are conducted with accredited faculties from reputed institutes and from Min. of Home Affairs, to the employees. In order to ensure a good communication between Hindi and Non-Hindi speaking people, regular spoken languages trainings are conducted amongst the Hindi and Non-Hindi speaking employees. Periodical publications of quarterly and annual magazines are conducted.

Parliamentary Committee on Official Languages Inspection of HVF

First Sub-Committee of the Committee for Parliament on Official Languages of the Central Govt. Offices headed by Hon'ble MP Shri Ramchander Jangra (RajyaSabha), Convenor and Chairman CPOL inspected, HVF on implementation of the Official Language on 21.05.2022.

Parliamentary Committee on Official Languages Inspection of Medak

Committee of Parliament on Official Language, New Delhi has conducted an inspection of Ordnance Factory, Medak on 11/11/2022 under the Chairmanship of Hon'ble MP Shri Ram Chander Jangra, MP (Rajyasabha), Convenor and Chairman CPOL.

The committee praised O F Medak for achieving the targets as per the annual programme and asked to increase the percentage of work in future. The members of the Committee also inspected the Rajbhasha exhibition and praised the various works done for implementation of Rajbhasha by OF Medak. They felt grateful for the cooperation extended by OF Medak during inspection.

Achievements of AVNL CO and Units:-

1. AVNL CO has been awarded with second prize for the FIRST edition of the annual Rajbha-sha magazine "AVANI-PRAVAH" published during 2022-23. The award was given by the Chairman, the Town Official Language Implementation Committee (PSU) Chennai during the TOLIC meeting held in Chennai on 11.07.2023.

2. VFJ has been awarded for the Best implementation of Official Language during the Joint Rajbhasha conference held on 3rd March, 2023.

Rajbhasha Award To Vehicle Factory Jabalpur (VFJ)

STATUTORY REPORTS

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 mechanism 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 from MoD under Section 6(3) of the RTI Act were replied within the prescribed statutory time period. During the year 2022-23, the Company received 278 RTI applications and the information was provided within the statutory time period. Under RTI application 278 First Application, First appeal – 48, Second Appeal – 28.

RTI applicants preferred appeal before the Appellate Authority under Section 19(1) of the RTI Act were disposed in time bound manner. No appeals are cases pending as on 31 Mar 2023 before the Central Information Commissioner for the RTI applications filed for the year 2022-23. The particulars as prescribed under Section 4 of the RTI Act have been uploaded on the website of the Company.

AVNL's Proactive Disclosure Initiative

The AVNL takes proactive measures in line with the Suo-Motu disclosure principle outlined in Section 4 of the RTI Act. This principle 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. This proactive approach is designed to reduce the reliance on the RTI Act.

In adherence to the provisions of Section 4(1)(b), AVNL has taken proactive steps to fulfil 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 procurements in a transparent manner so as to avoid undesired malpractices in the procurement process. The portal was launched on 9th August, 2016 by the Hon'ble Minister for Commerce & Industry.

During the year 2022-23, AVNL had procured material and services worth ₹1509.69 Crores through GeM constituting 115.06% as against DDP revised GeM target ₹1312.00 Crores and 51.35% of the total Domestic Procurement Value. Continuous add-on tools for procurement of materials and services in various range is found user friendly and is being adopted. AVNL has taken a determined effort to improve and procure all its products through GeM in the years to come.

Procurement From Micro Small & Medium Enterprises (MSMEs)

The Company has implemented the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 & its amendments issued by Ministry of MSME vide Order No.21 (22)-2018-MA dated November 9, 2018.

The Company has achieved more than the mandated procurement of 25% from MSE entrepreneurs (excluding specific defence procurement as per Sl.No.14 of the policy). During the year 2022-23, AVNL has procured goods and services valuing ₹587.64 Crores out of the ₹2939.94 Crores, constituting 19.98% from MSME. Considering the last year procurement of ₹ 2358.78 Crores, the incremental value of procurement from MSME constitutes an increase of 24%. Thus, AVNL is on the process of systematically developing its extensive vendor base by outsourcing its requirements and simultaneuosly developing the economy.

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 are 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, 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 & Key Managerial Personnel (KMP)

As on 31st March, 2023, the Board of Directors of AVNL comprised of Five (5) Directors.

The following changes among the Directors took place during the year under review:

Appointments

- Shri A.N. Srivastava, was nominated as Chairman & Managing Director by Department of Defence Production, Ministry of Defence, Government of India vide order dated 14/06/2022 and he has joined the Board of Directors with effect from 30/06/2022 against the vacant position due to cessation of Shri Sanjeev Kishore.
- Shri Shalabh Tyagi, Joint Secretary (Personnel & Coordination), Department of Defence Production, Ministry of Defence, Government of India has joined the Board of Directors with effect from 16/03/2023 as a Part time Official & Nominee Director of Government of India against the vacant position due to cessation of Shri Anurag Bajpai.

Cessation

- Shri Sanjeev Kishore ceased to be the Chairman & Managing Director of the Company with effect from 28/06/2022, pursuant to transfer order of Department of Defence Production, Ministry of Defence, Government of India and repatriation to the Directorate of Ordnance (Coordination & Services).
- Shri Anurag Bajpai, Joint Secretary, (Defence Industries Production/DIP), Department of Defence Production, Ministry of Defence, Government of India ceased to be the Part time Official & Nominee Director of the Company with effect from 06/01/2023, pursuant to transfer order of DDP, MoD Government of India.

The Board welcomes new Directors and places on record its deep sense of appreciation for the valuable contribution made by all the outgoing Directors during their tenure on the Board of the Company.

Pursuant to the provisions of section 203 of the Act, the Key Managerial Personnel of the Company are –

MANAGING DIRECTOR

- Shri Sanjeev Kishore (upto: 28/06/2022)
- 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

- Smt. B.V. Geethalakshmi (upto: 01/03/2023)
- Shri Dinesh Singh Jhala (w.e.f: 16/03/2023)

Following changes among the Directors took place during the current financial year i.e 2023-24 (updated up to the date of Annual General Meeting)

- Shri A.N. Srivastava, Chairman & Managing Director of the Company has ceased from the directorship of the Company w.e.f. 27/06/2023, due to his untimely sad demise.
- Shri Sanjay Dwivedi, Director (Operations) has been nominated and appointed as Chairman & Managing Director of the Company w.e.f. 21/07/2023, in pursuance to MoD ID No. PC-1 to 1(5)/2021/OF/DP(Plg-V) dated 21st July, 2023, of Department of Defence Production, Ministry of Defence, Government of India against vacant position due to untimely sad demise of Shri A.N. Sirvastava.

Number of Board and its Committee Meetings held during the Year

During the year, 11 (Eleven) 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 thereof held during the year are furnished in the Corporate Governance Report, which forms part of this Report.

Committies of the Board

a. AUDIT COMMITTEE

b. NOMINATION & REMUNERATION COMMITTEE (N&RC)

c. CORPORATE & SOCIAL RESPONSIBILITY & SUSTANIBALE DEVELOPMENT COMMITTEE (CSR & SD)

d. COMMITTEE OF THE DIRECTORS

As on March 31, 2023, the Board has only one Statutory Committees due to absence of Independent directors in AVNL Board namely, Corporate Social Responsibility & Sustainable Development Committee.

A detailed note on the composition, terms of reference and meetings of its Committees is provided in the Corporate Governance Report.

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 2022-23 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 5th June, 2015, provisions of section 134(3)(p) read with Rule 8(4) of the Companies (Accounts) Rules, 2014 shall not apply to Government Companies, in case 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

The applicability of section 152 (6) (Retirement of Director by rotation) of the Companies Act, 2013 does not applicable to the Company, due to AVNL is a 100% Central Government owned undertaking.

Declaration by Indpendent Director

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

Corporate Social Responsibility

At AVNL, success extends beyond the realms of profitability to the core value of betterment of society at large. Our focus has primarily been on the thrust areas of education, women empowerment, skill development, promotion of sports, welfare of the army veterans and families, disaster management, environment conservation etc. by implementing capacity building measures, empowering underprivileged communities, we strive for inclusive growth and equitable societal development.

Pursuant to the provisions of Section 135 of the Companies Act and Companies (Corporate Social Responsibility Policy) Rules, 2014 and amendment thereof & DPE Guidelines, AVNL has undertaken various activities during the year as per its CSR Policy. The projects taken up are in line with Schedule VII of the Companies Act. The Company has spent an amount of ₹29.42 Lakh under CSR for the Financial Year 2022-23 against the CSR budget/obligation of ₹147.28 Lakhs and balance amount pertaining to ongoing projects transferred to unspent CSR account.

AVNL undertook the Corporate Social Responsibility initiatives, which created a meaningful impact for the people to which it was addressed, towards the betterment of the society at large. The various CSR initiatives taken by AVNL included Har Ghar Tiranga campaign where 500 flags were distributed to students of Vijayantha Elementary School, Skill Development programme for underprivileged youth on Machine Operator - Plastics Processing (MO-PP) in collaboration with Central Institute of Petrochemicals Engineering and Technology (CIPET) for 32 participants , Construction of 3 school buildings in Avadi in collaboration with Avadi Municipal Corporation , Distribution of medical aid to Divyangjans in collaboration with Artificial Limbs Manufacturing Corporation (ALIMCO) in Thiruvallur District, Tamil Nadu, Construction of Clay Athletic Track in Aspirational District of Kumuram Bheem Asifabad District, Telengana for development of sports infrastructure.

The Corporate Social Responsibility Policy, Composition of the Committee and CSR Projects/ activities of the Company is available on the Company's website at **www.avnl.co.in.**

Annual Report on CSR activities undertaken by your Company during the year 2022-23, pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended, is attached to this Report as ***Annexure-IV.***

Signing of MOU with ALIMCO for distribution of medical aids to Divyangjans in Thiruvallur District.

Signing of MOU with AVADI City Municipal Corporation for construction of 3 school buildings in Avadi

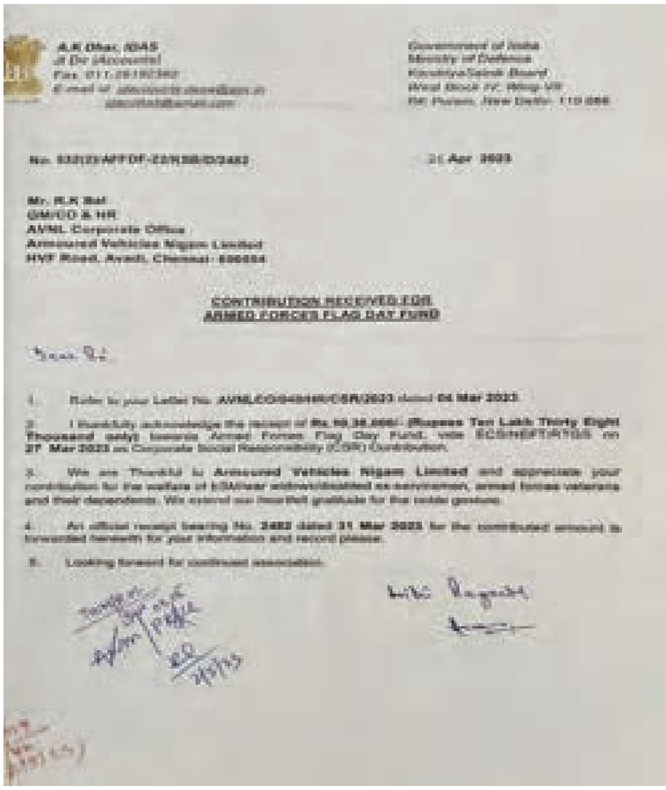
Signing of MOU with CIPET for skill development of underprivileged youth

Inauguration event of Skill Development Programme on Machine Operator - Plastics Processing (MO-PP) at CIPET Head Office, Chennai

Development of 400m Athletic Clay Track in aspirational district Asifabad , Telangana

Distribution of 500 Flags for Har Ghar Tiranga to Vijayantha School, Avadi

Contribution of 10.38 Lakhs to Armed Forces Flag Day Fund



[illegible]
Jt Dir (Accounts)
Fax: [illegible]
E-mail id: [illegible]

Government of India
Ministry of Defence
Kendriya Sainik Board
West Block IV, Wing VII
RK Puram, New Delhi - 110 066

No. [illegible]

[illegible] Apr 2023

Mr. [illegible]
GM/CO & HR
AVNL Corporate Office
Armoured Vehicles Nigam Limited
HVF Road, Avadi, Chennai - 600054

CONTRIBUTION RECEIVED FOR ARMED FORCES FLAG DAY FUND

Dear [illegible]

1. Refer to your Letter No. [illegible] dated [illegible] Mar 2023.

2. I thankfully acknowledge the receipt of Rs.10,38,000/- (Rupees Ten Lakh Thirty Eight Thousand only) towards Armed Forces Flag Day Fund, vide [illegible] on 27 Mar 2023 as Corporate Social Responsibility (CSR) Contribution.

3. We are Thankful to Armoured Vehicles Nigam Limited and appreciate your contribution for the welfare of [illegible] armed forces veterans and their dependents. We extend our heartfelt gratitude for the noble gesture.

4. An official receipt bearing No. [illegible] dated 31 Mar 2023 for the contributed amount is forwarded herewith for your information and record please.

5. Looking forward for continued association.

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, 2023 is available on the website of the Company at **www.avnl.co.in**

Auditors

A. Statutory Auditors

- AVNL being a CPSE, Statutory Auditors of the Company were appointed by the Comptroller & Auditor General of India (C&AG). M/s. T.G. Sukumaran & Co., Chartered Accountants, Chennai (FRN: 009474S) was appointed as Statutory Auditors for auditing the Accounts of the Company for the year 2022-23 and 5 firms of Chartered Accountants were appointed as Branch Auditors. The statutory auditor's report does not contain any qualification, reservation or adverse remarks.

- The Auditor's Report on financial statements for the financial year 2022-23 and comments of the Comptroller & Auditor General of India (C&AG) under Section 143(6) of the Companies Act, 2030 on the financial statement, is appended to the 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 2022-23. 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 Auditor

- 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. V. Mahesh & Associates, Practicing Company Secretaries, Chennai, to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by the Secretarial Auditor for the financial year 2022-23 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

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 31.03.2023.

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 initiatives were taken by the Company 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 in select buildings, adopting BEE, ECBC guidelines on green buildings to reduce energy consumption, phased replacement of utility vehicles with e-vehicles, replacement of conventional ceiling fans with BLDC ceiling fans in a phased manner. These measures in conserving the natural resources will go in a long way in maintaining the environment.

In order to reduce the water consumption and also to conserve rain water extensive rain water harvesting plants have been constructed in the estate of AVNL. 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.

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.

Solar Power Plant at OFMK & HVF

In the AVNL unit of HVF and OFMK, 16MW 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.

Safety and Compliances

Being manufacturing set up of Armoured and Military Logistics Vehicles, Safety of Plant, Machinery and its employees is of paramount importance. Any non-compliance of the safety measures resulting in an accident, causes loss of man-hours, injury to the workers and invites statutory actions by the enforcement authorities.

In all production units, CGM of the unit heads the Safety Committee, duly assisted by a qualified Safety Officer. Safety inspections are conducted regularly at the shop floor level. At the apex level the observations raised by the safety audit are systematically examined and attended with utmost priority.

Training of the employees on the various safety measures and precautions are done periodically to ensure the compliance of the safety norms but also to avoid any accidents. Thus in all the trainings, a capsule of safety is mandatorily included, so that the trainees are exposed to the various precautionary measures and also the consequences of lapses which may cause huge loss to person and to the Company.

Safety Week and Fire Service Weeks are celebrated annually. Safety audit are conducted at three different levels, in which at the Level-3, Corporate Headquarters conducts the Safety Audit and the measures and points raised by such audit are addressed and settled.

Major steps taken to achieve safety:

- Regular monthly Fire Mock Drill are carried out in all units.
- Disaster Management Plan is made and reviewed periodically.
- Work Permit System especially while working in heights, excavations are implemented with strict supervision from safety site in-charge and section's representative presence.
- All the periodical test certificates of material handling equipment, lifts, cranes, pressure vessels etc are systematically tested well in advance. The records are maintained in a proper manner for inspection by the statutory authorities.
- All industrial fans are covered with Nylon mesh to protect entanglement.
- Safety awareness posters, precautionary do's and don't's are displayed all over the units.

- Extensive training conducted on first-aid, occupational safety health, electrical safety, etc. in IOLs and Factory Training Institutes.
- Strict enforcement of traffic rules in the estate roads are implemented.

Health & Environment

In order to ensure the motto of prevention is better than cure, all the employees of the Company are subjected to Annual Medical Examination. During such examinations, if any chronic or acute diseases are found, then such employee are being referred to specialist in authorised hospitals for treatment.

For employees who are operating material handling equipment's, welders and employees working in metal labs, special eye tests are conducted. For employees who are working in electroplating and heat treatment sections, chromium limits are tested periodically and are monitored to ensure that, they do not get exposed to Chromium. Strict norms are followed by all units' employees for wearing of safety masks & gloves, helmets and other PPEs are enforced.

All the units have been EMS ISO14001 certified. Single use plastics are banned. The AVNL estate is also accredited with garbage disposal of Bio and Non-bio degradable collection at the source itself and a Solid Waste Management system to generate manure from the bio degradable waste exists in place. All the AVNL units have a proper sewage treatment plant and the resultant effluents after treatment are measured & certified by the State Pollution Control Authorities. The Company has adopted recycling of the natural resources as a part of its motto in preserving the environment.

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, 2023 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 or loss of the company for the year;

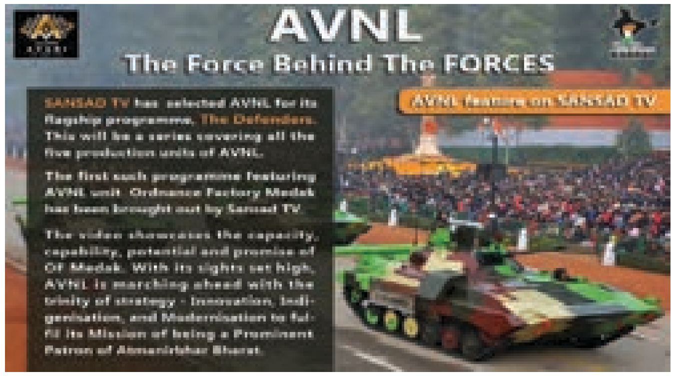
c. That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. That the directors have prepared the accounts for the financial year ending 31st March, 2023, on a going concern basis;

e. 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.

PR & Media Initiatives

AVNL has made full use of the opportunities available in the virtual space for effective corporate communication, marketing and nation-building through its social media presence across platforms like Facebook and Twitter.



WWW.FINANCIALEXPRESS.COM FRIDAY, FEBRUARY 17, 2023

FINANCIAL EXPRESS

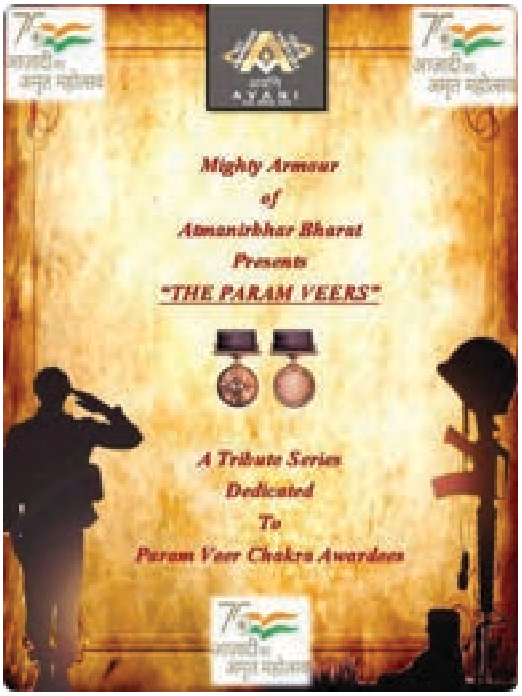
NOTICE BOARD CORPORATE AS

AVNL EXTENDS CSR SUPPORT FOR PROVIDING RESIDENTIAL SKILL DEVELOPMENT TRAINING

Armoured Vehicles Nigam Limited (AVNL), Avadi, Chennai, a newly established DPSU under Ministry of Defence, GOI has signed an MoU with Central Institute of Petrochemicals Engineering & Technology on 08.02.2023 under CSR initiative with financial assistance for providing residential skill development training programme to 20 underprivileged and unemployed youths. The main objective of the project is to equip the skill sets in young people who are the major driving force for economic development and technology innovation and to impart job oriented skill development training to the underprivileged/ unemployed youth for developing technical and professional skills thereby enhancing the employability of underprivileged/ unemployed youth through skill development.

PARAM VEERON KO NAMAN - TRIBUTE TO PARAM VEER CHAKRA AWARDEES

As a part of #AzadiKaAmritMahotsav, the Company paid homage to all the brave hearts for their ultimate bravery, the awardees of the Highest Military Decoration - Param Vir Chakra. This tribute series showcased the story of valour of all 21 PVC recipients.



Many articles its product profile, activities and achievements of AVNL were published in various prestigious defence journals such as South Asia Strategic Defence Review, SP Guide Publications & Kaleidoscope.

Details of Subsidiary, Joint Venture or Associates

During the year under review AVNL has no Subsidiaries, Joint Ventures or Associates Companies as on March 31, 2023.

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, any instances of the fraud committed by the Company, its officers and employees, the details of which would need to be mentioned in the Board Report.

Development and Implementation of Risk Management Policy

The policy aims at elimination or reduction of risk exposures through identification and analysis of various types of risks and facilitating timely action for taking risk mitigation measures. The comprehensive risk management policy is under preparation, however Internal Audit in place to look into/review various risk mitigation activities & internal financial control.

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 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 its gratitude for the valuable co-operation, advice and support received from the various Ministries of Government of India especially the Department of Defence Production, Ministry of Defence, Ministry of Finance, Department of Public Enterprises (DPE), Department of Investment and Public Asset Management (DIPAM), Government of Tamil Nadu.

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

Sd/-	***Sd/-***
B PATTANAIK	**SANJAY DWIVEDI**
Director	Chairman & Managing Director
DIN: 09282313	DIN: 09282314

DATE: 29.08.2023

PLACE: AVADI, CHENNAI

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.	No Related party transactions was made during the year 2022-23.
2.	Details of contracts or arrangements or Transactions at Arm's length basis.	No Related party transactions was made during the year 2022-23.

For and on behalf of the Board of Directors of

Armoured Vehicles Nigam Limited

Sd/-
B PATTANAIK
Director
DIN: 09282313

Sd/-
SANJAY DWIVEDI
Chairman &
Managing Director
DIN: 09282314

DATE: 29.08.2023

PLACE: AVADI, CHENNAI

ANNEXURE –II

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance along with Compliance Certificate from the Practicing Company Secretary, Secretarial Auditor of the Company, 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 below:

PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company is committed to the adoption of best governance practices to maximise stakeholder value on a sustainable basis and to act ethically and in a transparent manner with emphasis on integrity and accountability in the conduct of business so as to enjoy enduring confidence of the stakeholders.

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.

Composition of Board of Directors

AVNL is a Government Company under the administrative control of the Department of Defence production, Ministry of Defence (MoD). The composition of the Board of the Company 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, 2023, the Board of Directors of your Company consisted of five Directors including the Chairman and Managing Director, three 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.

Details of the members of the Board during the period from 01 April, 2022 to 31 March, 2023 are given below:-

Sr. No.	Name of Director & Designation	Director Identification Number (DIN)	No. of other directorship held	No. of committee membership in other companies	
				As Chairman	As Member
Whole time Directors (Functional Directors):					
1.	Shri Adityanand Srivastava Chairman & Managing Director (Appointed w.e.f. 30.06.2022)	03547253	Nil	Nil	Nil
2.	Shri Sanjeev Kishore Chairman & Managing Director (upto: 28.06.2022)	09282282	Nil	Nil	Nil
3.	Shri Sanjay Dwivedi Director (Operations)	09282314	Nil	Nil	Nil
4.	Shri C. Ramachandran Director (Finance)	09315439	Nil	Nil	Nil
5.	Shri Biswaranjan Pattaniak Director (HR)	09282313	Nil	Nil	Nil
Part time Official & Government Nominee Directors:					
6	Shri Anurag Bajpai, Part time Official & Nominee Director Joint Secretary (DIP) DoDP, MoD, GoI (upto: 06.01.2023)	08948155	Nil	Nil	Nil
7.	Shri Shalabh Tyagi Part time Official & Nominee Director Joint Secretary (P&C), DoDP, MoD, GoI (Appointed w.e.f. 16.03.2023)	10042888	2	Nil	Nil
*** Part time Non-official (Independent) Directors:**					
-	-	-	-	-	-

* 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, which is under consideration.

Brief resume of newly appointed Director:

Shri Shalabh Tyagi

He is appointed as Part time Official (Nominee Director) with effect from 16.03.2023. He 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.

While working with Railways, he was instrumental in successful designing and commissioning of first Air-Conditioned Metro Rake for Kolkata Metro. He also played crucial role in Hon'ble Prime Minister vision of "Mission 100% Electrification" of Indian Railways broad gauge network, where almost 400% increase in annual commissioning of new lines Electrification is achieved during his tenure. 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 and India Optel Limited.

Directors' Shareholding:

As on 31 Mar 2023, No Directors of the Company held any shares of the Company as on 31 March, 2023.

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 FY 2022-23, Eleven (11) Meetings of the Board of Directors were held.

Sr. No.	Number of the Board Meeting	Date of Board Meetings
1.	08th Board Meeting	29.04.2022
2.	09th Board Meeting	27.06.2022
3.	10th Board Meeting	30.06.2022
4.	11th Board Meeting	04.07.2022
5.	12th Board Meeting	13.09.2022
6.	13th Board Meeting	16.09.2022
7.	14th Board Meeting	23.11.2022
8.	15th Board Meeting	28.11.2022
9.	16th Board Meeting	13.12.2022
10.	17th Board Meeting	17.01.2023
11.	18th Board Meeting	16.03.2023

The intervening gap between any two meetings was within the limit prescribed by the Act and DPE Guidelines. Details of attendance of the Directors at the Board Meetings and Annual General Meeting held during FY 2022-23 are furnished below:

Sr. No.	Name of Director	No. of Board Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 28.12.2022
1.	Shri Adityanand Srivastava Chairman & Managing Director (Appointed w.e.f. 30.06.2022)	9	4	No
2.	Shri Sanjeev Kishore Chairman & Managing Director (upto: 28.06.2022)	2	2	NA
3.	Shri Sanjay Dwivedi Director (Operations)	11	11	Yes
4.	Shri C. Ramachandran Director (Finance)	11	11	Yes
5.	Shri Biswaranjan Pattaniak Director (HR)	11	10	Yes
6.	Shri Anurag Bajpai, Part time Official & Nominee Director Joint Secretary (DIP) DoDP, MoD, GoI (upto: 06.01.2023)	9	2	No
7.	Shri Shalabh Tyagi * Part time Official & Nominee Director Joint Secretary (P&C), DoDP, MoD, GoI (Appointed w.e.f. 16.03.2023)	1	1	NA

* Shri Shalabh Tyagi, Joint Secretary (P&C) was nominated as Part time Official (Nominee Director) by Department of Defence Production, Ministry of Defence, Government of India and he has been appointed w.e.f. 16.03.2023 on AVNL Board. Further, he attend one Board Meeting of AVNL i.e. 18th Board Meeting which was held on 16.03.2023 as a Special Invitee.

Committees of the Board

As per the statutory requirement of the Companies Act, 2013 & DPE guidelines following Committees applicable to AVNL during the FY 2022-23 as under:

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 2022-23. 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.

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 2022-23. 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.

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 31 Mar 2023, are given below:

Sr. No.	Name of Director	Total Salary (₹ in Lakhs)
1.	Shri Sanjeev Kishore, Chairman & Managing Director (upto: 28.06.2022)	11.96
2.	Shri A.N. Srivastava Chairman & Managing Director (Appointed w.e.f. 30.06.2022)	25.05
3.	Shri Sanjay Dwivedi Director (Operations)	37.08
4.	Shri C. Ramachandran Director (Finance)	44.43
5.	Shri Biswaranjan Pattaniak Director (HR)	37.88

Part time Official & Govt. Nominee Director is appointed by the President of India and he/she is not paid any remuneration or sitting fees.

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 does not pay any commission to its Directors nor issued any stock options to its Directors. There has been no other pecuniary relationship or transactions of the Part-Time Directors vis-à-vis the Company during the year under review.

Evaluation Criteria

Since the Board level appointments are made by the President of India, evaluation of performance of directors is also done by the Government of India.

CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABLE DEVELOPMENT COMMITTEE (CSR & SD COMMITTEE)

CSR & SD Committee has been constituted by the Board of Directors to undertake various projects under Corporate Social Responsibility in terms of provisions of the Companies Act, 2013 and the DPE guidelines. During the year 2022-23, the Committee met 3 times on 08.06.2022, 02.08.2022 and 06.09.2022.

Composition of the Committee and details of Meetings & Attendance:

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

General Body Meetings

Details of the Annual General Meeting (AGM) held during the last three years are as follows:

Year	No. of the Annual General Meeting	Date of AGM	Time	Location	Any Special resolution Passed
2021-22*	01st AGM	28.12.2022	AT 3:00 PM (IST)	**Deemed Venue:** Registered Office of the Company, C/o Armoured Vehicles Headquarters, HVF Road, Avadi, Chennai–600054.	None

***** AVNL was incorporated on 14.08.2021 and completed first FY 2021-22, in view thereof, the Company has conducted only one Annual General meeting during the last three years

STATUTORY REPORTS

Annual General Meeting of the current year:

Date	25.09.2023
Time	AT 3:00 PM (IST)
Venue	Deemed Venue: Registered Office of the Company, C/o Armoured Vehicles Headquarters, HVF Road, Avadi, Chennai– 600054.

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

The Company is committed to conduct its business in accordance with the highest standards of business ethics and complying with applicable Laws, Rules and Regulations. A copy of the Code of Conduct is available on the Company's website at **www.avnl.co.in**

All members of the Board and Senior Management have confirmed their compliance with the Code of Conduct for the year under review. A declaration signed by the Chairman & Managing Director is appended to this report.

Disclosures

a. 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.

b. 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.

c. 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.

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

e. The Company has complied with Presidential Directives issued by the Central Government from inception.

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

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

Means of Communication

The Company has a website **www.avnl.co.in** there is a dedicated cell for information sharing with stakeholders through the use of information and communication technologies particularly through its website. The Company periodically disseminates information through press releases and its annual reports.

Audit Qualifications

There were no audit qualifications on the Company's Financial Statements for FY 2022-23.

Training of Board Members

The AVNL is in the process of training the policy for forming the policy for training of Board members including Independent Directors for familiarization programme at the time of their induction to the Board to make them conversant with the business model, current operations, corporate plan and future outlook of the Company.

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 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.

Declaration

As provided under the Guidelines on Corporate Governance for CPSEs 2010 issued by the Government, it is hereby declared that all Board members 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 31 Mar 2023.

For and on behalf of the Board of Directors of

Armoured Vehicles Nigam Limited

Sd/-	*Sd/-*
B PATTANAIK	**SANJAY DWIVEDI**
Director	Chairman & Managing Director
DIN: 09282313	DIN: 09282314

DATE: 29.08.2023

PLACE: AVADI, CHENNAI

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members,

M/s. ARMOURED VEHICLES NIGAM LIMITED,

CIN: U35990TN2021GOI145504

C/o Armoured Vehicles Headquarters, HVF Road,

Bhaktavatsalapuram, Avadi, Chennai-600054

We have examined the compliance of the conditions of Corporate Governance by **ARMOURED VEHICLES NIGAM LIMITED** ('the Company') for the year ended on 31st March, 2023, 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, 2023.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the review of procedures and implementation thereof, as adopted by the Company for ensuring compliance with conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Guidelines on Corporate Governance for Central Public Sector Enterprises for the year ended on 31st March, 2023 except to the extent of following:

1. During the audit period, the Company had no Independent Director on its Board thereby the composition of the Board of Directors was not in conformity with Clause 3.1 of the DPE Guidelines.

2. Due to absence of the Independent Directors, the Company could not constitute Audit Committee and Nomination and Remuneration Committee in accordance with the applicable clauses of DPE Guidelines.

. It was explained by the Management that appointment of Independent Directors is being made by the concerned Administrative Department of the Government of India. 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. As required under DPE Guidelines, the Board shall ensure integration and alignment of the risk management system. The Company is under process to adopt the risk management policy. It was explained by the Management that Comprehensive risk managing policy is under preparation and the internal audit is in place to review the various risk mitigation activities

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 V. Mahesh & Associates

Sd/-
V. Mahesh
Practising Company Secretary
M.No: F4162
C.P No: 2473
Peer Review No: 2107/2022
UDIN: F004162E000489064

Date: 23.06.2023
Place: Chennai

Annexure - III

Management Discussion and Analysis Report for FY 2022-23.

Introduction

Hon'ble Prime Minister Shri Narendra Modi, dedicated to the nation 7 newly carved Defence Companies out of the erstwhile Ordnance Factory Board on 15.10.2021. While dedicating these new companies, the Hon'ble PM said that "upgradation of these companies were ignored in the Post-Independence period leading to dependence on foreign suppliers for its needs. These 7 Defence Companies will play a major role in changing the situation. The new companies will play an important role in import substitution in line with the vision of Atmanirbhar Bharat. An order book of more than ₹65,000 Crore reflects the increasing confidence of the Country in these Companies".

While metamorphosing these companies, the Govt. of India had an objective of transforming these Ordnance Factories into productive profitable assets, improve expertise in product range, increase competitiveness, improve quality, enhance cost efficiency and ensure self-reliance in defence preparedness.

Thus, the vision of the Government in creating these new initiative was with an intention to make the Country's defence sector to be taken to greater heights. To create a conducive eco system for Foreign Direct Investments and exporting our products. Thus, when AVNL was formed during this Amrit Kaal, a new dawn of Independence on manufacturing of Armoured and Military Logistics Vehicle became a reality from 01.10.2021.

Industry Structure and Development

Consequent to the Government's decision to reform the defence sector towards self-reliance and encouraging indigenous design and development, innovation, manufacturing thereby reducing dependency on import many policy decisions were taken. Some of them the major initiatives and policies are as under:

- Defence Acquisition Procedure DAP 2020 was announced as a part of Atmanirbhar Bharat Abhyaan.
- IDDM (Indigenously Designed Developed and Manufactured) category was accorded top priority for procurement of capital equipment.
- Positive Indigenisation Lists with embargo on time limit for import was enforced which includes high technology items.
- Positive indigenization, list of items, assemblies, components, numbering more than 2500 items were notified out of which, already 351 indigenized with further embargo on import beyond the time lines indicated.
- The make procedure of Capital Procurement by Indian Private Industry, primarily for import substitution was simplified including funding of 70% of the developmental costs by the government under Make I category.
- Under Make II category (Industry Funded) Indigenous Development and Manufacturing of defence equipment, started with many Industry Friendly Provisions relaxing many criteria.
- Government of India enhanced the FDI to 74% through automatic route for companies seeking New Defence Industrial License and up to 100% by government route whenever it is likely to result in modern technology.
- Innovation eco system of iDEX was launched for creation, fostering Innovation and Technological Development.
- Government has set up a Technological Development Fund to encourage participation of public private parties especially MSMEs through provision o of grants to create cutting edge technology capability.

- An indigenisation Srijan Portal has been launched for DPSUs/Services with an Industry Interface to provide, development support to MSMEs, start-ups/industry for import substitution. Out of 18023 defence items which were imported, Indian industries have already indigenized 3190 items.
- An offset portal has been created to ensure transparency attracting investments and Transfer of Technology.
- Government has also notified strategic partnership model, where Indian entities through a transparent competitive process, can tie up with global OEMs for Transfer of Technology.
- Government has established two Industrial Corridors, one in UP and one in Tamil Nadu with an investment of ₹ 10,000 Crore. ₹ 3750 Crores investments has already been pumped in the above corridor
- 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 of Russian equipment in service with the Indian Army.
- Defence Investor Cell is created in MoD to provide all necessary information related to investment opportunities, procedures, and regulatory requirements.

Due to the initiatives taken by the government, the country has registered an increase in defence exports to almost ₹ 16000 Crores in the financial year 2022-23.

All these reforms have provided a huge opportunity to the DPSUs, Foreign Manufacturers, Indian Private Players and MSMEs to contribute their knowledge, experience and resources to the defence of this nation and also save foreign exchequer.

AVNL being the only Public Sector Undertaking in manufacturing battle tanks, infantry combat vehicles and Army Logistics Vehicles with its vast experience and expertise, domain knowledge, utilised these opportunities and successfully developed variants of T-72 such as BLT, Trawls and its variants of BMP like Armoured Ambulance, AERV, CCPT, CMT, NBC Recce, in association with DRDO and other Indian Industries. such synergy of the knowledge, experience and the opportunities made available to the industry along with the role played by the academia helped the company to achieve its great heights.

By offering new challenges under iDEX, and hand holding them, at the time of development of new technology, the Company was able to upgrade many of its products and modernise its equipment's. Utilising the recent trend of Artificial Intelligence and IoT based technology for development of next generation of weapon platforms, the Company has started taking huge strides in development of new products which are the requirement to meet the next generation of weapons required for the Armed Forces.

With these policies, AVNL was able to develop a newly designed Mine Protected Vehicle 4X4 and 6X6 version to the Indian Army and Para Military Forces. Its association with the Indian Navy and other education academia, the Company was able to successfully launch the Decoy Kavach, Close Range Naval Gun (CRN-91) to the Indian Navy. In the process of utilising its wealth of knowledge in manufacturing the complex electronic fuses, the unit of MTPF, Ambernath was able to design and develop the latest State of Art of Electronic Fuze to be fitted in ammunitions and missiles.

Unless an organisation is tuning its vision towards development of new platforms with its own R&D in collaboration with the industrial partners and aligning with the global transformations which are taking place in fast pace of advanced technology, no industry would be able to sustain itself. The Company has realised the above the need of hour for its sustenance and development. Thus it has made a huge investment in R&D. It has collaborated with the leading R&D institutions like DRDO, ARDE, DRDL, and academia like IIT, Madras, IIM Bangalore, NIT Trichy. The Company has successfully processed 15 new R&D projects for development. 27 R&D projects are already in the advance stages for upgrading the existing products worth ₹ 544 Crores. Some of the major R&D products are listed below.

- Uprating of power of T-72 Tank from 780 HP to 1000 HP Engine.
- Armament Upgrade of BMP-II.
- 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. Prototypes of 'Armament Upgrade of BMP-II'.
- Mine Protected Vehicle 6x6' were successfully trial evaluated in 2022-23.
- Prototypes of 'Uprating of power of T-72 Tank' have also been made ready for trials.

TOWS Analysis

When an organization of the size of AVNL takes steps 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.

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 cmponents.

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.

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.

WEAKNESS

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. Difficulty faced for amending the deemed contracts.

STRENGTHS

i. State-of-Art of 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 get 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.

FUTURE OUTLOOK

In 2022-23, Ministry of Defence had been allocated ₹5,25,166 Crores. This allocation to the Min. of Defence is the highest amongst all Ministries of the Central Govt. In order to reduce the import and promote self-reliance the budget proposed 68% of the defence capital procurement budget will be earmarked for the domestic industry. This has been increased from 2021-22 from 58%. This has opened up industry, start up, academia in taking up of design and development of military platforms in collaboration with DRDO and other organisations.

According to Stockholm International Peace Research Institute (SIPRI), India was the third largest defence spender in absolute terms in 2020 after USA and China. It spends about 2.9% of GDP to the extent of 73 US Billion $.

However, the proportion of defence spending to the proportion of Government expenditure has decreased from 16.4% in 2013 to 13.3% in 2022-23 and defence expenditure as a percentage of GDP declined from 2.3% in 2012-23 to 2% in 2022-23.

The 15th Finance Commission in its report recommended to the Government to constitute modernisation fund for Defence Internal Security to bridge the gap between projected budgetary requirement and budget allocation which as on 2021-22 was pecked of against the requirement of ₹4,49,508 Crores. An allocation of ₹3,24,568 Crores, a 2.8% shortfall. The shortfall in capital expenditure was 38% of the above pecked amount.

Hence the Commission recommended incremental funding through:

i. Transfer from consolidated fund of India

ii. Dis-investment proceeds of DPSU

iii. Proceeds from monetisation for surplus defence land

iv. Proceeds of receipts from defence land likely to be transferred to State Government for public projects in future.

The finance commission estimated indicative size of the fund to be ₹ 2,38,354 crores over 2021-26. Capital outlay for the defence includes expenditure on construction work, machinery, equipment such as tanks, navy vessels and air crafts. In 2020-21 the share of capital outlay in defence budget has increased to 27% and in 2022-23, it is estimated to be 29%. Out of the Army budget allocated to the extent of ₹3,06,055 Crores, the Defence Ministry allocated ₹25,909 Crores for modernisation i.e. 8% of the service budget. This modernisation involves the acquisition of the State of Art Technology, Weapon System, Upgrade and Augment the Defence Capability of our Forces.

The Standing Committee of Defence in 2018 had noted that modern armed forces should have 1/3rd of its equipment in Vintage category, 1/3 in current category, 1/3 in the State of Art category. However, for Indian Army 68% of its equipment in Vintage category and 24% in the current category. Only 8% in the State of Art category. The committee also noted that over a long period, the Army has accumulated substantial deficiency of weapons, stores and ammunitions.

In order to overcome this, the Government has taken major steps towards indigenisation by putting under embargo lists in August 2020 and May 2021 respectively for import in a staggered manner. It was estimated that between April 2015 and August 2020, the Army had spent close to ₹3.5 Lakh Crores on the items that were put under embargo. With the advent of massive pressure towards indigenization, it is estimated that contracts worth around ₹4,00,000 Crore would be placed on domestic industry within 4 to 5 years.

The Standing Committee on defence 2021 had expressed concern on the increasing imports of arms and equipment. In 2020, India was the largest importer of arms according to the data compiled by SIPRI. Between 2016-17 and 2019-20, out of the 213 total contracts, 90 contract have been signed with foreign vendors for procurement of defence equipment worth ₹1,76,569 Crores. The Estimates Committee expressed concern and stated that dependence on foreign suppliers especially for Military Hardware not only leads to huge expenditure, but also India's security vulnerable during an emergency situation where the supplier may not provide the required weapon or spare parts. Thus, the Committee has expressed that Indigenization should be increased and this will create a strong manufacturing sector, substantial increase in number of jobs and also save financial sources. Based on the recommendation of these committees, steps have been taken for working of DPSUs, private industries, start-ups and other academia work in close coordination. As a result of these move, the Min. of Defence has set a target of achieving a turnover of ₹1.75 Crores by 2024 for Indigenous manufacture of Aero-space and Defence goods and services. The target also includes exports worth ₹34,000 Crores.

In the Union Budget of 2023-24, Min. of Defence has been allocated ₹5,93,537 Crores which is 13.18% of the budget. The capital investment outlay has been increased for the third year in a row by 33% to the extent of ₹10,00,000 Crore which 3.3% of GDP. This is almost 3 times the outlay in 2019-20. In order to foster innovation, encourage technology and defence industrial eco-sytem iDEX and DTIS have been allocated ₹116 and ₹45 crores respectively representing enhancement of 93% and 95% for these institutions. The Union Budget also announced a national governance policy to unleash innovation, research by start-up and academicia, which will enable access to unknown anonymised data, which will boost defence start-up. In order to foster the MSMEs, credit guarantee scheme of ₹ 9000 Crore was given in the Union Budget, which will enable additional collateral free guarantee credit of ₹2,00,000 Crore. This scheme will give a further fillip to MSME associated with the defence sector.

AVNL has in its endeavour having already executed an order to the extent of ₹5608.00 Crores in the financial year 2022-23 and envisaging a plan to touch ₹6982 Crores in 2023-24 and to reach ₹10879 Crores in 2027-28, has a well-planned futuristic products and projects.

INTERNAL CONTROL SYSTEM AND ITS ADEQUACY

The Company has an adequate system of Internal Controls, implemented towards achieving effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The system comprises well defined organization structures, pre-identified authority levels and procedures issued by Management covering all vital and important areas of activities, viz. Budget, Procurement, Material Control, Works, Finance & Accounts, Human Resources, etc.

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:

a. Dependence on few customers i.e. Indian Army and Para Military and Navy.

b. Requirement for augmentation of IT infrastructure including Software/ERP system aligning with advancement in technology.

c. Uncertainties on the part of suppliers and subcontractors affecting supply chain.

d. Increased competition influencing maintenance of cost competitiveness and sustenance in market share.

e. Dependence on foreign collaborators for critical data/equipment required for manufacturing.

f. Rising inflation/global geo-political scenario impacting the pricing of several core items and materials.

Our Business Strategy

AVNL conducted its 1st Strategy Meet with the CGMs of all units on 09.01.23. This was the consultative process to prepare the future roadmap of AVNL. During this meet AVNL Annual Report 2021-22, AVNL Wall and Desktop Calendar were released.

1ST STRATEGY MEET OF AVNL

Considering the various factors above, AVNL has made its own business strategy. This strategy is based on our experience of 6 decades in Armoured Vehicle manufacturing, expertise in critical manufacturing and also a strong order book with addressing the customer needs and fulfilling his requirements in time with the quality to meet its operational needs.

AVNL has adopted its goal effectively with specific, measureable, achievable, relevant, time bound, smart goals which are rooted to its missions. These processes are percolated to everyone within the organisation. Such conceptualised strategic frame work analysing the internal capabilities are periodically reviewed in tune with the long term aspirations and requirement. The involvement of stakeholders such as employees, customers and other industrial partners plays an important role in the development sustenance and achievement of the strategy. By soliciting inputs and feedbacks received from diverse range of organisation not only gives a valuable insight on our strength and failures, but also gives course corrections and inculcates a sense of ownership and commitment, promoting a culture of collaboration for achieving the strategy towards its final goal. In order to achieve the strategy, AVNL which has an order book of ₹32,644 Crores as on 31.03.2023, has 4 master plans to ensure the desired targets are achieved.

A. *Immediate action plan.*

In order to achieve this strategy, AVNL has adopted an immediate action plan of accountability and continuous improvement in the organisation.It has stressed on timely delivery of the equipment's to the customer as per the prescribed quality. Professional costing of its product, input material and other overheads are addressed. Prioritising the expenditures and effective steps to reduce its overheads through outsourcing and earning from other resources are looked into to increase the profit margin.

AVNL has also embarked on a plan to revise all its process schedules and outdated procedures which were inherited from the legacy to meet the challenges both in manufacturing and to improve its efficiency. In order to address the customer's demand of quality, it has adopted strict quality checks with using Industry 4.0, Artificial Intelligence, computerised measurements of critical parameters and traceability of the manufacturing through Online Passport Generation System.

B. *Transformation in Productivity and efficiency*

In order to increase the productivity and efficiency, it has made its Procurement Manual simple. It has extensively adopted GeM procurement using minimal human interface. Resorting to outsourcing with strict quality control has helped AVNL to become a major technological aggregator. AVNL as a manufacturer of a complicated Armoured Vehicle has slowly migrated to a system aggregator of the various major assemblies, its testing and final assembly. This has ensured increased output and cost reduction. AVNL has also looked into the rectification and defects arising in the process of manufacturing and has ensured that with strict quality checks and with least human intervention. Reduction of rework and repair increases its efficiency and productivity. The modernisation of its plant and machinery with technological up gradation of advanced technology has also contributed increasing efficiency and productivity. AVNL has taken steps for replacing of its old plant and machinery which has lost its accuracy and capacity due to extensive usage due to of wear and inturn are replacing them with the State of Art Technology Machines.

C. *Transformation in Quality*

The quality of the final product manufactured by AVNL gives confidence to its customer and also binds the relationship of more than 6 decades in Armoured and Military Logistics Vehicle manufacturing. In order to strengthen this, appropriate training of the quality control personnel's and online inspection route cards, online quality passport systems, periodic tests are introduced in the various processes of inspection of both incoming material and also during manufacturing. All the process sheets are subjected to intensive scrutiny by the quality team to avoid any failure or quality discrepancy of its final product. The acceptance test procedure are mutually agreed between manufacturer, DGQA and the User and the final acceptance of its product is taken only after inspection of all the functional parameters both static and dynamic are proven. This is witnessed and documented by DGQA and user.

In order to keep at pace with the various quality developments and improvements which needs to arise, regular quality Liaison Meetings, reviewing Defect Investigation and Corrective and Preventive actions are taken and monitored at various level. To reduce human error, all quality entries are being digitized with an Online Passport System and Beta version along with NQDBMS for system enabled quality monitoring. Digital measuring instruments enabled which are used for direct capturing of data online is extensively resorted including online temperature monitoring in heat treatment processes.

To meet the demands of the customer, to address their complaints and also educate them on the various maintenance drills, regular User Interaction Meetings are conducted in the forward units of the Armoured Core, where the trained, experienced officers and workers of Units of AVNL visit, interact, train and repair at these posts. Such user interaction meetings have brought together a customer confidence on the part of the Armoured Core and EME and other units which uses the AVNL products.

D. *Transformation in Culture*

Consequent to the corporatization of the Ordnance Factories into PSUs, AVNL had to transform into a productive profitable asset, improve expertise its product range, increase its competitiveness, improve quality, enhance cost efficiency and ensure self-reliance. All these reforms were introduced by imbibing in the values of the company and through its performance increased its productivity and profit. With unwavering integrity which was customer oriented, and delivering the results in time through a team of dedicated personnel, it took great stride in proving its pride to the world of manufacturing the most complicated Armoured Vehicle to the Indian customers.

Material developments in Human Resource, Industrial Relations Front

The role of human resources, is vital for organization that seeks to create a culture which aligns with the core values and aspirations, for managing an organization's most valuable asset, i.e. its people. Human resource plays the most important pivotal role in translating the Vision and Mission into tangible strategies, policies and practices to drive an employee towards its engagement and monitor their performance both short and long term. By these systems, the human resource management ensure that its employees are aligned towards the organizational goal duly motivated to contribute to its own success and at the same time, committed to its values.

AVNL has adopted a vision which aspires to be a world class Armoured manufacturer and a trusted global brand for domestic and international customer. In its mission statement, it has also stated that it is still be a learning organization with global competencies committed to creativity and innovation. AVNL has aligned all its HR strategies with this vision and mission and has fostered a culture that encourages the employees to embrace the organization's guiding principles, driving engagement, performance and long term success. It envisages periodical review of its existing policies, practices identifying areas were improvements or adjustments may be needed for further improvement either through evaluating the recruitment, selection, training, developmental initiative, performance management system and employee engagement strategy. When AVNL takes new initiatives or making strategic decisions, the HR guides them as to how their program aligns with the organization's vision and its overall growth.

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 organization.
- Aligning the HR strategies with the vision and 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, has a total strength of 11,350 employees as on 31.03.2023. As an organization, its capability has enabled to be a leader in the field of Armoured/Military Logistics Vehicle manufacturer. However, with the advent of entry of large corporate entities into the field, it has challenges and has to ensure that the HR policies so framed, are tuned towards futuristic development of the customers need. Having a market edge with an outstanding ability to absorb new developments through assimilation of Research and Development. In its part towards achieving its strategic goal, it should frame its policies in such a way to insulate itself from many of the global changes, challenges and also supply chain failures, which it has to face in due course of its journey.

As an organization which has a commitment and ownership with a strong foundation of 60 years of manufacturing, it has to stay up to date by periodically curating its foundational elements, consistent with the strategic direction with an unstinted commitment among all stakeholders towards a long term success and growth.

A success of any human resource policy depends upon communicating the strategic change in decisions, culture and other connected issues to all stakeholder To effectively communicate, the leaders ought to use variety of channels and resonate with diverse needs, preferences and learning styles. Extensive use of marketing material, social media are need of the hour which shall create a strong pervasive brand identity that fosters trust, loyalty and long term success.

This can be achieved only through a continuous learning process where skill, knowledge, experience and exposure results a development tuned to the changing scenario, which takes rapid strides in the present world.

AVNL has understood the importance of such learning and has 3 institutions, which are centers of excellence with a Mission of committed to Creativity and Innovation. These institutions are centers of excellence to be recognized by Ministry of Skill Development. They are self-sufficient, financially stable given with full independence to plan, execute, implement and monitor the outcome of its learning processes. They have been given freedom to diversify its streams and courses suiting to the various requirement which arises in the modern situation. They have been given liberty to go on collaboration with educational institutions through MoUs, business organizations, industry professional which helps them to develop a very good \ teaching and learning base coupled with innovation and self-development including self-introspection of its own ability, skill for further improvement.

AVNL institutes of learning (IOL) plan their courses after obtaining the training needs arising at from the lowest level of shop floor projected by individual employees to the highest level duly assessed by the superiors and also aptitude and interest shown by each of the individuals. A proper training need analysis is conducted after a thorough competency mapping ensuring Personality development managerial skill. Based on such needs, various courses are planned after a proper designing of training duly framed by professional trainers and faculties are chosen who have an immense experience and exposure in their relevant field.

The learning outcome is tested through an entry and exit test and the results thereof are analyzed after each of those learning courses. Subsequently, after a specific period, the performance indices of the individual who has undergone the learning outcome are obtained from their immediate superiors systematically analyzed, course corrections are carried on, improvements are implemented to hold and to improve further the learning outcome.

Being an Armoured Vehicle manufacturer it is not adequate only if AVNL employees are trained. The user, the EME personnel who services these specialized equipment's and associated quality personnel are also kept abreast on the various manufacturing processes, maintenance and related services. This includes defect investigations operational and maintenance of Armoured Vehicles and Military Logistics Vehicles specialized courses on Gun Control Systems, Optical navigational systems, operation and maintenance of BLTs and operation and maintenance of Engines for Armoured Vehicles and Military Trucks. Such courses which are of specialized in nature are available in AVNL only in this country with specific hands-on training and exposure on process of manufacturing, maintenance and overhauling.

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 tuned 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.

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

For details, please refer the Annual Report on CSR activities placed at Annexure-IV to the Directors' Report.

For and on behalf of the Board of Directors of

Armoured Vehicles Nigam Limited

Sd/-	*Sd/-*
B PATTANAIK	**SANJAY DWIVEDI**
Director	Chairman & Managing Director
DIN: 09282313	DIN: 09282314

DATE: 29.08.2023

PLACE: AVADI, CHENNAI

Annexure-IV

Annual Report On Corporate Social Responsibility (CSR) Activities For The Year 2022-23.

1. ***Brief outline on CSR Policy of the Company.***

- AVNL has formulated a CSR Policy which shall at all times endeavour for upliftment and betterment of the neglected and underprivileged sections of the society by identifying and fulfilling the needs in the local vicinity where it operates, by following means:
- To take up programmes that benefit the communities and enhancing the quality of life & socio-economic wellbeing of the people.
- To aim at supplementing the role of Government in enhancing welfare measures of the society based on the immediate and long term social and environmental consequences of the activities.
- Contributing to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Society.
- Collaborating with community, institutions (Government/Non-Government) for achieving fulfilment of the above objectives.

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

Sr. No.	Name of Director	Designation / Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1.	Shri Sanjay Dwivedi	Chairman Director (Operations)	3	3
2.	Shri C. Ramachandran	Member Director (Finance)	3	3
3.	Shri Biswaranjan Pattaniak	Member Director (HR)	3	3

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 https://**www.avnl.co.in**

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

CSR Budget: The CSR budget for the F.Y. 2022-23 is available on our website at https://**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 for Financial Year 2022-23

5.

		(Rs in Lakhs)
(a)	Average net profit of the Company as per sub-section (5) of section 135:	7365.40
(b)	Two percent of average net profit of the Company as per sub-section (5) of section 135:	147.28
(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)]:	147.28

6.

		(Rs in Lakhs)
(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing Project):	29.42
(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)]	29.42
(e)	CSR amount spent or unspent for the Financial Year:	

	Total Amount Spent for the Financial Year (in ₹)	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 sub-section (5) of section 135.		
		Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
	29.42	117.86	31-03-2023	-	-	-

STATUTORY REPORTS

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

Sl. No.	Particular	(Rs in Lakhs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the Company as per sub-section (5) of section 135	147.28
(ii)	Total amount spent for the Financial Year	29.42
(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)
1	2	3	4	5	6		7	8
Sl No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	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	2021-22	117.86	117.86	29.42	-	-	117.86	-

8. *Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:*

☐ *YES* ☑ *NO*

If Yes, enter the number of Capital assets created/ acquired: ***Nil***

. *Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:*

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

(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 sub-section (5) of section 135.*

Not Applicable – Company has not failed in spending the required percentage of the average net profit. All the projects are in progress and spread over three years The unspent amount has been kept in a separate designated account as per the requirement of the Companies Act, 2013.

For and on behalf of the Board of Directors of

Armoured Vehicles Nigam Limited

Sd/-
B PATTANAIK
Director
DIN: 09282313

Sd/-
SANJAY DWIVEDI
Chairman & Managing Director
DIN: 09282314

DATE: 29.08.2023

PLACE: AVADI, CHENNAI

Annexure-V

FORM MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023

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

To,

The Members,

M/s. ARMOURED VEHICLES NIGAM LIMITED,

CIN: 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 M/s. Armoured Vehicles Nigam Limited (hereinafter called the "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, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period (01st April, 2022 to 31st March, 2023) covering the financial year ended on 31st March, 2023 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:

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, 2023 according to the provisions of the below said Acts & subject to modifications/re-enactments wherever applicable:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act')(Not applicable **as the securities of the Company are not listed with stock exchanges during audit period):-**

   a. Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   b. Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   c. Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

   d. Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   e. Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations,2011;

f. Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;

g. Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021;

h. Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

i. Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018;

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliance under other applicable Acts, Laws and Regulations to the Company.

We have also checked the compliance with the applicable clauses pertaining to the following:

i. Secretarial Standards with regard to Meetings of Board of Director (SS-1), General Meetings (SS-2) issued by The Institute of Company Secretaries of India subject to such modifications and amendments thereon;

ii. The Listing Agreements entered into by the Company with Stock Exchange (Not Applicable during the audit period);

iii. Guidelines issued by Department of Public Enterprises;

iv. Guidelines/Circulars issued by Ministry of Defence from time to time;

v. Order / Regulations issued by the Govt. of India from time to time;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, subject to the following observations:

Observations:

1. 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.

2. 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 complied 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 2022-23.

It was explained by the Management that appointment of Independent Directors is being made by the concerned Administrative Department of the Government of India and 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.

4. As per section 148 of the Companies Act, 2013 read with Rule 6(1) of the Companies (Cost Records and Audit) Rules, 2014, appointment of Cost Auditor is required to be made within 180 days of the commencement of every financial year. The Company has appointed the Cost Auditor on 17th January, 2023 post the stipulated time as required under the Act.

5. The List of Allottees for the Rights issue made on 23rd November, 2022 was not certified by the signatory of Form PAS-3 as being complete and correct as per the records of the company.

6. 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.

It was explained by the Management that Comprehensive risk managing policy is under preparation and the internal audit is in place to review the various risk mitigation activities.

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 and Independent Directors The changes in the composition of the Board of Directors 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 the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were being sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the Meetings duly recorded and signed by the Chairman, the decisions of the Board was taken upon by the approval of majority of the Members of the Board and no dissenting views were expressed by any Board members on any of the subject matters discussed, that were required to be captured and recorded as part of the Minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

On 13th September, 2022, the Company on preferential basis for Consideration other than cash allotted 11,80,33,61,400 Equity Shares at pari passu ranking of face value ₹10/- each amounting to ₹118,03,36,14,000/-.

On 23rd November,2022, the Company by way of Rights issue allotted 55,80,40,000 Equity Shares at pari passu ranking of face value ₹10/- each amounting to ₹5,58,04,00,000/-.

For V. Mahesh & Associates
Sd/-

V. Mahesh
Practising Company Secretary
M.No: F4162
C.P No: 2473
Peer Review No: 2107/2022
UDIN: F004162E000489064

Date: 23.06.2023
Place: Chennai

ANNEXURE – A

To,

The Members,

M/s. ARMOURED VEHICLES NIGAM LIMITED,

CIN: U35990TN2021GOI145504

C/o Armoured Vehicles Headquarters, HVF Road,

Bhaktavatsalapuram, Avadi, Chennai-600054 IN

Our Secretarial Audit report dated 23/06/2023 is to be read along with this letter.

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.

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.

We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

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

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.

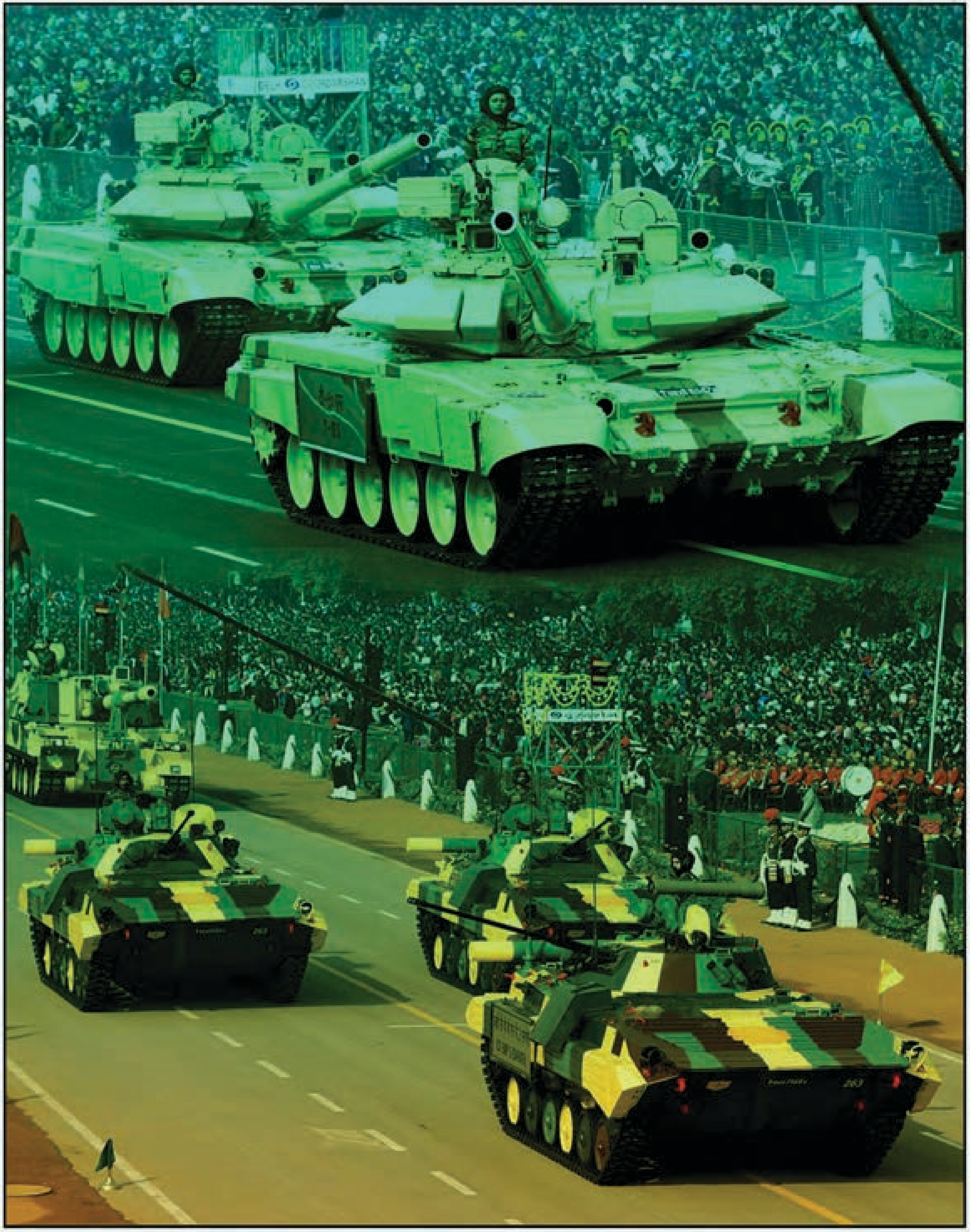
The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For V. Mahesh & Associates

Sd/-

V. Mahesh
Practising Company Secretary
M.No: F4162
C.P No: 2473
Peer Review No: 2107/2022
UDIN: F004162E000489064

Date: 23.06.2023
Place: Chennai



FINANCIAL STATEMENTS 3

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 made classification change in Cash Flow Statement, additions to accounting policy statements in Sub Note No. 6 (b) & Sub Note No. 15 under Note No. 2 and made additional disclosure in Sub Note No. 7 under Note No. 24. The revised Financial Statement were approved by the Board of Directors in their meeting held on 29th August 2023. Accordingly, we have issued this revised report which supersedes our earlier report issued on 27th July 2023 on the Financial Statements of the Company.

Original Audit Report and Financial Statements dated 27th July 2023 with UDIN 23019318BGWDZU8076 stands revoked

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 2023, 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 of affairs of the Company as at March 31 2023, 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 Rs. 139.67 Lacs remains unreconciled at HO Account (Refer Note No. 11 Other Assets – Branches - HO Balance).Further there is no process of obtaining inter-unit balance confirmation at regular intervals and timely accounting of reconciling differences in the books of accounts.

2. In the branches of VFJ and MTPF, Branch Auditors have drawn attention in their Qualified Opinion Para (Para ii 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. 24).

3. In EFA, the Branch Auditor have modified their Opinion with respect to physical verification of Inventory and PPE. The Internal committee formed to conduct physical verification has not conducted physical verification of Raw Material or Finished Components, both of which account to around 70% of total Inventory and conducted physical verification for Work- in – process only. An Internal Department was formed to conduct physical verification of Inventory and Fixed Assets at regular intervals. However, the Branch Auditors have not been provided with detailed reports and supporting workings to substantiate the quantum and coverage of physical verification conducted on each class of Inventory (RM, WIP and FG) as well as for PPE by that specific Department. The impact of discrepancy, if any, on the closing stock of Inventory (Rs 18,416.58 Lakhs) and PPE (Rs 56,260.12 Lakhs) is not ascertained. In VFJ also, the Branch Auditor has reported that physical verification of PPE has not been conducted during the year and the impact of discrepancy if any PPE (Rs. 2, 06, 515. 50 Lakhs), is not ascertained.

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 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. 6& 11 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 5,101.30 acres valued at Rs.5,04,257.56 Lakhs and Building valued at Rs. 81,000.72 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 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 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. 7 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 incurrence. The impact of this cost on the Books of accounts cannot be ascertained.

3. Attention is invited to Disclosure No. 14 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. 3 under Note No. 7 of the standalone Financial Statements Wherein the Management has stated that in the Branch of VFJ, as a part of internal audit exercise physical verification of stock was carried out during the year and it was identified that there were mismatches between physical stock and book stock and that the physical stock is lower than the book stock to the extent of Rs 18,407.53 Lakhs. On Further investigation it was observed that the mismatches had been continuing since 2005, for which a committee was formed as early as 28/01/2019 to reconcile the differences. Based on the findings, a Board of Enquiry has been set up to investigate and submit the report. As matter of prudence, a provision has been created in the books of accounts to the tune of Rs. 18,407.53 Lakhs to adjust the opening stock as on 01/4/2022 and bring it in line with the physical stock. Closing Stock as on 31/3/2023 has been presented net off the provision made. As these adjustments relates to pre-corporatisation period it warranted an adjustment to the Net Asset Value taken over. This has been communicated to the DDP and the NAV adjustment of Rs. 18,407.53 Lakhs was approved by the Board of Directors on the board meeting held on 19-05-2023.

5. 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.4,291.63 in HVF and Rs. 1,564.85 Lakhs in EFA.

. The above said stock under inspection includes Long pending items beyond 6 months aggregating to Rs.190.06 Lakhs in HVF and Rs. 29.56 Lakhs in EFA. 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 us by the management.

6. We draw attention to Disclosure No. 2 under Note No. 13 – Trade payables as on 31-03-2023 includes Opening Credit balances with no movement during the year amounting to Rs. 1,582.81 lakhs in HVF, Rs. 598.59 in EFA, Rs. 2187.70 Lakhs in MTPF and includes credit balances to the extent of Rs.11,107.92 Lakhs at Ordnance Factory Medak, Rs. 923.26 Lakhs at HVF and Rs. 236.41 Lakhs at Vehicle Factory Jabalpur 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.

7. Attention is invited to Disclosure No.12 under Notes No.9 of the Standalone Financial Statements Wherein Management stated that (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) 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. However no written consent accepting the Debit notes or confirmation of balance received from the respective parties post issuance of debit notes. Recovery possibilities of this Debit notes is not ascertainable.

8. Attention is invited to Disclosure No. 2 under Notes No. 23 of the Standalone Financial Statements Wherein Management stated that Provision for Liquidated Damages is made at Rs. 52,424.72 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. Probability of invoking Liquidated Damages by the respective parties is not ascertainable.

9. Attention is invited to Disclosure No. 2 under Notes No. 23 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. However, we have observed no such claim/ Debit notes are issued by those respective parties. This provision was 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). Probability of claiming escalation clause by the respective vendors is not ascertainable.

10. Attention is invited to Disclosure No. 3 of Note No. 11of the Standalone Financial Statements stating that the entire advances of Rs 373.7 Lakhs for Purchases pertaining to EFA branch and Rs. 1,577.23 Lakhs at HVF is under reconciliation. But as a matter of abundant caution a full provision is made in the books. In the event of recovery of these advances, the amount will be written back.

11. 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 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. 22).

12. 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. 20)

13. We draw attention to Sub Note No. 3 under Note No. 24 regarding Lease Income from Mishra Dhatu Nigam Limited (MIDHANI) of Rs. 191.87 Lacs not being recognized in the books of OFMK and considered as Contingent Asset as a matter of prudence and conservative approach.

14. We draw attention to Sub Note No. 11 under Note No. 24 wherein the Management has stated that, Rs. 7,187.33 Lakhs worth of Non-Moving stock which was erroneously included as part of closing stock in the signed Financials of VFJ and depreciation which was under booked to the extent of Rs. 11,07.79 Lakhs in the signed financials of HVF have been corrected in the preparation of Standalone financials of the Company.

. 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. Below are the key audit matters

1. Attention is invited to Disclosure No. 1 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 outside AVNL based on the best estimate of management. Even after the one and half years of operation, 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.

. 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.

. In EFA, as per the actual data shared by the management for the review period, it is found that the entire warranty is claimed only by HVF (Intra Company) pertaining to Engines sold along with Tanker during the OFB period (Pre-Corporatization).

2. The Company has not made provision for slow-moving items of Inventory. As informed by the Company, there is no policy of the company for making provisions for slow-moving inventories in the books.

3. 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. In HVF, Inputs tax for Miscellaneous Charges/Expenses is not accounted in the books but payment has been made inclusive of GST. The reconciliation process needs more attention for proper utilization of Input GST credits.

Other Matter

1. 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.

2. Verification of TDS & TCS Credit as per Form 26AS with the books of accounts is subject to reconciliation.

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. For Branches other than the MTPF & VFJ, substantial portion of the closing balances of Trade Receivables, Trade Payables, Advances and Deposits was subject to Balance confirmation which is not available and the Branch Auditor has not modified their opinion based on alternate audit evidences.

5. Ageing for Trade Receivables, Trade Payables and Inventory in the standalone Financial Statements has been considered from the appointed date i.e., 1st of October 2021.

6. In the books of EFA, during the review period an amount of Rs. 121.64 Lakhs along with GST is charged as Liquidated Damages from multiple creditors due to breach of terms and conditions of supply. However, no specific invoice raised to the parties.

7. In the books of HVF, there are differences to the tune of Rs. 91.19 Lakhs between GST portal and Financials under Income which constitutes Income related to Rental Income, Canteen receipts & other Incomes. The branch is still in the process of reconciliation and the Branch Auditors are unable to ascertain the exact value of differences and its impact in the Standalone Financial Statements.

8. In the books of VFJ, the party wise break up details for security deposits and information relating to old opening balances outstanding in Advances from Customers were not made available for verification.

9. In the books of VFJ, Employee advances as per books of accounts are not reconciled with the physical records maintained by the Branch.

10. 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.

11. 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. 18,35,636.92 Lakhs as at 31st March, 2023 and total revenues (including inter unit revenues of Rs. 34,577.83 Lakhs eliminated at consolidation) of Rs. 5,27,100.87 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.

. Our opinion is not qualified in respect of this matter.

12. 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

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.

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.

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 as at 31 March 2023 (Refer Sub Note No. 4 under Note No. 24)

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

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

v. 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.

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

Sd/-

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 23019318BGWEBG1141

Place: Chennai
Date : 29.08.2023

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

<table>
<tr><th>S. No</th><th>Particulars</th><th>Auditors Remark</th></tr>
<tr><td>(i)</td><td>(a)(A) Whether the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;</td><td>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. 14 under Note No. 3).</td></tr>
<tr><td></td><td>(a)(B) Whether the company is maintaining proper records showing full particulars of intangible assets;</td><td>The Company has maintained proper records showing full particulars of Intangible assets.</td></tr>
<tr><td></td><td>(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;</td><td>The property plant and equipment were not physically verified during the year by Management in the following Branches.
<table>
<tr><th>Branch</th><th>PPE (Net Value except Land & buildings i.e immovable properties value) In Lakhs</th></tr>
<tr><td>OFMK</td><td>44, 029.36</td></tr>
<tr><td>EFA</td><td>33,516.76</td></tr>
<tr><td>VFJ</td><td>10,105.26</td></tr>
</table>
According to the information and explanations given to us, no material discrepancies were noticed on such verification in the branches where Physical verification has been conducted.</td></tr>
<tr><td></td><td>(c) Whether the title deeds of all the immovable properties

(Other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the company, if not, provide the details thereof in the Prescribed format (Refer Annexure A (1))</td><td>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 Disclosure No. 11 under Note No. 3 and the table "Properties Not held in the name of the Company" under the same Note) (Refer Annexure A (1))</td></tr>
</table>

S. No	Particulars	Auditors Remark
	(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;	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.
	(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;	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.
(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;	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 for verification of substantial portion of Inventory (Raw Material and Finished Components) at EFA during the FY 2022-23.** 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) in the branches in which physical verification has been carried out.
	(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;	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. Hence the requirement to report under this clause of the Order is not applicable.

S. No	Particulars	Auditors Remark
(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,-	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.
	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.	Not Applicable.
	. (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.

S. No	Particulars	Auditors Remark
	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.
(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.

S. No	Particulars	Auditors Remark
(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 thereunder, 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 thereunder. 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 is not made available for us till the date of signing the Financials.
(vii)	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;	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, 2023 for a period of more than six months from the date they became payable.

FINANCIAL STATEMENTS

S. No	Particulars	Auditors Remark
	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);	According to the information and explanations given to us, there are no Statutory dues which have not been deposited as on March 31, 2022 on account of any dispute.
(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;	Not Applicable.
(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. 3.00. 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.
	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.

S. No	Particulars	Auditors Remark
	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.
(xi)	a. (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.

S. No	Particulars	Auditors Remark
	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.
(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.

S. No	Particulars	Auditors Remark
	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
(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 fulfil the criteria of a CIC, and in case the company is an exempted or unregistered CIC, whether it continues to fulfil 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.
(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;	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 OFMK of Rs. 3,448.25 Lakhs (PY Rs. 2,491.40 Lakhs) and in case of VFJ of Rs. 3,654.93 Lakhs (PY Rs. 4,199.57 Lakhs).

S. No	Particulars	Auditors Remark
(xviii)	a. 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;	There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
(xix)	On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, 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;	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.

S. No	Particulars	Auditors Remark
(xx)	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; 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;	The Company has transferred the Unspent amount of Rs. 117.86 Lakhs to special account bearing No.41795540070 with State Bank of India, HVF Avadi branch. Refer Sub Note No.10(c) under Note 24 in the standalone Financial Statement.
(xxi)	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.	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. 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)

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

Sd/-

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 23019318BGWEBG1141

Place: Chennai
Date : 29.08.2023

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 a 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 31/03/2023	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	***81,000.72***	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-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 March31, 2023 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 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.

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 over ride 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, 2023.

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. 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.

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, 2023, 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

Sd/-

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 23019318BGWEBG1141

Place: Chennai
Date : 29.08.2023

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

Directions under Section 143(5) of the Companies Act, 2013	*Auditor's reply on action taken on the Directions*
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.	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 AVHQ 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. 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 and balances are in place. We are suggesting to integrate the Application software and financial reporting software. 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.
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.	No such Instance occurred during the year. Financial Impact - Nil

Directions under Section 143(5) of the Companies Act, 2013	*Auditor’s reply on action taken on the Directions*
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.	No such funds received during this financial year. However, EFA has lodged a claim for Government Grant from Ministry of Skill Development and Entrepreneurship for the Stipend paid to Apprentice but the same is yet to be received. No deviation in utilization was observed. Impact –Not Applicable as no fund is received
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 deviation and its impact on the financial statement 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) 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).

Directions under Section 143(5) of the Companies Act, 2013	*Auditor's reply on action taken on the Directions*
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 Lacs remains unreconciled at HO Account (Refer Note No. 11 Other Assets – Branches - HO Balance) which has been qualified in our Report (Para 1 - Qualification para).
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? Whether the changes in the accounting policies have been properly disclosed? Inconsistency, if any, along with the impact of the same on the financial accounts may be stated.	The company has revised its accounting policy statement to spell out that revenue recognition is done on Output method and not on cost basis and then included Inventory provisioning related policies Refer Sub Note No. 6 (b) & Sub Note No. 15 under Note No. 2. The Company did not adopt any new accounting policy during the year under Audit. No material impact as the accounting treatments were already done in the books and not just disclosed in the Policy statements.
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. 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.

Directions under Section 143(5) of the Companies Act, 2013	*Auditor's reply on action taken on the Directions*
	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(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.

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

Sd/-

T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 23019318BGWEBG1141

Place: Chennai
Date : 29.08.2023

Comments of C&AG on Standalone Balance Sheet

Confidential/ Speed Post No. 50 /T-459/AVNL/Accounts/2023-24 Date:22 /09/2023

सत्यमेव जयते

कार्यालय
महा निदेशक लेखा परीक्षा
आयुध फैक्टरियां
कोलकाता

OFFICE OF THE
DIRECTOR GENERAL OF AUDIT
ORDNANCE FACTORIES
KOLKATA

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

Sub: Comment under Section 143(6) (b) of the Companies Act, 2013 on the accounts of M/s Armoured Vehicles Nigam Limited, Chennai for the year ended 31 March 2023.

Sir,

I am to forward herewith the "Nil" comment 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, Chennai for the year ended 31 March 2023.

Receipt of this letter may kindly be acknowledged.

Encl: As stated.

Yours faithfully,

24/09/2023

(Sarat Chaturvedi)
Director General of Audit
(Ordnance Factories)
KOLKATA

'आयुध भवन' १०/ए, शहीद खुदिराम बोस रोड (पूर्वी खंड, ८वां तल्ला), कोलकाता - ७०० ००१
'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 STATEMENT OF ARMOURED VEHICLES NIGAM LIMITED FOR THE YEAR ENDED 31 MARCH 2023

The preparation of financial statements of Armoured Vehicles Nigam Limited, Chennai for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 of the Act is responsible for expressing opinion on these fina ncial 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 him vide his Audit Report dated 29th August 2023, which supersedes his earlier Audit Report dated 27th July 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Armoured Vehicles Nigam Limited, Chennai for the year ended 31 March 2023 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 auditor and company personnel and a selective examination of some of the accounting records.

In view of the revisions made in the statutory auditor's report, to give effect to some of my audit observations raised during supplementary audit, I have no further comments to offer upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller & Auditor General of India

22/09/2023
(Sarat Chaturvedi)
Director General of Audit
(Ordnance Factories)
KOLKATA

Place: Kolkata
Date:

Standalone Balance Sheet

As at 31.03.2023

Particulars		(Rs in Lakhs)	
	Note No.	As at 31.03.2023	As at 31.03.2022
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	3	8,42,874.34	7,75,277.90
(b) Capital Work-in-Progress	4	11,902.81	66,476.03
(c) Investment Property		-	-
(d) Other Intangible Assets	5	446.84	491.22
(e) Intangible Assets under Development		-	-
(f) Investment in Associates		-	-
(g) Financial Assets			
(i) Investments		-	
(ii) Trade Receivables	8	559.08	-
(iii) Loans		-	-
(iv) Other Financial Assets	6	828.34	-
(h) Deferred Tax Assets	18	6,554.93	-
(i) Inventories		-	-
(j) Other Non Current Assets	11	34.99	-
(2) Current Assets			
(a) Inventories	7	2,77,156.25	3,11,634.43
(b) Financial Assets			
(i) Trade Receivables	8	1,11,610.32	6,346.13
(ii) Cash & Cash Equivalents	9	2,50,371.26	4,54,440.22
(iii) Bank Balances [other than (ii) above]	9.1	4,56,830.05	-
(iv) Loans		-	-
(v) Other Financial Assets	10	2,787.65	5,301.85
(c) Current Tax Assets	17	825.63	-
(d) Other Current Assets	11	99,556.30	81,751.32
(e) Assets classified as held for sale	3	-	14.08
TOTAL ASSETS		**20,62,338.79**	**17,01,733.18**

Particulars		(Rs in Lakhs)	
	Note No.	As at 31.03.2023	As at 31.03.2022
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	12(a)	12,80,593.14	44,453.00
(b) Other Equity	12(b)	48,323.96	11,85,755.43
Total Equity attributable to the owners of the company			
Non Controlling Interest			
Total Equity		**13,28,917.10**	**12,30,208.43**
LIABILITIES			
(1) Non-current Liabilities			
(a) Deferred Income		-	-
(b) Financial Liabilities			
(i) Borrowings		-	-
(ii) Trade Payables			
- Total outstanding dues of micro, small & medium enterprises;		-	-
- Total outstanding dues of other than micro, small & medium enterprises		-	-
(iii) Other Financial Liabilities		-	-
(c) Provision		-	-
(d) Deferred Tax Liabilities	18	1,946.11	1,946.11
(e) Other Non-Current Liabilities		-	-
(2) Current Liabilities			
(a) Deferred Income		-	-
(b) Financial Liabilities			
(i) Trade Payables	13		
- Total outstanding dues of micro, small & medium enterprises;		5,317.50	7,293.50
- Total outstanding dues of other than micro, small & medium enterprises		1,06,270.15	66,918.06
(ii) Other Financial Liabilities	14	3,017.59	2,513.92

Particulars		(Rs in Lakhs)	
	Note No.	As at 31.03.2023	As at 31.03.2022
(c) Other Current Liabilities	15	5,30,925.38	3,84,461.31
(d) Provisions	16	68,150.21	8,391.85
(e) Current Tax Liabilities	17	17,794.75	-
TOTAL EQUITY & LIABILITIES		**20,62,338.79**	**17,01,733.18**

Significant 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

Sd/-
T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 23019318BGWEBG1141

Sd/-
C. Ramachandran
Director/Finance
DIN: 09315439

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

Sd/-
G. Srinivasan
Chief Financial Officer

Sd/-
Dinesh Singh Jhala
Company Secretary

Standalone Statement of Profit & Loss

For the Period from 1.04.2022 to 31.03.2023

Particulars		Note No.	(Rs in Lakhs) As at 31.03.2023	As at 31.03.2022
I	**Revenue from Operations**	**19**	**4,87,651.34**	**2,56,926.13**
II	**Other Income**	**20**	**39,709.74**	**5,577.92**
III	**Total Income (I+II)**		**5,27,361.08**	**2,62,504.05**
IV	**EXPENSES**			
	(a) Cost of Materials Consumed		2,51,983.75	1,33,295.33
	(b) Consumption of Stock-in-Trade		-	-
	(c) Changes in Inventories of Finished Goods, Work-in-Progress & Scrap	21	9,608.63	31,320.48
	(d) Employee Benefits Expense	22	1,16,049.18	55,834.32
	(e) Finance Costs		-	-
	(f) Depreciation and Amortization Expenses	3 & 5	19,869.90	8,789.20
	(g) Other Expenses	23	91,412.27	25,899.32
	TOTAL EXPENSES (a to g)		**4,88,923.73**	**2,55,138.65**
V	**Profit before Exceptional Items, Share of Profit of associate accounted under Equity method & Tax**		**38,437.35**	**7,365.40**
VI	**Exceptional & Prior Period Items**		**80.04**	**-**
VII	**Profit before Share of Net Profit of Associate accounted under Equity Method & Tax (V - VI)**		**38,357.31**	**7,365.40**
VIII	**Tax Expense**			
	- Current Tax		17,794.75	-
	- Earlier years tax		-	-
	- Deferred Tax		-6,554.93	1,946.11
	Total Provision for Taxation		**11,239.82**	**1,946.11**
IX	**Profit for the year (VII - VIII)**		**27,117.49**	**5,419.29**
X	**Other Comprehensive Income/(Loss)**			

FINANCIAL STATEMENTS

Particulars		Note No.	(Rs in Lakhs) As at 31.03.2023	As at 31.03.2022
	Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit liability/ asset		-	-
	- Equity instruments through other comprehensive income		-	-
	- Share of other comprehensive income of Associate accounted under Equity Method (net of tax)		-	-
	- Income tax related to these items		-	-
	Total Other Comprehensive Income/(Loss) (Net of Tax)		-	-
XI	**Total Comprehensive Income for the Year (IX + X)**		**27,117.49**	**5,419.29**
XII	**Earnings per Equity Share (Face value of INR 10 each):**			
	(1) Basic		0.38	1.22
	(2) Diluted		0.37	0.04

Significant 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

Sd/-
T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 23019318BGWEBG1141

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C. Ramachandran
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DIN: 09315439

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

Sd/-
G. Srinivasan
Chief Financial Officer

Sd/-
Dinesh Singh Jhala
Company Secretary

Standalone Cash Flow Statement

For the Period ended 31.03.2023

Particulars	(Rs in Lakhs)	
	As at 31.03.2023	As at 31.03.2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	38,357.31	7,365.40
Add: Other Comprehensive income	-	-
Add: Exceptional (Gains)/Losses	80.04	-
Profit before exceptional items & taxes	**38,437.35**	**7,365.40**
Add: Depreciation	19,869.90	8,789.20
Less: Profit on Sale or Property, Plant & Equipment	(34.78)	-
Less: Interest Income	(34,729.34)	(3,571.57)
Operating Profit before Working Capital Changes	**23,543.13**	**12,583.03**
Add: Increase in Trade Payables	37,376.09	24,554.18
Add: Increase in Provisions	59,758.36	8,391.85
Add: Increase in Other Current Liabilities	1,46,967.74	3,56,552.49
Add: Decrease in Inventory	34,478.18	42,874.78
Less: (Increase) in Trade Receivables	(1,05,264.18)	(3,326.57)
Less: (Increase) in Other Current Assets	(13,352.30)	(16,618.22)
Cash Generated from Operations	**1,83,507.02**	**4,25,011.54**
Income Taxes Paid (Net)	(825.63)	
Cash Flow before Exceptional Items	**1,82,681.39**	**4,25,011.54**
Exceptional Items	(80.04)	
Net Cash Inflow/(Outflow) From Operating Activities	**1,82,601.35**	**4,25,011.54**
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) of Tangible Assets	(87,308.18)	(26,746.13)
(Additions)/Deductions to Capital Work in Progress	**54,573.22**	**10,090.24**
(Purchase) of Intangible Assets	(64.93)	(2.06)
Interest Income Received from Term Deposits	31,368.45	1,633.63
Less: Investment in Fixed Deposits	(4,56,830.05)	-
Net Cash Inflow/(Outflow) From Investing Activities	**(4,58,261.49)**	**(15,024.32)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Increase in Equity	**71,591.18**	**44,453.00**
Net Cash Inflow/(Outflow) From Financing Activities	**71,591.18**	**44,453.00**

Particulars	(Rs in Lakhs)	
	As at 31.03.2023	As at 31.03.2022
Net Cash from/(Used) in Operating Activities	1,82,601.35	4,25,011.54
Net Cash from/(Used) in Investing Activities	(4,58,261.49)	(15,024.32)
Net Cash from/(Used) in Financing Activities	71,591.18	44,453.00
NET INCREASE/(DECREASE) IN CASH EQUIVALENTS	**(2,04,068.96)**	**4,54,440.22**
CASH OR CASH EQUIVALENT AT BEGINNING	**4,54,440.22**	**-**
CASH OR CASH EQUIVALENT AT CLOSING	**2,50,371.26**	**4,54,440.22**

Significant 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

Sd/-
T G Sukumaran
Senior Partner
Membership No: 019318
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Sanjay Dwivedi
Chairman & Managing Director
DIN: 09282314

Sd/-
G. Srinivasan
Chief Financial Officer

Sd/-
Dinesh Singh Jhala
Company Secretary

Standalone Statement of Changes in Equity

A. *Equity Share Capital*

Particulars	Note No	(Rs in Lakhs) Amount
Balance as at 1.04.2022		**44,453.00**
Changes in Equity Share Capital during the year:		**-**
- Issue of Shares		12,36,140.14
- Equity Share Capital pending Allotment		-
- Buyback of Shares		**-**
Balance as at 31.03.2023		**12,80,593.14**

Particulars	Note No	(Rs in Lakhs) Amount
Balance as at 14th August 2021		**-**
Changes in Equity Share Capital during the year:		
- Issue of Shares		44,453.00
- Equity Share Capital pending Allotment		-
- Buyback of Shares		**-**
Balance as at 31.03.2022		**44,453.00**

B. *Other Equity*

Particulars	Note No	Reserves & Surplus	Other Equity	(Rs in Lakhs) Total Other Equity
Balance as at 1.04.2022				
Payable to Head Office		**-**	**-**	**-**
Profit for the year		27,117.49	-	27,117.49
Additions during the year		-	-	-
Total		27,117.49	-	27,117.49
Amount transferred to General Reserve		5,419.29	-	5,419.29
Transactions with owners in their capacity as owners		-	-	-
Dividends		-	-	-
Issue of Shares		-	-	-
Equity Share Capital - Pending Allotment		-	15,787.18	15,787.18
Buyback of Shares		**-**	**-**	**-**
Balance as at 31.03.2023		**32,536.78**	**15,787.18**	**48,323.96**

Note:

Equity Shares Pending Allotment includes Rs. 14,351.18 Lakhs towards Net Asset Value taken over by the Company as approved in the Board of Directors meeting held on 19th May 2023 and Rs. 1,436 Lakhs towards Capex Fund received as approved by the Board of Directors at their meeting held on the same date.

Particulars				(Rs in Lakhs)
	Note No	Reserves & Surplus	Other Equity	Total Other Equity
Balance as at 1.10.2021				
Payable to Head Office		**-**	**-**	**-**
Retained Earnings		5,419.29	-	5,419.29
Additions during the year		-	-	-
Total		5,419.29	-	5,419.29
Amount transferred to General Reserve		-	-	-
Transactions with owners in their capacity as owners		-	-	-
Dividends		-	-	-
Issue of Shares		-	-	-
Equity Share Capital - Pending Allotment		-	11,80,336.14	11,80,336.14
Buyback of Shares		-	-	-
Balance as at 31.03.2022		**5,419.29**	**11,80,336.14**	**11,85,755.43**

Note:

Equity Share Capital pending allotment represents the Net Asset Value taken over by the company.

Significant 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

Sd/-
T G Sukumaran
Senior Partner
Membership No: 019318
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Chairman & Managing Director
DIN: 09282314

Sd/-
G. Srinivasan
Chief Financial Officer

Sd/-
Dinesh Singh Jhala
Company Secretary

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

Significant 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.

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 place over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the 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***

i. The product is identified separately as belonging to the customer

ii. The product is currently ready for physical transfer to the customer

iii. The company does not have the ability to use the product or to direct it to another customer

Measurement

i. Revenue is recognized based on the transaction price agreed as per the contract. It excludes taxes which are payable to the appropriate authorities.

ii. The transaction price is the consideration which the Company expects to receive in exchange for transfer of goods or services or milestone achievement to a customer as per the contractual terms.

7. Other Income

. Interest Income

i. Interest on term deposits is accounted on an accrual basis.

ii. Any other interest income will be accounted based on effective interest rate method.

. Government Grants:

. Government Grants are recognized as follows

a. Grant towards meeting expenditure is recognized as income as and when the expenditure for which the grant is sanctioned is incurred.

b. Grant towards procurement of an asset is recognized as income in equal amounts over the expected useful life of the related asset.

c. Grant towards non-monetary assets are recognized at fair value and released to Statement of profit and loss over the expected useful life.

d. The subsidized portion of interest rate provided by the Government on loans or similar financial assistance is recognized as grant.

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

i. The initial cost of an asset comprises its purchase price or construction cost (including import duties and non-refundable taxes), any costs directly attributable to bringing the asset into the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation, if any, and, borrowing cost for qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use).

ii. An item of Property, Plant and Equipment and any significant part initially recognized separately as part of Property, Plant and Equipment is derecognized upon disposal; or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the Statement of Profit and Loss when the asset is derecognized.

iii. The cost of property, plant and equipment not ready for their intended use at each reporting date is shown as capital-work in progress.

iv. Capital work-in-progress comprises supply-cum erection contracts; the value of capital supplies received at site and accepted, capital goods in transit and under inspection.

9. *Intangible Assets, Intangible Asset under Development"*

i. Cost of Developmental work which is completed, wherever eligible, is recognized as an Intangible Asset.

ii. Cost of Developmental work under progress, wherever eligible, is classified as "Intangible Assets under Development".

iii. Intangible assets are initially measured at cost and subsequently at cost less accumulated amortization and cumulative impairment losses.

iv. An intangible asset is derecognized on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses on derecognition of intangible assets, if any, are recognized in the statement of profit and loss.

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.

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. *Research and Development Expenditure*

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

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

12. *Expenditure on Technical Know-How*

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

13. *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.

14. *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.

15. *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. Non moving Stores in Hand, scrap and wastage materials are carried at Nil value.

Adequate provision is made for inventory

a. Which are more than five years old which may not be required for further use.

b. Scrap and wastage.

16. *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 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.

17. *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.

18. *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."

19. *Provisions*

i. Provisions are recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation. 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 and when it is virtually certain, then such 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.

20. Contingent Liabilities/Assets

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

21. 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.

22. Financial Assets

i. Initial Recognition and Measurement

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

ii. Subsequent Measurement

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

a. Debt instruments measured at amortized cost

b. Debt instruments measured at fair value through other comprehensive income (FVTOCI)

c. Debt instruments, derivatives and equity instruments measured at fair value through profit or loss (FVTPL)

d. Equity instruments measured at fair value through other comprehensive income (FVTOCI)"

23. 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.

24. Cash Flow Statement

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

25. Employee Benefits

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

26. 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.

27. 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.

28. 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.

29. 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.

30. 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.

31. 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.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 3

Property, Plant & Equipment

											(Rs in Lakhs)
Particulars	**Gross Carrying Amount**					**Depreciation**					**Net Book Value**
	As at 1.04.2022	**"Additions/ Adjustments during the year"**	**"Deductions/ Adjustments during the year"**	**Reclassification**	**As at 31.03.2023**	**Accumulated Depreciation as at 1.04.2022**	**Depreciation during the year**	**"Deductions/ Adjustments during the year"**	**Reclassification**	**As at 31.03.2023**	**As at 31.03.2023**
Land											
Freehold	5,04,257.56	21,759.00	-	-	5,26,016.56	-	-	-	-	-	**5,26,016.56**
Buildings	-	-	-	-	-	-	-	-	-	-	
Inside Factory	55,523.56	21,734.08	-	8,180.36	85,438.00	1,021.09	2,562.62	-	**12.90**	**3,596.61**	**81,841.39**
Outside Factory	25,477.15	3,046.60	55.50	-8,180.36	20,287.89	326.27	690.91	6.14	**-12.90**	**998.14**	**19,289.75**
Plant & Equipment											
Plant & Machinery	1,96,428.41	40,186.80	207.59	-	2,36,407.62	7,181.94	15,701.06	51.69	-	**22,831.31**	**2,13,576.31**
Plant & Machinery - IOL	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	186.43	734.15	0.42	-	**920.16**	**1,610.23**
Computers and Hardware	64.47	192.92	-	-	257.39	8.35	38.15	-	-	**46.50**	**210.89**
Furniture Fixtures	137.40	62.62	-	-	200.02	4.55	16.52	-	-	**21.07**	**178.95**
Other Items	**8.49**	**29.47**	**-**	**-**	**37.96**	**0.40**	**4.55**	**-**	**-**	**4.95**	**33.01**
Air Conditioners	**13.90**	**28.56**	**-**	**-**	**42.46**	**0.87**	**2.06**	**-**	**-**	**2.93**	**39.53**
Refrigerators	**0.12**	**-**	**-**	**-**	**0.12**	**0.01**	**0.02**	**-**	**-**	**0.03**	**0.09**
Total	**7,84,026.04**	**87,551.52**	**266.99**	**-**	**8,71,310.57**	**8,734.67**	**19,759.99**	**58.43**	**-**	**28,436.23**	**8,42,874.34**

											(Rs in Lakhs)
Particulars	Gross Carrying Amount					Depreciation					Net Book Value
	As at 1.10.2021	"Additions/ Adjustments during the year"	"Deductions/ Adjustments during the year"	Transfer to Held for Sale	As at 31.03.2022	Accumulated Depreciation as at 1.10.2021	Depreciation during the year	"Deductions/ Adjustments during the year"	Transfer to Held for Sale	As at 31.03.2022	As at 31.03.2022
Land											
Freehold	5,04,257.56	-	-	-	5,04,257.56	-	-	-	-	-	**5,04,257.56**
Buildings	-	-	-	-	-		-	-	-	-	
Inside Factory	55,270.04	253.53	-	-	55,523.57	-	1,021.09	-	-	**1,021.09**	**54,502.48**
Outside Factory	22,372.22	3,104.93	-	-	25,477.15	-	326.27	-	-	**326.27**	**25,150.88**
Plant & Equipment	-	-	-	-	-		-	-	-	-	
Plant & Machinery	1,73,098.81	23,390.34	60.75	15.64	1,96,412.76	-	7,183.08	-	**1.56**	**7,181.52**	**1,89,231.24**
Plant & Machinery - IOL	81.22	1.67	-	-	82.89	-	4.76	-	-	**4.76**	**78.13**
Vehicles	**1,991.98**	**40.12**	-	-	**2,032.10**	-	**186.08**	-	-	**186.08**	**1,846.02**
Computers and Hardware	**49.40**	**15.71**	-	-	**65.11**	-	**7.60**	-	-	**7.60**	**57.51**
Furniture Fixtures	**136.80**	**0.60**	-	-	**137.40**	-	**4.55**	-	-	**4.55**	**132.85**
Other Items	**8.49**	-	-	-	**8.49**	-	**0.40**	-	-	**0.40**	**8.09**
Air Conditioners	**13.90**	-	-	-	**13.90**	-	**0.87**	-	-	**0.87**	**13.03**
Refrigerators	**0.12**	-	-	-	**0.12**	-	**0.01**	-	-	**0.01**	**0.11**
Total	**7,57,280.54**	**26,806.90**	**60.75**	**15.64**	**7,84,011.05**	-	**8,734.71**	-	**1.56**	**8,733.15**	**7,75,277.90**

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 was carried out based on records available with the company and considered for Net Asset Value (NAV).
5. Subsequently, Directorate of Ordnance (C&S), transferred land through handing and taking over document to each unit of AVNL.
6. There are differences between records maintained by the company and the handing over document. Such differences are tabled below:

<table>
<tr><th>Unit</th><th colspan="2">Area as per Valuer's Report (Acres)</th><th>Area as per Handing Over Report (Acres)</th><th>"Difference (Acres)"</th><th>Remarks</th></tr>
<tr><td>Engine Factory Avadi</td><td>82.18</td><td rowspan="2">1,285.18</td><td rowspan="2">1,382.61</td><td rowspan="2">97.43</td><td>Adjusted in NAV during the year</td></tr>
<tr><td>Heavy Vehicles Factory</td><td>1,203.00</td><td>Adjusted in NAV during the year</td></tr>
<tr><td>Machine Tools Prototype Factory</td><td>44.55</td><td></td><td>124.61</td><td>80.06</td><td>Under Reconciliation</td></tr>
<tr><td>Ordnance Factory Medak</td><td>2,843.69</td><td></td><td>2,964.31</td><td>120.62</td><td>Adjusted in NAV during the year</td></tr>
<tr><td>Vehicle Factory Jabalpur</td><td>927.88</td><td></td><td>860.11</td><td>-67.77</td><td>Under Reconciliation</td></tr>
<tr><td>Total</td><td>5,101.30</td><td></td><td>5,331.64</td><td>230.34</td><td></td></tr>
</table>

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

8. **Estimation of Useful Life**

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

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

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

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

9. Depreciation / Amortization

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

10. 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.

11. Details of Registration, Pending Litigation etc.

. The conveyance of Title Deeds in favour of the company is under process.

12. No provision has been considered necessary for impairment of assets as the realizable value of assets technically assessed is more than the carrying amount of these assets.

13. 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).

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

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	5,04,257.56	Ordnance Factory Board, Ministry Of Defence	No	01.10.2021	Transferred from Government of India to the newly formed DPSU, AVNL. The conveyance of Title Deeds in favour of the company is under process.
		21,759.00			31.03.2023	
	Buildings	77,642.26		No	01.10.2021	

FINANCIAL STATEMENTS

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 4

Capital Work-in-Progress

Particulars	(Rs.in Lakhs) As at 31.03.2023	As at 31.03.2022
Civil Construction	4,421.71	30,084.33
Equipment under inspection and in transit	-	-
Plant & Machinery	7,481.10	36,391.70
Others	-	-
Capital Items in Transit	-	-
Less: Provision for Impairment	-	-
Total	**11,902.81**	**66,476.03**

Capital Work-in-Progress Ageing Schedule 2022-23

Particulars	Amount in CWIP for a period of				(Rs in Lakhs) 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**

Capital Work-in-Progress Ageing Schedule 2021-22

Particulars	Amount in CWIP for a period of				(Rs in Lakhs) Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	66,476.03	-	-	-	66,476.03
Projects temporarily suspended	-	-	-	-	-
Total	**66,476.03**	**-**	**-**	**-**	**66,476.03**

Disclosure:

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

FINANCIAL STATEMENTS

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 5

Other Intangible Assets

									(Rs in Lakhs)
Particulars	**Gross Carrying Amount**				**Amortisation**				**Net Book Value**
	As at 1.04.2022	**"Additions/ Adjustments during the year"**	**Deductions/ Adjustments during the year**	**As at 31.03.2023**	**Accumulated Amortisation as at 1.04.2022**	**Amortisation during the year**	**Deductions/ Adjustments during the year**	**As at 31.03.2023**	**As at 31.03.2023**
Software licenses/ Implementation ERP	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

									(Rs in Lakhs)
Particulars	**Gross Carrying Amount**				**Amortisation**				**Net Book Value**
	As at 1.10.2021	**"Additions/ Adjustments during the year"**	**Deductions/ Adjustments during the year**	**As at 31.03.2022**	**Accumulated Amortisation as at 1.10.2021**	**Amortisation during the year**	**Deductions/ Adjustments during the year**	**As at 31.03.2022**	**As at 31.03.2022**
Software licenses/ Implementation ERP	-	2.06	-	2.06	-	0.09	-	0.09	1.97
Patents	543.65	-	-	543.65	-	54.40	-	54.40	489.25
Others (Developments Cost)	-	-	-	-	-	-	-	-	-
Total	543.65	2.06	-	545.71	-	54.49	-	54.49	491.22

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosures:

1. Value of Intangible Assets 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.

2. 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. 10.

Note No. 6

Other Non - Current Financial Assets

Particulars	(Rs.in Lakhs)	
	As at 31.03.2023	As at 31.03.2022
Deposit with TNEB	354.87	-
Deposit with TSSPDCL	286.64	-
Deposit with HMWSSB	81.83	-
FD for Bank Guarantee *	105.00	-
Total	**828.34**	**-**

* Includes FD amounting to Rs. 100 Lakhs with maturity date of 2nd May 2024.

Note No. 7

Inventories

Particulars	(Rs.in Lakhs)	
	As at 31.03.2023	As at 31.03.2022
Raw Materials (Stores in Hand)	1,32,566.88	1,60,408.67
Work in Progress	1,08,511.18	1,14,611.34
Finished Components	21,257.86	25,379.11
Completed Articles	462.00	2,748.38
Add: Stock in Transit	4,665.40	1,766.24
Add: Stock under Inspection	10,312.78	10,998.67
Less: Unrealised Profit on Stock	-619.85	-1,137.06
Less: Provision for Non Moving Finished Components	-	-3,140.92
TOTAL	**2,77,156.25**	**3,11,634.43**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosures:

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

2. Impairment of Assets

. Non Moving, Waste Scrap and Surplus items are valued at NIL Value.

3. Disclosure to be added for the deduction of NAV Adjustment in Stock

. During the year, as a part of internal audit exercise physical verification of stock was carried out at VFJ and it was identified that there were mismatches between physical stock and book stock and that the physical stock is lower than the book stock to the extent of Rs 18,407.53 Lakhs. On Further investigation it was observed that the mismatches had been continuing since 2005, for which a committee was formed as early as 28/01/2019 to reconcile the differences. Based on the findings, a Board of Enquiry has been set up to investigate and submit the report. As matter of prudence, a provision has been created in the books of accounts to the tune of Rs. 18,407.53 Lakhs to adjust the opening stock as on 1/4/2022 and bring it in line with the physical stock. Closing Stock as on 31/3/2023 has been presented net off the provision made. As these adjustments relates to pre-corporatisation period it warranted an adjustment to the Net Asset Value taken over. This has been communicated to the DDP and the NAV adjustment of Rs. 18,407.53 Lakhs was approved by the Board of Directors on the board meeting held on 19-05-2023.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 8

Trade Receivables

Particulars	(Rs.in Lakhs) As at 31.03.2023	As at 31.03.2022
Non Current		
Trade Receivables considered good - Secured	-	-
Trade Receivables considered good - Unsecured	559.08	-
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	559.08	-
Current		
Trade Receivables considered good - Secured	1,721.84	-
Trade Receivables considered good - Unsecured	1,09,888.48	6,346.13
Trade Receivables which have significant increase in credit risk	324.17	
Less: Allowance for Doubtful Debts	-	
Trade Receivables - credit impaired	-	
Less: Allowance for Doubtful Debts	-324.17	
Sub Total	**1,11,610.32**	**6,346.13**
Total	**1,12,169.40**	**6,346.13**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Trade Receivables ageing schedule

	As at 31.03.2023					(Rs in Lakhs)
Particulars	**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	-	-	1,12,169.40
(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**	**-**	**-**	**1,12,169.40**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Particulars	As at 31.03.2022 Outstanding for following periods from due date of payment					(Rs in Lakhs) 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	6,346.13	-	-	-	-	6,346.13
(ii) Undisputed Trade receivables – which have significant increase in credit risk	-	-	-	-	-	
(iii) Undisputed Trade receivables – credit impaired	-	-	-	-	-	
(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	-	-	-	-	-	
TOTAL	**6,346.13**	**-**	**-**	**-**	**-**	**6,346.13**

FINANCIAL STATEMENTS

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosures

1. **Payment Terms**

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

2. **Initial Measurement**

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

3. **Related Party Disclosure**

. Refer Note No. 25

4. **Impairment of Assets**

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

   a. Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.

   b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.

   c. Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

5. **Ageing of Trade Receivables has been done from the Appointed Date of 1.10.2021.**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 9

Cash & Cash Equivalents

Particulars	(Rs.in Lakhs) As at 31.03.2023	As at 31.03.2022
Balances with banks	5,435.02	1,85,440.22
Cash on hand	0.31	-
Term Deposits - Maturity of less than 3 months	2,44,935.93	2,69,000.00
Total	**2,50,371.26**	**4,54,440.22**

Note No. 9.1

Bank Balances [other than (ii) above]

Particulars	(Rs.in Lakhs) As at 31.03.2023	As at 31.03.2022
Term Deposits - Maturity greater than 3 months	4,56,712.19	-
Earmarked CSR Balance	117.86	-
Total	**4,56,830.05**	**-**

Note No. 10

Other Current Financial Assets

Particulars	(Rs.in Lakhs) As at 31.03.2023	As at 31.03.2022
Security Deposit (Public Fund)	2,787.65	5,301.85
TOTAL	**2,787.65**	**5,301.85**

Disclosure:

At MTPF, an amount of Rs.1,455.38 lakhs have been reflected under Balance sheet Note no. 14 as other financial liabilites and Note No.10 as other financial assets which has been taken over from Local Accounts office post corporatisation. The break up of liability is yet to be received from the Defence Organization.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 11

Other Assets

Particulars	(Rs.in Lakhs) As at 31.03.2023	As at 31.03.2022
Non Current		
Prepaid Expenses	34.99	
Sub Total	**34.99**	
Current		
Advances other than Capital Advances		
Advances to Employees	128.17	88.79
Advances for purchases	69,441.18	44,857.44
Other Advances	0.12	-
Receivables from Estate	**90.17**	**49.49**
Balances with customs, port trust & other Govt. Authorities	**75.98**	**-**
Prepaid Expenses	**77.48**	**-**
Other Current Assets	**4,612.05**	**157.08**
Branches		
Head Office	139.67	-
Input GST	19,184.94	33,839.27
TDS Receivable	-	364.25
TCS Receivable	4.54	0.95
Interest Receivable	5,298.83	1,937.94
Recoverable from GOI	503.17	456.11
Sub Total	**99,556.30**	**81,751.32**
TOTAL	**99,591.29**	**81,751.32**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosures:

1. Impairment of Financial Assets

. Refer Note No. 24

2. Related Party Disclosure

. Refer Note No. 25

3. Out of the Advances for purchases, Rs 373.7 Lakhs at EFA and Rs. 1,577.23 Lakhs at HVF is under reconciliation. But as a matter of abundant caution a full provision is carried in the books. In the event of recovery of these advances, the amount will be written back.

Note No. 12

a. Equity Share Capital

Particulars	(Rs.in Lakhs) As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Amount	No. of Shares	Amount
Share Capital				
(a) Authorised				
Equity Shares of the par value 10 each	14,00,00,00,000	14,00,000.00	12,50,00,00,000	12,50,000.00
(b) Issued & Subscribed				
(i) Outstanding at the beginning of the year, fully paid up	44,45,30,000	44,453.00	-	-
(ii) Issued during the period	12,36,14,01,368	12,36,140.14	44,45,30,000	44,453.00
(iii) Outstanding at the end of the year, fully paid up	12,80,59,31,368	12,80,593.14	44,45,30,000	44,453.00
Total	**12,80,59,31,368**	**12,80,593.14**	**44,45,30,000**	**44,453.00**

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.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

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

Particulars	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the Reporting Period	44,45,30,000	44,453.00	-	-
Add: Shares Issued during the period	12,36,14,01,368	12,36,140.14	44,45,30,000	44,453
Less: Shares bought back during the period		-		-
Shares outstanding at the end of the Reporting Period	12,80,59,31,368	12,80,593.14	44,45,30,000	44,453

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

Name of Shareholder	As at 31.03.2023		As at 31.03.2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Government of India, Ministry of Defence	12,80,59,31,368	100%	44,45,30,000	100%
Total	**12,80,59,31,368**	**100%**	**44,45,30,000**	**100%**

b. Other Equity

Particulars	As at 31.03.2023	As at 31.03.2022
General Reserves	5,419.29	-
Retained Earnings	27,117.49	5,419.29
Equity Shares Pending Allotment	15,787.18	11,80,336.14
Total	**48,323.96**	**11,85,755.43**

Disclosures:

1. Equity Shares Pending Allotment includes Rs. 14,351.18 Lakhs towards Net Asset Value taken over by the Company as approved in the Board of Directors meeting held on 19th May 2023 and Rs. 1,436 Lakhs towards Capex Fund received as approved by the Board of Directors at their meeting held on the same date

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 13

Trade Payables

	(Rs.in Lakhs)	
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Current		
- Dues to micro & small enterprises	5,317.50	7,293.50
- Others	1,06,270.15	66,918.06
TOTAL	**1,11,587.65**	**74,211.56**

Disclosures:

Micro and Small Enterprises (MSE)

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

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

	(Rs.in Lakhs)	
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Principal amount due outstanding as at end of year	5,317.50	7,293.50
Principal amount overdue more than 45 days	5,317.50	7,293.50
Interest paid to the supplier	477.82	-
Payments made to the supplier beyond the appointed day during the year		
Interest due and payable for the year of delay		
Interest accrued and remaining unpaid as at end of year	575.36	366.15
Amount of further interest remaining due and payable in succeeding year		

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Particulars	As at 31.03.2023 Outstanding for following periods from due date of payment				(Rs in Lakhs) Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	5,312.45	5.05	-	-	5,317.50
(ii) Others	94,198.84	12,071.31	-	-	1,06,270.15
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues -Others	-	-	-	-	-
Total	**99,511.29**	**12,076.36**	**-**	**-**	**1,11,587.65**

Particulars	As at 31.03.2022 Outstanding for following periods from due date of payment				(Rs in Lakhs) Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) MSME	7,293.50	-	-	-	7,293.50
(ii) Others	66,918.06	-	-	-	66,918.06
(iii) Disputed Dues - MSME	-	-	-	-	-
(iv) Disputed Dues -Others	-	-	-	-	-
Total	**74,211.56**	**-**	**-**	**-**	**74,211.56**

Disclosures:

2. Trade payables are netted of with receivables from liquidated damages to the tune off Rs. 59.2 Lakhs (Previous Year Rs.146 Lakhs).
3. Ageing of Trade Payables has been done from the Appointed Date of 1st October 2021.
4. Party wise breakup is not available for sundry creditors to the extent of Rs.11,107.92 Lakhs at Ordnance Factory Medak, Rs. 923.26 Lakhs at HVF and Rs. 236.41 Lakhs at Vehicle Factory Jabalpur. In addition, Rs. 598.59 Lakhs at Engine Factory Avadi, Rs. 1582.81 Lakhs at Heavy Vehicles Factory, Rs. 2,187.7 Lakhs at Machine Tools Prototype Factory, have recorded no movement during the year.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 14

Other Current Financial Liabilities

	(Rs.in Lakhs)	
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Security Deposits	1,981.61	1,859.92
Other liabilities	1,035.98	654.00
TOTAL	**3,017.59**	**2,513.92**

Disclosures:

At MTPF, an amount of Rs.1,455.38 lakhs have been reflected under Balance sheet Note no. 14 as other financial liabilites and Note No.10 as other financial assets which has been taken over from Local Accounts office post corporatisation. The break up of liability is yet to be received from the Defence Organization

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 15

Other Liabilities

Particulars	(Rs.in Lakhs) As at 31.03.2023	As at 31.03.2022
DSC Charges Payable	217.60	394.15
Expenses Payable	2,175.25	6,113.40
Statutory liabilities		
GST Payable	1,858.06	8,397.85
GST TDS Payable	332.51	560.31
194C TDS Payable	116.60	87.49
194J TDS Payable	7.71	0.97
194Q TDS Payable	41.30	18.11
192 TDS Payable	29.78	71.10
TCS Payable	2.05	0.24
Cess Payable	67.45	67.63
Professional Taxes Payable	1.68	1.73
TDS Payable	10.03	-
Staff Related:		
Employee Salary Payable	6,880.75	6,659.74
Private Recoveries Payable	1,491.64	1,027.19
Government Recoveries Payable	1,682.91	2,015.60
Advances from Customers	4,98,045.01	3,28,098.69
From Government of India	12,511.19	19,666.20
Other Liabilities	5,453.86	11,280.91
Total	**5,30,925.38**	**3,84,461.31**

Disclosure:

Government of India Liability includes:

Money received from Government of India as Emergency Fund amounted to Rs.41,770 Lakhs for utilisation against Accrued Committed Liabilities (not in the form of equity) as at 1st October 2021, out of which Rs.11,746.92 Lakhs is yet to be utilised.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 16

Provisions

Particulars	(Rs.in Lakhs) As at 31.03.2023	As at 31.03.2022
Employee Benefits		
for Bonus	864.60	884.33
Others		
for Warranty	12,520.44	4,748.58
for Audit Fees	17.70	5.90
for Advance on Creditors	1,950.93	2,386.89
for Interest on MSME	575.36	366.15
for Liquidated Damages	50,795.15	-
for Expenses	1,308.17	-
for CSR	117.86	
Total	**68,150.21**	**8,391.85**

Disclosure:

1. ***Provision for Warranty is made at 2.5% of all equipment and spares sales of deemed contracts outside AVNL. The percentage has been arrived at based on the best estimate of the management.***

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

2. Movement in Provisions

							(Rs.in Lakhs)
	As at 1.04.2022		Additions	Utilisation	Reversal	As at 31.03.2023	
Particulars	**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**

							(Rs.in Lakhs)
	As at 1.10.2021		Additions	Utilisation	Reversal	As at 31.03.2022	
Particulars	**Non - Current**	**Current**				**Non - Current**	**Current**
Provision for Bonus			884.33				884.33
Provision for Warranty			4,748.58				4,748.58
Provision for Audit Fees			5.90				5.90
Provision for Advance on Creditors			2,386.89				2,386.89
Provision for Interest on MSME			366.15				366.15
Total	**-**	**-**	**8,391.85**	**-**	**-**	**-**	**8,391.85**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 17

Current Tax Assets/Liabilities

Particulars	(Rs in Lakhs) As at 31.03.2023	As at 31.03.2022
Current Tax Assets		
Advance Payment of Income Tax	825.63	
Total	825.63	-
Current Tax Liability		
Provision for taxation	17,794.75	
Total	17,794.75	-

Note No. 18

Deferred Tax Assets/Liabilities

Particulars	(Rs in Lakhs) As at 31.03.2023	As at 31.03.2022
Deferred Tax Assets	-6,554.93	
Deferred Tax Liabilities	1,946.11	1,946.11
Total	**-4,608.82**	**1,946.11**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosure:

Particulars	(Rs in Lakhs)			
	"As at 1st April 2022"	"Additions/ (Reversals) in Income Statement"	"Additions/ (Reversals) recognised in Equity"	"As at 31st March 2023"
Deferred Tax Asset				
Provision for Bonus	222.57	-4.95	-	217.62
Provision for warranty	1,195.12	1,956.27	-	3,151.39
Provision for Debit balance in creditors	577.47	-86.42	-	491.05
LD provision	23.26	12,761.88	-	12,785.14
Depreciation Loss	3,393.61	-3,393.61	-	-
Provision for Doubtful Debts	-	81.59	-	81.59
Provision for Audit Fees	-	4.46	-	4.46
Provision for Expenses	-	329.27	-	329.27
OCI Items	-	-	-	-
Total	**5,412.03**	**11,648.49**	**-**	**17,060.52**
Deferred Tax Liability				
Property, Plant & Equipment	7,358.14	5,093.56		12,451.70
Intangible Assets				-
Special Tools and Equipment				-
Recognition of revenue in relation to LCA(due to modification of Contract)				-
Gratuity & PF				-
Total	**7,358.14**	**5,093.56**	**-**	**12,451.70**
Net Deferred Tax Assets/(Liability)	**-1,946.11**	**6,554.93**	**-**	**4,608.82**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 19

Revenue from Operations

Particulars	(Rs in Lakhs) For the Year ended 31.03.2023	For the 6 months ended 31.03.2022
Sale of Products		
- Equipment	2,11,337.55	81,477.95
- Spares	97,107.16	48,735.04
- Intra Company Equipment Sales	30,184.16	8,017.53
- Intra Company Spare Sales	4,430.06	3,147.70
- Unbilled Revenue	1,74,061.04	1,25,540.59
Income from Services	2,739.81	1,085.94
Intra Company Service Income	19.97	16.08
Other operating revenue	2,406.28	-
Less: Inter Unit Sales	-34,634.69	-11,094.70
Total	**4,87,651.34**	**2,56,926.13**

Disclosures:

1. Revenue is recognized both on a Point in Time basis and Stage Completion basis as per IND AS 115.
2. Revenue is recognized over time on the contracts for the supply of Armoured Vehicles wherever transfer of control on goods/services and performance obligation satisfied over time. All other revenue is recognized at a point in time when control transfers.
3. Revenue is recognized based on the stage completion in respect of Armoured Vehicles i.e. Percentage of completion method. Once the manufacturing of Armoured Vehicles reaches the specified milestones/stages, Revenue is recognized as a percentage of deemed contract price.
4. Revenue from Operations include Rs.1,74,061.04 Lakhs that have been recognised over the time period in respect of the Deemed Contracts entered into between AVNL and the Indian Armed Forces. The Revenue recognition by way of Unbilled Revenue is done in compliance of Ind AS 115 upon completion of stages which is approved by the Customer.
5. Payments under the Supply of Equipments & Spares are based on the terms of the Deemed Contract that stipulates that 60% of the amount be paid in advance and the balance 40% and GST on the whole be paid upon delivery of the product.
6. Warranties provided are primarily in the nature of performance warranty.
7. The company's turnover mainly includes supply of Defence equipment.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

8. Contract with the customer normally does not contain significant financial component and any advance payment received and / or amount retained by customer is with intention of protecting either parties to the contract.
9. Contract entered into with customer, typically does not have a return/refund clause.
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/NDCD/DDP dated 21-03-2023 received from DDP it was informed that the company can raise an addition revenue towards profit element of 7.5% on the issue price of items under deemed contracts. Hence the revenue from operations includes Rs. 48,038.69 Lacs towards profit element. The same is applicable for the issues made from 1st October 2021.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 20

Other Income

Particulars	(Rs in Lakhs)	
	For the Year ended 31.03.2023	For the 6 months ended 31.03.2022
Interest Income	106.06	11.10
Interest Income from Term Deposits	34,729.34	3,571.57
Scrap Sales	2,114.23	274.19
Canteen Receipts	23.55	-
Income from Liquidated Damages	945.49	501.17
Rental Income	620.57	273.64
Miscellaneous	50.21	264.69
Government grant income	9.70	-
Transportation Income	-	374.50
Net gain on sale of property, plant and equipment	34.78	7.89
Provisions written back	-	-
- Others	144.22	-
Foreign exchange gain	495.55	0.23
Other non-operating income	436.04	294.23
Contribution from Government Grant	-	4.71
Total	**39,709.74**	**5,577.92**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 21

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

Particulars	(Rs in Lakhs) For the Year ended 31.03.2023	For the 6 months ended 31.03.2022
Opening Stock:		
Work in Progress	1,14,611.34	1,36,884.54
Finished Components	25,379.11	34,248.06
Completed Articles	2,748.38	4,128.25
Stock in Transit	1,766.24	564.70
Closing Stock:		
Work in Progress	1,08,511.18	1,14,611.34
Finished Components	21,257.86	25,379.11
Completed Articles	462.00	2,748.38
Stock in Transit	4,665.40	1,766.24
Increase/(Decrease):		
Work in Progress	-6,100.16	-22,273.20
Finished Components	-4,121.25	-8,868.95
Completed Articles	-2,286.38	-1,379.87
Stock in Transit	2,899.16	1,201.54
Net Increase/(Decrease)	**-9,608.63**	**-31,320.48**

Note No. 22

Employee Benefit Expenses

Particulars	(Rs in Lakhs) For the Year ended 31.03.2023	For the 6 months ended 31.03.2022
Salaries, Wages & Bonus	1,13,933.12	53,815.39
Leave Salary	162.79	24.17
Staff welfare expenses	1,953.27	1,994.76
Total	**1,16,049.18**	**55,834.32**

Disclosures:

As per Letter No. 1(5)/2021/OF/DP(Plg-V)/02 dated 24/09/2021 received from DDP, Ministry of Defence all the employees are under deputation for a period of 2 years starting 01-10-2021. As per the said Letter, the employees continue to be the Central Government employees and the pension liability of existing employees will continue to be the obligation of the Central Government. The pay allowances and medical facilities are paid by the Company for these employees. Given the substance of these expenses, it has been presented as employee benefit expenses in the financial statements.AVNL is not liable for the end of service benefits of employees that have been deputed. Therefore, provisions have not been made towards terminal benefits including leave encashment of the deputed employees.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Note No. 23

Other Expenses

Particulars	(Rs in Lakhs)	
	For the Year ended 31.03.2023	For the 6 months ended 31.03.2022
Electricity Charges	5,272.26	2,425.98
Water Charges	3,795.26	2,080.04
Communication expenses	187.10	69.66
Power & Fuel	-	166.01
Repairs & Maintenance	2,593.71	1,260.70
- Machinery & Equipment	265.59	-
Stationery	47.76	9.11
Contract Labour Expenses	6,647.62	3,249.82
Trade Apprentice Stipend	148.56	61.90
Remuneration to Auditors	21.60	6.00
Research & Development	682.90	222.10
Legal & Professional Charges	194.08	62.99
Security Charges (DSC)	4,948.95	2,177.88
Security Charges (Others)	55.98	127.21
Transportation Charges	1,888.33	611.65
Common Service Expenses	428.74	-
Corporate Social Responsibility	147.28	-
Publicity & Public Relations	135.87	32.47
Freight Charges	-	0.97
Stationery & Consumables	106.92	43.50
Liquidates damages on sales	50,795.15	-
Provision for Obsolescence	3,684.06	-
Provision for Warranty	4,080.20	4,748.58
Provision for Other Expenses	382.01	1,009.31
Impairment	-	5,527.81
Provision for doubtful trade receivables & Advances	324.17	-
Foreign exchange loss / (gain)	526.07	312.46
Penalties, Fees, Interest etc.	159.22	0.91
Miscellaneous Expenses	3,778.50	1,660.48
Write Off	-	31.78
Exhibition Expenses	114.38	-
Total	**91,412.27**	**25,899.32**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

Disclosure:

1. Breakup of Remuneration to Auditors

Particulars	(Rs in Lakhs) For the Year ended 31.03.2023	For the 6 months ended 31.03.2022
a) As Auditor	18.00	6.00
b) For Taxation matter	3.60	-
c) Other Services - Certification Fees	-	-
d) Reimbursement of Expenses	-	-
Total	**21.60**	**6.00**

2. Liquidated Damages

"As per the letter no. MOD I.D No 4(8)/2022/NDCD/DDP dated 21-03-2023 received from DDP it was intimated that the Liquidated Damages will be suitably imposed on the delayed supplies at the end of the contractual period. As the Liquidated Damages (LD) percentage has not been mentioned in the existing deemed contract and also on the letter issued on 21-3-2023, the LD charges for the cumulative delays identified till 31-3-2023 based on the delivery terms as per the existing deemed contract have been provided taking into consideration 10% LD which is the maximum ceiling allowed as per Defence Acquisition Procedure Manual 2020. Such LD charges will be revisited every year for the cumulative delays and the provision amount will be adjusted accordingly. AVNL is in discussion with Ministry of Defence (MoD) to re-schedule the delivery period as defined in the existing deemed contracts and any such reschedulement duly approved by the MoD will have a lower LD provision impact and such excess provision will be released to the income statement from the year the amended contracts come into effect."

Note No. 24

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 found no indication of impairment of assets and hence no provision for the same is considered necessary.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

3. *Contingent Assets*

	(Rs in Lakhs)	
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Lease Income Receivable	191.87	-

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

4. *Contingent Liabilities*

	(Rs in Lakhs)	
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Claims not acknowledgeable as debts	3,521.32	57.21
Outstanding Letters of Credit	860.68	-
Others	107.89	-
Total	**4,489.89**	**57.21**

5. *Commitments*

	(Rs in Lakhs)	
Particulars	**As at 31.03.2023**	**As at 31.03.2022**
Capital Commitments		
Estimated amount of contracts remaining to be executed	2,626.92	7,282.78
Total	**2,626.92**	**7,282.78**

6. *Leases*

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

7. *Risk Management framework and policies*

a. Liquidity Risk

. Company does not have any risk associated with Liquidity risk since it has adequate cash balances to meet its obligations.

b. Interest Rate Risk

. Company does not have any financial instrument 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.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

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 exports 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.

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 31.03.2023 is given below:

	Payables		Receivables	
Currency	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		**461.81**		**-**

The major currency wise exposure as on 31.03.2022 is given below:

	Payables		Receivables	
Currency	Foreign Currency (in Lakhs)	"Indian Rupee Equivalent (in Lakhs)"	Foreign Currency (in Lakhs)	"Indian Rupee Equivalent (in Lakhs)"
United States Dollar (USD)	178.41	13,531.36	0.42	31.84
Euro (EUR)	-	0.10	-	-
Great British Pound (GBP)	0.60	60.01	-	-
Total		**13,591.47**		**31.84**

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

11. Disclosure relating to CSR Expenditure

a. Gross amount required to be spent by the Company during the FY 2022-23 is Rs. 147.28 lakhs.

b. Amount spent during the FY 2022-23 is Rs.29.42 lakhs. (purposes other than construction/acquisition of asset)

c. Amount unspent during FY 2022-23 is Rs. 117.86 lakhs which has been deposited in a separate bank account. Unspent CSR amount has been provided in books of accounts of financial year 2022-23.

12. Disclosure relating to changes made to Signed Branch Financials during consolidation:

a. At VFJ, Rs. 7,187.33 Lakhs worth of Non Moving stock was erronously included as part of closing stock. It has been removed during consolidation.

b. At HVF, depreciation was underbooked to the extent of Rs. 1,107.79 Lakhs in the branch financials, which has been correctly booked in the consolidated financials.

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

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

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

Note No. 25

Related Party Transactions

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

As AVNL is a government entity under the control of Ministry of Defence (MoD), the company has utilized the exemption available under Ind AS 24.

However, as required Ind AS 24, following are the individually significant transactions

99.9% of the Company's Turnover; 96.7% of the Company's Receivables & 99.3% of the Company's customer advances are with respect to Government or Government Related Entities.

NOTES TO ACCOUNTS

All Figures in Rs. Lakhs

b. Key Management Personnel Details

i. Name of Key Management Personnel's

. Mr. A.N. Srivastava, Chairman and Managing Director (Late)

. 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

ii. Compensation to Key Management Personnel's

Particulars	For the Year ended 31.03.2023	For the 6 months ended 31.03.2022
Short term employee benefits	178.26	72.86
Post employment benefits		
Long term employee benefits		
Termination benefits		
Share based payments		
Total	**178.26**	**72.86**

Note No. 26

Financial Ratios as per Revised Schedule III Requirements

Sl No.	Particulars	FY 2022-23	FY 2021-22 *	Numerator	Denominator	Variance	Remarks
1	**Current Ratio**	1.68	1.83	Current Assets	Current Liabilities	-8%	-
2	**Debt-Equity Ratio**	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
3	**Debt Service Coverage Ratio**	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
4	**Return on Equity Ratio**	2.08%	0.88%	Profit After Tax	Shareholders Funds excluding Profit After Tax	136%	Due to increase in interest income.
5	**Inventory Turnover (No. of Days)**	220	220	Average Inventory	Revenue from Operations per Day	0%	-
6	**Trade Receivables Turnover (No. of Days)**	44	4	Average Receivables	Revenue from Operations per Day	1000%	Due to profit element yet to be received.
7	**Trade Payables Turnover (No. of Days)**	130	82	Average Trade Payables	Cost of Materials Consumed including Changes in Inventory per Day	59%	Due to 7.5% profit element payable to Other DPSUs
8	**Net Capital Turnover Ratio (in Times)**	1.00	1.32	Revenue from Operations	Working Capital	-24%	-
9	**Net Profit Ratio**	5.56%	4.22%	Profit After Tax	Revenue from Operations	32%	Due to increase in interest income.
10	**Return on Capital Employed**	2.95%	1.20%	Profit Before Tax	Shareholders Funds excluding Profit After Tax	146%	Due to increase in interest income.

Sl No.	Particulars	FY 2022-23	FY 2021-22 *	Numerator	Denominator	Variance	Remarks
11	Return on Investment	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

* - Represents for the period from 1.10.2021 to 31.03.2022.

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

Sd/-
T G Sukumaran
Senior Partner
Membership No: 019318
UDIN: 23019318BGWEBG1141

Sd/-
C. Ramachandran
Director/Finance
DIN: 09315439

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

Sd/-
G. Srinivasan
Chief Financial Officer

Sd/-
Dinesh Singh Jhala
Company Secretary

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Thanks to All Our Stakeholders

We at AVNL consider you as

PARTNERS IN PROGRESS

CATALYSTS OF CHANGE

CARRIERS OF CULTURE

Let us together build World Class Organization

based on the

Culture of Intergity, Innovation & Excellence to

Empower our Nation to be a

Vishwaguru in the Comity of Nations

ARMOURED VEHICLES NIGAM LIMITED

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

CIN - U35990TN2021GOI145504

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