

STATUTORY REPORT

Board's Report

Dear Shareholders,

Your Board of Directors takes immense pleasure in presenting the 04th Annual Report, highlighting the performance and achievements of your Company along with the Audited Financial Statements for the Financial Year ended on 31st March 2025.

Summarised Financial Performance & Highlights

The financial highlights for the year ended 31st March 2025 are summarised as under:

(Rs. In Crore)

Particulars	2024-25	2023-24
Gross Income	5561.96	5267.90
EBITDA	696.06	1026.35
Depreciation	238.66	209.22
Profit/ (Loss) before Tax (PBT)	457.40	817.13
Less: Tax Expenses	122.47	212.06
Profit/ (Loss) After Tax (PAT)	334.93	605.07

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

During the year, the Company achieved the Revenue from Operations of ₹4984.29 crore as compared to the previous year ₹ 4663.16 crore. The Profit before Tax for the current year is ₹ 457.40 crores.



Growth Plan

AVNL has generated highest ever revenue of Rs.4984 Cr. in FY 2024-25, since incorporation in 2021. Further, AVNL aspires to become one billion USD Company in FY 2026-27 and Navratna Company by FY 2027-28. The above aspirations are fuelled by strong Order book of approx. Rs.35553 Cr. along with key growth driver projects.

Quality

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

Quality Circle

Quality Circle teams from different Units participated in State / Chapter, National level competitions of CCQC / NCQC 2024 and have won "Gold" and "Par Excellence" awards. Further our Quality circle team was selected for participating in the 49th International Convention on Quality Control Circles (ICQCC) conducted during November 2024 at Sri Lanka and won the "Gold Award" for their Case Study. This has resulted in learning from interactions with different Quality Circle teams from other companies at international level.



Defence Testing Portal (DTP)

Department of Defence Production (DDP) has taken the initiative to setting up Defence Testing Portal to enable ease of doing business and to evolve as national resource for testing of Defence equipment and as per directives of DDP, all AVNL Units have completed the registration as "service provider" and on - boarded the testing facilities on the DTP portal.

Quality Schemes

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

Quality Review

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

AVNL Units conduct User Interaction Meet (UIM). During UIM, AVNL team interacts with the User Units and imparts training programs on Do's/ Don'ts, best driving practices, Upkeep/Maintenance of vehicle etc., in addition to the repairs/ rectifications of defects, if any. Further, suggestions for improvement received from User directorate are periodically discussed in Alteration Committee Meeting and design improvements are incorporated in the existing platforms.

In-house Quality Training

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

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

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

Atmanirbhar Bharat

AVNL as the OEM for the current fleet of Battle Tanks (T-72 and T-90) and Infantry Combat Vehicles (BMP-II) for the Indian Army, boasts over six decades of experience in manufacturing Armoured Vehicles and their variants. This extensive experience has positioned AVNL as an expert in



every system of these platforms, cultivating invaluable domain knowledge. AVNL has successfully collaborated with DRDO and Indian industries to develop MBT Arjun, variants of T-72 like BLT and Trawls, and variants of BMP-II such as Armoured Ambulance, AERV, CCPT, CMT, and NBC-Recce.

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

Recognizing global advancements in Artificial Intelligence (AI) and IoT-based technologies in weapon platforms, AVNL has embarked on developing next generation products for the Armed Forces.

Growth Driver Projects

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

- Futuristic Infantry Combat Vehicle (FICV)
- Wheeled Armoured Fighting Vehicle
- Future Ready Combat Vehicle (FRCV)
- Mine Protected Vehicle with Surveillance Drone
- Up-gradation of BMP-II

The above products, once developed, will provide a comprehensive growth to AVNL in long term beyond 10 years horizon. Therefore, AVNL perceives itself to occupy the position of Global Armoured vehicle manufacturer by the year 2047.

AVNL has been making consistent efforts to obtain export contracts which are primarily affected due to restrictive clause of TOT contracts of T-72, T-90 and BMP-II prohibiting India to undertake export without the express consent of Russia.

Industry 4.0 / QA 4.0

Implementation of Industry 4.0 & QA 4.0 is being adopted at all AVNL Units for which 370 QA process and 341 machines have been identified to implement Industry 4.0 & QA 4.0 respectively in the 1st phase which will enable Real time data monitoring system for traceability, Automated data logging from critical stations, Predictive maintenance and analytical dashboards, digitization of our quality ecosystem with IoT, enabled inspection tools and mobile QMS platforms, reducing human intervention in inspection.

VFJ has developed and successfully implemented the "Track Q" Application as a QA 4.0 initiative for capturing the onsite inspection data through wireless technology (Bluetooth) and the same was showcased in AERO India - 2025 as suggested by DDP.



Modernisation

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

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



encompass the replacement of outdated plant and machinery, expansion of production capabilities, and establishment of new facilities. Some notable ongoing projects include:

- OH facility for T-series tanks at VFJ
- ERP project for all the units including AVNL
- Enhancement of overhauling capacity of T-series tank from 120 per annum to 150 per annum at HVF
- Implementation of CNC special purpose cylinder head cam shaft 3-way line boring machine at EFA
- Development of V92S2 Engine turbocharger test rig at EFA
- Introduction of water jet cutting machine at OFMK.

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

Dividend

Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, GoI, has exempted your Company for payment of Dividend for the Financial Year 2024-25.

Amount Transferred to Reserves

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

Borrowings

As on 31.03.2025, the short-term and long-term borrowings of the Company was Nil.

Credit Rating

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

Changes in Share Capital

The Authorized Share Capital and Paid up Share Capital of the Company as on 31.03.2025 stands at ₹ 14,000 crores and ₹13,427.66 crores respectively.

entire paid up share capital of your Company is held by the Government of India.

During the year 2024-25, your Company has issued 31,73,71,845 (Rounded off) [Thirty one Crores Seventy Three Lakhs Seventy One Thousand Eight Hundred and Forty Five] fully paid up equity shares having face value of Rs. 10/- per share at par aggregating to Rs. 317,37,18,450/- (Rupees Three Hundred Seventeen Crores thirty seven Lakhs Eighteen Thousand Four Hundred and Fifty only) to the Hon'ble President of India, through Joint Secretary to the Government of India, Ministry of Defence (Department of Defence Production).

Accordingly, the Paid up Share capital of the Company has been increased from ₹13110.29 Crores to ₹13427.66 Crores divided into 13,42,76,63,245 numbers of equity shares of Rs. 10/- each on account of equity shares issued to the Hon'ble President of India.

Information Technology Initiatives

The Company has created self-sustained IT Infrastructures with six 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. Three Servers are fully dedicated to take care of internet activities logs and provide secure environment for any type of cyber threat and one server is dedicated to act as staging server for development of new applications. AVNL has developed and implemented DASHBOARD providing access to management (fully password protected) for Operations, Finance & HR activities for quick monitoring.

The Company started its communication through exclusive mail services by creating 1500 user mail accounts configured from NIC Cloud with adequate cyber security measures.

OVRA (Online Vendor Registration Application) is launched in September 2024 and efficiently being utilised by all AVNL vendors.

Implemented NIC e-office platform on premises in the Server of AVNL and is made functional across all units of AVNL.



CSOC (Cyber Security Operation Centre) at Corporate Office and its Units has been established to strengthen the cyber security under the guidance of MoD. The Internet Leased Line (ILL) connection for all Units has been established.

Entity Locker facility has been created for AVNL CO to store and preserve secret financial documents of the company.

Apart from these, there are several other important initiatives undertaken by the Corporate IT, Which are detailed as under:

- Enterprise Resource Planning (ERP) procurement process is underway. In this regard, fresh DPR is prepared as per the

- Website for AVNL is taken up for addition of advanced security features to avoid any type of cyber-attacks.
- On 1st January 2025, the e-Office portal was officially launched across all units of AVNL to boost transparency, efficiency, and accountability with streamlined file tracking, creating a paperless environment. It is a significant step towards #DigitalIndia, aligning with the Government of India's flagship program.

Relational Data Base Management System (RDBMS)

As part of its digital transformation drive, AVNL has successfully implemented a comprehensive office software system, with a particular focus on streamlining Human Resource functions. The introduction of the Relational Database Management System (RDBMS) has enabled online leave applications, simplified TA/DA claims, and enhanced the tracking of employee leave, all of which are now reflected seamlessly on a centralised dashboard. The system also facilitates smoother filing of income tax returns, ensures easy access to eligibility entitlements, and significantly reduces paperwork—contributing to the vision of a paper-free office. Furthermore, by computerising 42 functional areas across its operations within a span of 8–9 months, AVNL has improved inter-unit communication and operational efficiency across its widespread network. As a transparency concern, all the activities related to grievances has been automated. Each and every activities is published in public portal.





Human Resources

AVNL had 10,358 employees in its strength as on 31st March 2025. They are under deemed deputation and are subject to the rules & regulations applicable to the Central Government servants till their absorption.

A. Category-Wise Details of Employees

Category	Male Employees	Female Employees	Total
Group-A (GOs)	186	14	200
Group-B (GOs)	1178	113	1291
Group-B (NGOs)	889	99	988
NIEs	544	203	747
IEs	6699	433	7132
Total	9496	862	10358

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

Category of Employees	Group A (GOs)	Group B (GOs)	Group B (NGOs)	NIEs	IEs	Total
Scheduled Caste	41	235	186	179	1469	2110
Scheduled Tribe	19	127	77	38	239	500
Other backward class	46	444	357	249	2526	3622
Ex-Servicemen	01	10	01	11	41	64
PWD	04	16	08	05	59	92
Total	111	832	629	482	4334	6288

Grievance Redressal System

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

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

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

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

During the FY 2024-25, a total of 112 grievances have been redressed in AVNL.



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

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

The details of complaints received and their disposal are given below:

(a) Number of complaints of sexual harassment received	01
(b) Number of complaints disposed off	01
(c) Number of cases pending for more than ninety days	Nil

Compliance Under Provisions Relating to The Maternity Benefit Act, 1961

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

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

As mandated under the Act, the Company has extended all necessary relaxation/ concessions to employees with disabilities as per the statute/ Govt. directives. 'Equal Opportunity Policy' has been formulated and approved by the Board for preventing discrimination. The Policy has been uploaded on the Company website

Vigilance

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

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

Preventive Vigilance

The focus of AVNL is on preventive vigilance. The vigilance department examines high value procurements on a regular basis and conducts surprise inspections. Anomalies found, if any, are informed by the CVO to the top management for necessary and appropriate improvements in the system and serious issues, if found any, are brought to the knowledge of the Ministry and CVC for advice on initiating Regular Departmental Action (RDA). All complaints received in vigilance are handled as per CVC's complaint handling policy. Apart from investigations on received, verified & registered complaints, vigilance department is conducting periodic inspections, surprise checks, CTE type intensive examinations, regular scrutiny of Annual Immovable Property Returns (AIPRs) etc. to boost up preventive Vigilance.

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

'Vigilance Awareness Week' is celebrated every year as guided & directed by the CVC through their circulars. Your company observed 'Vigilance Awareness Week 2024' as per CVC guidelines.



Heavy Vehicles Factory, a unit of AVNL, had conducted a Vigilance awareness Training program on 26/09/2024. The session was taken by Dy. CVO/AVNL, CO Avadi.

Integrity Pact

Integrity Pact is a statutory requirement for preventing corruption in public contracts and procurement actions. In this pact, an agreement is made between the purchaser and the bidder on a public contract binding condition of ethical



with statutory obligations, which shall bring transparency in their dealings. This includes both buyer and bidder will not demand or offer bribe, not collude with competitors, etc.

AVNL has maintained absolute integrity, transparency, accountability, professionalism in all its commercial transactions. Integrity Pact is an integral part of all tenders/contracts, agreements valuing over ₹ 4.00 Crores.

In tenders whose cost value is more than ₹4.00 Crores, IP clause has to be agreed by the bidder at the time of quoting. Non-compliance, tantamount to rejection of the bid. Integrity Pact has to be signed by both the parties. For monitoring of Integrity Pact, the following Independent External Monitors (IEM), have been appointed after approval of Central Vigilance Commission:

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

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

During this year, five meetings of IEM were held.

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 in format AOC - 2 is attached to this report as **Annexure -I**.

Corporate Governance

"Corporate Governance is about promoting corporate fairness, transparency and accountability,"

- OECD Principles of Corporate Governance

Your Company recognizes that good corporate governance is essential for building trust, ensuring accountability, and achieving long-term business sustainability. Our governance practices are rooted in integrity, transparency, and compliance with the applicable provisions of the Companies Act, 2013 and relevant rules thereunder.

Your Company is committed to adopt sound governance standards that support effective decision-making, safeguard interests of stakeholders and promote a responsible corporate culture.

We believe in the fact that upholding strong governance practices is integral to our reputation, stakeholder relationships and long-term value creation. AVNL remains committed to continuously strengthening our governance framework in line with applicable laws and emerging best practices.

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

Code of Business Conduct and Ethics

The Board of Directors of the Company has laid down a Code of Business Conduct and Ethics for all Board Members, KMPs and Senior Management of the Company pursuant to DPE Guidelines. The Code of Business Conduct and Ethics has been posted on the Company's website i.e. www.avnl.co.in. All Board Members, the KMPs and Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics as on 31st March 2025.

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

Management Discussion & Analysis Report

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

Industrial Relations

Throughout the year, industrial relations remained consistently cordial and harmonious. The ongoing collaboration between Management and Unions/Associations has fostered a peaceful environment. Workmen Unions/Associations have demonstrated commendable cooperation with Management, aligning efforts towards our shared Company objectives.



Negotiation and mediation are the paths taken for engagement and resolution of any issue.

Compliance with labour laws and regulations has been followed to avoid any legal dispute. Our established Grievance Redressal Mechanism effectively addresses employee grievances and representations, ensuring a supportive workplace environment for all.

Initiatives for Employee participation and Workplace Culture have been taken to foster trust and mutual respect, creating a more productive and harmonious work atmosphere.

Implementation of Official Language Policy

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

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

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

Rajbhasha Conference

To monitor the progressive use of the Official Language in AVNL units, Official Language Conference was organized on February 23, 2025, under the chairmanship of Shri Sanjay Dwivedi, Chairman and Managing Director.

An exhibition was also arranged to showcase the work undertaken by the units for promoting official language in their functioning. Multi-media presentations were delivered by the units to highlight the Official Language activities carried out in their respective units.



VFJ, a Unit of AVNL, receiving a prize at Rajbhasha Conference.

Vehicle Factory Jabalpur was awarded the first prize for the best implementation of the Official Language. Heavy Vehicles Factory received the second prize and MTPF received the third prize for the best implementation of Official Language. Engine Factory, Avadi received the Best Magazine prize for its annual magazine "Bhavanavon ki Udaan". Institute of Learning (IOL) Avadi received the Best exhibition award.

Issue of change of Language order in GeM documents

AVNL initiated corrective action regarding language order discrepancies under Section 3(3) of the Official Languages Act, 1976. Documents including supply orders and tender bids were incorrectly displayed on the GeM portal with English before Hindi, thereby violating the required Hindi-English sequence. As a result of AVNL's sustained efforts, GeM corrected the language order in the supply orders and in Tender bids, thereby resolving the issue that could have been a matter of inspection by the Parliamentary Official Language Committee.

Achievements by AVNL in Rajbhasha Implementation

- AVNL Corporate Office was awarded the first prize for best implementation of Official



Language during the year 2024 by Town Official Language Implementation Committee (TOLIC) (PSU), Chennai.

- Vehicle Factory Jabalpur received the Best Implementation prize for Official Language Implementation during the year at the Central and North Regional Joint Rajbhasha Conference held on 17.02.2025 in Jaipur, Rajasthan.
- IOL, Ambernath was awarded the First prize by the TOLIC, Thane, Ambernath for the best implementation of Official Language for the year 2024.
- Engine Factory, Avadi was awarded the motivation prize by the TOLIC(PSU), Chennai for the Quarterly News magazine "Engine Samachar" published during the year 2024.
- HVF has been conferred the third prize by TOLIC (PSU) , Chennai for the best implementation of Official Language for the year 2024.
- In addition to the above, the employees of AVNL CO, HVF and EFA have won prizes in Hindi



For doing exceptional work in field of Rajbhasha , VFJ was awarded by Hon'ble CM of Rajasthan Shri Bhajanlal Sharma, during the joint Rajbhasha Conference of Central, Eastern and Northern Zone organized in Jaipur.



AVNL received 1st prize for best implementation of Official Language awarded by TOLIC, Chennai



A Hindi Drama competition, Sponsored by AVNL, was organised under the aegis of the Town Official Language Implementation Committee (TOLIC - PSU), Chennai. Officials from TOLIC and AVNL attended the event and appreciated the efforts of all participants

Implementation of Right to Information Act, 2005

During the year 2024- 25, the Company received 54 RTI applications and information was provided within the statutory time period. There are no pending applications.

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

AVNL'S Proactive Disclosure Initiative

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



Procurement Through GeM

Government e-Marketplace (GeM) is implemented by the Government with the aim to transform all the Government procurements in a transparent manner so as to avoid undesired malpractices in the procurement process. GeM is a completely paperless, transparent and system-driven e-marketplace that enables speedy procurement of common-use goods and services with minimal human interface. During the year 2024-25, AVNL has procured materials & services worth Rs. 3192.9 Crores through GeM constituting 114% against DDP revised GeM target of Rs. 2800 Crores and 69.5% of the total domestic procurement value. Continuous add-on tools for procurement of materials and services in various ranges are found user-friendly and are being adopted. AVNL is determined to improve procurement through GeM.

Procurement from Micro Small Enterprises (MSEs)

AVNL has systematically developed an extensive vendor base covering most of the outsourcing requirements. As per the directive of the Government, minimum 25% procurement has to be done from Micro & Small Enterprises (MSEs) enhanced from 20% earlier and providing a minimum 3% reservation for Women owned MSEs and 4% for SC/ST Enterprises. During the year 2024-25, AVNL has procured Goods & Services valuing Rs. 669.40 Crores out of Rs. 4596.68 Crores (total domestic procurement) which constitutes about 14.56% from MSEs.

During FY 2024-25, Women-owned MSMEs and SC/ST MSMEs got order values to the tune of Rs. 60.1 Crores and Rs. 18.4 Crores respectively which constitutes 8.97% and 2.75% of Rs. 669.40 Crores total 2024-25 MSME order value. This is a remarkable achievement for AVNL. Further AVNL is procuring materials required for production & for other requirements through MSMEs.



AVNL participated in the Study Visit of Department-Related Parliamentary Standing Committee (DRPSC) on Industry at Mahabalipuram, Chennai. The Parliamentary Committee, chaired by Hon'ble MP Shri Tiruchi Siva (Rajya Sabha), was briefed by the AVNL team led by Shri Sanjay Dwivedi, CMD on its implementation of the Public Procurement Policy, specifically the 25% procurement mandate from MSEs by CPSEs.



Board of Directors

Company's Policy on Directors' Appointment and Remuneration

The Board of Directors of the Company comprise of Functional Directors, Government Nominee and Independent Directors who were appointed by Government of India from time to time. However during the F.Y. 2024-25, no Independent Director was appointed on the Board of the Company. Further, the tenure and remuneration of Functional Directors including Chairman and Managing Director are decided by the Government of India. The Government communication also indicates the detailed terms and conditions of their appointment including a provision for the applicability of the relevant rules of the Company. The Government Nominee Directors are appointed by the Department of Defence Production (DDP), Ministry of Defence, Government of India and they are not entitled to any remuneration/ Sitting fees.

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

Details of Directors and Key Managerial Personnel Who Were Appointed or Have Resigned During The Year

As on 31st March, 2025, the Board of Directors of AVNL consisted of Five (05) Directors viz. four Functional Directors and one Government Nominee Director.

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

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

Sl. No	Name	Designation	Date of Appointment/ Cessation
1	Shri Satyabrata Mukherjee	Director (Operations)	Appointed w.e.f. 30.09.2024
2	Shri Shalabh Tyagi	Govt. Nominee Director	Ceased w.e.f. 20.01.2025
3	Dr. Garima Bhagat	Govt. Nominee Director	Appointed w.e.f. 20.01.2025

Further, no changes took place in the Key Managerial Personnel of your Company during the financial year 2024-25. The details of Directors/ KMP and changes therein subsequent to the close of the financial year are detailed in Report on Corporate Governance.

Number of Board and its Committee Meetings held during the Year

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

Committees of the Board

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

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

Compliance with Secretarial Standards

The Board of Directors hereby declare that, the provisions of Secretarial Standards-1 ("Board Meetings") 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 2024-25 have been duly complied with.



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

AVNL being a wholly Government Company, the provisions of Section 197 of the Companies Act, 2013 shall not apply in view of the Gazette Notification dated 05th 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 05th 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, as the Directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the Company.

Directors Retiring by Rotation

As per MCA Notification dated 05th June, 2015 Section 152 (6) (Retirement of Director by rotation) of the Companies Act, 2013 shall not apply to your Company, being 100% shares are held by the Central Government.

Declaration by Independent Director

The Company is waiting for the induction of Independent Directors which is pending with the Administrative Ministry i.e. Department of Defence Production (DDP), Ministry of Defence, Government of India. Hence, the declaration from Independent Directors pursuant to Section 149(6) & Schedule IV of the Companies Act, 2013 shall be obtained as and when Independent Directors are appointed by the Administrative Ministry.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) is an integral part of our commitment to Sustainable Development Goals (SDGs) and inclusive growth. Your Company is integrating social, environmental and human development concerns in the entire value chain of corporate business for the development of the marginalized sections and the social and ecological environment in which it operates.

As a responsible Corporate Citizen, AVNL aims to make meaningful and impactful Contributions to the communities and the society at large. It has adopted care and concern for the People and the Planet as one of its core business philosophy. AVNL strives to set high standards and endeavours to go beyond statutory requirement towards making enduring impact economically, socially and environmentally.

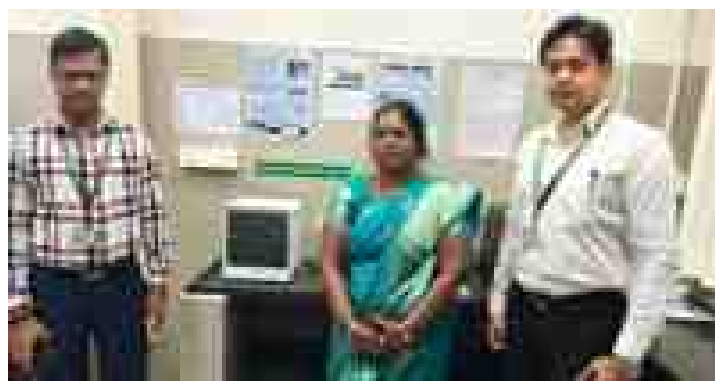
During the Financial year 2024-25, AVNL continued to pursue impactful CSR initiatives by focusing in thrust areas viz., Healthcare, Nutrition, Sanitation, Education & Youth empowerment, Skill development & Employability for underprivileged, Preservation and protection of Cultural Heritage, Rural Development, Environmental sustainability & ecological balance, Upliftment of other Backward Communities, support to Armed Forces veterans in line with the Schedule VII of Section 135 of Companies Act, 2013 and DPE guidelines on national priority and CSR Policy of the Company.

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

Annual Report on CSR activities initiatives by your Company during the year 2024-25 pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 is attached to the report as **Annexure-IV**.



AVNL supported the National TB Elimination Program in Tiruvallur by enhancing diagnostic capabilities at the Government Hospital, Avadi, Chennai, Tamil Nadu.



AVNL was felicitated at an event hosted by the National Culture Fund, Ministry of Culture, Government of India, for sponsoring projects related to preserving our cultural heritage.



AVNL was honored by the CSR Times Award at the 11th National CSR Summit at Raj Bhawan, Goa.



Ordnance Factory Medak (OFMK), a unit of AVNL, signed a Memorandum of Understanding (MoU) with HQ Telangana & Andhra Sub Area (TASA), Secunderabad, under its Corporate Social Responsibility (CSR) Initiative for augmenting facilities in Ex-Servicemen Contributory Health Scheme (ECHS) polyclinic.



Ordnance Factory Medak (OFMK), a unit of AVNL, distributed nutritional supplements to students in three schools of Kandi Mandal under its CSR initiative.





Annual Return

In accordance with 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 for the year ended on March 31, 2025 is available on the Company's website at www.avnl.co.in under the head Annual Reports.

Auditors

A. Statutory & Branch Auditors

In accordance with the provisions of Section 139(5) of the Companies Act 2013, the following Statutory and Branch Auditors of the Company were appointed by Comptroller and Auditor General of India (C&AG) for the Financial Year 2024-25:

S. No.	Firm's Name	Unit, Location
Statutory Auditor		
1.	Natraj Associates, Chennai	AVNL, HO
Branch Auditors		
1.	S. Santhanagopalan & CO., Chennai	HVF, Avadi
2.	K.M. Mohandass & CO., Chennai	EFA, Avadi
3.	KMPS & Associates., Thane	MTPF, Ambernath
4.	Daga Arun & CO., Jabalpur	VFJ, Jabalpur
5.	Akasam & Associates., Hyderabad	OFMK, Medak

The Auditors' Report on financial statements of the company for the financial year 2024-25 and comments of the Comptroller & Auditor General of India (C&AG) under Section 143(6) of the Companies Act are attached to this Report, which is self-explanatory.

B. Cost Auditors

The Company maintains cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013. Pursuant to Section 148(3) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. Diwanji & Co., Cost & Management Accountant (Firm Registration No. 000339) were appointed as Cost Auditors for conducting the Cost Audit of the Company.

C. Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. S. Sandeep & Associates, Practicing Company Secretaries, Chennai (FCS No. 5853 & COP No. 5987) as Secretarial Auditor to undertake the Secretarial Audit of the Company for FY 2024-25. The Secretarial Audit Report issued by the Secretarial Auditor is annexed to this Report as **Annexure - V**.

The management's reply on the qualification of the Secretarial Auditor, form part of the Secretarial Audit Report, which is self-explanatory.

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

No material changes / commitment of the Company have occurred after the end of the year 2024-25 and till the date of this report, which affect the financial position of the Company.



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

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

Environmental and Pollution Control

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

Since its inception of AVNLs' Ek Ped Maa KE Naam campaign, 77,544 saplings have been planted. These trees have been planted not only around the units and vacant lands but also distributed to residents in nearby locations. AVNL has focused on plantation of indigenous species like Rudraksha, Neem, Banyan, Jamun, Mango, Neer marudhu and others that help preserve soil integrity. Around 40 Species of Plants have been planted by selecting these resilient and native trees. The initiative ensures lasting environmental benefits, positively impacting both the present and future generations.

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



In alignment with the theme of Harit Yoga, which emphasizes the interdependence between human well-being and environmental health, tree plantation ceremony was held as part of the celebrations.



Augmenting Renewable Energy (RE) And Improving Energy Efficiency

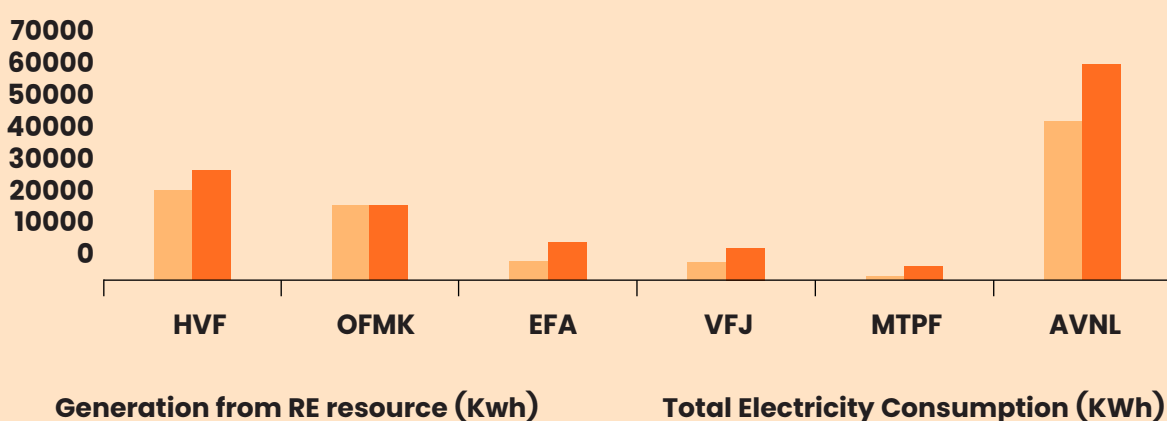
AVNL has installed Solar Power Plants (SPP) to the total capacity of 38.65 MW in all its units for harnessing renewable energy and has implemented energy efficient projects for improving energy efficiency with an aim to meet Government's commitments in Green Growth and adopting energy efficient measures in industrial production. Furthermore, AVNL is planning to install 0.72 MW solar power plant. In this regard action plan was chalked out with six key focus areas. The specific highlights of achievements in the set key focus areas are as under:

A. To increase renewable energy consumption

AVNL has Installed 38.65 MW Capacity of SPP in AVNL Units. AVNL has achieved Green Energy generation capacity to the extent of 75% of total energy requirements. Units wise energy requirements and green energy generation through SPP are displayed in the graph below.

Electricity Consumption and RE generation FY 24-25						
	HVF	OFMK	EFA	VFJ	MTPF	AVNL
Generation from RE resource (KWh)	20693231	16874290	3472135	3721277	297757	45058690
Total Electricity Consumption(KWh)	27261031	16874290	6810675	6130916	3991734	61068646

AVNL Electricity Consumption and RE generation FY 24-25



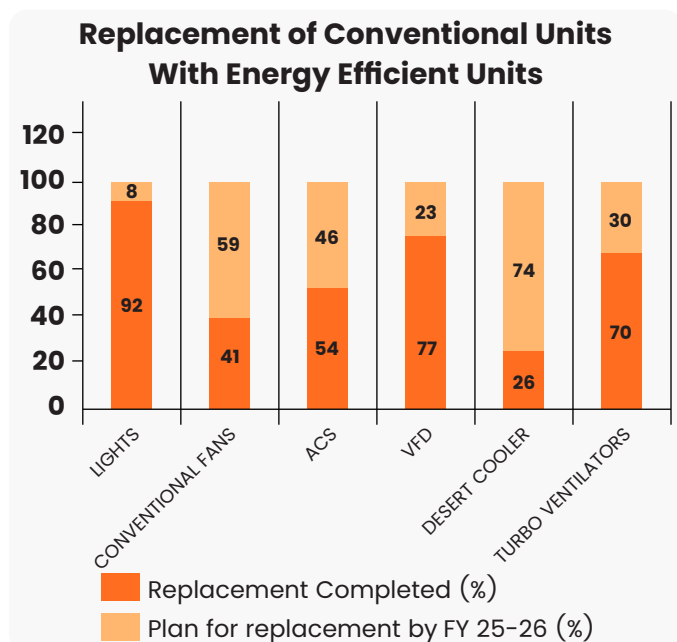
Furthermore, AVNL is planning to install 0.72 MW (600KW at HVF and 120KW at MTPF) solar power plant by 2025-26.

B. Improvement in energy efficiency of appliance and processes

AVNL is installing energy efficient appliances/ equipments by replacing conventional ones.



The graph below is a pictorial representation of the plans for replacement of conventional units.



C. Cut down losses & wastages

AVNL has achieved Power factor of 1 in all Units, i.e. 0.998. Further, Investment Grade Energy Audit has been completed in all AVNL units and audit recommendations are being implemented. AVNL has replaced 63% of VFD based screw compressors in IGEA (Investment Grade Energy Audit) recommendations.

D. Move towards green buildings

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

E. Promote transition to electric mobility

AVNL has deployed 15 e-vehicles for material handling in its Units and set a target set to achieve at least 50% transition to electric vehicles or next generation vehicles by 2026.

F. Establishing Rewards Initiative

Creation of institutional mechanisms and enabling environment for capacity building, measurement,

evaluation, monitoring, reporting, and rewarding energy efficiency initiatives.

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

Conservation of Energy, Technology Absorption and Foreign Exchange

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

Safety and Compliances

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

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

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

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

Further, three-tier audit i.e. SAL-I, on monthly basis, SAL - II & III, Bi-annually are being carried out in production Units to reinforcement of the above safety activities and ensure the safety which includes electrical safety. In addition to the above, representatives of respective state Directorate of



Industrial Safety & Health officials and Pollution Control Board are visiting the factories to ensure the compliance of statutory requirement in respect of Safety, Health & Environment. Observations (if any) made are duly addressed at priority.

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

54th National Safety Day Campaign was observed from 4th March to 10th March of 2025 in all our AVNL Units. A series of activities were conducted throughout the week as a part of the safety initiative. These included the Display of safety day banners, Administration of Safety & Health pledge to the employee by the HOD at workstations, Practical demonstrations on use of PPEs, Fire Fighting Equipment [FFE], Rescue apparatus, Safety exhibition & competitions, Safety quizzes and demonstrations on basic first aid and fire fighting etc. The Fire Service Week was observed during 14th April to 20th April 2024 for enhancing awareness and strengthening fire preventions measures across the AVNL Units.

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

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

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

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

Statutory Compliance

All the statutory requirements in respect of safety are continuously monitored for compliance by the

Corporate Office. Timely renewal of consents for Air & Water, Industrial license and obtaining Authorization for Hazardous Waste Material Handling are ensured.

Health & Environment

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

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

Plantation of saplings are also carried out during Safety Week celebration, Environment day observation on 5th June, 2024 and other important occasions.

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

- In the preparation of the annual accounts for the year ended 31st March, 2025, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are



reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 31st March 2025 and of the profit and loss of the Company for the year ended on that date;

C.

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

- d. That the directors have prepared the accounts for the financial year ending 31st March, 2025 on a going concern basis;
- e. The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- f. The directors have devised a proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Public Relations and Media Initiatives

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

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

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

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





Global Investors Summit 2025 at Bhopal, M.P



Chennai Runners organised marathon with AVNL being the venue partner.



The Women's Day Marathon at Ajeya Stadium was an exhilarating display of strength and community spirit with runners from diverse age groups.



Published Articles



Vol 18 Issue 5 Nov – Dec 2024



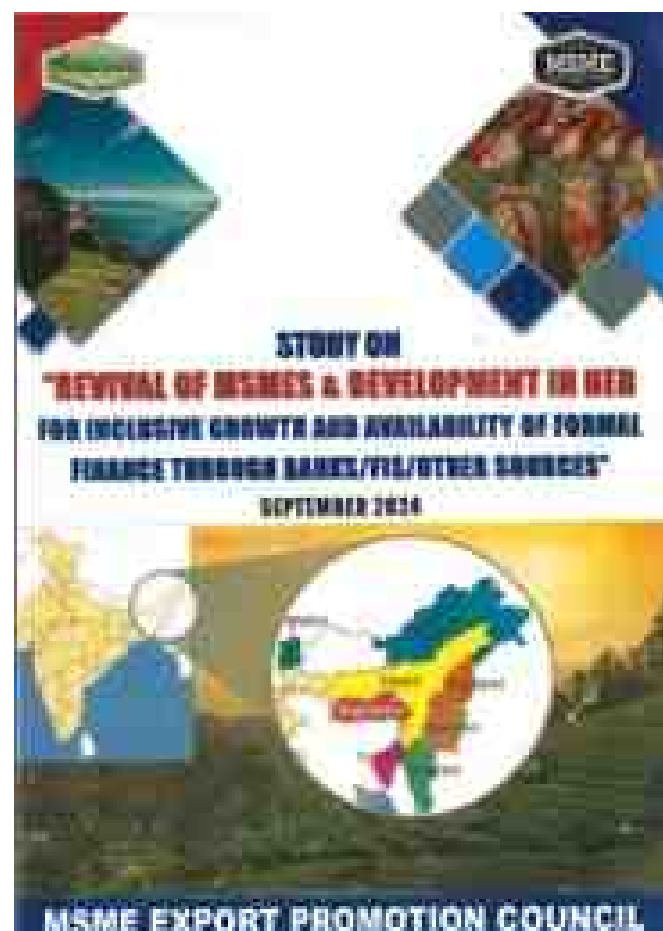
SP's Land Forces: Dec 24-Jan 25



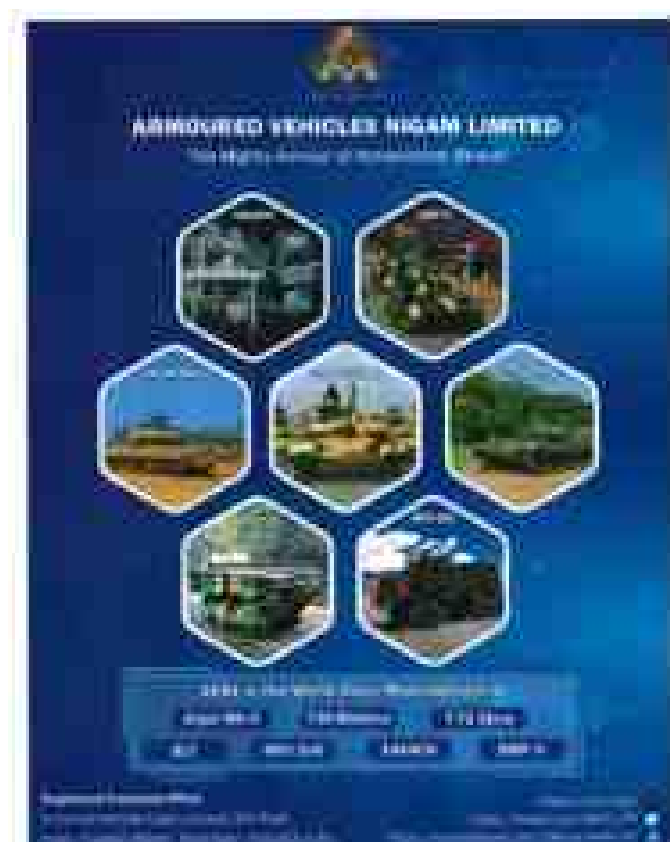
SP's Military Yearbook



Defence Monitor Feb-March 2025



MSME Export Promotion Council 2025



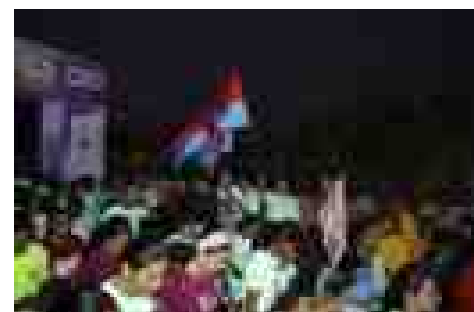
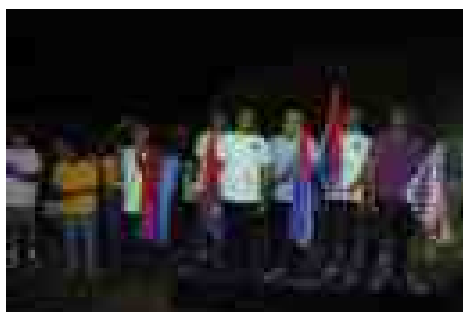
Defence Monitor Feb-March 2025



AVNL's article on its CSR initiatives published in Kaleidoscope, April 2025



Badminton Competition sponsored by AVNL at Coimbatore



Glimpses of Women's Day Marathon, sponsored by AVNL in association with Chennai Runners



Times marathon sponsored by AVNL, organized by the Times of India.



Details of Subsidiary, Joint Venture or Associates

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

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

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

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

Fraud Reporting

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

Development and Implementation of Risk Management Policy

Risk management is a critical process that organizations employ to identify, assess, and mitigate potential risks that could affect their operations, projects, or objectives. By

evaluating risks, whether they stem from financial uncertainties, regulatory changes, natural disasters, or technological failures, Company can proactively plan strategies to minimize its impact. This involves implementing controls, contingency plans, and risk transfer mechanisms to protect assets, reputation, and stakeholders' interests. Effective risk management not only enhances resilience but also fosters a culture of preparedness and adaptability within an organization, ensuring sustainable growth and continuity in the face of uncertainty.

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

Proceeding Pending Under The Insolvency and Bankruptcy Code, 2016

No application made or any proceeding pending under Insolvency and Bankruptcy Code, 2016 during and at the end of FY 2024-25.

Acknowledgements

Your Directors place on records their gratitude for the valuable co-operation, advice and support received from the various Ministries of Government of India especially the Department of Defence Production (DDP), Ministry of Defence (MoD), Ministry of Finance (MoF), Department of Public Enterprises (DPE), Department of Investment and Public Asset Management (DIPAM), Government of Tamil Nadu and look forward to their continued support and co-operation in future.

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



hope to receive the same kind of co-operation in the future as well.

Your Directors thank the 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/-
B PATTANAIAK
Director (HR)
DIN: 09282313

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

Date: 31st July 2025
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

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

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

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

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

Sd/-

B PATTANAİK
Director (HR)
DIN: 09282313

Sd/-

SANJAY DWIVEDI
Chairman & Managing Director
DIN: 09282314

Date: 31st July 2025
Place: Avadi, Chennai



Annexure –II

Report on Corporate Governance

Armoured Vehicles Nigam Limited (AVNL), a Mini-Ratna Category-1 (Schedule-A), is a newly created Defence Public Sector Undertaking (DPSU) under administrative control of the Department of Defence production (DDP), Ministry of Defence (MoD). The company has established a sound framework of Corporate Governance, reflecting its commitment to transparency, accountability, and ethical business conduct. The particulars of Company's report on Corporate Governance are as under:

1. Philosophy of Corporate Governance

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

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

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

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

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

2. Board of Directors

The Board of Directors of the Company plays a pivotal role in ensuring good Corporate Governance practices in the Company.

A. Composition of the Board of Directors

As on 31st March, 2025, the Board of AVNL comprised of five (5) Directors including the Chairman and Managing Director, three functional Directors and One Government Nominee Director (Women Director). The position of the three (3) Independent Directors is vacant. The Nominee Directors are appointed in accordance with the order issued by Department of Defence Production, Ministry of Defence, Government of India.



Your Company, being a Government Company and as per the Articles of Association of the Company, the appointment/tenure of all Directors is done by the President of India, through the Ministry of Defence, Govt of India.

B. Details of the composition of the Board of Directors, category of the Director, attendance at the Board Meeting & Annual General Meeting (AGM) and other Directorships during the financial year 2024-25 are given below

Sl. No.	Name of Directors	Meetings held during respective tenure of Directors	No. of Meetings attended	Attendance at the last AGM held on 23.09.2024	No. of Committee Membership in other Companies	No. of Directorships in Other Public Companies (excluding AVNL)
(a) Whole Time / Functional Directors (including Additional Charge)						
1.	Shri Sanjay Dwivedi Chairman & Managing Director & Director (Operations) [Up to 29.09.2024] DIN: 09282314	7	7	Yes	Nil	Nil
2.	Shri C. Ramachandran Director (Finance) DIN: 09315439	7	7	Yes	Nil	Nil
3.	Shri Biswaranjan Pattanaik Director (HR) DIN: 09282313	7	7	Yes	Nil	Nil
4.	Shri Satyabrata Mukherjee Director (Operations) DIN: 09282280 [w.e.f. 30.09.2024]	3	3	NA	Nil	¹ (IOL) *#
(b) Govt. Nominees/ Part-Time Official Directors						
5.	Shri Shalabh Tyagi Joint Secretary (P&C), DDP, MoD, GoI DIN: 10042888 [upto 20.01.2025]	6	6	Yes	¹ (MIDHANI)*	⁴ (IOL, HSL MIDHANI, HAL)*
6.	Dr. Garima Bhagat Joint Secretary (L&S), DDP, MoD, GoI DIN: 10881164 [w.e.f.20.01.2025]	1	0	NA	-	³ (IOL, AWEIL, GRSE)*
(c) Independent Director/Part Time (Non Official) Director **						
	-	-	-		-	-

* Abbreviations used:

IOL -India Optel Limited

HSL -Hindustan Shipyard Limited

MIDHANI -Mishra Dhatu Nigam Limited

GRSE - Garden Reach Shipbuilders & Engineers Limited

HAL -Hindustan Aeronautics Limited



Pursuant to DDP, MoD Order dated 03.12.2024, Shri Satyabrata Mukherjee has been entrusted with an additional charge of the post of Director (Operations) of India Optel Limited (IOL). Shri Mukherjee assumed the charge on 06.12.2024 and relinquished the charge on 22.01.2025 consequent upon appointment of regular incumbent.

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

Notes:

Following changes took place in the Directorship during the year 2024-25 and thereafter till the date of this report:

1. The Department of Defence Production, Ministry of Defence ("DDP"), Govt. of India vide Office Memorandum No. 1(5)/2023/ BoD (SCSC) AVNL Dir./DP (M&P) dated 20th August 2024 has appointed Shri Satyabrata Mukherjee as Director (Operations) of the company on immediate absorption basis for a period with effect from the date of assumption of charge of the post till the date of his superannuation or until further orders, whichever is earlier. Accordingly, Shri Satyabrata Mukherjee assumed the charge of Director (Operations) w.e.f 30th September 2024.
2. Pursuant to DDP, MoD Order dated 03.12.2024, Shri Satyabrata Mukherjee have been entrusted with the additional charge of Director (Operations) of India Optel Limited (IOL) for three months w.e.f. 06th December 2024 or till the appointment of regular incumbent through PESB procedure or till further orders whichever is earliest. Accordingly, Shri Mukherjee assumed charge on 06th December 2024 and ceased on 22nd January 2025, consequent to appointment of regular incumbent.
3. The Department of Defence Production ("DDP"), Ministry of Defence, Govt. of India vide Office Memorandum No. 8(32)/2019-D (Coord/DDP) dated 10th December 2024 had conveyed the approval of the Competent authority regarding nomination of Dr. Garima Bhagat, Joint Secretary (LS) as a Part-time Official Director (Govt. Nominee Director) in place of Shri Shalabh Tyagi, Joint Secretary (P&C) on the Board of Directors of the Company. Accordingly, Dr. Garima Bhagat, Joint Secretary (LS), MoD was appointed as Part Time Official Director of the Company w.e.f. 20th January 2025.
4. On account of superannuation, Shri C. Ramachandran, Former Director (Finance) has been ceased from the position of Director (Finance) of the Company w.e.f. 30th April 2025.
5. Department of Defence Production (DDP), Ministry of Defence (MoD), Government of India, vide MoD ID No. PC to 1(5)/2025/OF/DP (M&P)/AVNL dated 29th April 2025 has given additional charge of Director (Finance), AVNL to Shri Sanjay Dwivedi, Chairman & Managing Director (CMD) for a period of three months w.e.f. 01.05.2025 or until the appointment of regular incumbent through PESB procedure or till further orders whichever is earliest.



C. Meetings of Board and Attendance:

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

During the year 2024-25, seven (07) meetings of the Board of Directors were held, the details of which are given below:

S. No	Board Meeting Number	Date of Board Meetings
1.	26th Board Meeting	06.06.2024
2.	27th Board Meeting	23.07.2024
3.	28th Board Meeting	27.08.2024
4.	29th Board Meeting	16.09.2024
5.	30th Board Meeting	30.09.2024
6.	31st Board Meeting	04.12.2024
7.	32nd Board Meeting	27.02.2025

D. Brief resume of newly appointed Director:

Shri Satyabrata Mukherjee, Director (Operations)

Shri Satyabrata Mukherjee holds an MSc in Military Vehicle Technology from Cranfield University, MSc in Defence and Strategic Studies from University of Madras and B.E. in Mechanical Engineering from Jadavpur University, West Bengal.

Shri Satyabrata Mukherjee is an experienced defence industry professional with a diverse background spanning manufacturing, quality control, R&D, HR, and project management. He has a proven expertise in leading complex defence system development, ensuring compliance, and optimizing manufacturing processes. Shri Satyabrata Mukherjee has been recognized for promoting indigenous capabilities and managing international collaborations and has also been awarded 'Ayudh Bhushan' for defence production excellence.

Prior to joining AVNL as Director (Operations), Shri Satyabrata Mukherjee was holding the charge of Director (HR) in India Optel Ltd (IOL). Shri Mukherjee has started his career from NADP and since then served at many positions.

Dr. Garima Bhagat, JS (LS) & Govt. Nominee Director

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

With over 27 years of public service experience in the Government of India, Dr. Bhagat has accumulated extensive expertise in areas such as taxation, anti-corruption, public procurement, administration, and competition law. She has held several significant positions within the Central Board of Direct Taxes (CBDT) and the Government of India. Notably, she served as the Chief Vigilance Officer at the Employees' State Insurance Corporation (ESIC) and as Joint Director General at the Competition Commission of India. Dr. Bhagat has also been a regular visiting faculty member at various educational and training institutions. Prior to her current role as Joint Secretary (Land System) in the Department of Defence Production, Ministry of Defence, Government of India, she served as Commissioner of Income Tax in Delhi.

E. Appointment and Remuneration of Directors

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

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

The Part Time Non-Official Directors (i.e. Independent Directors) are appointed by the President of India generally for a period of three



paid any remuneration except the sitting fees for attending Meetings of the Board of Directors and Committees thereof. Your Company is waiting for induction of Independent Directors by the Ministry of Defence, Government of India.

Details of remuneration paid to CMD and Functional Directors for the year ended 31st March 2025, are given below:

(Amount in Rs.)

Name of Director	Salaries & Allowances	Performance Linked Incentive	Retirement Benefits (Pension/Gratuity) Perquisites	Total (In Rs.)
Shri Sanjay Dwivedi Chairman & Managing and Director (CMD)	41,08,266	-	-	41,08,266
Shri C. Ramachandran Director (Finance)	49,25,718	-	-	49,25,718
Shri Biswaranjan Pattanaik Director (HR)	41,05,512	-	-	41,05,512
Shri Satyabrata Mukherjee Director (Operations) [w.e.f. 30th September 2024]	23,24,638	-	-	23,24,638

The Company neither paid 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.

F. Directors' Shareholding

None of the Directors is holding equity shares in your Company as on 31st March 2025.

G. Evaluation Criteria

Since the Board level appointments are made by the President of India through Administrative Ministry i.e. Department of Defence Production, Ministry of Defence, evaluation of performance of directors is also done by the Government of India.

3. Mandatory Committees of The Board

As per the statutory requirement of the Companies Act, 2013 & DPE guidelines, Committees applicable to AVNL during the FY 2024-25 are as under:

A. Audit Committee

AVNL is waiting for the induction of Independent Directors by the 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 the non-availability of Independent Directors on the Board of Company. Meeting of the Audit Committee could not be held during this period and therefore, business items pertaining to the Audit Committee were directly placed before the Board during this period.

B. Nomination & Remuneration Committee

AVNL is waiting for the induction of Independent Directors by the 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 the non-availability of Independent Directors on the Board of the Company. Meetings of the Nomination & Remuneration Committee could not be held during this period and therefore, business items pertaining to the Nomination & Remuneration Committee were directly placed before the Board during this period.

C. Corporate Social Responsibility (CSR) Committee

Your Company has constituted a Board Level Corporate Social Responsibility Committee on 29.04.2022. The Committee has been constituted in accordance with provisions of the Section 135 of the Companies Act, 2013 read Rules with Companies (Corporate Social Responsibility policy) Rules, 2014 and DPE Guidelines.

During the year, meeting of the CSR Committee was held on 24th January 2025. The composition of the Committee during the year 2024-25 and the details of attendance of Members for the said meeting(s) are as follows:



Name of Member	Category	Position in Committee	Number of meetings held during the tenure of the respective member	No. of Meeting Attended
Shri Sanjay Dwivedi Chairman & Managing Director	Whole-Time Director	Chairman (upto 30.09.2024)	0	0
Shri C. Ramachandran Director (Finance)	Whole-Time Director	Chairman (w.e.f. 30.09.2024)	1	1
Shri Biswaranjan Pattanaik Director (HR)	Whole-Time Director	Member	1	1
Shri Satyabrata Mukherjee Director (Operation)	Whole-Time Director	Member (w.e.f. 30.09.2024)	1	1

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

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

The Company reconstituted its Board Level CSR Committee on account of superannuation of Director (Finance) [Chairman of CSR Committee]. Presently, the Committee has the following members:

Director (Finance)

Director (HR)

Director (Operations)

The Chairman for the aforesaid Committee will be the senior most Director amongst the above (in terms of date of appointment) and other Directors shall be Members of the Committee.

4. Other Committee

A. Committee of Directors (CoD)

Your Company has constituted a Committee of Directors (CoD) for deciding and framing new policies, rules, procedures, MOUs, delegation of powers and changes in existing policies, rules, procedures, MOUs, delegation of powers.

As on 31st March 2025, the composition of

1. Chairman & Managing Director	Chairman
2. Director/ Finance	Member
3. Director/ HR	Member
4. Director/ Operations	Member

B. Risk Management Committee

In terms of Section 134 of the Companies Act, 2013 and Chapter 7 of DPE Guidelines, your Company has formulated "Risk Management Policy". Pursuant to the policy, the Board of Directors has constituted a Risk Management Committee (RMC) with the following composition:

1. Chairman & Managing Director	Chairman
2. Director/ Operations	Member
3. Director/ Finance	Member
4. Director/ HR	Member

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

The Board of Directors reviews and monitors the status of Risk Management through the Risk Management Committee (RMC), which examines the risks identified by the internal Corporate Risk Management Committee (CRMC), assesses the



monitors and reviews the implementation and effectiveness of the risk mitigation measures. The Risk Management Policy is posted on the Company's website, www.avnl.co.in.

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

5. Disclosures

- (i) There were no cases of related party transactions that may have potential conflict with the interests of the Company at large. Transactions with related parties that were entered into during the financial year were in the ordinary course of business.
- (ii) During the year, the Company has complied with the provisions of the Companies Act, 2013 (except as otherwise stated in this report). No penalties/strictures were imposed on the Company by any Statutory Authority on any matter related to violation of any provisions of the Act/guidelines issued by Government, from the inception.
- (iii) The Company has a Whistle Blower mechanism in line with the CVC Guidelines whereby employees can raise concerns to the competent authority in case they observe unethical and improper practices or any other wrongful conduct in the Company. It provides necessary safeguards for protection of the whistle blower from reprisals or victimization.
- (iv) The Company has complied with the requirements of the DPE Guidelines on Corporate Governance (except as otherwise stated in this report).
- (v) The Company has complied with Presidential Directives issued by the Central Government from inception.
- (vi) There were no items of expenditure debited in books of accounts, which are not for the purposes of the business.
- (vii) No expenses were incurred by the Company which are personal in nature and incurred for the Board of Directors and Top Management.
- (viii) During the year, Administrative and office expenses are 3.5% of the total expenses for the year 2024-25 against 2.51% in the previous year. The rise in the Administrative and office expenses are on account of insurance, legal and professional charges of AVNL assets.

6. General Body Meetings

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

Financial Year	No. of the Annual General Meeting	Date and time of AGM	Location
2023-24	03rd AGM	23.09.2024 at 03:30 PM (IST)	Deemed Venue: Registered Office of the Company, C/o Armoured Vehicles Headquarters, HVF Road, Avadi, Chennai- 600054
2022-23	02nd AGM	25.09.2023 at 3:00 PM (IST)	Deemed Venue: Registered Office of the Company, C/o Armoured Vehicles Headquarters, HVF Road, Avadi, Chennai- 600054
2021-22	01st AGM	28.12.2022 at 3:00 PM (IST)	Deemed Venue: Registered Office of the Company, C/o Armoured Vehicles Headquarters, HVF Road, Avadi, Chennai- 600054

(ii) Special resolutions passed in the previous three Annual General Meetings:

Special resolutions passed in the 03rd Annual General Meeting held on 23rd September 2024 for preferential allotment on private placement basis to selected group of persons i.e. Hon'ble President of India.

(iii) Annual General Meeting of the current Financial Year 2024-25:

Date : 28th August 2025

Time : 03:30 PM (IST)

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



7. Means Of Communication

The Company's website www.avnl.co.in is available in the bilingual format i.e. English and Hindi. It provides comprehensive information to all its stakeholders and shareholders regarding the details of the Company's business, products, services, awards & achievements, facilities, human resources, recruitment, Training & Development, Corporate Social Responsibility activities, vigilance, RTI, and other updates and news.

The Company's website also contains Annual Reports, Notices, Annual Returns, Policies, Manuals etc. The Company periodically disseminates information through press releases and its annual reports

8. Audit Qualifications

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

9. Training Of Board Members

In accordance with Chapter 3 of the DPE Corporate Governance Guidelines and applicable provisions of the Companies Act, 2013, a 'Training Policy for Board of Directors of AVNL' was formulated and approved by the Board of Directors.

As per the terms of the said policy, the Board members including Independent Directors are provided with the familiarization/ orientation programs on their roles, rights, responsibilities, nature of industry, Company's business model, procedures and practices and also provided with necessary documents, brochures and reports to keep the Directors abreast of the necessary information relating to the Company.

10. Whistle Blower Policy

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

complaints under Whistle Blower Policy and to get protection from victimisation.

11. Compliance Certificate

This Report duly complies with the applicable requirements of Guidelines on Corporate Governance for CPSEs and covers all the applicable suggested items mentioned in Annexure VII of the Guidelines. The quarterly report on compliance with the Corporate Governance requirements prescribed by DPE is also sent to the Administrative Ministry regularly. The certificate obtained from practicing Company Secretary regarding compliance of conditions of guidelines of Corporate Governance of CPSEs has been annexed to this Report.

12. 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 Business Conduct and Ethics 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.

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 Personnels have affirmed compliance with the Code of Business Conduct & Ethics for Directors and Senior Management Personnel of Armoured Vehicles Nigam Limited for the year ended 31st March, 2025.

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

Sd/-
B PATTANAIK
Director (HR)
DIN: 09282313

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

Date: 31st July 2025
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, 2025, 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, 2025.

Management's Responsibility:

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

Our Responsibility:

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

Our Opinion:

In our opinion, on the basis of our examination of the relevant records produced, information provided, the explanations and clarifications given to us, the representations made by the Management, we certify that the Company has complied with all mandatory regulations and the conditions of Corporate Governance as stipulated under Guidelines on Corporate Governance for Central Public Sector Enterprises for the year ended on 31st March, 2025, except to the extent of following:

It has been observed that the Company did not have any Independent Director in the Board during the year under review. The Company was required to appoint a Woman Director as per the provisions of section 149(1) of the Companies Act, 2013, and the Company has complied with the same vide Circular Resolution on 20.01.2025 based on the nomination of women Director by the Ministry of Defence, Government of India vide its O.M. dated 10.12.2024.

Due to absence of Independent Directors, the Company has not adhered to the following compliances:

- 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.
- The Company could not constitute Audit Committee and Nomination and Remuneration Committee in accordance with the applicable clauses of DPE Guidelines. The Company has constituted CSR Committee with three directors without Independent Director. Separate meeting of Independent Directors without the attendance of non-independent directors could not be held for the financial year 2024-25.

It was explained by the Management that appointment of Independent Directors (including women Director till 19.01.2025) falls under the purview of the Government of India through Administrative Department i.e. Ministry of Defence and the Company has no role in such appointments. Further the Company has taken initiatives by making multiple requests to the Ministry of Defence (MoD) for filling the vacant posts of Independent Directors in the Company, within the stipulated time, referring penal provisions under the Companies Act, 2013.

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

For S Sandeep & Associates
Company Secretaries

Sd/-

S Sandeep

Managing Partner

CP. No.: 5987

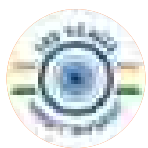
FCS: 5853

PR: 6526/2025

UDIN: F005853G000793882

Place: Chennai

Date: 16th July 2025



Annexure-III

Management Discussion & Analysis Report

Introduction

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

The seven new Defence PSUs are playing a pivotal role in achieving import substitution and advancing the vision of Atmanirbhar Bharat. The transformation of these Ordnance Factories into productive and profitable assets was driven by the Government of India's objectives to enhance expertise across product ranges, bolster competitiveness, elevate quality standards, optimize cost efficiency, and ensure self-reliance in defence preparedness.

India's defence production has grown at an extraordinary pace since the launch of the "Make in India" initiative, reaching a record 1.27 lakh crore in FY 2023-24, with defence exports rising to an all-time high of 23,622 crore in FY 2024-25. Once dependent on foreign suppliers, the country has now achieved many milestones in indigenous manufacturing shaping its military strength through home-grown capabilities. This reflects a strong commitment to self-reliance, ensuring that India not only meets its security needs but also builds a robust defence industry that contributes to

Industry Structure and Development:

In line with the government's decision to promote self-reliance in the defence sector and encourage indigenous design, development, and manufacturing to reduce dependency on imports, several policy decisions have been implemented. Some of the major initiatives and policies are as follows:

- The FDI limit in defence was raised in the year 2020, and reported Rs. 5,516.16 crore in FDI inflows. 74% under the Automatic Route for companies with new industrial licences

and up to 100% under the Government Route for companies providing access to modern technology.

- The IDDM (Indigenously Designed Developed and Manufactured) category was given top priority for procuring capital equipment.
- The Defence Acquisition Procedure DAP-2020 prioritizes local sourcing and imposes a minimum of 50 percent indigenous content in procurement contracts. This policy encourages foreign Original Equipment Manufacturers (OEMs) to establish production facilities in India.
- PIL (Positive Indigenisation List): The Department of Defence Production (DDP) and the Department of Military Affairs (DMA) have issued five Positive Indigenisation Lists (PILs) for LRUs, assemblies, sub-assemblies, sub-systems, spares, components, and high-end materials. These lists set fixed timelines beyond which procurement will be restricted to domestic manufacturers. Out of over 5,500 items listed, more than 3,000 have been indigenised.
- SRIJAN portal: Launched by the Department of Defence Production (DDP) in August 2020 to promote indigenisation under Atmanirbhar Bharat. Serves as a common platform for Defence Public Sector Undertakings (DPSUs) and the Armed Forces to list imported items for domestic manufacturing. Over 38,000 items are available, with more than 14,000 successfully indigenised. Key indigenised technologies include artillery guns, assault rifles, corvettes, sonar systems, transport aircraft, Light Combat Helicopters (LCHs), radars, wheeled armoured platforms, rockets, bombs, armoured command post vehicles, and armoured dozers.
- Make Category in defence Procurement, designed to foster domestic design and development of critical defence technologies, with substantial participation from the private sector:
 - (i) Make I: Projects are Government funded for prototype development, with a minimum of 50% of Indigenous Content (IC) required.
 - (ii) Make II: Projects are fully industry funded, focusing on prototype development for equipment and systems that provide import alternatives or novel solutions.



(iii) Make III: Production of prototypes, systems and sub-systems for indigenous procurement under the Buy (Indian category), with a minimum of 60 percent local content. Involves manufacturing in India under Technology Transfer (ToT) from Foreign OEMs.

- The establishment of Defence Industrial Corridors in Uttar Pradesh and in Tamil Nadu, with infrastructure specifically designed to support indigenous production in Aerospace and Defence (A & D), with investments from both national and international players.
- TDF (Technology Development Fund) Scheme, managed by the Defence Research and Development Organisation (DRDO), supports MSMEs and startups working on indigenous defence projects.
- To further enhance self-reliance in defence technology, ₹449.62 crore has been allocated to iDEX, including its sub-scheme Acing Development of Innovative Technologies with iDEX (ADITI) for 2025-26. During the year, 549 problem statements have been opened, involving 619 startups and MSMEs, with 430 iDEX contracts signed.
- ADITI is a strategic ₹750 crore push under the iDEX framework, designed to fast-track approximately 30 cutting-edge defence technologies through high-value grants (up to ₹25 Cr), structured challenges, and incubator support—setting the stage for India's future-ready, export-competitive defence ecosystem. Reinforcing its commitment to supporting startups and MSMEs, the Ministry of Defence has also cleared procurement of 43 items worth over ₹2,400 crore from iDEX startups and MSMEs for the Armed Forces. Additionally, projects worth over ₹1,500 crore have been approved for development.
- The establishment of Defence Investor Cell (DIC), formed in 2018, to act as an integrator and facilitator to Defence Entrepreneurs and MSMEs, a single point of contact to address queries related to policy and investment opportunities in defence production.
- Manthan: The annual defence innovation event, Manthan, held during Aero India 2025 in Bengaluru, brought together leading innovators, startups, MSMEs, academia, investors, and

industry leaders from the Aerospace and Defence (A & D) sectors, reaffirming confidence in the government's commitment to technological advancements and Aatmanirbhar Bharat.

About AVNL

AVNL is now a Miniratna-I defence PSU, has five manufacturing Units to produce state-of-the-art armoured/combat vehicles, engines, Infantry Combat Vehicles, Support Vehicles, Defence Mobility Solutions, ammunition fuzes and decoy systems. The strategic vision of AVNL is to become a world class armoured vehicles manufacturer and a trusted global brand for its existing and potential customers. In order to concretise this strategic vision, AVNL has embarked upon a mission to be a prominent patron of Aatmanirbhar Bharat Abhiyan and Make in India Initiative in the Defence sector.

Based on futuristic vision and strategic goals, AVNL aspires to establish and retain leadership in domestic market as the most reliable and preferred partner of our Defence and Homeland security agencies. Also, develop the group into an international class defence conglomerate, to create and strengthen brand AVANI by providing superior value for money and exceeding the expectation of all stakeholders. Aspires to be a system integrator of state-of-the-art technology and engineering solutions in the field of military mobility for existing and potential customers and to be a leading organization with global competencies, committed to creativity and innovation.

AVNL has an order book position of over Rs.35,553 Crores reflecting growing confidence of customer in AVNL's capabilities.

It is reported with great pride that AVNL has achieved highest ever direct Value of Issue (VoI) of Rs. 4984.29/- crore during the FY 2024-25

AVNL has been allotted with ₹ 1555.38 crores of CAPEX and Modernisation Fund. Out of this, AVNL has utilised ₹ 926.24 Cr (₹ 325.77 Cr in FY 24-25) so far.

Indigenisation Initiative of AVNL

In 2022-23, 12 LRUs were indigenized, in 2023-24, 8 LRUs were indigenised and in 2024-25, 4 were indigenized, making a total of 37 LRUs with continuous efforts by AVNL units and Indian industry partners.



In the platforms under manufacture by AVNL, the level of indigenisation of BMP-II, T-72 and T-90 have reached the level of 98%, 96% and 88% respectively, which will be fully indigenized in the near future. It is further highlighted that AVNL has already achieved 100% indigenisation of Engines for all the 3 platforms viz. T-72, T-90 and BMP-II.

Some of the major orders received are:

- Armament Upgrade of BMP II of 693 nos. valuing Rs. 5,410.72 crores.
- Manufacture and supply of 47 nos. BLT, valuing Rs. 1,393.32 crores.
- Supply of NAMIS (Tr) (13 Nos. NAMICA & 293 NAG Missiles), valuing Rs. 1560.62 crores.

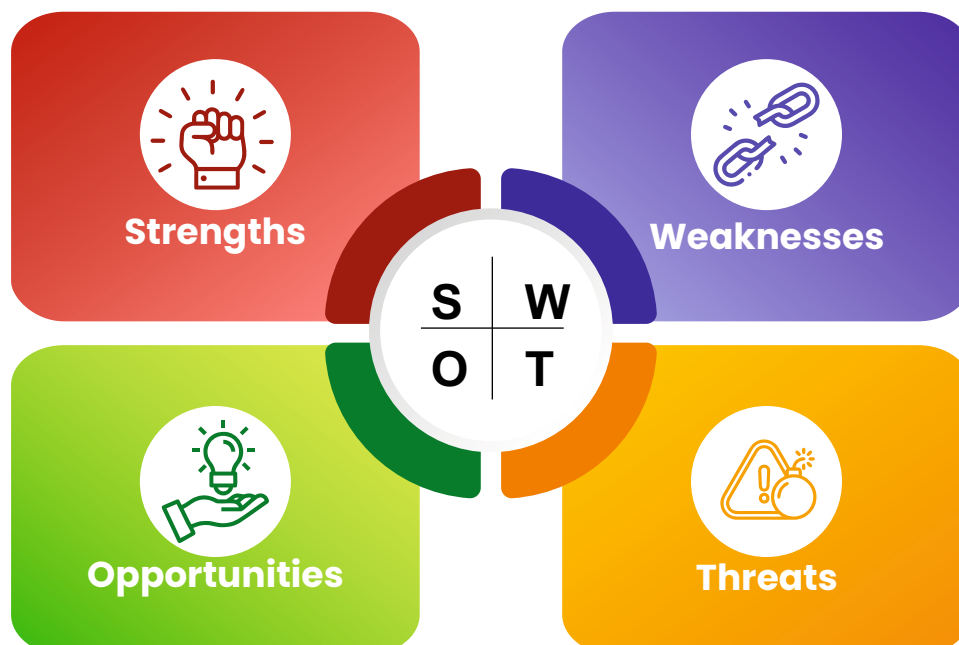
During the last 3 years AVNL has been able to successfully complete 3 major projects viz. Development of 6x6 Mine Protected Vehicles, Upgrading of T-72 Tanks from 780 HP to 1000 HP and Armament Upgrade of BMP-II.

Research and Development

AVNL is working on number of R&D Projects for upgradation of existing products and development of new platforms like (FICV, WhAFV, ILT & FRCV). To give impetus to R&D activities as well as to accelerate

SWOT Analysis

AVNL takes critical measure towards its future and addresses the challenges in a competitive environment, it is looking into its Strengths, Weaknesses and Opportunities and Plan its strategies accordingly.



the new product development, AVNL requires qualified manpower & consultants. In this regards, AVNL has formulated a policy for hiring of qualified manpower/consultants and is in the process of identifying consultants/qualified manpower for the core technologies of Armoured Fighting Vehicles (Chassis, Suspension, Armour and Turret & Weapon Systems, PP).

AVNL has taken up development of new engines and also upgradation of existing engines of Tanks/ICVs. As a part of this, EFA, Unit of AVNL successfully repaired two engines of 1400 HP for MBT Arjun. To support the sustenance requirement of Arjun Fleet, AVNL has taken up development of few items which requires complete replacement during overhauling of Arjun Engine.

- MoD has nominated IOL (India Optel Limited) as the lead member of the consortium for LENS foundation, other share holders are AVNL, BEL, GSL & TIDCO (Tamil Nadu Industrial Development Corporation), Chennai. Ministry of Corporate Affair (MCA) has granted approval for incorporation of section 8 company named "LENS (Laboratory For Electro-Optical Navigational System) foundation" on 15.05.2024 with Corporate Identity Number (CIN) U72100TN2024NPL170245.



Strengths

- i. State-of-Art manufacturing facility with modern infrastructure.
- ii. Dedicated, experienced workforce with excellent domain knowledge and competency in complex equipment and precision manufacturing.
- iii. Six decades of experience in Armoured Vehicle manufacturing.
- iv. Ability to diversify and produce variants.
- v. Expertise in manufacturing complex platform.
- vi. Strong order book.
- vii. Assimilate technology and undertake product design and development.
- viii. Strong relations with the Customers, DRDO and Industry.

Weaknesses

- i. Supply Chain vulnerability due to global ramifications and limited domestic suppliers.
- ii. Limited export potential due to restrictions imposed obligations by foreign OEMs.
- iii. Onerous deemed contracts affecting profitability.
- iv. Long lead testing procedure for localisation/technical advancement.
- v. Dependency on single nominated source or PSUs as a supplier of critical components.

Opportunities

- i. A growing defence market of Para Military Force and other Space and Defence Sectors, which require critical and precision manufactured components for which the Company has expertise & knowledge.
- ii. AatmaNirbhar Bharat, Make in India and conducive policies of the Government towards indigenisation of imported items through MSMEs.
- iii. Modernisation by investment on plant and machinery.
- iv. Growing requirement of defence equipment worldwide.

Threats

- i. Increase in competition from private players.
- ii. Entry of private entrepreneurs with huge investments and conducive policies of the government to enter into the manufacturing of defence products.
- iii. Supply chain disturbances due to global war scenario.
- iv. Constraints in receipt of electronic chips in global market affecting the profit margins.
- v. Rapid advancements in the defence sector by developed countries.
- vi. Vulnerability of MBT and uncertainty of its future requirement in view of the disruptive technology of UAS.



Future Outlook in Defence Production

India targets ₹3 lakh crore in defence production by 2029, reinforcing its position as a global defence manufacturing hub. The Department of Defence Production issued 1,762 export authorisations in 2024-25, up from 1,507 in 2024-25, registering a 16.92% growth, while the number of exporters increased by 17.4% during the same period. India now exports defence equipment to over 100 countries. The government aims to achieve ₹50,000 crore in defence exports by 2029, reinforcing India's role as a global defence manufacturing hub while boosting economic growth.

About 65% of India's defence requirements are met domestically, with a robust industrial base that includes 16 Defence Public Sector Units, over 430 licensed private companies and 16,000 Micro, Small and Medium Enterprises (MSMEs). The private sector's contribution now accounts for 21 percent of defence production.

Strategic policies of the Ministry of Defence and the Govt. of India, encouraging private participation, technological innovation and the surge in the defence budget, from ₹2.53 lakh crore in 2013-14 to ₹6.81 lakh crore in 2025-26, underlines the nation's determination to strengthen its military infrastructure.

India's expanding global footprint in defence manufacturing is a direct result of its commitment to self-reliance and strategic policy interventions. Defence exports have surged from ₹686 crore in FY 2013-14 to an all-time high of ₹23,622 crore in FY 2024-25, marking a 34 times increase over the past decade.

Defence Testing Infrastructure Scheme (DTIS): DTIS aims to boost indigenisation by providing financial assistance for setting up eight Greenfield testing and certification facilities in the aerospace and defence sector, with seven test facilities already approved in areas like unmanned aerial systems, electronic warfare, electro-optics, and communications.

The Ministry of Defence has signed a record 193 contracts in 2024-25, with the total contract value surpassing ₹2,09,050 crore, nearly double the previous highest figure. This milestone reflects the government's commitment to strengthening national security through enhanced procurement and modernisation of the Armed Forces, and 92% will be sourced from Domestic Industry.

Investments worth more than Rs 8,658 crore have already been made in the 6 nodes of UP viz. Agra, Aligarh, Chitrakoot, Jhansi, Kanpur and Lucknow and 5 nodes of Tamil Nadu viz. Chennai, Coimbatore, Hosur, Salem and Tiruchirappalli.

During the year 253 MoUs have been signed, with a potential investment of ₹53,439 crore.

Defence Production surged to an all-time high of 1,27,265 crore, and is projected to achieve a production target of 1.75 lakh crore within the current fiscal year.

Taking the iDEX initiative further, Defence India Startup Challenge, in partnership with Atal Innovation Mission, aimed at supporting Startups/MSMEs/Innovators to create prototypes and/or commercialise products/solutions in the area of National Defence and Security.

To encourage indigenous research and development, the government has introduced several funding schemes for micro, small and medium enterprises (MSMEs) under the Atmanirbhar Bharat initiative. The TDF (Technology and Development Fund) Scheme, managed by DRDO, supports MSMEs and startups working on indigenous defence projects, with funding now increased to 50 crore per project.

Future Plan of AVNL

Looking ahead, AVNL is actively engaged in several strategic development programs, including the Futuristic Infantry Combat Vehicle (FICV), Indian Light Tank, ICV (Infantry Combat Vehicle) Command, Future Ready Combat Vehicle (FRCV), Field Repair Tracked (FRT) Team system, and the Wheeled Armoured Fighting Vehicle (8x8) Armoured Recovery Vehicle and numerous R&D initiatives aimed at upgrading existing platforms. The company is also focusing on the development of new engines and the upgradation of existing engines for tanks and infantry combat vehicles.

Internal Control System and its adequacy

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



procurement, materials management, operations, finance, human resources, and more.

The Company has in place, various policies and procedures for maintaining adequate and effective internal controls. Functional autonomy is ensured by way of delegation of financial powers of the Board to the CMD/Directors.

These powers are further sub-delegated to executives at various levels for smooth and efficient 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, 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:

- Dependence on few customers i.e. Indian Army, Para Military and Navy.
- Requirement for augmentation of IT infrastructure including Software/ERP system aligning with advancement in technology.
- Uncertainties on the part of suppliers and subcontractors affecting supply chain. Increased competition influencing maintenance of cost competitiveness.
- Sustenance in market share due to increasing competition from private players.
- Global geo-political scenario impacting the pricing of several core items and materials.

Our Business Strategy

AVNL has six decades of experience in manufacturing Armoured Vehicles, expertise in critical manufacturing and a strong order book. AVNL's strategy is focused on meeting Armed Forces requirements in a timely manner while maintaining high quality to meet their operational needs.

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

AVNL, with an order book of over ₹35,553 Cr as of 31.03.2025, has following actions in place to ensure the desired targets are achieved:

A. Focus on Customer Requirements

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

B. Transformation in Productivity & Efficiency

AVNL has extensively adopted GeM procurement with minimal human interface. By outsourcing with strict quality control, AVNL has become a major technological aggregator. Previously a manufacturer of complicated Armoured Vehicles, AVNL has shifted towards being a system aggregator for various major assemblies, testing, and final assembly. This shift has ensured increased output and cost reduction. AVNL has focused on rectifying defects in the manufacturing process, implementing strict quality



checks with minimal human intervention, reducing rework and repair which has increased its efficiency and productivity. Due to modernizing its plant and machinery with advanced technology upgrades has also contributed to increased efficiency and productivity. AVNL has taken steps to replace its old plant and machinery with state-of-the-art technology machines due to wear and tear, loss of accuracy, and reduced capacity from extensive usage.

C. Transformation in Quality

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

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

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

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

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

Digital transformation in Quality

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

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

D. Transformation in Culture

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



quality Armoured Vehicles to its Indian customers on time.

Material Developments in Human Resource, Industrial Relations Front

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

HR Vision

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

HR Mission

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

Alignment Of HR Policies With Business

- Analyzing the organisation
- Aligning the HR strategies with the company's vision & mission

- Involvement and development of the human resource towards the goal Communicating statements to the employees
- Designing training and development programmes
- Performance management and evaluations
- Fostering employee engagement and motivation

AVNL employed 10,358 employees as of March 31, 2025. All employees are on deemed deputation. As a company, AVNL faces challenges with the entry of large corporate entities into its field. It is crucial that AVNL's HR policies are designed to anticipate and adapt to future customer needs. With a strong focus on Research and Development, AVNL continually absorbs new technological developments to maintain its competitive edge.

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

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

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



aspects of Armoured Vehicles and Military Logistics Vehicles.

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

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

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

In parallel, the AMIT (AVNL Management Industrial Trainee) Scheme acts as a bridge between educational institutions and industry by providing engineering and management graduates, postgraduates, and research scholars with the opportunity to gain realworld experience. Through placements across various AVNL units, trainees are immersed in practical, hands-on projects that prepare them for future careers while contributing to organizational goals.

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.

Segment-wise Or Product- Wise Performance

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

Conservation of Energy, Technology Absorption And Foreign Exchange

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

Corporate Social Responsibility

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

Cautionary Statement

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



Annexure-IV

Annual Report on Corporate Social Responsibility (CSR)

(Pursuant to the Companies (Corporate Social Responsibility) Rules, 2014)

1. Brief outline on CSR Policy of the Company

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

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

2. Composition of Corporate Social Responsibility Committee (As on 31.03.2025)

S. No	Name of Director	Designation/ Nature of Directorship	Number of Meetings of CSR Committee held during the year	Number of Meetings of CSR Committee attended during the year
1.	Shri C. Ramachandran	Chairman (w.e.f. 30.09.2024) / Director (Finance)	1	1
2.	Shri Biswaranjan Pattanaik	Member / Director (HR)	1	1
3.	Shri Satyabrata Mukherjee	Member (w.e.f. 30.09.2024)/ Director (Operations)	1	1

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

- The Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company i.e. www.avnl.co.in under CSR Tab.

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

5. (Rs in Lakhs)		
(a)	Average net profit of the Company as per sub-section (5) of section 135	: 42466.98
(b)	Two percent of average net profit of the Company as per sub-section(5) of section 135	: 849.34
(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)]	: 849.34

**6. (Rs in Lakhs)**

(a)	Amount spent on CSR Projects (both Ongoing Project and other than Ongoing)	: 401.38
(b)	Amount spent in Administrative Overheads	: 2.66
(c)	Amount spent on Impact Assessment, if applicable	: -
(d)	Total amount spent for the Financial Year [(a)+(b)+(c)]	: 404.04

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

Total Amount Spent for the Financial Year (Rs in Lakhs)	Amount Unspent (Rs in Lakhs)				
	Total Amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount Transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of Transfer	Name of the Fund	Amount	Date of Transfer
404.03	445.30	21 st April 2025	-	-	-

(f) Excess amount of set-off, if any: (Rs in Lakhs)

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

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years (Rs in Lakhs)

Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under subsection (6) of section 135	Balance Amount in Unspent CSR Account under subsection (6) of section 135	Amount Spent in the Financial Year	Amount transferred to a Fund specified under schedule VII as per second proviso to sub section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years	Deficiency, if any
					Amount	Date of Transfer		
1.	2023-24	387.20	387.20	217.43	-	-	169.77	-
2.	2022-23	117.86	21.08	21.00	-	-	0.08	-
3.	2021-22	NA	NA	NA	NA	NA	NA	NA

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

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

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

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

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

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

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

The entire amount of CSR Obligation for FY 2024-25 of Rs 849.34 Lacs was decided to be spent on 'Ongoing Projects' approved by CSR Committee as per CSR Policy of the Company.

During Financial Year 2024-25, the Company spent Rs 404.03 Lacs out of total CSR Obligation of Rs 849.34 Lacs as per Sec 135(5). The Balance unspent amount of Rs 445.31 Lacs was transferred to a separate Bank Account, namely 'Unspent CSR Account' in accordance with Sec 136(6). The Unspent amount will be spent within a period of three financial years from the date of such transfer as permitted under Sec 135(6).

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

Sd/-
(B PATTANAIAK)
Member- CSR Committee and
Director (HR)
DIN: 09282313

Sd/-
(SANJAY DWIVEDI)
Chairman- CSR Committee and
Chairman & Managing Director &
Director (Finance) [A/C]
DIN: 09282314

Date: 31st July 2025
Place: Avadi, Chennai



Annexure-V

Form No. MR-3

Secretarial Audit Report For The Financial Year Ended 31st March, 2025

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

To,

The Members,

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, and authorized representatives during the conduct of secretarial audit, the explanations and clarifications given to us and the representations made by the Management and considering the relaxations granted by the Ministry of Corporate Affairs, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2025, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2025 according to the provisions of:
 - i. The Companies Act, 2013 (the Act) and the rules made thereunder;
 - ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; (Not Applicable for the period under review)
 - iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder. (Not Applicable for the period)
 - iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (Not Applicable for the period under review). Being an unlisted Public Company, the regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the company.
2. We further report that, based on examination, on test check basis, of the relevant documents, information received, records maintained and representation received, there are adequate systems and processes in place to monitor and ensure compliance with the below mentioned laws applicable specifically to the Company engaged in the manufacture of Armoured and Military Logistics Vehicles for defence sector and also all other applicable laws, rules, regulations and guidelines, which includes the following :
 - a. Factories Act 1948
 - b. The Water (Prevention and Control of Pollution) Act, 1974



c. The Air (Prevention and Control of Pollution) Act, 1981

d. The Environment (Protection) Act 1986

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

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

4. We further report that

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

- a. As per Section 149(4) of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Guidelines issued by the Department of Public Enterprises for Corporate Governance, the composition of the Board shall comprise of Independent Directors in proportion to the Functional Directors in the Board. It has been observed that the Company did not have any Independent Director in the Board during the year under review. The Company was required to appoint a Woman Director as per the provisions of section 149(1) of the Companies Act, 2013, and the Company has complied with the same vide Circular Resolution on 20.01.2025 based on the nomination of women Director by the Ministry of Defence, Government of India vide its O.M. dated 10.12.2024. However, still the composition of the Board of Directors of the Company is not in conformity as stipulated under the Companies Act, 2013 and DPE Guidelines on Corporate Governance during the year under review.

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

- i. Constitution of the Audit Committee, Nomination and Remuneration Committee, as required under the provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance.
- ii. As per section 135, the Corporate Social Responsibility [CSR] Committee shall be constituted with three or more directors out of which at least one director shall be an independent director. The Company has constituted CSR Committee with three directors without Independent Director. The business transacted in the Committee meetings has been subsequently ratified by the Board in its meetings.
- iii. The Company could not comply with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of a separate meeting of Independent Directors without the attendance of non-independent directors and members of the management for the financial year 2024-25.

It was explained by the Management that appointment of Independent director (including women Director till 19.01.2025) falls under the purview of the Government of India through Administrative Department i.e. Ministry of Defense and the Company has no role in such appointments. Further the Company has taken initiatives by making multiple requests to the Ministry of Defense (MoD) for filling the vacant posts of Independent Directors in the Company, within the stipulated time, referring penal provisions under the Companies Act, 2013.

5. We further report that

Subject to the observations stated above, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors.



The changes in the composition of the Board of Directors and key managerial personnel that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

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

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

- In accordance with the provisions of the Act, on 4th December 2024, the Company by way of Preferential issue allotted 14,35,11,845 Equity Shares at pari passu ranking of face value ₹10/- each amounting to ₹143,51,18,450/- to Hon'ble President of India (Through Joint Secretary to Government of India, Ministry of Defence, Department of Defence Production), for consideration other than cash.
- In accordance with the provisions of the Act, on 4th December 2024, the Company allotted 17,38,60,000 Equity Shares at pari passu ranking of face value ₹10/- each amounting to ₹173,86,00,000/- to Hon'ble President of India (Through Joint Secretary to Government of India, Ministry of Defence, Department of Defence Production) on account of contribution of additional Equity Capital by Government of India.

For S Sandeep & Associates

sd/-

S Sandeep

Managing Partner

FCS No.: 5853

C P No.: 5987

PR No: 6526/2025

UDIN: F005853G000745482

Place: Chennai
Date: 09th July 2025

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



'Annexure A'

To,

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

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

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For S Sandeep & Associates

Sd/-

S Sandeep

Managing Partner

FCS No.: 5853

C P No.: 5987

PR No: 6526/2025

UDIN: F005853G000745482

Place: Chennai

Date: 09th July 2025



Management replies to the Observation made by the Secretarial Auditor in Secretarial Audit Report for the Financial Year 2024-25

S. No.	Observation in the Report	Replies to the Observation
a)	<p>As per Section 149(4) of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and the Guidelines issued by the Department of Public Enterprises for Corporate Governance, the composition of the Board shall comprise of Independent Directors in proportion to the Functional Directors in the Board. It has been observed that the Company did not have any Independent Director in the Board during the year under review. The Company was required to appoint a Woman Director as per the provisions of section 149(1) of the Companies Act, 2013, and the Company has complied with the same vide Circular Resolution on 20.01.2025 based on the nomination of women Director by the Ministry of Defence, Government of India vide its O.M. dated 10.12.2024. However, still the composition of the Board of Directors of the Company is not in conformity as stipulated under the Companies Act, 2013 and DPE Guidelines on Corporate Governance during the year under review.</p> <p>Further due to absence of Independent Directors in the Board, the Company has not adhered to the following compliances:</p> <ul style="list-style-type: none">i. Constitution of the Audit Committee, Nomination and Remuneration Committee, as required under the provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance.ii. As per section 135, the Corporate Social Responsibility [CSR] Committee shall be constituted with three or more directors out of which at least one director shall be an independent director. The Company has constituted CSR Committee with three directors without Independent Director. The business transacted in the Committee meetings has been subsequently ratified by the Board in its meetings.iii. The Company could not comply with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of a separate meeting of Independent Directors without the attendance of non-independent directors and members of the management for the financial year 2024-25.	<p>The appointment of Independent director (including women Director till 19.01.2025) falls under the purview of the Government of India through Administrative Department i.e. Ministry of Defence and the Company has no role in such appointments. Further the Company has taken initiatives by making multiple requests to the Ministry of Defence (MoD) for filling the vacant posts of Independent Directors in the Company, within the stipulated time, referring penal provisions under the Companies Act, 2013.</p>