



म्यूनिशंस इंडिया लिमिटेड

MUNITIONS INDIA LIMITED

(A Miniratna Cat-I Company)

भारत सरकार का उद्यम
रक्षा मंत्रालय

4TH ANNUAL REPORT 2024-25

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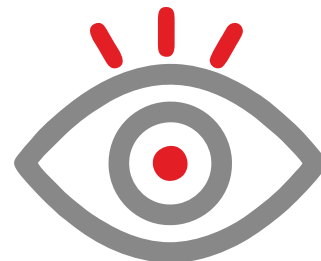
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To provide competitive edge to the Armed Forces by equipping them with modern and quality battlefield ammunition.



VISION



MISSION

To be a prominent patron of Atma Nirbhar Bharat Abhiyan and Make in India Initiative in Ammunition sector.

To establish and retain leadership in domestic market as the most reliable and preferred partner of our defence and homeland security agencies and develop the group into an international class ammunition manufacturing.

To create and strengthen Brand MIL by providing superior value for money and meeting the expectations of stakeholders.

To be a learning organization with global competencies, committed to creativity and innovation.

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE



Dear Shareholders,

On behalf of the Board of Directors of Munitions India Limited (MIL), I am happy to present the report on MIL for the Financial Year 2024-25.

Our organization, with its **12 manufacturing factories, 02 Educational Institutes NADP & OFILKH and 01 Safety Institution MIL Controllarate of Safety (MILCOS)**, is the lifeline behind the production of some of the most critical ammunition and explosive systems our nation relies upon. These sensitive and high-precision operations are not just industrial processes; they are the backbone of national defence, the firm assurance behind every brave soldier standing guard for our freedom.

My foremost aim is to lead our company to new heights of success, not just in terms of production numbers but also in quality and safety standards. Our mission is twofold - to meet and exceed our production targets and to maintain the highest standards of product quality while prioritizing the safety of every employee involved in the production process.

Every financial year MIL has achieved new milestones in production **targets**. This milestone is not just a number—it is a reflection of your dedication, precision, and unyielding effort. While we rightfully celebrate our accomplishments, we must also set our sights higher and MIL is focused to achieve Rs. 10000 crore production targets in the current financial year 2025-26. MIL is also focused in achieving new milestones in exports. I am confident that with continued teamwork, focus, and innovation, we will not only meet but exceed this ambitious goal.

Every achievement we celebrate is the result of **teamwork**—not just among those in manufacturing, but across R&D, procurement, HR, finance, logistics, safety, training, and administration. Each cog in this vast machine plays an indispensable role.

At the same time, **quality must never be compromised**. Safety and quality are not two separate goals—they go hand in hand. Superior quality ensures the reliability of our products, while strict adherence to safety ensures the well-being of our teams and the sustainability of our operations.

Let us renew our commitment to the values that define us—**integrity, excellence, discipline, and patriotism**. Let us march together towards achieving greater heights and goals of the company, not merely for the sake of numbers, but to affirm our role as the **defence industry's most reliable partner**.

I look forward to walking this journey with all of you **shoulder to shoulder, with pride in our hearts and excellence in our hands**.

On behalf of the Board of Directors and all employees of the Company, I would like to convey my sincere gratitude to the Hon'ble Union Minister for Defence Shri Rajnath Singhji and Hon'ble Minister of State for Defence Shri Sanjay Seth for the immense support and guidance received from them. I am also deeply grateful to Shri Rajesh Kumar Singh, Defence Secretary, and Shri Sanjeev Kumar, Secretary (Defence Production) Govt. of India for support and trust in the functioning of the Company. I would also like to thank Shri Anurag Bajpai, former Addl. Secretary, Ministry of Defence, Dr. Garima Bhagat, Joint Secretary (LS) and Shri Amit Satija, Joint Secretary (DIP), Ministry of Defence and other officers of DDP who have supported MIL through their continuous guidance.

I would also like to express my thanks and appreciation to my esteemed colleagues on the Board and to all employees of MIL, as also to other stake holders of the Company for their valuable support and co-operation to the company.

(Sanjay Hazari)
Chairman and Managing Director
DIN No.11089196



Accurate. Lethal. Reliable.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Sanjay Hazari

Chairman and Managing Director
(w.e.f. 30/04/2025)

Shri Prakash Agarwala

Director/Finance & CFO

Shri Rakesh Ojha

Director/Operations
w.e.f. 08/11/2024

Shri Nandkishor Prabhakar Naik

Director/Human Resources
w.e.f. 05/02/2025

Shri Amit Satija, IAS

Joint Secretary (DDP)
Govt. Nominee Director
(w.e.f. 14/08/2024)

CHIEF VIGILANCE OFFICER

Hari Narayan Jangid

COMPANY SECRETARY

Shri E J Paul

SECRETARIAL AUDITOR

M/s A K Rastogi & Associates
Ghaziabad

STATUTORY AUDITOR

M/s Borkar & Muzumdar
Mumbai

CHIEF INTERNAL AUDITOR

Shri Ajay Kumar Singh

BANKERS

State Bank of India

BRANCH AUDITORS

M/s Mahesh Solanki & CO
Chartered Accountants, Indore

M/s Raj & Sudha
Chartered Accountants, Trichy

M/s Sarda Soni Associates
Chartered Accountants, Nagpur

M/s Nagarwala & Associates
Chartered Accountants, Sambalpur

M/s Chanakya Ashok & Co
Chartered Accountants, Patna

M/s M G A & Associates
Chartered Accountants, Jalgaon

CORPORATE INFORMATION

Head of Units (AS ON 31-03-2025)

Manufacturing Units of MIL

1. **Shri Sanjay Hazari**
Chief General Manager
Ammunition Factory, Khadki, Pune
2. **Shri Vikas Purwar**
Chief General Manager
Cordite Factory, Aruvankadu
3. **Shri Vijay Badlu Kuril**
Chief General Manager
High Explosives Factory, Khadki, Pune
4. **Shri Gyaneswar Tyagi**
Chief General Manager
High Energy Projectile Factory, Thiruchirapalli
5. **Shri Pradeep Kumar Dash**
Chief General Manager
Ordnance Factory, Badmal
6. **Shri Deepak Uddhavrao Deshmukh**
Chief General Manager
Ordnance Factory, Bhandara
7. **Shri Praveen Kumar Pandey**
Chief General Manager
Ordnance Factory, Chanda
8. **Shri Gyanendu Kumar Choudhary**
Chief General Manager
Ordnance Factory, Dehu Road
9. **Shri Alok Kumar Agarwal**
Chief General Manager
Ordnance Factory, Itarsi
10. **Shri Shailesh Vagerwal**
Chief General Manager
Ordnance Factory, Khamaria
11. **Shri Anil Kumar Gupta**
Chief General Manager
Ordnance Factory, Nalanda
12. **Shri Md Zunnoon Sarwar**
Chief General Manager
Ordnance Factory, Varangaon

Non-Manufacturing Units of MIL

1. **Shri Jyoti Prakash Dash**
Chief General Manager
NADP, Ambajhari
2. **Shri Uday Kumar Sharma**
Chief General Manager
OFIL, Khamaria
3. **Shri Lalit Kumar**
Chief General Manager
MILCOS, Pune

CORPORATE INFORMATION

Registered Office

Ammunition Factory, Khadki, Pune,
Maharashtra-411 003
CIN No.U29190PN2021GOI203505

Corporate Office

2nd Floor, Nyati Unitree, Nagar Road,
Yerwada, Pune-411 006
☎ 020-67080400
✉ mil-pune@munitionsindia.in
<https://munitionsindia.in>

Manufacturing Units of MIL

1. **Ammunition Factory, Khadki**
Pune – 411 003, Maharashtra
2. **Cordite Factory, Aruvankadu**
Aruvankadu - 643 202, Tamilnadu
3. **High Explosives Factory, Khadki**
Pune – 411 003, Maharashtra
4. **High Energy Projectile Factory**
Thiruchirappali – 620 025, Tamilnadu
5. **Ordnance Factory, Bhandara**
Bhandara – 441 906, Maharashtra
6. **Ordnance Factory, Badmal**
Badmal, Bolangir - 767 070, Odisha
7. **Ordnance Factory, Chanda**
Chanda – 442 501, Maharashtra
8. **Ordnance Factory, Dehu Road**
Pune – 412 101, Maharashtra
9. **Ordnance Factory, Itarsi**
Itarsi – 461 122, Madhya Pradesh
10. **Ordnance Factory, Khamaria**
Jabalpur – 482 005, Madhya Pradesh
11. **Ordnance Factory, Nalanda**
Rajgir - 803 121, Bihar
12. **Ordnance Factory, Varangaon**
Varangaon – 425 308, Maharashtra

Non-Manufacturing Units of MIL

1. **National Academy of Defence Production**
Ambajhari, Nagpur- 440 021, Maharashtra
2. **Ordnance Factories Institute of Learning**
Khamaria, Jabalpur – 482 005, M. P.
3. **MIL Controllerate of Safety**
Khadki, Pune-411 003, Maharashtra

BOARD OF DIRECTORS



Shri Sanjay Hazari

Chairman and Managing Director
(w. e. f. 30/04/2025)

Shri Sanjay Hazari is a seasoned and accomplished professional with over 35 years of extensive experience in the defence production sector. A distinguished officer of the 1989 batch of the Indian Ordnance Factories Service (IOFS), he has demonstrated exceptional leadership across diverse domains including production management, production planning, industrial engineering, general administration, procurement, and in-house research and development. He holds a degree in Electrical Engineering and has further enhanced his technical and managerial acumen through a range of specialized training programs. These include the Industrial Engineering Course from NITIE, Mumbai; CAD/CAM Introduction from CII, Bangalore; Statistical Methods & Applications from NIIT, Kolkata; and Modernisation & Project Management from NADP, Nagpur. Throughout his illustrious career, Shri Hazari has made significant contributions to the Indian defence manufacturing ecosystem. He has held several key leadership positions where his strategic vision and operational expertise have played a pivotal role in enhancing efficiency, strengthening systems, and improving performance outcomes. As Deputy Director General (Ammunition) at the erstwhile Ordnance Factory Board (OFB) Headquarters, he was responsible for the planning and production activities of the Ammunition & Explosives (A&E) group of factories. His tenure in this role was marked by improved coordination and streamlined delivery across critical manufacturing units. In his role as General Manager (Operations) at the Corporate Office of Munitions India Limited (MIL), Shri Hazari oversaw production planning, target allocation, and the execution of in-house R&D activities for the entire MIL group of factories. His ability to drive innovation and ensure seamless integration of planning processes greatly contributed to the company's production efficiency. Later, as Chief General Manager of Ammunition Factory Khadki (AFK), one of the premier defence production units, he played a crucial role in optimizing factory operations and enhancing overall performance metrics. On 30th April 2025, Shri Sanjay Hazari assumed charge as the Chairman and Managing Director (CMD) of Munitions India Limited (MIL), a premier Defence Public Sector Enterprise under the Ministry of Defence. With his vast experience MIL aims to enhance operational capabilities. His visionary leadership comes at a pivotal time as the company advances towards modernization, global expansion, and greater self-reliance in strengthening India's defence capabilities.



Shri Debashish Banerjee

Director/Human Resources
with Addl. charge of CMD
w.e.f. 01/03/2024

Shri Debashish Banerjee, is a Mechanical Engineer with Post Graduate qualification in Maintenance Management (M. Tech) and Social Science (M. Phil). He has done course on Management of Technologist from IIM, Bangalore and Post Graduate Diploma in Public Administration from Indian Institute of Public Administration, New Delhi. He has experience in Defence Production Industry for more than 33 years. He joined the Indian Ordnance Factories Services through UPSC (Engineering Services) Examination, as Assistant Works Manager in the year 1989 at Ordnance Factory Dum Dum situated at West Bengal. During his journey of over 3 decades, he has worked in Ammunition & Explosive Group, Weapon Group, Armoured Vehicle Group of Factories. During this journey he worked at different levels at various production units almost in every area i. e Production, Planning, Quality Control, Engineering, Maintenance, Administration, Provision & Information Technology.

Shri Banerjee worked as General Manager of Engine Factory Avadi from September, 2020 to September 2021. This Factory is engaged in production of engine for Tank T-72, Tank T-90 and BMP II Vehicle. During this period the factory achieved 100% indigenization of its input components.

Shri Banerjee, took over as the first Director/HR of newly created Defence Public Sector Enterprise, Munitions India Limited, Pune on 1st October, 2021.

Shri Debashish Banerjee, took over the Additional Charge of CMD of Munitions India Limited (MIL) Pune on 1st March 2024. With taking over the additional charge of CMD of MIL, Shri Debashish Banerjee from Ordnance Factories fraternity head one of India's most valuable Defence Public Sector Enterprises. The company comprising of 12 Ordnance Factories, is engaged in production of various types of ammunition and explosives. He has superannuated from Munitions India Limited on 30.11.2024.



Shri Prakash Agarwala

Director/Finance & CFO
With addl. charge of CMD
(From 01/12/2024 Till 29/04/2025)

Shri Prakash Agarwala is a graduate in Mechanical Engineering from NIT Kurukshetra & MBA from IIM, Kolkata. He is an IOFS officer of 1990 batch.

After completion of his training at NADP, Ambajhari, Nagpur, he joined at erstwhile Ordnance Factory Board (OFB) in 1992, where a new division of Marketing & Export was being set up. He has a vast experience of Marketing, Export and International Cooperation during his long stint at erstwhile OFB. He was decorated with the prestigious "Ayudh Bhushan" Award also during this period.

He has also worked in the areas of Material Management, Production Planning, Quality Control etc. at the factory level at Ordnance Equipment Factory, Kanpur and thereafter at OEF Headquarters, Kanpur.

He served at erstwhile OFB, Kolkata again as Deputy Director General of Marketing & Export for three years till 2021 before joining the newly created DPSU, Munitions India Limited (MIL) at Pune, as General Manager, Business Development & Finance.

He has a wide international exposure having visited various countries for Defence Export promotion and international cooperation.

Shri Prakash Agarwala, took over as Director/Finance at MIL on 16th June, 2022. He is also the Chief Finance Officer (CFO) of MIL.

Shri Prakash Agarwala, took over as Additional Charge of Director/Operations at MIL from 1st March, 2024 to 7th November, 2024.

Shri Prakash Agarwala, took over as Additional Charge of Chairman and Managing Director at MIL from 01/12/2024 till 29/04/2025.



Shri Rakesh Ojha is a Mechanical Engineer with Post Graduate qualification in M.Sc. (Gun System Design) from DCMT, Cranfield University, United Kingdom. He joined Indian Ordnance Factories Services in the year 1997.

During a career spanning more than 27 years, Shri Rakesh Ojha had worked in Defence Industry on broad spectrum of portfolios such as Production, Planning, Research and Development, Material Management, Business Development, to name a few. He acquired skills and know-how in Artillery Ammunition manufacturing, Production of Small Arms Ammunition and weapon systems. He is an alumni of ISB. He was a student of AMPOS-2024.

Shri Rakesh Ojha

Director/Operations

w.e.f. 08/11/2024

Shri Rakesh Ojha worked as Chief General Manager of Ordnance Factory Varangaon from Feb 2024 to Nov. 2024. This factory is engaged in production of 5.56mm & 7.62 mm small arms ammunition. During this period the factory achieved 100% committed target.

Shri Rakesh Ojha, took over as the Director/Operations of Munitions India Limited, Pune A Defence Public Sector Enterprise on 08th November, 2024.

The company comprising of 12 Ordnance Factories (Production Units) engaged in production of various types of ammunition and explosives and 03 Non-Production Units spread over 5 States across the India.



Shri Nandkishor Prabhakar Naik is a seasoned professional with a rich and diverse background in Civil Engineering, Human Resources, and Management. He is a graduate in Civil Engineering and holds a Bachelor of Laws (LLB), a Certification in Human Resource Management from XLRI Jamshedpur, and a Diploma in Management. A distinguished officer of the 1995 batch of the Indian Ordnance Factories Service (IOFS), Shri Naik brings over 29 years of experience in public service.

Throughout his career, Shri Naik has made valuable contributions in a variety of fields, including Human Resources, Production, Planning, Procurement, and Civil Maintenance. His leadership and expertise have been instrumental in driving operational efficiencies and fostering workforce resilience within diverse organizational settings. Notably, Shri Naik served as Chief General Manager at CFA, where he played a crucial role in optimizing operations and improving overall performance.

Shri Nandkishor Prabhakar Naik

Director/Human Resources

w.e.f. 05/02/2025

On 5th February 2025, Shri Naik assumed the position of Director (HR) at Munitions India Limited, a premier Defence Public Enterprise. His appointment comes at a critical moment for the organization, with his wealth of experience and strategic vision positioned to enhance operational efficiency, strengthen workforce capabilities, and navigate challenges with resilience. Shri Naik's leadership is key to the ongoing growth and success of Munitions India Limited as it continues to contribute to the national defence sector.



Shri Anurag Bajpai
Additional Secretary
Govt. Nominee Director
(Till 14/08/2024)

Shri Anurag Bajpai belongs to 1994 batch of Indian Forest Service. He is Post Graduate in Economics, Financial Management and Mass Communication. He has worked in Food and Agriculture Organization (FAO), Rome on a Project for 3 months. He has travelled across 32 countries and gained experience in policy planning and administration.

In Govt. of India, Shri. Anurag Bajpai was instrumental in bringing reforms in the process of forestry clearance within the legal framework and formulated first Wind Energy Policy of India. He has been instrumental in Skill Development, Education, Infrastructure Development and Women Empowerment. He served as Asstt. Inspector General of Forest, Dy. Secretary and Director in M/o Environment, Forest & Climate Change, M/o Tribal Affairs and M/o Minority Affairs respectively in his previous terms.

In his parent cadre i.e. Manipur, he has held various senior positions right from Divisional Forest Officer onwards and gained administrative experience. He served in Forest & Environment Department and Deptt. of Textiles, Commerce and Industries. Before joining the Deptt of Defence Production in MoD, Govt. of India as Joint Secretary, he was Addl. Principal Chief Conservator of Forests in Forest Department and CEO of Mission for Economic Empowerment of Traditional Artisan & Craftsmen (MEETAC) in Deptt. of Commerce and Industries in Manipur.



Shri Amit Satija
IAS, Joint Secretary (DDP)
Govt. Nominee Director
(w.e.f. 14/08/2024)

Shri. Amit Satija is an IAS officer of 2008 batch from AGMUT cadre who is currently posted as Joint Secretary in the Ministry of Defence in the Department of Defence Production. Prior to joining the Government of India, he has served at various positions in different States and UTs in the country including Delhi, Goa, Andaman Nicobar Islands and Lakshadweep Islands. Shri. Satija is a graduate in Economics and has done Masters of Management Studies from Jamnalal Bajaj Institute of Management Studies, Mumbai before joining IAS.

He has vast experience in Defence related matters, Public administration, Home/Census, Finance, Urban Development, Excise, Land Revenue Management and District Administration, Water resources, Transport and Tourism.

ABOUT US

Munitions India Limited [MIL] is a Defence Public Sector Enterprise [CPSE] under the ministry of Defence, Government of India.

MIL, the India's biggest manufacturer and market leader is engaged in Production, Testing Research & Development and Marketing of comprehensive range of ammunition & explosives for Army, Navy, Air force & Para-Military Forces.

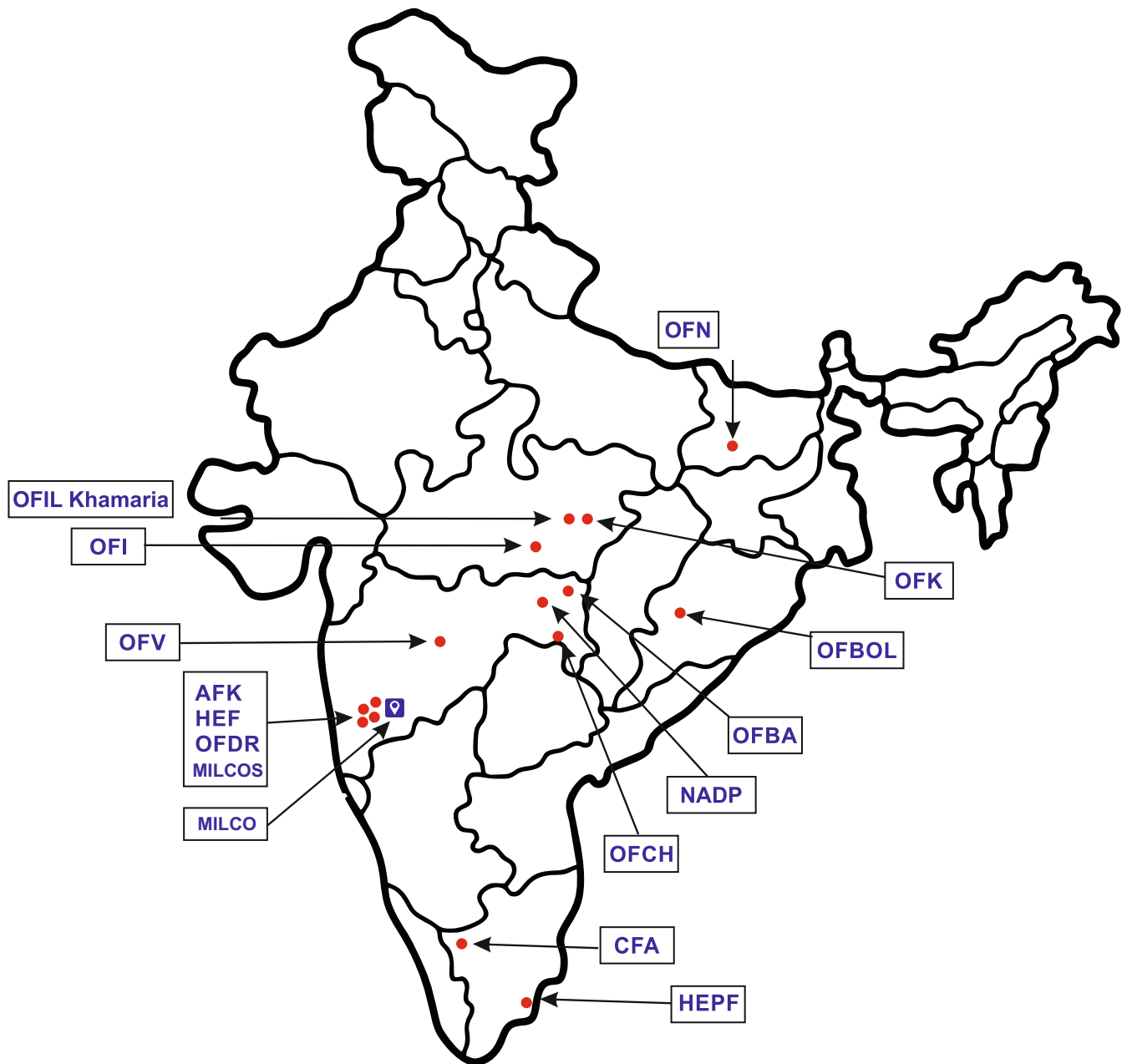
With Corporate Office at Pune (India), MIL in its 12 state-of-the-art manufacturing units located across the country employs skilled workforce of around 21211. These factories have proven integrated base for production of Small, Medium & High calibre ammunition, Mortars, Rockets, Hand Grenades etc. with in-house manufacturing of Initiatory Compositions, Propellants and High Explosives for over 150 years. Our primary objective is to provide competitive edge to the Armed Forces by equipping them with modern and quality battlefield ammunition.

Our foreign customers include countries located in various parts of the world. The patronage we receive from our customers both in India and abroad reflects their faith in quality of our products and services. We are the force behind the Armed Forces.

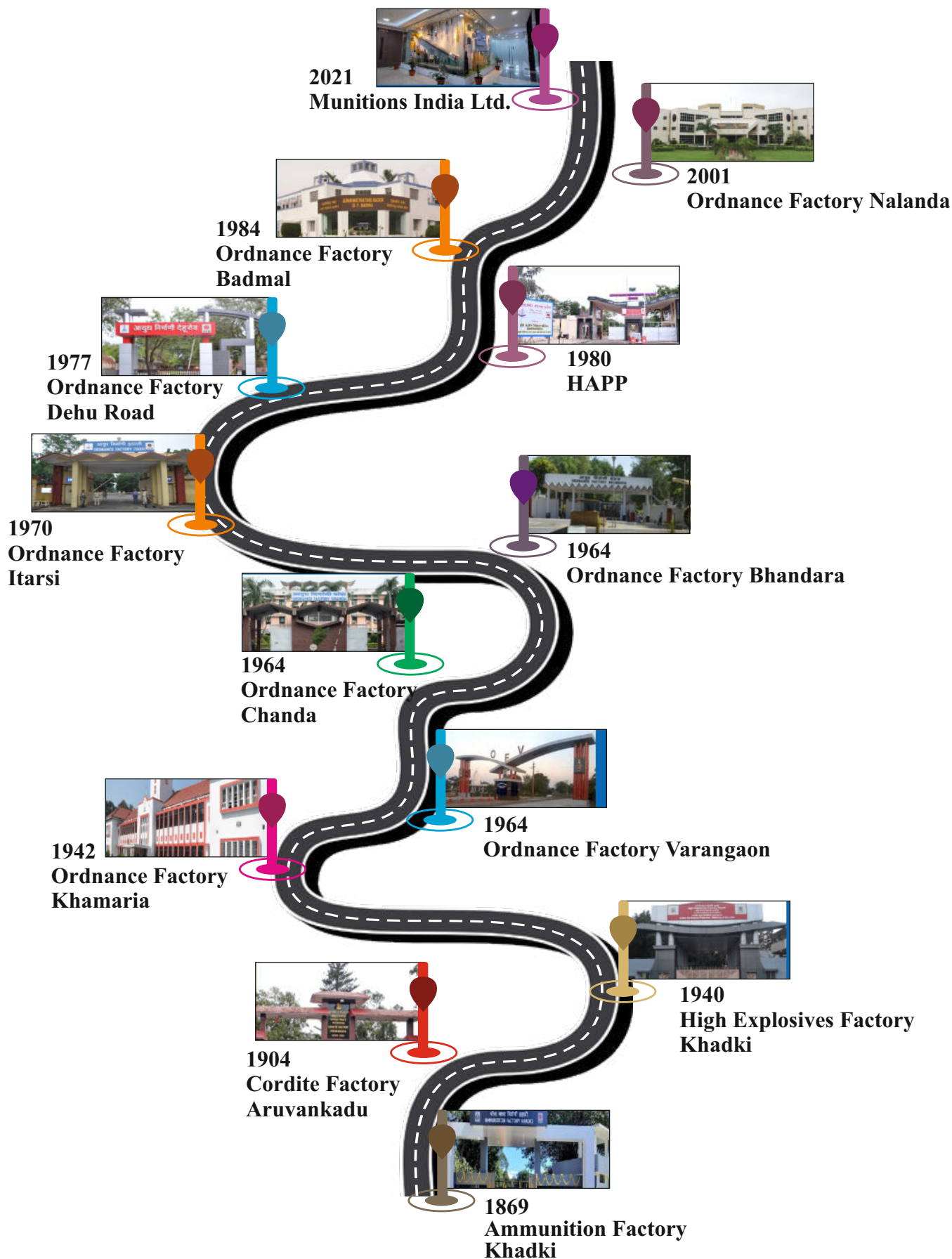
MIL with its 12 manufacturing units provide:

- A broad and versatile production base with multi-technology capabilities
- State-of-the-art manufacturing facilities
- Large pool of skilled and professionally qualified manpower and managerial personnel
- Strict adherence to quality standards (all units are ISO-9000 certified)
- Original as well as adaptive Research & Development to make need-base refinement and modifications
- A strong base for industrial training & testing

MIL FOOTPRINTS PRODUCTION & NON PRODUCTION UNITS



MIL JOURNEY



PRODUCT PROFILE

MIL's Product portfolio includes ammunition, explosives, pyrotechnics, and other defence-related products. Munition India Limited is known for its high-quality products that meet the strict standards and requirements of the Indian Armed Forces, Para Military Forces & Exports.



PRODUCT PROFILE



120mm HE



120mm Smoke



120mm
Illuminating

PRODUCT PROFILE



PRODUCT PROFILE



PRODUCT PROFILE



PRODUCT PROFILE



PRODUCT PROFILE



MAJOR ACHIEVEMENTS

Indigenisation... “*Atmanirbhar Bharat*”

Current Indigenisation Content – 95%



Products Under Development

- Development of Area Denial Munition (ADM) Type-II Warhead
- Development of Area Denial Munition (ADM) Type-III Warhead
- Development of 1000 Kg GP Bomb
- Development of Modified Medium Range Chaff Rocket (MRCR)
- Development of common Electronic Fuze for various type of Grenades
- Development of Dual Pulse Propellant for NG (New Generation) AKASH
- Propellant for Heat-751, HEDP-502 & SMOKE-469C Ammunition
- 125mm FSAPDS Ammunition (Depth of Penetration 550mm)
- 155mm Smart Ammunition:

➤ 155mm Smart Ammunition :

155 mm smart ammunition enables the capability enhancement of Artillery guns by allowing precision strikes and simultaneously reducing collateral damage.



Interaction done by MIL with academia on Development of New Product.

MIL is also hiring specific domain expert for production activities. Efforts will be made to hire domain expert for indigenization activities, if required. Further, MIL is collaborating with various academia for development work.

For example.

Development of Smart 155mm ammunition (ISA-Indian Smart Ammunition) & 30 Ammunition with assistance from IIT Madras.

Products Developed Successfully

- Delay Detonator for Multi Influence Ground Mine
- Indigenisation of chaff payload through MAKE-II route for SRCR, LRCR & MRCR
- Grenade 40mm MIL 25
- Grenade 30 mm MIL 17

40mm MIL 25



30 mm MIL 17



MAJOR EVENTS

**Shri Rakesh Ojha, on taking over the charge of as Director/Operations,
Munitions India Limited, Pune (08th November, 2024)**



**Shri Nandkishor Prabhakar Naik, on taking over the charge of as Director/Human
Resources, Munitions India Limited, Pune (05th February, 2025)**



**Flag hoisting by the Chairman and Managing Director
on 26th January, 2025 Functions.**



Prize Distribution to the Employees of MIL during Foundation Day Celebration on 01st October 2024





Visit of VVIPs, VIPs and Dignitaries to MIL Office, Pune







**Farewell of Shri Debashish Banerjee Ex-Director/Human Resources with
Addl. Charge of Chairman and Managing Director of
Munitions India Limited**



**Consultative Mechanism Meeting with Members (Staff Side) at MIL Corporate Office,
Pune on 19th November 2024**



**Apex Level Training Programme & Business Meet
from 12th to 14 April 2024 at Ooty**



NOTICE TO FORTH ANNUAL GENERAL MEETING

Notice is hereby given that the Fourth Annual General Meeting (AGM) of Munitions India Limited will be held on **Tuesday, 30th September 2025 at 03:00 p.m.** at Corporate Office-2nd Floor, Nyati Unitree, Nagar Road, Yerwada, Pune- 411006 and Video Conference to transact the business mentioned herein below-

Ordinary Business

1. To receive, consider and adopt
 - a) the audited Standalone Financial Statements of the company for the Financial Year ended 31st March, 2025, the reports of the Board of Directors and Auditors' thereon; and
 - b) the audited Consolidated Financial Statements of the company for the Financial Year ended 31st March, 2025 and the reports of the Auditors' thereon.

By Order of the Board of Directors
For Munitions India Limited

(E. J. Paul)
Company Secretary
M.No.FCS-4521

Place: Pune

Date: 29/09/2025

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and the Proxy need not be a member.
2. Members can attend and participate in the ensuing Fourth Annual General Meeting (AGM) through Video Conference.
3. The attendance of the members attending the Fourth Annual General Meeting (AGM) through Video Conference will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
4. The members will be allowed to pose questions during the course of the meeting. The queries can also be given in advance at finance@munitionsindia.in.
5. The link to access through Video Conference shall be shared before the meeting.



DIRECTORS' REPORT

To,

**The Shareholders
Munitions India Limited**

The Directors have pleasure in presenting the Directors' Report together with Audited accounts of your Company for the Financial Year 2024-25.

I am happy to inform that the company has registered a **Profit (After Tax) of INR 839.86 Crores** during the Financial Year 2024-25.

1. HIGHLIGHTS:

Department of Defence Production, Ministry of Defence has classified Munitions India Limited as Mini-Ratna (Category-I) CPSE. The delegation of powers would be subject to the conditions and guidelines as stipulated in the Department of Public Enterprises OM No.11/36/97-Fin Dt.09/10/1997 and other relevant guidelines issued by Department of Public Enterprises from time to time on the subject.

Production Units:

- i. Ammunition Factory Khadki
- ii. Cordite Factory Aruvankadu
- iii. High Energy Projectile Factory Tiruchirappalli
- iv. High Explosive Factory Khadki
- v. Ordnance Factory Bhandara
- vi. Ordnance Factory Bolangir
- vii. Ordnance Factory Chanda Chandrapur
- viii. Ordnance Factory Dehu Road
- ix. Ordnance Factory Itarsi
- x. Ordnance Factory Khamaria
- xi. Ordnance Factory Nalanda
- xii. Ordnance Factory Varangaon

Non-production units:

- i. National Academy of Defence Production, Ambajhari (NADP)
- ii. Ordnance Factories Institute of Learning, Khamaria
- iii. Controllerate of Safety, Pune

2. FINANCIAL REVIEW:

2.1 Summary of Financial Results

The summary of financial results of the company for the Financial Year 2024-25 vis-a-vis the performance in the Financial Year 2023-24 is given below:

in Crores

Particulars	2024-25	2023-24
Gross Income	8649.41	7534.62
EBIDTA	1488.74	935.94
Financial Expenses	4.05	2.16
Depreciation & Amortisation	198.16	183.19
Profit/(Loss) Before Tax	1286.52	750.60
Provision for Tax, etc.	446.67	191.81
Profit/(Loss) After Tax	839.86	558.78
Add: Profit/(loss) Brought forward	653.82	95.04
Balance Carried to Balance Sheet	1493.68	653.82

2.2 Dividend

Vide Office Memorandum No. F.No.5/1/2016-DIPAM-IIAVOLIII-Part(1), dtd 19.11.2024 of Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Committee for Monitoring of Capital Management and Dividend in CPSEs (CMCDC) exempted to MIL from payment of Dividend for FY 2024-25.

2.3 Growth

The Company has sustained the profit in FY 2024-25 also by increasing the turnover, expanding the customer base both in the Domestic and International market and introduction of new products thereby increasing the product base.

2.4 Net Worth

The net worth of the company as on 31st March, 2025 is ₹ 10,204.71 Crores (Previous year it was ₹ 8619.40 Crores).

2.5 Foreign Exchange (Earnings and Outgo):

Earnings are in the form of USD, EURO
Expenditure is in USD, EURO, SEK

Period	Earnings	Expenditure
2024-25	3,076.08 Cr	654.24 Cr
2023-24	1,696.87 Cr	796.09 Cr

3. ANNUAL RETURN:

As required under the provisions of the Section 92(3) of the Companies Act, 2013, the Annual Return of the Company for the financial year 2024-25 is displayed on the website <https://munitionsindia.in/Downloads/Manual and Policies/Annual Return 2024-25>.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134 (3) (c) of the Companies Act, 2013, it is hereby confirmed that –

- 4.1 In the preparation of the Annual Accounts for the Financial Year 2024-25, the applicable accounting standards have been followed, along with proper explanation relating to material departures.
- 4.2 Such accounting policies are selected and applied consistently, and judgments and estimates made that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company at the end of the financial year, and of the profit or loss of the company for that period.
- 4.3 Proper and sufficient care is taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.
- 4.4 The annual accounts have been prepared on a going concern basis.
- 4.5 Proper systems have been devised and are being improved further to ensure compliance with the provision of all applicable laws.

5. ACTIVITIES OF THE COMPANY:

5.1 PRODUCTION:

The company in its 12 state of the art manufacturing units, located across the country with total employee of around 21211, produces various kinds of ammunition and explosives. It is the India's biggest manufacturer and market leader engaged in Production, Testing, Research & Development and Marketing of comprehensive range of ammunition & explosives for Army, Navy, Air force, Para-Military Forces and Exports. The company possesses proven integrated base for production of Small, Medium & High Calibre Ammunition, Mortars, Rockets, Hand Grenades etc. with in-house manufacturing of Initiatory Compositions, Propellants and High Explosives for over 200 years. The company strictly adhere to Quality standards. All the units of the company are ISO 9001 certified.

Details of Production and non-Production units:

PRODUCTION UNITS



Ammunition Factory Khadki (AFK)

AFK, located in the city of Pune, came into being on 16th December 1869 as a Small Arms manufacturing unit of the British Government. Regular production of ammunition cartridge using gun powder commenced in 1872. In 1886, manufacture of Cartg. 0.303" was established using cordite (made from nitrocellulose and nitroglycerine paste) propellant. In 1914 there was an expansion of manufacturing facilities at AFK & different types of primary explosives like mercury fulminate, lead azide, lead styphnate and filling of caps, detonators, percussion fuzes & different pyrotechnic stores were introduced at AFK for meeting the requirements of war in Asia & Africa. The factory is a leader in manufacture of various types of Small Arms Ammunition being used by various Armed Forces and Police Forces.



Cordite Factory Aruvankadu (CFA)

CFA, located in the hilly region of Nilgiris, Tamil Nadu was established in the year 1904. CFA possessed the necessary advantages of good climatic condition suitable for propellant manufacture, own reservoir for water supply and Madras Regimental Centre which is located about 5 KM for the security. CFA is the pioneer in the manufacture of quality propellants for different type of Ammunitions including 105mm, 120mm, 130mm, 155mm, Propellant for naval ammunition and small arms. The latest addition of Triple Base propellant for Bi modular Charges for 155mm Ammunition is great achievement of CFA.



High Explosive Factory Khadki (HEF)

HEF was planned as a separate unit in the Pre-World War-II years, 1935-40 for manufacture of high explosives (TNT & CE) and Initiators required for AFK. Its foundation stone was laid on January 11th, 1940 at Western bank of Mula river at a site where the "Battle of Khadki" was fought between the valiant Marathas and British army in 1817. Major production at HEF started during 1942-44. Since its inception, it has been playing a major role in defence preparedness of our country. HEF produces High Energy Materials, TNT, Liquid Propellants.

Global defence manufacturing companies have shown their confidence in the TNT product at HEF with repeated orders. Ammonium Perchlorate, which is used in solid rocket propellants, is the latest addition at HEF.



High Energy Projectile Factory (HEPF)

HEPF [formerly Heavy Alloy Penetrator Project (HAPP)], situated at Tiruchirappalli, Tamil Nadu is a premier unit manufacturing Anti-Tank Kinetic Energy Projectiles namely Fin Stabilized Armour Piercing & Discarding Sabot (FSAPDS) under Munitions India Limited. HEPF established by DRDO in 1980s and was taken over by then OFB in 1990, is the only factory with state of the Art manufacturing facilities of FSAPDS in the country having core Powder Metallurgy technology with annual production capacity of 20000. HEPF has expanded its product range and diversified

to manufacture Anti Submarine Rockets namely A/S RGB-60 for Indian Navy with the annual production capacity of 2000. HEPF also supplied various pre-fragmented Tungsten Alloy Cubes, Cuboids, Granules, weights; counter weights used in various missile and other defence appliances to the customers of other DPSUs, ARDE, DMRL, DRDO, BDL, HAL and BHEL.



Ordnance Factory Bhandara (OFBA)

OFBA is situated in the District Bhandara in the State of Maharashtra on Kolkata-Mumbai National Highway at 18 kms west of Bhandara township and 55 kms east of Nagpur City. The factory is considered as mother of all propellant factories as it produces a large variety of propellants. It has multi- dimensional product-matrix ranging from Acids to High Explosives and various propellants with highest quality standards. The testing facilities in its well-equipped laboratories have been accredited by NABL.



Ordnance Factory Badmal, (OFBL)

OFBL was set up in the State of Orissa with state-of-the-art technology machine. Late Prime Minister Smt. Indira Gandhi laid the foundation stone of this Factory on October 29th 1984. The vision of setting up a huge ammunition factory dedicated to manufacture of medium and heavy calibre ammunition has brought this backward region of KBK belt of Orissa to lime light. The project sanction came in 1989. The Factory is situated in the Bolangir district of Orissa with a spread of 12,200 acres encompassing hills & hillocks of historical Gandhamardan Range and flanked by two tributary

rivers, the LANTH and the TEL, of the Mahanadi River System. The factory produces various kind of ammunition used by Mechanised Forces, Artillery and Engineers regiments of the Army.



Ordnance Factory Chanda, (OFCH)

The Ordnance Factory Chanda Project was sanctioned in the year 1964 and the initial production commenced in 1970. The factory was designed as medium and high calibre ammunition manufacturing unit with the necessary auxiliaries for the producing explosives and non-explosive components such as initiator, primer, cap, fuze, paper component & packages. OFCH is situated 135 KM from Nagpur due south and 28 KM from Chandrapur due north.



Ordnance Factory Dehu Road (OFDR)

Services had indicated that Night Warfare will become predominant in future and as such, Production of various Pyrotechnic Ammunition items for Night Warfare had to be established in India to achieve the much-needed self-sufficiency in this vital field. The necessity for the establishment of this new factory was considered during the Defence Ministry Production and Supply Committee meeting and the project was sanctioned by the Government in Jan 1977. The factory is engaged in the manufacture of various kinds of Pyrotechnic Ammunition. It is the only factory in the

country producing this kind of ammunition. Since the materials used here are very sensitive and have high energy content, the safety of production processes is very critical.



Ordnance Factory Itarsi (OFI)

After reviewing requirements of Propellant for High Caliber Ammunitions via-a-vis then capacities available in 1969-70 in Ordnance Factories, a new propellant factory was considered necessary and OFI was set up. OFI manufacture Double and Triple base Propellant and the Cast and Case Bonded Propellant required for various types of Rockets and Missiles for all the three Services. Safety & Human Resource Development are the basic & vital concerns of the factory. Research & Development are the areas of its endeavour.



Ordnance Factory Khamaria (OFK)

combination of Hardware Component Manufacturing, Explosive Filling and Ammunition Assembly for all the three Services and Para-Military Forces.

OFK was set up in the year 1943 during World War-II as one of the Eastern Group Projects to meet the requirements of Ammunition for Allied Forces. After Independence, the product range of the Factory was diversified to meet the operational requirements of different Services and Para Military Forces. During Chinese War in 1962 and Pakistan Wars in 1965 and 1971, the Factory was further expanded to meet the new demands of Army, Air Force and Navy. At present this is the biggest ammunition factory in the country. The present production activity of the Factory is a



Ordnance Factory Nalanda (OFN)

Ordnance Factory Nalanda, the latest addition to the ammunition manufacturing factories in the country. It is located at Rajgir in district Nalanda of Bihar and is engaged in manufacture of latest technology propellant. The project was sanctioned on 29.11.2001 for establishing modern technology in the field of propellant manufacture of Bi-Modular Propellant for 155mm Artillery Gun with a moderately vast area of approximately 3000 Acres.



Ordnance Factory Varangaon (OFV)

OFV was established in 1964 immediately after Chinese aggression mainly for undertaking the manufacture of 7.62mm Ammunition to replace 0.303" Cartridges which acts the primary ammunition of Indian Army till then. The production started in the year 1965 with the plant & machines received under U.S. aid. After development of Indian National Small Arms System (INSAS) by DRDO, OFV established the production line for manufacture of its ammunition. Currently the factory is engaged in production of various types of small Arms ammunition used by Armed and Police forces.

NON-PRODUCTION UNITS:



National Academy of Defence Production (NADP)

NADP is the premier training Institute, with the mandate to impart both induction and in-service training to Indian Ordnance Factories Service (IOFS) and Indian Ordnance Factories Health Service (IOFHS) officers. Set up as Ordnance Factories Staff College (OFSC) in the year 1978 for providing institutionalized training to the fresh entrants and in-service Officers of IOFS; it was rechristened as National Academy of Defence Production (NADP) in the year 2003. With the motto 'Vidya Amritam' (Knowledge Eternal), the Academy is committed to the philosophy of 'Excellence through Learning'. The Academy has evolved over the years to meet the fast-changing needs of the organization and to equip its Officers with adequate techno-managerial skills.



Ordnance Factories Institute of Learning, Khamaria (OFILKH)

OFILKH was established as Regional Training Institute, Khamaria (RTI, KH) on 1st April, 1996 and subsequently renamed as OFILKH, Jabalpur, for imparting training to and undertaking developmental activities in respect of Group B and C employees. This institute has the expertise to impart training in the field of chemicals and explosives. Apart from the above, induction training for newly recruited Chargeman (chemist) is also conducted by this institute on manufacture of chemicals, explosives, ammunition components, different types of ammunitions and related safety aspects etc.



Munitions India Limited-Controllerate of Safety (MIL-COS)

The safety in explosive production is of paramount importance and no slackness in the same can be accepted. Accordingly, MIL-COS was established for monitoring matters concerning:

- Explosive Safety
- Electrical Safety
- Industrial Safety
- Environmental Safety
- Explosive & Hazardous Waste Management

5.2 MAJOR PRODUCTS:

- i. Small Calibre Ammunition
- ii. Medium Calibre Ammunition
- iii. Large Calibre Ammunition
- iv. Grenades
- v. Aerial Bombs
- vi. Mortar Bombs
- vii. Naval Ammunition
- viii. Rocket Pinaka
- ix. Explosives & Propellants
- x. Smoke & Pyrotechnics

5.3 ACCREDITATION AND CERTIFICATIONS:

MIL is having following certifications:

CERTIFICATION	VERSION	UNITS
Quality management system (QMS)	ISO 9001:2015	All Units of MIL
Environment management System (EMS)	ISO 14001:2015	All Units of MIL
Occupational Health & Safety Management System (OHSMS)	ISO 145001:2018	All Units of MIL
Energy and Management Systems (EnMS)	ISO 50001:2018	All Units of MIL
National Accreditation Board for testing and Laboratories (NABL)	ISO/IEC/17025	All Units of MIL
Energy and Management Systems (EnMS)	ISO 50001:2018	All Units of MIL
Aerospace QMS	AS9100D	AFK, OFDR, OFI, OFBA, OFK, HEPF, OFCH

6. INDIGENIZATION:

MIL is actively putting efforts to enhance the Make in India initiative. The raw materials/Components/Sub-Assemblies, being imported by MIL, have been listed in various portals, to develop indigenous alternatives, like SRIJAN PORTAL and i-Dex for realization of "Atmanirbhar Bharat".

Currently, Indigenization content is about 95% for MIL products and our endeavor is to be increases it further in next two to three years. Total 192 items have been published on SRIJAN portal for indigenization including 51 PIL items, 125 Non PIL items and 16 P&M items.

88 items have been indigenized (14 PIL & 74 Non PIL) up to FY 2024-25.

7. EXPORT:

7.1 Export Strategy of Munitions India Limited

- a) **MIL plans to have an aggressive Export Promotion strategy with following actions.**
- Expansion of Geography by aggressive marketing in identified target countries.
 - Preparation of Product – Country matrix by analysing weapon inventory of various countries
 - Expansion of Exportable Product base
 - Exploring possibilities for becoming part of International Supply Chain of Ammunition Components, Explosives, Propellants and Sub-assemblies of Ammunition.
 - Participation in international exhibitions like Eurosatory – 2022, Defexpo-2022, Aero India-2023, Navdex-2023 & 2024, DSEI-2023, FFF-2024 etc. for exhibiting MIL products and production capabilities to prospective customers
 - Regular contact with DAs & Channel Partners for participating in Export Leads.
 - Developing new products to offer complete solution to the Ammunition as per Customer's requirements
- b) **Achievements**
- MIL has bagged export orders of INR 10,594 Crores since its formation in Oct, 2021.
 - MIL got export orders from following new countries in 2024-25 : Bangladesh, Indonesia & Sudan.
 - MIL got orders in 2024-25 for export of following new product: Cord Detonating.

7.2 Products offered for Export:

- Small Arms Ammunition (5.56 mm, 7.62 mm, 9 mm etc)
- Grenades (30 mm MIL-17, 40 mm MIL-25, 40X46 mm etc.)
- Mortars (81 mm & 120 mm)
- Tank Ammunition: 125 mm HE
- Artillery Ammunition: 155 mm, 105 mm
- Propellants and Explosives (RDX, TNT, Ball Powder, etc.)
- Pyrotechnics

7.3 No. of offices opened abroad:

As directed by DDP / MOD, it is planned to open office at Riyadh, Saudi Arabia.

7.4 Exports expected during current FY and next two FYs:

Year	2024-25	2025-26 (Target)	2026-27 (Target)
Export Value (₹)	3,081 Cr.	2,500 Cr.	3,000 Cr.

8. MISSION RAKSHA GYAN SHAKTI:

Department of Defence Production/Ministry of Defence has initiated **MISSION RAKSHA GYAN SHAKTI** in the month of April' 2018, with a primary objective of Boosting IP culture and to promote creation of Intellectual Property in the Defence production sector, in line with the national policy on IPR to encourage and assist the Defence Public Sector Units (DPSUs), Defence establishments and their creative/ innovative officials towards IPR regime.

To achieve realistic self-reliance in Defence sector, MIL is trying to generate more and more Patents by in-house R&D efforts and further to ensure its timely commercialization by the Indian Defence industries for use by the Armed Forces.

MIL has conducted series of IPR training programs to train the employees at all units of MIL. The knowledge base developed during the training has created the awareness among the employees to capture the innovative ideas/IPs within the organization.

MIL has also facilitated the vendors on IPR related activities by conducting comprehensive training session through virtual/ physical mode.

Till date MIL has filed total 352 nos. of IPRs. Out of which 88 nos. of IPRs granted to MIL including 24 nos. of Patents

9. HUMAN RESOURCE DEVELOPMENT:

9.1 **Schedule Caste / Schedule Tribe Reservation:**

The directives issued by the Government of India regarding reservation for SC/ST in appointment and promotions to various posts were complied with.

9.2 **Training & Human Resource Development:**

The company has signed MoU with IIT Madras for conducting "Web-enabled M. Tech in Ammunition Technology". Till date 31 Employee have been nominated and sponsored candidates since 2022.

National Academy of Defence Production (NADP), the training institute of the company has received AICTE approval for conducting "Post Graduate Diploma in Management (Business Management)", which is 2 years fully residential programme with a focus on Defence Industries, for the students including executives aspiring to make/advance their career in the field of management.

The contribution of the company for developing Skill through Training.

- i) In-house HRD Centers are set up at various factories/units of the company for imparting skill training to own employees as well as for training of trade apprentices in various trades.
- ii) Ordnance Factories Institute of Learning, Khamria (OFILKH) have received the affiliation with NIELIT for starting Digital Learning Courses.

- iii) The training for developing skills of the employees of the company is being provided in the areas of Maintenance, Safety, IPR, Firefighting, Administration, IT, etc.
- iv) ITI trade apprentices (other than the company employees) are being trained in the Trades of Chemical (AOCP), Mechanical (Machinist, Turner, Fitter, Welder etc.), Electrical (Electrician), Civil (Plumber, Mason etc.).

To motivate human resources and keep their morale high new award & reward system has been introduced.

9.3 Industrial Relations:

Industrial relations continued to be healthy, cordial and harmonious.

Consultative Mechanism at the Corporate Office level has been constituted for industrial relations / industrial harmony. For contributing in the development and growth of the company, the participation of employees is ensured through this forum.

At Munitions India Limited Corporate Office appropriate forums such as High-Level Consultative Committee (HLCC) and MIL Industrial Relations Mechanism have been constituted. The first HLCC meeting was held on 08.05.2025 comprising of retired/serving employees of 41 Ordnance Factories are members and the first MIL IR Mechanism was held on 06.06.2025 comprising of serving employees of MIL units as members. Both these forums are constituted to discuss the points related improvement in productivity, Quality, Cost effectiveness, Modernization, Safety, Business Expansion, R&D, Image building, Production target, Resources availability and Skill development between the officials of MILCO and the representatives of recognized Defence Federations, and recognized Defence Associations.

10. MEMORANDUM OF UNDERSTANDING WITH MINISTRY OF DEFENCE:

Memorandum of Understanding with Ministry of Defence was entered for the Financial Year 2024-25. Munitions India Limited had MoU score of 91 and excellent rating for Financial Year 2023-24.

11. OFFICIAL LANGUAGE IMPLEMENTATION:

The official Language Act, along with the Rules thereof and orders issued from time to time by the Department of Official Language, Ministry of Defence regarding progressive use of Hindi, were implemented in the Company during the period. Meetings of the Official Language implementation Committee were held regularly to review the use of Hindi in the Company and steps to be taken to implement the Annual Program for the period of 1st April 2024, to 31st March 2025, issued by the Department of Official Language, Ministry of Home Affairs, Government of India.

12. REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, ETC.

12.1 Conservation of energy-

- 12.1.1 In keeping with five nectar elements (Panchamrit) of India's climate change action plan & accordingly the instructions issued by Department of Defence Production, Munitions India Limited has prepared Six Point Action Plans which are as here under:

- i. Expansion in renewable energy capacity;
- ii. Improvement in energy efficiency in appliances and process;
- iii. Cutting down losses & wastage's and reduction in specific energy consumption;
- iv. Moving towards green buildings;
- v. Gradual Promotion towards electric mobility,
- vi. Creation of robust institutional mechanism and enabling environment for capacity building, and measuring, evaluating, monitoring, reporting and rewarding energy efficiency initiatives across all the MIL units.

Major initiatives taken towards execution of these action plans are here under

- i. A target has been set to increase the installed Solar power generation capacity from 65% to 92% of the Contracted load capacity by DEC 2025. Power Purchase Agreement (PPA) has already been signed between MIL & NTPC Vidyut Vyapar Nigam Limited (NVVNL) for installation of 949 KW Rooftop SPP & 10349 KW Ground Mounted SPP across 05 nos. of Maharashtra Group of factories and 02 nos. of Tamilnadu Group of factories. At AFK, OFCH & OFV the 30% SPP installation work has been completed by NVVNL.
- ii. Replacement of conventional fans to BLDC fans, a comprehensive project considering 90% retrofit of BLDC fan has been sanctioned at MILCO and intimated to all MIL units to install BLDC fans by DEC'2025. Till now more than 19000 nos. of conventional fans are replaced with BLDC energy saving fans.
- iii. 100% Replacement of Conventional lights with Energy Efficient LED lights which has already been accomplished by MIL accounting replacement of approx. 1.78 Lakh nos lamps across all units.
- iv. 100% Replacement of Street Sodium Vapour lamps with LED lamps and Installation of Astronomical Timer control switches for street lights so as to auto switch-off the lights on sunrise has been done.
- v. APFC panels are installed at all substations and production shops inside factories and estates to improve power factor up to unity.
- vi. Policy has been adopted for replacement of:
 - a) Oil Type Transformers with energy efficient Dry Type transformers as and when replacement falls due.
 - b) Reciprocating Compressors with energy efficient Screw Compressors.
 - c) Cooling Tower Fan Blades with FRP blades.
 - d) Star- Delta Starters with VFDs/Soft Starters for higher HP motors when replacement falls due.
 - e) Furnace Fuel Oil fired boilers by Piped Natural Gas fired boilers wherever the facilities are available.
- vii. Policy has been adopted for Energy efficient IE3-IE4 motors to be included in technical specifications for all plant and machinery under procurement and for future procurement to reduce the electrical energy consumption.
- viii. Installation of Solar feed Water Heating System at Boiler Houses to save Fuel Consumption.

- ix. Investment Grade Energy Audit (IGEA) has been completed in all units of MIL and recommendations are under implementation.
- x. 04 nos. of MIL units applied for Star label building certification through Bureau of Energy Efficiency.
- xi. Approval of 40 nos of EV charging station has been given to all MIL units. As on now 63% EV's are used in MIL units for material handling & guidelines are given to procure or hire EV's in future.
- xii. For creation of robust institutional mechanism various Energy Management & Conservation courses are organized for all categories of MIL employees at Factory Training Institutes (FTI), Ordnance Factory Institute of Learning (OFIL) Khamaria & National Academy for Defence Production (NADP) Nagpur.

13.2 Technology absorption:

13.2.1 Following ammunition are under development in line with Transfer of Technology from DRDO.

i. 40mm HEAP Grenade with Electronic Fuze

Development of a 40mm High Explosive Anti-Personnel (HEAP) Grenade integrated with an Electronic Fuze has been successfully undertaken. The fuze offers self-destruction and point-detonation features, thereby enhancing reliability and operational safety.

ii. Canopy Severance System (CSS)

A new product development initiative has led to the indigenous manufacture of the Canopy Severance System (CSS). The CSS reduces ejection time, minimizes hazards and significantly enhances pilot survival chances.

MIL is spearheading the development through ToT provided by ARDE, with the objective of fulfilling requirements from the Indian Air Force, HAL (Hindustan Aeronautics Limited), and ADA (Aeronautical Development Agency).

iii. High-Performance Gun Propellant (HPGP)

HEMRL has developed high-performance gun propellant technology, which is now being transitioned to production by MIL. This propellant is suitable for use in various tank gun ammunition

These propellants achieve high muzzle velocities without exceeding chamber pressure within safe operational limits.

13.2.3 The expenditure incurred on Research and Development.

Total Expenditure incurred on R&D by the company during FY 2024-25 ₹ 60.28 Crore

13.2.4 The company has identified the following areas for cost reduction and optimisation of expenditure:

i. Reduction of existing Unavoidable Rejection (UAR)

The concerted action for reduction in UAR of all major stores has been taken by each production units of the company and as a result UAR for major stores have been brought below 10%. All production units have carried out process improvement and optimised the frequency of machine maintenance activities, to minimise rejection which will eventually lead to reduction in UAR.

ii. Water consumption reduction:

The company has taken various steps to reduce the water consumption such as rain water harvesting, de-silting & restoration of water bodies, installation of bore water and re-use of re-cycled water etc. in the estates & factories.

iii. Energy Conservation and Use of Solar Energy:

All units of the company have used energy efficient appliances and fittings including load balancing and resorted to use of non-conventional energy like solar energy to reduce the electricity expenditure. Energy efficient light fittings, LED street lights have been installed in offices, production units and estate of each unit which has resulted in saving of electricity.

Solar energy is being tapped to meet the requirement of power in most of the units. Presently, total 28 MW of solar power plant has been installed in MIL which is around 65% w.r.t Contracted Demand of company. After execution of new SPP, which is under installation by NVVN as per directives of DDP, the total Renewable Energy (RE) will be 92% against contracted demand.

iv. Use of technology to be resorted to wherever it is possible to reduce the expenditure:

Video conferencing is being encouraged for holding meetings, vendor meets, customer meets etc. All the procurement cases are being processed by using digital signature of officers / staffs. Further, email services have been used for communication between the Units and Corporate Office and Intranet is also being used for getting various reports etc., which gives speedy communication and also reduce the cost of paper and printing.

14. VIGILANCE MATTERS:

Munitions India Ltd (MIL) has a well-established vigilance department headed by the Chief Vigilance Officer (CVO). Joint General Manager (Dy. CVO) and the supporting Staff / Investigation Officers are posted in the Office of Chief Vigilance Officer, MIL Corporate Office. For co-ordination & monitoring the unit level activities, unit level Vigilance Officers of Group A category are nominated and they are heading the vigilance departments of respective MIL units.

Vigilance is an integral Managerial function. The major vigilance activities carried out by Vigilance department are as under:

Vigilance Activities:

Vigilance department takes appropriate action to carry out preventive, participative and punitive vigilance in Munitions India Limited (MIL). It promotes transparency, integrity, fairness, accountability in various activities including all commercial procurement functions, recruitment, outsourcing activities etc.

Vigilance department suggests appropriate measures / systemic improvements based on the investigation of the complaints/ spot checks/ CTE type examination to streamline the procedures. Also ensures that integrity is maintained in all functions of the organization.

i). CTE Type Examination:

As a part of Preventive Vigilance, CTE type intensive examination of Procurements/ Service Contracts/ Consultancy Contracts/ Subcontracts/ Outsourcing orders are taken to verify compliance to prescribed procedures and statutory norms/ regulations.

During the period 01 April 2024 to 31 March 2025, 05 such CTE type examinations have been carried out by Vigilance department in various MIL units and systemic improvements were suggested.

ii). Complaints:

During the period 01 April 2024 to 31 March 2025, Vigilance department received 38 complaints including 04 Public Interest Disclosure and Protection of Informers Resolution (PIDPI) complaints. Out of these 38 Complaints, investigation has been completed for 33 complaints and disposed suitably & the remaining 05 complaints the investigation is in progress.

iii). Spot check/ Surprise Checks:

Surprise/Spot checks are also being conducted by Vigilance department. During the period 01 April 2024 to 31 March 2025, 04 Nos surprise / spot checks have been conducted in various MIL units and suggestions/ corrective measures were recommended for systemic improvements.

iv). Scrutiny of Audit Reports & CAG Reports:

CAG Report of MIL & Statutory Audit reports of various units have been scrutinized.

v). Scrutiny of Annual Immovable Property Returns (AIPR) of executives:

During the period of 01 April 2024 to 31 March 2025, the AIPR of Gazetted Officers was scrutinized by Vigilance department.

vi). Preventive Vigilance:

Systemic improvements in the area of procurement were suggested to management as an initiative for Preventive Vigilance and the same were accepted by the management and promulgated through Circulars.

New policy framed for Sensitive Post identification and job rotation in all the units of MIL. Accordingly, implementation of rotational transfer policy of Officials working in Sensitive post / area in MIL group of Factories / units is being monitored by Vigilance department.

New guidelines also framed for nomination of Unit level Vigilance Officers.

Vigilance Awareness Week:

Vigilance Awareness week is one of the tools of preventive vigilance with the focus on building awareness and re-affirming the commitment of everyone to uphold integrity in public governance.

Activities undertaken: campaign on Preventive vigilance from period (16th August -15th Nov 2024) as a prelude to Vigilance Awareness Week 2024

TECHNOLOGICAL INITIATIVE: Activities viz. Capacity building programs, Identification & implementation of Systemic Improvement measures, updation of circulars/ guidelines /Manuals, disposal of complaints, dynamic digital presence were carried out during this campaign period.

Vigilance Awareness Week Activities:

Vigilance Awareness Week (VAW 2024) was conducted throughout the Organization at all units of MIL spread over different geographical locations across country from 28th October to 3rd November, 2024 on the theme “**Culture of Integrity for Nation's Prosperity**”.

Munitions India Ltd comprises of 12 production units and 02 Training/academy units. All the unit Head's administered the Integrity Pledge to its employees. Key Note address / Talk were given by the heads of units / Vigilance Officers to spread Vigilance awareness among employees.

The Chairman and Managing Director of Munitions India Limited have given Integrity Pledge to all the officers in the Corporate Office.



The following activities were carried out in the observance of Vigilance Awareness Week 2024.

- a. Slogan, Poster & Essay, debate, competitions on Vigilance related topics in Hindi, English & regional language were conducted among MIL employees to enhance Vigilance Awareness and ensured participation above 500 in numbers.
- b. Pamphlets, Banners were displayed / distributed by all the units sufficient in numbers to convey the theme of Vigilance awareness week to all its employees in English, Hindi and respective regional languages.

- c. In various units the Jingles provided by the CVC has been set as “On Hold” and “Caller” Tune for the calls received through telephone exchange. The computers in LAN were set to display the jingle released by CVC.
- d. In the monthly vendors meet the theme of the VAW has been communicated to the vendors.
- e. The CVC e-pledge link via E-mails (3000) and SMS (6000) were sent to all employees of Ammunition Factory Khadki (AFK), Pune and its other stake holders. The extensive use of social media platforms like 'X' (Twitter) are also utilized for spreading awareness.
- f. In Ordnance Factory Chanda (OFCH), the messages of honorable dignitaries on CVC website have been circulated through its com-net.
- g. In all the units the lectures/sensitization programs/works shops were organized on the General Vigilance topics and the topics on ethics & governance, conduct rules, systems & procedures of the organization, Cyber hygiene & security and procurement.



- h. The journals and news letters were issued in the ordnance factories located in Badmal (Odisha), Itarsi (MP) and Bhandara (Maharashtra).
- I. Mini rally organized by Cordite Factory Aruvankadu unit (CFA), on the theme of vigilance and prevention of corruption on 29.10.2024 with approx. 80 participants comprising of Cordite Factory school students, Gr. A Officers and staff of CFA, who actively participated with banners and placards and shouting slogans on anti-corruption. The rally commenced from the Gandhi gate went through CFA estate and concluded at the Gandhi gate.



- j. Workshop on civil grievance redressed mechanism to Gram Sabha wards representatives conducted at Rajgir, Bihar and similar one conducted at SilawGramapanchayatPathora ,Itarsi in MP.



- k. In the effort of creating awareness on integrity, transparency, and accountability in public life the competitions were conducted among College and School students in various places where MIL units located.



- l.** A lecture on “vigilance functions and Types of Vigilance” was given by Sh. KS Bairwa, the DGM and unit vigilance officer of CFA at Tea Board Coonoor.
- m.** All the units have graciously and formally concluded the VAW-2024 by distributing awards/prizes to the winners of various competitions conducted on behalf of the awareness drive.

15. BOARD OF DIRECTORS AND BOARD MEETINGS:

The Company's Directors are appointed and their remuneration fixed by the Government of India. Hence, the company has no policy on appointment of Directors and their remuneration including criteria for determining qualification, positive attitudes, independence of a director and other matters provided under sub-section (3) of Section 178.

As on date, Munitions India Limited has Shri Sanjay Hazari, Chairman and Managing Director, Shri Prakash Agarwala Director/Finance & CFO, Shri Rakesh Ojha, Director/ Operations, Shri Nandkishor Prabhakar Naik, Director/Human Resources & Shri Amit Satija, Joint Secretary as Govt. Nominee Director. Shri Rakesh Ojha took over charge as Director/Operations, Munitions India Limited, Pune on 08th November, 2024. Shri Nandkishor Prabhakar Naik took over charge of as Director/Human Resources, Munitions India Limited, Pune on 05th February, 2025. Shri Debashish Banerjee Director/Human Resources with additional charge of Chairman and Managing Director superannuated on 30.11.2024 and Shri Anurag Bajpai, Addl Secretary as Government Nominee Director ceased to be a Govt. nominee Director w.e.f 14.08.2024. Shri Prakash Agarwala, Director/Finance & CFO took over Additional Charge of Chairman and Managing Director w.e.f. 01/12/2024 till 29/04/2025.

During the financial year 2024-25 six Board of Directors meetings were held on 27.05.2024, 05.08.2024, 14.08.2024, 26.09.2024, 28.11.2024 and 05.03.2025.

Remuneration to Directors and Key Management Personnel

Name	Designation	2024-25 (in INR)	2023-24 (in INR)
Shri Debashish Banerjee	Director/HR & Chairman & Managing Director (Addl. charge) (till 30/11/2024)	30,84,826	45,20,765
Shri Prakash Agarwala	Director/Finance & CFO and Chairman & Managing Director (Addl. Charge) (From 01/12/2024 to 31/03/2025)	48,20,580	45,61,235
Shri Rakesh Ojha	Director/Operations	19,30,753	N.A.
Shri Nandkishor Prabhakar Naik	Director/Human Resources	8,12,330	N.A.
Shri E. J. Paul	Company Secretary	10,20,000	10,20,000

Contract or arrangement entered into under Section 189(1) of the Companies Act, 2013 relating to Directors.

- Fixation of Service Conditions, Pay, Perk & Allowances to Shri Rakesh Ojha, Director/Operations. The same has been fixed as per DPE guidelines to which he is entitled as Director/Operations of Munitions India Limited a DPSU and the same is subject to the approval of Ministry of Defence.
- Fixation of Service Conditions, Pay, Perk & Allowances to Shri Nandkishor Prabhakar Naik, Director/Human Resources. The same has been fixed as per DPE guidelines to which he is entitled as Director/Human Resources of Munitions India Limited a DPSU and the same is subject to the approval of Ministry of Defence.

16. **AUDITORS:**

The Comptroller and Auditor General of India appointed M/s. Borkar & Muzumdar, 21/168, Anand Nagar OM CHS, Anand Nagar Lane, Vakola, Santacruz East, Mumbai- 400055, Maharashtra as Statutory Auditor and 06 other firms as Branch Auditors for the financial year 2024-25 under Section 139 of the Companies Act, 2013.

The auditors have audited the Accounts of the Company for the financial year 2024-25. The audited accounts with required annexure and reports are annexed to this report.

17. **RIGHT TO INFORMATION ACT, 2005:**

RTI Machinery is in place in the company to attend to RTI applications and follow-ups. Necessary action has been taken by the Company towards implementation of Right to Information (RTI) Act 2005 in Munitions India Limited.

1. Appellate Authority
Shri Avinash Tarhawadkar
2. Chief Public Information Officer
Shri Shahir Farooqui

18. VIGIL MECHANISM:

In order to practice better Corporate Governance, the company has framed a Whistle Blower Policy. The objective of the policy is to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and for fair dealing of matters pertaining to fraud.

19. AUDIT COMMITTEE:

Audit Committee has been formed. The composition of Audit Committee as on 31st March, 2025 is as under

Name of the Director	Designation	Position in Audit Committee
Yet to be appointed	Independent Director	Chairman
Yet to be appointed	Independent Director	Member
Yet to be appointed	Independent Director	Member
Shri Prakash Agarwala	Director/Finance & CFO and Chairman & Managing Director (Addl. Charge)	Member
Shri Nandkishor Prabhakar Naik	Director/HR	Member

During the Financial Year 2024-25, six Audit Committee meetings were held on 25/06/2024, 05/08/2024, 14/08/2024, 26/09/2024, 28/11/2024 and 21/03/2025.

20. SECRETARIAL AUDIT REPORT:

Form No.MR-3, Secretarial Audit Report is enclosed herewith as ANNEXURE-II.

21. COMMENTS ON THE AUDITORS REPORT:

Explanations/clarifications by the Board of Directors on the Qualified opinion made by the Statutory Auditors in their report:

The Statutory Auditors have provided a Qualified opinion on the Company's Financial Statements for the period ended March 31, 2025 and the Board of the Directors of the Company would like to submit explanations/clarification in context to the observations made by the Central Statutory Auditor as under:

Sr. No.	Auditors' Remark	Management response
1.1	Prior Period Adjustments We draw attention to note no. 31 of the Consolidated Financial Statements, regarding total amount of unreconciled old balances amounting to 145.95 crores which have been written back from various unreconciled liabilities, 138.93 crores which have been written off from unreconciled assets (including PPE balances) during the year by the Group to the extent as reported by the units returns. Net impact of written off and written back items amounting to Rs. 7.02 crores, has been disclosed under Exceptional item in Financial Statements as these amounts pertain to the transactions related to previous years and are non-recurring. In addition to this, there are various income and expenditure pertaining to prior years included in the respective income and expenditure ledgers. The above balances, income and expenditure pertaining to prior years, were a part of qualifications of the past standalone audit reports in respect of the reliability of the balances as on March 31, 2024 due to non-availability of sufficient and appropriate audit evidence as regards to the correctness of the comparative opening figures. The Group has not done retrospective restatement of previous year Financial Statements for such prior period items by adjusting	<i>Material Omissions / Misstatements of items are defined in IndAS 1 as under:</i> <i>Material Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.</i> Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements issued by the Institute of Chartered Accountants of India states in paragraph 25 that 'users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence.' Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions. Legacy Fixed Assets / Receivable / Payables are continuously under scrutiny which have been transferred from erstwhile Ordnance Factory Board. Hand over and take over process was cumbersome and involved numerous Assets / Liabilities and was based on books of accounts / records made available by erstwhile Ordnance Factory Board to the Company. Since all the records and assets of erstwhile Ordnance Factory Board were created/ accumulated over period of decades of operations, correcting such errors is not possible within one year. Hence all the efforts to trace errors is being put every year till time permits for finalization of accounts and books of accounts are being cleaned over the period of time. It may kindly be appreciated that, if every year Balance Sheet is restated with back date, then it will create complicated situation where multiple balance sheets will be created for past periods. Hence it is not practically possible to restate books of accounts every year having already restated in previous year. Moreover, as per Ind AS 8 if there is practical difficulty then Management can account for prior period errors in current

	the retained earnings opening balance, as the Group has not set materiality threshold for restatement, which is not in accordance with IndAS-8. Our previous year standalone audit report for FY 2023-24 was also qualified on this matter. (Observed in case of HO, HEF, OFDR, AFK, OFK, OFCH, OFV, HEPE, OFI, OFIL).	financial year. Para 45 of Ind AS 8 provides as under: When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable. In view of above, Management has taken following decision with respect to errors identified during the year: 1. All identified prior period errors were rectified in the current period by making necessary entries in the statement of profit and loss. 2. All unidentified prior period long outstanding balances were written off post completion of 3 years i.e. October 2024. As Explained above, looking at practical difficulties Management took suitable decision as per IndAS 8.
1.2	Balances of trade receivables The Group does not have a system in place for reconciliation of trade receivable balances and also advances received from customers on a periodic basis including allocation of the advances received by HO and TDS reflected in 26AS to respective Units. These balances are subject to c o n f i r m a t i o n s and reconciliation from respective parties. Further, the accounting system does not provide invoice wise list of trade receivables balances including advances from customer duly tallying with the general ledger balance. In the absence of Bill wise recording of	I. Periodic Reconciliation: Balance of trade receivable are generally from other DPSUs, Other Defence Departments and Government agencies. MIL has tried various means of carrying out reconciliation of such balance receivable. MIL has issued letters to these parties to confirm balances, however receiving confirmations in timely manner is a challenge. As a precautionary step all units of MIL has sent out E-mail to all the parties with detailed general ledger attached to such mail and stated that in case there is no reply from the parties the balance provided in the E-mail will be treated as final and Statutory Auditors were also marked in those Mails and a negative confirmation has been obtained and kept on record. Thus trade receivable balance is available and maintained. Since dues are mostly from Government entities, there is no expectation of defaults. II. Bill-Wise outstanding: Tally Accounting software has a feature of recording bill wise transaction and the same is followed at all unit level. However, for payment received with regards to any sale transaction is not always for credit or for advance payment alone, but it may be a combination of above and many times comes in bunch. Hence such complex

	receipts/outstandings from trade receivables and balance confirmations, proper basis relating to ageing analysis as disclosed in note no. 8 of Consolidation Financial Statements cannot be verified. It was further noticed that the Company has not ascertained or created any ECL provision on trade receivables in accordance with Ind AS 109. Pending such balance confirmations, reconciliation, and non-calculation of provision for ECL, the impact of consequential adjustments, if any, on the Consolidated Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025. Our previous year standalone audit report for FY 2023-24 was also qualified on this matter. (Observed in case of HO, HEF, OFDR, AFK, OFK, OFI, OFIL, OFBL, OFBA, OFCH, NADP, OFV).	transactions could not be recorded bill wise in Tally and bill wise outstanding was difficult to arrive at. However, reconciliation is being done manually. The same process will be further improved upon in next FY. III. Provision of ECL: Expected Credit Loss (ECL), as the name suggest ECL is defined as the loss the company is expected to bear due to extending a credit facility to its debtors. In case of MIL majority of the trade receivable balance belongs to only Government or Government agencies hence there is no requirement to create provision of ECL.
1.3	Balances of trade payables The Group does not have a system in place for reconciliation of trade payable balances on a periodic basis. These balances are subject to confirmation and reconciliation from respective suppliers. Further, the accounting system	I. Periodic Reconciliation: Balance of trade payable are generally with other DPSUs and Trades. MIL has tried various means of carrying out reconciliation of such balance payables, however due to limitation from the parties we were unable to obtain balance confirmations from all parties. As a precautionary step all units of MIL have sent out E-mail to all the parties with detailed general ledger attached to such mail and stated that in case there is no reply from the parties the balance provided in the E-mail will be treated as final and Statutory Auditors were also marked in those Mails. Since

does not provide invoice wise list of trade payable balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of payments/outstandings to trade payables and balance confirmations, the proper basis for ageing of creditors as disclosed in note no. 18 of the Consolidated Financial Statements cannot be verified. Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Consolidated Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025. Our previous year standalone audit report for FY 2023-24 was also qualified on this matter. (Observed in case of HO, HEF, OFDR, AFK, OFK, OFI, OFIL, OFBA, OFBL, OFCH, NADP, OFV). In absence of party-wise details pertaining to sums due to Micro, Small and Medium Enterprises ('MSME') vendors as on March 31, 2025 and Group inability to identify the MSME vendors, we are unable to verify the accuracy of overdue amounts payable to MSMEs as also the closing balance of outstanding dues to MSMEs as at March 31, 2025. Also, provision for interest on	reply has not been received and it is not within the control of MIL, trade payable as per our records is treated as final. II. Bill-Wise outstanding: Tally Accounting software has a feature of recording bill wise transaction and the same is followed at all unit level. However, this process will be further strengthened. The same process will be improved upon in next FY once ERP is implemented. III. Micro, Small and Medium Enterprise (MSME): As per MSME Act interest at the rate of 3 times RBI rate has to be paid to parties registered as Micro or Small under MSME Act. Data with regards to MSME is available with MIL in physical copy which is subject to audit also however, we are in process of digitization of the same. Owing to the size of data and the accuracy units have decided that activity of digitizing such record will be carried out from financial year 2025-26. Normally payments are made in timely manner except when there is default on account of supplier hence interest, if any left out would not be of material amount.
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	overdue amounts payable to MSMEs is not recognised in Financial Statements as on March 31, 2025, effect of which on the financial statements is not ascertainable. Accordingly, the disclosure as required under MSMED Act 2006 is incorrect. Our previous year standalone audit report for FY 2023-24 was also qualified on this matter. (Observed in case of NADP, HEPF, OFV)	
1.4	Balances of other DPSUs <i>The Group does not have a system in place for reconciliation of other DPSUs on a periodic basis. These balances are subject to confirmation and reconciliation from respective DPSUs. Further, the accounting system does not provide invoice wise list of DPSUs balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of purchases/sales to DPSUs and balance confirmations, the proper basis for ageing of DPSUs as provided cannot be verified. In some cases, the management has provided the reconciliation carried out, but due to lack of detailed record maintenance and non-satisfactory response, the accuracy of reported balances as on March 2025 cannot be confirmed.</i>	As explained in Point No. B & C above. MIL is continuously forwarding MIL ledgers to other DPSUs, however limited replies are being received from other DPSUs. Since extensive effort is made to reconcile the balance, we have to treat our record as final in absence of any comment from concerted parties. Also Tally has system for recording bill wise/ invoice wise transactions, which are being utilised at MIL units.

	<i>Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Consolidated Financial Statements cannot be ascertained. Hence, we are unable to comment on correctness of these balances as at March 31, 2025.</i> <i>Our previous year Standalone audit report for FY 2023-24 was also qualified on this matter.</i> <i>(Observed in case of HEF, OFDR, AFK, OFK, OFI, OFIL)..</i>	
1.5	Unreconciled GST Input Tax Credits The GST Input Tax Credit (ITC) as per the books of accounts is subject to reconciliation with the balances appearing in the respective Electronic Credit Ledger (ECL) and the amounts utilised in GSTR-3B for the year ended March 31, 2025. Due to non-reconciliation, certain ITC that has lapsed or was not availed continues to be reflected in the books instead of being reversed. Further, it was noted that GST expenses have been booked during the year in certain cases relating to: ● Blocked credits under Section 17(5) of the CGST Act; ● Reversal of opening input credit due to ineligibility or non-compliance; and	As part of normal accounting policy, MIL records all purchase as on the date of which Receipt Voucher (RV) is prepared and not on the date of invoice. In view of that there is a delay in claiming of ITC as requirements of quality testing may take considerable time. One to one reconciliation of credit taken during the year is available with respective unit. Reconciliation of Input tax credit ledger as per GST portal and Input tax ledger in tally was carried out in totality. However, there may be few occasions when reconciliation found incomplete by auditors. It is confirmed that ITC balance is meticulously checked to avoid any chance of lapse. Delay takes place only in ensuring that ineligible ITC is not availed due to goods rejected in inspection. Considering all relevant aspects Management will further strengthen the process in FY 2024-25.

	Lapsed ITC not claimed within the statutory time limits. In some units (i.e. NADP, HEF, OFDR), reconciliation of ITC balances was prepared. However, these reconciliations were incomplete at the time of our verification and could not be fully relied upon. In the absence of complete supporting documentation and reconciliations, we are unable to verify the correctness and eligibility of the GST Input Tax Credit balances in the financial statements. Our previous year standalone audit report for FY 2023-24 was also qualified on this matter. (Observed in case of HEF, OFDR, OFIL, OFI, OFK, HEPF, NADP, OFC, OFBA).	
1.6	Property, Plant and Equipment, Capital Work in Progress and Intangible Assets under Development and depreciation thereon The Company has provided for Depreciation in case of Asset Class “Property, Plant and Equipment” by considering life of the assets as per the Schedule II of the Companies Act, 2013. However, since these assets are not new and were created/acquired prior to incorporation of the Group, these assets should have been depreciated over the balance Estimated Life of the assets based on technical evaluation.	I. Useful Life: The Company, based on an evaluation made by management and as per management estimate, depreciates certain items of building, plant and machinery, motor vehicles and other equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The norms of depreciation are well laid down based on systematic studies and this is not ad-hoc. The management believes that these estimated useful lives are realistic and reflect a fair approximation of the period over which the assets are likely to be used after considering usage of such assets over multiple shifts wherever necessary. Further Schedule II of companies Act provides a guidelines data of useful life and company needs to disclose in case of any deviation from the same guidelines. In the current scenario company has stated the fact in material accounting policy hence there is no deviation of Companies Act requirement. II. Useful life of Roads: The roads held by unit are pre corporatization and these have been taken over at book value

As such, the accounting treatment followed by the Group is not in accordance with the treatment prescribed in Ind AS-16. In absence of the details of balance useful life of the assets and estimated residual value based on technical evaluation, we are unable to ascertain the impact on the Consolidated Financial Statements. Also, the Group has applied useful lives for certain property, plant and equipment that exceed those prescribed in Schedule II to the Companies Act, 2013. No adequate technical assessment, justification, or supporting records were made available for our verification to substantiate the deviation. In the absence of such evidence, we are unable to determine the consequential impact, if any, on depreciation expense, carrying amount of PPE, and the profit for the year ended 31st March 2025. It was observed that during the year Group has formulated its policy for the useful life of roads from 60 years to 5 years. However, the Unit has depreciated the asset with useful life which is not in line with the policies. (Observed in case of OFBA and OFDR). Also, in OFN, inconsistencies were noted in accounting practices as two different useful lives have been applied for the same category of computers	along with Building with which the roads are attached. Separate bifurcation of values of roads and buildings are not available with MIL units as the same were not provided by Defence Accounts Department at the time of handing over/taking over of finance functions of MIL units. Depreciation of these roads is charged based on the remaining useful life of the building. Roads capitalised after commencement of MIL has been depreciated as per revised useful life as mentioned in updated material accounting policy. III. OFN: In view of the qualification regarding CWIP at OFN, the following details are provided herewith: Value of CWIP- Rs. 55.41 cr It is intimated that CWIP at OFN includes NG Plant- 36 cr, Drain Garland- 7 cr (approx). Also CWIP includes: Intake pump house no1 & 2 and Various approach roads in Plant area (static tank, fire hydrant, P.H, work shop, stores etc), value of which are not in records as cost documents are not handed-over by DRDO. OFN has taken up the matter with DRDO for further details. In view of this it is also intimated that the above CWIP has been carried forward from accounts of erstwhile OFB and the related documents were not handed-over by DAD to OFN. However, the identification and bifurcation of these records are being carried out at OFN. IV. AFK: In view of the query regarding gross block PPE value at AFK the following details are provided herewith: Background of corporatisation and migration of assets a) AFK became a unit of Munitions India Limited (MIL) on corporatisation w.e.f. 01.10.2021. At that time, Property, Plant and Equipment (including Capital Work in Progress and Intangible Assets under Development) were transferred from the erstwhile Ordnance Factory Board (OFB). b) The Fixed Asset Register (FAR) received from OFB contained asset details including historical opening balances. However, certain asset balances were recorded in Tally at net values (after depreciation), instead of reflecting the full gross value along with accumulated depreciation. This created a mismatch when compared to the FAR, which correctly captured gross values, leading to mismatches between Books and FAR. Reason for differences observed: The material differences of 07.08 crores noted by audit stem from the following:
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and hardware. Additionally, an unidentified opening WIP of ₹55.41 crores under 'Building' is reflected in Assets, for which the nature, stage of completion, and classification remain unsubstantiated due to lack of supporting documentation. Moreover, there is non-compliance with Ind AS 38 – Intangible Assets, as no amortization has been charged during the period on any intangible assets. Further it was also reported in AFK Material differences amounting to ₹87.08 crores were noted between the gross values of Property, Plant and Equipment as per books and the Fixed Asset Register across various asset categories (Buildings ₹43.80 crores, Computers & Hardware ₹0.86 crores, Furniture & Fixtures ₹0.002 crores, Plant & Machinery ₹43.82 crores, and Vehicles – ₹1.40 crores); pending reconciliation and absence of information on carrying WDV of these differences, the impact of financial statement cannot be ascertained. Additionally, under Ind AS 36 – Impairment of Assets, the Group is required to assess at each reporting date whether its Property, Plant and Equipment (PPE) and Intangible Asset may be impaired. The Group has not carried out such impairment testing, nor provided supporting technical assessments to demonstrate	a) Non-incorporation of gross values in Tally at migration — Certain asset balances were recorded in Tally at net values (after depreciation), instead of reflecting the full gross value along with accumulated depreciation. This created a mismatch when compared to the FAR, which correctly captured gross values. b) Legacy assets nearing useful life — A number of assets had already completed or were close to completing their useful life at the time of transfer, which contributed to the divergence. c) Earlier reconciliation attempts — AFK had engaged a consultant to review the matter, but the report was not accepted as it did not adequately cover the technical evaluation of residual value and useful life. Action taken by AFK — Third party verification a) To address the concern, AFK engaged a third-party agency during FY 2024—25 to conduct a 100% physical verification of fixed assets. b) This verification has been completed, and the physical existence of assets has been established. The verification report is available for audit review. c) Despite this exercise, the difference persisted because the core issue lies with the historical non-incorporation of gross values in Tally at the time of migration, not the physical existence of assets. Corrective measures planned: AFK has initiated further corrective steps to ensure permanent resolution: a) A technical evaluation will be conducted during FY 2025—26 by an external expert to determine the current value, condition, and remaining useful life of legacy assets. b) Based on this evaluation, the FAR and Books will be reconciled, and necessary accounting entries (through accumulated depreciation and/or opening equity adjustments) will be recorded in compliance with Ind AS 101 and Ind AS 16. c) AFK will ensure that going forward, all balances are properly aligned between FAR and Books to eliminate such mismatches. Impact on financial reporting a) The issue is confined to presentation and migration of balances; it does not represent unrecorded expenditure or liabilities. b) There is no cash flow impact. c) Adjustments, once carried out based on technical evaluation, will ensure depreciation and WDV are correctly
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	that the carrying amounts do not exceed recoverable amounts. In the absence of this, we are unable to determine whether any impairment loss should have been recognised, which may materially impact the carrying value of Consolidated PPE along with Consolidated Intangible Asset and the Consolidated financial statements. The disclosure of Consolidated Intangible Asset is not in line with Division II of Schedule III of the Companies Act 2013. Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.	reflected, with no duplication of capitalization. Commitment to controls and accuracy a) AFK has already strengthened its internal controls by Conducting 100% third-party physical verification in FY 2024—25 and Planning technical evaluation in FY 2025—26 to update balances. b) Instituting periodic reconciliations between FAR and Books, and c) Enhancing physical verification and documentation controls. In view of the above, it is stated that, the material differences of ₹87.08 crores between Books and FAR are primarily due to non-incorporation of gross values in Tally during migration, and not due to missing or unrecorded assets. AFK undertook 100% third-party physical verification in FY 2024—25, which confirmed the physical existence of assets, though the accounting mismatch persisted. AFK is committed to hire a technical expert in FY 2025—26 to reassess value and remaining useful life of assets, with necessary adjustments to be made in line with Ind AS requirements. Controls have further been strengthened to ensure accurate and reliable PPE reporting. V. Impairment Testing: All assets have been tested for impairment as part of physical verification of fixed asset and the said fact is reflected in the committee report which stated that impairment has been tested and no assets were found to be in such state which requires any impairment. All assets in MIL has already exceeded its useful life defined. VI. Physical Verification of Fixed Asset: Physical verification of Fixed Asset: A committee was formed in ALL THE UNITS and fixed asset verification was carried out and report of committee was also provided on record to all the Auditors of respective UNIT(s). Whatever may be the discrepancy observed during the course of physical verification, these have been rectified, modified and recorded in books of accounts during FY 2024-25.
1.7	Inventories: Units have valued the inventory of raw material at cost, instead of at the lower of cost or Net Realisable Value (NRV), which	I. Inventory Valuation: Complete (100%) physical verification of inventories has been carried out at unit level by constituting Inventory Verification Committees. The differences identified on physical verification have been appropriately dealt with in the books of accounts.

	is not in accordance with IND AS-2. Also, in some units, work in progress, semi-finished goods (finished component), finished goods and scrap inventory are valued at cost instead of at lower of cost or Net Realisable Value. As stated by the auditor of some units, it was observed that the accounting impact of slow and non-moving inventory considering NRV on the inventory valuation was not assessed by management and it was valued at normal inventory in use. While working of cost, non-production overheads like selling and administrative expenses are also included while arriving at the cost of inventories in some units, which is not in accordance with Ind AS-2. We are unable to quantify the impact of the same due to non-availability of the required workings. Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.	MIL has taken a policy decision that all raw material shall be valued at weighted average cost because being there is rare possibility in the decrease in cost due to technical complexity of the products which is also in-line with IND AS 2. NRV has been carried out at each unit level for works in progress and finished goods at the time of verification of such inventories by the UNIT(s). The NRV impact has been accounted in Tally system at unit level and at the time of preparation of financials of respective UNIT(s). V. II. Impairment Testing: All assets have been tested for impairment as part of physical verification of fixed asset and the said fact is reflected in the committee report which stated that impairment has been tested and no assets were found to be in such state which requires any impairment. All assets in MIL has already exceeded its useful life defined. This process will be further strengthened. III. Costing of Products: As per NRV instruction issued to MIL units, while calculating NRV of products (WIP & Finished Goods), the selling and administrative expenses are deducted from the selling price. Also the cost of the item is calculated after deduction of selling and administrative expenses from total Cost. The details NRV working is available at MIL units. This process will be further strengthened.
1.8	Non compliances of Companies Act, 2013 As disclosed in note no 36(b)(ii) of the Consolidated Financial Statements regarding non-compliance of certain requirements under the Companies Act, 2013 by the Holding Company, Munitions India Limited. The auditors of holding Company has reported	The company is a central public sector enterprise with 100% holding of Government of India. As per DPE guidelines, the appointment of Functional, Independent, Woman Director is done by Ministry of Defence, GoI. Hence MIL has no role in appointment of directors however follow-up with ministry is being carried out to expedite the process Further to that, the Board of Directors has formed audit committee on 03/11/2022 which is actively involved in the affairs of the company. The company is a central public sector enterprise with 100% holding of Government of India. As per DPE

below: Company has not appointed Independent Directors as required under Section 149 of the Companies Act, 2013 so as such the composition of Board of Directors of the Company is not in compliance with the provision of Companies Act, 2013 and DPE guidelines on Corporate Governance for C P S E . C o m p a n y h a s constituted Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility committee. However, due to n o n - a p p o i n t m e n t of Independent directors, the composition of this committees is not as per provision of sec 177(2), 178(1) and 135 of Companies Act, 2013 respectively. Due to the absence of Independent Directors, the Company has not complied with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of meeting of the Independent Directors without attendance of Non-Independent Directors and members of the management. The Company has also not complied with the requirement to have a woman director on the Board during FY 2024-25. Further, the Board of Directors of the Group was not duly constituted with proper balance of Executive and Non-Executive Directors during FY 2024-25. Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.	guidelines, the appointment of Functional, Independent, Woman Director is done by Ministry of Defence, GoI. Hence MIL has no role in appointment of directors however follow-up with ministry is being carried out to expedite the process Further to that, the Board of Directors has formed audit committee on 03/11/2022 which is actively involved in the affairs of the company.
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22. COMMENTS ON THE SECRETARIAL AUDIT REPORT:

As per Section 149(6) and 149 (4) of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have at least 2 Independent Directors. However, the Company doesn't have any Independent Director on the Board during the FY 2024-25. As such, the composition of the Board of Directors of the company is not in Compliance with provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for CPSEs.

The Company has constituted Board Committees viz. Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee, however due to non- appointment of Independent Directors, the composition of these Committees is not as per the provisions of Section 177 (2), 178(1) and 135 of the Companies Act, 2013 respectively.

As per Section 149 of the Companies Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have a woman Director on the Board. However, during the FY 2024-25, the Company was not having any woman Director on the Board.

The Board of Directors of the Company was not duly constituted with proper balance of Executive Directors and Non-Executive Directors during the financial year 2024-25.

Reply: Munitions India Limited a Defence Public Sector Undertaking and 100% owned by the Government of India is a Govt. Company, hence, its Board of Directors of Munitions India Limited is appointed by the Ministry of Defence. Munitions India Limited has no role in the appointment of its Directors. We have already intimated several times to Ministry of Defence for the appointment of Independent Directors.

In the absence of Independent Directors, the Company has not complied with the provisions of clause VII of Schedule IV of the Companies Act, 2013 regarding holding of a meeting of Independent Directors without the attendance of non-independent directors and members of the management for the financial year 2024-25.

Reply: Munitions India Limited a Defence Public Sector Undertaking and 100% owned by the Government of India is a Govt. Company, hence, its Board of Directors of Munitions India Limited is appointed by the Ministry of Defence. Munitions India Limited has no role in the appointment of its Directors. We have already intimated several times to Ministry of Defence for the appointment of Independent Directors.

Further, after the appointment of the Independent Directors, the Company will comply with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of a meeting of Independent Directors without the attendance of non-independent directors and members of the management.

23. RISK MANAGEMENT POLICY:

The Board of Directors reviews internal & external risks of the business periodically so as to take timely corrective action. In order to review its internal weaknesses and various external threats periodically, reports are placed before the Board of Directors.

24. CORPORATE SOCIAL RESPONSIBILITY:

Please see Annexure-III

25. WOMEN WELFARE:

- 1) Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013–Internal Complaints Committees (ICC) are functioning in all factories / units under Munitions India Limited as per POSH Act, 2013, to address the complaints lodged by women employees. The information regarding contacts of ICC Members, Policy on prevention of Sexual Harassment of Women at workplace and the procedure to lodge the complaint to ICC are made available on official website of MIL for wide publicity of all concerned.

The following is a summary of sexual harassment complaints received and disposed of during the financial year 2024-25.

a.	Number of complaints of sexual harassment received in the year.	3
b.	Number of complaints of sexual harassment disposed off during the year.	3
c.	Number of complaints pending of sexual harassment for more than ninety days.	Nil

- 2) Protection of Women against harassment- Internal Complaints Committees (ICC) are functioning in all factories / units under Munitions India Limited as per POSH Act, 2013, to address the complaints lodged by women employees. The information regarding contacts of ICC Members, Policy on prevention of Sexual Harassment of Women at workplace and the procedure to lodge the complaint to ICC are made available on official website of MIL for wide publicity of all concerned.
- 3) Awareness Training– Awareness of right, protection of women are being conducted regularly at the factories /units under MIL. A Training on 'Protections against Sexual Harassment of Women at Workplace' was conducted by OFIL Khamaria through online mode for ICC members, women employees to aware them with the provisions of POSH Act, 2013.
- 4) Women Health - All Factories / Units have been intimated to take appropriate action as per Govt. rules regarding distribution of free sanitary pads to women and girls for menstrual hygiene.
- 5) CSR projects for Women Welfare – Various activities for welfare of women under CSR have been initiated through the units of MIL and under process as ongoing projects, which are as under:
 - (i) Welfare activities, Awareness seminar for female health at nearby village of Khadki, Pune by AFK.
 - (ii) Repairing of ladies hostel's toilet, bathroom, rooms, kitchen, windows, staircases etc. at Vishranwadi, Pune by HEF.
 - (iii) To provide Sanitary pad vending Machine Water cooler with Purifier for girls students of ZP School, Bhadrawati by OFCH.

- (iv) Nutrition balance diet for 1-year, Sanitary napkin, Gezeer, 25-liter Water purifier, RO capacity Sports material Bed sheets, Dari, mattress & pillow for 100 Nos of tribal girls students of Seva Bharti Asha Mahendra Shukla Tribal Hostel Dhurpan, Itarsi by OFI.
- (v) To provide Sanitary Pad Vending Machine & Sanitary Pad Disposal Machine for girls, Water cooler for students through Tribal Work Department, Collectorate, by OFI.
- (vi) To provide aid to PHC Sukhtava viz. Sanitary Pad dispensing machine, Sanitary pads for refill, Air cooler for female patients through OFI.
- (vii) OFK Medha Chattravritti Yojana: Providing Education Scholarship to 30 Meritorious Class Xth Girls Students of State Board, near at Khamaria Area by OFK.
- (viii) Distribution of Ladies Cycles for CSR projects through Bhartiya Sarva Samaj Mahasangh, New Delhi by OFK.
- (viii) Medical camp along with distribution of Nutritional supplements for Lactating /pregnant women in local area nearby Nalanda by OFN.
- (ix) Providing Groceries items to ashram of Majha Ghar Foundation Pune which work for the needy, helpless and destitute females and children.
- 6) Celebration of Women Day- Munitions India Ltd. Celebrates the Women's Day in the all factories / Units under MIL where various cultural activities, Speeches of motivators, medical health camps for women employees of factory have been arranged.
- 7) Provision of Creche- To facilitate the working women, the Creche facility is made available in 06 factories and remaining 06 factories have taken initiatives for creche facility at factory premises.
- 8) Support for Women- Welfare -Munitions India Limited give possible support to the WWA for conducting many women welfare activities like - running the KG & Primary Schools, Organizing cultural, sports activities for women, girls and children, distribution of nutritional food, books, school stationary, uniform to needy women and girls, conduction of self-protection training for girls etc.
- 9) Maternity Benefit Act, 1961-All provisions of Maternity Benefit Act 1961 and its amendments are being complied by MIL.

26. **CORPORATE GOVERNANCE:**

The Company consistently endeavours to adopt the best practices of Corporate Governance to ensure transparency, integrity and accountability in its functioning. The Corporate Governance Report highlighting these endeavours is enclosed herewith (Annexure I).

27. **FIXED DEPOSIT:**

The Company has not invited deposits from Public under Section 2(31), 73 and 74 of the Companies Act, 2013.

28. PARTICULARS OF EMPLOYEES:

There was no employee in the Company falling under the category of employees required to be reported under Section 197(12) of the Companies Act, 2013, read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

29. DATA ON PROCUREMENT FROM MICRO, SMALL AND MEDIUM ENTERPRISES:

The following data on Procurement from Micro, Small and Medium Enterprises (MSME) is appended below:

Sl. No.	Particulars	Value in Rs. Crore
1	Total Domestic Procurement for FY 2024-25	1946.36
2	Total Procurement target through MSE firms for FY 2024-25	447.75
3	Total Procurement achieved against above target through MSE firms for FY 2024-25	668.88

30. ACKNOWLEDGEMENTS:

The Board thanks the Company's business partners for their support and confidence in Munitions India Limited and look forward to sustaining and building this mutually supportive relationship in the future as well. The Board also gratefully acknowledges the support and guidance received from the Government of India, various Ministries of the Government of India, particularly the Ministry of Defence in the Company's operations. The Directors also express their grateful appreciation to the Department of Public Enterprises, Comptroller and Auditor General of India, Statutory Auditors, Internal Auditors, Bankers, Patrons and Customers of the Company. The Board records its deep appreciation for the enthusiastic and dedicated work of the employees of Munitions India Limited. Their outstanding team effort was invaluable for the smooth functioning of the Company during the period under report.

For and on behalf of the Board of Directors

(SANJAY HAZARI)
Chairman and Managing Director
DIN No.11089196

PLACE: Pune
DATE : 29/09/2025

ANNEXURE- I

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2024-25

A Defence Public Sector Enterprise of Government of India, Munitions India Limited follows the extant Guidelines on Corporate Governance issued by Department of Public Enterprises (DPE), Government of India.

A Brief report on Corporate Governance is given below –

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Munitions India Limited is committed to good Corporate Governances supported by appropriate transparent systems and practice to protect, promote and safeguard the interests of all its stakeholders.

Munitions India Limited is committed to act as a competitive, client-friendly and development-oriented organization for manufacture of explosive and ammunition in the country and abroad. It is also committed to providing client friendly best services to all its customers in a transparent manner.

2. BOARD OF DIRECTORS:

2.1 COMPOSITION OF BOARD:

The Board of Directors of MIL comprises four members, out of which three are Functional Directors and one is Govt. nominee of the Government of India as on 31st March 2025. The Directors bring to the Board a wide range of experience, knowledge and skills.

The composition of the Board as on 31st March 2025 is as follows –

Executive Directors

Shri Prakash Agarwala	- CMD (Addl. Charge) & DIR/Finance, CFO
Shri Rakesh Ojha	- Director/Operations
Shri Nandkishor Prabhakar Naik	- Director/Human Resources

Non-Executive Directors

Shri Amit Satija	- Govt. Nominee Director
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2.2 Other provisions as to Board and Committees

Details of Board Meeting held during the financial year 2024-25.

- During the financial year 2024-25 six Board Meetings were held on 27.05.2024, 05.08.2024, 14.08.2024, 26.09.2024, 28.11.2024 and 05.03.2025.
- The Board has complete access to all the relevant information within the Company enabling the Board of Directors to take informed and efficient decision.
- Details of Number of Board Meetings attended by Directors, attendance at last AGM, number of other Directorship (in Public Limited Companies) & Committee Memberships held by Directors during the financial year 2024-25 are tabled below:-

Sr. No.	Name of Director	Designation	Board Meeting		Attendances at Last AGM	No. of other Directorships as on 31/03/2025	No. of other Committee Memberships as on 31/03/2025	
			Held during the tenure	At-tended			As Chairman	As Member
1	Shri Debashish Banerjee	DIR/HR with addl. Charge of CMD	5	5	Yes	NA	NA	NA
2	Shri Prakash Agarwala	DIR/Finance & CFO and CMD (Addl. Charge) (from 01/12/2024 to 31/03/2025)	6	6	Yes	2	5	0
3	Shri Rakesh Ojha	DIR/Operations	2	2	NA	1	0	3
4	Shri Nandkishor Prabhakar Naik	DIR/HR	1	1	NA	0	0	4
5	Shri Anurag Bajpai	Government Nominee Director	2	3	NA	NA	NA	NA
6	Shri Amit Satija	Government Nominee Director	3	3	NO	3	0	1

iv. None of the Directors on the Board is a member of more than 10 Committees.

v. Brief Profile of new Directors

Shri Amit Satija, IAS, Joint Secretary (DDP) took over as Govt. nominee Director at MIL on 14th August, 2024. Shri. Amit Satija is an IAS officer of 2008 batch from AGMUT cadre who is currently posted as Joint Secretary in the Ministry of Defence in the Department of Defence Production. Prior to joining the Government of India, he has served at various positions in different States and UTs in the country including Delhi, Goa, Andaman Nicobar Islands and Lakshadweep Islands. Shri. Satija is a graduate in Economics and has done Masters of Management Studies from Jamnalal Bajaj Institute of Management Studies, Mumbai before joining IAS.

He has vast experience in Defence related matters, Public administration, Home/Census, Finance, Urban Development, Excise, Land Revenue Management and District Administration, Water resources, Transport and Tourism.

Shri Rakesh Ojha took over as Director/Operations at MIL on 08th November, 2024. Shri Rakesh Ojha is a Mechanical Engineer with Post Graduate qualification in M.Sc. (Gun System Design) from DCMT, Cranfield University, United Kingdom. He joined Indian Ordnance Factories Services in the year 1997.

During a career spanning more than 27 years, Shri Rakesh Ojha had worked in Defence Industry on broad spectrum of portfolios such as Production, Planning, Research and Development, Material Management, Business Development, to name a few. He acquired skills and know-how in Artillery Ammunition manufacturing, Production of Small Arms Ammunition and weapon systems. He is an alumni of ISB. He was a student of AMPOS-2024.

Shri Rakesh Ojha worked as Chief General Manager of Ordnance Factory Varangaon from Feb 2024 to Nov. 2024. This factory is engaged in production of 5.56mm & 7.62 mm small arms ammunition. During this period the factory achieved 100% committed target.

Shri Rakesh Ojha, took over as the Director/Operations of Munitions India Limited, Pune A Defence Public Sector Enterprise on 08th November, 2024.

The company comprising of 12 Ordnance Factories (Production Units) engaged in production of various types of ammunition and explosives and 03 Non-Production Units spread over 5 States across the India.

Shri Nandkishor Prabhakar Naik took over as Director/Human Resources on 05th February, 2025. Shri Nandkishor Prabhakar Naik is a seasoned professional with a rich and diverse background in Civil Engineering, Human Resources, and Management. He is a graduate in Civil Engineering and holds a Bachelor of Laws (LLB), a Certification in Human Resource Management from XLRI Jamshedpur, and a Diploma in Management. A distinguished officer of the 1995 batch of the Indian Ordnance Factories Service (IOFS), Shri Naik brings over 29 years of experience in public service.

Throughout his career, Shri Naik has made valuable contributions in a variety of fields, including Human Resources, Production, Planning, Procurement, and Civil Maintenance. His leadership and expertise have been instrumental in driving operational efficiencies and fostering workforce resilience within diverse organizational settings. Notably, Shri Naik served as Chief General Manager at CFA, where he played a crucial role in optimizing operations and improving overall performance.

On 5th February 2025, Shri Naik assumed the position of Director (HR) at Munitions India Limited, a premier Defence Public Enterprise. His appointment comes at a critical moment for the organization, with his wealth of experience and strategic vision positioned to enhance operational efficiency, strengthen workforce capabilities, and navigate challenges with resilience. Shri Naik's leadership is key to the on-going growth and success of Munitions India Limited as it continues to contribute to the national defence sector.

2.3 Code of Conduct

The Company has prepared a policy on Code of Business Conduct & Ethics for the Board Members and Senior Management Personnel in alignment with the Company's mission and objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

3. COMMITTEES OF THE BOARD OF DIRECTORS:

3.1 The Committees constituted by the Board are as follows:-

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Investment cum borrowing Committee
- Committee of Directors for Capital Expenditure
- Committee of Directors for deciding approval of New Policies, MoUs, Changes in Policies and MoUs.

3.1.1 Audit Committee

i. The composition of Audit Committee as on 31st March, 2025 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	-	Independent Director	Chairman
2	-	Independent Director	Member
3	-	Independent Director	Member
4	Shri Prakash Agarwala	Director/ Finance & CFO and CMD(Addl. Charge)	Member
5	Shri Nandkishor Prabhakar Naik	Director/Human Resources	Member

The post of three Independent Directors are vacant. During the financial year 2024-25, six Audit Committee meetings were held on 25/06/2024, 05/08/2024, 14/08/2024, 26/09/2024, 28/11/2024 and 21/03/2025.

ii. The role of the Audit Committee is to fulfill the functions specified in Section 177(4) of the Companies Act, 2013 and Chapter 4.2 of the guidelines on Corporate Governance for Central Public Sector Enterprises 2010.

3.1.2 Nomination and Remuneration Committee

i. The composition of Nomination and Remuneration Committee as on 31st March, 2025 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	-	Independent Director	Chairman
2	-	Independent Director	Member
3	Shri Nandkishor Prabhakar Naik	Director/ Human Resources	Member
4	Shri Amit Satija	Govt. Nominee Director	Member

The post of two Independent Directors is vacant. During the financial year 2024-25 no Nomination and Remuneration Committee meetings were held.

- ii. The role of the Nomination and Remuneration Committee is to formulate policy relating to the appointment of senior management and other employees and will also decide the Annual Bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors within the prescribed limit.

3.1.3 Corporate Social Responsibility Committee

- i. The composition of Corporate Social Responsibility Committee as on 31st March, 2025 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	Shri Prakash Agarwala	Director/Finance & CFO and CMD (Addl. Charge)	Chairman
2	Shri Nandkishor Prabhakar Naik	Director/ Human Resources	Member
3	-	Independent Director	Member

The post of one Independent Directors is vacant. During the financial year 2024-25 three Corporate Social Responsibility Committee meetings were held on 12/11/2024, 18/03/2025 and 28/03/2025

- ii. The role of the Corporate Social Responsibility Committee is to
 - a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be under taken by the Company (in areas or subject, specified in Schedule VII).
 - b. Recommend the amount of expenditure to be incurred on the activities referred to in (1) above. And
 - c. Monitor the Corporate Social Responsibility Policy of the Company from time to time.

3.1.4 Investment cum borrowing Committee

- i. The composition of Investment cum borrowing Committee as on 31st March, 2025 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	Shri Prakash Agarwala	Chairman and Managing Director	Chairman
2	Shri Prakash Agarwala	Director/Finance& CFO	Member
3	Shri Rakesh Ojha	Director/Operations	Member

During the financial year 2024-25 fifty-five Investment Committee meetings were held on 02/04/2024,

08/04/2024, 10/04/2024, 15/04/2024, 17/05/2024, 20/05/2024, 21/05/2024, 21/05/2024, 22/05/2024, 24/05/2024, 28/05/2024, 29/05/2024, 31/05/2024, 07/06/2024, 28/06/2024, 09/07/2024, 12/07/2024, 18/07/2024, 26/07/2024, 31/07/2024, 06/09/2024, 13/09/2024, 20/09/2024, 26/09/2024, 03/10/2024, 04/10/2024, 21/10/2024, 31/10/2024, 08/11/2024, 08/11/2024, 14/11/2024, 18/11/2024, 19/11/2024, 29/11/2024, 30/12/2024, 20/12/2024, 27/12/2024, 30/12/2024, 15/01/2025, 22/01/2025, 27/01/2025, 30/01/2025, 31/01/2025, 01/02/2025, 05/02/2025, 07/02/2025, 10/02/2025, 17/02/2025, 28/02/2025, 12/03/2025, 13/03/2025, 19/03/2025, 20/03/2025, 21/03/2025 and 27/03/2025.

- ii. The role of the Investment Committee is to take decision regarding investment of short-term surplus fund up to one year.

3.1.5 Committee of Directors for Capital Expenditure

- i. The composition of Committee of Directors for Capital Expenditure as on 31st March, 2025 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	Shri Prakash Agarwala	Director/Finance & CFO and CMD (Addl. Charge)	Member
2	Shri Rakesh Ojha	Director who is looking after modernization	Member
3	Shri Rakesh Ojha	Director/Operations	Member

During the financial year 2024-25eleven Committee of Directors for Capital Expenditure meetings were held on 26/04/2024, 16/05/2024, 28/05/2024, 06/06/2024, 14/06/2024, 01/07/2024, 30/08/2024, 03/12/2024, 12/12/2024, 07/01/2025 and 27/03/2025,

- ii. The role of the Committee of Directors for Capital Expenditure is to approve Capital Expenditure of Plant & Machinery and Civil works beyond INR 10 Crores up to the parameter notified by Department of Public Enterprises/Ministry of Defence.

3.1.6 Committee of Directors for deciding approval of New Policies, MoUs, Changes in Policies and MoUs.

- i. The composition of Committee of Directors for deciding approval of New Policies, MoUs, Changes in Policies and MoUs as on 31st March, 2025 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	Shri Prakash Agarwala	Director/Finance& CFO and CMD (Addl. Charge)	Member
2	Shri Rakesh Ojha	Director/Operations	Member
3	Shri Nandkishor Prabhakar Naik	Director/Human Resources	Member

During the financial year 2024-25 twenty-two Committee of Directors for deciding approval of New Policies, MoUs, Changes in Policies and MoUs meetings were held on 14/05/2024, 15/05/2024, 29/05/2024, 13/06/2024, 25/06/2024, 25/06/2024, 01/07/2024, 18/07/2024, 25/07/2024, 29/07/2024, 05/08/2024, 20/08/2024, 19/09/2024, 11/11/2024, 15/11/2024, 25/11/2024, 22/01/2025, 27/02/2025, 28/02/2025, 04/03/2025, 17/03/2025 and 25/03/2025.

- ii. The role of the Committee of Directors for deciding approval of New Policies, MoUs, Changes in Policies and MoUs is to give approval of New Policies, MoUs, Changes in Policies and MoUs.

4. **ANNUAL GENERAL MEETING:**

No.	Year	Location	Date & Time	Whether any special resolution passed
1st	2021-22	Through Video Conferencing	21/12/2022 11.10 A.M.	No
2nd	2022-23	Through Video Conferencing	20/12/2023 12.00 Noon	No
3rd	2023-24	Through Video Conferencing	26/09/2024 04.00 P.M.	No

5. **DISCLOSURES:-**

- i. There are no materially significant transactions with related parties i.e. Promoters, Directors or the Management conflicting with the Company's interest.
- ii. The Company has adopted suggested items to be included in the Report on Corporate Governance.
- iii. There is no inter-se relationship between Directors of the Company.
- iv. No penalties or strictures have been imposed on the Company by any statutory authority, on any matter related to any guidelines issued by Government.

Additional disclosures as required under the Guidelines on Corporate Governance for CPSEs issued by Department of Public enterprises.

- i. Items of expenditure debited in books of accounts, which are not for the purpose of business – NIL
- ii. Expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management – NIL
- iii. Administrative and office expenses as a percentage of total expenses for the financial year 2024-25 is 7%.
- iv. Information on adoption/non-adoption of non-mandatory requirements is given hereunder –
Non-mandatory Requirements

i. **The Board**

The Company is headed by a Chairman and Managing Director. There are no Independent Directors on the Board of the Company.

ii. **Nomination and Remuneration Committee**

In accordance with the directions of DPE the Board of Munitions India Limited has constituted a Nomination and Remuneration Committee to formulate policy relating to the appointment of senior management and other employees and also to decide the Annual Bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors within the prescribed limit.

iii. **Shareholders Rights**

As of now there is no system of sending half yearly financial performance including summary of the significant events in the last six months to shareholders.

iv. **Audit Qualification**—Auditors report annexed.

v. **Training to Board Member**—It is need based.

vi. **Whistle Blower Policy**

Whistle Blower Policy has been framed by the Company, wherein a Whistle Blower mechanism has been put in place for detection, prevention and reporting of fraud. This policy applies to any fraud or suspected fraud involving employees as well as stakeholder, consultants, vendors, lenders, borrowers, contractors, outside agencies doing business with the Company, employees of such agencies, and/or any other parties with a business relationship with the Company.

6. **MEANS OF COMMUNICATION:**

The Company communicates with its shareholders through its Annual Reports, General Meeting and Disclosures through website. All the important information pertaining to the Company will be mentioned in the Annual Report for each period containing inter alia Audited Accounts, Directors Report, Auditors Report, which is circulated to the members, and others entitled thereto.

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2025

FORM NO. MR-3

[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,
MUNITIONS INDIA LIMITED
C/O Ammunition Factory Khadki,
Khadki Pune-411003
Maharashtra

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate Practices by **MUNITIONS INDIA LIMITED (U29190PN20 21GOI 2035 05)** (hereinafter called 'the company') for the financial year ended on 31st March, 2025. 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 verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, for the financial year ended on 31st March, 2025 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and Returns filed and other records maintained by the Company for the financial year ended on 31st March, 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)**
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(NOT APPLICABLE)**
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(NOT APPLICABLE)**

- (v) The following Regulations and Guidelines prescribed under **the Securities and Exchange Board of India Act, 1992 ('SEBI Act')** are **not applicable** to the company as the shares of the company are not listed with stock exchanges during the audit period.
- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - The Securities and Exchange Board of India (Issue of Listing of Non- Convertible Securities) Regulations, 2021;
 - The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
 - The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- (vi) As explained by the management, the following laws are specifically applicable to the company based on their Sector/ Industry:

1.	The Water (Prevention and Control of Pollution) Act, 1974
2.	The Air (Prevention and Control of Pollution) Act 1981
3.	Solid Wastes Management Rules 2016 and E-Waste (Management) Rules 2016, issued under The Environment (Protection) Act ,1986
4.	Petroleum Act, 1934
5.	The Indian Boilers Act, 1923
6.	The Public Liability Insurance Act, 1991
7.	The Atomic Energy Act, 1962 and the Atomic Energy (Radiation Protection) Rules 2004
8.	Foreign Trade (Development and Regulation) Act, 1992 for SOMET
9.	Arms Act 1959 and Arms Rules 2016
10.	State Excise Act (Spirit License) under Madhya Pradesh Act No.11 of 2018, The Madhya Pradesh Motor, Spirit Upkar Adhiniyam, 2018.

We report that Compliance/ processes/ systems under other specific applicable laws (as applicable to the Industry) are being relied on the basis of periodical certificate under internal compliance system submitted to the Board of Directors of the Company .

The Compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this audit since the same have been subject to review by the statutory auditor and the other designated professionals.

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

- (i) Secretarial Standards as amended from time to time issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) and SEBI (Listing Obligations and Disclosures Requirements), 2015 (**Not applicable to the company during the financial year**)
- (iii) DPE Guidelines on Corporate Governance for CPSE.

During the period under review the Company has complied with the provisions of the Act, rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

1. **As per Section 149(6) and 149(4) of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have at least 2 Independent Directors. However, the Company doesn't have any Independent Director on the Board during the FY 2024-25. As such, the composition of the Board of Directors of the company is not in Compliance with provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for CPSEs.**
2. **The Company has constituted Board Committees viz. Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee, however due to non- appointment of Independent Directors, the composition of these Committees is not as per the provisions of Section 177 (2), 178(1) and 135 of the Companies Act, 2013 respectively.**
3. **As per Section 149(1) of the Companies Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have a woman Director on the Board. However, during the FY 2024-25, the Company was not having any woman Director on the Board.**
4. **In the absence of Independent Directors, the Company has not complied with the provisions of clause VII of Schedule IV of the Companies Act, 2013 regarding holding of a meeting of Independent Directors without the attendance of non-independent directors and members of the management for the financial year 2024-25.**

We further report that:

The Board of Directors of the Company was not duly constituted with proper balance of Executive Directors and Non-Executive Directors during the financial year 2024-25. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Generally, adequate notices were given to all directors to schedule the Board Meetings, Agenda and detailed notes on Agenda were sent at least seven days in advance and in some cases at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision was carried through while the dissenting members' views were captured and recorded as part of the minutes.

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

We further report that during the audit period the company had no major events/ actions having a bearing on Company's affairs in pursuance of the above referred laws rules, regulations, guidelines, standards etc.

Place: Ghaziabad
Date: 04.08.2025

For A. K. Rastogi & Associates
Company Secretaries
ICSI Unique code No P2025UP104900
Peer Review Certificate No. 7006/2025

(A.K. RASTOGI)
PARTNER
FCS No.: 1748
COP No.:22973
UDIN:F001748G000921634

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of the Report.

ANNEXURE 'A'

To,

**The Members,
MUNITIONS INDIA LIMITED
C/O Ammunition Factory Khadki,
Khadki Pune-411003
Maharashtra**

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 and our report is not covering observations/ comments/ weakness already pointed out by the other Auditors.
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 are the responsibility of management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board- processes and Compliance-mechanism in place or not.
6. The Secretarial Audit report 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.

**Place: Ghaziabad
Date: 04.08.2024**

**For A. K. Rastogi & Associates
Company Secretaries
ICSI Unique code No S2020UP724400
Peer Review Certificate No. 7006/2025**

**(A.K. RASTOGI)
PROPRIETOR
FCS No 1748
CP No.:22973
UDIN: F001748G000921634**

ANNEXURE- III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2024-25

1. Brief outline on CSR Policy of the Company -

The following activities are included in the CSR Policy of Munitions India Limited.

- (i) To eradicate hunger, poverty and malnutrition, ["promoting health care including preventive health care"] and sanitation [including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.
- (ii) To promote education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- (iii) To promote gender equality, empowering women, setting up homes and hostels for women and orphans setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (iv) To ensure environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga].
- (v) To protect national heritage, art and culture including restoration of buildings and sites of historical importance and works of art setting up public libraries, promotion and development of traditional art and handicrafts.
- (vi) To take measures for the benefit of armed forces veterans, war widows and their dependents, [Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows].
- (vii) To give training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports.
- (viii) To contribute to the prime minister's national relief fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.
- (ix) (a) To Contribute to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government and

- (b) To Contribute to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE), Department of Biotechnology (DBT), Department of Science and Technology (DST), Department of Pharmaceuticals, Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH), Ministry of Electronics and Information Technology and other bodies, namely Defence Research and Development Organization (DRDO), Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- (x) To rural development projects.
- (xi) To slum area development.
Explanation:- For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- (xii) To disaster management, including relief, rehabilitation and reconstruction activities.

2. Composition of CSR Committee:

Sl. 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 Debashsish Banerjee	Director/HR (till 30/11/2024)	3	1
2	Shri Prakash Agarwala	Director/Finance & CFO	3	3
3	Shri Nandkishor Prabhakar Naik	Director/HR (w.e.f. 05/02/2025)	3	2
4	Vacant	Independent Director	Nil	Nil

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.
- <https://munitionsindia.in/About> us/Corporate Social Responsibility
<https://munitionsindia.in/Downloads/Manual> and Policies/Composition of CSR Committee
<https://munitionsindia.in/Downloads/Manual> and Policies/CSR Activities 2024-25

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. NA
5. (a) Average net profit of the company as per section 135(5) INR 351.47 Crores
 (b) Two percent of average net profit of the company as per section 135(5) INR 702.94 Lakhs
 (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years. NIL
 (d) Amount required to be set off for the financial year if any NIL
 (e) Total CSR obligation for the financial year (b + c + d) INR 702.94 Lakhs
6. (a) Amount spent on CSR Projects (both Ongoing Projects & other than Ongoing Projects) for the financial year 2022-23, 2023-24 & 2024-25 INR 268.64 Lakhs
 (b) Amount spent in Administrative Overheads NIL
 (c) Amount spent on Impact Assessment, if applicable NIL
 (d) Total amount spent for the Financial Year (a + b + c) INR 268.64 Lakhs
 (e) CSR amount spent or unspent for the financial year : INR 702.94 Lakhs

	Amount Unspent (in Rs.)				
Total Amount Spent for the Financial Year 2024-25. (in INR)	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
INR 89.05	INR 613.89 Lakhs	17/06/2025	-	-	-

(f) Excess amount for set of, if any

Sl. No.	Particular	Amount (in INR)
1	Two percent of average net profit of the company as per section 135(5)	702.94 Lakhs
2	Total amount spent for the Financial Year	89.05 Lakhs
3	Excess amount spent for the financial year [(ii)-(i)]	NIL
4	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
5	Amount available for set of f in succeeding financial years [(iii)-(iv)]	NIL

7. Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in INR)	Balance Amount in Unspent CSR Account under Section 135(6) (in INR)	Amount spent in the Financial Year (in INR)	Amount transferred to a fund specified under Schedule VII as per second proviso to sub-Section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years. (in INR)	Deficiency, if any
					Amount (in Rs).	Date of transfer		
1.	2022-23	51.66 lakhs	5.71 lakhs	79.62 lakhs	70.22 lakhs	26/09/2024	5.71 lakhs	
2.	2023-24	117.95 lakhs	53.54 lakhs	99.97 lakhs	35.57 lakhs	26/09/2024	53.54 lakhs	
3.		NIL						
	TOTAL	169.61 lakhs	59.25 lakhs	179.59 lakhs	105.79 lakhs	---	59.25 lakhs	Nil

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

Yes/No

If Yes, enter the number of Capital assets created/acquired - NIL

Furnish the details relating to such assets(s) so created or acquired through Corporate Social Responsibility amount spent in the financial Year:

Sl No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pin code of the property or asset(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
	NIL						

(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 per cent of the average net profit as per subsection (5) of section 135.

An amount of Rs.702.94 lakhs has been allocated to various ongoing CSR projects spread over 15 units all over India and Corporate Office, Pune. This is being executed as ongoing projects and will be completed in time bound manner.

(SANJAY HAZARI)
Chairman and Managing Director
DIN No.11089196

(NANDKISHOR PRABHAKAR NAIK)
Director/HR & Chairman CSR Committee
DIN No.10943674

ANNEXURE- IV

REPLY TO THE COMMENTS OF THE C&AG.

No. MIL/FIN/Audit/CAG/MIL Response/2024-25

Dt. 29.09.2025

To,
Office of the Director General of Audit,
Ordnance Factories,
Kolkata

Kind Attention: Mrs. Sudha Rajan, Principal Director of Audit (Ordnance Factories)

Sub: MIL response to C&AG Comments on the accounts of MIL for the year ended
31st March 2025

Ref: (i) C&AG Letter No. 100/T-459/MIL/Accounts/2025-26 Dtd. 29.09.2025

With reference to above referred letter, the following management response of MIL is submitted herewith:

Sr. No.	C&AG Comments on Disclosure	Management Response against Consolidated and Standalone Financial Statements of MIL
1	Balance Sheet Assets Non-current assets Property, Plant and Equipment - (Note No.4(a)) ₹3387.06 Crore This does not include the details of lands under the two different units of MIL viz., NADP (13.60 acres) and HEPF (882.34 acres) which are held at historical “Nil” value. Non-disclosure of the land of NADP and HEPF under “Note 40(c) other regulatory information” was not in line with IndAS1	- Munitions India Limited was newly formed entity to take over the business of arms and ammunitions from the erstwhile OFB. The Company therefore did not meet the definition of business, at the time of re-organisation. Accordingly, this transaction is not construed as a business combination under common control, rather as a capital re-organisation. There is no guidance under Ind-AS on accounting for capital re-organisation. However, since the business has remained under common control (i.e., by the Government of India), before and after the re-organisation, the management has determined that it is appropriate to apply provisions of Appendix C to Ind AS 103 that deals with business combinations under common control, as per the policy choice provided by Ind AS 8. Accordingly, the Company has accounted for the assets and liabilities of the business transferred at their existing carrying values adjusted for the effect of harmonising the accounting policies with those followed by the Company, by following the provisions under Appendix C to Ind AS 103. - The erstwhile OFB accounted for the business as per the General Financial Rules applicable to the

Sr. No.	C&AG Comments on Disclosure	Management Response against Consolidated and Standalone Financial Statements of MIL
		government departments. The Company has voluntarily adopted Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013. The Management has determined that the General Financial Rules is the previous GAAP followed by the business before its transfer to the Company. The financial statements for the period ending March 31, 2022 are the first financial statements of the Company. Since the Company was newly incorporated, it did not have any assets or liabilities as at its earliest date i.e., date of incorporation. However, since the businesses of the certain units of OFB were transferred to MIL, the Management determined that the Company can be a first-time adopter in respect of the businesses transferred. • Accordingly, the management concluded that the exemptions and exceptions available under the provisions of Ind AS 101 should be applied to the carrying value assets and liabilities and then transferred to MIL. • The Company applied deemed cost to the carrying value of property, plant and equipment and intangible assets as at the date of transfer. • In the instant case, the book value of land of HEPF and NADP were Nil on the date of transfer, i.e. 01.10.2021. Therefore, as MIL has recorded the values of assets and liabilities at the book values and fair value has not been recorded in the books of accounts of MIL, the land values of NADP and HEPF have been kept as Nil in the books of MIL. • MIL has approached Expert Advisory Committee, The Institute of Chartered Accountants of India regarding the accounting of fixed assets in the books of MIL. The Expert Advisory Committee of ICAI vide opinion no. EAC/1922/25 has opined that, • <i>On the basis of the above, subject to the disclaimers made in paragraphs 7 and 11 above, the Committee is of the opinion that the accounting practice of the Company on the subject matter i.e., land is appropriate as per Indian Accounting Standards</i>

Sr. No.	C&AG Comments on Disclosure	Management Response against Consolidated and Standalone Financial Statements of MIL
2	Balance Sheet Assets Current Assets Inventories (Note no. 07): ₹4206.67 crores This includes ₹23.32 Crore being the value of the inventories (26 items) which were not physically available as on 31 March 2025 as per the stock verification report dated 12 April 2025 (Signed 15 April 2025). However, the company failed to disclose this material discrepancy. This has resulted in inadequate disclosure of the position of Inventories to the tune of ₹23.32 Crore	Apparent discrepancies observed at the time of physical verification cannot be recorded without proper investigation as shortages are required to be given appropriate accounting effect as well as approval of higher authorities is to be obtained. As per physical verification report for the year 2024-25, discrepancy in 26 items were identified. Breakup of the outcome is as under: a. Post verification a detailed review was carried out for such differences and AFK has identified that out of 26 items difference in 13 items were due to non-posting of Demand notes, which were later rectified. Demand notes and Bin Cards of these 13 items are available on record and can be verified by CAG office at their convenience. b. With regards to balance 13 items having a value of 7.66 Cr, BOE was constituted and the results of the BOE was awaited as on 31.03.2025. As the result of BOE was still awaited adjustment to inventory was not carried out. BoE report has been received recently and it is observed by the Board of Enquiry that difference is on account of communication gap between stores and concerned production sections, Demand Notes could not be obtained and posted in time to regularize these transactions. The BoE report is available on record and can be verified by CAG office at their convenience.

(Prakash Agarwala)
Director/Finance & CFO
MIL

ANNEXURE- V

Form AOC- 1

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

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

Joint ventures

Part A Subsidiaries

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

1. S.No.1
2. Name of the subsidiary: Munitions India Sports Promotional Council (MISPC)
3. The date since when subsidiary was acquired: 02/04/2024
4. Reporting period for the subsidiary concerned, if different from the holding company's reporting period. - 02/04/2024 to 31/03/2025
5. Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries. - Not Applicable
6. Share capital- Nil
7. Reserves and surplus- Nil
8. Total assets- 0.57 Crores
9. Total Liabilities- 0.57 Crores
10. Investments- Nil
11. Turnover- 0.86 Crores
12. Profit before taxation- Nil
13. Provision for taxation- Nil
14. Profit after taxation- Nil
15. Proposed Dividend: Nil
16. Extent of shareholding (in percentage): Not Applicable Company Limited by guarantee. 100% subsidiary of Munitions India Limited.

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

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

As per our report of even date attached.

**For and on behalf of Board of Directors of
Munitions India Limited**

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune
Date: 15/09/2025

Sanjay Hazari
Chairman and Managing Director
DIN: 11089196

Part B Associates and Joint Ventures

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

Name of Associates or Joint Ventures	Name 1	Name 2	Name 3
1. Latest audited Balance Sheet Date			
2. Date on which the Associate or Joint Venture was associated or acquired			
3. Shares of Associate or Joint Ventures held by the company on the year end			
No.			
Amount of Investment in Associates or Joint Venture			
Extent of Holding (in percentage)			
4. Description of how there is significant influence			
5. Reason why the associate/Joint venture is not consolidated.			
6. Net worth attributable to shareholding as per latest audited Balance Sheet			
7. Profit or Loss for the year			
i. Considered in Consolidation			
ii. Not Considered in Consolidation			

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

Note: This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

As per our report of even date attached.

**For and on behalf of Board of Directors of
Munitions India Limited**

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune
Date: 15/09/2025

Sanjay Hazari
Chairman and Managing Director
DIN: 11089196



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. THE COMPANY:

Munitions India Limited (MIL) is a Defence Public Sector Undertaking, located in the historic city of Pune. MIL, the India's biggest manufacturer and market leader is engaged in Production, Testing Research & Development and Marketing of comprehensive range of ammunition & explosives for Army, Navy, Air Force, Para-Military Forces and Police Forces.

MIL's vision is to provide competitive edge to the Armed Forces by equipping them with modern and quality battlefield ammunition. MIL's mission is to be a prominent patron of Atma Nirbhar Bharat Abhiyan and Make in India Initiative in Ammunition sector. MIL aspires to maintain its leadership position in the domestic market as well as become a major player in the global supply chain of ammunition.

2. STRENGTHS OF MIL:

- Skilled Work Force
- Manufacturing and Sales Experience of Ammunitions for more than 150 years
- Huge Manufacturing Capacities
- Availability of Surge Capacity
- Leadership position in Domestic Ammunition Market
- Established Supplier Base
- Established Product Range
- Comprehensive facilities for ammunition production
- High indigenisation Component

3. WEAKNESSES:

- High Overheads
- Legacy issues

4. OPPORTUNITIES:

- Export Avenues
- Post corporatization, freedom and flexibility to form Joint Ventures and enter into co-production agreements
- Post Corporatization, more Autonomy in Operations

- Present Geo-Political Scenario/Environment
- Availability of facilities for critical components
- Huge investment required for new entrant to create end to end facilities for ammunition production

5. RISKS/THREATS:

- Opening up of Indian defence sector to private players
- Emergence of Competitors in Domestic Market
- Issue of RFPs for items (which were previously supplied by us) to various domestic players
- Total dependance on DRDO/DGQA for proof ranges

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an adequate internal control and Internal Audit System commensurate with its size and nature of business.

7. ROBUST INDUSTRIAL RELATIONS:

At Munitions India Limited Corporate Office appropriate forums such as High-Level Consultative Committee (HLCC) and MIL Industrial Relations Mechanism have been constituted. The first HLCC meeting was held on 08.05.2025 comprising of retired/serving employees of 41 Ordnance Factories are members and the first MIL IR Mechanism was held on 06.06.2025 comprising of serving employees of MIL units as members. Both these forums are constituted to discuss the points related improvement in productivity, Quality, Cost effectiveness, Modernization, Safety, Business Expansion, R&D, Image building, Production target, Resources availability and Skill development between the officials of MILCO and the representatives of recognised Defence Federations, and recognised Defence Associations.

8. CAMPUS SELECTION AT NATIONAL ACADEMY OF DEFENCE PRODUCTION, AMBAJHARI

Appointment of PGDM students on Tenure Basis at different MIL units

Sl. No.	Name of the candidates	Proposed posting
1	Hitesh Gangaram Jawalikar	OFK
2	Jadhav Rohit Dhanraj	OFK
3	Saurav Kumar	OFK
4	Ms. Minakshi Mondal	OFI
5	Satyam Vats	OFK
6	Krunal Bhupendra Patle	OFBA
7	Anand Kumar	MIL-CO
8	Ms. Hanna Jose	OFBA
9	Vipul Chauhan	OFI
10	Akshay Kumar Choudhary	OFCH
11	Subrat Srivastava	MIL-CO
12	Siddhant Sah	OFI

Sl. No.	Name of the candidates	Proposed posting
13	Satyajeet Singh Yadav	OFCH
14	Jay Kumar Vaidh	OFCH
15	Indrajeet Kumar	OFBA
16	Ms. Utpreksha Nagar	OFBA
17	Sanket Rajendra Bahale	OFCH

NADP has obtained AICTE approval for conducting Post Graduate Diploma in Management (**PGDM**) in Business Management with focus on **Defence Management & Defence Industry** successfully completed & passed out the convocation ceremony is being arranged shortly.

NADP in association with IIM, Visakhapatnam started 2 years hybrid Master of Business Administration Programme for the Officers/Executives of DDP, DPSUs & Pvt Defence establishment from June 2025. For current year MIL has nominated/sponsored six Officials for the programme.

Digital Learning frame work I-Got- Karmayogi (Integrated Government on line training Karmayogi platform)- NADP has developed various digital contents course material for I-Got platform. In this digital Era the efforts taken by NADP is highly appreciated.

9. NEW EMPLOYMENT OPPRTUNITIES CREATED BY MUNITIONS INDIA LIMITED:

Details of sanctioned and appointment of Tenure Base and Graduate/Diploma Project Engineer.

Sl. No.	Name of Factory	Post	Sanction Date	No. of posts sanctioned	Existing Strength
1	CFA	DBW/CPW	08-03-2023	49	41
		DBW/CPW	26-05-2023	150	
		DBW/CPW	24-11-2023	126	
		DBW/CPW	27-03-2024	156	
		Machinist	06-01-2025	40	37
		Graduate/Diploma Apprentice (Chemical)	20-09-2024	20	
		Graduate/Diploma Apprentice (Chemical)	30-05-2025	20	
2	HEF	Graduate/Diploma Apprentice (Chemical)	19-12-2024	6	6
		Graduate/Diploma Apprentice (Mechanical)	19-12-2024	3	3
		Graduate/Diploma Apprentice (Electrical)	19-12-2024	3	3
		Graduate/Diploma Apprentice (Civil)	19-12-2024	3	3
		Graduate/Diploma Apprentice (IT)	13-03-2025	2	

Sl. No.	Name of Factory	Post	Sanction Date	No. of posts sanctioned	Existing Strength
3	OFBA	DBW/CPW	29-12-2023	80	136
		DBW/CPW	21-05-2024	100	
		DBW/CPW	23-04-2025	125	
4	OFBL	DBW/CPW	21-12-2023	75	29
5	OFCH	DBW/CPW	15-05-2023	250	43
		Graduate/Diploma Apprentice (Chemical)	05-07-2024	10	
		Graduate/Diploma Apprentice (Mechanical)	05-07-2024	10	
6	OFDR	DBW/CPW	22-04-2024	201	65
		DBW/CPW	23-04-2025	165	
		Graduate/Diploma Apprentice (Chemical)	21-11-2024	4	4
		Graduate/Diploma Apprentice (Mechanical)	21-11-2024	6	6
7	OFI	DBW/CPW	08-03-2023	100	52
		DBW/CPW	15-06-2023	58	
		DBW/CPW	23-04-2025	35	
		Graduate/Diploma Apprentice (Chemical)	02-08-2024	10	7
8	OFK	DBW/CPW	19-05-2023	200	211
		DBW/CPW	05-01-2024	80	
		DBW/CPW	25-04-2024	123	
		Machinist	18-10-2024	50	
9	OFN	DBW/CPW	02-03-2023	40	47
		DBW/CPW	10-10-2024	50	
		Grand Total		2350	693

Post	No. of posts sanctioned	Existing Strength
DBW/CPW	2163	588
Machinist	90	37
Graduate/Diploma Apprentice (Chemical)	70	17
Graduate/Diploma Apprentice (Civil)	3	3
Graduate/Diploma Apprentice (Electrical)	3	3
Graduate/Diploma Apprentice (IT)	2	
Graduate/Diploma Apprentice (Mechanical)	19	9
Total	2350	657

10. MEMORANDUM OF UNDERSTANDING WITH MINISTRY OF DEFENCE:

Memorandum of Understanding with Ministry of Defence was entered for the Financial Year 2024-25. Munitions India Limited had MoU score of 91 and excellent rating for Financial Year 2023-24.

11. Turnover target under MoU for the Financial Year 2025-26:

Turnover target under MoU for the Financial Year 2025-26 is Rs.9,250 Crores.

12. Exports expected during current FY and next two FYs:

Year	2024-25	2025-26 (Target)	2026-27 (Target)
Export Value (INR)	3,081 Cr	2,500 Cr	3,000 Cr

13. CORPORATE SOCIAL RESPONSIBILITY:

As per relevant provisions of the Companies Act, 2013 for the financial year 2024-25 Corporate Social Responsibility expenditure of Rs.702.94 lakhs are to be expended on ongoing projects.

CERTIFICATE OF COMPLIANCE OF DPE GUIDELINES ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2024-25

To,
The Members,
MUNITIONS INDIA LIMITED
C/o Ammunition Factory Khadki,
Khadki Pune-411003
Maharashtra

We have examined the compliance of Conditions of Guidelines on Corporate Governance for **Munitions India Limited (CIN: U29190PN2021GOI203505)** (hereinafter called 'the Company') as required to be done under Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE with respect to Company for the Financial Year 2024-25.

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

In our opinion and to the best of our information and according to the explanation given to us by the management, we certify that the company has complied with all the provisions of DPE Guidelines on Corporate Governance as referred above during the Financial Year 2024-25 except for the matter specified below:

1. The Company has not complied with paragraph 3.1.1 of the Guidelines on Corporate Governance for Central Public Sector Enterprises with regard to the Composition of the Board as the company has no Independent Directors on its Board.
2. As per Section 149(1) of the Companies Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have a woman Director on the Board. However, during the FY 2024-25, the Company was not having any woman Director on the Board.
3. The Company has constituted the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, however in the absence of Independent Directors the Audit Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility Committee as constituted by the Company are not in accordance with the provisions of DPE Guidelines on Corporate Governance for CPSEs

We further certify that such compliance is neither an assurance as to the future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the company.

Date: 04.08.2025

Place: Ghaziabad

For A. K. Rastogi & Associates
Company Secretaries
ICSI Unique code No P2025UP104900
Peer Review Certificate No. 7006/2025

(A.K. RASTOGI)
PARTNER
FCS No.: 1748
COP No.: 22973
UDIN: F001748G000921898

CERTIFICATE FOR CODE OF BUSINESS CONDUCT & ETHICS

No.MIL/HR/BC&E/2024-25

Dated: 02/04/2025

It is hereby declared that all members of the Board of Directors of Munitions India Limited have affirmed compliance with Code of Business Conduct & Ethics for the Financial Year 2024-25.

(PRAKASH AGARWALA)
CMD (Addl. Charge) & DIR/Finance, CFO

INDEPENDENT AUDITORS' REPORT

**To the Members,
Munitions India Limited**

Report on the Audit of Standalone Financial Statements

Qualified Opinion

1. We have audited the Standalone Financial Statements of Munitions India Limited (“the Company”, which includes the Head Office located at Pune, Maharashtra and fifteen units), which comprise the Balance Sheet as at March 31, 2025, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year ended March 31, 2025, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as “the Financial Statements”) in which are included the Returns of eleven units for the year ended on that date audited by other unit auditors of the Company stated as under:

Sr No	Unit Name	Unit Location
1	National Academy of Defence Production, Ambajhari (NADP)	Nagpur, Maharashtra
2	Ordnance Factory Bhandara (OFBA)	Bhandara, Maharashtra
3	Ordnance Factory Chanda (OFCH)	Chandrapur, Maharashtra
4	Ordnance Factory Nalanda (OFN)	Nalanda, Bihar
5	Ordnance Factory Varangaon (OFV)	Varangaon, Maharashtra
6	Ordnance Factory Itarsi (OFI)	Itarsi, Madhya Pradesh
7	Ordnance Factory Khamaria (OFK)	Khamaria, Jabalpur, Madhya Pradesh
8	Ordnance Factory Institute of Learning, Khamaria (OFIL)	Khamaria, Jabalpur, Madhya Pradesh
9	Ordnance Factory Badmal (OFBL)	Badmal, Odisha
10	Cordite Factory Aruvankadu (CFA)	Ooty, Tamil Nadu
11	High Energy Projectile Factory Tiruchirappalli (HEPF)	Tiruchirappalli, Tamil Nadu

2. In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2025, of its Profit (including other comprehensive income), the position of changes in equity and the cash flows for the year then ended.

Basis for Qualified Opinion

3. We draw attention to the matters described in **Annexure A** attached to this report, the quantitative and qualitative effects of which, individually or in aggregate, are in our view, material to the Financial Statements. Further there are matters where we and the other unit auditors were unable to obtain sufficient and appropriate audit evidence. The effects of matters described in the said Annexure A which could be reasonably determined are quantified, wherever possible and given therein.
4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with the ICAI Code of Ethics.
5. We believe that the audit evidence we have obtained read with Annexure A attached to this report, is sufficient and appropriate to provide a basis for our qualified opinion. The Audit reports for the previous financial year 2023-24 of the units had also qualified on the matters described in Annexure A in their respective reports issued.

Emphasis of Matter

6. **Ind AS 19 – Employee benefits related obligations**

We draw attention to note no. 36(b)(i) of the Financial Statements whereby majority of the company staff are on deemed deputation and their salary cost is borne by the Company. However, the provision for certain employee Benefits viz. Provision for Gratuity, leave encashment and other retirement benefits are not recognized for such employees as they are not on the payroll of the Company. The Management has represented that the liability to pay the retirement benefits to such employees is of the Government and not of the Company vide the Ministry of Defence's Office Memorandum (OM) No. 1(5)/2021/OF/DP(Plg-V)/02 dated September 24, 2021 which is extended vide letter No.: 1(5)/2023/EGOM/Deemed Deput./OF/DP(M&P) dated 09.09.2024 till 31.12.2025.

Our opinion is not modified in respect of above matters.

Other Information

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report but does not include the Financial Statements and our auditor's report thereon. The Board report is expected to be made available to us after the date of this auditor's report. Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

9. When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

10. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the Financial position, Financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal Financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
11. In preparing the Financial Statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
12. Those Board of Directors are also responsible for overseeing the Company's Financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

13. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.
14. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
 - Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
15. Materiality is the magnitude of misstatements in the Standalone Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Standalone Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Standalone Financial Statements.
 16. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 17. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

18. We did not audit the Financial Statements of eleven units, whose financial information reflect total assets of Rs 14,238.37 crores (before inter-unit elimination entries) and net assets of Rs 8,584.47 crores (before inter-unit elimination entries) as at March 31, 2025, total revenue of Rs. 8,050.28 crores (before inter-unit elimination entries), total comprehensive income (comprising of (Profit)) and other comprehensive income) of Rs 946.62 crores (before inter-unit elimination entries) for the year ended on that date, as considered in the Financial Statements. This financial information has been audited by other auditors (unit auditors) whose reports have been furnished to us by the Management, and our opinion on the Financial Statements in so far as it relates to the amounts and disclosures included in respect of these units and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid units, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of above matters.

Report on Other Legal and Regulatory Requirements

19. As required by the Companies (Auditor's Report) Order, 2020 (the "Order"/"CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by respective unit auditors for eleven units included in the Financial Statements of the Company, we give the **Annexure B**; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
20. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Financial Statements except for the matters stated in Annexure A.
 - b) In our opinion, except for the matters qualified in Annexure-A of our report, proper books of account as required by law relating to preparation of the aforesaid Financial Statements have been kept by the Company so far as it appears from our examination of those books and the reports of the respective unit auditors.
 - c) The reports on the accounts of the Units of the Company audited under Section 143(8) of the Act by unit auditors and sent to us and have been properly dealt with by us in preparing this report.
 - d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account. However, our opinion on the Financial Statements is qualified on account of the matters described in Annexure A attached to this report.
 - e) In our opinion, except for the matters qualified in Annexure-A, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - f) The Company being a Government company, the provisions of section 164 (2) of the Act in respect of disqualification of Directors are not applicable vide notification no. GSR 463(E), dated June 5, 2015.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**" where we have given Adverse opinion.
 - h) The Company being a Government company, the provisions of section 197 of the Act in respect of managerial remuneration are not applicable vide notification no. GSR 463(E), dated June 5, 2015.

- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the audit reports of unit auditors:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 38 to the Financial Statements.
 - (ii) The Company has outstanding long term contracts for supplies of its goods as on March 31, 2025 for which the provision has been made as mentioned in note 3 of the Financial Statements.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - (iv) (a) The Management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements (refer note 40(c)(x)), if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) the Management has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements (refer note 40(c)(x)), if any, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances and based on the consideration of the reports of unit auditors, nothing has come to our notice in respect of the Company that has caused us to believe that the representations made by the Management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.
- (v) The Company has not declared or paid dividend during the year. The provisions of sub section (1) and (4) of section 123 of the Act are not applicable to the government company vide notification no. GSR 463(E), dated June 5, 2015.
- (vi) Based on our examination, which included test checks, we note that the Company has used accounting software i.e Tally Prime for maintaining its books of account for the financial year ended March 31, 2025, which has a feature for recording an audit trail (edit log) facility, except for other software (apart from Tally Prime) for record-keeping purposes, which serve as the source of data entered into Tally Prime i.e. Informix, PPC and Fox Pro for which Audit Trail was not enabled. The said feature has operated throughout the year for all relevant transactions recorded in the software (Tally Prime). Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with. Additionally, the audit trail has been preserved by the Company as per the statutory requirements for record retention.

21. As required by section 143(5) of the Act, on the basis of such check of the books and record of the Company as we considered appropriate and according to the information and explanation given to us, we give in the "**Annexure D**" a statement on the directions and additional directions issued by the Comptroller and Auditor General of India, for the Company.

For and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Registration No. 101569W

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 25048592BMMLLJ3696
Date: 19th August, 2025
Place: Pune

Annexure A
(As referred to in Basis for Qualified Opinion Para
in main audit report of Munitions India Limited for the year ended March 31, 2025)

Section I

The Company has total of 15 units and Head office operations which are separate accounting units. Out of these, 11 units were audited by Unit auditors appointed by the C&AG and 4 units and Head office operations with consolidated statements of all Units were audited by us, Borkar & Muzumdar, Chartered Accountants.

Out of the above Units, there are total 3 units (including 1 audited by us) where the unit auditors have given unqualified audit opinion and 12 units (including 3 audited by us) where the unit auditors have given qualified opinion.

These 12 units and Head office operations where audit opinion was qualified by the respective unit auditors, constitute total assets of Rs. 22,149.82 crores (before inter-unit elimination entries), net assets of Rs. 9,414.06 crores, total revenue of Rs. 9403.95 crores (before inter-unit elimination entries) and total comprehensive income of Rs. 801.82 crores (before inter-unit elimination entries) in the Financial Statements of the Company for the year ended March 31, 2025.

Considering that majority of the auditors have issued qualified opinion which covers significant assets and liabilities as on March 31, 2025 and income and expenditure of the Company for the financial year 2024-25, based on below observations, we have issued a Qualified Opinion on the Financial Statements of the Company.

Summary of major qualifications

Following is the summary of significant qualifications based on the reports of unit auditors and 4 units and Head office operations conducted by us. The qualifications highlighted herein below are either common across majority of units. The detailed qualifications of unit auditors as stated in respective reports are given in Section II of this Annexure.

A. Prior Period Adjustments

We draw attention to note no. 31 of the Financial Statements, regarding total amount of unreconciled old balances amounting to 145.95 crores which have been written back from various unreconciled liabilities, 138.93 crores which have been written off from unreconciled assets (including PPE balances) during the year by the Company to the extent as reported by the units returns. Net impact of written off and written back items amounting to Rs. 7.02 crores, has been disclosed under Exceptional item in Financial Statements as these amounts pertain to the transactions related to previous years and are non-recurring. In addition to this, there are various income and expenditure pertaining to prior years included in the respective income and expenditure ledgers.

The above balances, income and expenditure pertaining to prior years, were a part of qualifications of the past audit reports in respect of the reliability of the balances as on March 31, 2024 due to non-availability of sufficient and appropriate audit evidence as regards to the correctness of the comparative opening figures. The Company has not done retrospective restatement of previous year Financial Statements for such prior period items by adjusting the retained earnings opening balance, as the Company has not set materiality threshold for restatement, which is not in accordance with Ind AS-8.

Our previous year audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HO, HEF, OFDR, AFK, OFK, OFCH, OFV, HEPF, OFI, OFIL).

B. Balances of trade receivables

The management does not have a system in place for reconciliation of trade receivable balances and also advances received from customers on a periodic basis including allocation of the advances received by HO and TDS reflected in 26AS to respective Units. These balances are subject to confirmations and reconciliation from respective parties. Further, the accounting system does not provide invoice wise list of trade receivables balances including advances from customer duly tallying with the general ledger balance. In the absence of Bill wise recording of receipts/outstandings from trade receivables and balance confirmations, proper basis relating to ageing analysis as disclosed in note no. 8 of Financial Statements cannot be verified.

It was further noticed that the Company has not ascertained or created any ECL provision on trade receivables in accordance with Ind AS 109.

Pending such balance confirmations, reconciliation, and non-calculation of provision for ECL, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025.

Our previous year audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HO, HEF, OFDR, AFK, OFK, OFI, OFIL, OFBL, OFBA, OFCH, NADP, OFV).

C. Balances of trade payables

The management does not have a system in place for reconciliation of trade payable balances on a periodic basis. These balances are subject to confirmation and reconciliation from respective suppliers. Further, the accounting system does not provide invoice wise list of trade payable balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of payments/outstandings to trade payables and balance confirmations, the proper basis for ageing of creditors as disclosed in note no. 18 of the Financial Statements cannot be verified. Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025.

Our previous year audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HO, HEF, OFDR, AFK, OFK, OFI, OFIL, OFBA, OFBL, OFCH, NADP, OFV).

In absence of party-wise details pertaining to sums due to Micro, Small and Medium Enterprises ('MSME') vendors as on March 31, 2025 and company's inability to identify the MSME vendors, we are unable to verify the accuracy of overdue amounts payable to MSMEs as also the closing balance of outstanding dues to MSMEs as at March 31, 2025. Also, provision for interest on overdue amounts payable to MSMEs is not recognised in Financial Statements as on March 31, 2025, effect of which on the financial statements is not ascertainable. Accordingly, the disclosure as required under MSMED Act 2006 is incorrect.

Our previous year audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of NADP, HEPF, OFV)

D. Balances of other DPSUs

The management does not have a system in place for reconciliation of other DPSUs on a periodic basis. These balances are subject to confirmation and reconciliation from respective DPSUs. Further, the accounting system does not provide invoice wise list of DPSUs balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of purchases/sales to DPSUs and balance confirmations, the proper basis for ageing of DPSUs as provided cannot be verified. In some cases, the management has provided the reconciliation carried out, but due to lack of detailed record maintenance and non-satisfactory response, the accuracy of reported balances as on March 2025 cannot be confirmed.

Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on correctness of these balances as at March 31, 2025.

Our previous year audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HEF, OFDR, AFK, OFK, OFI, OFIL).

E. Unreconciled GST Input Tax Credits

The GST Input Tax Credit (ITC) as per the books of accounts is subject to reconciliation with the balances appearing in the respective Electronic Credit Ledger (ECL) and the amounts utilised in GSTR-3B for the year ended March 31, 2025. Due to non-reconciliation, certain ITC that has lapsed or was not availed continues to be reflected in the books instead of being reversed.

Further, it was noted that GST expenses have been booked during the year in certain cases relating to:

- Blocked credits under Section 17(5) of the CGST Act;
- Reversal of opening input credit due to ineligibility or non-compliance; and
- Lapsed ITC not claimed within the statutory time limits.

In some units (i.e. NADP, HEF, OFDR), reconciliation of ITC balances was prepared. However, these reconciliations were incomplete at the time of our verification and could not be fully relied upon. In the absence of complete supporting documentation and reconciliations, we are unable to verify the correctness and eligibility of the GST Input Tax Credit balances in the financial statements.

Our previous year audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HEF, OFDR, OFIL, OFI, OFK, HEPF, NADP, OFC, OFBA).

F. Property, Plant and Equipment, Capital Work in Progress and Intangible Assets under Development and depreciation thereon

The Company has provided for Depreciation in case of Asset Class “Property, Plant and Equipment” by considering life of the assets as per the Schedule II of the Companies Act, 2013. However, since these assets are not new and were created/acquired prior to incorporation of the Company, these assets should have been depreciated over the balance Estimated Life of the assets based on technical evaluation. As such, the accounting treatment followed by the Company is not in accordance with the treatment prescribed in Ind AS-16. In absence of the details of balance useful life of the assets and estimated residual value based on technical evaluation, we are unable to ascertain the impact on the Financial Statements. Also, the Company has applied useful lives for certain property, plant and equipment that exceed those prescribed in Schedule II to the Companies Act, 2013. No adequate technical assessment, justification, or supporting records were made available for our verification to substantiate the deviation. In the absence of such evidence, we are unable to determine the consequential impact, if any, on depreciation expense, carrying amount of PPE, and the profit for the year ended 31st March 2025.

It was observed that during the Company has formulated its policy for the useful life of roads from 60 years to 5 years. However, the Unit has depreciated the asset with useful life which is not in line with the policies.

(Observed in case of OFBA and OFDR).

Also, in OFN, inconsistencies were noted in accounting practices as two different useful lives have been applied for the same category of computers and hardware. Additionally, an unidentified opening WIP of ₹55.41 crores under 'Building' is reflected in Assets, for which the nature, stage of completion, and classification remain unsubstantiated due to lack of supporting documentation. Moreover, there is non-compliance with Ind AS 38 – Intangible Assets, as no amortization has been charged during the period on any intangible assets.

Further it was also reported in AFK Material differences amounting to ₹87.08 crores were noted between the gross values of Property, Plant and Equipment as per books and the Fixed Asset Register across various asset categories (Buildings ₹43.80 crores, Computers & Hardware ₹0.86 crores, Furniture & Fixtures ₹0.002 crores, Plant & Machinery ₹43.82 crores, and Vehicles – ₹1.40 crores); pending reconciliation and absence of information on carrying WDV of these differences, the impact of financial statement cannot be ascertained.

Additionally, under *Ind AS 36 – Impairment of Assets*, the Company is required to assess at each reporting date whether its Property, Plant and Equipment (PPE) and Intangible Asset may be impaired. The Company has not carried out such impairment testing, nor provided supporting technical assessments to demonstrate that the carrying amounts do not exceed recoverable amounts. In the absence of this, we are unable to determine whether any impairment loss should have been recognised, which may materially impact the carrying value of PPE along with Intangible Asset and the financial statements.

The disclosure of Intangible Asset is not in line with Division II of Schedule III of the Companies Act 2013.

Our previous year audit report for FY 2023-24 was also qualified on this matter.

G. Inventories:

Units have valued the inventory of raw material at cost, instead of at the lower of cost or Net Realisable Value (NRV), which is not in accordance with IND AS-2. Also, in some units, work in progress, semi-finished goods (finished component), finished goods and scrap inventory are valued at cost instead of at lower of cost or Net Realisable Value. As stated by the auditor of some units, it was observed that the accounting impact of slow and non-moving inventory considering NRV on the inventory valuation was not assessed by management and it was valued at normal inventory in use.

While working of cost, non-production overheads like selling and administrative expenses are also included while arriving at the cost of inventories in some units, which is not in accordance with Ind AS-2. We are unable to quantify the impact of the same due to non-availability of the required workings.

Our previous year audit report for FY 2023-24 was also qualified on this matter.

H. Non compliances of Companies Act, 2013

As disclosed in note no 36(b)(ii) of the Financial Statements regarding non-compliance of certain requirements under the Companies Act, 2013. The Company has not appointed Independent Directors as required under Section 149 of the Companies Act, 2013 so as such the composition of Board of Directors of the Company is not in compliance with the provision of Companies Act, 2013 and DPE guidelines on Corporate Governance for CPSE. Company has constituted Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility committee. However due to non-appointment of Independent directors, the composition of this committees is not as per provision of sec 177(2), 178(1) and 135 of Companies Act, 2013 respectively. Due to the absence of Independent Directors, the Company has not complied with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of meeting of the Independent Directors without attendance of Non-Independent Directors and members of the management. The Company has also not complied with the requirement to have a woman director on the Board during FY 2024-25. Further, the Board of Directors of the Company was not duly constituted with proper balance of Executive and Non-Executive Directors during FY 2024-25.

Our previous year audit report for FY 2023-24 was also qualified on this matter.

Annexure B to the Independent Auditor's Report

Referred to in paragraph 1 under the heading, “Report on Other Legal and Regulatory Requirements” of our report on even date and based on audit of units covered by us and the considerations of the CARO reports issued by respective unit auditors and as per information and explanation given to us by the management we report as under:

- (i) (a) (A) According to the information and explanations given to us and based on the records and audit reports of unit auditors, we report that the Company has maintained, proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment have been maintained by the Company, except for 3 units i.e. NADP, OFV and AFK.
- (B) According to the information and explanations given to us and based on the records and audit reports of unit auditors, we report that, the Company is maintaining proper records showing full particulars of intangible assets except in respect of 3 units i.e. NADP, OFV, OFN.
- (b) According to the information and explanations given to us and based on the records and audit reports of unit auditors, we report that Property, Plant and Equipment have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification and the same have been properly dealt with in the books of accounts, if any except in respect of 4 units as mentioned below.

Name of Unit	Comments by respective Unit auditor
OFBA, OFCH	All property, plant and equipment have been physically verified by the management during the period. There is a program of verification, which, in our opinion, is unreasonable having regard to the size of the unit and the nature of its assets.
NADP	The unit has physically verified its Property, Plant & Equipment during the year. However, physical verification report submitted to us is incomplete as we have not been provided with the records to verify the complete particulars of discrepancies noticed and their accounting treatment in books.
AFK	Physical verification has been carried out of its Property, Plant and Equipment at reasonable intervals, having regard to the size and nature of its operations. However, material discrepancies noticed on such verification have not been properly reconciled, and the necessary adjustments/effects have not been appropriately dealt with in the books of account.

- (c) According to the information and explanations given to us and based on the records and audit reports of unit auditors, we report that, except in respect of 8 units as under, the title deeds of all the immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company:

Title deeds of immovable properties are held in the name of the Company since all the assets were transferred consequent upon the decision of the Ministry of Defence vide Memorandum of Understanding dated 29th September 2021 to transfer activities carried on by the erstwhile Ordnance Factory Board to 7 New Defence Public Sector Units (DPSUs). This Company is of one such DPSUs. However, as informed by the management, the Company has obtained the signed document named "Handing taking over of erstwhile ordnance factories land in name of new DPSU".

Table 1 – Information provided by the respective unit auditor in their report:

Name of the unit	Description of Property	Gross Carrying Value of assets (Rs. in crores)	Held in the name of	Whether promoter, director or their relative, employee	Period held	Reason for not being held in the name of unit as given by the Management
OFBA	Land	0.26	Defence India	No	Since Inception of MIL	Since Ordnance Factory Bhandara being unit of Munitions India Ltd – A public sector undertaking, title deeds of immovable property are in the name of Central Government (Defence)
OFI	Land	0.93	Directorate of Ordnance (Coordination & Services), Kolkata	Not Applicable		The transfer of land is pending on the part of the District Revenue Office.
OFK	Land	0.08	Directorate of Ordnance (Coordination & Services), Kolkata	Not Applicable	Since the date of inception	The transfer of land is pending on the part of the District Revenue Office

OFBL	Land	5.02	1. 231.34 acres with Defence Govt of India 2. 93.12 acres with revenue dept odisha 3. 4206.96 acres Ministry of forest and environm ent	No	Since the date of inception	The due procedure of applying for mutation/ alienation, (Title Deed) in the name of Company can be initiated only after obtaining the sanction/approval for mutation/ alienation (Title Deed) in the name of Ordnance Factory Badmal, Ministry of Defence, Govt. of India i.r.o. the whole private land and revenue land pending with various offices of revenue department, Govt. of Odisha. It is noteworthy to mention that, only permissive possession i.r.o. 4206.96 Acres of Reserve Forest Land has been given to O.F. Badmal by the Deptt. of Environment, Forest & Wildlife, Govt. of India. Hence, Title Deed i.r.o Reserve Forest Land cannot be mutated /alienated in the name of Ordnance Factory, Ministry of Defence, Govt. of India
AFK	Explosive storage Magazine (126.873 Acres)	The amount is not ascerta ined	Private owners & Govt. of India	No	Since the date of inception	

OFCH	Land	0.09	Defence India	No	Since Inception of MIL	Since Ordnance Factory Chanda being branch of Munitions India Ltd- A Public Sector Undertaking, title deeds of immovable property are in the name of Central Government (Defence)
OFV	Land Inside and Land in Estate	0.89	Bharat Sarkar	No	Since Inception of MIL	OFV has taken up the matter with revenue authorities for changing the name from Bharat Sarkar/OFB to Munitions India Limited- Ordnance Factory Varangaon
NADP	NADP Ambajhari Building Arjun House Hostel- I Sarath Bhawan Ajey House Hostel- I, PDFC (Personality and Development Fitness Centre) & Open land for development	8.78	Defense India	No	Since Inception of MIL	Since NADP being unit of Munitions India Ltd- A Public Sector Undertaking, title deeds of immovable property are in the name of Central Government (Defence).

(d) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, we report that, no revaluation of Plant, Property and Equipment or intangibles was done by the Company during the year. Accordingly, the requirements under paragraph 3(i)(d) of the Companies (Auditor's Report) Order, 2020 ("The Order") are not applicable to the Company.

(e) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, we report that, there are no proceedings that have been initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) and rules made thereunder. Hence reporting under clause 3(i)(e) of the order is not applicable.

- (ii) (a) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, we report that, except in case of 3 unit as under, physical verification of inventory has been conducted at reasonable intervals by the management and the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed:

Name of Unit	Comments by respective Unit auditor
OFCH and OFBA	The management has conducted physical verification of inventory at reasonable intervals during the period, except for goods in transit and stocks lying with third parties. For stocks lying with third parties at the period-end, written confirmations were not obtained by the management. In our opinion the coverage and the procedure of such verification by the management is inappropriate.
OFV	The management has not conducted physical verification of inventory at reasonable intervals during the year.

(b) In our opinion and according to the information and explanation given to us, during the year, the Company has not been sanctioned working capital limits in excess of Rs 5 crore, in aggregate, from a bank or financial institutions on the basis of security of current assets. However, the Company has been sanctioned unsecured working capital limits in excess of Rs 5 crore, in aggregate from a bank. As such filing of quarterly returns or statement by the Company with the bank is not applicable. Hence reporting under clause 3(ii)(b) of the order is not applicable.

- (iii) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, during the period, the Company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence reporting under Clause (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f), of the said Order are not applicable to the Company.

- (iv) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, the Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- (v) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- (vi) According to the information and explanations given to us during the year, the Central Government has prescribed the maintenance of cost records under section 148 (1) of the Companies Act, 2013. As per the Cost Audit report for FY 2023-24 dated September 27, 2024, proper Cost records specified by the Central Government under sub section (1) of section 148 of the Companies Act 2013 are maintained by the Unit.
- (vii) (a) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, we report that, the Company is generally regular in depositing undisputed statutory dues, including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities except in case of 2 units as mentioned below. There are no arrears of statutory dues outstanding as at March 31, 2025, for a period of more than six months from the date they became payable.

Name of Unit	Comments by respective Unit auditor
OFV	We observed that the Branch has not properly discharged GST liability on certain sales during the year. The extent of such non-compliance and related impact could not be quantified as the necessary reconciliation and documentation were not made available to us.
OFN	Royalty Deduction not made in any works contract as required by Bihar Government under 'Bihar Minor Mineral Concession Rules, 1972'

(b) According to the information and explanations given to us and the records of the Company examined by unit auditors, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2025 which have not been deposited on account of a dispute as reported in the units audited by us and other unit auditors are as follows:

Name of the unit	Name of the statute	Nature of dues	Amount (Rs. in Crore)	Period to which the amount relates	Forum where the dispute is pending
OFCH	GST Department, Maharashtra	Excess CENVAT Credit claimed in Tran-I Form in GST regime	0.28	F.Y.2017-2018	GST office of The Deputy Commissioner of State Tax.
OFCH	GST Department, Maharashtra	Excess ITC Claimed in GSTR 3b Which is not confirmed in 2A etc.	3.24	F.Y.2017-2018	GST office of The Deputy Commissioner of State Tax.
OFCH	GST Department, Maharashtra	ITC Mismatch etc	0.00	F.Y.2019-2020	GST office of The Deputy Commissioner of State Tax.
OFCH	GST Department, Maharashtra	ITC Mismatch etc	5.14	F.Y.2020-2021	GST office of The Deputy Commissioner of State Tax.
OFCH	GST Department, Maharashtra	ITC Mismatch etc	105.07	F.Y.2021-2022	GST office of The Deputy Commissioner of State Tax.
OFBA	Central Excise Act, 1944	Excise Duty	8.98	01.06.2015 to 30.06.2017	The Central Excise and Service Tax Appellate Tribunal
HEPF	GST Act, 2017	Assessment order and GST DRC-07	2.22	F.Y.2019-2020	GST office of The Deputy Commissioner of State Tax.
HEPF	GST Act, 2017	Assessment order and GST DRC-07	3.90	F.Y.2019-2020	GST office of The Deputy Commissioner of State Tax.
HEPF	GST Act, 2017	Assessment order and GST DRC-07	0.24	F.Y.2020-2021	GST office of The Deputy Commissioner of State Tax.
HEPF	GST Act, 2017	Audit: SCN and GST DRC-01	5.37	F.Y.2021-2022	GST office of The Deputy Commissioner of State Tax.

Name of the unit	Name of the statute	Nature of dues	Amount (Rs. in Crore)	Period to which the amount relates	Forum where the dispute is pending
HEPF	GST Act, 2017	Assessment order and GST DRC-07	0.14	F.Y.2017-2018	GST office of The Deputy Commissioner of State Tax.
HEF	Central Goods and Service Act, 2017	Tax, Interest and Penalty	1.35	F.Y.2019-2020	Joint Commissioner (Appeals), Pune
HEF	Central Goods and Service Act, 2017	Tax, Interest and Penalty	0.97	F.Y.2021-2022	Deputy commissioner
HEF	Central Goods and Service Act, 2017	Tax, Interest and Penalty	0.33	F.Y.2022-2023	Deputy commissioner

- (viii) In terms of the information and explanation given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, reporting under clause 3(viii) of the Order are not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and based on the records and audit reports of unit auditors, the Company has not defaulted in repayment of loans and borrowings or in the payment of interest thereon to any lender. Accordingly, paragraph (ix) (a) of the order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of unit auditors report, the Company has not been declared wilful defaulter by any bank or financial institution or other lender. Accordingly, reporting under clause 3(ix)(b) of the Order are not applicable to the Company.
- (c) According to the information and explanations given to us and on the basis of unit auditors report, the Company has not availed any term loan. Accordingly, reporting under clause 3(ix)(c) of the Order are not applicable to the Company.
- (d) According to the information and explanations given to us and on the basis of unit auditors report, the Company has not raised any funds on short term basis which have been utilised for long term basis. Accordingly, reporting under clause 3(ix)(d) of the Order are not applicable to the Company.
- (e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates and associate. Accordingly, reporting under clause 3(ix)(e) of the Order are not applicable to the Company.

- (f) The company has not raised loans during the year on the pledge of securities as it does not have any Joint Venture or Associates and its Subsidiaries is section 8 Company. Accordingly, reporting under clause 3(ix)(f) of the Order are not applicable to the Company.
- (x) (a) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company.
- (xi) (a) According to the information and explanations given to us and based on unit auditors' reports submitted to us, we along with unit auditors have neither noticed or reported any instance of fraud by the Company or on the Company during the year, nor have we been informed of any such case by the Management. Accordingly reporting under clause 3(xi)(a) of the order is not applicable.
- (b) According to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.
- (c) According to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the Company during the year. Accordingly reporting under clause 3(xi)(c) of the order is not applicable.
- (xii) In our opinion, the Company is not a Nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with section 177 and 188 of the Act, where applicable. Further, the Company has availed exemption from detailed disclosures required under IND AS 24 with respect to related party transactions with government and government related entities, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The required disclosures have been made in note no. 37 of the financial statements.
- (xiv) (a) According to the information and explanations given to us and based on observations made by the unit auditors, we report that, except in respect of 4 units given below, the Company have internal audit system at unit level commensurate with the size and nature of business of the Company.

Unit wise observations are provided as below:

Name of Unit	Comments by respective Unit auditor
OFBA, CFA, NADP, HEFP,	Based on the audit report given by the unit auditors, they are of the opinion that Unit does not have an internal audit system commensurate with the size and nature of its business.

(b) According to the information and explanations given to us and based on observations made by the unit auditors, we report that, except in respect of 4 units, internal audit reports of the Company issued till date, for the period under audit were taken into consideration.

Name of Unit	Comments by respective Unit auditor
CFA and OFBL	The said para has not been included in the CARO issued by Auditors
OFN	As represented by the management of the Company, Internal Audit for the period January, 2025 to March 2025 is in progress. Accordingly, the Internal Audit Reports have been considered by us for the purpose of our audit only up to the period ended December 31, 2024.
HEPF	The books of account were not completed at the time of internal audit because of which report could not cover fair extent of deficiency.

- (xv) According to information and explanations given to us, audit procedures carried out by us and based on unit auditors report, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi)(a) of the Order are not applicable to the Company.
- (b) According to the information and explanations given to us and procedures performed by us, we report that the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore, reporting under clause 3(xvi)(b) of the order is not applicable.
- (c) According to the information and explanations given to us and procedures performed by us, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the order is not applicable.
- (d) Based on information and explanation given to us and as represented by the management, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(d) of the order is not applicable.
- (xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xviii) There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the order is not applicable.
- (xix) According to the information and explanations given to us and based on unit auditors report, on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and further also considering the Company is a Government Company

in the Defence Sector, active equity participation by the Central Government and based on consideration of CARO reports issued by unit auditors, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

Name of Unit	Comments by respective Unit auditor
HEF, AFK and OFDR	According to the information and explanations given to us, we will not be able to comment on the financial ratios due to incorrect groupings of direct and indirect expenses. The unavailability of balance confirmations for all current assets and liability except bank balances and intra-unit balances we are unable to comment on the ageing and expected dates of realisation of financial assets and payment of financial liabilities, and on the other information accompanying the financial statements.

- (xx) (a) The Company has transferred the amount of Corporate Social Responsibility remaining unspent under sub section (5) of section 135 of the Act in respect of “other than ongoing projects” to a fund specified in Schedule VII to the Act until the date of our report. Also, the time period for such transfer i.e., six months of the expiry of the financial year under the second proviso to sub section (5) of section 135 of the Act has elapsed for the FY 22-23 until the date of our report. Details are given below:

Details of Unspent Amount related to other than ongoing projects transferred to CSR fund:

Sr No.	(a) Relevant Financial Year	(b) Amount Identified for spending on CSR activities for "Other than Ongoing Projects"	(c) Unspent amount of (b)	(d) Amount Transferred to Schedule VII to the Fund specified in Act	(e) Due date of transfer to the specified fund	(f) Actual date of transfer to the specified fund	(g) Number of days of delay (till the date of audit report)
1	2022-23	0.03	0.03	0.00	30-09-2023	NA	517
2	2022-23	0.70	0.70	0.70	30-09-2023	26-09-2024	362
3	2023-24	0.35	0.35	0.35	30-09-2024	26-09-2024	0

(b) In our opinion and according to the information and explanation given to us, in respect of ongoing projects, the Company has transferred unspent Corporate Social Responsibility amount as at the end of the previous financial year, to a Special account within a period of 30 days from the end of the said financial year in compliance with provision to sub-section (6) of Section 135 of the Act.

Details of Unspent Amount related to ongoing projects transferred to Special Account:

Sr No.	(a) Relevant Financial Year	(b) Amount Identified for spending on CSR activities for "Other than Ongoing Projects"	(c) Unspent amount of (b)	(d) Amount transferred to Special account u/s 135(6)	(e) Due date of transfer to the account	(f) Actual date of transfer to the account	(g) Number of days of delay if any
1	2022-23	0.52	0.15	0.15	30-04-2023	21-04-2023	0
2	2023-24	1.42	1.18	1.18	30-04-2024	30-04-2024	0
3	2024-25	7.03	6.14	6.14	30-04-2025	17-06-2025	48

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Registration No. 101569W

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 25048592BMMLLJ3696
Date: 19th August, 2025
Place: Pune

Annexure C to the Independent Auditors' Report

Referred to in paragraph 2(g) under the heading, “Report on Other legal and Regulatory Requirements” of our report on even date:

Report on the Internal Financial Controls with reference to Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We were engaged to audit the internal financial controls with reference to the Financial Statements of Munitions India Limited (“the Company”) (which includes the Head Office and fifteen units) as of March 31, 2025 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matters described in the “Basis for Adverse Opinion” paragraph below, the Company has not maintained adequate internal financial controls with reference to financial statements and existing controls were also not operating effectively as at the balance sheet date. Accordingly, in our opinion, the controls (designed, operated or implemented) are unable to prevent, detect and correct material misstatements in the financial statements on a timely manner.

Meaning of Internal Financial controls with reference to the Financial Statements

A company's internal financial controls with reference to the Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with

generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Adverse Opinion

According to the information and explanation given to us, and based on our audit, following material weaknesses have been identified as at March 31, 2025:

1. Inventory:

The Company uses inventory module (FoxPro) for quantitative records of inventory but the same is not updated whenever discrepancies are noticed upon physical verification carried out and thus lacks appropriate internal control system. Further, the module is also not integrated with the accounting system, and this can lead to inconsistencies between the physical inventory, the inventory records in inventory module and the financial records maintained in Tally Prime.

2. Sales:

The Company's internal control system for issue of Nominal vouchers is not operating effectively since underlying issues of goods at nominal value are not recorded promptly resulting in incorrect recording of sales. Goods are issued at nominal value on the basis of Nominal vouchers basis urgent requirements many times and the same are not regularised within defined time frame by recording sales entry with value which leads to incorrect sales accounting and non-compliance with GST regulations. Also, the nominal vouchers are not system generated and there is no reconciliation available which can ensure that all the goods issued at nominal vouchers are correctly recorded as sales.

Further, these vouchers are also not integrated with the accounting system.

3. Non-Integration of different systems with main accounting software:

The Unit uses "Tally Prime-Edit Log" as their Accounting Software for recording its financial transactions. The units also use PPC for reporting and data collection to capture all Inventory movement, FOXPRO for valuation of inventory and Informix for Payroll. However, Tally Prime, PPC, FOXPRO and Informix have not been integrated. Thus, there is manual intervention which can result into errors/omissions in the

accounting data. There are no automated controls in the system to ensure maker and checker approvals related to transactions. The management is unable to demonstrate manual maker checker due to lack of documentary evidence. Thus, we are unable to comment that the manual control operated as designed.

The unit has not implemented a system of assigning separate and unique User IDs to each individual operating the accounting software. Instead, a limited set of User IDs has been designated to the unit, which are accessed interchangeably by multiple employees. This practice significantly weakens the control environment, as it does not allow for identification and attribution changes in accounting records to specific individuals. In the absence of Individual user authentication, it become difficult to determine the origin of entries or modifications in the books of account, thereby increasing the risk of unauthorised or erroneous changes going undetected. Such a practice undermines the reliability of audit trail.

4. Non reconciliation of advances received:

It was observed that there is no proper track of the advances received/paid and transferring the same to respective Units by way of allocation and timely reconciliation of the same including the TDS balances in 26AS resulting into unreconciled advances at head office level resulting into incorrect balances of debtors/creditors which shows weak controls.

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

In our opinion, because of the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2025 standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the financial statements of the Company.

For and on behalf of
Borkar and Muzumdar
Chartered Accountants
Firm Registration Number: 101569W

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 25048592BMMLLJ3696
Date: 19th August, 2025
Place: Pune

Annexure D

Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the of the Companies Act 2013 on the accounts of Munitions India Limited (Defence Public Sector Undertakings) for the year ended March 31, 2025.

In terms of Directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act, and on the basis of such checks of the books and records of the company, as we considered appropriate and according to the Information and explanation given to us, we give a statement on the matters specified in the said Directions.

This report is a consolidated report based on the reports issued by 11-unit auditors appointed by the C&AG and 4 units and Head office operations as audited by us, Borkar & Muzumdar, Chartered Accountants. Discrepancies other than regular disclosure requirements as reported by the unit auditors have been disclosed separately in the said clause.

Directions under Section 143(5) of Companies Act, 2013 issued for M/s. Munitions India Limited (MIL

	Directions	Response
	Directions of C&AG	
•	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.	MIL does not have any quoted or unquoted investment with respect to the post-retirement benefits. All the employees (Group A, B & C) have been transferred from the erstwhile Ordnance Factory Board (OFB) to MIL on deemed deputation from 01.10.2021 for an initial period of 2 years, in accordance with Rule 37A of the Central Civil Service (Pension) Rules, 1972. This has been extended till 31.12.2025 vide letter No.: 1(5)/2023/EGOM/Deemed Deput/OF/DP(M&P) dated 09.09.2024. As per Office Memorandum No. 1(5)/2021/OF/DP(Plg-V)/02 dated 24/09/2021 issued by the Ministry of Defence, the pension liabilities of the retirees and existing employees shall be borne by the Government through the field units set up by Ministry of Defence (MOD). <i>This has also been reported under Emphasis of Matters in Main Audit Report</i> It was further informed to us that the Company has made provision towards retirement benefits only for the employees which are on payroll of the Company. The same has been verified by us during audit.

Whether the company has a system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.		Yes, the Company uses “Tally Prime-Edit Log” as their main Accounting Software for recording its financial transactions. In addition, the Company also processes its accounting transactions through other accounting software such as PPC, Informix and FOXPRO. However, Tally Prime, PPC, Informix and FOXPRO have not been integrated. Financial Implications due to non-integration and weak controls are: - Manual intervention can result into errors/omissions in the accounting data. - There are no automated controls in the system to ensure maker and checker approvals related to transactions. The impact of the same cannot be quantified as the data is maintained in the software which are not integrated. <i>This has also been qualified in our report on Internal Financial Controls.</i>
Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilized as per its terms and conditions? Whether accounting for interest earned on grants received has been done as per terms and conditions of the Grant. List the case of deviation.		Based on the Information and explanation given to us the Company has not received any funds (grants/subsidy etc.) for any specific schemes from Central/State Government or its agencies.
Whether the Company has identified the Key Risk Areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?		As informed to us, the Company has identified credit risk, liquidity risk, and market risk as its key risk areas, as disclosed in Note 34 to the Financial Statements. However, the Company has not established any formal policy for mitigating these risks.

•	Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regularity Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payment Corporation of India wherever applicable? If not, the cases of deviation may be highlighted.	It was informed to us that the applicable rules and regulations by the following institutions are not applicable to Munitions India Limited- 1. SEBI 2. Telecom Regularity Authority of India 3. National Payment Corporation of India 4. Reserve Bank of India The Company has carried out a secretarial audit to review its compliance with the requirements of the Ministry of Corporate Affairs. In relation to the compliance of rules and regulations no specific register or record for evidencing the compliance done by the Company, no formal register is maintained related to the compliance check for following institutions - 1. CERT-IN 2. Ministry of Electronics and Information Technology 3. Department of Investment and Public Asset Management. However, we have been informed that all the necessary instructions and requirements have been complied with.
	Additional directions of C&AG	
•	Whether the migration of assets and liabilities on the date of transfer (appointed date) from erstwhile OFB which remained incomplete as of 31 March 2024 has been completed during financial year 2024 -25? If there is any deviation; the reasons, nature of deviation and its impact on financial statements may be stated	As represented by the management, the migration of all asset and liabilities has taken place at the time of corporatization i.e. 01/10/2021 and there was nothing remained that has not been transferred in the name of units/ company except the title deeds pertaining to land which is still under the process. <i>Refer the table in point no. (i)(c) of CARO report.</i> The buildings which were transferred at the time of corporatization and appearing in the fixed asset register are built on the land for which the process of title deed transfer is in process. Till the process of mutation is completed we are unable to comment if there is any deviation and its impact on the financial statement.

•	Whether the company has carried out reconciliation exercise pertaining to intercompany/intracompany balances at the year end? Whether the confirmations have been obtained from other DPSUs for balances due to/due from them at the year end? The reasons for unreconciled balances, if any, along with the unreconciled amount may be stated.	It was informed by the Management that- 1. All intra MIL balances are reconciled as at 31/03/2025. 2. With regards to Inter- DPSU balances, all ledger balance confirmation requests have been sent to respective units of respective DPSUs which have not been responded by them in most of the cases. However, from few DPSUs ledger extract have been received and differences are noticed in old opening balances for which reconciliation process is ongoing. <i>Refer to our qualification in the main report.</i>
•	Whether the Company or its units possess clear title and possession of the land stated in the Financial Statements? State the area of land under encroachment and/or dispute if any.	As per the explanation given by the management, the title deeds of the immovable properties in respect of land is still under process as mentioned in the above point. <i>Refer the table in point no. (i) (c) of CARO report.</i> Based on the Information provided by the Management, below are the details of area under encroachment- Ammunition Factory Khadki, Pune (i) 101 Shopkeepers at RHE, Khadki — 101 shopkeepers have not vacated the premises after expiry of lease agreement on 31.03.2012. The matter is sub judice in Hon'ble District High Court, Pune vide RCA No. 762/2012, Civil M.A. No. 1260/2018, MCA No. 324/2018, 99/2022, Civil Appeal (CA) No. 01/2023, Civil Appeal PPE No. 18/2023 to 39/2023. (ii) Shri Chandrakant Baburao Bhosale serving as 'watchman', an employee of Ammunition Factory Co-operative Stores, Khadki, Pune on attaining the age of superannuation was required to vacate the servant quarter. But the individual approached Hon'ble District Court, Pune and case No. RCS 539/2021 and RCS 196/2022. The area of the servant quarter is 400 Sq.ft. The matter is sub judice. (iii) Unauthorized Structure – Unauthorised structure (Buddha Vihar) measuring 378 Sq.ft. was erected near block No. 30 of 'D' Type Qtr. In RHE in May 2012. AFK, a unit under MIL filed FIR. However, JMFC court

		Khadki acquitted the accused in RCS No. 236/2012 vide the order Dtd. 01.08.2013. In this regard, the efforts to demolish the structure in 2012 had to be kept in abeyance due to severe law and order problem. Considering the sensitivity and nature of the case, being a place of worship, any action by AFK has not been planned yet. (iv) Survey of three temples situated in GLR Survey No.265-B. Survey has been conducted and report has been submitted to the nodal officer appointed by MoD in PIL 77/2006 and WP 5971/2011 in Hon'ble High Court of Bombay. Ordnance Factory Varangaon, Dist- Jalgaon There is no encroachment on MIL-OFV land. However, there is encroachment on 2.248 acres land which has already been transferred to DoO(C&S) Kolkata. As per recommendation of Board Proceedings for transfer of assets and liabilities of OF Schools, OF Hospitals and identified surplus land: 'OFV should initiate administrative and legal action to evict the encroachment.'
•	Whether the Company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?	Yes, the Company has framed a pricing policy dated 16-09-2022 which provides a framework of absorbing all fixed and variable cost of production as well as the allocable overheads.
•	What is the system of by-products and finished products? List out the case of deviation from its declared policy?	It was informed to us that the Company has no by-product generated out of production process. Only waste item is generated along with the final product. Such waste product is then disposed-off as per disposal policy of Company. • All units are following same process of waste disposal via MSTC. • Yes, all systems are in-line with policy and audited by ISO 9001.

•	Whether the company has effective system for physical verification, valuation of stock/inventories, treatment non-moving items and accounting the effect of shortage/excess noticed during physical verification?	The Company overall has an effective system of physical verification of inventory/stock and as informed by the Management, provision for unusable non-moving and slow-moving items have been made at Company units. Accordingly accounting impact has been taken in the books of accounts & Financial Statements. Further effect of shortage/excess has been provided appropriately in books of accounts. The impact of physical verification of inventory has been accounted for in the books of accounts. <i>Refer to our qualification in the main audit report pertaining to value of inventory.</i>
•	Whether the Company has obtained title (Share Certificate) in respect of all investments - in subsidiaries/joint ventures/SPV et al if any.	Company has formed a section 8 Company which is a 100% subsidiary. However, being a section 8 company it's a Company limited by guarantee and therefore there is no investment in form of shares. The Company has not invested in to any other subsidiaries/joint ventures/SPV.

For and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Registration No. 101569W

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 25048592BMMLLJ3696
Date: Pune
Place: 19th August, 2025

Comments of the C&AG on Standalone Financial Statement

Confidential/Speed Post

No/00/T-459/MIL/Accounts/2025-26 Dated:29/09/2025

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

To,

**The Chairman & Managing Director,
M/s Munitions India Limited
Pune**

Subjects: Comments under Section 143(6) (b) of the Companies Act, 2013 on the Accounts of M/s Munitions India Limited, Pune for the year ended 31st March 2025.

Sir,

I am to forward herewith the comments of the Comptroller and Auditor General of India under section 143 (6) (b) of the Companies Act 2013 on the Standalone as well as Consolidated Financial Statements of M/s Munitions India Limited, Pune for the year ended 31st March 2025.

Receipt of this letter may kindly be acknowledged.

Encl:- As stated.

Yours faithfully,

**(Sudha Rajan)
Principal Director of Audit
(Ordnance Factories)
KOLKATA**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF MUNITIONS INDIA LIMITED, PUNE FOR THE YEAR ENDED 31 MARCH 2025.

The preparation of Standalone Financial Statements of Munitions India Limited, Pune for the year ended 31 March 2025 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on these Financial Statements under Section 143 of the Act based on independent Audit in accordance with the Standards on Auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report Dated 19 August 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary audit under Section 143 (6) (a) of the Act of the Financial Statements of M/s Munitions India Limited, Pune for the year ended 31 March 2025. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

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

B. Comments on Disclosure

Balance Sheet

Assets

Non-Current Assets

Property, plant and equipment (Notes no. 4(a)): Rs.3387.06 crore

1. This does not include the details of land under the two different units of MIL viz., NADP (13.60 acres) and HEPF (882.34 acres) which are held at historical “NIL” value.

Non-disclosure of the land of NADP and HEPF under “Note 40 (c) other regulatory information” was not in line with Ind AS 1.

Balance Sheet

Assets

Current Assets

Inventories (Notes no. 7): Rs.4206.67 crore

2. This includes Rs.23.32 Crore being the value of the inventories (26 items) which were not physically available as on 31 March 2025 as per the stock verification report dated 12 April 2025 (signed 15 April 2025). However, the company failed to disclose this material discrepancy. This has resulted in inadequate disclosure of the position of Inventories to the tune of Rs. 23.32 Crore.

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

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

Place:- Kolkata

Date:- 29 September 2025

STANDALONE FINANCIAL STATEMENT

Munitions India Limited

Balance Sheet as at March 31, 2025

(All amounts are in INR Crores, unless stated otherwise)

	Notes	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	4 (a)	3,387.06	3,363.16
Capital work-in-progress	4 (b)	2,219.23	1,616.39
Intangible assets	4 (c)	46.01	62.70
Intangible assets under development	4 (d)	179.35	100.99
Financial assets			
- Investment	5	0.80	0.80
Other non-current assets	6	12.29	40.51
Total non-current assets		5,844.73	5,184.55
Current assets			
Inventories	7	4,206.67	4,523.11
Financial assets			
(a) Trade receivables	8	1,437.89	1,437.71
(b) Cash and cash equivalents	9	6,144.76	3,500.32
(c) Bank balances other than (b) above	10	-	221.00
(d) Other financial assets	11	315.71	130.87
Other current assets	12	1,150.54	1,402.51
Total current assets		13,255.56	11,215.52
Total assets		19,100.29	16,400.07
EQUITY AND LIABILITIES			
Equity share capital	13	35,645.36	34,314.66
Equity shares pending issue on business reorganisation	13	-	5.25
Share application money pending allotment	13	490.83	1,070.83
Other equity	14	(25,931.48)	(26,771.34)
Total equity		10,204.71	8,619.40
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	15	4.80	6.97
Non-current provisions	16	2,692.11	2,783.90
Deferred tax liabilities (Net)	17	198.45	141.78
Total non-current liabilities		2,895.36	2,932.65

Current liabilities			
Financial liabilities			
(a) Trade payables	18		
(i) Total outstanding dues of micro enterprises and small enterprises		91.45	57.78
(ii) Total outstanding dues other than (a) (i) above		1,295.02	1,099.99
(b) Other financial liabilities	19	390.02	292.80
Other current liabilities	20	3,806.59	3,108.82
Provisions	21	193.43	267.43
Current tax liabilities (Net)	22	223.71	21.19
Total current liabilities		6,000.22	4,848.01
Total liabilities		8,895.58	7,780.66
Total equity and liabilities		19,100.29	16,400.07

The accompanying notes are integral part of the Financial Statements. 1 to 40
As per our report of even date attached.

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

**For and on behalf of Board of Directors of
Munitions India Limited**

Supriya Deepak Bhat

Partner
M.No. 048592

Sanjay Hazari

Chairman and Managing
Director
DIN: 11089196

Prakash Agarwala

Director Finance & CFO
DIN: 09666613

E J Paul

Company Secretary
Membership Number:
FCS4521

Pune

Date: 19-08-2025

Pune

Date: 19-08-2025

Munitions India Limited
Statement of Profit and Loss for the year ended March 31, 2025
(All amounts are in INR Crores, unless stated otherwise)

	Notes	Year ended 31 March 2025	Year ended 31 March 2024
Revenue from operations	23	8,214.10	7,221.58
Other income	24	435.03	313.04
Total income		8,649.14	7,534.62
Expenses			
Cost of materials consumed	25	3,453.68	3,509.98
Changes in inventories of work-in-progress and finished goods	26	315.45	191.57
Employee benefit expenses	27	2,356.71	2,161.34
Finance Cost	28	4.05	2.16
Depreciation and amortisation expense	29	198.16	183.19
Other expenses	30	1,041.59	897.31
Total expenses		7,369.63	6,945.56
Profit before exceptional item		1,279.51	589.06
Exceptional Items	31	7.02	161.53
Profit before Tax		1,286.52	750.60
Income tax expense			
- Current tax	32	390.00	64.00
- Deferred tax	32	56.67	127.81
Total tax expense		446.67	191.81
Profit after Tax		839.86	558.78
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		839.86	558.78
Earnings per share in INR			
Basic and Diluted (Nominal value per share Rs. 10 each)	39	0.24	0.16

The accompanying notes are integral part of the Financial Statements. 1 to 40
As per our report of even date attached.

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

**For and on behalf of Board of Directors of
Munitions India Limited**



Accurate. Lethal. Reliable.

Supriya Deepak Bhat

Partner
M.No. 048592

Sanjay Hazari

Chairman and Managing
Director
DIN: 11089196

Prakash Agarwala

Director Finance & CFO
DIN: 09666613

E J Paul

Company Secretary
Membership Number:
FCS4521

Pune

Date: 19-08-2025

Pune

Date: 19-08-2025

Munitions India Limited

Statement of cash flows

(All amounts are in INR Crores, unless stated otherwise)

	For the Year ended 31 March 2025	Year ended 31 March 2024
Cash flow from operating activities	-	-
Profit before income tax	1,286.52	589.06
<u>Adjustments for:</u>		
Depreciation and amortisation expense	188.74	183.19
Net gain on sale of Property, plant and equipment	(2.13)	(2.61)
Interest received	(254.43)	(209.84)
Provision for revenue sharing		97.58
Warranty	35.94	21.62
Written back of PPE	14.38	
Written back of intangibles	9.18	
Dividend income	-	(0.09)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(0.18)	(31.14)
(Increase)/decrease in inventories	316.44	(208.67)
Increase/(decrease) in trade payables	228.70	336.88
(Increase)/decrease in other financial assets	(184.84)	(109.24)
Increase/(decrease) in other financial liabilities	95.05	91.32
(Increase)/decrease in other current and non-current assets	280.18	(198.60)
(Increase)/decrease in provisions	(201.73)	261.43
Increase/(decrease) in current liabilities	673.15	(718.74)
Cash generated from operations	2,484.99	102.16
Income taxes paid	(162.86)	50.00
Net cash flow from operating activities	2,322.12	152.16
Cash flows from investing activities:		
Payments for property, plant and equipment	(112.35)	(36.48)
Proceeds from sale of property, plant and equipment	18.69	13.13
Payments for Capital work-in-progress	(723.42)	(399.90)
Payments for intangible assets	(81.48)	(47.50)
Interest received	254.43	209.84
Net cash flow from investing activities	(644.14)	(260.91)
Cash flow from financing activities:		
Dividend income	-	0.09
Amount received towards subscription share capital	745.45	580.00
Earmarked balances with banks	221.00	(221.00)
Net cash from financing activities	966.45	359.09
Net increase/(decrease) in cash and cash equivalents	2,644.44	250.34

Cash and cash equivalents at the beginning of the year	3,500.32	3,249.98
Cash and cash equivalents at the end of the year	6,144.76	3,500.32
As per Note 11	As at March 31, 2025	As at March 31, 2024
Balances with banks		
- in current accounts	1,026.40	244.00
- in EEFC account	867.81	240.78
Deposits with maturity of less than three months	4,250.55	3,015.52
Cash on hand	0.00	0.02
Total	6,144.76	3,500.32

Undrawn Credit Facilities: As at 31st March 2025, the entity has undrawn credit facilities amounting to INR 3000 Cr (INR 2500 Cr), which are available to be drawn upon if needed. These facilities include Letter of credit, bank guarantee, currency exposure limit. all the facilities are linked to MCLR.

Limit	For the year ended 31 March 2025	For the year ended 31 March 2024
SBI		
FBWC clean cash credit	2000	2000
EPC/PCFC/FBD*	200 (USD 23.78 Mio)	200 (USD 24.08 Mio)
Bank guarantee (BG)	1000	1000
Letter of credit*	1500	1500
Capex letter of credit*	1500	1500
Currency exposure limit (CEL)*	50	50
ICICI		
Letter of credit	500	500
Bank Guarantee**	300	300
HDFC		
Bank Guarantee	500	-
Letter of credit***	250	-
Overdraft - Work Cap***	50	-
Total	3000	2500

* Sub-limit to FBWC clean cash credit account

** Sub-limit to Letter of credit

*** Sub-limit to Bank Gaurantee

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

Supriya Deepak Bhat

Partner
M.No. 048592

Sanjay Hazari
Chairman and Managing
Director
DIN: 11089196

E J Paul
Company Secretary
Membership Number: FCS4521

**For and on behalf of Board of Directors of
Munitions India Limited**

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

Pune
Date: 19-08-2025

Pune
Date: 19-08-2025

Statement of changes in equity
(All amounts are in INR Crores, unless stated otherwise)

A. Equity share capital

2024-25		
Balance at the beginning of the reporting period	Issue during the year	Balance at the end of the reporting period
34,314.66	1,330.70	35,645.36
2023-24		
Balance at the beginning of the reporting period	Issue during the year	Balance at the end of the reporting period
33737.66	577	34,314.66

B. Other equity

	Note	Equity shares pending issue on business reorganisation	Share application money pending allotment	Other equity			Total
				Capital Reserve	Retained earnings	Total Reserves and Surplus	
As at 31 March 2024		5.25	1,070.83	(27,425.16)	653.82	(26,771.34)	(25,695.26)
Transaction in the year		-	-	-	839.86	839.86	839.86
Application money received							-
Other Adjustments				-	-	-	-
Issue of equity shares		5.25	(580.00)				(585.25)
As at 31 March 2025		0.00	490.83	(27,425.16)	1,493.68	(25,931.48)	(25,440.65)
As at 31 March 2023		5.25	1,067.83	(27,425.16)	95.04	(27,330.12)	(26,257.04)
Profit for the year				-	558.78	558.78	558.78
Application money received		-	580.00	-	-	-	580.00
Issue of equity shares		-	577.00	-	-	-	577.00
As at 31 March 2024		5.25	1,070.83	(27,425.16)	653.82	(26,771.34)	(25,695.26)

The accompanying notes are integral part of the Financial Statements. 1 to 40
As per our report of even date attached.

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

Supriya Deepak Bhat
Partner
M.No. 048592

Sanjay Hazari
Chairman and Managing
Director
DIN: 11089196

Prakash Agarwala
Director Finance & CFO
DIN: 096666613

**For and on behalf of Board of Directors of
Munitions India Limited**

E J Paul
Company Secretary
Membership Number:
FCS4521

Pune
Date: 19-08-2025

Pune
Date: 19-08-2025

Munitions India Limited

Consolidated Notes to financial statements

(All amounts in Rs. Crores, unless otherwise stated)

1. General Information

Munitions India Limited ('MIL', or 'the Company') is an Indian state-owned Defence company, headquartered at Pune, India established in 2021 as part of the restructuring and corporatization of the Ordnance Factory Board into seven different public sector undertakings. MIL forms an integrated base for indigenous production of Defence hardware and equipment for the use of the Indian Armed Forces, foreign militaries and domestic civilian use.

2. Basis of preparation and summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

i. Compliance with Ind-AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

ii. Historical cost convention

The financial statements have been prepared on historical cost basis.

iii. Current and non-current classification

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.2 Summary of material accounting policies

a) Foreign currency transactions

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognized in profit or loss and presented in the Statement of Profit and Loss on a net basis.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

b) Revenue recognition

The Company derives revenues primarily from sale of products. Revenue from sale of goods is recognized net of returns and discounts.

Revenue is recognized upon transfer of control of promised products to customers in an amount that reflects the consideration the Company expect to receive in exchange for those products or services.

To recognize revenues, the Company applies the following five step approach:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenues when a performance obligation is satisfied.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company presents revenues net of indirect taxes in its Statement of Profit and Loss.

The contracts entered by the Company for sale of goods generally have a single performance obligation and are recognized at a point-in-time. The point-in-time is determined when the control of the goods is transferred which is generally determined based on when the material risks and rewards of ownership are transferred to the customer. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time when control has been transferred.

c) Purchase of products

In case of purchase of product, liability of purchase is only recorded once the products have passed quality testing and all relevant documents with regards to such purchase has been received.

d) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

e) **Inventories**

Raw materials and stores, work-in-progress and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the Weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

f) Other financial assets

i. Classification

The Company classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortized cost.

The classification is done depending upon the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income, as elected. For investments in debt instruments, this will depend on the business model in which the investment is held.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition

Financial assets are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

iii. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at 'fair value through profit or loss' are expensed in profit or loss.

Debt instruments: Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as follows:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in Other Income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in Other Income. Impairment losses are presented as a separate line item in the statement of profit and loss.

iv. Impairment of financial assets

The Company assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a material increase in credit risk. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period.

For trade receivables only, the Company applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

v. Derecognition of financial assets

A financial asset is derecognized only when

- Company has transferred the rights to receive cash flows from the financial asset.
- Retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognized.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

vi. Income recognition

Interest income from financial assets at amortized cost is calculated using the effective interest method and is recognized in the statement of profit and loss as part of Other Income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

g) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

h) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate the costs of the assets, net of their residual value over their estimated useful lives.

The Company, based on management estimate, depreciates certain items of building, plant and machinery, motor vehicles and other equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013 which are given below. The management believes that these estimated useful lives are realistic and reflect a fair approximation of the period over which the assets are likely to be used after considering usage of such assets over multiple shifts wherever necessary

Assets	Useful life as per Schedule II	Useful life as per Management estimate
Buildings (Other than factory)	60 years	60 years
Buildings - Factory	30 years	60 years
Plant and Machinery	15 Years	10-20 Years
Motor Vehicles	8 Years	5-7 Years
Furniture & Fixture	5 Years	3-8 Years
Office Equipment	8 Years	3-8 Years
Computer Hardware		
i) Servers and networks	6 Years	6 Years
ii) Desktop, laptop, mobile and other accessories	3 Years	3-7 Years
Roads		
(a) Carpet roads		
i. Carpeted Roads-RCC	10 Years	10 Years
ii. Carpeted Roads- other than RCC	5 Years	5 Years
(b) Non-Carpeted roads	3 Years	3 Years

The residual values of the tangible assets are not more than 5% of the original cost of the asset. The depreciation is calculated as per Useful life mentioned in above table on the net value of original cost and residual value.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets costing individually Rs 10,000 or less, are depreciated in full in the year of purchase.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss within Other Income.

i) Intangible assets: Acquired intangible assets

Intangible Assets are stated at acquisition cost less accumulated amortization and impairment losses, if any. Amortization period and amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is materially different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

Intangible assets include rights to technical know-how under a technology transfer agreement which is amortized over the period of the agreement. The estimated useful lives of other intangible assets are as follows:

Assets	Useful life (in years)
Computer software	3 – 7
Technology transfer (TOT)	5-7
Patent	5-7
Copyrights	5-7

j) Research and Development Expenditure:

Development costs that are directly attributable to the design and testing of identifiable and unique intangible assets controlled by the Company are recognized as intangible assets where the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the intangible asset and use or sell it
- there is an ability to use or sell the asset
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available, and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the intangible asset include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

l) Provisions and contingent liabilities

Provisions for legal claims and service warranties are recognized when the Company has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at undiscounted amounts since the impact of discounting is not material.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Employee benefits

On corporatization of the production facilities of erstwhile OFB, the employees of erstwhile OFB have been transferred to the Company on deemed deputation on an initial period of two years vide the Ministry of Defence's Office Memorandum (OM) No. 1(5)/2021/OF/DP(Plg-V)/02 dated September 24, 2021. As per the said OM, the employees continue to be the Central Government employees and therefore the pay allowances, leave, medical facilities and pension liability continue to be the obligation of the Central Government. The Central Government charges the deputation charges to the Company. Given the substance of the expense, these expenses have been presented as employee benefit expenses in the financial statements. This has been extended till 31.12.2025 vide letter No. 1(5)/2023/EGOM/Deemed Deput/OF/DP (M&P) dated 09.09.2024.

n) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores as per the requirements of Schedule III, unless otherwise stated.

3. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the material effect on the amounts recognized in the financial statements:

Provision for warranty

The Company provides for lifetime warranty on its products against deemed contracts with the Indian Armed Forces transferred from the erstwhile OFB. The Company adjusted the net assets transferred from the erstwhile OFB by providing for warranty provision as of the transfer date at an amount based on the best estimate of the amount likely to be settled in case of products whose shelf-life is not over as of the transfer date. Cost of supplies made against these warranties are adjusted against estimated provision.

For sales other than deemed contracts, provision for warranties is recognized over the period of warranty. In absence of the appropriate historical data, the Management has estimated a flat rate of 1% and 2% on sales value of export sales and other than export sales excluding deemed contract for warranty provision.

Long Term Contracts

The company have long-term contracts only with government entities. During the year, the government has compensated for loss in revenues in the form of price escalation with annual assured inflationary rights along with profit element. Hence, no foreseeable loss exists as on March 31, 2025.

4 (a) Property, plant and equipment

Year ended 31 March 2025

Particulars	Land	Buildings	Plant and Machinery	Vehicles	Computer & Hardware	Office Furniture and fixtures	Office Equipment	Other Items	Total	Capital work-in-progress
Gross carrying amount	-	-	-	-	-	-	-	-	-	-
Opening gross carrying amount	73.09	1,855.82	1,852.28	68.50	11.01	7.35	3.63	0.08	3,871.77	1,616.39
Additions	-	77.21	121.77	11.52	15.09	3.55	3.11	0.69	232.93	723.42
Transfers	-	2.59	0.20	-	0.01	0.01	0.00	-	2.82	120.58
Disposals	0.00	4.09	25.27	2.74	0.07	0.01	0.01	-	32.19	-
Adjustment	(0.02)	62.07	199.98	0.52	1.69	1.08	0.71	0.45	266.48	-
Closing gross carrying amount as at 31-03-2025	73.07	1,988.42	2,148.56	77.78	27.70	11.97	7.45	1.22	4,336.17	2,219.23
Accumulated depreciation										
Opening accumulated depreciation	-	147.63	323.63	31.04	3.04	1.41	1.77	0.08	508.61	-
Charge for the period	-	45.46	116.82	6.56	5.31	2.06	1.28	0.61	178.10	-
Disposals	-	2.32	13.64	2.29	0.02	0.01	0.17	-	18.45	-
Adjustment	-	82.43	190.79	4.69	1.34	1.00	0.61	-0.02	280.84	-
Closing accumulated depreciation	-	273.21	617.60	40.01	9.67	4.46	3.50	0.66	949.11	-
Net carrying amount	73.07	1,715.21	1,530.96	37.77	18.03	7.51	3.95	0.56	3,387.06	2,219.23

Refer to material accounting policy no. 2.2.h on Property plant and Equipment

Disclosure:

1. Detailed description of freehold land is provided in note "40(c) Other regulatory"
2. Impairment is tested as per material accounting policy and no assets were impaired during the year.

Year ended 31 March 2024

Particulars	Land	Buildings	Plant and Machinery	Vehicles	Computer & Hardware	Office Furniture and fixtures	Office Equipment	Other Items	Total	Capital work-in-progress
Gross carrying amount	-	-	-	-	-	-	-	-	-	-
Opening gross carrying amount	73.09	1,748.09	1,665.53	37.23	4.59	2.06	1.64		3,532.23	1,409.65
Additions	-	123.11	134.91	15.63	6.23	5.22	1.11	0.08	286.30	399.90
Transfers	-	-	-	-	0.00	-	-	-	0.00	-193.16
Disposals	-	9.14	3.03	0.11	0.33	0.01	-	-	12.62	-
Adjustment	-	-6.24	54.87	15.74	0.52	0.08	0.88	-	65.86	-
Closing gross carrying amount as at 31-03-2024	73.09	1,855.82	1,852.28	68.50	11.01	7.35	3.63	0.08	3,871.77	1,616.39
Accumulated depreciation										
Opening accumulated depreciation	-	55.47	160.40	9.31	1.16	0.37	0.34	-	227.05	-
Charge for the period	-	41.41	117.37	8.34	1.59	1.06	0.49	0.08	170.35	-
Disposals	-	0.07	2.01	0.02	0.00	-	-	-	2.10	-
Adjustment	-	50.82	47.87	13.40	0.29	-0.02	0.95	-	113.31	-
Closing accumulated depreciation	-	147.63	323.63	31.04	3.04	1.41	1.77	0.08	508.61	-
Net carrying amount	73.09	1,708.19	1,528.66	37.45	7.97	5.95	1.86	-0.00	3,363.16	1,616.39

4 (b) Property, plant and equipment

Year ended 31 March 2025

Capital work-in-progress comprises of :

Particulars	As at March 31, 2025	As at March 31, 2024
Buildings	254.11	739.56
Plant and Machinery	1,965.12	876.83
Total	2,219.23	1,616.39

Capital work-in-progress ageing schedule

As at 31 March 2025

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress	-	-	-	-	-
Large calibre ammunition facilities	180.85	66.87	202.92	588.56	1,039.21
Rocket production facilities	-	-	-	1.90	1.90
Other plant and equipment and building construction in progress	421.99	254.61	227.88	273.63	1,178.12
Total	602.84	321.48	430.80	864.11	2,219.23

As at 31 March 2024

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress	-	-	-	-	-
Large calibre ammunition facilities	66.87	202.92	125.33	463.23	858.36
Rocket production facilities	-	-	-	1.90	1.90
Other plant and equipment and building construction in progress	254.61	227.88	155.30	118.33	756.13
Total	321.48	430.80	280.63	583.48	1,616.39

Refer to material accounting policy no. 2.2.i on Property plant and Equipment

Impairment is tested as per material accounting policy and no assets were impaired during the year. Certain projects have exceeded their original time estimates. However, these are expected to be completed within revised time estimate.

Refer note 40(d) for capital commitment

4 (c) Intangible assets

Year ended 31 March 2025	Intangible asset
Gross carrying amount	-
Opening Gross carrying amount	101.16
Additions	3.13
Disposals	0.66
Adjustment	6.16
Closing gross carrying amount	109.79
Opening Accumulated amortisation	38.46
Charge for the year	10.64
Adjustment	14.68
Closing accumulated amortisation	63.78
Net carrying amount	46.01

Year ended 31 March 2024	Intangible asset
Gross carrying amount	-
As at 31 March 2023	98.200
Additions	4.57
Disposals	1.50
Adjustment	0.11
Closing gross carrying amount	101.16
Accumulated amortisation	26.92
Charge for the year	11.54
Closing accumulated amortisation	38.46
Net carrying amount	62.70

4 (d) Intangible assets under development

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	100.99	56.46
Addition	78.81	44.53
Transfers	0.45	
Closing balance	179.35	100.99

Intangible under development ageing schedule

As at 31 March 2025

Particulars	Amount in Intangible under development for a period of				
	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress	-	-	-	-	-
Technology related to products and other intangible	78.36	44.53	56.46	-	179.35
Total	78.36	44.53	56.46	-	179.35

As at 31 March 2024

Particulars	Amount in Intangible under development for a period of				
	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress	-	-	-	-	-
Technology related to products	44.53	56.46	-	-	100.99
Total	44.53	56.46	-	-	100.99

Refer to material accounting policy no. 2.2.j on Intangible Assets under development

Certain projects have exceeded their original time estimates. However, these are expected to be completed within revised time estimate.

All expenses capitalised in intangible asset under development pertains to development expenses.

Impairment is tested as per material accounting policy and no assets were impaired during the year

5 Non-current investments

Particulars	31 March 2025	31 March 2024
Investment in associate - carried at cost	-	-
Unquoted		
80,000 equity shares of Indo-Russian Rifles Private Limited	0.80	0.80
Total	0.80	0.80
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	0.80	0.80
Aggregate amount of impairment in the value of investments	-	-

Refer to material accounting policy no. 2.2.f on financial assets

The Company acquired 8% equity interest in Indo Russian Rifles Private Limited (IRRPL) as a part of reorganisation of OFB. The Company has also nominated one of the directors on the board of directors of IRRPL. The Management has determined that the equity investment in IRRPL together with representation on the board, does not provide it the ability to exercise significant influence over IRRPL accordingly the management has determined it is not an associate of the company.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding."

As both the above conditions are not met fair valuation of Investment is not carried out.

6 Other non-current assets

Particulars	31 March 2025	31 March 2024
(I) Capital advances	10.26	7.54
(II) Advances other than capital advances		
- Security Deposits	2.04	2.00
(III) Other non current asset		
(a) Other Long outstandings	0.00	12.95
(b) Non Current Inventories- Raw Material	-	18.02
Total	12.29	40.51

7 Inventories

Particulars	31 March 2025	31 March 2024
Raw materials	3,006.08	3,007.09
Work-in-progress	786.97	1,209.13
Finished goods	413.61	306.89
Total	4,206.67	4,523.11

Refer to material accounting policy no. 2.2.e on inventory

The above inventories include goods-in-transit as follows:

Particulars	31 March 2025	31 March 2024
Raw materials	533.13	588.80
	533.13	588.80

8 Trade receivables

Particulars	31 March 2025	31 March 2024
Trade receivables from contracts with customers - billed	1,437.89	1,437.71
Total	1,437.89	1,437.71

Break-up of security details

Particulars	31 March 2025	31 March 2024
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	1,437.89	1,437.71
Trade Receivables that have an increase in Credit Risk that is significant	-	-
Trade Receivables – Credit Impaired	-	-
Total	1,437.89	1,437.71
Less: Loss allowance	-	-
Total Trade receivables	1,437.89	1,437.71

As at 31 March 2025

Particulars	Not due	Outstanding for following periods from due date of payments					
		Less than 6 Months	6 Months 1 years	1-2 year	2-3 year	More than 3 year	Total
Trade receivables	-	-	-	-	-	-	-
Undisputed trade receivables-considered good	-	808.15	254.48	163.27	22.22	189.76	1,437.89
Total	-	808.15	254.48	163.27	22.22	189.76	1,437.89

As at 31 March 2024

Particulars	Not due	Outstanding for following periods from due date of payments					
		Less than 6 Months	6 Months 1 years	1-2 year	2-3 year	More than 3 year	Total
Trade receivables	-	-	-	-	-	-	-
Undisputed trade receivables-considered good	-	1,194.86	68.27	148.89	25.69	-	1,437.71
Total	-	1,194.86	68.27	148.89	25.69	-	1,437.71

9 Cash and cash equivalents

Particulars	31 March 2025	31 March 2024
Balances with banks		
- in current accounts	1,026.40	244.00
- in EEFC account	867.81	240.78
-Deposits with maturity of less than twelve months	4,250.55	3,015.52
Cheques on hand	-	-
Cash on hand	0.00	0.02
Total	6,144.76	3,500.32

10 Bank balances other than cash and cash equivalents

Particulars	31 March 2025	31 March 2024
Earmarked balances with banks	-	221.00
Total	-	221.00

Amount of Rs Nil (Rs 172.33 Crore) is lien marked against the above referred FDs

11 Other current financial assets

Particulars	31 March 2025	31 March 2024
Advances to employees		
Security deposits	14.55	10.37
Others	240.05	3.85
Receivables from HO	-	-
Receivables from government	61.11	116.65
Total	315.71	130.87

Other current financial assets includes rent receivable etc.

12 Other current assets

Particulars	31 March 2025	31 March 2024
Advances to vendors	462.05	831.69
Capital advance	-	5.42
Balances with government authorities	559.11	353.62
Rent receivable	-	-
Prepaid expenses	-	-
Other current assets	129.38	211.78
Totals	1,150.54	1,402.51

13 Equity share capital

a) Authorised share capital

Particulars	Number of shares	Amount
As at 31 March 2024	42,00,00,00,000	42,000.00
Changes during the period	-	-
As at 31 March 2025	42,00,00,00,000	42,000.00

Particulars	Number of shares	Amount
As at 31 March 2023	42,00,00,00,000	42,000.00
Changes during the period	-	-
As at 31 March 2024	42,00,00,00,000	42,000.00

b) Issued, subscribed and paid-up share capital

Particulars	Number of shares	Amount
As at 31 March 2024	34,31,46,60,000	3,43,14,66,00,000.00
Changes during the period	1,33,07,00,000	13,30,70,00,000.00
As at 31 March 2025	35,64,53,60,000	3,56,45,36,00,000.00

Terms/ rights attached to equity shares

Equity shares have a par value of INR 10. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	31 March 2025		31 March 2024	
	Number of shares	% of holding	Number of shares	% of holding
Government of India	35,64,53,60,000	100%	34,31,46,60,000	100%

The Government of India, being the Promoter, holds 100% of Shares as on 31 March 2025.

d) Equity share pending issue on business reorganisation

Particulars	31 March 2025	31 March 2024
Opening balance	5.25	5.25
Equity share pending issue on business reorganisation	-	-
Transferred to application money pending allotment	-	-
Subtotal	5.25	5.25
Issue of equity shares	(5.25)	-
Closing balance	0.00	5.25

e) Share application money pending allotment

Particulars	31 March 2025	31 March 2024
Application money received	490.83	1,070.83

Disclosure: The shares will be issued only once approval is received from Government of India .

f) Aggregate number of shares issued for consideration other than cash

Particulars	31 March 2025	31 March 2024
Equity share issued on business reorganisation	32,50,53,50,000	32,50,53,50,000.00

14 Other equity

Particulars	31 March 2025	31 March 2024
(a) Capital reserve	(27,425.16)	(27,425.16)
(b) Retained earnings	1,493.68	653.82
Total	(25,931.48)	(26,771.34)

a) Capital Reserve

Particulars	31 March 2025	31 March 2024
Opening balance	(27,425.16)	(27,425.16)
Other Adjustment	-	-
Closing balance	(27,425.16)	(27,425.16)

Capital reserve represents the difference between the net assets transferred to the Company on business reorganisation of Ordnance Factory Board and the consideration issued.

b) Retained earnings:

Particulars	31 March 2025	31 March 2024
Opening balance	653.82	95.04
Profit for the year/period	839.86	558.78
Closing balance	1,493.68	653.82

15 Other non-current financial liabilities

Particulars	31 March 2025	31 March 2024
Security deposit payable	4.66	6.97
PGDM Caution Money Payable	0.14	-
Total	4.80	6.97

16 Non-current provisions

Particulars	31 March 2025	31 March 2024
Provision for warranty	2,692.11	2,783.90
Total	2,692.11	2,783.90

Refer to material accounting policy no. 3 on critical estimates and judgements (provision for warranties)

Movements in Warranty provisions

Particulars	Product warranties
As at 31 March 2024	2,783.90
Less: Provision utilised during the year	127.73
Less: Provision reversed during the year	17.20
Add: Provision for the year	53.14
As at 31 March 2025	2,692.11
As at 31 March 2023	2,917.62
Less: Provision utilised during the year	155.34
Less: Provision reversed during the year	-
Add: Provision for the year	21.62
As at 31 March 2024	2,783.90

17 Deferred tax liabilities

The balances comprises temporary differences attributable to :

Particulars	31 March 2025	31 March 2024
Deferred tax liabilities		
Property, plant and equipment and intangible assets	885.79	599.58
Deferred tax assets		
Provision for Warranties	56.45	21.62
Disallowance u/s 43B	40.84	14.60
Net DTL/(DTA)	788.50	563.36
Tax rate @25.168%	198.45	141.78
Opening balance of DTL	141.78	13.97
Net deferred tax	56.67	127.81

Refer to material accounting policy no. 2.2.d on deferred tax

18 Trade payables

Particulars	31 March 2025	31 March 2024
Trade payables	-	-
(a) Micro and small enterprises (MSME)	91.45	57.78
(b) Other than micro and small enterprises	1,295.02	1,099.99
Total	1,386.48	1,157.77

Aging of trade payables

As at 31 March 2025

Particulars	Unbilled	Not due	Less than 1 years	1-2 year	2-3 year	More than 3 year	Total
Trade payables	-	-	-	-	-	-	-
Undisputed-MSME	-	-	90.79	0.84	0.18	0.18	91.99
Undisputed-Others	-	-	1,007.64	52.35	56.60	177.90	1,294.49
Disputed dues- MSME	-	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-	-
Total	-	-	1,098.43	53.19	56.78	178.08	1,386.48

As at 31 March 2024

Particulars	Unbilled	Not due	Less than 1 years	1-2 year	2-3 year	More than 3 year	Total
Trade payables	-	-	-	-	-	-	-
Undisputed-MSME	-	-	54.57	0.80	0.26	2.15	57.78
Undisputed-Others	-	-	858.49	193.64	30.56	4.84	1,087.53
Disputed dues- MSME	-	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	12.46	12.46
Total	-	-	913.06	194.44	30.82	19.45	1,157.77

Refer to material accounting policy no. 2.2.k. on Trade and other payables

The details of dues to micro enterprises and small enterprises (MSME) as defined under Micro, Small and Medium Enterprises.

Particulars	31 March 2025	31 March 2024
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	91.99	57.78
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of the accounting year	2.00	0.86
Amount of further interest remaining due and payable even in the succeeding years	-	-

Note: The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent available with the Company based on confirmations received by the Company for the enterprises having been registered under the said Act.

19 Other financial liabilities - current

Particulars	31 March 2025	31 March 2024
Payable to employees	221.24	222.32
Labour Contractor Charges payable	0.04	0.88
Payable to Government	0.04	0.04
Earnest money payable	0.29	0.27
Audit fee payable	0.17	0.18
Electricity charges payable	3.57	3.69
Profit transfer to DPSU*	27.89	-
Security expenses Payable	26.63	-
Water charges payable	0.10	0.09
Security deposit payable	2.73	4.40
Other sundries	107.33	60.93
Total	390.02	292.80

* in the current year, the amount has been accrued on the crystalised liability and therefore booked under Other financial liabilities - current

20 Other Current liabilities

Particulars	31 March 2025	31 March 2024
Advance from customers	3,615.68	2,949.73
Statutory dues	165.43	146.76
Other sundries	25.48	12.33
Total	3,806.59	3,108.82

Contract liabilities

Particulars	31 March 2025	31 March 2024
Opening balance	2,949.73	3,299.12
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	(2,763.20)	(2,460.22)
Increase due to cash received or invoices raised in the year for performance obligations not recognised in revenue	3,429.15	2,110.83
Closing balance	3,615.68	2,949.73

21 Provisions

Particulars	31 March 2025	31 March 2024
Security expenses payable	23.66	103.14
CSR provision	-	2.39
Provision for rate differences*	-	161.01
Other sundries	167.79	0.89
MSME Interest	1.98	-
Total	193.43	267.43

Refer to material accounting policy no. 2.2.l. on provisions and contingent liabilities

* in the previous year, the amount has been booked based on estimation and therefore booked under Provisions.

22 Current tax liabilities (Net)

Particulars	31 March 2025	31 March 2024
Current tax provision	223.71	21.19
Total	223.71	21.19

Refer to material accounting policy no. 2.2.d on income tax

23 Revenue from operations

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Revenue from contracts with customers	-	-
Sale of products - at a point in time	8,123.57	7,141.79
Sales of service	3.53	1.68
Other operating revenue		
Sale of scrap	85.71	78.11
Others	1.30	-
Total	8,214.10	7,221.58

Refer to material accounting policy no. 2.2.b on revenue recognition

As at 31 March 2025

Particulars	Domestic		Other	Total
	Defence	Non-Defence	Export	
Sale of Products	2,823.51	2,223.97	3,076.08	8,123.57
Total	2,823.51	2,223.97	3,076.08	8,123.57

As at 31 March 2024

Particulars	Domestic		Other	Total
	Defence	Non-Defence	Export	
Sale of Products	3,684.54	1,760.37	1,696.87	7,141.79
Total	3,684.54	1,760.37	1,696.87	7,141.79

24 Other income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Rental Income	10.43	9.22
Utility charges	3.45	21.55
Miscellaneous income	87.76	7.25
Interest income on fixed deposits, being financial assets carried at amortised cost	254.43	209.84
Net exchange gain	29.60	25.08
Liquidation damages recovered	16.00	20.53
Net gain on sale of Property, plant and equipment	2.13	2.61
Other recovery	10.74	7.29
Export incentive*	20.50	9.67
Total	435.03	313.04

* The duty drawback incentive is accounted on cash basis

25 Cost of materials consumed

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Raw materials at the beginning of the Year/period	2,821.76	2,636.93
Add: Purchases	3,638.01	3,694.80
Less: Raw materials at the end of the year/period	3,006.08	2,821.75
Total cost of materials consumed	3,453.68	3,509.98

Refer to material accounting policy no. 2.2.c on purchases

Refer to material accounting policy no. 2.2.e on inventory

26 Changes in inventories of work-in-progress and finished goods

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Opening balance	-	-
Work-in-progress	1,209.13	1,387.42
Finished goods	306.89	320.17
Total	1,516.02	1,707.59
-		
Closing balance		
Work-in-progress	786.97	1,209.13
Finished goods	413.61	306.89
Total closing balance	1,200.58	1,516.02
-		
Total changes in inventories of work-in-progress and finished goods	315.45	191.57

27 Employee benefit expenses

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Salaries, wages and bonus	2,337.93	2,161.34
Other Allowance	18.78	-
Total	2,356.71	2,161.34

Refer to material accounting policy no. 2.2.m. on employee benefits

28 Finance Cost

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Finance Cost	4.05	2.16
Total	4.05	2.16

29 Depreciation and amortisation expense

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Depreciation on property, plant and equipment	187.52	171.65
Amortisation of intangible assets	10.64	11.54
Total	198.16	183.19

Refer to material accounting policy no. 2.2.h on Property plant and Equipment

30 Other expenses

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Power & fuel	104.80	122.94
Transportation charges	60.46	42.33
Advertisement	0.40	0.01
Printing & Stationary	2.25	2.96
Rent, Rates & Taxes	30.86	25.93
Contract Labour	108.98	97.65
Water Charges	32.19	35.33
Repairs & Maintenance - Building	50.71	49.88
Repairs & Maintenance-Other	10.05	7.30
Repairs & Maintenance-P&M	14.75	4.94
Travelling expenses	4.37	10.62
Telephone expenses	2.12	1.62
Electricity expenses	77.51	41.24
IT expenses	5.09	3.41
Legal and professional fees	30.83	8.00
Property tax	29.83	29.83
Security expenses	258.16	234.71
Hiring expenses	0.74	1.04
Refabrication expenses	-	0.21
Exhibition expenses	2.49	3.87
Fine Penalties and statutory payments	2.29	9.27
Miscellaneous expenses	62.44	64.40
Corporate social responsibility expenditure	7.03	2.44
Export commission	107.29	75.74
Warranty Expense	35.94	21.62
Total	1,041.59	897.31

30(a) Details of payments to auditors*

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Statutory audit fee	0.55	0.33
Tax audit fee	0.08	0.08
Total	0.63	0.41

* Included in legal and professional fees and Miscellaneous expenses under note 30

30(b) Corporate social responsibility expenditure

As per Section 135 of the Companies Act, 2013, Company is required to spend 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The details of amount spent on CSR activities are as under:

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
(i) Amount required to be spent by the company during the year	9.42	2.99
(ii) Amount of expenditure incurred	2.69	0.60
- Construction/acquisition of new asset	-	-
- On purpose other than (i) above	2.74	-
(iii) Shortfall/(Excess) at the end of the year	6.73	2.39
(iv) Total of previous years shortfall/(Excess) (which is included in above)	2.39	0.15
(v) Reason for shortfall	The company had deposited a sum of Rs 6.14 Cr out of total shortfall of Rs. 6.73 Cr which needs to be deposited in Special Account(CSR Account) subsequent to the year-end; within the timelines as prescribed in section 135 Companies Act, 2013 and rules related to CSR.	
(vi) Nature of CSR activities	The Company undertakes impactful social project which are in alignment with the areas specified under schedule VII of companies Act 2013 of which the company taken up CSR project largely in the four core thrust areas of education, water conservation, health and sanitation and community development.	
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NA	
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	NA	

31 Exceptional Items

Particulars	As on 31st March 2025			As on 31st March 2024		
	Dr	Cr	Total	Dr	Cr	Total
Prior period expenses	0.71	24.38	23.06	10.60	58.61	48.01
Current asset/liabilities written back/off	93.32	121.57	28.85	6.11	56.46	50.35
Unreconciled duties and taxes	18.01	-	(18.01)	27.47	125.23	97.76
Adjustments in PPE	22.75	-	(22.75)	44.34	9.75	-34.59
Write off adjustment related to PPE	4.14	-	(4.14)			
Total	138.93	145.95	7.02	88.52	250.05	161.53

32 Income tax expense

The major components of income tax expense recognised in the statement of profit and loss are as follows:

Profit and Loss section	Year ended 31 March 2025	Year ended 31 March 2024
Income tax expense	-	-
Current income tax	390.00	64.00
Deferred income tax	56.67	127.81
Total	446.67	191.81

33 Fair value measurements

Financial assets and liabilities at amortised cost

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
<u>Financial assets</u>	-	-
Trade receivables	1,437.89	1,437.71
Cash and cash equivalents	6,144.76	3,500.32
Other financial assets	315.71	130.87
Total financial assets	7,898.35	5,068.90
<u>Financial liabilities</u>	-	-
Trade payables	1,386.48	1,157.77
Security deposits	7.52	7.44
Payable to employees	221.24	222.32
Payable to Government	0.04	0.04
Earnest Money Payable	0.29	0.27
Electricity charges payable	3.57	3.69
Security expenses Payable	26.63	-
Water charges payable	0.10	0.09
Other sundries	107.33	70.01
Total financial liabilities	1,753.19	1,461.63

Fair value of financial assets and liabilities measured at amortised cost

The fair values of all financial instruments carried at amortised cost are not materially different from their carrying amounts since they are either short-term in nature or the interest rate applicable are not materially different from the current market rate of interest. There are no financial instruments measured under the category of Fair value through Profit and Loss and Fair value through other comprehensive income.

34 Financial risk management

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

A Credit risk

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

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

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

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

Exposure to credit risk

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

B Liquidity Risk

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

Maturities of financial liabilities

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

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

As at March 31, 2025	Total	Less than 3 months	3 to 12 months	1 to 5 years	< 5 years
Trade payables	1,386.48	-	1,386.48	-	-
Security deposits	7.52	2.73	4.80	-	-
Payable to employees	221.24	221.24	-	-	-
Electricity charges payable	3.57	3.57	-	-	-
Security expenses Payable	26.63	-	26.63	-	-
Water charges payable	0.10	0.10	-	-	-
Payable to Government	0.04	0.04	-	-	-
Earnest Money Payable	0.29	0.29	-	-	-
Other sundries	107.33	107.33	-	-	-
Total	1,753.19	335.29	1,417.91	-	-

As at March 31, 2024	Total	Less than 3 months	3 to 12 months	1 to 5 years	< 5 years
Trade payables	1,157.77	-	1,157.77	-	-
Security deposits	7.44	0.47	7.44	6.97	-
Payable to employees	222.32	222.32	-	-	-
Other sundries	70.01	70.01	-	-	-
Total	1,457.54	292.80	1,165.21	6.97	-

C Market Risk

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

(i) Foreign currency risk

The Company transacts internationally and is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD, EURO and SEK. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The Company has both import and export transactions in foreign currencies. The imports are higher than the exports and hence the Company has foreign currency exposure to the extent of purchases being higher than exports.

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

Particulars	As at March 31, 2025	As at March 31, 2024
Financial assets		
Trade Receivables		
EURO	0.01	2.34
USD	98.50	587.26
Bank Balances		
USD	703.24	24.00
EURO	164.57	
Net exposure to foreign currency risk (assets)	966.32	613.59
Trade payables		
EURO	1.42	-2.88
USD	48.73	60.79
Capital creditors		
EURO	-	-
Net exposure to foreign currency risk (liabilities)	50.15	57.91

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

	Impact on profit	Impact on profit
	As at March 31, 2025	As at March 31, 2024
Increase by 5%		
*EURO	8.16	0.26
USD	37.65	27.52
Decrease by 5%*		
EURO	(8.16)	(0.26)
USD	(37.65)	(27.52)

*Holding all other variables constant

35 Capital management

The Company's objectives when managing capital are to:- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and -Maintain an optimal capital structure to reduce the cost of capital.

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

36 (a) Segment reporting

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

(b) (i) Provision for employee benefit obligation

On corporatization of the production and non-production facilities of erstwhile Ordnance Factory Board (OFB), the employees of erstwhile OFB have been transferred to the Company on deemed deputation for an initial period of two years vide the Ministry of Defence's Office Memorandum (OM) No. 1(5)/2021/OF/DP(Plg-V)/02 dated September 24, 2021. As per the said OM, all such employees continue to be the Central Government employees and therefore their respective certain pay allowances, leave, medical facilities and pension liability continue to be the obligation of the Central Government. Since the Company is not required to fulfil these obligations, provision for certain employee benefits as per IND-AS 19 namely, provision for gratuity, leave encashment and other retirement benefits and allowances, are not recognized in the financial statements. This has been extended till 31.12.2025 vide Letter No.: 1(5)/2023/EGoM/Deemed Deput./OF/DP(M&P) dated 09.09.2024.

Further company has employed 12 employees on contractual basis for which provision of gratuity and leave encashment has been carried out based on actuarial valuation.

(b) (ii) Companies Act, 2013 Non-Compliance

As per provisions of Section 149 and Section 177 of the Companies Act 2013, the Company is required to appoint Independent Directors and at least one-woman director, and constitute Audit Committee, Nomination and Remuneration committee, CSR Committee respectively. However, being a Government Company and Defence Public Sector Unit, the Company is required to complete certain administrative procedures related appointment of directors including Independent Directors and Woman Director. Due to pendency of such procedures, the Company was not able to appoint Independent Directors including woman director. The company has constituted an audit committee which is not in compliance with section 177(2), 178(1) and 135 of the Act and rules made thereunder the composition of BOD is not in compliance with provision of Companies Act 2013 and DPE guidelines on corporate governance for CPSEs. the Company has also not complied with clause VII of schedule IV of the Companies Act, 2013 regarding holding of meeting of independent directors without the attendance of non-independent directors and members of the management. The Management has made necessary applications with the government in this regard. The Management believes that aforesaid noncompliance will not require material adjustment to the Financial Statements. The BOD of company was not duly constituted with proper balance of executive directors and non-executive directors. As appointment of board of directors is directly controlled by MOD and the company is not able to appoint such directors.

37 Related party transactions

The Company is controlled by the Government of India.

Name of the related parties and nature of relationship

(a) Key Management Personnel

Shri. Debashish Banerjee	Additional charge as CMD (from 01/04/2024 to 30/11/2024)
Shri. Debashish Banerjee	Director/Human Resources (from 01/04/2024 to 30/11/2024)
Shri. Prakash Agarwala	Additional charge as CMD (01/12/2024 to 31/03/2025)
Shri. Prakash Agarwala	Director/Finance/CFO (from 01/04/2024 to 31/03/2025)
Shri. Prakash Agarwala	Director/Operations (from 01/04/2024 to 07/11/2024)
Shri Rakesh Ojha	Director/Operations (from 08/11/2024 to 31/03/2025)
Shri Nandkishor Prabahakar Naik	Director/Human Resources (from 05/02/2025 to 31/03/2025)
Shri Anurag Bajpai	Nominee Director (from 01/04/2024 to 04/08/2024)
Shri Amit Satija	Nominee Director (from 14/08/2024 to 31/03/2025)
Shri E. J. Paul	Company secretary (from 01/04/2024 to 31/03/2025)

Key management personnel compensation	31 March 2025	31 March 2024
Short term employee benefits	1.17	1.54
Total	1.17	1.54

(b) As Munitions India Limited is a government entity under the control of Ministry of Defence (MoD), the company has availed exemption from detailed disclosures required under Ind AS 24 with respect to related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions: Approximately 51% of the Company's turnover and trade receivables and 75% of customer advances are with respect to government and government related entities.

38 Contingent Liabilities

Key management personnel compensation	31 March 2025	31 March 2024
(i) Contingent liabilities:	-	-
Legal claim involves court cases for pay and allowances, penalty in disciplinary cases, arbitration in purchases and pay fixation etc.	76.59	10.50
Legal claim involves court cases for pay and allowances, arbitration in purchases, pay fixation and GST department etc.	143.99	15.01
Bank Guarantees	1,017.71	184.95
Letter of Credit	590.78	945.58
Total	1,829.08	1,156.04

Refer to material accounting policy no. 2.2.1. on provisions and contingent liabilities

Refer to note number 14 for security against the letter of credit amounting to Rs 172.33 Cr included above for FY 2023-24 and for current year NIL.

The sanction is from the facility provided by SBI.

39 Earnings per share

Particulars	31 March 2025	31 March 2024
(a) Basic earnings per share	-	-
Profit attributable to the equity holders of the company used in calculating basic earnings per share	839.86	558.78
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	34,42,08,80,000	34,24,03,61,370
Basic earnings per share in INR	0.24	0.16
(b) Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	839.86	558.78
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	34,91,17,11,823	34,77,43,75,753
Diluted earnings per share in INR	0.24	0.16

40 Additional regulatory information required by Schedule III

(a) Financial Highlights

Sr.No.	Particulars	Year ended 31 March 2025	Year ended 31 March 2024	Variance (%)
A	Statement of Profit and Loss	-	-	-
1	Revenue from Operations	8,214.10	7,221.58	14%
2	Other Income	435.03	313.04	39%
	Total Income	8,649.14	7534.618473	15%
3	Total Expense	7,369.63	6,945.56	6%
	Profit before Tax	1,279.51	589.06	117%
	Exceptional item	7.02	161.53	-96%
	Profit After Tax	839.86	558.78	50%
	Earning per share	0.24	0.16	52%

Sr.No.	Particulars	Year ended 31 March 2025	Year ended 31 March 2024	Variance (%)
B	Balance Sheet	-	-	-
	Assets	-	-	-
1	Property, plant and equipment/ Intangible Asset/ CWIP	5,831.64	5,143.24	13%
2	Inventories	4,206.67	4,523.11	-7%
3	Investment	0.80	0.80	0%
4	Other Asset	1,162.84	1,443.02	-19%
5	Financial Assets	7,898.35	5,289.90	49%
	Total	19,100.29	16,400.07	16%
	Liabilities			
6	Equity	10,204.71	8,619.40	18%
7	Non-Current Liability	2,895.36	2,932.65	-1%
8	Current Liabilities	6,000.22	4,848.01	24%
	Total	19,100.29	16,400.07	16%

b) Financial Ratios

Sr. No.	Ratio	Numerator	Denominator	31 March 2025		31 March 2025	31 March 2024	% Variance	Reason for variance
				Numerator	Denominator	Ratio	Ratio		
1	Current Ratio	Current Assets	Current Liabilities	13,255.56	6,000.22	2.21	2.31	-4%	Not applicable as variance is less than 25%
2	Return on Equity Ratio	Net Profits after taxes	Shareholders Funds	839.86	10,204.71	8.23%	6.48%	27%	Revenue from operations have increased resulting in operating profit
3	Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	3,769.13	4,364.89	0.86	0.84	3%	Due to increase in revenue from operations, the cost of goods sold have also increased.
4	Trade Receivable Turnover Ratio	Revenue from operations (gross)	Average Trade Receivable	8,214.10	1,437.80	5.71	5.08	12%	Not applicable as variance is less than 25%
5	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payable	1,455.20	1,272.13	1.14	1.50	-24%	Not applicable as variance is less than 25%
6	Net Capital Turnover Ratio	Revenue from operations (gross)	Current Assets - Current Liabilities	8,214.10	7,255.34	1.13	1.13	0%	The increase is due to increase in revenue from operations

7	Net Profit Ratio	Net Profits after taxes	Revenue from operations (gross)	839.86	8,214.10	10.22%	7.74%	32%	Due to increase in revenue from operations and operating profit, the net profit after taxes have also increased
8	Return on Capital Employed	Earning before interest and taxes	Total Assets - Current & Non-current Liabilities	1,283.56	10,204.71	12.58%	6.86%	83%	Due to increase in revenue from operations, EBITDA has increased.
9	Return on Investment	Earning before interest and taxes	Total Assets	1,283.56	19,100.29	6.72%	3.60%	87%	Due to increase in revenue from operations, EBITDA has increased.

Note: Following ratios have not been disclosed since they are not applicable to the Company

Debt Equity Ratio

Debt Service Coverage ratio

(c) Other regulatory information

(i) Title deeds of immovable properties not held in name of the company

The title deeds of all the immovable properties as disclosed in notes to the financial statements, are held in the name of the company, except for lands measuring 43146.79 Acres situated at respective factories location, out of which land mass having areas 39883.836 are still held in the name of Government of India and the transfer process is in progress.

Name of the unit	Description of Property (Land)	Area in acre	Location	Gross Carrying Value (INR)	Title Deed held in name of	Whether title deed holder is promoter, director, relative or employee	Property held since	Is this Deed in name of Company?	Reason for not being held in the name of the company
AFK	Land	126.873	Bhosari, Wadmukhwadi	Amount is not ascertained	Private owners & Govt. of India	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFBA	Land	4737.85	Ordnance Factory Bhandara Dist. Bhandara Maharashtra-441906	25,78,685	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFBL	Land	11971.03	O. F. Badmal, Ministry of Defence, Govt. of India. Mutation	5,02,18,000	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFCH	Land	7942.89	OFCH	9,75,637	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFI	Land	5357.21	OFI	93,56,700	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited

OFK	Land	3870.04	Ord. Fy. Khamaria	8,09,000	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFV	Land	1308	In side Factory (OFV)	88,62,761	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
	Land	1645.519	OFV Estate		GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
NADP	Building		Ambhajari, Nagpur	3,19,28,246		No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited, process can be initiated once land is transferred
Total		42383.4011		761193255					

(ii) Registration of charges or satisfaction with Registrar of Companies There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

(iii) Utilisation of borrowings availed from banks and financial institutions. There are no borrowings from banks and financial institutions.

(iv) Details of benami property held No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(v) Borrowing secured against current assets The Company has no borrowings from banks and financial institutions on the basis of security of current assets.

(vi) Willful defaulter None of the entities in the Company have been declared willful defaulter by any bank or financial institution or government or any government authority.

(vii) Relationship with struck off companies The Company has not carried out any business transaction with struck off companies for the FY 2024-25 as per Companies Act, 2013

(viii) Compliance with number of layers of companies
The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(ix) Compliance with approved scheme(s) of arrangements
The Company has not entered into any scheme of arrangement which has an accounting impact on current period.

(x) Utilisation of borrowed funds and share premium
The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(xi) The audited figures of the returns reported by the units have been regrouped to the extend possible to bring uniformity in financial statements of the company as per Ind AS reporting.

(xii) Undisclosed income

There is no income surrendered or disclosed as income during the current period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(xiii) Details of crypto currency or virtual currency

The company has not traded or invested in crypto currency or virtual currency during the current period.

(xiv) Valuation of property, plant and equipment and intangible assets

The company has not revalued its property, plant and equipment or intangible assets or both during the current period.

(xv) The company has major transactions with Government Armed forces and other DPSU. The outstanding balances (included under Trade Payables /Trade Receivables etc.) to / from them and certain other outstanding credit and debit balances are subject to confirmation / reconciliation. Adjustments, if any, arising therefrom are not likely to be material on settlement and are accounted as and when ascertained.

(xvi) The figures of previous year were regrouped to extent possible to confirm the current year presentation

(d) **Future capital commitment**

Particulars	Future Capital commitment for 2024-25	Future Capital commitment for 2023-24
Committed liability	2,106.24	2367.5

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

**For and on behalf of Board of Directors of
Munitions India Limited**

Supriya Deepak Bhat

Partner
M.No. 048592

Sanjay Hazari

Chairman and Managing
Director
DIN: 11089196

Prakash Agarwala

Director Finance & CFO
DIN: 09666613

E J Paul

Company Secretary
Membership Number: FCS4521

Pune

Date: 19-08-2025

Pune

Date: 19-08-2025

INDEPENDENT AUDITORS' REPORT

**To the Members,
Munitions India Limited**

Report on the Audit of Consolidated Financial Statements

Qualified Opinion

- We have audited the accompanying Consolidated Financial Statements of Munitions India Limited ("the Company", which includes the Head Office located at Pune, Maharashtra and fifteen units) and its Subsidiary (the Company and its Subsidiary together referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2025, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year ended March 31, 2025, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements") in which are included the Returns of eleven units and Subsidiary Company for the year ended on that date audited by respective auditors of the Group stated as under:

Sr No	Unit Name	Unit Location
1	National Academy of Defence Production, Ambajhari (NADP)	Nagpur, Maharashtra
2	Ordnance Factory Bhandara (OFBA)	Bhandara, Maharashtra
3	Ordnance Factory Chanda (OFCH)	Chandrapur, Maharashtra
4	Ordnance Factory Nalanda (OFN)	Nalanda, Bihar
5	Ordnance Factory Varangaon (OFV)	Varangaon, Maharashtra
6	Ordnance Factory Itarsi (OFI)	Itarsi, Madhya Pradesh
7	Ordnance Factory Khamaria (OFK)	Khamaria, Jabalpur, Madhya Pradesh
8	Ordnance Factory Institute of Learning, Khamaria (OFIL)	Khamaria, Jabalpur, Madhya Pradesh
9	Ordnance Factory Badmal (OFBL)	Badmal, Odisha
10	Cordite Factory Aruvankadu (CFA)	Ooty, Tamil Nadu
11	High Energy Projectile Factory Tiruchirappalli (HEPF)	Tiruchirappalli, Tamil Nadu
	Subsidiary Company	Subsidiary Location
	Munitions India Sports Promotional Council- (MISPC)	Pune, Maharashtra

2. In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the state of affairs of the Group as at March 31, 2025, of its Profit (including other comprehensive income), the position of changes in equity and the cash flows for the year then ended.

Basis for Qualified Opinion

3. We draw attention to the matters described in **Annexure A** attached to this report, the quantitative and qualitative effects of which, individually or in aggregate, are in our view, material to the Consolidated Financial Statements. Further there are matters where we and the respective auditors of the Group were unable to obtain sufficient and appropriate audit evidence. The effects of matters described in the said Annexure A which could be reasonably determined are quantified, wherever possible and given therein.
4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with the ICAI Code of Ethics.
5. We believe that the audit evidence we have obtained read with Annexure A attached to this report, is sufficient and appropriate to provide a basis for our qualified opinion. The Audit reports for the previous financial year 2023-24 of the units had also qualified on the matters described in Annexure A in their respective reports issued.

Emphasis of Matter

6. **Ind AS 19 – Employee benefits related obligations**
We draw attention to note no. 36(b)(i) of the Consolidated Financial Statements whereby majority of the Company staff are on deemed deputation and their salary cost is borne by the Group. However, the provision for certain employee Benefits viz. Provision for Gratuity, leave encashment and other retirement benefits are not recognized for such employees as they are not on the payroll of the Group. The Management has represented that the liability to pay the retirement benefits to such employees is of the Government and not of the Group vide the Ministry of Defence's Office Memorandum (OM) No. 1(5)/2021/OF/DP(Plg-V)/02 dated September 24, 2021 which is extended vide letter No.: 1(5)/2023/EGOM/Deemed Deput./OF/DP(M&P) dated 09.09.2024 till 31.12.2025.
7. **Voluntary Winding up of Subsidiary Company**
The financial statements of the subsidiary company, which is registered as a Section 8 company, have not been prepared on a going concern basis since the management has decided to voluntarily wind up its operations. Accordingly, the Consolidated financial statements have been prepared using a measurement basis other than historical cost, in compliance with the requirements of Ind AS 1- Presentation of Financial Statements.
Our opinion is not modified in respect of above matters.

Other Information

8. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report but does not include the Consolidated Financial Statements, Standalone Financial Statements and our auditor's report thereon. The Board report is expected to be made available to us after the date of this auditor's report. Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.
9. In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated.
10. When we read such other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

11. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the Consolidated Financial position, Consolidated Financial performance (including other comprehensive income), Consolidated changes in equity and Consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The respective Board's of Director /Trustees/Management of the entities included in this Group is responsible for maintaining adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal Financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
12. In preparing the Consolidated Financial Statements, the Boards of Director/Trustees/ Management of the entities included in the group is responsible for assessing the respective Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
13. Those Board of Directors /Trustees/ Management of the entities included in the group are also responsible for overseeing the Company's Financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

15. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company and its subsidiary company has adequate internal financial controls with reference to the Consolidated Financial Statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the Consolidated Financial Statements.

16. Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial Statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial Statements.

17. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
18. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matters

19. We did not audit the Financial Statements of eleven units and Subsidiary company, whose financial information reflect total assets of Rs 14,238.94 crores (before inter-unit elimination entries) and net assets of Rs 8,584.47 crores (before inter-unit elimination entries) as at March 31, 2025, total revenue of Rs. 8,051.14 crores (before inter-unit elimination entries), total comprehensive income (comprising of (Profit)) and other comprehensive income) of Rs 946.62 crores (before inter-unit elimination entries) for the year ended on that date, as considered in the Financial Statements. This financial information has been audited by respective auditors of the Group whose reports have been furnished to us by the Management, and our opinion on the Financial Statements in so far as it relates to the amounts and disclosures included in respect of these units and the Subsidiary Company and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid units and Subsidiary Company, is based solely on the reports of the respective auditors.

Our opinion is not modified in respect of above matters.

Report on Other Legal and Regulatory Requirements

20. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary company incorporated in India, as noted in the 'Other Matter' paragraph we give in the "**Annexure 1**" a statement on the matters specified in paragraph 3(xxi) of the Order.
21. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements except for the matters stated in Annexure A.
 - b) In our opinion, except for the matters qualified in Annexure-A of our report, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept by the Group so far as it appears from our examination of those books and the reports of the respective unit auditors.
 - c) The reports on the accounts of the Units and Subsidiary of the Company audited under Section 143(8) of the Act by Unit and Subsidiary Auditors respectively and sent to us and have been properly dealt with by us in preparing this report.

- d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Consolidated Other Comprehensive Income, the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account. However, our opinion on the Consolidated Financial Statements is qualified on account of the matters described in Annexure A attached to this report.
- e) In our opinion, except for the matters qualified in Annexure-A, the aforesaid Consolidated Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- f) The Company being a Government company, the provisions of section 164 (2) of the Act in respect of disqualification of Directors are not applicable vide notification no. GSR 463(E), dated June 5, 2015.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**” where we have given Adverse opinion which is based on the auditors' reports of the Company and its Subsidiary Company
- h) The Company being a Government company, the provisions of section 197 of the Act in respect of managerial remuneration are not applicable vide notification no. GSR 463(E), dated June 5, 2015.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the audit reports of unit auditors and Subsidiary Company auditors:
 - (i) The Group has disclosed the impact of pending litigations on its financial position in its Consolidated Financial Statements – Refer Note 38 to the Consolidated Financial Statements.
 - (ii) The Group has outstanding long term contracts for supplies of its goods as on March 31, 2025 for which the provision has been made as mentioned in note 3 of the Financial Statements.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.
 - (iv) (a) The respective Management of the Company and its Subsidiary Company has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Consolidated Financial Statements (refer note 40(c)(x)), if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or Subsidiary to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or Subsidiary or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Management of the Company and its Subsidiary Company has represented to us, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Consolidated Financial Statements (refer note 40(c)(x)), if any, no funds have been received by the Company or Subsidiary from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or Subsidiary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the information and explanation given to us by the Company and its Subsidiary and audit procedures performed as considered reasonable and appropriate in the circumstances and based on the consideration of the reports of unit and subsidiary auditors, nothing has come to our notice in respect of the Company and its subsidiary that has caused us to believe that the representations made by the Management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.

(v) The Company and its subsidiary has not declared or paid dividend during the year. The provisions of sub section (1) and (4) of section 123 of the Act are not applicable to the government company vide notification no. GSR 463(E), dated June 5, 2015.

(vi) Based on our examination, which included test checks, performed by us on the Company and reported by the auditor of Units and Subsidiary have used accounting software i.e Tally Prime for maintaining its books of account for the financial year ended March 31, 2025, which has a feature for recording an audit trail (edit log) facility, except for other software (apart from Tally Prime) for record-keeping purposes maintained by the Company and its units, which serve as the source of data entered into Tally Prime i.e. Informix, PPC and Fox Pro for which Audit Trail was not enabled. The said feature has operated throughout the year for all relevant transactions recorded in the software (Tally Prime). Further, during the course of our audit, we did not come across any instance of the audit trail feature being tampered with. Additionally, the audit trail of Group is preserved by the Holding Company as per the statutory requirements for record retention.

22. As required by section 143(5) of the Act, on the basis of such check of the books and record of the Company and its Subsidiary Company as we considered appropriate and according to the information and explanation given to us, we give in the "**Annexure C**" a statement on the directions and additional directions issued by the Comptroller and Auditor General of India, for the Company and its subsidiary.

For and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Registration No. 101569W

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 2504892BMMLLK3003
Date: 19th August, 2025
Place: Pune

“Annexure 1” referred to in paragraph under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date

Re: Munitions India Limited (“the Company”)

(xxi) Qualifications or adverse remarks by respective auditors in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements are:

Sr No	Name	CIN	Holding Company/Subsidiary /Associate/Joint Venture	Clause no of CARO report which is qualified and adverse
1	Munitions India Ltd	U29190PN2021GOI203505	Holding Company	Clause (i)(a),(b),(c), Clause (ii)(a), Clause (vii)(a), Clause (xiv)(a)(b), Clause (xx)(a)&(b)
2	Munitions India Sports Promotional Council	U93190PN2024NPL230249	Subsidiary Company	Since registered as section 8 Company, so CARO reporting is not applicable

**For and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Registration No. 101569W**

**Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 2504892BMMLLK3003
Date: 19th August, 2025
Place: Pune**

Annexure A (As referred to in Basis for Qualified Opinion Para in main audit report of Munitions India Limited for the year ended March 31, 2025)

Section I

The Munitions India Limited has total of 15 units and Head office (together referred as 'the Company') operations which are separate accounting units and Subsidiary Company (the Company and its Subsidiary together referred as 'the group'). Out of these, 11 units and subsidiary were audited by other auditors appointed by the C&AG and 4 units and Head office operations with consolidated statements of all Units were audited by us, Borkar & Muzumdar, Chartered Accountants.

Out of the above Units and Subsidiary, there are total 3 units (including 1 audited by us) and subsidiary where the auditors have given unqualified audit opinion and 12 units (including 3 audited by us) where the unit auditors have given qualified opinion.

These 11 units and Head office operations where audit opinion was qualified by the respective unit auditors, constitute total assets of Rs. 22,149.82 crores (before inter-unit elimination entries), net assets of Rs. 9,414.06 crores, total revenue of Rs. 9403.95 crores (before inter-unit elimination entries) and total comprehensive income of Rs. 801.82 crores (before inter-unit elimination entries) in the Financial Statements of the Company for the year ended March 31, 2025.

Considering that majority of the auditors have issued qualified opinion which covers significant assets and liabilities as on March 31, 2025 and income and expenditure of the Group for the financial year 2024-25, based on below observations, we have issued a Qualified Opinion on the Consolidated Financial Statements of the Group.

Summary of major qualifications

Following is the summary of significant qualifications based on the reports of unit auditors and 4 units and Head office operations conducted by us. The qualifications highlighted herein below are either common across majority of units. The detailed qualifications of unit auditors as stated in respective reports are given in Section II of this Annexure.

A. Prior Period Adjustments

We draw attention to note no. 31 of the Consolidated Financial Statements, regarding total amount of unreconciled old balances amounting to 145.95 crores which have been written back from various unreconciled liabilities, 138.93 crores which have been written off from unreconciled assets (including PPE balances) during the year by the Group to the extent as reported by the units returns. Net impact of written off and written back items amounting to Rs. 7.02 crores, has been disclosed under Exceptional item in Financial Statements as these amounts pertain to the transactions related to previous years and are non-recurring. In addition to this, there are various income and expenditure pertaining to prior years included in the respective income and expenditure ledgers.

The above balances, income and expenditure pertaining to prior years, were a part of qualifications of the past standalone audit reports in respect of the reliability of the balances as on March 31, 2024 due to non-availability of sufficient and appropriate audit evidence as regards to the correctness of the comparative opening figures. The Group has not done retrospective restatement of previous year Financial Statements for such prior period items by adjusting the retained earnings opening balance, as the Group has not set materiality threshold for restatement, which is not in accordance with Ind AS-8.

Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HO, HEF, OFDR, AFK, OFK, OFCH, OFV, HEPF, OFI, OFIL).

B. Balances of trade receivables

The Group does not have a system in place for reconciliation of trade receivable balances and also advances received from customers on a periodic basis including allocation of the advances received by HO and TDS reflected in 26AS to respective Units. These balances are subject to confirmations and reconciliation from respective parties. Further, the accounting system does not provide invoice wise list of trade receivables balances including advances from customer duly tallying with the general ledger balance. In the absence of Bill wise recording of receipts/outstandings from trade receivables and balance confirmations, proper basis relating to ageing analysis as disclosed in note no. 8 of Consolidation Financial Statements cannot be verified.

It was further noticed that the Company has not ascertained or created any ECL provision on trade receivables in accordance with Ind AS 109.

Pending such balance confirmations, reconciliation, and non-calculation of provision for ECL, the impact of consequential adjustments, if any, on the Consolidated Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025.

Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HO, HEF, OFDR, AFK, OFK, OFI, OFIL, OFBL, OFBA, OFCH, NADP, OFV).

C. Balances of trade payables

The Group does not have a system in place for reconciliation of trade payable balances on a periodic basis. These balances are subject to confirmation and reconciliation from respective suppliers. Further, the accounting system does not provide invoice wise list of trade payable balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of payments/outstandings to trade payables and balance confirmations, the proper basis for ageing of creditors as disclosed in note no. 18 of the Consolidated Financial Statements cannot be verified. Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Consolidated Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025.

Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HO, HEF, OFDR, AFK, OFK, OFI, OFIL, OFBA, OFBL, OFCH, NADP, OFV).

In absence of party-wise details pertaining to sums due to Micro, Small and Medium Enterprises ('MSME') vendors as on March 31, 2025 and Group inability to identify the MSME vendors, we are unable to verify the accuracy of overdue amounts payable to MSMEs as also the closing balance of outstanding dues to MSMEs as at March 31, 2025. Also, provision for interest on overdue amounts payable to MSMEs is not recognised in Financial Statements as on March 31, 2025, effect of which on the financial statements is not ascertainable. Accordingly, the disclosure as required under MSMED Act 2006 is incorrect.

Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of NADP, HEPF, OFV)

D. Balances of other DPSUs

The Group does not have a system in place for reconciliation of other DPSUs on a periodic basis. These balances are subject to confirmation and reconciliation from respective DPSUs. Further, the accounting system does not provide invoice wise list of DPSUs balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of purchases/sales to DPSUs and balance confirmations, the proper basis for ageing of DPSUs as provided cannot be verified. In some cases, the management has provided the reconciliation carried out, but due to lack of detailed record maintenance and non-satisfactory response, the accuracy of reported balances as on March 2025 cannot be confirmed.

Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Consolidated Financial Statements cannot be ascertained. Hence, we are unable to comment on correctness of these balances as at March 31, 2025.

Our previous year Standalone audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HEF, OFDR, AFK, OFK, OFI, OFIL).

E. Unreconciled GST Input Tax Credits

The GST Input Tax Credit (ITC) as per the books of accounts is subject to reconciliation with the balances appearing in the respective Electronic Credit Ledger (ECL) and the amounts utilised in GSTR-3B for the year ended March 31, 2025. Due to non-reconciliation, certain ITC that has lapsed or was not availed continues to be reflected in the books instead of being reversed.

Further, it was noted that GST expenses have been booked during the year in certain cases relating to:

- Blocked credits under Section 17(5) of the CGST Act;
- Reversal of opening input credit due to ineligibility or non-compliance; and
- Lapsed ITC not claimed within the statutory time limits.

In some units (i.e. NADP, HEF, OFDR), reconciliation of ITC balances was prepared. However, these reconciliations were incomplete at the time of our verification and could not be fully relied upon. In the absence of complete supporting documentation and reconciliations, we are unable to verify the correctness and eligibility of the GST Input Tax Credit balances in the financial statements.

Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.

(Observed in case of HEF, OFDR, OFIL, OFI, OFK, HEPF, NADP, OFC, OFBA).

F. Property, Plant and Equipment, Capital Work in Progress and Intangible Assets under Development and depreciation thereon

The Company has provided for Depreciation in case of Asset Class “Property, Plant and Equipment” by considering life of the assets as per the Schedule II of the Companies Act, 2013. However, since these assets are not new and were created/acquired prior to incorporation of the Group, these assets should have been depreciated over the balance Estimated Life of the assets based on technical evaluation. As such, the accounting treatment followed by the Group is not in accordance with the treatment prescribed in Ind AS-16. In absence of the details of balance useful life of the assets and estimated residual value based on technical evaluation, we are unable to ascertain the impact on the Consolidated Financial Statements. Also, the Group has applied useful lives for certain property, plant and equipment that exceed those prescribed in Schedule II to the Companies Act, 2013. No adequate technical assessment, justification, or supporting records were made available for our verification to substantiate the deviation. In the absence of such evidence, we are unable to determine the consequential impact, if any, on depreciation expense, carrying amount of PPE, and the profit for the year ended 31st March 2025.

It was observed that during the year Group has formulated its policy for the useful life of roads from 60 years to 5 years. However, the Unit has depreciated the asset with useful life which is not in line with the policies.

(Observed in case of OFBA and OFDR).

Also, in OFN, inconsistencies were noted in accounting practices as two different useful lives have been applied for the same category of computers and hardware. Additionally, an unidentified opening WIP of ₹55.41 crores under 'Building' is reflected in Assets, for which the nature, stage of completion, and classification remain unsubstantiated due to lack of supporting documentation. Moreover, there is non-compliance with Ind AS 38 – Intangible Assets, as no amortization has been charged during the period on any intangible assets.

Further it was also reported in AFK Material differences amounting to ₹87.08 crores were noted between the gross values of Property, Plant and Equipment as per books and the Fixed Asset Register across various asset categories (Buildings ₹43.80 crores, Computers & Hardware ₹0.86 crores, Furniture & Fixtures ₹0.002 crores, Plant & Machinery ₹43.82 crores, and Vehicles – ₹1.40 crores); pending reconciliation and absence of information on carrying WDV of these differences, the impact of financial statement cannot be ascertained.

Additionally, under Ind AS 36 – Impairment of Assets, the Group is required to assess at each reporting date whether its Property, Plant and Equipment (PPE) and Intangible Asset may be impaired. The Group has not carried out such impairment testing, nor provided supporting technical

assessments to demonstrate that the carrying amounts do not exceed recoverable amounts. In the absence of this, we are unable to determine whether any impairment loss should have been recognised, which may materially impact the carrying value of Consolidated PPE along with Consolidated Intangible Asset and the Consolidated financial statements.

The disclosure of Consolidated Intangible Asset is not in line with Division II of Schedule III of the Companies Act 2013.

Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.

G. Inventories:

Units have valued the inventory of raw material at cost, instead of at the lower of cost or Net Realisable Value (NRV), which is not in accordance with IND AS-2. Also, in some units, work in progress, semi-finished goods (finished component), finished goods and scrap inventory are valued at cost instead of at lower of cost or Net Realisable Value. As stated by the auditor of some units, it was observed that the accounting impact of slow and non-moving inventory considering NRV on the inventory valuation was not assessed by management and it was valued at normal inventory in use.

While working of cost, non-production overheads like selling and administrative expenses are also included while arriving at the cost of inventories in some units, which is not in accordance with Ind AS-2. We are unable to quantify the impact of the same due to non-availability of the required workings.

Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.

H. Non compliances of Companies Act, 2013

As disclosed in note no 36(b)(ii) of the Consolidated Financial Statements regarding non-compliance of certain requirements under the Companies Act, 2013 by the Holding Company, Munitions India Limited. The auditors of holding Company has reported below:

Company has not appointed Independent Directors as required under Section 149 of the Companies Act, 2013 so as such the composition of Board of Directors of the Company is not in compliance with the provision of Companies Act, 2013 and DPE guidelines on Corporate Governance for CPSE. Company has constituted Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility committee. However due to non-appointment of Independent directors, the composition of this committees is not as per provision of sec 177(2), 178(1) and 135 of Companies Act, 2013 respectively. Due to the absence of Independent Directors, the Company has not complied with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of meeting of the Independent Directors without attendance of Non-Independent Directors and members of the management. The Company has also not complied with the requirement to have a woman director on the Board during FY 2024-25. Further, the Board of Directors of the Group was not duly constituted with proper balance of Executive and Non-Executive Directors during FY 2024-25.

Our previous year standalone audit report for FY 2023-24 was also qualified on this matter.

Annexure B to the Independent Auditor's Report

Referred to in paragraph 2(g) under the heading, “Report on Other legal and Regulatory Requirements” of our report on even date:

Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We were engaged to audit the internal financial controls with reference to the Consolidated Financial Statements of Munitions India Limited (“the Company”) (which includes the Head Office and fifteen units) as of March 31, 2025 and its Subsidiary Company in conjunction with our audit of the Consolidated Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The respective Company's management and its Subsidiary Company is responsible for establishing and maintaining internal financial controls based on the internal controls over financial reporting criteria established by the respective Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Consolidated financial statements of the Company and its Subsidiary Company. We conducted our auditing accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India.

Because of the matters described in the “Basis for Adverse Opinion” paragraph below, the Company has not maintained adequate internal financial controls with reference to financial statements and existing controls were also not operating effectively as at the balance sheet date. Accordingly, in our opinion, the controls (designed, operated or implemented) are unable to prevent, detect and correct material misstatements in the Consolidated financial statements on a timely manner.

Meaning of Internal Financial controls with reference to the Financial Statements

A company's internal financial controls with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to the Consolidated Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial

Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to consolidated financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Adverse Opinion

According to the information and explanation given to us, and based on our audit, following material weaknesses have been identified in the Company as at March 31, 2025:

1. Inventory:

The Company uses inventory module (FoxPro) for quantitative records of inventory but the same is not updated whenever discrepancies are noticed upon physical verification carried out and thus lacks appropriate internal control system. Further, the module is also not integrated with the accounting system, and this can lead to inconsistencies between the physical inventory, the inventory records in inventory module and the financial records maintained in Tally Prime.

2. Sales:

The Company's internal control system for issue of Nominal vouchers is not operating effectively since underlying issues of goods at nominal value are not recorded promptly resulting in incorrect recording of sales. Goods are issued at nominal value on the basis of Nominal vouchers basis urgent requirements many times and the same are not regularised within defined time frame by recording sales entry with value which leads to incorrect sales accounting and non-compliance with GST regulations. Also, the nominal vouchers are not system generated and there is no reconciliation available which can ensure that all the goods issued at nominal vouchers are correctly recorded as sales.

Further, these vouchers are also not integrated with the accounting system.

3. Non-Integration of different systems with main accounting software:

The Unit uses "Tally Prime-Edit Log" as their Accounting Software for recording its financial transactions. The units also use PPC for reporting and data collection to capture all Inventory movement, FOXPRO for valuation of inventory and Informix for Payroll. However, Tally Prime, PPC, FOXPRO and Informix have not been integrated. Thus, there is manual intervention

which can result into errors/omissions in the accounting data. There are no automated controls in the system to ensure maker and checker approvals related to transactions. The management is unable to demonstrate manual maker checker due to lack of documentary evidence. Thus, we are unable to comment that the manual control operated as designed.

The unit has not implemented a system of assigning separate and unique User IDs to each individual operating the accounting software. Instead, a limited set of User IDs has been designated to the unit, which are accessed interchangeably by multiple employees. This practice significantly weakens the control environment, as it does not allow for identification and attribution changes in accounting records to specific individuals. In the absence of Individual user authentication, it become difficult to determine the origin of entries or modifications in the books of account, thereby increasing the risk of unauthorised or erroneous changes going undetected. Such a practice undermines the reliability of audit trail.

4. Non reconciliation of advances received:

It was observed that there is no proper track of the advances received/paid and transferring the same to respective Units by way of allocation and timely reconciliation of the same including the TDS balances in 26AS resulting into unreconciled advances at head office level resulting into incorrect balances of debtors/ creditors which shows weak controls.

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

In our opinion, because of the possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were not operating effectively as of March 31, 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, extent of audit tests applied in our audit of the March 31, 2025 consolidated financial statements of the Company, and these material weaknesses do not affect our opinion on the consolidated financial statements of the Company and its Subsidiary.

For and on behalf of
Borkar and Muzumdar
Chartered Accountants
Firm Registration Number: 101569W

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 2504892BMMLLK3003
Date: 19th August, 2025
Place: Pune

Annexure C

Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the of the Companies Act 2013 on the accounts of Consolidated Munitions India Limited (Defence Public Sector Undertakings) for the year ended March 31, 2025.

In terms of Directions issued by the Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act, and on the basis of such checks of the books and records of the Group, as we considered appropriate and according to the Information and explanation given to us, we give a statement on the matters specified in the said Directions.

This report is a consolidated report based on the reports issued by 11-unit and the Subsidiary Company auditors appointed by the C&AG and 4 units and Head office operations as audited by us, Borkar & Muzumdar, Chartered Accountants. Discrepancies other than regular disclosure requirements as reported by the unit and subsidiary respective auditors have been mentioned, if any in the said clause.

i) Directions under Section 143(5) of Companies Act, 2013 issued for M/s. Munitions India Limited (MIL), which include 15 units and Head Office:

	Directions	Response
	Directions of C&AG	
•	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the Company or through Trusts, for Post retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.	MIL does not have any quoted or unquoted investment with respect to the post-retirement benefits. All the employees (Group A, B & C) have been transferred from the erstwhile Ordnance Factory Board (OFB) to MIL on deemed deputation from 01.10.2021 for an initial period of 2 years, in accordance with Rule 37A of the Central Civil Service (Pension) Rules, 1972. This has been extended till 31.12.2025 vide letter No.: 1(5)/2023/EGOM/Deemed Deput/OF/DP(M&P) dated 09.09.2024. As per Office Memorandum No. 1(5)/2021/OF/DP(Plg-V)/02 dated 24/09/2021 issued by the Ministry of Defence, the pension liabilities of the retirees and existing employees shall be borne by the Government through the field units set up by Ministry of Defence (MOD). <i>This has also been reported under Emphasis of Matters in Main Audit Report</i> It was further informed to us that the Company has made provision towards retirement benefits only for the employees which are on payroll of the Company. The same has been verified by us during audit.

•	Whether the company has a system in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.	Yes, the Company uses “Tally Prime-Edit Log” as their main Accounting Software for recording its financial transactions. In addition, the Company also processes its accounting transactions through other accounting software such as PPC, Informix and FOXPRO. However, Tally Prime, PPC, Informix and FOXPRO have not been integrated. Financial Implications due to non-integration and weak controls are: • Manual intervention can result into errors/omissions in the accounting data. • There are no automated controls in the system to ensure maker and checker approvals related to transactions. The impact of the same cannot be quantified as the data is maintained in the software which are not integrated. <i>This has also been qualified in our report on Internal Financial Controls.</i>
•	Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilized as per its terms and conditions? Whether accounting for interest earned on grants received has been done as per terms and conditions of the Grant. List the case of deviation.	Based on the Information and explanation given to us the Company has not received any funds (grants/subsidy etc.) for any specific schemes from Central/State Government or its agencies.
•	Whether the Company has identified the Key Risk Areas? If yes, whether the Company has formulated any Risk Management Policy to mitigate these risks? If yes, (a) whether the Risk Management Policy has been formulated considering global best practices? (b) whether the Company has identified its data assets and whether it has been valued appropriately?	As informed to us, the Company has identified credit risk, liquidity risk, and market risk as its key risk areas, as disclosed in Note 34 to the Financial Statements. However, the Company has not established any formal policy for mitigating these risks.

•	Whether the Company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations, 2015, and other applicable rules and regulations of SEBI, Department of Investment and Public Asset Management, Ministry of Corporate Affairs, Department of Public Enterprises, Reserve Bank of India, Telecom Regularity Authority of India, CERT-IN, Ministry of Electronics and Information Technology and National Payment Corporation of India wherever applicable? If not, the cases of deviation may be highlighted.	It was informed to us that the applicable rules and regulations by the following institutions are not applicable to Munitions India Limited- 1. SEBI 2. Telecom Regularity Authority of India 3. National Payment Corporation of India 4. Reserve Bank of India The Company has carried out a secretarial audit to review its compliance with the requirements of the Ministry of Corporate Affairs. In relation to the compliance of rules and regulations no specific register or record for evidencing the compliance done by the Company, no formal register is maintained related to the compliance check for following institutions - 1. CERT-IN 2. Ministry of Electronics and Information Technology 3. Department of Investment and Public Asset Management. However, we have been informed that all the necessary instructions and requirements have been complied with.
	Additional directions of C&AG	
•	Whether the migration of assets and liabilities on the date of transfer (appointed date) from erstwhile OFB which remained incomplete as of 31 March 2024 has been completed during financial year 2024 -25? If there is any deviation; the reasons, nature of deviation and its impact on financial statements may be stated	As represented by the management, the migration of all asset and liabilities has taken place at the time of corporatization i.e. 01/10/2021 and there was nothing remained that has not been transferred in the name of units/ company except the title deeds pertaining to land which is still under the process. <i>Refer the table in point no. (i)(c) of CARO report.</i> The buildings which were transferred at the time of corporatization and appearing in the fixed asset register are built on the land for which the process of title deed transfer is in process. Till the process of mutation is completed we are unable to comment if there is any deviation and its impact on the financial statement.

•	Whether the company has carried out reconciliation exercise pertaining to intercompany/intracompany balances at the year end? Whether the confirmations have been obtained from other DPSUs for balances due to/due from them at the year end? The reasons for unreconciled balances, if any, along with the unreconciled amount may be stated.	It was informed by the Management that- 1. All intra MIL balances are reconciled as at 31/03/2025. 2. With regards to Inter- DPSU balances, all ledger balance confirmation requests have been sent to respective units of respective DPSUs which have not been responded by them in most of the cases. However, from few DPSUs ledger extract have been received and differences are noticed in old opening balances for which reconciliation process is ongoing. <i>Refer to our qualification in the main report.</i>
•	Whether the Company or its units possess clear title and possession of the land stated in the Financial Statements? State the area of land under encroachment and/or dispute if any.	As per the explanation given by the management, the title deeds of the immovable properties in respect of land is still under process as mentioned in the above point. <i>Refer the table in point no.(i)(c) of CARO report.</i> Based on the Information provided by the Management, below are the details of area under encroachment- Ammunition Factory Khadki, Pune (i) 101 Shopkeepers at RHE, Khadki — 101 shopkeepers have not vacated the premises after expiry of lease agreement on 31.03.2012. The matter is sub judice in Hon'ble District High Court, Pune vide RCA No. 762/2012, Civil M.A. No. 1260/2018, MCA No. 324/2018, 99/2022, Civil Appeal (CA) No. 01/2023, Civil Appeal PPE No. 18/2023 to 39/2023. (ii) Shri Chandrakant Baburao Bhosale serving as 'watchman', an employee of Ammunition Factory Co-operative Stores, Khadki, Pune on attaining the age of superannuation was required to vacate the servant quarter. But the individual approached Hon'ble District Court, Pune and case No. RCS 539/2021 and RCS 196/2022. The area of the servant quarter is 400 Sq.ft. The matter is sub judice. (iii) Unauthorized Structure – Unauthorised structure (Buddha Vihar) measuring 378 Sq.ft. was erected near block No. 30 of 'D' Type Qtr. In RHE in May 2012. AFK, a unit under MIL filed FIR. However, JMFC court Khadki

		acquitted the accused in RCS No. 236/2012 vide the order Dtd. 01.08.2013. In this regard, the efforts to demolish the structure in 2012 had to be kept in abeyance due to severe law and order problem. Considering the sensitivity and nature of the case, being a place of worship, any action by AFK has not been planned yet. (iv) Survey of three temples situated in GLR Survey No.265-B. Survey has been conducted and report has been submitted to the nodal officer appointed by MoD in PIL 77/2006 and WP 5971/2011 in Hon'ble High Court of Bombay. Ordinance Factory Varangaon, Dist- Jalgaon There is no encroachment on MIL-OFV land. However, there is encroachment on 2.248 acres land which has already been transferred to DoO(C&S) Kolkata. As per recommendation of Board Proceedings for transfer of assets and liabilities of OF Schools, OF Hospitals and identified surplus land: 'OFV should initiate administrative and legal action to evict the encroachment.'
•	Whether the Company's pricing policy absorbs all fixed and variable cost of production as well as the allocation of overheads?	Yes, MIL has framed a pricing policy dated 16-09-2022 which provides a framework of absorbing all fixed and variable cost of production as well as the allocable overheads.
•	What is the system of by-products and finished products? List out the case of deviation from its declared policy?	It was informed to us that the Company has no by-product generated out of production process. Only waste item is generated along with the final product. Such waste product is then disposed-off as per disposal policy of MIL. All units are following same process of waste disposal via MSTC. Yes, all systems are in-line with policy and audited by ISO 9001.

Whether the company has effective system for physical verification, valuation of stock/inventories, treatment non-moving items and accounting the effect of shortage/excess noticed during physical verification?	The Company overall has an effective system of physical verification of inventory/stock and as informed by the Management, provision for unusable non-moving and slow-moving items have been made at MIL units. Accordingly accounting impact has been taken in the books of accounts & Financial Statements. Further effect of shortage/excess has been provided appropriately in books of accounts. The impact of physical verification of inventory has been accounted for in the books of accounts. <i>Refer to our qualification in the main audit report pertaining to value of inventory.</i>
Whether the Company has obtained title (Share Certificate) in respect of all investments- in subsidiaries /joint ventures/ SPV et al if any.	Company has formed a section 8 Company which is a 100% subsidiary. However, being a section 8 company it's a Company limited by guarantee and therefore there is no investment in form of shares. The Company has not invested in to any other subsidiaries/joint ventures/SPV.

ii) Directions under Section 143(5) of Companies Act, 2013 issued for Subsidiary Company and reported by its auditor:

• **Fair Valuation of Investments (Post-Retirement Benefits)**

The Company does not have any investments. All funds are maintained in the Bank Account, and balances as on 31st March 2025 have been verified with bank statements. Hence the requirement is not applicable.

• **Accounting System-IT vs, Manual:**

The Company maintains its Books Accounts electronically using "Tally Prime Edit Log". No accounting transactions are processed outside this system.

• **Utilization of Grants/Subsidies:**

No grants were received from Central/State Government. A grant of Rs. 1 crore was received from the holding company 'Munitions India Limited' and has been utilized in accordance with the terms of the grant. Relevant disclosures have been made in the financial statements.

• **Risk Management Framework:**

The Company has identified key risk areas and follows a policy aligned with internal process, including fund allocation under its sports policy. Roles and responsibilities are defined within the policy.

- **Regulatory Compliance**

The Company is not listed and does not qualify as a material subsidiary. Hence, SEBI (LODR) Regulations, 2015 do not apply. No material non-compliance with other applicable regulatory authorities was noted.

We do not assume any responsibility for the responses provided by the Subsidiary Auditor to the C&AG's queries, and our opinion is not modified in respect of such matters.

For and on behalf of
Borkar & Muzumdar
Chartered Accountants
Firm Registration No. 101569W

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 2504892BMMLLK3003
Date: Pune
Place: 19th August, 2025

Comments of the C&AG on Consolidated Financial Statement

Confidential/Speed Post

No/00/T-459/MIL/Accounts/2025-26 Dated:29/09/2025

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

To,

**The Chairman & Managing Director,
M/s Munitions India Limited
Pune**

Subjects: Comments under Section 143(6) (b) of the Companies Act, 2013 on the Accounts of M/s Munitions India Limited, Pune for the year ended 31st March 2025.

Sir,

I am to forward herewith the comments of the Comptroller and Auditor General of India under section 143 (6) (b) of the Companies Act 2013 on the Standalone as well as Consolidated Financial Statements of M/s Munitions India Limited, Pune for the year ended 31st March 2025.

Receipt of this letter may kindly be acknowledged.

Encl:- As stated.

Yours faithfully,

**(Sudha Rajan)
Principal Director of Audit
(Ordnance Factories)
KOLKATA**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MUNITIONS INDIA LIMITED, PUNE FOR THE YEAR ENDED 31 MARCH 2025.

The preparation of Consolidated Financial Statements of Munitions India Limited, Pune for the year ended 31 March 2025 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act is responsible for expressing opinion on these Financial Statements under Section 143 read with Section 129 (4) of the Act based on independent Audit in accordance with the Standards on Auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report Dated 19 August 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary audit under Section 143 (6) (a) read with Section 129 (4) of the Act of the Consolidated Financial Statements of M/s Munitions India Limited, Pune for the year ended 31 March 2025. We conducted the Supplementary Audit of the Financial Statements of Munitions India Limited, Pune and Subsidiary Company viz., Munitions India Sports Promotional Council, Pune for the year ended 31 March 2025. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

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

A. Comments on Disclosure

Balance Sheet

Assets

Non-Current Assets

Property, plant and equipment (Notes no. 4(a)): Rs.3387.06 crore

1. This does not include the details of land under the two different units of MIL viz., NADP (13.60 acres) and HEPF (882.34 acres) which are held at historical “NIL” value.

Non-disclosure of the land of NADP and HEPF under “Note 40 (c) other regulatory information” was not in line with Ind AS 1.

Balance Sheet

Assets

Current Assets

Inventories (Notes no. 7): Rs.7206.67 crore

2. This includes Rs.23.32 Crore being the value of the inventories (26 items) which were not physically available as on 31 March 2025 as per the stock verification report dated 12 April 2025 (signed 15 April 2025). However, the company failed to disclose this material discrepancy. This has resulted in inadequate disclosure of the position of Inventories to the tune of Rs. 23.32 Crore.

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

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

Place:- Kolkata

Date:- 29 September 2025

CONSOLIDATED FINANCIAL STATEMENT

Consolidated Balance Sheet as at March 31, 2025

(All amounts are in INR Crores, unless stated otherwise)

	Notes	As at March 31, 2025	As at March 31, 2024
ASSETS			
Non-current assets			
Property, plant and equipment	4 (a)	3,387.06	3,363.16
Capital work-in-progress	4 (b)	2,219.23	1,616.39
Intangible assets	4 (c)	46.01	62.70
Intangible assets under development	4 (d)	179.35	100.99
Financial assets			
- Investment	5	0.80	0.80
Other non-current assets	6	12.29	40.51
Total non-current assets		5,844.73	5,184.55
Current assets			
Inventories	7	4,206.67	4,523.11
Financial assets			
(a) Trade receivables	8	1,437.89	1,437.71
(b) Cash and cash equivalents	9	6,145.31	3,500.32
(c) Bank balances other than (b) above	10	-	221.00
(d) Other financial assets	11	315.31	130.87
Other current assets	12	1,150.55	1,402.51
Total current assets		13,255.73	11,215.52
Total assets		19,100.46	16,400.07
EQUITY AND LIABILITIES			
Equity share capital	13	35,645.36	34,314.66
Equity shares pending issue on business reorganisation	13	-	5.25
Share application money pending allotment	13	490.83	1,070.83
Other equity	14	(25,931.48)	(26,771.34)
Total equity		10,204.71	8,619.40
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	15	4.80	6.97
Non-current provisions	16	2,692.11	2,783.90
Deferred tax liabilities (Net)	17	198.45	141.78
Total non-current liabilities		2,895.36	2,932.65

Current liabilities			
Financial liabilities			
(a) Trade payables	18		
(i) Total outstanding dues of micro enterprises and small enterprises		91.45	57.78
(ii) Total outstanding dues other than (a) (i) above		1,295.02	1,099.99
(b) Other financial liabilities	19	390.02	292.80
Other current liabilities	20	3,806.75	3,108.82
Provisions	21	193.43	267.43
Current tax liabilities (Net)	22	223.71	21.19
Total current liabilities		6,000.38	4,848.01
Total liabilities		8,895.75	7,780.66
Total equity and liabilities		19,100.46	16,400.07

The accompanying notes are integral part of the Financial Statements. 1 to 40
As per our report of even date attached.

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

**For and on behalf of Board of Directors of
Munitions India Limited**

Supriya Deepak Bhat

Partner
M.No. 048592

Sanjay Hazari

Chairman and Managing
Director
DIN: 11089196

Prakash Agarwala

Director Finance & CFO
DIN: 09666613

E J Paul

Company Secretary
Membership Number:
FCS4521

Pune

Date: 19-08-2025

Pune

Date: 19-08-2025

Munitions India Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2025

(All amounts are in INR Crores, unless stated otherwise)

	Notes	Year ended 31 March 2025	Year ended 31 March 2024
Revenue from operations	23	8,214.10	7,221.58
Other income	24	435.30	313.04
Total income		8,649.41	7,534.62
Expenses			
Cost of materials consumed	25	3,453.68	3,509.98
Changes in inventories of work-in-progress and finished goods	26	315.45	191.57
Employee benefit expenses	27	2,356.71	2,161.34
Finance Cost	28	4.05	2.16
Depreciation and amortisation expense	29	198.16	183.19
Other expenses	30	1,041.85	897.31
Total expenses		7,369.90	6,945.56
Profit before exceptional item		1,279.51	589.06
Exceptional Items	31	7.02	161.53
Profit before Tax		1,286.52	750.60
Income tax expense			
- Current tax	32	390.00	64.00
- Deferred tax	32	56.67	127.81
Total tax expense		446.67	191.81
Profit after Tax		839.86	558.78
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		839.86	558.78
Earnings per share in INR			
Basic and Diluted (Nominal value per share Rs. 10 each)	39	0.24	0.16

The accompanying notes are integral part of the Financial Statements. 1 to 40
As per our report of even date attached.

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

**For and on behalf of Board of Directors of
Munitions India Limited**



Accurate. Lethal. Reliable.

Supriya Deepak Bhat

Partner
M.No. 048592

Sanjay Hazari

Chairman and Managing
Director
DIN: 11089196

Prakash Agarwala

Director Finance & CFO
DIN: 09666613

E J Paul

Company Secretary
Membership Number:
FCS4521

Pune

Date: 19-08-2025

Pune

Date: 19-08-2025

Munitions India Limited

Consolidated Statement of cash flows

(All amounts are in INR Crores, unless stated otherwise)

	For the Year ended 31 March 2025	Year ended 31 March 2024
Cash flow from operating activities		
Profit before income tax	1,286.52	589.06
<u>Adjustments for:</u>		
Depreciation and amortisation expense	188.74	183.19
Net gain on sale of Property, plant and equipment	(2.13)	(2.61)
Interest received	(254.43)	(209.84)
Provision for revenue sharing		97.58
Warranty	35.94	21.62
Written back of PPE	14.38	
Written back of intangibles	9.18	
Dividend income	-	(0.09)
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(0.18)	(31.14)
(Increase)/decrease in inventories	316.44	(208.67)
Increase/(decrease) in trade payables	228.70	336.88
(Increase)/decrease in other financial assets	(184.44)	(109.24)
Increase/(decrease) in other financial liabilities	95.05	91.32
(Increase)/decrease in other current and non-current assets	280.59	(198.60)
(Increase)/decrease in provisions	(201.73)	261.43
Increase/(decrease) in current liabilities	673.31	(718.74)
Cash generated from operations	2,485.54	102.16
Income taxes paid	(162.86)	50.00
Net cash flow from operating activities	2,322.68	152.16
Cash flows from investing activities:		
Payments for property, plant and equipment	(112.35)	(36.48)
Proceeds from sale of property, plant and equipment	18.69	13.13
Payments for Capital work-in-progress	(723.42)	(399.90)
Payments for intangible assets	(81.48)	(47.50)
Interest received	254.43	209.84
Net cash flow from investing activities	(644.14)	(260.91)
Cash flow from financing activities:		
Dividend income	-	0.09
Amount received towards subscription share capital	745.45	580.00
Earmarked balances with banks	221.00	(221.00)
Net cash from financing activities	966.45	359.09
Net increase/(decrease) in cash and cash equivalents	2,644.99	250.34

Cash and cash equivalents at the beginning of the year	3,500.32	3,249.98
Cash and cash equivalents at the end of the year	6,145.31	3,500.32
As per Note 11	As at March 31, 2025	As at March 31, 2024
Balances with banks		
- in current accounts	1,026.95	244.00
- in EEFC account	867.81	240.78
Deposits with maturity of less than three months	4,250.55	3,015.52
Cash on hand	0.00	0.02
Total	6,145.31	3,500.32

Undrawn Credit Facilities: As at 31st March 2025, the entity has undrawn credit facilities amounting to INR 3000 Cr (INR 2500 Cr), which are available to be drawn upon if needed. These facilities include Letter of credit, bank guarantee, currency exposure limit. all the facilities are linked to MCLR.

Limit	For the year ended 31 March 2025	For the year ended 31 March 2024
SBI		
FBWC clean cash credit	2000	2000
EPC/PCFC/FBD*	200 (USD 23.78 Mio)	200 (USD 24.08 Mio)
Bank guarantee (BG)	1000	1000
Letter of credit*	1500	1500
Capex letter of credit*	1500	1500
Currency exposure limit (CEL)*	50	50
ICICI		
Letter of credit	500	500
Bank Guarantee**	300	300
HDFC		
Bank Guarantee	500	-
Letter of credit***	250	-
Overdraft - Work Cap***	50	-
Total	3000	2500

* Sub-limit to FBWC clean cash credit account

** Sub-limit to Letter of credit

*** Sub-limit to Bank Gaurantee

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

Supriya Deepak Bhat

Partner
M.No. 048592

Sanjay Hazari
Chairman and Managing
Director
DIN: 11089196

E J Paul
Company Secretary
Membership Number: FCS4521

**For and on behalf of Board of Directors of
Munitions India Limited**

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

Pune
Date: 19-08-2025

Pune
Date: 19-08-2025

Consolidated Statement of changes in equity
(All amounts are in INR Crores, unless stated otherwise)

A. Equity share capital

2024-25		
Balance at the beginning of the reporting period	Issue during the year	Balance at the end of the reporting period
34,314.66	1,330.70	35,645.36
2023-24		
Balance at the beginning of the reporting period	Issue during the year	Balance at the end of the reporting period
33737.66	577	34,314.66

B. Other equity

	Note	Equity shares pending issue on business reorganisation	Share application money pending allotment	Other equity			Total
				Capital Reserve	Retained earnings	Total Reserves and Surplus	
As at 31 March 2024		5.25	1,070.83	(27,425.16)	653.82	(26,771.34)	(25,695.26)
Transaction in the year		-	-	-	839.86	839.86	839.86
Application money received							-
Other Adjustments				-	-	-	-
Issue of equity shares		5.25	(580.00)				(585.25)
As at 31 March 2025		0.00	490.83	(27,425.16)	1,493.68	(25,931.48)	(25,440.65)
As at 31 March 2023		5.25	1,067.83	(27,425.16)	95.04	(27,330.12)	(26,257.04)
Profit for the year				-	558.78	558.78	558.78
Application money received		-	580.00	-	-	-	580.00
Issue of equity shares		-	577.00	-	-	-	577.00
As at 31 March 2024		5.25	1,070.83	(27,425.16)	653.82	(26,771.34)	(25,695.26)

The accompanying notes are integral part of the Financial Statements. 1 to 40
As per our report of even date attached.

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

Supriya Deepak Bhat
Partner
M.No. 048592

Sanjay Hazari
Chairman and Managing
Director
DIN: 11089196

Prakash Agarwala
Director Finance & CFO
DIN: 096666613

**For and on behalf of Board of Directors of
Munitions India Limited**

E J Paul
Company Secretary
Membership Number:
FCS4521

Pune
Date: 19-08-2025

Pune
Date: 19-08-2025

Munitions India Limited

Consolidated Notes to financial statements

(All amounts in Rs. Crores, unless otherwise stated)

1. General Information

Munitions India Limited ('MIL', or 'the Company') is an Indian state-owned Defence company, headquartered at Pune, India established in 2021 as part of the restructuring and corporatization of the Ordnance Factory Board into seven different public sector undertakings. MIL forms an integrated base for indigenous production of Defence hardware and equipment for the use of the Indian Armed Forces, foreign militaries and domestic civilian use.

Munitions India Limited together with its subsidiary is hereinafter referred to as "the Group".

2. Basis of preparation and summary of material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of consolidation

MIL consolidates entities which it owns or controls. The Consolidated financial statements comprise the financial statements of the Company and its subsidiary. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiary is consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-group balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

MIL has consolidated only one subsidiary i.e. Munitions India Sports Promotional Council (MISPC) a section 8 company, which was established on 2nd April 2024.

2.2 Basis of preparation

i. Compliance with Ind-AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

ii. Historical cost convention

The financial statements have been prepared on historical cost basis.

iii. *Current and non-current classification*

All assets and liabilities have been classified as current or non-current as per the group's normal operating cycle and other criteria set out in the Schedule III (Division II) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.3 **Summary of material accounting policies**

a) **Foreign currency transactions**

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the group operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the group's functional and presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss and presented in the Statement of Profit and Loss on a net basis.

Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

b) **Revenue recognition**

The group derives revenues primarily from sale of products. Revenue from sale of goods is recognised net of returns and discounts.

Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration the group expect to receive in exchange for those products or services.

To recognise revenues, the group applies the following five step approach:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognise revenues when a performance obligation is satisfied.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group presents revenues net of indirect taxes in its Statement of Profit and Loss.

The contracts entered by the group for sale of goods generally have a single performance obligation and are recognised at a point-in-time. The point-in-time is determined when the control of the goods is transferred which is generally determined based on when the material risks and rewards of ownership are transferred to the customer. Apart from this, the group also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time when control has been transferred.

c) Purchase of products

In case of purchase of product, liability of purchase is only recorded once the products have passed quality testing and all relevant documents with regards to such purchase has been received.

d) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

e) Inventories

Raw materials and stores, work-in-progress and finished goods are stated at the lower of cost and net realizable value. Cost of raw materials comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the Weighted average method. Costs of purchased inventory are determined after deducting rebates and discounts.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

f) Other financial assets

i. Classification

The group classifies its financial assets in the following categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortized cost.

The classification is done depending upon the group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income, as elected. For investments in debt instruments, this will depend on the business model in which the investment is held.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

ii. Recognition

Financial assets are initially recognized when the group becomes a party to the contractual provisions of the instrument.

iii. Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at 'fair value through profit or loss' are expensed in profit or loss.

Debt instruments: Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. The group classifies its debt instruments as follows:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in Other Income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in Other Income. Impairment losses are presented as a separate line item in the statement of profit and loss.

iv. **Impairment of financial assets**

The group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a material increase in credit risk. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period

For trade receivables only, the group applies the simplified approach required by Ind AS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

v. **Derecognition of financial assets**

- A financial asset is derecognised only when group has transferred the rights to receive cash flows from the financial asset.
- Retains the contractual rights to receive cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the group has not retained control of the financial asset. Where the group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

vi. **Income recognition**

Interest income from financial assets at amortised cost is calculated using the effective interest method and is recognised in the statement of profit and loss as part of Other Income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

g) **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

h) Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate the costs of the assets, net of their residual value over their estimated useful lives.

The group, based on management estimate, depreciates certain items of building, plant and machinery, motor vehicles and other equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013 which are given below. The management believes that these estimated useful lives are realistic and reflect a fair approximation of the period over which the assets are likely to be used after considering usage of such assets over multiple shifts wherever necessary.

given as under:

Assets	Useful life as per Schedule II	Useful life as per Management estimate
Buildings (Other than factory)	60 years	60 years
Buildings - Factory	30 years	60 years
Plant and Machinery	15 Years	10-20 Years
Motor Vehicles	8 Years	5-7 Years
Furniture & Fixture	5 Years	3-8 Years
Office Equipment	8 Years	3-8 Years
Computer Hardware		
i) Servers and networks	6 Years	6 Years
ii) Desktop, laptop, mobile and other accessories	3 Years	3-7 Years
Roads		
(a) Carpet roads		
i. Carpeted Roads-RCC	10 Years	10 Years
ii. Carpeted Roads- other than RCC	5 Years	5 Years
(b) Non-Carpeted roads	3 Years	3 Years

The residual values of the tangible assets are not more than 5% of the original cost of the asset. The depreciation is calculated as per Useful life mentioned in above table on the net value of original cost and residual value.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Assets costing individually Rs 10,000 or less, are depreciated in full in the year of purchase.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in profit or loss within Other Income.

i) Intangible assets: Acquired intangible assets

Intangible Assets are stated at acquisition cost less accumulated amortization and impairment losses, if any. Amortization period and amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is materially different from previous estimates, the amortization period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognized as income or expense in the Statement of Profit and Loss.

Intangible assets include rights to technical know-how under a technology transfer agreement which is amortized over the period of the agreement. The estimated useful lives of other intangible assets are as follows:

Assets	Useful life (in years)
Computer software	3 – 7
Technology transfer (TOT)	5-7
Patent	5-7
Copyrights	5-7

j) Research and Development Expenditure:

Development costs that are directly attributable to the design and testing of identifiable and unique intangible assets controlled by the group are recognised as intangible assets where the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the intangible asset and use or sell it
- there is an ability to use or sell the asset
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the asset are available, and
- the expenditure attributable to the asset during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the intangible asset include employee costs and an appropriate portion of relevant overheads.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is available for use.

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

k) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

l) Provisions and contingent liabilities

Provisions for legal claims and service warranties are recognized when the Company has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at undiscounted amounts since the impact of discounting is not material.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

m) Employee benefits

On corporatization of the production facilities of erstwhile OFB, the employees of erstwhile OFB have been transferred to the Company on deemed deputation on an initial period of two years vide the Ministry of Defence's Office Memorandum (OM) No. 1(5)/2021/OF/DP(Plg-V)/02 dated September 24, 2021. As per the said OM, the employees continue to be the Central Government employees and therefore the pay allowances, leave, medical facilities and pension liability continue to be the obligation of the Central Government. The Central Government charges the deputation charges to the Company. Given the substance of the expense, these expenses have been presented as employee benefit expenses in the financial statements. This has been extended till 31.12.2025 vide Letter No.: 1(5)/2023/EGoM/Deemed Deput./OF/DP(M&P) dated 09.09.2024.

n) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest Crores as per the requirements of Schedule III, unless otherwise stated.

3. Critical estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed.

In the process of applying the Company's accounting policies, management has made the following judgements, which have the material effect on the amounts recognized in the financial statements:

Provision for warranty

The Company provides for lifetime warranty on its products against deemed contracts with the Indian Armed Forces transferred from the erstwhile OFB. The Company adjusted the net assets transferred from the erstwhile OFB by providing for warranty provision as of the transfer date at an amount based on the best estimate of the amount likely to be settled in case of products whose shelf-life is not over as of the transfer date. Cost of supplies made against these warranties are adjusted against estimated provision.

For sales other than deemed contracts, provision for warranties is recognized over the period of warranty. In absence of the appropriate historical data, the Management has estimated a flat rate of 1% and 2% on sales value of export sales and other than export sales excluding deemed contract for warranty provision.

Long Term Contracts

The company have long-term contracts only with government entities. During the year, the government has compensated for loss in revenues in the form of price escalation with annual assured inflationary rights along with profit element. Hence, no foreseeable loss exists as on March 31, 2025.

4 (a) Property, plant and equipment

Year ended 31 March 2025

Particulars	Land	Buildings	Plant and Machinery	Vehicles	Computer & Hardware	Office Furniture and fixtures	Office Equipment	Other Items	Total	Capital work-in-progress
Gross carrying amount										
Opening gross carrying amount	73.09	1,855.82	1,852.28	68.50	11.01	7.35	3.63	0.08	3,871.77	1,616.39
Additions	-	77.21	121.77	11.52	15.09	3.55	3.11	0.69	232.93	723.42
Transfers	-	2.59	0.20	-	0.01	0.01	0.00	-	2.82	120.58
Disposals	0.00	4.09	25.27	2.74	0.07	0.01	0.01	-	32.19	-
Adjustment	(0.02)	62.07	199.98	0.52	1.69	1.08	0.71	0.45	266.48	-
Closing gross carrying amount as at 31-03-2025	73.07	1,988.42	2,148.56	77.78	27.70	11.97	7.45	1.22	4,336.17	2,219.23
Accumulated depreciation										
Opening accumulated depreciation	-	147.63	323.63	31.04	3.04	1.41	1.77	0.08	508.61	-
Charge for the period	-	45.46	116.82	6.56	5.31	2.06	1.28	0.61	178.10	-
Disposals	-	2.32	13.64	2.29	0.02	0.01	0.17	-	18.45	-
Adjustment	-	82.43	190.79	4.69	1.34	1.00	0.61	-0.02	280.84	-
Closing accumulated depreciation	-	273.21	617.60	40.01	9.67	4.46	3.50	0.66	949.11	-
Net carrying amount	73.07	1,715.21	1,530.96	37.77	18.03	7.51	3.95	0.56	3,387.06	2,219.23

Refer to material accounting policy no. 2.2.h on Property plant and Equipment

Disclosure:

1. Detailed description of freehold land is provided in note "40(c) Other regulatory"
2. Impairment is tested as per material accounting policy and no assets were impaired during the year.

Year ended 31 March 2024

Particulars	Land	Buildings	Plant and Machinery	Vehicles	Computer & Hardware	Office Furniture and fixtures	Office Equipment	Other Items	Total	Capital work-in-progress
Gross carrying amount										
Opening gross carrying amount	73.09	1,748.09	1,665.53	37.23	4.59	2.06	1.64		3,532.23	1,409.65
Additions	-	123.11	134.91	15.63	6.23	5.22	1.11	0.08	286.30	399.90
Transfers	-	-	-	-	0.00	-	-	-	0.00	-193.16
Disposals	-	9.14	3.03	0.11	0.33	0.01	-	-	12.62	-
Adjustment	-	-6.24	54.87	15.74	0.52	0.08	0.88	-	65.86	
Closing gross carrying amount as at 31-03-2024	73.09	1,855.82	1,852.28	68.50	11.01	7.35	3.63	0.08	3,871.77	1,616.39
Accumulated depreciation										
Opening accumulated depreciation	-	55.47	160.40	9.31	1.16	0.37	0.34	-	227.05	-
Charge for the period	-	41.41	117.37	8.34	1.59	1.06	0.49	0.08	170.35	-
Disposals	-	0.07	2.01	0.02	0.00	-	-	-	2.10	-
Adjustment	-	50.82	47.87	13.40	0.29	-0.02	0.95	-	113.31	
Closing accumulated depreciation	-	147.63	323.63	31.04	3.04	1.41	1.77	0.08	508.61	-
Net carrying amount	73.09	1,708.19	1,528.66	37.45	7.97	5.95	1.86	-0.00	3,363.16	1,616.39

4 (b) Property, plant and equipment

Year ended 31 March 2025

Capital work-in-progress comprises of :

Particulars	As at March 31, 2025	As at March 31, 2024
Buildings	254.11	739.56
Plant and Machinery	1,965.12	876.83
Total	2,219.23	1,616.39

Capital work-in-progress ageing schedule

As at 31 March 2025

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress					
Large calibre ammunition facilities	180.85	66.87	202.92	588.56	1,039.21
Rocket production facilities	-	-	-	1.90	1.90
Other plant and equipment and building construction in progress	421.99	254.61	227.88	273.63	1,178.12
Total	602.84	321.48	430.80	864.11	2,219.23

As at 31 March 2024

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress					
Large calibre ammunition facilities	66.87	202.92	125.53	463.23	858.36
Rocket production facilities	-	-	-	1.90	1.90
Other plant and equipment and building construction in progress	254.61	227.88	155.30	118.33	756.13
Total	321.48	430.80	280.63	583.48	1,616.39

Refer to material accounting policy no. 2.2.i on Property plant and Equipment

Impairment is tested as per material accounting policy and no assets were impaired during the year. Certain projects have exceeded their original time estimates. However, these are expected to be completed within revised time estimate.

Refer note 40(d) for capital commitment

4 (c) Intangible assets

Year ended 31 March 2025	Intangible asset
Gross carrying amount	
Opening Gross carrying amount	101.16
Additions	3.13
Disposals	0.66
Adjustment	6.16
Closing gross carrying amount	109.79
Opening Accumulated amortisation	38.46
Charge for the year	10.64
Adjustment	14.68
Closing accumulated amortisation	63.78
Net carrying amount	46.01

Year ended 31 March 2024	Intangible asset
Gross carrying amount	
As at 31 March 2023	98.200
Additions	4.57
Disposals	1.50
Adjustment	0.11
Closing gross carrying amount	101.16
Accumulated amortisation	26.92
Charge for the year	11.54
Closing accumulated amortisation	38.46
Net carrying amount	62.70

4 (d) Intangible assets under development

Particulars	As at March 31, 2025	As at March 31, 2024
Opening balance	100.99	56.46
Addition	78.81	44.53
Transfers	0.45	
Closing balance	179.35	100.99

Intangible under development ageing schedule

As at 31 March 2025

Particulars	Amount in Intangible under development for a period of				
	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress					
Technology related to products and other intangible	78.36	44.53	56.46	-	179.35
Total	78.36	44.53	56.46	-	179.35

As at 31 March 2024

Particulars	Amount in Intangible under development for a period of				
	Less than 1 year	1-2 year	2-3 year	More than 3 year	Total
Projects in progress					
Technology related to products	44.53	56.46	-	-	100.99
Total	44.53	56.46	-	-	100.99

Refer to material accounting policy no. 2.2.j on Intangible Assets under development

Certain projects have exceeded their original time estimates. However, these are expected to be completed within revised time estimate.

All expenses capitalised in intangible asset under development pertains to development expenses.

Impairment is tested as per material accounting policy and no assets were impaired during the year

5 Non-current inventories

Particulars	31 March 2025	31 March 2024
Investment in associate - carried at cost		
Unquoted		
80,000 equity shares of Indo-Russian Rifles Private Limited	0.80	0.80
Total	0.80	0.80
Aggregate amount of quoted investments	-	-
Aggregate market value of quoted investments	-	-
Aggregate amount of unquoted investments	0.80	0.80
Aggregate amount of impairment in the value of investments	-	-

Refer to material accounting policy no. 2.2.f on financial assets

The Company acquired 8% equity interest in Indo Russian Rifles Private Limited (IRRPL) as a part of reorganisation of OFB. The Company has also nominated one of the directors on the board of directors of IRRPL. The Management has determined that the equity investment in IRRPL together with representation on the board, does not provide it the ability to exercise significant influence over IRRPL accordingly the management has determined it is not an associate of the company.

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:

- (a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding."

6 Other non-current assets

Particulars	31 March 2025	31 March 2024
(I) Capital advances	10.26	7.54
(II) Advances other than capital advances	2.04	2.00
- Security Deposits		
(III) Other non current asset	0.00	12.95
(a) Other Long outstandings	-	18.02
(b) Non Current Inventories- Raw Material	-	-
Total	12.29	40.51

7 Inventories

Particulars	31 March 2025	31 March 2024
Raw materials	3,006.08	3,007.09
Work-in-progress	786.97	1,209.13
Finished goods	413.61	306.89
Total	4,206.67	4,523.11

Refer to material accounting policy no. 2.2.e on inventory

The above inventories include goods-in-transit as follows:

Particulars	31 March 2025	31 March 2024
Raw materials	533.13	588.80
	533.13	588.80

8 Trade receivables

Particulars	31 March 2025	31 March 2024
Trade receivables from contracts with customers - billed	1,437.89	1,437.71
Total	1,437.89	1,437.71

Break-up of security details

Particulars	31 March 2025	31 March 2024
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	1,437.89	1,437.71
Trade Receivables that have an increase in Credit Risk that is significant	-	-
Trade Receivables – Credit Impaired	-	-
Total	1,437.89	1,437.71
Less: Loss allowance	-	-
Total Trade receivables	1,437.89	1,437.71

As at 31 March 2025

Particulars	Not due	Outstanding for following periods from due date of payments					
		Less than 6 Months	6 Months 1 years	1-2 year	2-3 year	More than 3 year	Total
Trade receivables	-	-	-	-	-	-	-
Undisputed trade receivables-considered good	-	808.15	254.48	163.27	22.22	189.76	1,437.89
Total	-	808.15	254.48	163.27	22.22	189.76	1,437.89

As at 31 March 2024

Particulars	Not due	Outstanding for following periods from due date of payments					
		Less than 6 Months	6 Months 1 years	1-2 year	2-3 year	More than 3 year	Total
Trade receivables	-	-	-	-	-	-	-
Undisputed trade receivables-considered good	-	1,194.86	68.27	148.89	25.69	-	1,437.71
Total	-	1,194.86	68.27	148.89	25.69	-	1,437.71

9 Cash and cash equivalents

Particulars	31 March 2025	31 March 2024
Balances with banks		
- in current accounts	1,026.95	244.00
- in EEFC account	867.81	240.78
-Deposits with maturity of less than twelve months	4,250.55	3,015.52
Cash on hand	0.00	0.02
Total	6,145.31	3,500.32

10 Bank balances other than cash and cash equivalents

Particulars	31 March 2025	31 March 2024
Earmarked balances with banks	-	221.00
Total	-	221.00

Amount of Rs Nil (Rs 172.33 Crore) is lien marked against the above referred FDs

11 Other current financial assets

Particulars	31 March 2025	31 March 2024
Security deposits	14.55	10.37
Others	239.64	3.85
Receivables from government	61.11	116.65
Total	315.31	130.87

Other current financial assets includes rent receivable etc.

12 Other current assets

Particulars	31 March 2025	31 March 2024
Advances to vendors	462.05	831.69
Capital advance	-	5.42
Balances with government authorities	559.11	353.62
Other current assets	129.39	211.78
Totals	1,150.55	1,402.51

13 Equity share capital

a) Authorised share capital

Particulars	Number of shares	Amount
As at 31 March 2024	42,00,00,00,000	42,000.00
Changes during the period	-	-
As at 31 March 2025	42,00,00,00,000	42,000.00

Particulars	Number of shares	Amount
As at 31 March 2023	42,00,00,00,000	42,000.00
Changes during the period	-	-
As at 31 March 2024	42,00,00,00,000	42,000.00

b) Issued, subscribed and paid-up share capital

Particulars	Number of shares	Amount
As at 31 March 2024	34,31,46,60,000	3,43,14,66,00,000.00
Changes during the period	1,33,07,00,000	13,30,70,00,000.00
As at 31 March 2025	35,64,53,60,000	3,56,45,36,00,000.00

Terms/ rights attached to equity shares

Equity shares have a par value of INR 10. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

c) Details of equity shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	31 March 2025		31 March 2024	
	Number of shares	% of holding	Number of shares	% of holding
Government of India	35,64,53,60,000	100%	34,31,46,60,000	100%

The Government of India, being the Promoter, holds 100% of Shares as on 31 March 2025.

d) Equity share pending issue on business reorganisation

Particulars	31 March 2025	31 March 2024
Opening balance	5.25	5.25
Equity share pending issue on business reorganisation	-	-
Transferred to application money pending allotment	-	-
Subtotal	5.25	5.25
Issue of equity shares	(5.25)	-
Closing balance	0.00	5.25

e) Share application money pending allotment

Particulars	31 March 2025	31 March 2024
Application money received	490.83	1,070.83

Disclosure: The shares will be issued only once approval is received from Government of India .

f) Aggregate number of shares issued for consideration other than cash

Particulars	31 March 2025	31 March 2024
Equity share issued on business reorganisation	32,50,53,50,000	32,50,53,50,000.00

14 Other equity

Particulars	31 March 2025	31 March 2024
(a) Capital reserve	(27,425.16)	(27,425.16)
(b) Retained earnings	1,493.68	653.82
Total	(25,931.48)	(26,771.34)

a) Capital Reserve

Particulars	31 March 2025	31 March 2024
Opening balance	(27,425.16)	(27,425.16)
Other Adjustment	-	-
Closing balance	(27,425.16)	(27,425.16)

Capital reserve represents the difference between the net assets transferred to the Company on business reorganisation of Ordnance Factory Board and the consideration issued.

b) Retained earnings:

Particulars	31 March 2025	31 March 2024
Opening balance	653.82	95.04
Profit for the year/period	839.86	558.78
Closing balance	1,493.68	653.82

15 Other non-current financial liabilities

Particulars	31 March 2025	31 March 2024
Security deposit payable	4.66	6.97
PGDM Caution Money Payable	0.14	-
Total	4.80	6.97

16 Non-current provisions

Particulars	31 March 2025	31 March 2024
Provision for warranty	2,692.11	2,783.90
Total	2,692.11	2,783.90

Refer to material accounting policy no. 3 on critical estimates and judgements (provision for warranties)

Movements in Warranty provisions

Particulars	Product warranties
As at 31 March 2024	2,783.90
Less: Provision utilised during the year	127.73
Less: Provision reversed during the year	17.20
Add: Provision for the year	53.14
As at 31 March 2025	2,692.11
As at 31 March 2023	2,917.62
Less: Provision utilised during the year	155.34
Less: Provision reversed during the year	-
Add: Provision for the year	21.62
As at 31 March 2024	2,783.90

17 Deferred tax liabilities

The balances comprises temporary differences attributable to :

Particulars	31 March 2025	31 March 2024
Deferred tax liabilities		
Property, plant and equipment and intangible assets	885.79	599.58
Deferred tax assets		
Provision for Warranties	56.45	21.62
Disallowance u/s 43B	40.84	14.60
Net DTL/(DTA)	788.50	563.36
Tax rate @25.168%	198.45	141.78
Opening balance of DTL	141.78	13.97
Net deferred tax	56.67	127.81

Refer to material accounting policy no. 2.2.d on deferred tax

18 Trade payables

Particulars	31 March 2025	31 March 2024
Trade payables		
(a) Micro and small enterprises (MSME)	91.45	57.78
(b) Other than micro and small enterprises	1,295.02	1,099.99
Total	1,386.48	1,157.77

Aging of trade payables

As at 31 March 2025

Particulars	Unbilled	Not due	Less than 1 years	1-2 year	2-3 year	More than 3 year	Total
Trade payables							
Undisputed-MSME	-	-	90.79	0.84	0.18	0.18	91.99
Undisputed-Others	-	-	1,007.64	52.35	56.60	177.90	1,294.49
Disputed dues- MSME	-	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	-	-
Total	-	-	1,098.43	53.19	56.78	178.08	1,386.48

As at 31 March 2024

Particulars	Unbilled	Not due	Less than 1 years	1-2 year	2-3 year	More than 3 year	Total
Trade payables							
Undisputed-MSME	-	-	54.57	0.80	0.26	2.15	57.78
Undisputed-Others	-	-	858.49	193.64	30.56	4.84	1,087.53
Disputed dues- MSME	-	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	12.46	12.46
Total	-	-	913.06	194.44	30.82	19.45	1,157.77

Refer to material accounting policy no. 2.2.k. on Trade and other payables

The details of dues to micro enterprises and small enterprises (MSME) as defined under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') and disclosures pursuant to the MSMED Act are as follows:

Particulars	31 March 2025	31 March 2024
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	91.99	57.78
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
Interest accrued and remaining unpaid at the end of the accounting year	2.00	0.86
Amount of further interest remaining due and payable even in the succeeding years	-	-

Note: The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent available with the Company based on confirmations received by the Company for the enterprises having been registered under the said Act.

19 Other financial liabilities - current

Particulars	31 March 2025	31 March 2024
Payable to employees	221.24	222.32
Labour Contractor Charges payable	0.04	0.88
Payable to Government	0.04	0.04
Earnest money payable	0.29	0.27
Audit fee payable	0.17	0.18
Electricity charges payable	3.57	3.69
Profit transfer to DPSU*	27.89	-
Security expenses Payable	26.63	-
Water charges payable	0.10	0.09
Security deposit payable	2.73	4.40
Other sundries	107.33	60.93
Total	390.02	292.80

* in the current year, the amount has been accrued on the crystalised liability and therefore booked under Other financial liabilities - current

20 Other Current liabilities

Particulars	31 March 2025	31 March 2024
Advance from customers	3,615.68	2,949.73
Statutory dues	165.43	146.76
Other sundries	25.64	12.33
Total	3,806.75	3,108.82

Contract liabilities

Particulars	31 March 2025	31 March 2024
Opening balance	2,949.73	3,299.12
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	(2,763.20)	(2,460.22)
Increase due to cash received or invoices raised in the year for performance obligations not recognised in revenue	3,429.15	2,110.83
Closing balance	3,615.68	2,949.73

21 Provisions

Particulars	31 March 2025	31 March 2024
Security expenses payable	23.66	103.14
CSR provision	-	2.39
Provision for rate differences*	-	161.01
Other sundries	167.79	0.89
MSME Interest	1.98	-
Total	193.43	267.43

Refer to material accounting policy no. 2.2.1. on provisions and contingent liabilities

* in the previous year, the amount has been booked based on estimation and therefore booked under Provisions.

22 Current tax liabilities (Net)

Particulars	31 March 2025	31 March 2024
Current tax provision	223.71	21.19
Total	223.71	21.19

Refer to material accounting policy no. 2.2.d on income tax

23 Revenue from operations

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Revenue from contracts with customers		
Sale of products - at a point in time	8,123.57	7,141.79
Sales of service	3.53	1.68
Other operating revenue		
Sale of scrap	85.71	78.11
Others	1.30	-
Total	8,214.10	7,221.58

Refer to material accounting policy no. 2.2.b on revenue recognition

As at 31 March 2025

Particulars	Domestic		Other	Total
	Defence	Non-Defence	Export	
Sale of Products	2,823.51	2,223.97	3,076.08	8,123.57
Total	2,823.51	2,223.97	3,076.08	8,123.57

As at 31 March 2024

Particulars	Domestic		Other	Total
	Defence	Non-Defence	Export	
Sale of Products	3,684.54	1,760.37	1,696.87	7,141.79
Total	3,684.54	1,760.37	1,696.87	7,141.79

24 Other income

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Rental Income	10.43	9.22
Utility charges	3.45	21.55
Miscellaneous income	87.76	7.25
Interest income on fixed deposits, being financial assets carried at amortised cost	254.43	209.84
Net exchange gain	29.60	25.08
Liquidation damages recovered	16.00	20.53
Net gain on sale of Property, plant and equipment	2.13	2.61
Other recovery	10.74	7.29
Export incentive*	20.50	9.67
Contribution towards sports event	0.27	
Total	435.03	313.04

* The duty drawback incentive is accounted on cash basis

25 Cost of materials consumed

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Raw materials at the beginning of the Year/period	2,821.76	2,636.93
Add: Purchases	3,638.01	3,694.80
Less: Raw materials at the end of the year/period	3,006.08	2,821.75
Total cost of materials consumed	3,453.68	3,509.98

Refer to material accounting policy no. 2.2.c on purchases

Refer to material accounting policy no. 2.2.e on inventory

26 Changes in inventories of work-in-progress and finished goods

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Opening balance		
Work-in-progress	1,209.13	1,387.42
Finished goods	306.89	320.17
Total	1,516.02	1,707.59
-		
Closing balance		
Work-in-progress	786.97	1,209.13
Finished goods	413.61	306.89
Total closing balance	1,200.58	1,516.02
-		
Total changes in inventories of work-in-progress and finished goods	315.45	191.57

27 Employee benefit expenses

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Salaries, wages and bonus	2,337.94	2,161.34
Other Allowance	18.78	-
Total	2,356.71	2,161.34

Refer to material accounting policy no. 2.2.m. on employee benefits

28 Finance Cost

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Finance Cost	4.05	2.16
Total	4.05	2.16

29 Depreciation and amortisation expense

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Depreciation on property, plant and equipment	187.52	171.65
Amortisation of intangible assets	10.64	11.54
Total	198.16	183.19

Refer to material accounting policy no. 2.2.h on Property plant and Equipment

30 Other expenses

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Power & fuel	104.80	122.94
Transportation charges	60.46	42.33
Advertisement	0.40	0.01
Printing & Stationary	2.25	2.96
Rent, Rates & Taxes	30.86	25.93
Contract Labour	108.98	97.65
Water Charges	32.19	35.33
Repairs & Maintenance - Building	50.71	49.88
Repairs & Maintenance-Other	10.05	7.30
Repairs & Maintenance-P&M	14.75	4.94
Travelling expenses	4.37	10.62
Telephone expenses	2.12	1.62
Electricity expenses	77.51	41.24
IT expenses	5.09	3.41
Legal and professional fees	30.83	8.00
Property tax	29.83	29.83
Security expenses	258.16	234.71
Hiring expenses	0.74	1.04
Refabrication expenses	-	0.21
Exhibition expenses	2.49	3.87
Fine Penalties and statutory payments	2.29	9.27
Miscellaneous expenses	62.44	64.40
Corporate social responsibility expenditure	7.03	2.44
Export commission	107.29	75.74
Warranty Expense	35.94	21.62
Sports realated expense	0.27	-
Total	1,041.85	897.31

30(a) Details of payments to auditors*

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
Statutory audit fee	0.55	0.33
Tax audit fee	0.08	0.08
Total	0.63	0.41

* Included in legal and professional fees and Miscellaneous expenses under note 30

30(b) Corporate social responsibility expenditure

As per Section 135 of the Companies Act, 2013, Company is required to spend 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The details of amount spent on CSR activities are as under:

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
(i) Amount required to be spent by the company during the year	9.42	2.99
(ii) Amount of expenditure incurred	2.69	0.60
- Construction/acquisition of new asset	-	-
- On purpose other than (i) above	2.74	-
(iii) Shortfall/(Excess) at the end of the year	6.73	2.39
(iv) Total of previous years shortfall/(Excess) (which is included in above)	2.39	0.15
(v) Reason for shortfall	The company had deposited a sum of Rs 6.14 Cr out of total shortfall of Rs. 6.73 Cr which needs to be deposited in Special Account(CSR Account) subsequent to the year-end; within the timelines as prescribed in section 135 Companies Act, 2013 and rules related to CSR.	
(vi) Nature of CSR activities	The Company undertakes impactful social project which are in alignment with the areas specified under schedule VII of companies Act 2013 of which the company taken up CSR project largely in the four core thrust areas of education, water conservation, health and sanitation and community development.	
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NA	
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	NA	

31 Exceptional Items

Particulars	As on 31st March 2025			As on 31st March 2024		
	Dr	Cr	Total	Dr	Cr	Total
Prior period expenses	0.71	24.38	23.06	10.60	58.61	48.01
Current asset/liabilities written back/off	93.32	121.57	28.85	6.11	56.46	50.35
Unreconciled duties and taxes	18.01	-	(18.01)	27.47	125.23	97.76
Adjustments in PPE	22.75	-	(22.75)	44.34	9.75	-34.59
Write off adjustment related to PPE	4.14	-	(4.14)			
Total	138.93	145.95	7.02	88.52	250.05	161.53

32 Income tax expense

The major components of income tax expense recognised in the statement of profit and loss are as follows:

Profit and Loss section	Year ended 31 March 2025	Year ended 31 March 2024
Income tax expense		
Current income tax	390.00	64.00
Deferred income tax	56.67	127.81
Total	446.73	191.81

33 Fair value measurements

Financial assets and liabilities at amortised cost

Particulars	Year ended 31 March 2025	Year ended 31 March 2024
<u>Financial assets</u>		
Trade receivables	1,437.89	1,437.71
Cash and cash equivalents	6,145.31	3,500.32
Other financial assets	315.72	130.87
Total financial assets	7,898.92	5,068.90
<u>Financial liabilities</u>		
Trade payables	1,386.48	1,157.77
Security deposits	7.52	7.44
Payable to employees	221.24	222.32
Payable to Government	0.04	0.04
Earnest Money Payable	0.29	0.27
Electricity charges payable	3.57	3.69
Security expenses Payable	26.63	-
Water charges payable	0.10	0.09
Other sundries	107.33	70.01
Total financial liabilities	1,753.19	1,461.63

Fair value of financial assets and liabilities measured at amortised cost

The fair values of all financial instruments carried at amortised cost are not materially different from their carrying amounts since they are either short-term in nature or the interest rate applicable are not materially different from the current market rate of interest. There are no financial instruments measured under the category of Fair value through Profit and Loss and Fair value through other comprehensive income.

34 Financial risk management

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

A Credit risk

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

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

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

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

Exposure to credit risk

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

B Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and deposits and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to pay out obligations. Due to the dynamic nature of the underlying businesses, group ensures availability of funds by managing the working capital by accepting the order for production of goods after getting 60% of order value as advance from customers.

Management monitors rolling forecasts of the group's liquidity position and cash and cash equivalents on the basis of expected cash flows. The group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet this. The group invests its surplus funds in bank fixed deposits.

Maturities of financial liabilities

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

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

As at March 31, 2025	Total	Less than 3 months	3 to 12 months	1 to 5 years	< 5 years
Trade payables	1,386.48	-	1,386.48	-	-
Security deposits	7.52	2.73	4.80	-	-
Payable to employees	221.24	221.24	-	-	-
Electricity charges payable	3.57	3.57	-	-	-
Security expenses Payable	26.63	-	26.63	-	-
Water charges payable	0.10	0.10	-	-	-
Payable to Government	0.04	0.04	-	-	-
Earnest Money Payable	0.29	0.29	-	-	-
Other sundries	107.33	107.33	-	-	-
Total	1,753.19	335.29	1,417.91	-	-

As at March 31, 2024	Total	Less than 3 months	3 to 12 months	1 to 5 years	< 5 years
Trade payables	1,157.77	-	1,157.77	-	-
Security deposits	7.44	0.47	7.44	6.97	-
Payable to employees	222.32	222.32	-	-	-
Other sundries	70.01	70.01	-	-	-
Total	1,457.54	292.80	1,165.21	6.97	-

C Market Risk

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

(i) Foreign currency risk

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

The group has both import and export transactions in foreign currencies. The imports are higher than the exports and hence the group has foreign currency exposure to the extent of purchases being higher than exports.

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

Particulars	As at March 31, 2025	As at March 31, 2024
Financial assets		
Trade Receivables		
EURO	0.01	2.34
USD	98.50	587.26
Bank Balances		
USD	703.24	24.00
EURO	164.57	
Net exposure to foreign currency risk (assets)	966.32	613.59
Trade payables		
EURO	1.42	-2.88
USD	48.73	60.79
Capital creditors		
EURO	-	-
Net exposure to foreign currency risk (liabilities)	50.15	57.91

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

	Impact on profit	Impact on profit
	As at March 31, 2025	As at March 31, 2024
Increase by 5%		
*EURO	8.16	0.26
USD	37.65	27.52
Decrease by 5%*		
EURO	(8.16)	(0.26)
USD	(37.65)	(27.52)

*Holding all other variables constant

35 Capital management

The group's objectives when managing capital are to:-safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and -Maintain an optimal capital structure to reduce the cost of capital.

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

36 (a) Segment reporting

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

(b) (i) Provision for employee benefit obligation

On corporatization of the production and non-production facilities of erstwhile Ordnance Factory Board (OFB), the employees of erstwhile OFB have been transferred to the Company on deemed deputation for an initial period of two years vide the Ministry of Defence's Office Memorandum (OM) No. 1(5)/2021/OF/DP(Plg-V)/02 dated September 24, 2021. As per the said OM, all such employees continue to be the Central Government employees and therefore their respective certain pay allowances, leave, medical facilities and pension liability continue to be the obligation of the Central Government. Since the Company is not required to fulfil these obligations, provision for certain employee benefits as per IND-AS 19 namely, provision for gratuity, leave encashment and other retirement benefits and allowances, are not recognized in the financial statements. This has been extended till 31.12.2025 vide Letter No.: 1(5)/2023/EGoM/Deemed Deput./OF/DP(M&P) dated 09.09.2024.

Further company has employed 12 employees on contractual basis for which provision of gratuity and leave encashment has been carried out based on actuarial valuation.

(b) (ii) Companies Act, 2013 Non-Compliance

As per provisions of Section 149 and Section 177 of the Companies Act 2013, the group is required to appoint Independent Directors and at least one-woman director, and constitute Audit Committee, Nomination and Remuneration committee, CSR Committee respectively. However, being a Government Company and Defence Public Sector Unit, the group is required to complete certain administrative procedures related appointment of directors including Independent Directors and Woman Director. Due to pendency of such procedures, the Company was not able to appoint Independent Directors including woman director. The group has constituted an audit committee which is not in compliance with section 177(2), 178(1) and 135 of the Act and rules made thereunder the composition of BOD is not in compliance with provision of Companies Act 2013 and DPE guidelines on corporate governance for CPSEs. the group has also not complied with clause VII of schedule IV of the Companies Act, 2013 regarding holding of meeting of independent directors without the attendance of non-independent directors and members of the management. The Management has made necessary applications with the government in this regard. The Management believes that aforesaid noncompliance will not require material adjustment to the Financial Statements. The BOD of company was not duly constituted with proper balance of executive directors and non-executive directors. As appointment of board of directors is directly controlled by MOD and the company is not able to appoint such directors.

37 Related party transactions

The Company is controlled by the Government of India.

Name of the related parties and nature of relationship

(a) Key Management Personnel

Shri. Debashish Banerjee	Additional charge as CMD (from 01/04/2024 to 30/11/2024)
Shri. Debashish Banerjee	Director/Human Resources (from 01/04/2024 to 30/11/2024)
Shri. Prakash Agarwala	Additional charge as CMD (01/12/2024 to 31/03/2025)
Shri. Prakash Agarwala	Director/Finance/CFO (from 01/04/2024 to 31/03/2025)
Shri. Prakash Agarwala	Director/Operations (from 01/04/2024 to 07/11/2024)
Shri Rakesh Ojha	Director/Operations (from 08/11/2024 to 31/03/2025)
Shri Nandkishor Prabahakar Naik	Director/Human Resources (from 05/02/2025 to 31/03/2025)
Shri Anurag Bajpai	Nominee Director (from 01/04/2024 to 04/08/2024)
Shri Amit Satija	Nominee Director (from 14/08/2024 to 31/03/2025)
Shri E. J. Paul	Company secretary (from 01/04/2024 to 31/03/2025)

Key management personnel compensation	31 March 2025	31 March 2024
Short term employee benefits	1.17	1.54
Total	1.17	1.54

(b) As Munitions India Limited is a government entity under the control of Ministry of Defence (MoD), the company has availed exemption from detailed disclosures required under Ind AS 24 with respect to related party transactions with government and government related entities.

However as required under Ind AS 24, following are the individually significant transactions: Approximately 51% of the Company's turnover and trade receivables and 75% of customer advances are with respect to government and government related entities.

38 Contingent Liabilities

Key management personnel compensation	31 March 2025	31 March 2024
(i) Contingent liabilities:	-	-
Legal claim involves court cases for pay and allowances, penalty in disciplinary cases, arbitration in purchases and pay fixation etc.	76.59	10.50
Legal claim involves court cases for pay and allowances, arbitration in purchases, pay fixation and GST department etc.	143.99	15.01
Bank Guarantees	1,017.71	184.95
Letter of Credit	590.78	945.58
Total	1,829.08	1,156.04

Refer to material accounting policy no. 2.2.1. on provisions and contingent liabilities

Refer to note number 14 for security against the letter of credit amounting to Rs 172.33 Cr included above for FY 2023-24 and for current year NIL.

The sanction is from the facility provided by SBI.

39 Earnings per share

Particulars	31 March 2025	31 March 2024
(a) Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	839.86	558.78
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	34,42,08,80,000	34,24,03,61,370
Basic earnings per share in INR	0.24	0.16
(b) Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	839.86	558.78
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	34,91,17,11,823	34,77,43,75,753
Diluted earnings per share in INR	0.24	0.16

40 Additional regulatory information required by Schedule III

(a) Financial Highlights

Sr.No.	Particulars	Year ended 31 March 2025	Year ended 31 March 2024	Variance (%)
A	Statement of Profit and Loss			
1	Revenue from Operations	8,214.10	7,221.58	14%
2	Other Income	435.30	313.04	39%
	Total Income	8,649.14	7534.618473	15%
3	Total Expense	7,369.90	6,945.56	6%
	Profit before Tax	1,279.51	589.06	117%
	Exceptional item	7.02	161.53	-96%
	Profit After Tax	839.86	558.78	50%
	Earning per share	0.24	0.16	52%

Sr.No.	Particulars	Year ended 31 March 2025	Year ended 31 March 2024	Variance (%)
B	Balance Sheet			
	Assets			
1	Property, plant and equipment/ Intangible Asset/ CWIP	5,831.64	5,143.24	13%
2	Inventories	4,206.67	4,523.11	-7%
3	Investment	0.80	0.80	0%
4	Other Asset	1,162.43	1,443.02	-19%
5	Financial Assets	7,898.92	5,289.90	49%
	Total	19,100.46	16,400.07	16%
	Liabilities			
6	Equity	10,204.71	8,619.40	18%
7	Non-Current Liability	2,895.36	2,932.65	-1%
8	Current Liabilities	6,000.38	4,848.01	24%
	Total	19,100.46	16,400.07	16%

b) Financial Ratios

Sr. No.	Ratio	Numerator	Denominator	31 March 2025		31 March 2025	31 March 2024	% Variance	Reason for variance
				Numerator	Denominator	Ratio	Ratio		
1	Current Ratio	Current Assets	Current Liabilities	13,255.72	6,000.38	2.21	2.31	-4%	Not applicable as variance is less than 25%
2	Return on Equity Ratio	Net Profits after taxes	Shareholders Funds	839.86	10,204.71	8.23%	6.48%	27%	Revenue from operations have increased resulting in operating profit
3	Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	3,769.13	4,364.89	0.86	0.84	3%	Due to increase in revenue from operations, the cost of goods sold have also increased.
4	Trade Receivable Turnover Ratio	Revenue from operations (gross)	Average Trade Receivable	8,214.10	1,437.80	5.71	5.08	12%	Not applicable as variance is less than 25%
5	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payable	1,455.20	1,272.13	1.14	1.50	-24%	Not applicable as variance is less than 25%
6	Net Capital Turnover Ratio	Revenue from operations (gross)	Current Assets - Current Liabilities	8,214.10	7,255.34	1.13	1.13	0%	The increase is due to increase in revenue from operations

7	Net Profit Ratio	Net Profits after taxes	Revenue from operations (gross)	839.86	8,214.10	10.22%	7.74%	32%	Due to increase in revenue from operations and operating profit, the net profit after taxes have also increased
8	Return on Capital Employed	Earning before interest and taxes	Total Assets - Current & Non-current Liabilities	1,283.56	10,204.71	12.58%	6.86%	83%	Due to increase in revenue from operations, EBITDA has increased.
9	Return on Investment	Earning before interest and taxes	Total Assets	1,283.56	19,100.46	6.72%	3.60%	87%	Due to increase in revenue from operations, EBITDA has increased.

Note: Following ratios have not been disclosed since they are not applicable to the Company

Debt Equity Ratio

Debt Service Coverage ratio

(c) Other regulatory information

(i) Title deeds of immovable properties not held in name of the group

The title deeds of all the immovable properties as disclosed in notes to the financial statements, are held in the name of the company, except for lands measuring 43146.79 Acres situated at respective factories location, out of which land mass having areas 39883.836 are still held in the name of Government of India and the transfer process is in progress.

Name of the unit	Description of Property (Land)	Area in acre	Location	Gross Carrying Value (INR)	Title Deed held in name of	Whether title deed holder is promoter, director, relative or employee	Property held since	Is this Deed in name of Company?	Reason for not being held in the name of the company
AFK	Land	126.873	Bhosari, Wadmukhwadi	Amount is not ascertained	Private owners & Govt. of India	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFBA	Land	4737.85	Ordnance Factory Bhandara Dist. Bhandara Maharashtra-441906	25,78,685	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFBL	Land	11971.03	O. F. Badmal, Ministry of Defence, Govt. of India. Mutation	5,02,18,000	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFCH	Land	7942.89	OFCH	9,75,637	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFI	Land	5357.21	OFI	93,56,700	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited

OFK	Land	3870.04	Ord. Fy. Khamaria	8,09,000	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFN	Land	2924.424	O.F Nalanda, Rajgir, Bihar	65,24,34,327	GOI	No	01-10-2021	Yes	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
OFV	Land	1308	In side Factory (OFV)	88,62,761	GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
	Land	1645.519	OFV Estate		GOI	No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited
NADP	Building		Ambhajari, Nagpur	3,19,28,246		No	01-10-2021	No	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited, process can be initiated once land is transferred
Total		42383.4011		761193255					

(ii) Registration of charges or satisfaction with Registrar of Companies-There are no charges or satisfaction which are yet to be registered with the Registrar of Companies beyond the statutory period.

(iii) Utilisation of borrowings availed from banks and financial institutions. There are no borrowings from banks and financial institutions.

(iv) Details of benami property held- No proceedings have been initiated on or are pending against the Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

(v) Borrowing secured against current assets- The Company has no borrowings from banks and financial institutions on the basis of security of current assets.

(vi) Willful defaulter-None of the entities in the Company have been declared willful defaulter by any bank or financial institution or government or any government authority.

(vii) Relationship with struck off companies-The Company has not carried out any business transaction with struck off companies for the FY 2024-25 as per Companies Act, 2013

(viii) Compliance with number of layers of companies
The Company has complied with the number of layers prescribed under the Companies Act, 2013.

(ix) Compliance with approved scheme(s) of arrangements
The Company has not entered into any scheme of arrangement which has an accounting impact on current period.

(x) Utilisation of borrowed funds and share premium
The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(xi) The audited figures of the returns reported by the units have been regrouped to the extend possible to bring uniformity in financial statements of the company as per Ind AS reporting.

(xii) Undisclosed income

There is no income surrendered or disclosed as income during the current period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(xiii) Details of crypto currency or virtual currency

The company has not traded or invested in crypto currency or virtual currency during the current period.

(xiv) Valuation of property, plant and equipment and intangible assets

The company has not revalued its property, plant and equipment or intangible assets or both during the current period.

(xv) The company has major transactions with Government Armed forces and other DPSU. The outstanding balances (included under Trade Payables /Trade Receivables etc.) to / from them and certain other outstanding credit and debit balances are subject to confirmation / reconciliation. Adjustments, if any, arising therefrom are not likely to be material on settlement and are accounted as and when ascertained.

(xvi) The figures of previous year were regrouped to extent possible to confirm the current year presentation.

(xvii) MISPC is 100% subsidiary which was established on 2nd april 2024 and hence this is the first year of consolidation.

(d) **Future capital commitment**

Particulars	Future Capital commitment for 2024-25	Future Capital commitment for 2023-24
Committed liability	2,106.24	2367.5

**For and on behalf of Borkar and
Muzumdar Chartered Accountants**
Firm Registration Number: 101569W

**For and on behalf of Board of Directors of
Munitions India Limited**

Supriya Deepak Bhat

Partner
M.No. 048592

Sanjay Hazari

Chairman and Managing
Director
DIN: 11089196

Prakash Agarwala

Director Finance & CFO
DIN: 09666613

E J Paul

Company Secretary
Membership Number: FCS4521

Pune

Date: 19-08-2025

Pune

Date: 19-08-2025



Munitions India Limited
विनाशाय दुष्कृताम्

Accurate. Lethal. Reliable.

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