2ND ANNUAL REPORT 2022-23

म्यूनिशंस इंडिया लिमिटेड
Munitions India Limited
विनाशाय दुष्कृताम्

म्यूनिशंस इंडिया लिमिटेड
MUNITIONS INDIA LIMITED

भारत सरकार का उद्यम
रक्षा मंत्रालय

Accurate. Lethal. Reliable.

Contents

VISION

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

MISSION

To be a prominent patron of AtmaNirbhar 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 MIL into an international class ammunition manufacturing company.

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

DearShareholders

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 2022-23.

At the outset I would like to congratulate each and every member of Team MIL for having contributed significantly in all the achievements. Due to geo-political situation in the world, the year was a rough journey for everyone in the Team. Your optimistic attitude and creative spirit have however helped in overcoming most of the hurdles during the year.

This is also the time for us to take stock of what we did during the year and which are the areas where we need to improve upon. With the innovative approach of the members of the Team, following new products have been developed and bulk orders received:

Cartg 7.62 mm X 39 MK-III (730 m/sec Muzzle Velocity)
Grenade MIL 30
Grenade MIL 40
Grenade HE, HEDP, RP, Prac for UBGL and MGL
Rocket PINAKA Extended Range
Artillery Fuze PDM 557 for 155 mm

During the year MIL has given special thrust to widen the customer base by exploring the world market. I am happy to share with you that at present we have export orders worth over Rs 3,500 crore, out of which around Rs 3,000 crore worth of orders were won during the financial year 2022-23. In addition to this, MIL has targets over Rs 4,500 crore from our Armed Forces including the Para-Military Forces. We are starting the new financial year 2023-24 with a very healthy order book.

There have been certain production hiccups due to disruption in supply chain and also certain technical issues for some of the items. We need to make collective efforts to overcome these during the current Financial Year. I am proud of my Team members who have on many occasions demonstrated their incredible skill, knowledge and commitment to conquer these challenges. Your contribution has been pivotal in achieving every milestone leading to success.

MIL has drawn a long-term plan for modernising and augmenting the production infrastructure. The requisite budgetary support for the same is being given by the Government. The much-awaited deficient plants for manufacture of BMCS at O F Nalanda and the Single Base Propellant Plant at O F Bhandara have already been contracted and the work has started. In addition to this, the manufacturing infrastructure for MANGO project is at final stages of erection and commissioning. The availability of these plants will help in augmenting the business potential of MIL

I have emphasised in the past to prepare ourselves to face the competitive business world. The transition from receiving the work orders on nomination basis to competitive basis has begun. So far, our experience has been very good, however we have to tighten our belts and work more assiduously to reduce the process rejections, improve productivity, optimise material utilisation, avoid unnecessary expenditure and thereby cutting down the cost of production. Providing satisfaction to our esteemed customers through timely supply of products with desired quality should be our main objective. Satisfied customer is the only key to success of any organisation. Let us take pledge that we will take all necessary actions and will leave no stone unturned to achieve the same.

I would like to convey my thanks and gratitude to our employees families for their unflinching support to all of us without which the achievements would have been impossible.

As we embark upon the journey in the new financial year with a healthy order book, rising spirits and unflinching commitment, I am sure that the Team will sail through all the hurdles and meet the commitment made to all our stake holders. Let our performance bring glory to the organisation and take it to further greaterheights.

On behalf of the Board of Directors and all officers 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. Ajay Bhattji for the immense support and guidance received from them. I am also deeply grateful to Dr. Ajay Kumar, former Defence Secretary, Govt. of India and Shri GiridharAramane, Defence Secretary, Govt. of India for their support and trust in the functioning of the Company. I shall be failing in my duties, if I do not place on record the unstinted support received from Shri. Sanjay Jaju, former Addl. Secretary/ DP, Ministry of Defence and Shri T. Natarajan, Addl. Secretary/DP, Ministry of Defence which has enabled MIL to overcome the challenges at various stages of journey. I would also like to thank Shri. Surendra Prasad Yadav, JS (LS), 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.

(Ravi Kant)
Chairman and Managing Director
DIN No.09283919

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Ravi Kant
Chairman and Managing Director (CMD)

Shri Debashish Banerjee
Director/Human Resources

Shri Sushanta Kumar Rout
Director/Operations

Shri Vivek Chandra Verma
Director/Finance
(w.e.f.01.10.2021 to 20.05.2022)

Shri Prakash Agarwala
Director/Finance & CFO
(w.e.f. 14.06.2022)

Shri Surendra Prasad Yadav
Joint Secretary (LS)
Govt. Nominee Director
(w.e.f. 30.11.2021)

CHIEF VIGILANCE OFFICER

Shri Mahesh Chandra

COMPANY SECRETARY

Shri E J Paul
(w.e.f. 11.07.2022)

SECRETARIAL AUDITOR

M/s A K Rastogi & Associates
Ghaziabad

STATUTORY AUDITOR

M/s P G Bhagwat
Pune

CHIEF INTERNAL AUDITOR

Shri Ajay Kumar Singh
Khamaria, Jabalpur

BANKERS

State Bank of India

CORPORATE INFORMATION

BRANCH AUDITORS

M/s. Khire Khandekar & Kirloskar
Chartered Accountants, Pune

M/s. S P C M & Associates
Chartered Accountants, Pune

M/s. L K Maheshwari & Co.
Chartered Accountants, Jabalpur

M/s. Thakker & Sanghani
Chartered Accountants, Coimbatore

M/s. Sami & Rajhu
Chartered Accountants, Tiruchirapalli

M/s. A P Agarwal & Associates
Chartered Accountants, Nagpur

M/s. Nitin Alshi & Associates
Chartered Accountants, Nagpur

M/s. S P A N & Co.
Chartered Accountants, Chandrapur

M/s. Mishra Badhai& Associates
Chartered Accountants, Sambalpur

M/s. M A K K S & Co.
Chartered Accountants, Hoshangabad

M/s. M K Singh & Co.
Chartered Accountants, Patna

M/s. Badale Mahale & Co.
Chartered Accountants, Jalgaon

CORPORATE INFORMATION

Head of Units (AS ON 14-03-2024)

Manufacturing Units of MIL

1. **Shri Sanjay Hazari**
General Manager
Ammunition Factory, Khadki, Pune

2. **Shri Pankaj Goel**
General Manager
Cordite Factory, Aruvankadu

3. **Dr Abdul Samad Khan**
General Manager
High Explosives Factory, Khadki, Pune

4. **Shri N. K. Agarwal**
General Manager
High Energy Projectile factory, Thiruchirappali

5. **Shri P. K. Dash**
General Manager
Ordnance Factory, Badmal

6. **Shri P. K. Meshram**
General Manager
Ordnance Factory, Bhandara

7. **Shri Bijoy Kumar**
General Manager
Ordnance Factory, Chanda

8. **Shri Sanjeev Gupta**
Sr. General Manager
Ordnance Factory, Dehu Road

9. **Shri S P Shendre**
General Manager
Ordnance Factory, Itarsi

10. **Shri Ashok Kumar**
General Manager
Ordnance Factory, Khamaria

11. **Shri M. N. Haldar**
General Manager
Ordnance Factory, Nalanda

12. **Shri Prakash Chandra Nanda**
General Manager
Ordnance Factory, Varangaon

Non-Manufacturing Units of MIL

1. **Shri D. C. Srivastava**
General Manager
NADP, Ambajhari

2. **Shri Gyaneshwar Tyagi**
General Manager
OFIL, Khamaria

3. **Smt J. V. Thakur**
OIC
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, Tamil Nadu
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 Ravi Kant, I.O.F.S.

Chairman and Managing Director (CMD)

Shri Ravi Kant is a Mechanical Engineer with post graduate qualification in Production Engineering. He has experience in Defence Production industry for over 35 years. He joined Indian Ordnance Factories through UPSC Engineering services examination as Assistant Works Manager in the year 1987 and has risen. During this journey since then, he worked in different capacities in the production and planning ofAmmunition (both explosives & hardware) &Armament for over 2 decades. He has served as Secretary/Ordnance Factory Board for 5 yrs. He has been actively involved in Transfer of Technology of various weapon systems and ammunition to OFB. He has visited Defence manufacturing factories in Russia, Israiel, Belgium, Italy, Brazil, France, US, UK, etc for Transfer of Technology.

He has worked as Joint Secretary in Ministry of Defence in New Delhi. During this period, he was responsible for Ex Serviceman Welfare and capital acquisition of Naval systems, Electronic Warfare System for Tri Services. During this period, he was actively associated in formulation of Strategic Partnershipmodel.

He worked as General Manager of Ordnance Factory Khamaria, Jabalpur from Aug 2019 to Sept 2021. This factory is the largest factory in India engaged in production of various types of ammunition for Army, Navy and Air Force.

Shri Ravi Kant, took over as first CMD of newly created Defence Public Sector Enterprise, Munitions India Limited (MIL) Pune on 1st Oct 2021.

Shri. Debashish Banerjee
Director/Human Resources

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 inAmmunition & 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 comments.

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. Sushanta Kumar Rout
Director/Operations

Shri S K Rout is B. Sc Engineering (Mechanical) with post graduate in MBA from IGNOU. He has experience in Defence Production Industry for over 33 yrs. He joined Indian Ordnance Factories through UPSC Engineering services examination as Assistant Works Manager in the year 1989 at Rifle Factory Ishapore, situated at West Bengal. He worked various production units at different levels in the area of production, planning, maintenance of plants, safety & quality for almost 2 decades.

He has also served at NationalAcademy of Defence Production,Ambajhari (a single Institute for training of IOFS & Allied Estt. Officers) as Additional Principal Director for 3 & ½ yrs and organized various Management Development Programme (MDP) for service officers & senior level officers. He has visited Defence manufacturing factories in Russia & France for Transfer of Technology.

He worked as General Manager of Ordnance Factory Varangaon from December 2020 to Sept. 2021. This factory is engaged in manufacturing of small arms ammunition viz 5.56mm & 7.62mm ball powder ammunition for our Defence forces.

Shri S K Rout, took over as first Director/Operations of newly created Defence Public Sector Enterprise, Munitions India Limited (MIL) Pune on 1st Oct 2021. He has superannuated from Munitions India Limited on 30.06.2023.

Shri. Vivek Chandra Verma
Director/Finance
(w.e.f.01.10.2021 to 20.05.2022)

Shri Vivek Chandra Verma, an IOFS Officer of 1991 Batch, He is a B. Tech Mechanical Engineering from IET Lucknow and M. Tech in Design Engineering from IIT, Delhi. His posting was at Vehicle Factory Jabalpur from 1993 to 2005. He was project officer for establishing manufacture of new generation vehicles at VFJ.

He was on deputation in Ministry of Defence (Directorate of Planning & Co-ordination), New Delhi from 2005 to 2009. He contributed immensely towards indigenous manufacture of equipment for Land Systems and Military Technical Cooperation with other countries.

Thereafter he was posted to Ordnance Factory Kanpur in 2009. He played a pivotal role in development and manufacture of Ordnance for Dhanush and 130/155mmUpgun.

Subsequently, he took over the responsibility of Secretary, Ordnance Factory Board in 2017. In this post he was nodal for all the corporate level policy formulations. The tenure also witnessed transition of Ordnance Factories from a government department to a corporate entity.

He has widely travelled across the globe contributing towards military cooperation with various countries. At the organization level, he is proud recipient of awards as **'Best Manager in All Ordnance Factories' in 2013 and Ayudh Bhusan in 2020 by OFB.** He took over as the first Director (Finance) of the Munitions India Limited, Pune, a newly created entity carved out of the Indian Ordnance Factories.

Shri. Prakash Agarwala
Director/Finance & CFO
(w.e.f. 14.06.2022)

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 prestigious **"Audh 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 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 around 25 countries for Defence Export promotion and internationalcooperation.

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. Surendra Prasad Yadav
Joint Secretary (LS)
Govt. Nominee Director
(w.e.f. 30.11.2021)

Shri. Surendra Prasad Yadav has been appointed as a Government Nominee Director on the Board of Company.

Shri. Surendra Prasad Yadav is qualified in B.Tech and M.Tech and 1996 batch Indian Forest Service (IFS) Officer of West Bengal cadre. He has previously worked in Department of Forest, Government of West Bengal, in different capacities i.e. Divisional Forest Officer and Chief Conservatorof Forest.

He also worked as Executive Director in West Bengal Industrial DevelopmentCorporationfor more than 7 years.

Presently, he is working as Joint Secretary (Land Systems) in Department of Defence Production , Ministry of Defence, Govt. of India.

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.

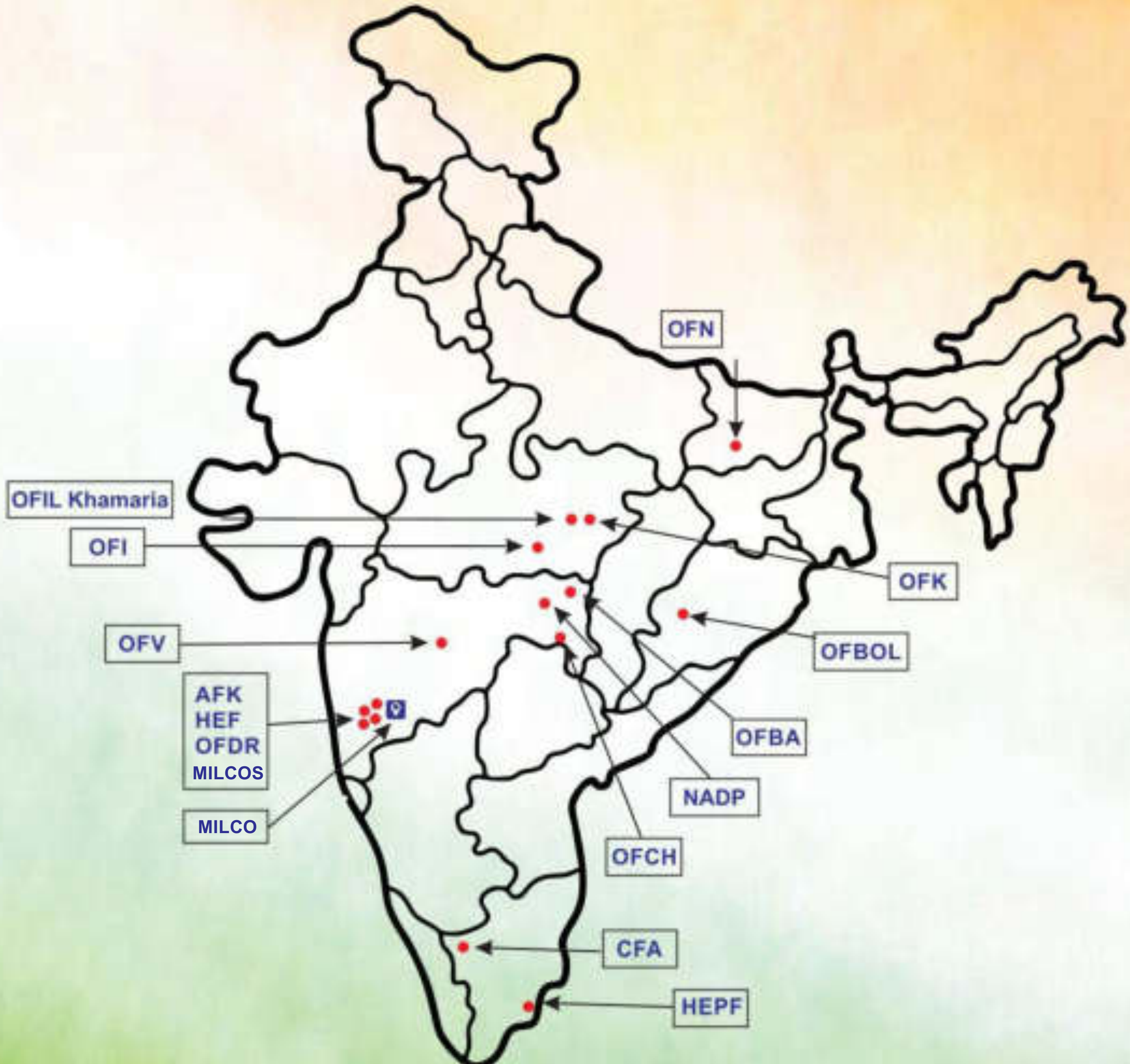
With Corporate Office at Pune (India), MIL in its 12 state-of-the-art manufacturing units located across the country employs skilled workforce of around 23,000. These factories have proven integrated base for production of Small, Medium & High calibre ammunition, Mortars, Rockets, Hand Grenades etc. 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 qualitybattlefieldammunition.

Our foreign customers include countries located in North America, South America, Europe, Africa and Asia. 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


2021
Munitions India Ltd.
2001
Ordnance Factory Nalanda
1984
Ordnance Factory
Badmal
1980
HAPP
1977
Ordnance Factory
Dehu Road
1970
Ordnance Factory
Itarsi
1964
Ordnance Factory Bhandara
1964
Ordnance Factory
Chanda
1964
Ordnance Factory Varangaon
1942
Ordnance Factory
Khamaria
1940
High Explosives Factory
Khadki
1904
Cordite Factory
Aruvankadu
1869
Ammunition Factory
Khadki

PRODUCT PROFILE

MIL's Product portfolio includes ammunition, explosives, pyrotechnics, and other defense-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

MORTAR BOMBS

NAVAL AMMUNITION

GRENADES

AERIAL BOMBS

PRODUCT PROFILE

ROCKET PINAKA

TANK AMMUNITION

EXPLOSIVES

SMOKE & PYROTECHNICS

MODERNIZATION

PINAKA:

The production capacity of Multi Barrel Rocket System PINAKA was augmented from 1000 to 2500 rockets per annum with an investment of Rs 572 Cr in MIL factories. HEPF Trichi, OF Chanda, OF Dehuroad, and OF Itarsi are engaged in the production of this Rocket.

Pinaka Rocket Assembly Line

MANGO PROJECT :

The AMK-339 FSAPDS (MANGO) as per the requirement of Army, the capacity for manufacture of 125 mm FSAPDS ammunition, the main ammunition for Tank T-72 and T-90, is being set up as per the technology given by Russia.

Polishing Drum for SBP

Centrifuge

Kneading

Table Dryer

DPA Mixer.

Dry Curing Cabinet

Sintering Process

MANGO Manufacturing Process

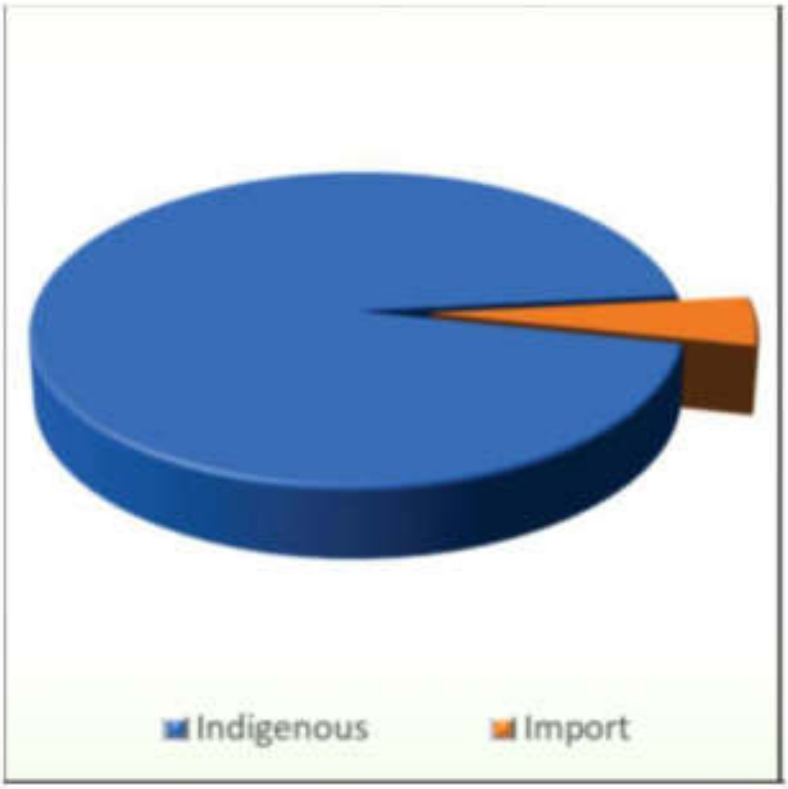
30 mm BMP-II Ammunition:

Ordnance Factory Khamaria has indigenously designed the assembly line for manufacture of 30 mm BMP-II ammunition. The plant was fabricated by Indian industry based on the know how provided by OF Khamaria. This is the shining example of hand holding of Indian industry by OFK in developing the new technology.

MAJOR ACHIEVEMENTS

Indigenisation… "*Atmanirbhar Bharat*"

Current Indigenisation Content – 95%



Products Developed Successfully

- 40 mm MIL-25 (Equivalent to VOG-25)
- 30 mm MIL-17 (Equivalent to VOG-17 M)
- 500 kg GP Bomb
- Cartg 7.62X39 with higher Muzzle Velocity (suitable for AK 203)
- 105 mm Blank Ammunition
- Multi Model Hand Grenade
- 81 mm ATAL Smoke Grenade
- 9 mm Subsonic Amunition
- .338Lapua Magnum Ammunition
- 7.62 X 54 PKT Ammunition
- 7.62 X 54 PKT Ammunition
- 76/62 SRGM HEADA Ammunition
- Variants to low velocity Grenades for UBGL & MGL.
- PINAKA DPICM, ER variants.

Products Under Development

- **Dual Purpose Improved Conventional Munition (DPICM) Warhead**
- **Multi Influence Ground Mine (MIGM)**
- **Varunastra Warhead**
- **Propellant for HEAT -751, HEDP-502 & SMOKE-469C Ammunition**
- **125 mm FSAPDS Ammunition (Depth of Penetration 550 mm)**
- **Fuze for Air Force Bombs**
- **Guided Arial Bomb**
- **Drone Delivered Ammunition (Delivery System with Homing & Guidance)**

➢ 155mmSmartAmmunition :

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

➢ **70mm Rocket for Air force :**

The 70mm Rockets are used primarily in the air to ground role. These rockets can perform anti-personnel, air to ground suppression andillumination.

The major component of 70mm rocket are:

Interactiondone by MILwith academia on Development of New Product.

Point Noted and under action. MIL is also hiring specific domain expert for production activities. Efforts will be made to hire domain expert for indigenisation activities, if required. Further, MIL is collaborating with various academia for developmentwork.

For example.

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

Indigenous development of High Energy Molecules with assistance from IIT Kanpur.

In addition to this, M. Tech programme for employees of MIL in Ammunition Technology by IIT Madars started from 1st week of September2022.

MAJOR EVENTS

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

Chairman and Managing Director's Message on 26th January

Celebration of MIL's Foundation Day: 1st October 2022

Prize Distribution to the Employees of MIL during Foundation Day Celebration on 1st October 2022


MIL Performer of the year - Karma Shreshtha
One Lakh Eleven Thousand Only
₹ 1,11,000/-


MIL Performer of the year - Karma Shreshtha
One Lakh Eleven Thousand Only
₹ 1,11,000/-

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

Consultative Mechanism Meeting with Members (Staff Side) at MIL Corporate Office, Pune on 18th July 2022

Accurate. Lethal. Reliable.

MIL's Stall at AERO INDIA 23 held at Bengaluru during 13/02/2023 to 17/02/2023


MEMORANDUM OF UNDERSTANDING
MUNITIONS INDIA LIMITED

EUROSATORY 2022 PARIS

Study Visit of Standing Committee on Defence 2022

NOTICE TO SECOND ANNUAL GENERAL MEETING

Notice is hereby given that the Second Annual General Meeting of Munitions India Limited will be held on Tuesday, 26th September 2023 at 11.00 am through Video Conference to transact the business mentioned herein below-

OrdinaryBusiness

1. To read, consider and adopt the Director's Report,Audited Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2023. Balance Sheet as on 31st March, 2023 and Auditors' Report and the comments of the Comptroller and Auditor General of India thereon and to pass with or without modification the following Resolution as an Ordinary Resolution.

"RESOLVED THAT the Audited Balance Sheet as on 31st March, 2023, Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2023 together with Director's Report and the Auditors' Report and the comments of the Comptroller andAuditor General of India are hereby read, considered and adopted".

SpecialBusiness

2. Appointment of CostAuditor

To consider and if through fit, pass with or without modification(s) the following resolution:

"RESOLVED THAT pursuant to the provision of section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit Rules, 2014, and any other applicable provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), the approval of the members of the Company is hereby given for the appointment of M/s Dhananjay V. Joshi & Associates, Pune, Cost Accountant (Firm Reg. No.000030), as the Cost Auditor of the company to conduct audit of cost records of the company for the financial Year 2023-24.

RESOLVED FURTHER THAT the remuneration Rs.1,77,000/- (One Lakh and Seventy-Seven Thousand Rupees) (including Tax and Out of Pocket expenses) of the CostAuditors at such fees and on such terms and conditions as mentioned in the request for proposal and also agreed by the Cost Auditors is finalized is hereby approved by the members of the Company".

3. Increase in Statutory Audit Fee.

To consider and if through fit, pass with or without modification(s) the following resolution:

"RESOLVED THAT to increase the audit fee of Central Auditor for Statutory Audit of MIL (in consolidated) from Rs. 5,00,000/- (Rupees Five Lakhs) to Rs.10,00,000/- (Rupees Ten Lakhs).

RESOLVED FURTHER THAT to increase the audit fee of Branch Auditor for each MIL unit (Production and Non-Production) from Rs. 1,00,000/- (Rupees One Lakh) to Rs. 1,50,000/- (Rupees One Lakh and Fifty Thousand).

RESOLVED FURTHER THAT to fix the Statutory Audit fee of Central Statutory Auditor of MIL Corporate Office Accounts to Rs. 1,50,000/- (Rupees One Lakh and Fifty Thousand)".

4. Approval for Appointment of Tax Auditor and Tax Audit Fees for the financial year 2022-23.

To consider and if thought fit, pass with or without modification(s) the following resolution:

"RESOLVED THAT to appoint Branch Auditors as Tax Auditor of the respective MIL Unit for which they have been appointed by the CAG for the financial year 2022-23.

RESOLVED FURTHER THAT the Tax Audit Fee will be Rs. 60,000/- (Rupees Sixty Thousand only) for each MIL Unit.

RESOLVED FURTHER THAT to appoint Statutory Auditor as Tax Auditor for MIL as a Company in whole including Corporate office for the financial year 2022-23.

RESOLVED FURTHER THAT remuneration of Tax Audit for MIL as a Company in whole including Corporate office will be Rs. 3,50,000/- (Rupees Three Lakh Fifty Thousand)".

By Order of the Board of Directors
For Munitions India Limited

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

Place: Pune
Date: 31/08/2023

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 SecondAnnual General Meeting through Video Conference.
3. The attendance of the members attending the Second Annual General Meeting through Video Conference will be counted for the purpose of reckoning the quorum under Section 103 of the CompaniesAct,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 two days before the meeting.

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013:

2. a) Vide Section 148 of the Companies Act 2013, '*companies engaged in the production of such goods or providing such services as may be prescribed, direct that particulars relating to the utilisation of material or labour or to other items of cost as may be prescribed shall also be included in the books of account kept by that class of companies*.

Sub Rule (1) of Rule 6 of Companies (Cost Records and Audit) Rules 2014 says "*The category of companies specified in rule 3 and the thresholds limits laid down in rule 4, shall within one hundred and eighty days of the commencement of every financial year, appoint a cost auditor*."

M/s Dhananjay V. Joshi & Associates, Pune, Cost Accountant (Firm Reg. No.000030), has accepted the terms of condition of appointment at a remuneration of Rs.1,77,000/- (Rupees- One Lakh and Seventy-Seven Thousand) (including Tax and Out of Pocket expenses) and accordingly is eligible to be appointed as Cost Auditor of the Company to conduct Cost Audit of the company for the FY 2023-24.

Vide sub section (3) of section 148 of CompaniesAct, 2013, *the audit under sub-section (2) shall be conducted by a Cost Accountant in practice who shall be appointed by the Board on such remuneration as may be determined by the members in such manner as may be prescribed.*

In view of the above, it is proposed to appoint M/s Dhananjay V. Joshi & Associates, Pune, Cost Accountant (Firm Reg. No.000030) at a remuneration of Rs.1,77,000/- (Rupees- One Lakh and Seventy-Seven Thousand) (including Tax and Out of Pocket expenses) as a Cost Auditor of the Company to conduct audit of cost records of the company for the financial Year 2023-24. The quoted price shall also to be approved/ ratified by the Members of the Company.

b) The Board of Directors in their meeting held on 28th June, 2023 had passed the following resolution.

"**RESOLVED THAT** pursuant to the provision of section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit Rules, 2014, and any other applicable provisions of the Companies Act, 2013 read with rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and subject to the approval of the members of the Company, M/s Dhananjay V. Joshi & Associates, Pune, CostAccountant (Firm Reg. No- 000030), be and is hereby appointed as the CostAuditor of the company is being extended to conduct audit of cost records of the company for the financial Year FY 2023-24.

RESOLVED FURTHER THAT the remuneration Rs. 1,77,000/- (One Lakh and Seventy-Seven Thousand Rupees) (including Tax and Out of Pocket expenses) of the Cost Auditors at such fees and on such terms and conditions as mentioned in the request for proposal and also agreed by the Cost Auditor is finalized which is subject to the approval/ ratification of the members of the Company.

RESOLVED FURTHER THAT in beginning supply order may be placed to the firm for the FY 2023-24 only and extension of supply order to the next year will be released based on the satisfactory performanceof the firm and mutual consent.

RESOLVED FURTHER THAT Mr. E J Paul, Company Secretary of the company be and is hereby authorized to do all such acts, deeds and things as may be necessary or incidental in this regard to give effect to the foregoing resolution.

RESOLVED FURTHER THATan SOP for similar kind of appointment/work be made".

None of the Directors is interested in the resolution.

3. The Board of Directors in their 03/2023-24 meeting held on 28th June, 2023 had passed the following resolution.

"RESOLVED THAT to increase the audit fee of Central Auditor for Statutory Audit of MIL (in consolidated) from Rs. 5,00,000/- (Rupees Five Lakhs) to Rs.10,00,000/- (Rupees Ten Lakhs).

RESOLVED FURTHER THAT to increase the audit fee of Branch Auditor for each MIL unit (Production and Non-Production) from Rs. 1,00,000/- (Rupees One Lakh) to Rs. 1,50,000/- (Rupees One Lakh and Fifty Thousand).

RESOLVED FURTHER THAT to fix the Statutory Audit fee of Central Statutory Auditor of MIL Corporate Office Accounts to Rs. 1,50,000/- (Rupees One Lakh and Fifty Thousand).

RESOLVED FURTHER THAT the increase in Statutory Audit Fee subject to the approval/ratification of the company.

RESOLVED FURTHER THAT the appointment of M/s Shah Baheti Chandak & Co (WR0265), Nagpur as a BranchAuditor of Ordnance Factory Bhandara in lieu of M/s A P Agrawal & Associates (WR1076), Nagpur is hereby noted".

In view of the above, it is proposed to approve/ratify the same by the members of the company.

None of the Directors is interested in the resolution.

4. It is proposed to appoint Branch Auditors as Tax Auditor of the respective MIL Unit for which they have been appointed by the CAG. The Tax Audit Fee will be Rs. 60,000/- (Rupees Sixty Thousand only) for each MIL Unit.

It is proposed to appoint StatutoryAuditor as Tax Auditor for MIL as a Company in whole including Corporate office. Remuneration of Tax Audit for MIL as a Company in whole including Corporate office will be Rs. 3,50,000/- (Rupees Three Lakh Fifty Thousand).

The appointment of Tax Auditor and Tax Audit fees is subject to the approval of the members of the company.

In view of the above, it is proposed to approve the same by the members of the company.

None of the Directors is interested in the resolution.

By Order of the Board of Directors
For Munitions India Limited

(E. J. PAUL)
COMPANY SECRETARY
M. No. FCS-4521

DIRECTORS' REPORT

To,

TheShareholders
Munitions India Limited

The Directors have pleasure in presenting the Directors' Report together with Audited accounts of your Company for the financial year 2022-23.

I am happy to inform that the company has registered a **Profit** (after Tax) of **₹ 73.35 Crores** during the financial year 2022-23.

1. HIGHLIGHTS:

Munitions India Limited is implementing Enterprise Resource Planning (ERP). Enterprise Resource Planning (ERP) is business management software that allows an organization to leverage a suite of integrated applications. ERPsystems streamline and automate processes, creating a leaner, more accurate and efficient operation. ERP provides complete visibility into core business processes. We can think of an ERP system as the brain of company's technology system. In the human body, the brain controls all areas of our body by telling them what to do and ensuring they all work together. The human body is unable to function without a brain, and a manufacturing company cannot function without a proper ERP system. It integrates all facets of a business including product development, manufacturing, marketing and sales. By synchronizing all of these areas, businesses are able to gain visibility, increase productivity and operational efficiency, reduce costs and enhance competitiveness.

An ERP system will enable us to automate many of our processes so efficiencies can be created across the entire production process.This means less duplication, better scheduling of resources and reduced downtime. ERP converts the transactional data to insights, automates the process in hassle free manner, improving work processes with appropriate checks and balances.

The benefits are

- Deeper insights concerning business operations
- Automation to the next level
- Boostbusiness performance
- Betterresourcesmanagement
- Efficientsupply chain and order fulfilment
- Safer and more accessible data
- Agile Decision Making

Hence, ERP can be considered as a Strategic project, key to competitive advantage.

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. Ordnance Factories Institute of Learning, Khamaria
ii. National Academy of Defence Production, Ambajhari
iii Regional 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 2022-23 as against the performance in the period August 17, 2021 to March 31, 2022 is given below:

in Crores

Particulars	2022-23	August 17, 2021 to March 31, 2022(Restated)
Gross Income	4951.62	2616.13
EBIDTA	271.93	115.49
Financial Expenses	Nil	Nil
Depreciation & Amortisation	170.04	85.02
Profit/(Loss) Before Tax	101.89	30.47
Provision for Tax, etc.	28.54	8.78
Profit/(Loss) After Tax	73.35	21.69
Less: Profit/(loss) Brought forward	Nil	Nil
Balance Carried to Balance Sheet	73.35	21.69

2.2 Dividend

As per the Department of Investment and Public Asset Management (DIPAM), Ministry of Finance vide their letter no. F. No.4/27/2019-DIPAM-II-A(E), dtd:13.06.2023, it has been intimated that the committee for monitoring of Capital Management and Dividend in CPSEs (CMCDC) has exempted MIL from payment of Dividend for FY2021-22, 2022-23 and 2023-24.

2.3 Growth

The Company has sustained the profit in FY 2022-23 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, 2023 is ₹ 7480.62 Crores (Previous year it was ₹ 6,339.44 Crores).

2.5 Foreign Exchange (Earnings and Outgo):

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

Period	Earnings	Expenditure
2022-23	₹ 45.54 Crores	₹ 642.96 Crores
For the period August 17, 2021 to March 31, 2022	₹ 22.55 Crores	₹ 245.31 Crores

3. ANNUALRETURN:

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 2022-23 is displayed on the website https://munitionsindia.in/Downloads/ManualandPolicies/AnnualReturn2022-23.

4. DIRECTORS'RESPONSIBILITYSTATEMENT:

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 2022-23, 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 states of the art manufacturing units, located across the country with total employee of around 22626, 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 150 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.

High Energy Projectile Factory (HEPF)

HEPF [formerly Heavy Alloy Penetrator Project (HAPP)], is a premier unit manufacturing Anti-Tank Kinetic Energy Projectiles namely Fin Stabilized Armour Piercing & Discarding Sabot (FSAPDS) of various caliber. This is the only Unit manufacturing FSAPDS shots in the country. During early 1980s DRDO established this integrated manufacturing facility for FSAPDS ammunition. This ammunition is a nightmare for the enemy and has got the capability to destabilize the enemies Battle Tank by sheer Kinetic Energy. Besides Kinetic Energy Projectiles, HEPF is also engaged in the manufacture of various Tungsten Alloy based component

The factory is located in a rural setting and is about 21 KM away from Tiruchirappalli Railway station and 17 Km away from the Airport.

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 supplied by M/s Day and Zimermann, USA, M/s Josef Meissner, Germany, M/s HAKO, Switzerland and M/s KINTEX, Bulgaria. 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 pre-dominant 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)

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

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:

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.

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.

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 on 02/03/2001 for monitoring matters concerning:

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

5.2 MAJORPRODUCTS:

i. SmallCalibreAmmunition
ii. MediumCalibreAmmunition
iii. LargeCalibreAmmunition
iv. Grenades
v. Aerial Bombs
vi. Mortar Bombs
vii. NavalAmmunition
viii. Rocket Pinaka
ix. TankAmmunition
x. Explosives & Propellants
xi Smoke & Pyrotechnics

5.3 ACCREDITATION AND CERTIFICATIONS:

All twelve units of MIL are 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, Pune, OFDR, OFI, OFBA

6. INDIGENIZATION:

The indigenization content of the current range of MIL products is very high to the tune of approximately 95%. Further the indigenization efforts have been taken by the MIL ever since its inception. Total 51 items have been identified under Positive indigenization List (PIL) and 03 items have been indigenized so far. The details are as under

Sl. No.	PIL List No.	No. of Items
1	PIL-I	08
2	PIL-II	04
3	PIL-III	30
4	PIL-IV	09

In addition to this, total 137 item are published on SRIJAN portal under NON-PIL Category in which 37 items have been successfully indigenized.

7. Export

7.1 Export Strategy of Munitions India Limited:

a. **MILplans to have an aggressive Export Promotion strategy with followingactions.**

i. Expansion of Geography by aggressive marketing in identified target countries.
ii. Preparation of Product – Country matrix by analysing weapon inventory of various countries
iii. Expansion of Exportable Product base
iv. ContinuouslymonitoringOffsetOpportunities
v. Exploring possibilities for becoming part of International Supply Chain of Ammunition Components, Explosives and Sub-assemblies of ammunition.
vi. Participation in international exhibitions like Eurosatory – 2022, Defexpo-2022, Aero India-2023, Navdex-2023, DSEI-2023 etc. for exhibiting MIL products and production capabilities to perspective customers
vii. Regular contact with DAs for participating in Export Leads.
viii. Developing new products to offer complete solution to the ammunition as per Customer's requirements

b. **Achievements**

i. MIL has bagged export orders of ₹ 3,800 Crores since its formation in Oct, 2021.
ii. Export orders of ₹ 1,000 Crores are in advance stage of negotiation and are likely to materializesoon.
iii. MIL got export orders from following new countries in 2022-23: Morocco, Uganda, Nigeria, UK, Armenia, Czech Republic.
iv. MIL got orders in 2022-23 for export of following new products: 7.62 X 39 mm, 7.62 X 54 mm, Pinaka Mk1, Pinaka Enhanced, Pinaka Guided, MIL-17 Grenade, MIL-25 Grenade, BMCS M92 charge, Charge 8, PDM 557 Fuze, ERFB BB Shells.

7.2 Products offered for Export:

a. Small Arms Ammunition (5.56 mm, 7.62 mm, 9 mm, 12.7 mm, 14.5 mm)
b. Grenades (30 mm MIL-17, 40 mm MIL-25, 40 X 46 mm)
c. Mortars (81 mm & 120 mm)
d. Tank Ammunition: 125 mm HE
e. Artillery Ammunition: 155 mm, 130 mm, 105 mm
f. Propellants and Explosives (RDX, TNT, Ball Powder, Nitroguanidine)

7.3 No. of offices opened abroad:

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

7.4 Exports expected during current FY and next two FYs:

Year	2023 -24	2024 -25	2025 -26
Export Value(₹)	1,500 Cr	2,000 Cr	2,500 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.

9. HUMAN RESOURCE DEVELOPMENT:

9.1 ScheduleCaste / 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 ResourceDevelopment:

The company has signed MoU with IIT Madras for conducting “Web-enabled M.Tech in Ammunition Technology”. 10 (Ten) personnel of the company have been nominated and sponsored for the first batch which commenced in August 2022 and was completed in August 2023. 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)", a 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) is in process of getting 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.

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.

10. MEMORANDUM OF UNDERSTANDING WITH MINISTRY OF DEFENCE:

Memorandum of Understanding with Ministry of Defence was entered for the financial year 2022-23.

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 taken to implement the Annual Program for the period August 17, 2021 to March 31, 2022, 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 Steps taken or impact on conservation of energy:

12.1.2 Green growth is one of the top priorities of the Government to promote green industrial and economic transition in the country. From this perspective, it will be important to promote inter-alia, resource efficiency, cleaner energy, circularity, adoption of low emission products such as electric vehicles, super-efficient appliances, and innovative technologies such as green hydrogen, environmentally sound management of waste, and strengthen strategies to unleash green economy transition.

Aligned with India's green roadmap, the Department of Defence Production aims to adopt energy efficiency, reduce energy cost, and harness sustainable energy in defence production. Accordingly, a comprehensive Energy Efficiency Action Plan incorporating broad principles relating to renewable energy expansion, improvement in energy efficiency in appliances and process, cutting down losses & wastages and reducing energy intensity, moving towards green buildings, promoting transition to e-mobility, and creating an institutional mechanism and enabling environment for green growth initiatives has been prepared.

12.1.3 In the light of this vision, all Defence Production Units are requested to chalk out a detailed unit-wise Energy Efficiency Action Plan with time lines. Aligned with this strategy, the comprehensive Energy Efficiency Action Plan incorporating broad principles for achieving energy efficiency and expanding renewable energy capacity in Defence Public Sector Undertakings has been prepared. The action plan aims to chart the way forward to meet the Government's ambitious commitments in the energy domain. There is an immense potential to be realized from large scale implementation of energy efficiency interventions in defence production units. The six focus areas of this action plan are:

i. Expand renewable energy capacity;
ii. Improve energy efficiency in appliances and process;
iii Cut down losses & wastages and reduce specific energy consumption;
iv. Move towards green buildings;
v. Promote transition to electric mobility, and
vi. Creation of robust institutional mechanism and enabling environment for capacity building, and measuring, evaluating, monitoring, reporting and rewarding energy efficiency initiatives across all defence production units.

In line with GOI/DDP guidelines following steps has been taken for conservation of energy:-

i) Replacementof conventional Ceiling Fans with Energy Efficient BLDC Fans to save electricity.
ii) Replacementof Conventional lights with Energy Efficient LED lights to save electricity.
iii) 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.
iv) Installation of Occupancy Sensors in offices, corridors, washrooms etc.
v) Installation of Grid connected Roof Top Solar Energy Plant as alternate source of energy.
vi) Installation of APFC panels at all substations and production shops inside factories and estates to improve power factor.
vii) Replacementof Oil Type Transformers with energy efficient Dry Type transformers.
viii) Replacement of Reciprocating Compressors at chiller Plant with energy efficient Screw Compressors.
ix) Replacementof Cooling Tower Fan Blades with FRP blades.
x) Replacementof old less efficient H2 generation plant with new high efficient H2 generationplant.
xi) Replacementof Star- Delta Starters with VFDs/Soft Starters for higher HP motors.
xii) Energy efficient IE3 motors has been included in technical specifications for all plant and machinery under procurement and for future procurement to reduce the electrical energy consumption.
xiii) Installation of Energy Efficient Boilers replacing Old Boilers.

xiv) Installation of Solar Water Heating System at Boiler Houses to save Furnace Oil Consumption.

xv) Installation of Economizers to utilize flue gas for pre-heating boiler feed water in Boilers

12.1.4 Steps taken by the company for utilising alternate sources of energy mostly energy Conservation and Use of SolarEnergy:

The company has taken various steps for developing and utilising alternate source of energy. Procurement and installation of solar power plants has been done at various units to utilise solar energy and develop an alternate source of 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.

Roof-top and Ground Solar Plants have been installed in various units. Solar energy is being tapped to meet the requirement of power in most of the units. Presently, it is producing 28 MW of power which is around 40% of the total power requirement of the company. Installation of another 10MW power is underway and will be completed by 2026. By 2026-27, MIL units will be achieved more than 50% power requirements through Solar/renewable energy.

12.2 Technologyabsorption-

12.2.1 Absorption of indigenous Technology during production:

Two version of Pinaka Rockets i.e. DPICM & Enhanced Range MK-I for which the TOT was taken from DRDO have been successfully test fired. Also, development of Guided Pinaka Rockets is at advanced stage. Production of 125 mm FSAPDS PracticeAmmunition for which the ToT was taken from DRDO has been successfully started. Production of BMCS has been indigenously established in association with DRDO (HEMRL).

The automation of Nitrocellulose plant-II (NC-II) and Nitrocellulose plant-III (NC-III) has been successfully completed through in-house efforts at OF Bhandara.

12.2.2 The benefits derived like product improvement, cost reduction, product development or importsubstitution

Through the technology absorption there has been significant improvement in product quality. The cost of the product has also reduced significantly. Benefits derived from Pinaka Project at **OFCH**are:-

i. Improvement in Density of Explosive
ii. Reduction in Return for Rectification (RFR)
iii. Reduction in Production hours
iv. Increase in Productivity

OFN has successfully demonstrated the extended operational range of BMCS M92 in sub-zero temperature (-30°C) during dynamic trials. This will facilitate deployment of indigenous BMCS in extreme cold environmental condition and proves BMCS (Ex-OFN) at par with international standard of other foreign competitors.

At **OFBA,** the following benefits have been accrued after automation of Nitrocellulose Plant:

(a) Reduction in manual intervention during operation
(b) No chocking of circulation line valve due to accumulation of slurry in case of power failure post nitration
(c) No wastage of NC and Acids.
(d) Reduction in exposure of employees to hazardous working area.

12.2.3 Absorption of Imported technology during production:

i. Production of 3VBM17 Rounds (AMK 339- Mango Ammunition) at HEPF

Indigenous manufacturing of 3VBM17 Rounds at HEPF (AMK 339-Mango Ammunition) using Russian equipment and materials under ToT from Russia is expected to be established by end of financial year 2022-23.

ii. Installation of Single & Double Base Propellant Plant for 125mm FSAPDS (MANGO PROJECT) at Ordnance Factory Bhandara

Single & Double Base Propellant Plant for 125mm FSAPDS (MANGO PROJECT) at Ordnance Factory Bhandara are under erection and commissioning.

iii. Installation of Pyroxylene Sheet Plant for 125mm FSAPDS (MANGO PROJECT) at Ordnance Factory Bhandara

Pyroxylene Sheet Plant for 125 mm FSAPDS (MANGO PROJECT) at Ordnance Factory Bhandara is under erection and commissioning.

iv. Installation of New Single Base Propellant Plant

Contract signed for supply of new Single Base Propellant Plant at Ordnance Factory Bhandara in the year 2022. The plant is expected to be commissioned by 2024.

v. Installation of Triple Base Propellant and NC-NG Mixing Plant at OF Nalanda

Contract signed for supply of Triple Base Propellant and NC-NG Mixing Plant at Ordnance Factory Nalanda in the year 2021. The plants are expected to be commissioned by 2024.

12.2.4 The expenditure incurred on Research and Development.

Total Expenditure incurred on R&D by the company during FY 2022-23 (i.e. from 01/04/2022 to 31/03/2023): ₹ 58.70 Crore

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

i. Contract Labours & Services

Sustained efforts have been made to reduce the expenditure incurred towards hiring of contract labour. All the units of the company have studied the requirement of contract labours in details and have rationalised for an overall reduction of more than 10%.

ii. 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 minimize rejection which will eventually lead to reduction in UAR.

iii. Waterconsumption 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.

iv. EnergyConservation 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, it is producing 28 MW of power which is around 40% of the total power requirement of the company.

v. 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 which gives speedy communication and also reduce the cost of paper and printing.

13. VIGILANCE MATTERS:

Munitions India Ltd (MIL) has a well-established vigilance department headed by the Chief Vigilance Officer (CVO). Vigilance Officer and supporting Staff/ Officers are posted to the Corporate Office. For co-ordination & monitoring the unit level activities Vigilance Officers are heading the vigilance departments of different MIL units.

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

VigilanceActivities:

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, outsourcingactivitiesetc.

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 theorganization.

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 2022 to 31 March 2023, 02 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 2022 to 31 March 2023, Vigilance department received 23 complaints including 01 Public Interest Disclosure and Protection of Informers Resolution (PIDPI) complaints. Out of these 23 Complaints, investigation has been completed for 22 complaints and disposed suitably & the remaining 01 complaint the investigation is in progress.

iii). Spot check/Surprise Checks:

Surprise/Spot checks are also being conducted by Vigilance department. During the period 01April 2022 to 31 March 2023, surprise/spot checks have been conducted in various MIL units and suggestions/ corrective measures were recommended for systemic improvements.

iv). Scrutiny of Audit Reports:

Statutory Audit reports of Branch Auditors and Central Auditor have been scrutinized.

v). Scrutiny of Annual Property Returns (APRs) of executives:

During the period of 01 April 2022 to 31 March 2023, the APR of IOFS Officers were 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 the Commission in increasing public awareness about the perils of corruption.

Activities undertaken: campaign on Preventive vigilance cum internal housekeeping activities from period (16th August - 15th Nov 2022) as a precursor to Vigilance Awareness Week 2022

1. PROPERTY MANAGEMENT: The ownership document of 42734.85 acres land and lease agreements have been verified during the campaign.

2. MANAGEMENT OF ASSETS: MIL disposed INR 1429 lakh worth waste and scrap items and INR 170 lakh worth plant and machinery items by auctioning through MSTC.

3. RECORD MANAGEMENT: It has confirmed all the units of MIL has the record retention / preservation policy. All together (total 14 units of MIL) during the campaign period weeding out of old records is as follows:

No. of files:	3048
No. of e- files:	758
No. of Records:	30144
No. of Registers:	115
Bundal of documents:	312

4. TECHNOLOGICALINITATIVE:Activities viz. Website Updation, Online Services, Security of E platforms, updation of guidelines / circulars, disposal of complaints carried out during this campaignperiod.

VigilanceAwarenessWeekActivities:

Vigilance Awareness Week (VAW 2022) was conducted throughout the Organization at all units of MIL spread over different geographical locations across country from 31st October to 6th November, 2022 on the theme "Corruption free India for a developed Nation".

All the unit heads administered the Integrity Pledge to the employees. Key Note address / Talk were given by the heads of unit level /vigilance Officers to spread Vigilance awareness among employees.

The following activities were carried out as a part of observance of Vigilance Awareness Week 2022.

a. Slogan, Poster & Essay, debate, competitions on Vigilance related topics in Hindi, English & regional language were conducted among MIL employees to enhance Vigilance Awareness. Suitable awards also distributed to the winners.

b. Pamphlets, Banners were displayed / distributed by all the units.

c. Mini marathon race organised by CFA, one of the unit of MIL.

d. Tree plantation program conducted by NADP, one of the unit of MIL.

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e. Vigilance awarenessActivities through debate, Essay writing, E-pledge also carried out outside organisation, In 16 Nos of Schools by MIL units viz. OF Badmal, OF Itarsi, HEPF Tiruchirappalli,OF Khamaria, & 03 Nos of Colleges by OF Badmal & OF Itarsi units.

f. Gram Sabha conducted for vigilance awareness by OFI one of the units of MIL.

g. Seminar was held on 07.11.2022 for Group A Officers of MIL by Shri Mahesh Chandra, IRSS & CVO / MDL &MIL.

h. A lecture was conducted on 30.12.2022 by Shri Kanwalpreet, Director Procurement Policy Division, Dept. of Expenditure,MoF for Group A Officers of MIL

i. In-house sensitization programme to MIL employees on topic Preventive Vigilance Measures also conducted by unit level HR & Vigilance team.

j. Vendors / Suppliers Meet were conducted by various MIL units.

k. Vigilance Publications: Vigilance Bulletin / Magazines published by MIL units

Integrity Pact:

The MIL has adopted and provided for signing of Integrity Pact (IP) and accordingly a clause has been introduced in the Purchase Manual. Pre-contract IP is a binding agreement between the Company and bidders for a specific contract in which the parties promise that it will not resort to any corrupt practices in any aspect or stage of the contract. The IP has strengthened the established systems and procedures by creating trust and has full support of the Central Vigilance Commission.

14. BOARD OFDIRECTORSAND 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 Ravi Kant as Chairman and Managing Director, Shri Debashish Banerjee as Director/Human Resources, Shri Sushanta Kumar Rout as Director/Operations, Shri Prakash Agarwala as Director/Finance and Shri Surendra Prasad Yadav, JS (LS) as Government Nominee Director, Shri Sushanta Kumar Rout as Director/Operations superannuatedon 30.06.2023.

During the financial year 2022-23 six Board Meetings were held on 17.05.2022, 08.08.2022, 03.11.2022, 22.12.2022, 27.12.2022 and23.02.2023.

Remuneration to Directors and Key Management Personnel

Name	Designation	2022-23 (in INR)	2021-22 (in INR) (From 01/10/2021 to 31/03/2022)
Shri Ravi Kant	Chairman and Managing Director	46,13,712	21,37,914
Shri Debashish Banerjee	Director/HR	46,49,872	21,07,299
Shri Sushanta Kumar Rout	Director/Operations	46,29,904	21,07,299
Shri Vivek Chandra Verma	Director/Finance (till 20/05/2022)	6,42,712	19,04,724
Shri Prakash Agarwala	Director/Finance & CFO (w.e.f. 14/06/2022)	40,32,414	Nil
Shri E. J. Paul	Company Secretary (w.e.f. 11/07/2022)	7,36,667	Nil

15. AUDITORS:

The Comptroller and Auditor General of India appointed M/s. P.G. Bhagwat LLP, Suite 102, Orchard, Dr. Pai Marg Baner, Pune-411045 as Statutory Auditor and 12 other firms as Branch Auditors for the financial year 2022-23 under Section 139 of the Companies Act, 2013.

The auditors have audited theAccounts of the Company for the financial year 2022-23. The audited accounts with required annexure and reports are annexed to this report.

16. RIGHT TO INFORMATIONACT, 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 MunitionsIndiaLimited.

1. Appellate Authority
   Shri Avinash Tarhawadkar

2. Chief Public Information Officer
   Shri Shahir Farooqui

17. 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.

18. AUDIT COMMITTEE:

Audit Committee has been formed. The composition of Audit Committee as on 31st March, 2023 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
Shri Prakash Agarwala	Director/Finance	Member

During the financial year 2022-23, no Audit Committee meetings were held due to non-appointment of Independent Director.

19. SECRETARIAL AUDIT REPORT:

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

20. COMMENTS ON THE AUDITORS REPORT:

Explanations by the Board of Directors on the disclaimer of opinion made by the statutory auditors in their report:

The statutory auditors have provided an adverse opinion on the Company's financial statements for the period ended March 31, 2023. The following table provides explanations by the Board of Directors on the basis of adverse opinion provided by the statutory auditors in their report. Refer to the Auditors' Report attached to the financial statements for detailed remarks by the auditors.

Sr. No.	Auditors' Remark	Managment response
1.	Extract from Auditors' Report We draw attention to the matters described in Annexure A, the quantitative and qualitative effects of which, individually or in aggregate, are material and pervasive to the Financial Statements.	The Management believes that the financial statements reflect a true and fair view of the financial position of the Company as of March 31, 2023, its performance for the year ending March 31, 2023 and the cash flow for the said year. Management is of the opinion that auditors should have appreciated the fact that the migration from 200 years old legacy accounting system to Tally System has taken place successfully in the current Financial Year. The Company has put all the effort to bring the accounting system that is able to

	Further there are matters where we and the other auditors/branch auditors are 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 and given therein. Our opinion is adverse in respect of these matters:	record and maintain data as required to prepare financial statements as per Ind AS and to comply with applicable laws andregulations. The Management's response for each of the items constituting the basis of adverse opinion issued by the auditors is listed below.
	- Non-compliance with maintenance of books of accounts as required by law	Books of accounts of the company are maintained in Tally Software, which records the accounting entries in the system. There are various other supplementary systems including Fox Pro based system, PPC System etc, which complement the main system. Each accounting entry is supported by relevant vouchers, bills, supporting documents etc. duly approved. These collectively form the books of accounts to be required to be kept under the Companies Act, 2013. In Management's view, the Company has maintained proper books of accounts as required to be kept under the law. Therefore, absence of integrated system does not impact the integrity of accounting entries recorded in Tally software. Management is also of the opinion that all required data for audit is available with the Company.Auditors should have put efforts to see whether data is fetched correctly or not from various books of accounts instead of asking for collection of data from a single software. Management is of the opinion that auditors should have put efforts in understanding the accounting system of the company to confirm correct accounting of all items. Additionally, the Management, with the help of external experts, undertook a comprehensive exercise to assess the integrity and accuracy of data migrated from the earlier accounting system to Tally. The Management did not identify any difference between the amounts as per the signed financial statements as of March 31, 2022, and the opening balance as ofApril1, 2022, recorded in Tally.
	- Accrual basis of accounting	With respect to the example of accrual stated for OFBL, the figure quoted by the auditor of amount ₹ 29.91 Crores is incorrect and the actual expenditure of OFBL during 2022-23 is ₹1,38,81,102/- provision of which was made in FY 2021-22. The accounting entries have been made correctly in Tally system accordingly. In FY 2022-23, provision of PLB has been made in OFBL for amount ₹ 1,35,40,388/-. The Company maintains books of accounts on accrual basis in

		line with the requirements of applicable accounting standards. The Management has ensured that the year-end financial reporting process is followed appropriately to ensure that the accounts follow the applicable accounting standards. This includes processes to ensure that appropriate accruals are recorded as at the year-end. Therefore, the management does not agree to the observation of the statutory auditor that, the accounting system of the company has inherent limitation of completeness with respect to accrual basis of accounting. The Management has assessed that due processes and controls are in place to ensure completeness of such accruals.
	- Restatement of balances as on October 1, 2021. - Opening account balances various assets and liabilities without detailed breakup	During the year ended 31 March 2023, the Company identified errors in balances of assets and liabilities acquired from the erstwhile Ordnance Factory Board ("OFB"). At the time of transfer from OFB, the balances of these assets and liabilities that were taken over were unaudited. The statutory auditors issued a Disclaimer of Opinion on the financial statements as at and for the period ended 31 March 2022 as certain balances were not supported by adequate evidence in possession of the Company. Consequently, during the year ended 31 March 2023, the Company initiated the process to identify supporting evidence for the balances of assets and liabilities taken over from OFB leading to restatement of these balances. The Company had formed internal committees to investigate these balances and validate the balance sheet as of 31 March 2022. Based on the findings of the internal committees, the Company has restated the comparative numbers for the period ended 31 March 2022.
	- Reconciliation of inter-unit transactions and balances	The current accounting system is not configured to automatically record inter-unit transactions by the respective units. However, to mitigate the risk of unreconciled inter-unit balances, the Management performed a detailed exercise and identified unreconciled items as at the year-end and appropriate adjustments were recorded in the books of accounts. The Management will further strengthen the process and implement controls in respect of inter-unit transactions and balances reconciliation by ensuring that appropriate details of such transactions are maintained at the unit level in the system and timely reconciliations are performed and approved.
	- Reconciliation of inter-unit transactions and balances	The current accounting system is not configured to automatically record inter-unit transactions by the respective units. However, to mitigate the risk of unreconciled inter-unit balances, the Management performed a detailed exercise and identified unreconciled items as at the year-end and appropriate adjustments were recorded in the books of accounts

		The Management will further strengthen the process and implement controls in respect of inter-unit transactions and balances reconciliation by ensuring that appropriate details of such transactions are maintained at the unit level in the system and timely reconciliations are performed and approved.
	- Process related to accounting of purchases and trade payable;	The issues highlighted by the auditors relate to availability of system generated reports highlighting detailed invoice-wise and party-wise listing of outstanding trade payable and trade receivables, agreeing to general ledger as well as confirmation and reconciliation of these balances as at the reporting date. Further, the issues highlighted also include the timing of recording the purchases and the accuracy of recording the purchases. The listing for trade payables acquired as part of reorganization of OFB is not available in the system due to the limitations of the previous system. The Company will institute a committee to obtain appropriate details of such balances and take appropriate actions, as necessary, in consultation with the statutory auditors. The Management has also evaluated the Company's processes for recording the purchases at appropriate rates and has not identified any gaps in the processes. The company procures most of the items at fixed price contracts and hence the difference between contract price and sale price does not arise, barring few specific cases which is explainedbelow: With respect to the example quoted by OFK auditor, the cases pertain to contracts with Price Variation Clause. Various items such as POL (Petrol, Oil, Lubricants) items have Price Variation Clause in place in respective contracts.According to the Price Variation Clause, items are priced at the prevailing rate on the date of sale, which may differ from the contract price. In these cases, adjustment vouchers between the sale price and contract price are made and the purchase is recorded at sales price. Therefore, the observation of the auditor is not correct. The matter pertaining to AFK was legacy issue and pertains to the period prior to corporatisation of the company. The reply has been furnished by the unit to the branch auditor along with the approval and relevant documentation substantiating the transaction. The party-wise break up of advances to vendors of all the units are available and the same has been duly provided to statutory auditors.

	- Process related to accounting of sales and trade receivables	With respect to comment on mismatch of revenue recorded in the financial statements for OFBL unit, the total revenue includes revenue from sales of goods, scrap sales and price variation claim on deemed contracts received during the current year. The amount of ₹ 479.82 Cr. is the total of Production Vouchers prepared in the FY 2022-23, the amount ₹ 499.27 Crores includes Stock Vouchers against sale of stores and scraps and the amount ₹550.60 Crores includes bill raised against profit element of 7.5%. The total revenue thus arrived at agrees to the records in Tally as well as the relevant GST returns filed. It is surprising that, although this point was explained to the branch auditor during audit, the auditors did not appreciate the point. The unit-wise details of advances from customers are available, appropriately accounted for in Tally and shared with all the branch auditors. All the sales, advances from customers and outstanding receivables are duly supported by appropriate documentation and accounted for accordingly in the Tally system. It has been conveyed to the auditors that the major customers of the company are Government agencies. In these cases, the user/customer and the payer are different agencies.As such, it is very difficult to get the balance confirmation from respective paying agencies. Auditors may appreciate the limitation.
	- Inventory	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. NRV has been carried out at each unit level for finished goods and works in progress. The NRV impact has been accounted for at unit level in Tally system. Regarding the Examples quoted by the auditors with respect to AFK and OFK, the units have responded to these observations against respective draft audit reports. However, auditors are not appreciative of the replies and have maintained their views irrespective of all documentary evidences. In case of AFK, although the auditor was provided with all documentary evidences, however as the auditor did not agree for restatement, the inventory was written off during the year. Working of Unreconciled profit/loss of Inter-unit inventory has been carried out at consolidation level and impact has been completely accounted for during consolidation.

		The auditors have highlighted that the Company has not provided non-moving and slow-moving items of inventory. However, the Company has identified such items of inventory as on the transfer date of October 1, 2021, and the same were accounted for. The details of such adjustments were provided to the auditors for their verification. The Management further assessed the position as of 31 March 2023 and determined that there is no need for any additional provision.
	- GST related accounting	The difference of purchase as per GST returns and books of accounts pertains to booking of GIT and booking of purchase after receipt of items as per conditions of contract and booking of sale by the seller at the time of invoice generation. As per the conditions of the contract between the company and the seller the purchase is booked in the books of account hence the completeness of booking of purchase has been ensured. During the year transactions are correctly captured and reconciled. However, there are certain legacy issues from erstwhileOFB, which are being reconciled.
	-Provision for material foreseeable losses on long term contracts	The Company is a cost-plus entity and sells its products on a margin over its cost. The company has long term contracts with Services in the form of a deemed contract which is a legacy issue. Government of India has further assigned 7.5% profit element on the price of these deemed contracts effective from Oct 1, 2021. Hence, these contracts cannot be construed as onerous contracts. The other contracts have a profit margin over its cost and hence cannot be construed as an onerous contract.
	- Tax Expenses	Tax computation has been carried out properly as per the details and data from the financial statement in compliance with the provisions of the Income Tax Act 1961 and Ind AS 12, which has been shared with the central statutory auditor.
	- Non compliances related to appointment of directors and constitution of audit committee	The company is a central public sector enterprise with 100% holding of Government of India. As per DPE guidelines the appointment of Directors (both Functional and Independent Directors) is done by GoI. The Independent Directors have not yet been appointed. The same will be intimated as and when appointed. The Company has formed audit committee on 03/11/2022.
	-Share application money pendingallotment	Of the total amount outstanding as at March 31, 2023, the Company has allotted share of ₹ 577 Crores in the month of May 2023. For the remaining amount, the shares of balance amount will be allotted in the current Financial Year.

	- Inconsistencies between consolidated financial statement and branch financial statements	The financial statements of the Company have been prepared based on audited financial statement of the Branches with due confirmation from the branch auditors. With respect to OFK regarding this observation, there is not financial impact due to this reclassification/regrouping made by Branch auditor at the time of signing the financial statement. The Company will formulate and implement control and process to mitigate the risk of inconsistencies between the financial statements submitted at the HO for compilation of branch numbers and the signed copies of audited branch financial statements before incorporating final number in the financial statements at the Company level.
	- Netting off current tax liability and current tax assets	The current tax liabilities and current tax assets have been presented separately to monitor the balances of advance tax paid, accumulated TDS and tax liability. Due to this presentation, there is no impact in P&L Statement and BalanceSheet. Assessment year wise netting off current tax asset and current tax liability will be done in upcoming years.
	- Interest provision on amount payable to MSME	There is no amount of interest due as per the MSMED Act, 2006 as at March 31, 2023, to such suppliers, and therefore interest has not been accounted for.
2	Disclaimer of opinion on internal financial controls	The Company is in the process of formalising and enhancing its internal control systems with respect to financial reporting. It has already taken certain measures in this regard post the reporting date. This includes creating a formal risk and controls matrix for each of the businesses processes as they relate to financial reporting. The Company is also in the process of hiring qualified accountants at each unit level to fix the accounting processes and controls related issues at each unit level.

21. COMMENTS ON THE SECRETARIAL AUDIT REPORT:

21.1 As per Section 149(6) 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. 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.

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 twice to Ministry of Defence for the appointment of IndependentDirectors.

21.2 No meeting of Audit Committee and Nomination and Remuneration Committee took place during the financial year 2022-23.

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 twice to Ministry of Defence for the appointment of IndependentDirectors.

We have re-constituted the Audit Committee and meeting will be held in the financial year 2023-24.

21.3 In the absence of Independent Directors, the Company has not complied with to 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 year2022-23.

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 twice to Ministry of Defence for the appointment of IndependentDirectors.
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 themanagement.

21.4 The Board of Directors of the Company was not duly constituted with proper balance of Executive Directors and Non-ExecutiveDirectorsduring the financial year2022-23.

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 twice to Ministry of Defence for the appointment of IndependentDirectors.

22. 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.

23. CORPORATE SOCIAL RESPONSIBILITY:

Please see Annexure-III

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

An Internal Complaints Committee (ICC) of Munitions India Limited has been constituted for redressal of grievance of women staff members.

The following is a summary of sexual harassment complaints received and disposed of during the financial year 2022-23.

No. of complaints received - Nil
No. of complaints disposed of - Nil

25. 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).

26. FIXED DEPOSIT:

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

27. 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.

28. 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

PLACE: PUNE

DATE: 03/11/2023

(RAVI KANT)
CHAIRMAN AND MANAGING DIRECTOR
DIN No.09283919

ANNEXURE- I

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2022-23

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 OFDIRECTORS:

2.1 COMPOSITION OF BOARD:

The Board of Directors of MILcomprises five Members, out of which four are Functional Directors and one is Govt. nominee of the Government of India. The Directors bring to the Board a wide range of experience, knowledge and skills.

The composition of the Board as on 31st March 2023 is as follows –

Executive Directors

Shri Ravi Kant	- Chairman and Managing Director
Shri Debashish Banerjee	- Director/Human Resources
Shri Sushanta Kumar Rout	- Director/Operations
Shri Prakash Agarwala	- Director/Finance

Non-Executive Directors

Shri Surendra Prasad Yadav	- Govt. Nominee Director

2.2 Otherprovisions as to Board and Committees

Details of Board Meeting held during the financial year 2022-23.

i. During the financial year 2022-23 six Board Meetings were held on 17.05.2022, 08.08.2022, 03.11.2022, 22.12.2022, 27.12.2022 and23.02.2023.

ii. The Board has complete access to all the relevant information within the Company enabling the Board of Directors to take informed and efficient decision.

iii. 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 2022-23 are tabled below:-

Sr. No.	Name of Director	Designation	Board Meeting		Attendances at Last AGM	No. of other Directorships as on 31/03/2023	No. of other Committee Memberships as on 31/03/2023	
			Held during the tenure	Attended			As Chairman	As Member
1.	Mr. Ravi Kant	Chairman and Managing Director	6	6	Yes	0	1	0
2.	Mr. Debashish Banerjee	Director/HR	6	6	Yes	0	1	3
3.	Mr. Sushanta Kumar Rout	Director/Operations	6	4	No	0	0	4
4.	Mr. Vivek Chandra Verma	Director/ Finance	1	1	NA	NA	NA	NA
5.	Mr. Surendra Prasad Yadav	Government Nominee Director	6	2	Yes	3	0	1
6.	Mr. Prakash Agarwala	Director/Finance & CFO	5	5	Yes	0	0	4

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

v. Brief Profile of new Directors

Shri PrakashAgarwala, took over as Director/Finance at MIL on 16th June, 2022. He is also the Chief Finance Officer (CFO) of MIL.
Shri PrakashAgarwala is a graduate in Mechanical Engineering from NITKurukshetra & 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 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 around 25 countries for Defence Export promotionandinternationalcooperation.

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 OFDIRECTORS:

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

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Investment 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, 2023 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1		Independent Director	Chairman
2		Independent Director	Member
3	Mr. Prakash Agarwala	Director/ Finance & CFO	Member

The post of two Independent Directors are vacant. During the financial year 2022-23 no Audit Committee meetings were held due to absence of Independent Directors.

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, 2023 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1		Independent Director	Chairman
2		Independent Director	Member
3	Mr. Debashish Banerjee	Director/ Human Resources	Member
4	Mr. Surendra Prasad Yadav	Govt. Nominee Director	Member

The post of two Independent Directors is vacant. During the financial year 2022-23 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, 2023 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	Mr. Debashish Banerjee	Director/ Human Resources	Chairman
2	Mr. Sushanta Kumar Rout	Director/Operations	Member
3		Independent Director	Member

The post of one Independent Directors is vacant. During the financial year 2022-23 two Corporate Social Responsibility Committee meetings were held on 27/01/2023 and 21/03/2023.

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 Committee

i. The composition of Investment Committee as on 31st March, 2023 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	Mr. Ravi Kant	Chairman and Managing Director	Chairman
2	Mr. Sushanta Kumar Rout	Director/Operations	Member
3	Mr. Prakash Agarwala	Director/Finance & CFO	Member

During the financial year 2022-23 forty eight Investment Committee meetings were held on 16/09/2022, 28/09/2022, 30/09/2022, 04/10/2022, 11/10/2022, 17/10/2022, 28/10/2022, 31/10/2022, 04/11/2022, 05/11/2022, 10/11/2022, 16/11/2022, 18/11/2022, 25/11/2022, 28/11/2022, 30/11/2022, 05/12/2022, 08/12/2022, 09/12/2022, 12/12/2022, 13/12/2022, 22/12/2022, 30/12/2022, 30/12/2022, 03/01/2023, 06/01/2023, 09/01/2023, 10/01/2023, 13/01/2023, 17/01/2023, 23/01/2023, 30/01/2023, 06/02/2023, 14/02/2023, 15/02/2023, 21/02/2023, 22/02/2023, 27/02/2023, 01/03/2023, 03/03/2023, 06/03/2023, 10/03/2023, 15/03/2023, 16/03/2023, 18/03/2023, 23/03/2023, 28/03/2023 and 31/03/2023.

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, 2023 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	Mr. Debashish Banerjee	Director/Human Resources	Member
2	Mr. Sushanta Kumar Rout	Director/Operations	Member
3	Mr. Prakash Agarwala	Director/Finance & CFO	Member

During the financial year 2022-23 one Committee of Directors for Capital Expenditure meetings was held on 28/03/2023.

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, 2023 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	Mr. Debashish Banerjee	Director/Human Resources	Member
2	Mr. Sushanta Kumar Rout	Director/Operations	Member
3	Mr. Prakash Agarwala	Director/Finance & CFO	Member

During the financial year 2022-23 no Committee of Directors for deciding approval of New Policies, MoUs, Changes in Policies and MoUs meetings were held.

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

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 2022-23 is 4.88%.
iv. Informationon adoption/non-adoptionof 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 RemunerationCommittee**
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 prescribedlimit.

iii. **ShareholdersRights**
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 reportannexed.

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 pslace for detection, prevention and reporting of fraud. This policy applies to any fraud or supected 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.

ANNEXURE-II

SECRETARIALAUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31St MARCH, 2023

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 (U29190 PN2021GO I203505)** (hereinafter called the company for the financial year ended on 31stMarch, 2023. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinionthereon.

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 31stMarch, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and Returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023, according to the provisions of:

(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 thereunder;
(iv) Foreign Exchange ManagementAct, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External CommercialBorrowings; **(NOTAPPLICABLE)**

(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 during financial year 2022-23, as the shares of the company are not listed with stock exchanges.

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers)Regulations, 2011;
b. The Securities and Exchange Board of India (Prohibition of InsiderTrading) Regulations, 1992;
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations,2009;
d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations,2008;
f. 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;
g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
h. The Securities and Exchange Board of India (Buyback of Securities)Regulations,1998;

(vi) We have also examined compliance with the following laws which are specifically applicable to the company:

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 (SpiritLicense) under Madhya Pradesh Act No.11 of 2018, The Madhya Pradesh Motor, Spirit Upkar Adhiniyam, 2018.

We have alsoexaminedcompliance with the applicable clauses of thefollowing:

(i) Secretarial Standards as amended from time to time issued by The Institute of Company Secretaries of India. 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)**

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) 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. 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. **No meeting of Audit Committee and Nomination and Remuneration Committee took place during the Financial year 2022-23.**

3. **In the absence of Independent Directors, the Company has not complied with to 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 2022-23.**

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 2022-23. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, baring few urgent matters, 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, regulationsandguidelines.

We further report that

During the audit period the company had no major events having a bearing on Company'affairs in pursuance of the above referred laws rules, regulations, guidelines, standards etc

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.

Place: Ghaziabad
Date: 08.09.2023

For A. K. Rastogi & Associates
Company Secretaries
ICSI Unique code No *S2020UP724400*

(A.K. RASTOGI)
PROPRIETOR
FCS No 1748
CP No.:22973
UDIN F001748E000974951

ANNEXURE TO SECRETARIALAUDIT REPORT

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 responsibilityis to express an opinion on these secretarial records based on our audit.

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

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

4. Where ever 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.

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: 08.09.2023

For A. K. Rastogi & Associates
CompanySecretaries
ICSI Unique codeNo.S2020UP724400

(A. K. RASTOGI)

PROPRIETOR
FCS No 1748
CP NO.: 22973
UDIN: F001748E000974951

ANNEXURE-III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2022-23

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 Swach 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 enhancementprojects.

(iii) To promote gender equality, empowering women, setting up homes and hostels for women and orphans setting up old age homes, day care centres 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, [CentralArmed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows].

(vii) To give training to promote rural sports, nationally recognised sports, paralympic sports and Olympicsports.

(viii) To contribute to the prime minister's national relief fund [or Prime Minister's CitizenAssistance 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 Governmentand

(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 Organisation (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 ofDirectorship	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	2	2
2	Shri S. K. Rout	Director/Operations	2	2
3	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/Aboutus/Corporate Social Responsibility https://munitionsindia.in/Downloads/Manual and Policies/Composition of CSR Committee https://munitionsindia.in/Downloads/Manual and Policies/CSR Activities 2022-23

4. Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule — NA

5. (a) Average net profit of the company as per section 135(5) INR 25.40 Crores
(b) Two percent of average net profit of the company as per section 135(5) INR 50.80 Lakhs
(c) Surplus arising out of the CSR Projects or programmes or activities of the previous 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 50.80 Lakhs

6. (a) Amount spent on CSR Projects (both Ongoing Projects & other than Ongoing Projects) NIL
(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) NIL
(e) CSR amount spent or unspent for the financial year :

Total Amount Spent for the Financial Year. (in INR)	**Amount Unspent (in Rs.)**				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		**Amount transferred to any fundspecified under Schedule VII as per second proviso to section 135(5).**		
	Amount.	**Date of transfer.**	**Name of the Fund**	**Amount.**	**Date of transfer.**
NIL	**INR 51.66 Lakhs**	**21/04/2023**	**NIL**	**NIL**	**NIL**

(f) Excess amount for set off, if any

Sl. No.	**Particular**	**Amount (in INR)**
(i)	Two percent of average net profit of the company as per section 135(5)	50.80 Lakhs
(ii)	Total amount spent for the Financial Year	NIL
(iii)	Excess amount spent for the financial year [(ii)-(i)]	NIL
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off 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 transferredto UnspentCSR Account under section 135 (6) (inINR)	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.		NIL						
2.		NIL						
3.		NIL						
	TOTAL	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.

Due to the late completion of Audit, there was no adequate time to plan for CSR expenditure in the local area around where Munitions India Limited operates in the financial year 2022-23.

(RAVI KANT)
CHAIRMAN AND MANAGING DIRECTOR
DIN No.09283919

(DEBASHSISH BANERJEE)
DIRECTOR/HR & CHAIRMAN CSR COMMITTEE
DIN No.09283921

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.

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

3. WEAKNESSES:

- High Overheads
- Legacy Systems
- Cumbersome procurement process
- Poor R&D base in units due to dependence on DRDO for R&D pre-corporatization

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

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. INTERNALCONTROLSYSTEMSANDTHEIRADEQUACAY:

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

7. CORPORATESOCIALRESPONSIBILITY:

As per relevant provisions of the Companies Act, 2013 for the financial year 2022-23 Corporate Social Responsibility expenditure of Rs.51.66 lakhs are to be expended on ongoing projects.

CERTIFICATE OF COMPLIANCE OF DPE GUIDELINES ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR 2022-23

To,
The Members,
Munitions India Limited,
Pune, Maharashtra

We have examined the compliance of Conditions of Guidelines on Corporate Governance for **Munitions India Limited (CIN: U29190PN2021GOI203505) (**hereinafter called as 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 2022-23.

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 2022-23 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. **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:11.09.2023
Place: Ghaziabad

For A. K. Rastogi & Associates
Company secretaries
ICSI Unique code No *S2020UP724400*

(A.K. RASTOGI)
ROPRIETOR
FCS No 1748
CP No.:22973
UDIN: F001748E000982772

CERTIFICATE FOR CODE OF BUSINESS CONDUCT & ETHICS

No.MIL/HR/BC&E

Dated: 17/04/2023

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 2022-23.

(RAVI KANT)
Chairman and Managing Director

INDEPENDENT AUDITORS' REPORT

To the Members of MUNITIONS INDIALIMITED

Report on theAudit of the Financial Statements

AdverseOpinion

We have audited the Financial Statements of Munitions India Limited ("the Company", which includes the Head Office located at Pune, Maharashtra and fifteen branches), which comprise the Balance Sheet as at March 31, 2023, 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, 2023 then ended, and notes to the Financial Statements, including a summary of SignificantAccounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements") in which are included the Returns of fifteen branches for the year ended on that date audited by the branch auditors of the Company's branches as stated below,

Sr no	Branch Name	Branch Location
1	Ammunition Factory Khadki,	Pune, Maharashtra
2	Highly Explosive Factory, Pune	Pune, Maharashtra
3	Ordnance Factory Dehuroad	Pune, Maharashtra
4	Ordnance Factory Khamaria	Khamaria, Jabalpur, Madhya Pradesh
5	Cordite Factory Aruvankadu	Ooty, Tamilnadu
6	High Energy Projectile Factory Tiruchirappalli	Tiruchirappalli, Tamilnadu
7	Ordnance Factory Bhandara	Bhandara, Maharashtra
8	Ordnance Factory Chanda	Chandrapur, Maharashtra
9	Ordnance Factory Bolangir	Bolangir, Odisha
10	Ordnance Factory Itarsi	Itarsi, Madhya Pradesh
11	Ordnance Factory Nalanda	Nalanda, Bihar
12	Ordnance Factory Varangaon	Varangaon, Maharashtra

Otherimmaterialbranches:ignificantbranches:

Sr no	Branch Name	Branch Location
13	Ordnance Factory Institute of Learning, Khamaria	Khamaria, Jabalpur, Madhya Pradesh
14	Regional Controller of Safety, Pune	Pune, Maharashtra
15	National Institute of Defence Production, Ambajhari	Nagpur, Maharashtra

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matters described in the Basis forAdverse Opinion section of our report the aforesaid Financial Statements do not give a true and fair view in conformity with the accounting principles generally accepted in India including IndianAccounting Standards (IndAS) specified under the CompaniesAct 2013, of the state of affairs of the Company as at March 31, 2023, of its profit, position of changes in equity and the cash flows for the year then ended.

Basis for Adverse Opinion

We draw attention to the matters described in Annexure A, the quantitative and qualitative effects of which, individually or in aggregate, are material and pervasive to the Financial Statements. Further there are matters where we and the other auditors/branch 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 and given therein.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013 ("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 and provisions of the Act that are relevant to our audit of the financial statements in India under the Act, and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics and the requirements under the Act.

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 adverse opinion.

Emphasis of Matter

IndAS 19– Employee benefits related obligations
We draw attention to Note 35(b)(i) of the financial statements regarding recognition of employee benefits expenses.

As per information and explanation given by the Management and based on the consideration of the audit reports issued by respective branch auditors, provision for employee benefits as per IND-AS 19 namely, provision for gratuity, leave encashment and other retirement benefits and allowances etc., are not recognized in the financial statements as on March 31, 2023, since these are obligations of the Central 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.

Other Information

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.

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.

When we read the Board report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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

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 effectivelyfor 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.

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.

Those Board of Directors are also responsible for overseeing the Company's financialreportingprocess.

Auditor's Responsibilities for the Audit of the Financial Statements

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 auditconducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internalcontrol.

- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

OtherMatters

We did not audit the financial statements of fifteen branches, whose financial information reflect total assets of Rs 13,777.03 Crore and net assets of Rs 7,711.65 Crore as at 31 March 2023, total revenue of Rs. 5,661.38 Crore, total comprehensive income (comprising of (loss)) and other comprehensive income) of Rs (122.35) Crore and net cash outflows amounting to Rs (231.62) Crore for the year ended on that date, as considered in the financial statements. These financial information have been audited by other auditors (branch auditors) whose reports have been furnished to us by the Management, and our opinion on the Financial Statements insofar as it relates to the amounts and disclosures included in respect of these branches and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid branches, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of this matter.

Report on Other Legal and RegulatoryRequirements

1. 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 branch auditors for fifteen branches included in the financial statements of the Company, we give in the Annexure B; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section143(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) Due to various matters described in the Basis for Adverse Opinion paragraph above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid Financial Statements have not been kept so far as it appears from our examination of those books and the reports of the respective branch auditors.

c) The reports on the accounts of the branch offices of the Company audited under Section 143(8) of the Act by branch auditors have been 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 adverse on account of the matters described in Annexure A attached to this report.

e) Due to various matters described in the Basis for Adverse Opinion paragraph above, including possible effects thereof, the aforesaid Financial Statements do not comply with the Indian Accounting Standards prescribed under section 133 of the Act.

f) The matters described in the Basis for Adverse Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

g) The provisions of this clause i.e. section 164 (2) of the Act is not applicable to the government company vide notification no. GSR 463(E), dated 5th June 2015.

h) The reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Adverse Opinion paragraph and in Paragraph 2 (b) above.

i) 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".

j) Section 197 of the Act on managerial remuneration is not applicable to the government company vide notification no. GSR 463(E), dated 5th June 2015 therefore reporting is notapplicable.

k) With respect to the other matters to be included in theAuditor'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 branchauditors:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 37 to the Financial Statements. However, based on the consideration of audit reports of branch auditors, we are unable to comment with respect to completeness of the relevantdisclosure.

(ii) The Company has long term contracts as on March 31, 2023. However, because of matters described in Basis for Adverse Opinion paragraph above and due to lack of availability of necessary information with the Company, the Company has not been able to determine the provision if any is required to be made for material foreseeable losses as required under the applicable law or accounting standards. Refer Annexure A – Section I.

(iii) There were no amounts which were required to be transferred to the Investor Education and ProtectionFund 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 41(b)(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 41(b)(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 branch auditors, nothing has come to our notice 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 5th June 2015.

(vi) The requirement to the use of accounting software for maintaining Company's books of account which has a feature of recording audit trail (edit log) facility, as prescribed under rule 3(1) of the Companies (Accounts) Rules, 2014, is deferred to financial years commencing on or after April 1, 2023, therefore reporting under Rule 11(g) of Companies (Audit & Auditors) Rules, 2014 is not applicable for financial year ended on March 31, 2023 Company.

3. 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 **P G BHAGWAT LLP**
CharteredAccountants
Firm Registration Number: 101118W/W100682

Abhijit Shetye
Partner
MembershipNumber: 151638
UDIN: 23151638BGQGGG2023
Place – Pune
Date – October 13, 2023

Annexure A – Section I

Annexure A
(As referred to in Basis for Adverse Opinion Para
in main audit report of Munitions India Limited for the year ended March 31, 2023)

Section I

Part A - Nature of opinions as per reports issued by branch auditors

Sr no	Branch Name	Nature of modification
1	Ordnance Factory Khamaria	Adverse Opinion
2	Ammunition Factory Khadki,	Adverse Opinion
3	Ordnance Factory Bolangir	Adverse Opinion
4	Ordnance Factory Chanda	Disclaimer of opinion
5	Ordnance Factory Bhandara	Disclaimer of opinion
6	Highly Explosive Factory, Pune	Qualified Opinion
7	Ordnance Factory Dehuroad	Qualified Opinion
8	CorditeFactory Aruvankadu	Qualified Opinion
9	High Energy Projectile Factory Tiruchirappalli	Unmodified opinion
10	Ordnance Factory Itarsi	Qualified Opinion
11	Ordnance Factory Nalanda	Qualified Opinion
12	Ordnance Factory Varangaon	Qualified Opinion
13	Ordnance Factory Institute of Learning, Khamaria	Qualified Opinion
14	Regional Controller of Safety, Pune	Disclaimer of Opinion
15	National Institute of Defence Production, Ambajhari	Qualified Opinion

There are a total of 5 branches as stated in the table above (i..e Sr no 1 to 5) where either adverse opinion or disclaimer of opinion was given by respective branch auditors (i.e. misstatements noted were both material and pervasive), constitute total assets of Rs. 9,617.35 Crore (before interunit elimination entries), net assets of Rs. 5,174.01 Crore, total revenue of Rs. 4,219.03 Crore (before interunit elimination entries) and total comprehensive income of Rs. 176.55 Crore (before interunit elimination entries) for the year ended in the financial statements of the Company. These constitute 62.90% of total assets, 69.17% of total net assets, 85.20% of total revenue and 240.71% of total comprehensive income at the Financial Statement of the Company as a whole which in our opinion is material.

Part B - Common Observations

Based on the reading of report of branch auditors and communication received from for all branches, during audit, we have noted following observations.

A. Maintenance of books of accounts

During the current year, the Company has partially migrated its books of accounts on new accounting software viz., Tally PrimeAccounting Software (herein after referred to as 'TallyAccounting Software') on January 1, 2023 with effect from April 1, 2022 both at head office and various branches (individually referred to as 'Unit'). Certain books and transactions are still being maintained on other software's.

Previously, the Company maintained its books of accounts on Commercial Accounts (COMMAC). The Company has continued primary recording of purchases and recording and maintenance of inventory etc. on erstwhile accounting systems/ software, comprising of Inventory Package, Cash Compilation report (CC02), Production, Planning and Control (PPC) Package, Punching Media, etc. and various excel spreadsheets which are neither integrated with each other nor with Tally Accounting Software Pime. At unit level, output from respective software is used to update excel spreadsheets which are considered as basis for passing accounting entries in Tally Accounting Software. Frequency of updating Tally Accounting Software data and passing accounting entries in Tally Accounting Software is neither defined nor followed uniformly. Also, internal controls including maker checker principles, access controls to avoid unauthorised changes etc. around the entire process of maintenance of books of accounts and preparation of financial statements could not be identified and verified. The Financial Statements at unit level are prepared based on Tally Accounting Software. However, changes made in the Tally Accounting Software has not been documented properly and without using log sheets. Many a times, original incorrect entries were edited without keeping an edit log instead of passing a rectification entries. Further incorrect or no narration was observed in case of many accounting entries passed in Tally Accounting Software at Unit level.

No post implementation and migration audit has been conducted to ensure accuracy of data migrated from the previous accounting software.

Due to non-integration among the accounting systems/software and due to various observations reported below and in Section II of this Annexure, accuracy and completeness of all the transactions recorded cannot be commented upon.

B. Accrual basis of accounting

Present accounting processes implemented by management are not designed to maintain books of accounts on accrual basis. The management has passed certain adjustment entries to prepare the Financial Statements on accrual basis to the extent possible. However, completeness of accrual basis of accounting as on March 31, 2023 could not be ensured due to various deficiencies noted in book keeping process at unit level. As reported by various branch auditors, there has been significant number of correction entries including restatement entries passed in the unit level of books of accounts.
As reported by Branch Auditors of OF Bolangir, the branch had not made any provisions for PLB during the financial year 2021-22. During the year 2022-23 it had paid ₹ 29.91 Crore to Staffs and ₹ 1.09 Crore to IES towards PLB due for the financial year 2021-22. These expenditures are of Prior Period in nature, but shown as current year expenditure. Further as mentioned in Note no 40 to the financial statements, the process of validation of opening balances is ongoing and further adjustments, if any, may be identified in subsequent years, which may result into further restatement.

C. Restatement of balances as on October 1, 2021

During the current year, the management including local management at various branches identified errors in the balances of assets and liabilities as on October 1, 2021 during the course of audit. This has resulted in restatement of opening balances on October 1, 2021 of net assets to the extent of Rs. 213.90 Crore (Credit), closing balances of net assets as on March 31, 2022 to the extent of Rs. 210.31 Crore (Credit) and profit for the period ended March 31, 2022 by Rs. 5.08 Crore (Credit). As informed by Management, the Company is still in the process of validation of opening balances and further adjustments, if any, may be identified in subsequent years, which may result into further restatement. Further considering the Disclaimer of Opinion given in our report on the Financial Statements of the Company for the period ended on March 31, 2022 and lack of transaction wise details confirming completeness, accuracy and existence of account balances on March 31, 2022, completeness of aforesaid restatements cannot be ensured. Refer note 40 to the financial statements.

Further based on the verification of signed branch financial statements submitted to us total accounting impact of Restatements on Net Assets as on March 31, 2022 is Rs. 219.44 Crore and that as disclosed in the consolidated financial statements is Rs. 210.31 Crore. The difference of Rs. 9.13 Crore was not reconciled by the Company.

D. Reconciliation of inter-unit transactions and balances

The management does not have internal control in place for reconciliation of inter-unit transactions and balances on regular basis. Net unreconciled balance at the Company level is Rs. 7.02 Crore (Credit) which is written back in the current year in the Company level financial statements and classified under 'Miscellaneous expenses' (Refer note 30 – Other Expenses) due to lack of availability of requisite transaction wise details. The detailed transaction wise breakup of reconciling items (including subsequent receipts thereof) could not be made available to the auditors for verification. Further there is no process of performing reconciliation of inter-unit balances and timely accounting of reconciling differences in the books of respective units.

Further interunit transaction and balances should not exist at Company level. Aforesaid net write back of unreconciled balances may have material impact on various Financial Statements line items. However due to lack of availability of transaction wise details, actual impact cannot be identified and reported.

E. Process related to accounting of purchases and trade payable

Based on the reading of reports issued by various branch auditors, there are multiple deficiencies noted with respect to purchase and payable related process resulting into material misstatements.As reported by branch auditors of OrdnanceFactory Khamaria(OFK) Unit, it was observed that the purchases are booked when the goods are received in the factory and inspection is complete. However, it was observed that the cost at which purchases are booked in the accounting system is not necessarily in agreement with actual cost of the goods as mentioned in purchase invoice.

Further it was observed that rate as per purchase order is not matched at the time of booking purchases of goods and many a times the purchases are booked at the historical weighted average cost of the material and not at the actual price as per purchase invoice.
The payment is made at the actual purchase price as per purchase invoice. At the time of making the payment, a program is required to be run to account for the price difference. Impact of cases (i.e. unpaid invoices or non-updated Invoice rate) if any on the Standalone Financial Statements cannot be ascertained. Similarly, this will have a corresponding effect on the inventory valuation and cost of consumption. In view of the same, proper recording of purchases, consumption and payables cannot be ensured.

Further as reported by branch auditors of Ammunition Factory Khadki (AFK), the purchase invoices are generally entered in Books of Accounts as a whole and not accounted partwise. It was further observed that at AFK purchase invoices are booked / entered in books of accounts on the basis of MIS & not invoice wise or invoice as a whole. As further reported by AFK branch auditors, opening balances of trade payable as on April 1, 2022 was overstated by Rs. 18.18 Crore as compared to closing balances as per signed financial statements for the year ended March 31, 2022. These balances were written back during the year without any authorization or approval. This has resulted into overstatement of profits by Rs. 18.18 crore for current year.

Further, as reported by branch auditors of Ordnance Factory Chanda, the accounting system does not provide party wise and invoice wise list of trade payable balances including advances to supplier duly tallying with the general ledger balance. Further management has not obtained balance confirmation from suppliers and performed reconciliation as at March 31, 2023. Therefore, we could not obtain sufficient and appropriate audit evidence with respect to completeness and accuracy of purchases and existence of trade payable and advances to supplier balances.

Further as reported by branch auditors of Ordnance Factory Bolangir, as per reconciliation statement between Tally Accounting Software data with GSTR 2B provided to branch auditors it is observed that Taxable Value of ₹ 25.35 Crore (Total 2214 invoices) appearing in GSTR 2B but not booked in Tally Accounting Software resulting misstatements with respect to completeness and accuracy of accounting of purchases made by unit.

As reported by branch auditors of AFK and OF Bolangir, advances to vendors account had debit balance amounting to Rs. 60.07 Crore and Rs. 33.47 Crore for which party-wise details were not available for verification.

As reported by branch auditors of OFK, confirmation of balances of creditors/payables, liabilities /contingent liability and un-adjusted balance of advances paid/received from third parties were not obtained and made available for verification.

In addition to observations mentioned above, refer to Section II consisting of unit wise observations reported by respective branch auditors.Therefore, it is concluded that purchases, consumption and payables balances (including advances to supplier) disclosed in the financial statements are materially misstated. Further, the resultant impact on inventory valuation and could not be ascertained.

F. Process related to accounting of sales and tradereceivables

Based on the reading of reports issued by various branch auditors, there are multiple deficiencies noted with respect to sales and trade receivable related process resulting into material misstatements.

As reported by Branch Auditors of OFK,
Sales of goods made by the branches are recorded in an accounting system named PPC from which excel report is generated which is considered as basis for booking sales in the Tally Accounting Software. At the time of booking the sales in Tally Accounting Software, GST payable on such sales is now accounted for. Further during audit, it was noted that accounting entry for recording of sales in TallyAccounting Software has been passed after the implementation of Tally Accounting Software from January,2023 onwards via back-dated entry. Whereas balance of trade receivables and advances from customers are accounted as part of after implementation of Tally Accounting Software. Further payments received from customers are not adjusted at invoice level. As a result, in view pending confirmation of debtors, detailed list of invoice wise outstanding balances receivables from customer and advances received from customer could not cross verified from any of the accounting systems.

Further as reported by branch auditors of OF-Bolangir, total “P” voucher value (Sales) as per PPC Package is Rs. 478.73 Crore whereas the total sales value of Sales of Production goods and Sales of Stores as per Tally Accounting Software is Rs. 499.26 Crore. Total Taxable value of sales as per GSTR 3B is Rs. 551.34 Crore. Reconciliation of Sales as per Tally Accounting Software and as per GSTR 3B not provided to branch auditors for verification.

As reported by branch auditors of AFK and OF-Bolangir, advances from customers amounting to Rs. 91.43 Crore and Rs. 98.99 Crore respectively were not reconciled with balances as per MIL HO account and entries were not made on as and when basis. In OF Bolangir it was observed that instead of passing entries on day-to-day basis, one single entry representing the difference between balance as per MIL Head Quarter Account and Balance as per OFBL books is made to TallyAccounting Software the Balance on 31/03/2023 with the narration “Un-reconciled debit balance with MIL HO.

The balances of Trade receivables and advances from customers are subject to confirmation from respective parties and/or reconciliation as the case may be. Pending such confirmation and reconciliation and as the case may be. Pending such confirmation and considering non availability of requisite information to support existence of opening balances of trade receivables as on April 1, 2022, the impact of consequential adjustments if any cannot be ascertained.

G. Inventory

i. Existence of Inventory

Based on the consideration of report of branch auditors, it was noted that the management has performed physical verification of inventory as at March 31, 2023. However proper analysis of differences noted was not performed and its accounting impacts including reversal of GST Input Tax Credit if any was not taken in the books of accounts.

As reported by branch auditors of OFK, excess inventory of Rs. 57.47 Crore and short inventory of Rs. 54.31 Crore were not assessed and segregated into differences warranting restatement of prior period balances and differences pertaining to current year. Further the data provided by branches changed from time to time. However the abovementioned count differences were reported based on latest available information. Due to constant changes in the data, completeness and existence of inventory at OFK Location cannot be commented upon.

Further, as reported by branch auditors of AFK, physical verification of inventory was not performed in appropriate manner. Further despite communication of guidance and audit requirements in advance, sufficient time was not provided to branch auditors for performing physical verification of inventory considering high volume of inventory at unit. Branch auditors of AFK further observed that inventory worth Rs. 67 Crore was written off during the year without proper assessment and approval in place.

ii. Valuation including NRV

Based on the consideration of audit reports of branch auditors, it was noted that the impact of incorrect purchase accounting, as described under para E above and write off of unreconciled interunit balances as described under Para D above, are resulting into incorrect valuation of inventory as on March 31, 2023. Refer Section II of this Annexure for branch wise observationson inventoryvaluation.

As reported by branch auditors of OFK and AFK, in respect of inter unit inventory, elimination of unrealized profit or loss was not identified and accounted for at individual inventory level. Based on management assessment performed, the impact of such adjustments if made would be immaterial. However, the assessment performed by the management is not adequate, and therefore, sufficient and appropriate audit evidence was not available to substantiate the management conclusion.

Further, measurement of inventory at value lower or higher than the actual cost due to the reasons mentioned above, it would result into incorrect assessment of Net Realisable Value (NRV). Therefore, compliance with Ind AS 2 "Inventories" regarding valuation of inventory at lower of cost or NRV could not be verified.

Further as reported by branch auditors of AFK, GIT was accounts inclusive of GST Component on purchases due to which inventory is overstated by Rs. 6.41 Crore approximately.

iii. Non-moving and slow-moving provision

As per the information and explanation given to branch auditors and from the examination of records provided to them, it was observed that the accounting impact of slow and non-moving inventory on the inventory valuation was not assessed by management and it was valued as per ordinary inventory in use. No provision has been made for obsolete/discarded inventories. There is no policy about the provision for non-moving stock. In absence of the management assessment, we are unable to quantify the impact, if any, of the same on the financial statements.

It was also observed that actual inward movement of inventory and booking of corresponding purchases viz a viz outward movement of inventory and corresponding recognition of sales does not coincide in the existing accounting system, therefore it may lead to understatement of payable and receivable balances as at the period end. However, in the absence of management control to mitigate this risk and non-availability of corresponding sufficient and appropriate audit evidence, we are not able to comment on the consequential impact on the financial statements.

Due to aforesaid reasons and other observations communicated in Section II of thisAnnexure, inventory as on March 31, 2023 is considered to be materially misstated.

H. GST Related balances and its impact on other FSLI

Based on the reading of report of branch auditors, reconciliation of GST ITC as per books of accounts as on March 31, 2023 has been reconciled with the balances appearing in respective Electronic Credit Ledger. As reported by few branch auditors, there has been differences in the purchases as per GST Returns and those as per books of accounts which were not reconciled.Therefore, the occurrence and completeness of purchases recorded in the books cannot be commented upon.

Further the GST liability as on March 31, 2023 as per books of accounts were neither reconciled with the GST returns filed. Therefore, completeness and accuracy of the same cannot be ensured.

No reversal of ITC has been recognized on account of obsolete/unserviceable inventory. Further as reported by branch auditors of AFK, GST ITC component of purchases with respect to GIT was included as a part of inventory value, which would further result into incorrect reporting of GST ITC Balances as on March 31, 2023.

Due to abovementioned reasons and various observations noted by branch auditors reported in Section II of this Annexure, completeness and recoverability of GST ITC balances appearing in the books of accounts and thereby impact on the statutory compliances cannot be commented upon.

I. Openingaccount balances various assets and liabilitieswithout detailedbreakup

In view of the disclaimer of opinion given in our report on financial statements of the Company and reports issued by various branch auditors on the branch financial statements for the period ended March 31, 2022, assessment performed by the management with respect completeness and existence of such balances was not completed during current year or subsequent to year. Further year end balances of various assets and liabilities were also not supported with adequate workings and documents like third party balance confirmations etc. Therefore, impact of misstatements in the opening balances on year end balances of variousassets and liabilities as on March 31, 2023 could not be identified and evaluated.

J. Provision for material foreseeable losses on long term contracts

The Company, being a DPSU, enters into long term contracts with various government entities. However as informed by the Management, the Company does not have sufficient data to demonstrate whether there are any onerous contracts as at year end and whether there is any requirement to make provision for material foreseeable losses if any. Due to lack of sufficient information available, the impact of such adjustment on Financial Statements cannot be quantified. Therefore, we are not able to comment on the same.

K. Tax expenses

Due to various matters described above, the profit before tax as reported in the Statement of Profit and Loss is materially misstated, the consequential current tax and deferred tax impact computed on the profit before tax as reported in the statement of profit and loss may be materially misstated. Exact impact of such misstatements cannot be computed due to lack of availability of necessary information as reported in points mentioned above and various matters reported by BranchAuditors in Section II of Annexure A to main audit report.

L. Non compliances related to appointment of directors and constitution of audit committee

The Company has not appointed Independent Directors and has not constituted Audit Committee as required under Section 149 of the Act and Section 177 of the Act and rules made thereunder.As informed by the Management, the Company is in the process of making necessary compliances and such compliances could not be made due to pendency of certain administrative procedures. Due to pendency of such procedures, the Company was not able to appoint Independent Directors including woman director and Audit Committee has not been duly constituted as per the provisions of CompaniesAct 2013 till the date of signing of these Financial Statements. However, we are not able to comment on financial impact of abovementioned non-compliance on the Financial Statements of the Company and on other compliances with Companies Act 2013 and rules made thereunder.

M. Share application money pending allotment

During the year, the Company has received Rs. 1067.83 crore from Government of India and has been disclosed as share application money pending allotment. Following are the dates of receipts of the share applicationmoney.

Sr No	Receipt Date	Amount received (In Rs. Crore)	Date of completion of 60 days	Due date for refund
1	29 Sep 2022	827.00	28 Nov 2022	13 Dec 2022
2	27 Mar 2023	240.83	26 May 2023	10 Jun 2023
	Total	**1,067.83**		

Further as per requirement of Schedule III of the CompaniesAct, 2013, the share application money due for refund needs to be disclosed as 'Other Financial Liability'. However, the Company has disclosed Rs. 827.00 Crore (Refer Sr no 1 above) which are due for refund as a part of Equity instead of Other Financial Liability in the financial statements, which is not as per the requirement of the Schedule III of the Companies Act, 2013.

As informed the Management the Company is intending to allot shares against entire amount as Share Application Money PendingAllotment hence same is disclosed under the Equity instead of Other Financial Liability. The Company has subsequentlyallottedshares of Rs. 577.00 Crore in the month of May 2023.

N. Inconsistencies between Consolidated Financial Statements of the Company and signed branch financialstatements.

Based on the verification of signed branch financial statements submitted to us and consolidated financial statements of the company, we noted following material misstatements noted due to inconsistencies mentioned below.

Nature of misstatement	Branch	FSLI / Description	As per Company level Financial Statements	As per Signed Branch Financial statements	Total Impact on P&L [Debit / (Credit)]
Presentation and Disclosure / classification	OFK	Revenue from Operations	1,584.97	1,547.77	37.20
	OFK	Exceptional Items	-	-14.02	14.02
	OFK	Changes in inventories of work-in-progress and finished goods	524.84	576.06	-51.22

Inconsistencies between branch financial statements and branch Notes to Accounts (data pack)	OFK	Closing work in progress appearing in 'Changes in inventories of work-in-progress and finished goods' (P&L Note) higher than Inventory (Balance Sheet Note) by Rs. 51.22 Crore.	NA	NA	51.22
	CFA	Property plant equipment as disclosed in the Branch Balance Sheet is higher than the one disclosed in the Branch Notes to Accounts by Rs. 1.45 Crore.	NA	NA	1.45

O. Otherobservations

i. The income tax paid during the year amounting to Rs. 13.68 Crore is classified under Other Current assets same should have been classified under Current Tax Liabilities. Therefore, both current assets and current tax liabilities are overstated by Rs. 13.68 Crore

ii. As per Note 20 – Trade Payables, total amount of overdue balances pertaining to Micro enterprises and small enterprises is Rs. 47.38 Crore, however the Company has not made provisions towards Interest payable on amount due to Micro enterprises and small enterprises.

Annexure-B

Annexure B to theIndependentAuditors' 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 the consideration of the CARO reports issued by respective branch auditors and as perinformation and explanation given to us by the management we report:

I. (a) (A) Based on observations made by the branch auditors, we report that, except in respect of eight branches, proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment has not been maintained by the company. The unit wise observations as reported by the branch auditor, have been mentioned below:

Name of Unit	Comments by respective branch auditor
Head Office (HO)	The Head Office has maintained proper records of Property, Plant & Equipment.
Ammunition Factory Khadki (AFK)	The Branch has not properly maintained record of PPE showing full particulars, including quantitative details, situation of property, plant & equipment.
Regional Controller of Safety, Pune	The unit has not properly carved out and maintained record of PPE showing full particulars, including quantitative details, situation of property, plant & equipment. Location of asset, identification numbers from land records, quantitative details etc. are not mentioned in asset register. The PPE register is not maintained in the format required under companies act. Soft Copy of block book maintained by erstwhile AFK was produced before us as record of PPE, however it does not give details such as cost of acquisition by the new company depreciation for the year etc. Though the unit is in physical possession of various furniture and computers, there is no mention of any furniture and computers in PPE register.
Highly Explosive Factory, Pune	Branch has maintained proper records showing particulars of Quantity-wise and Location wise details of Property, Plant and Equipment. Identification no. to each asset is assigned by the Branch to Property, Plant & equipment except for the except for asset class being Computer, Office Equipment's and Furniture, quantity wise details needs to be updated and maintained by branch.
Ordnance Factory Dehuroad	The Branch has maintained proper records showing particulars of situation of Property, Plant and Equipment. Quantity wise details needs to be updated in the Fixed Asset Register.
Ordnance Factory Khamaria	The Branch of the Company has maintained proper records showing full particulars including quantitative details of Property, Plant and Equipment.

Ordnance Factory Institute of Learning, Khamaria	The assets of the branch have been maintained with the assets of the Ordnance Factory, Khamaria. Hence, we are unable to comment on this clause.
Cordite Factory Aruvankadu	The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment.
High Energy Projectile Factory Tiruchirappalli	The Branch maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment
Ordnance Factory Bhandara	The Company has not maintained proper records, showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
National Institute of Defence Production, Ambajhari	The Unit has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-useassets.
Ordnance Factory Chanda	The Branch has maintained proper records showing full particulars, including quantitative details except the location of Property, plant and equipment which has not been updated in fixed asset register, further the Branch has not recorded the furniture and fixture in the books of accounts as well as fixed asset register even though the same are physically available at site. The title deeds of the land has not been transferred in the name of MIL from the erstwhile board. The Branch has not carried out fair valuation of fixed assets which has been handed over by erstwhile board.
Ordnance Factory Bolangir (OFBOL)	The Ordnance Factory, Bolangir Branch (OFBOL) has not maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
Ordnance Factory Itarsi	The Branch has maintained proper records showing full particulars, including quantitative details except the location of Property, plant and equipment which has not been updated in fixed asset register, It is also important to note here that verification committee has found 1244 items of assets which are there in physical existence, serviceable and these have been fully depreciated or written off in the books of account and these asset items are not being mentioned in the fixed assets register maintained by the branch. Further the company has not recorded the furniture and fixture in fixed asset register even though the same are physically available at site and are charged to profit and loss as per erstwhile accountingpolicy.

Ordnance Factory Nalanda	The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment, subject to
Ordnance Factory Varangaon	The Branch has not maintained proper records for fixed assets showing full particulars including quantitative details and location of fixed assets. Physical verificationof fixed assets has not been carried out.

(B) The Company is maintaining proper records showing full particulars of intangible assets except in case of six units where proper records were not maintained as per branch auditor's report. The unit wise observations as reported by the branch auditor, have been mentioned below:

Name of Unit	**Comments by respective branch auditor**
Head Office (HO)	The HO has maintained proper records showing full particulars of Intangible assets.
Ammunition Factory Khadki	The Branch has not maintained proper records showing full particulars of intangibleassets.
Regional Controller of Safety, Pune	The unit is not having any intangible assets, as such this clause is not applicable.
Highly Explosive Factory, Pune	According to the information and explanations given to us, the Branch has maintained proper records showing full particulars of intangibleassets.
Ordnance Factory Dehuroad	The Branch has maintained proper records showing full particulars of intangibleassets.
Ordnance Factory Khamaria	According to the information and explanations given to us and on the basis of our examination of the records of the branch, the branch does not have record any Intangible assets except the extent disclosed whereas the erstwhile entity had obtained patent rights, licenses and Successful Reassert & development Project. Hence, we are unable to comment upon the maintenance of proper records showing full particulars including quantitative details and situation of Intangible asset arises.
Ordnance Factory Institute of Learning, Khamaria	The branch does not have any Intangible assets. Hence this point of CARO, 2020 is not applicable.
Cordite Factory Aruvankadu	The Company has maintained proper records showing full particulars of Intangibleassets, whereverapplicable.
High Energy Projectile Factory Tiruchirappalli	No commentreceived.

Ordnance Factory Bhandara	The Company has not maintained proper records showing full particulars of intangible assets.
National Institute of Defence Production, Ambajhari	The Unit has maintained proper records showing full particulars of intangible assets.
Ordnance Factory Chanda	The Branch has not disclosed research and development expenditure in fixed asset register which has been shown as intangible asset in IND AS financial statement.
Ordnance Factory Bolangir	The OFBOL has not maintained proper records showing full particulars of intangible assets.
Ordnance Factory Itarsi	The Branch has maintained the proper records showing the full particulars of intangible assets.
Ordnance Factory Nalanda	The Company has maintained proper records showing full particulars of Intangible assets.
Ordnance Factory Varangoan	The Branch has not maintained proper records showing full particulars of Intangible Assets

(b) According to the information and explanations given to us and based on the reports of the branch auditors submitted to us,

- In case of five branches, the Property, Plant & Equipment of the respective branch have been physically verified by the Management during the year and the discrepancies noticed on such verification have been properly dealt with in the books of account.
- In case of one branch no physical verification of Property, Plant & Equipment was conducted as per the policy adopted by the Management. The frequency of verification is considered to be reasonable.
- In case of five branches, the Property, Plant & Equipment of the branches have not been physically verified by the Management during the year. Accordingly, the discrepancies, if any, could not be ascertained and therefore, the branch auditors are unable to comment on whether the discrepancies, if any have been properly dealt with in the books of account.
- In case of five branches, the Property, Plant & Equipment of the respective branch have been physically verified by the Management during the year, however the discrepancies, if any, could not be ascertained due to lack of availabilityof sufficient and appropriate evidence.

Details as reported by branch auditors and as observed by us are mentioned below:

Name of Unit	**Comments by respective branch auditor**
Head Office (HO)	Physical verification of assets was not conducted at HO level.
Ammunition Factory Khadki	It was informed that there is regular yearly programme of physical verification of property, plant and equipment, which in our opinion is reasonable having regard to the size of the company and nature of its assets. As per report submitted, various buildings and major portion of machineries which are in asset register are either not physically available or not in working condition and required to be written off. Hence in our opinion, the PPE records maintained by the Branch is not reliable.
Regional Controller of Safety, Pune	Which in our opinion is reasonable having regard to the size of the company and nature of its assets. During the year, physical verification of property, plant and equipment was done. As

	informed by the management, no material discrepancies were noticed on such verification.
Highly Explosive Factory, Pune	The report of Physical verification of fixed assets does not provide details of discrepancies if any, therefore we cannot comment upon whether there is any impact or not of material discrepancies noticed on such verification. As informed to us by the Management that for all other class of asset viz. Building, Furniture and Fixtures and Office Equipment's, Physical asset verification activity is not carried out.
Ordnance Factory Dehuroad	According to the information and explanation given to us, the report of Physical verification of fixed assets does not provide details of discrepancies if any, therefore we cannot comment upon whether there is any impact or not of material discrepancies noticed on such verification. As informed to us by the Management that for all other class of asset viz. Building, Furniture and Fixtures and Office Equipment's, Physical asset verification activity is not carried out.
Ordnance Factory Khamaria	According to the information and explanations given to us and on the basis of our examination of the records of the branch of a company, the branch does have a policy, direction and programme of physical verification of its property, plant and equipment by which all property, plant and equipment could be verified. However, on scrutiny of the reports we observed that there exist various discrepancies which have been detailed in Point No-5 of this report in Section-II of Annexure-A. Hence, we are unable to comment upon the following requirement of the clause:- (i) Whether any material discrepancies were noticed on such verification and. (ii) Whether the same have been properly dealt with in the books of account.
Ordnance Factory Institute of Learning, Khamaria	The branch doesn't have a program of physical verification of its property, plant and equipment by which all property, plant and equipment could be verified. In absence of the non-verification of its property, plant and equipment, we are unable to comment upon IT.
Cordite Factory Aruvankadu	All Property, plant and equipment have been physically verified by the management at a regular interval of time (normally once a year). No material discrepancies were noticed on such verification.
High Energy Projectile Factory Tiruchirappalli	We are informed that all the Property, Plant and Equipment have been physically verified by the management during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Branch and the nature of its assets. No material discrepancies were noticed on such verification; Discrepancies are duly rectified by way of restating the 31.03.2022 balances.

Ordnance Factory Bhandara	All property, plant and equipment have been physically verified by the management during the period but there is a regular program of verification, which, in our opinion, is unreasonable having regard to the size of the Company and the nature of its assets.
National Institute of Defence Production, Ambajhari	The unit has not physically verified all its Property, Plant & Equipment during the year. And hence, entire physical verification report has not been submitted to us.
Ordnance Factory Chanda	The Branch has not carried out physical verification of assets both while taking handover of assets from erstwhile board as well as on 31.03.2023 hence we can't comment on material discrepancies in physical verification as compared with available records.
Ordnance Factory Bolangir	The OFBOL does have a program of verification of Property, Plant and Equipment so to cover all the items of Property, plant and equipment in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the OFBOL and the nature of its assets. OFBL has not considered Furniture & Fixture, Computer, Software, etc. as Fixed Assets till 31/03/2022. Hence, it has not done physical verification of the same during the year under audit.
Ordnance Factory Itarsi	The Branch has carried out physical verification of fixed assets first time in audit period 2022-23 since corporatization i.e. financial year 2021-22(01.10.2021). Material discrepancies were noticed on such verification by management and have been properly dealt in books of accounts by adjusting value of assets by such amount.
Ordnance Factory Nalanda	According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its property, plant and equipment by which all Property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain Property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
Ordnance Factory Varangaon	According to the information and explanations given to us, the Branch does not have regular programme to physically verify all Property, Plant and Equipment.

(c) Title deeds of immovable properties are not 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". Further we were informed that the process of transfer of title deed in the name of company is under process. Refer note 41(b)(i) to the Financial Statements.

(d) The Company has adopted cost model and hence not revalued its Property, Plant and Equipment or intangible assets during the period.

(e) According to the information and explanations provided to us 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) In our opinion and based on branch auditors report, except in respect of eight branches, the coverage and procedure of such verification is not appropriate and conclusive, and therefore discrepancies, if any cannot be commented upon. Details as reported by branch auditors are mentionedbelow:

Name of Unit	**Comments by respective branch auditor**
Head office (HO)	The HO does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
Ammunition Factory Khadki	Hence in our opinion inventory has not been properly physically verified by the management, and exercise of physical verification done by management is not reliable.
Reginal Controller of safety	The inventory of stores has been physically verified by the separate internal inspection department and other items of inventory were physically verified by the management at reasonable intervals, in our opinion, which is reasonable.
Highly Explosive Factory, Pune	Inventories have been physically verified during the year by the management at regular intervals on test check basis. However, the discrepancy identified in the Inventory verification has not been properly dealt in the books of accounts. Regarding the coverage and procedure of such verification, whether it is appropriate or not, cannot be commented.
Ordnance Factory Dehuroad	The discrepancy identified in the Inventory verification has not been properly dealt in the books of accounts. Regarding the coverage and procedure of such verification, whether it is appropriate or not, cannot be determined.
Ordnance Factory Khamaria	As per the information and explanation given to us and as per our examination of books of accounts Physical verification of inventory has not been conducted at reasonable interval by the Management as prescribed in the OMs. However, the branch has carried out verification of the Inventory subsequent to the end of the financial year for which no proper, detailed report and detailed working has been prepared by the team members and provided to us for our cross examination so that an assurance can be concluded that all material discrepancies observed in the verification has been appropriately adjusted in the books of account.
Ordnance Facorty Institute of Learning, Khamaria.	As per the information and explanation given to us and as per our examination of books of accounts there is no inventory maintained. Hence this point of CARO, 2020 is not applicable

Cordite Factory Aruvankadu	The inventory has been physically verified by the management during the year except for inventories lying with third parties. In our opinion, the frequency of verification by the management is reasonable and the coverage and procedure for such verification is appropriate. Inventories lying with third parties have been confirmed by management as at 31st March, 2023. No discrepancies were noticed on verification between the physical stock and book records that were 10% or more in aggregate for each class of inventory.
High Energy Projectile Factory Tiruchirappalli	physical verification of inventory has been conducted at reasonable intervals by the management and in the opinion of the auditor, the coverage and procedure of such verification by the management is appropriate; No discrepancies of 10% or more in the aggregate for each class of inventory were noticed and they have been properly dealt with in the books of account; except the following There is item of Inventory in WIP which material rejected due to quality problems (Rs. 0.23 Crs) included in the Inventory. We are of the opinion that adequate provision / write-off to be made in the accounts to get true and fair view of the Profit/ accounts.
Ordnance Factory Bhandara	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.
National Institute of Defence Production, Ambajhari	The Unit does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
Ordnance Factory Chanda	As explained to us and on the basis of the records produced before us, in our opinion, though physical verification of the inventories, have been conducted at reasonable intervals by the management. However proper, detailed report and working has not been prepared by the management and provided to branch auditors for their cross examination to ensure whether all material discrepancies observed in the verification has been appropriately adjusted in the books of accounts.
Ordnance Factory Bolangir	In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the management is appropriate having regard to the size of the Company and nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.

Ordnance Factory Itarsi	Physical verification of the inventories, have been conducted at reasonable intervals by the management, as per our opinion coverage and procedure of such physical verification is not appropriate because internal controls placed by management were not able to identify, detect and correct the material misstatement identified by auditors audit procedure. Material discrepancies of 10.70% for inventory is noticed by management, and management has reduced valuation of inventory by Rs. 6.78 Crores during audit period, such discrepancies has been properly dealt in books of accounts by management.
Ordnance Factory Nalanda	The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.
Ordnance Factory Varangaon	The management has not conducted physical verification of inventory at reasonable intervals during the year. In our opinion the coverage and the procedure of such verification by the management is inappropriate

(b) According to the information and explanations provided to us, the company has not been sanctioned working capital limits in excess of five crore rupees during the period, in aggregate, from banks or financial institutions on the basis of security of current assets. Hence reporting under clause 3(ii)(b) of the order is not applicable.

iii. The company during the period 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. 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. 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. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. Based on consideration of branch audit reports submitted to us it is noted that, in case of eight branches mentioned in the table below, prima facie the prescribed accounts and records have not been made and maintained. Branch auditors have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

Name of Unit	Comments by respective branch auditor
Ammunition Factory Khadki (AFK)	As informed to us, the cost records has been specified by the central government under sub-section (1) of section 148 of the companies Act, 2013, however such accounts and records have not been so made and maintained.
Regional Controller of Safety, Pune	The cost records has been specified by the central government under sub-section (1) of section 148 of the companies Act, 2013, however such accounts and records have not been so made and maintained.
Highly Explosive Factory, Pune	The Central Government has prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013. However, the cost records are not maintained by the unit.
Ordnance Factory Dehuroad	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. However, the cost records are not maintained by the unit.
Ordnance Factory Khamaria	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. However, the cost records are not maintained by the unit.
Ordnance Factory Bhandara	The cost records were not made available for verification and hence we are unable to comment.
Ordnance Factory Chanda	As per Section 148 of Companies Act 2013, Cost Audit was not conducted at the branch.
Ordnance Factory Varangaon	We have not reviewed the books of account maintained by the Branch pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the services provided by the Branch, and are of the opinion that prima facie, the specified accounts and records have not been made and maintained.

vii.(a)According to the information and explanations given to us and the records of the Company examined by the branch auditors, in opinion of respective auditors, except for statutory dues in case of branches as mentioned in the table below, the Company is 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. There are no arrears of statutory dues outstanding as at March 31, 2023, for a period of more than six months from the date they became payable.

Name of unit	Comments by respective branch auditor
Ordnance Factory Khamaria	As per the information and explanation given to us and as per our examination of books of accounts, the branch of a Company has delayed in deposition of Labour Cess under Rule 4 of the building and other constructions workers welfare cess rules, 1998. As explained to us, liability on this account is being deposited in every six-month basis. However due to non-availability of complete data we are unable to comment on the same.

Ammunition Factory Khadki	According to information and explanations given to us and on the basis of our examination of the books of accounts, Undisputed statutory dues including provident fund, income tax, sales tax, goods and service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities and there are no undisputed statutory dues outstanding as on 31st March 2023 for a period of more than six months from the date they became payable. However, statutory dues payable as per statutory portal do not match with accounts maintained at unit.

(b) According to the information and explanations given to us and the records of the Company examined by branch auditors, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2023 which have not been deposited on account of a dispute as reported by the branch auditor, are as follows:

Name of Branch	Name of the statute	Nature of dues	Amount (Rs. Crore)	Period to which the amount relates	Forum where the dispute is pending
Ordnance Factory Bhandara	Central Excise Act 1944	Excise Duty	8.98	01.06.2015 to 30.06.2017	The Custom Excise and Service Tax Appellate Tribunal

viii. In terms of the information and explanations 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. Hence reporting under clause 3(viii) of the order is notapplicable.

ix. (a) As the Company does not have any loans or other borrowings from any lender during the year, hence the provisions of Clause 3 (ix) (a) of the Order are not applicable to the Company.

(b) As there are no borrowings made by the company hence the provisions of Clause 3(ix)(b) relating to willful defaulter are not applicable to the Company.

(c) According to the information and explanations given to us and on the basis of our audit procedures and based on branch auditors report, the Company has not availed any term loan.

(d) According to the information and explanations given to us and on the basis of our audit procedures, the Company has not raised any funds on short term basis.

(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 associate.The company does not have any subsidiary or jointventure.

(f) The company has not raised loans during the year on the pledge of securities held in its associate. The Company does not have any subsidiary or jointventure.

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. Further the Company has received share application money of Rs. 1067.83 crore against which allotment is not made till March 31, 2023.Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company. Also refer Section I of Annexure A to our main audit report.

xi. (a) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and based on branch auditors reports submitted to us, we along with branch auditors have neither come across any instance of fraud by the Company or on the Company noticed or reported during the year, nor have we been informed of any such case by theManagement.

(b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and 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 notapplicable.

(c) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and 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 except in case of one branch as mentioned in the table below: -

Name of unit	Comments by respective branch auditor
Ordnance Factory Nalanda	We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are 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 188 of the Act, where applicable, except in case of four branches as mentioned in the table below. Further being a government company, the details of related party transactions are not required to be disclosed in the financial statements of the Company as per Ind AS 24, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The Company has not constituted an Audit Committee as required under Section 177 of the Act. As informed to us by Management, the company is in the process of making compliance in respect of the same. Refer note 35 (b)(ii) to the Financial Statements. Also refer Annexure A – Section I to our main audit report.

Name of Unit	Comments by respective branch auditor
Ammunition Factory Khadki (AFK)	As the company has not provided appropriate information and records relating to transactions with related parties , we are unable to comment , whether all transactions with the related parties are in compliance with section 188 of the Companies Act 2013 and whether the complete details have been disclosed in the financial statements as required by IND As 24, related party disclosure specified under section 133 of the Act read with rule of the Companies (Indian Accounting Standards) rules 2015.
Regional Controller of Safety, Pune	As the company has not provided appropriate information and records relating to transactions with related parties , we are unable to comment , whether all transactions with the related parties are in compliance with section 188 of the Companies Act 2013 and whether the complete details have been disclosed in the financial statements as required by IND As 24, related party disclosure specified under section 133 of the Act read with rule of the Companies (Indian Accounting Standards) rules 2015
Ordnance Factory Bhandara	In our opinion, sufficient details were not provided by the auditee for the transactions with the related parties about their compliance with Section 177 and 188 of Companies Act, 2013.
Ordnance Factory Varangaon	As the Branch is a Public limited Branch, it is required to constitute audit committee hence section 177 of The Companies Act, 2013 is applicable to the Branch. The Branch has NOT complied with the provision of section 177 and 188 of The Companies Act, 2013 and the details have been disclosed in the financial statement as required by the applicable accounting standards.

xiv. (a) According to the information and explanations given to us and based on observations made by the branch auditors, we report that, except in respect of three branches, the Company does not have internal audit system at branch level commensurate with the size and nature of business of the Company.

Name of Unit	Comments by respective branch auditor
Head Office (HO)	Branch does not have an internal audit system commensurate with the size and nature of its business.
Ammunition Factory Khadki (AFK)	Branch does not have an internal audit system commensurate with the size and nature of its business.
Regional Controller of Safety, Pune	The branch does not have an internal audit system commensurate with the size and nature of its business
Highly Explosive Factory, Pune	Based on information and explanations provided to us and our audit procedures, in our opinion, the Branch does not have an internal audit system commensurate with the size and nature of its business.
Ordnance Factory Dehuroad	The Branch does not have an internal audit system commensurate with the size and nature of its business.

Ordnance Factory Dehuroad	The Branch does not have an internal audit system commensurate with the size and nature of its business.
Ordnance Factory Khamaria	a) Based on information and explanations provided to us and our audit procedures, in our opinion, Internal Audit report (one page) provided to us is not appropriate, effective and not satisfies the requirement of various areas and aspects to be covered in an internal audit which is generally carried out in an Internal audit of other commercial entities. Under these circumstances and considering the audit observations mentioned in this report, we are in opinion that branch of a Company does not have an internal audit system commensurate with the size and nature of its business.
Ordnance Factory Institute of Learning, Khamaria	No Internal Audit report has been provided to us for our examination therefore we are unable to comment on the requirement of the clause "whether the branch of a Company has an internal audit system commensurate with the size and nature of its business".
Cordite Factory Aruvankadu	The Company does not have an internal audit system commensurate with the size and nature of its business.
High Energy Projectile Factory	The Central Government has not prescribed to appoint internal auditor under section 138 of the Act, for any of the services rendered by the Branch.
Ordnance Factory Bhandara	The Company do not have an internal audit system commensurate with the size and nature of its business.
National Institute of Production	In our opinion and according to information & explanation given to us, the unit has an internal audit system as required under

(b) According to the information and explanations given to us and based on observations made by the branch auditors, we report that, except in respect of thirteen branches, internal audit reports of the companyissued till date, for the period under audit where taken into consideration.

Name of unit	**Comments by respective branch auditor**
Head office(HO)	We have not considered the internal audit reports for the year under audit, as the same has not been provided to us.
Ammunition Factory Khadki (AFK)	Though the internal audit is carried out at branch only at the year end and not periodically, there is no satisfactory compliance done by the branch in right spirit on various shortcomings and lacunas reported in internal audit report.
Regional Controller of Safety, Pune	Based upon the audit procedures performed, internal audit reports were not produced before us for verification and as such the reports of the Internal Auditors for the period under audit were not considered by the statutory auditor.
Highly Explosive Factory, Pune	The Branch has not provided the Internal Audit report as per the Section 138 of the Companies Act, 2013 therefore we cannot comment upon the same.

Ordnance Factory Dehuroad	The Branch has not provided the Internal Audit report as per the Section 138 of the Companies Act, 2013 therefore we cannot comment upon the same.
Ordnance Factory Khamaria	We have not considered the internal audit reports for the year under audit, as the same has not been provided to us.
Ordnance Factory Institute of Learning, Khamaria	We have not considered the internal audit reports for the year under audit, as the same has not been provided to us.
Cordite Factory Aruvankadu	No comment received
High Energy Projectile Factory	This clause is not applicable to the Branch.
Ordnance Factory Bhandara	The reports of the Internal Auditors were provided however the findings/ points of Internal Audit Report were not complied/ not corrected in books of accounts by the management
National Institute of Production	We have considered the reports issued by the Internal Auditors of the unit till date for the period under audit.
Ordnance Factory Chanda	This clause is not applicable to the Branch.
Ordnance Factory Bolangir (OFBOL)	We have not been provided with the internal audit reports issued to the OFBOL during year and covering the period up to March 2023, hence, not considered by us.
Ordnance Factory Itarsi	The reports of the Internal Auditors for the period under audit were considered by us.
Ordnance Factory Nalanda	We have considered the internal audit reports of the Company issued till date for the period under audit.
Ordnance Factory Varangaon	We were not provided with the internal audit reports of the Branch issued till date (if any) for the period under audit.

xv. According to information and explanations given to us, audit procedures carried out by us and based on branch 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-IAof the Reserve Bank of IndiaAct, 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 notapplicable.

(d) Based on informationand explanationgiven to us and as represented by the management,the Group does not have any Core Investment Company (CIC) as part of the Group.

xvii. The Company has not incurred cash losses during current financial year and during 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 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 branch 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.

xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the Act. Accordingly, reporting under clause 3(xx)(a) of the Order is not applicable for the year.

(b) In respect of ongoing projects, the company has transferred unspent amount to a special account, within a period of thirty days from the end of the financial year in compliance with section 135(6) of the said Act, except in respect of the following.

Financial Year	Amount unspent on Corporate Social Responsibility activities “other than Ongoing Projects”	Amount Transferred to Fund specified in Schedule VII within 6 months from the end of the Financial Year	Amount Transferred after the due date
2022-2023	0.52 Crore	0.52 Crore	NA

For **PG BHAGWAT LLP**
CharteredAccountants
Firm Registration Number: 101118W/W100682

AbhijitShetye
Partner
Membership Number: 151638
UDIN: 23151638BGQGGG2023
Place – Pune
Date – October 13, 2023

Annexure C to the Independent Auditors' Report

Referred to in paragraph 2(I) 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 branches) as of March 31, 2023 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management'sResponsibility 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 CharteredAccountantsof India.

Because of the matter described in the Disclaimer of Opinion paragraph below, we were not able to obtain sufficient and appropriate audit evidence to provide a basis of audit opinion on an internal financial control with reference to financial statements of the Company.

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 maintenanceof 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 dispositionof the company's assets that could have a material effect on the Financial Statements.

Disclaimerof Opinion

According to the information and explanation given to us, in the opinion of the management, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India. As informed to us, the Company is in the process of implementing internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note.

Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company has internal financial controls with respect to the financial statements and whether such internal financial controls were operating effectively as at March 31, 2023.

We have considered the disclaimer reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company, and the disclaimer has affected our opinion on the financial statements of the Company and we have issued a Adverse Opinion on the financial statements of the Company. Refer Basis of Adverse Opinion paragraph in our main audit report.

OtherMatters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to fifteen branches is based on the corresponding reports of the branch auditors of such branches. Our opinion is not modified in respect of this matter

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For **P G BHAGWAT LLP**
CharteredAccountants
Firm Registration Number: 101118W/W100682

AbhijitShetye
Partner
Membership Number: 151638
UDIN: 23151638BGQGGG2023
Place - Pune
Date – October 13, 2023

Annexure D- Report on Directions / Additional Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the Act

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 of accounts, as we considered appropriate, the information and explanation given to us and based on the consideration of the audit reports issued by respective branch auditors and subject to matters specified in our basis of adverse opinion, we give below a statement on the matters specified in the said Directions.

Directions and Additional Directions under sub-section (5) of section 143 of the Act

Sr. No.	Directions/Additional directions	Observations
1.	Whether the company has system in place to process all accounting transactions through IT Systems? If yes, implications of processing of accounting transaction outside IT systems on integrity of accounts along with the financial implications if any may be stated.	Refer to Para A and Part B under Section I of Annexure A to our main audit report. Further due to the possible effects of the matter described in the Adverse Opinion paragraph, we are not able to comment on implications of the processing of accounting transactions outside IT systems on integrity of accounts along with the financial implications if any. .
2.	Whether there is any restructuring of an existing loan or cases of waiver/ write off of debt/loans/interest etc. made by a lender to the company due to Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, the lender is a Government Company, then this direction is also applicable to Statutory Auditors of Lender company.)	According to information and explanations given to us, the Company has not obtained any loan during the year and does not have any existing loan. Hence this clause is not applicable.
3.	Whether funds (grant/subsidy etc.) received/receivable for specific schemes from central/state government or its agencies were properly accounted for / utilised as per its term and conditions? List the cases ofdeviations.	According to information and explanations given to us, no funds (grants/subsidy etc.) are received/receivable for the specific schemes from Central/ State Government or its agencies. However, during the year under audit, the Company has received/receivable amount of relief from the Government towards reimbursement of expenses incurred during current year but pertaining to period up to the period September 30, 2021, which relates to erstwhile Ordnance Factory Board. However, since same is not in the nature of grant or subsidy as specified under specific scheme of the central or statement government or its agencies, this clause is notapplicable.

4.	Whether the Company has migrated the assets and liabilities of erstwhile ordnance factories to the newly formed DPSU in accordance with the provisions of Ind AS and other related Govt. of India orders or directives? If there is any deviation, the nature of deviation and its impact on the financial statements may be stated.	As per information and explanation provided to us, the assets and liabilities of erstwhile ordnance factories have been migrated to the newly formed DPSU in accordance with the provisions of Ind AS and other related Govt. of India orders or directives. However due to lack of sufficient and appropriate audit evidence regarding completeness of assets and liabilities acquired as a part of business reorganisation and also giving consideration to the fact that these balances were not subjected to any independent auditor or Comptroller and Audit General (CAG) of India, we are not able to comment on the completeness including deviations if any. During current year, the Company has also restated the balances of assets and liabilities acquired as a part of business reorganisation. As informed by Management, the Company is still in the process of validation of opening balances and further adjustments, if any, may be identified in subsequent years, which may result into further restatement. Therefore, we are not able to comment on the completeness and accuracy of assets and liabilities migrated to the Company including deviations if any. Also refer to Sr no C in Section I-Part A of Annexure A to our main audit report.
5.	Whether the Company has reconciled the opening balances of the Assets and Liabilities of the new formed DPSU with the closing balances of erstwhile ordnance factories as per the financial statements prepared by the Principal Controller of Accounts (Fys) in the commercial format? The discrepancies observed (if any) and its impact on the financial statements may be stated.	Balances of assets and liabilities acquired by the Company on account of Business Reorganisation as at October 1, 2021, were not subjected to audit from any independent auditor or Comptroller and Audit General (CAG) of India. These balances were taken from the unaudited books of accounts of respective units as on September 30, 2021 as maintained by Defence Accounts Department (DAD) for which detailed breakup of these assets and liabilities and their reconciliation with closing balance of erstwhile ordnance factories as per the financial statements prepared by the Principal Controller of Accounts (Fys) could not be made available to auditors for the purpose of audit. During current year, the Company has also restated the balances of assets and liabilities acquired as a part of business reorganisation. As informed by Management, the Company is still in the process of validation of opening balances and further adjustments, if any, may be identified in subsequent years, which may result into further

		restatement. Also refer to Sr no C in Section I-Part A of Annexure A to our main audit report. Further we have issued disclaimer of opinion on the Financial Statements for the period ended March 31, 2022 due to various matters described in our report dated December 31, 2022.
6.	Whether the Company has carried out reconciliation exercise of inter-factory balances with the other DPSUs on the date of formation of the Company and whether confirmation have been obtained from other DPSUs for balances due to/due from them? The amount of unreconciled balances, if any, for each DPSU may be stated.	As informed to us by the management, reconciliation of Inter- Factory balances with the other DPSUs as on the date of formation of the Company has not been made available to branch auditors. Further we have issued disclaimer of opinion on the Financial Statements for the period ended March 31, 2022 due to various matters described in our report dated December 31, 2022.
7.	Whether the accounting policies have been framed by the DPSU as per the provisions of the Ind AS and in accordance with the prudent accounting principles applicable to Defence Sector? Inconsistency, if any, may be stated.	Yes, the accounting policies have been framed by the DPSU as per the provisions of the Ind AS and in accordance with the prudent accounting principles applicable to Defence Sector.
8.	Whether the provisions for employee benefit liabilities and their valuation on the date of formation of DPSU have been made in accordance with the provisions of Ind AS? Deviations, if any, may be stated.	According to information and explanation provided to us, on corporatization of the 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, 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. Therefore, provision for employee benefits viz. provision for gratuity, leave encashment and other retirement benefits and allowances, are not recognized as per IND-AS 19 in the financial statements, as these are obligations of the Central Government and not of the Company. Also refer to Emphasis of Matter paragraph of our main audit report.

For **P G BHAGWAT LLP**
CharteredAccountants
Firm Registration Number: 101118W/W100682

AbhijitShetye
Partner
Membership Number: 151638
UDIN: 23151638BGQGGG2023
Place – Pune
Date – October 13, 2023

Comments of the C & AG

Confidential/ Speed Post **No. 84 /T-459/MIL/Accounts/2023-24 Date: 12 /12/2023**

कार्यालय
महा निदेशक लेखा परीक्षा
आयुध फैक्टरियां
कोलकाता

OFFICE OF THE
DIRECTOR GENERAL OF AUDIT
ORDNANCE FACTORIES
KOLKATA

To,

The Chairman & Managing Director,
Munitions India Limited, Corporate Office,
2nd Floor, Nyati Unitree, Nagar Road,
Yerwada, Pune - 411 005.

Sub: Comment 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 2023.

Sir,

I am to forward herewith the comments of the Comptroller and Auditor General of India under section 143 (6) (b) of the Companies Act 2013 on the Financial Statements of M/s Munitions India Limited, Pune for the year ended 31st March 2023.

Receipt of this letter may kindly be acknowledged.

Encl: As stated.

Yours faithfully,

12/12/2023

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

'आयुध भवन' १०/ए, शहीद खुदीराम बोस रोड (पूर्वी खंड, ८वा तल्ला), कोलकाता ७००००१
'AYUDH BHAWAN' 10/A, SHAHEED KHUDIRAM BOSE ROAD (EAST WING, 8TH FLOOR), KOLKATA - 700 001
PHONE : 2248-2857, 2243-6341 • FAX : 2248-3291
E-Mail : pdaof@cag.gov.in

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MUNITIONS INDIA LIMITED, PUNE FOR THE YEAR ENDED 31 MARCH 2023.

The preparation of Financial Statements of Munitions India Limited, Pune for the year ended 31 March 2023 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (7) of the Act is responsible for expressing opinion on these Financial Statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under section 143 (10) of the Act. This is stated to have been done by him vide his Audit Report dated 13 October 2023.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the Financial Statementsof Munitions India Limited, Pune for the year ended 31 March 2023 under Section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records.

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

Comment of Financial Position
Balance Sheet
Non-Current Assets
Property, Plant and Equipment {Note 4(a)}: Rs. 3305.17 crore
Freehold Land : Rs. 73.09 crore

Above does not include an amount of Rs.27093.01 crore being the difference of market value of Land (Rs. 27166.10 crore) as per Registered Valuer's report and the value of Land Booked (Rs. 73.09 crore) by the Company. Non-considering the market value of Land has resulted in understatement of Assets and Other Equity by Rs. 27093.01 crore.

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

17/12/2023

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

Place: Kolkata
Date: 12.12.2023

Management Reply to the Comments of C & AG

No. MIL/FIN/Audit/CAG/MIL response/2022-23 Dtd. 13.12.2023

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

(Kind Attention: Shri Sarat Chaturvedi, DGA)

Sub: MILresponse to CAG audit report and comments.
Ref: (i) CAG comments vide Letter No. 84/T-459/MIL/Accounts/2023-24Dtd.12/12/2023

1. In response to above referred letters, the management response of MIL is provided below

1.1. CAG 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 2023:

Above does not include an amount of Rs. 27093.01 Crore being the difference of market value of Land (Rs. 27166.10 Crore) as per Registered Valuer's report and the value of Land Booked (Rs. 73.09 crore) by the Company. Non-considering the market value of Land has resulted in understatementofAssets and Other Equity by Rs. 27093.01 crore.

MILmanagementresponse:

The Government of India announced to convert Ordnance Factory Board under Department of Defence Production, Ministry of Defence into seven different corporate entities, wholly owned by the Government of India, registered under the Companies Act, 2013. Accordingly,12 production units and 4 non-production units of erstwhile OFB, pertaining to production of ammunitions and explosives (referred to as "business" for the purpose of this note) were transferred to Munitions India Limited on October 1, 2021 vide Order No. 1(5)/2021/OF/DP (Plg-V)/01 issued by Department of Defence Production, Ministry of Defence, Government of India.

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 ofAppendix 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 underAppendix C to Ind AS 103

The erstwhile OFB accounted for the business as per the General Financial Rules applicable to the 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 GAAPfollowed 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 intangibleassets as at the date of transfer.

Therefore, there is no adjustment for fair value required and there is no understatement of Assets and capital reserve.

(P. K. Pandey)
General Manager/ Finance
For CMD/MIL

BALANCE SHEET

Munitions India Limited
Balance Sheet as at March 31, 2023
(All amounts are in INR Crores, unless stated otherwise)

	Notes	As at March 31, 2023	As at March 31, 2022 Restated*
ASSETS			
Non-current assets			
Property, plant and equipment	4 (a)	3,305.17	2,877.46
Capital work-in-progress	4 (a)	1,409.65	1,444.58
Intangible assets	4 (b)	71.28	87.49
Intangible assets under development	4 (c)	56.46	4.61
Inventories	5	30.08	39.21
Financial assets			
(a) Investments	6	0.80	0.80
(b) Receivable from government	7	0.95	3.43
Other non-current assets	8	10.92	5.67
Total non-current assets		**4,885.31**	**4,463.25**
Current assets			
Inventories	9	4,314.44	2,938.30
Financial assets			
(a) Trade receivables	10	1,406.57	764.24
(b) Cash and cash equivalents	11	3,249.98	2,978.54
(c) Receivable from government	12	203.76	355.79
(d) Other financial assets	13	26.91	14.85
Other current assets	14	1,203.42	678.04
Total current assets		**10,405.08**	**7,729.76**

Total assets		**15,290.39**	**12,193.01**
EQUITY AND LIABILITIES			
Equity share capital	15	33,737.66	1,232.31
Equity shares pending issue on business reorganisation (refer note 39)	15	5.25	32,510.60
Share application money pending allotment	15	1,067.83	-
Other equity	16	(27,330.13)	(27,403.47)
Total equity		**7,480.62**	**6,339.44**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	17	5.86	3.60
Provisions	18	2,917.62	2,985.31
Deferred tax liabilities	19	13.97	3.23
Total non-current liabilities		**2,937.45**	**2,992.14**
Current liabilities			
Financial liabilities			
(a) Trade payables	20		
(i) Total outstanding dues of micro enterprises and small enterprises		86.09	8.07
(ii) Total outstanding dues other than (a)(i) above		734.80	562.46
(b) Other financial liabilities	21	202.59	190.08
Current tax liabilities	22	21.28	3.48
Other current liabilities	23	3,827.56	2,097.34
Total current liabilities		**4,872.32**	**2,861.43**
Total liabilities		**7,809.77**	**5,853.57**
Total equity and liabilities		**15,290.39**	**12,193.01**

*See note 40 for details regarding the restatement.

The accompanying notes are integral part of the financial statements. 1 to 41

As per our report of even date attached.

For P G BHAGWAT LLP Firm Registration Number: 101118W/W100682	**For and on behalf of Board of Directors of** **Munitions India Limited**	
Abhijit Shetye Partner Membership Number: 151638	**Ravi Kant** Chairman and Managing Director DIN: 09283919	**Prakash Agarwala** Director Finance & CFO DIN: 09666613
	E J Paul Company Secretary Membership Number: FCS4521	
Pune **Date - October 13, 2023**	**Pune** **Date - October 13, 2023**	

Munitions India Limited
Statement of Profit and Loss for the year ended March 31, 2023
(All amounts are in INR Crores, unless stated otherwise)

	Notes	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Revenue from operations	24	4,652.18	2,571.55
Other income	25	299.44	44.58
Total income		**4,951.62**	**2,616.13**
Expenses			
Cost of materials consumed	26	2,650.96	1,046.21
Changes in inventories of work-in-progress and finished goods	27	(680.04)	283.38
Employee benefit expenses	28	2,041.78	920.87
Depreciation and amortisation expense	29	170.04	85.02
Other expenses	30	666.99	250.17
Total expenses		**4,849.73**	**2,585.66**
Profit before tax		**101.89**	**30.47**
Income tax expense			
- Current tax	31	17.80	5.55
- Deferred tax	31	10.74	3.23
Total tax expense		**28.54**	**8.78**
Profit for the year		**73.35**	**21.69**
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		**-**	**-**

Total comprehensive income for the year		**73.35**	**21.69**
Earnings per share in INR Basic and Diluted (Nominal value per share Rs. 10 each)	38	0.02	0.01

*See note 40 for details regarding the restatement.
The accompanying notes are integral part of the financial statements.1 to 41

As per our report of even date attached.

For P G BHAGWAT LLP
Firm Registration Number: 101118W/W100682

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

Abhijit Shetye
Partner
Membership Number: 151638

Ravi Kant
Chairman and Managing Director
DIN: 09283919

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune
Date - October 13, 2023

Munitions India Limited

Statement of cash flows

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

	For the year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Cash flow from operating activities		
Profit before income tax	101.89	30.47
Adjustments for :		
Depreciation and amortisation expense	170.04	85.02
Net gain on sale of Property, plant and equipments	(1.67)	-
Interest received	(190.59)	(20.39)
Changes in operating assets and liabilities :		
(Increase)/decrease in trade receivables	(642.33)	(516.80)
(Increase)/decrease in inventories	(1,367.01)	290.21
Increase/(decrease) in trade payables	250.36	315.07
(Increase)/decrease in other financial assets	(9.58)	22.28
Increase/(decrease) in other financial liabilities	14.77	58.47
(Increase)/decrease in other current and non-current assets	(493.99)	(314.83)
(Increase)/decrease in provisions	(67.70)	(14.69)
(Increase)/decrease in receivable from government	152.03	262.44
Increase/(decrease) in current liabilities	1,711.82	1,704.92
Cash generated from operations	**(371.96)**	**1,902.17**
Income taxes paid	(31.38)	-
Net cash flow from operating activities	**(403.34)**	**1,902.17**
Cash flows from investing activities :		
Payments for property, plant and equipment	(61.07)	(179.45)

Proceeds from sale of property, plant and equipment	6.78	
Payments for Capital work-in-progress	(475.72)	-
Payments for intangible assets	(53.64)	(13.42)
Interest received	190.59	20.39
Cash acquired as part of reorganisation of Ordnance Factory Board (Refer note 39)	-	16.54
Net cash flow from investing activities	**(393.05)**	**(155.94)**
Cash flow from financing activities :		
Proceeds from issues of shares	-	1,232.31
Proceeds from shares application money	1,067.83	-
Net cash from financing activities	**1,067.83**	**1,232.31**
Net increase/(decrease) in cash and cash equivalents	**271.43**	**2,978.54**
Cash and cash equivalents at the beginning of the year	2,978.54	-
Cash and cash equivalents at the end of the year	**3,249.98**	**2,978.54**

As per Note 11	**As at March 31, 2023**	**As at March 31, 2022**
Balances with banks		
- in current accounts	244.43	710.18
- in EEFC account	24.00	-
Deposits with maturity of less than three months	2,981.54	2,268.36
Cash on hand	0.01	-
Total	**3,249.98**	**2,978.54**

*See note 40 for details regarding the restatement.

Non-cash investing activities include consideration for business reorganistion in the form of equity shares pending issue amounting to Rs. Nil for March 2023 (March 2022 - Rs. 32,510.60). Refer note 39 for details.

The accompanying notes are integral part of the financial statements.

As per our report of even date

For P G BHAGWAT LLP Firm Registration Number: 101118W/W100682	**For and on behalf of Board of Directors of** **Munitions India Limited**

Abhijit Shetye	**Ravi Kant** Chairman and Managing Director	**Prakash Agarwala** Director Finance & CFO
Partner		
Membership Number: 151638	DIN: 09283919	DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune **Date - October 13, 2023**	**Pune** **Date - October 13, 2023**

Munitions India Limited

Statement of changes in equity

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

A. Equity share capital

	Notes	Amount
	15	
As at 17 August 2021		-
Issue of equity shares		1,232.31
As at 31 March 2022		**1,232.31**
Issue of equity shares (refer note 39)		32,505.35
As at 31 March 2023		**33,737.66**

B. Other equity

	Notes	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 17 August 2021	16						
On reorganisation of Ordnance Factory Board	39	32,724.50	-	(27,425.16)	-	(27,425.16)	**5,299.34**
Profit for the period		-	-	-	301.48	301.48	**301.48**
Other comprehensive income		-	-	-	-	-	**-**
As at 31 March 2022		**32,724.50**	**-**	**(27,425.16)**	**301.48**	**(27,123.68)**	**5,600.82**
Restatement*		(213.90)	-	-	3.59	3.59	**(210.31)**

Restated balance at 31 March 2022		**32,510.60**		**(27,425.16)**	**305.07**	**(27,120.09)**	**5,390.51**
Profit for the year				-	73.35	73.35	**73.35**
Transactions with owners in their capacity as owners:				-		-	
Application money received		-	1,067.83	-	-	-	**1,067.83**
Issue of equity shares		(32,505.35)	-	-	-	-	**(32,505.35)**
As at 31 March 2023		**5.25**	**1,067.83**	**(27,425.16)**	**378.42**	**(27,046.73)**	**(25,973.66)**

*See note 40 for details regarding the restatement.

The accompanying notes are integral part of the financial statements. 1 to 41

As per our report of even date

For P G BHAGWAT LLP
Firm Registration Number:
101118W/W100682

For and on behalf of Board of Directors of

Munitions India Limited

Abhijit Shetye
Partner
Membership Number: 151638

Ravi Kant
Chairman and Managing Director
DIN: 09283919

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune
Date - October 13, 2023

Pune
Date - October 13, 2023

Munitions India Limited
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 in Pune, India was incorporated on 17 August 2021 as part of the restructuring and corporatization of the Ordnance Factory Board (OFB) of Government of India into 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 significant accounting policies

This note provides a list of the significant 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.

iv. New amendments issued but not effective

The Ministry of Corporate Affairs has vide notification dated 31 March 2023 notified Companies (Indian Accounting Standards) Amendment Rules, 2023 (the 'Rules') which amends certain accounting standards, and are effective 1 April 2023.

The Rules predominantly amend Ind AS 12, Income taxes, and Ind AS 1, Presentation of financial statements. The other amendments to Ind AS notified by these rules are primarily in the nature of clarifications. These amendments are not expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

changes would be necessary as a consequence of amendments made to Ind AS 12 as the Company's existing accounting policy already complies with the now mandatorytreatment.

2.2. Summary of significant accounting policies

a) Foreigncurrencytransactions

(I) Functionaland presentationcurrency

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 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 thetransaction.

b) Revenuerecognition

The Company accounts for a contract with its customer when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

The supply of goods does not have the same pattern of transfer to the customer as it does not meet the conditions of performance obligations satisfied over time. Hence, each product is a distinctperformanceobligation.

The Company assesses for the timing of revenue recognition in case of each distinct performance obligation. The Company first assesses whether the revenue can be recognised over time as it performs if any of the following criteria is met:

(a) The customer simultaneously consumes the benefits as the Company performs, or
(b) The customer controls the work-in-progress, or
(c) The Company's performance does not create an asset with alternative use to the Company and the Company has right to payment for performance completed till date.

If none of the criteria above are met, the Company recognizes revenue at a point-in- time.

The contracts entered by the Company 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 significant 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 beentransferred.

Financingcomponents

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Therefore, the Company does not adjust any of the transaction prices for the time value of money

For contracts where the Company receives short-term advances from its customers, using the practical expedient in Ind-AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

c) 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.

d) Impairment of assets

Assets are tested for impairmentwhenever events or changes in circumstancesindicatethat the carrying amount may not be recoverable.An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generatingunits).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

f) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business and reflects Company's unconditional right to consideration (that is, payment is due only on the passage of time). Trade receivables are recognised initially at the transaction price as they do not contain significant financing components. The Company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at the amortized cost using the effective interest method, less loss allowance.

g) Contractliability

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company satisfies the performance obligation. Contract liabilities are recorded in balance sheet as unearned revenue and Customer advances as the case may be.

h) Inventories

Raw materials and stores,work-in-progress, and finished goods

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.

I) Otherfinancial 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 financialassets 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 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 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 significant increase in credit risk. Note details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company 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
- 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 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 Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

i. Incomerecognition

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).

j) Offsettingfinancial instruments

Financial assets and liabilities are off-set 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

k) 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 Company 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.

Depreciationmethods, estimateduseful 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.

Assets	Useful life as per Schedule II	Useful life as per Management estimate (years)
Buildings	60 years	60 years
Plant and Machinery	15 Years	10
Motor Vehicles	8 Years	-20 Years
Furniture & Fixture	5 Years	5 -7 Years 3 -8 Years
Office Equipment	8 Years	3 -7 Years
Computer Hardware		
i) Servers and networks	6 Years	6 Years
ii) Desktop and other accessories	3 Years	3 Years

The Company, based on a technical assessment 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 CompaniesAct, 2013. 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.

The residual values of the assets are not more than 5% of the original cost of the asset. The depreciation is calculated as per depreciation rate 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.

l) 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 significantly 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 recognised 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 amortised over the period of the agreement which is twelve years.

Research and Developmentexpenses

Development costs that are directly attributable to the design and testing of identifiable and unique intangible assets controlled by the Company 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 benefit
- 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 capitalised as part of the intangible asset include employee costs and an appropriate portion of relevantoverheads.

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

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

m) Trade and otherpayables

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 recognised initially at their fair value and subsequently measured at amortized cost using the effective interest method.

n) Provisions and contingent liabilities

Provisions for legal claims and service warranties are recognised when the Company has a present legal or constructive obligation because 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 recognised 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.

o) Employeebenefits

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.

p) Contributed equity

Equity shares are classified as equity.
Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.
Equity shares to be issued and allotted against the net assets transferred to the Company on the reorganization of OFB has been presented separately on the balance-sheet as equity.

q) Earnings per share

Basicearnings per share is calculated by dividing

- dividing the profit or loss attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year.

r) 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 otherwisestated.

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 accountingpolicies.

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.

Significant Judgements

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

1. Investment in associate

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 IRRPLtogether with representation on the board, provides it an ability to exercise significant influence over IRRPL. Accordingly, the management has determined that IRRPL is an associate of the Company. However, given the materiality of the amounts involved, the Company has not equity accounted its investment in IRRPL by preparing consolidated financial statements. Had the Company prepared the consolidated financial statements in order to equity account for its associate, the profit after tax would have been higher by Rs. 0.87 crores (March 31, 2022 Rs.0.06 crores) and the corresponding investment in associate would have been higher by the same amount.

2. Provision forwarranty

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 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. The amount was further discounted to the date of transfer. Refer note 39 for details.

4 (a) Property, plant and equipment

Year ended 31 March 2023

	Freehold Land	Buildings	Plant and Machinery	Vehicles	Computer & Hardware	Office Furniture and fixtures	Office Equipment	Total	Capital work-in-progress
Gross carrying amount									
As at 31 March 2022	73.09	1,377.95	1,463.04	34.76	1.80	1.10	0.86	**2,952.60**	1,444.58
Additions	-	371.35	202.82	6.04	2.79	0.96	0.78	**584.74**	475.72
Disposals	-	(1.21)	(0.33)	(3.57)		-	-	**(5.11)**	(510.65)
Closing 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**
Accumulated depreciation									
As at 31 March 2022	-	18.26	52.81	3.83	0.11	0.06	0.07	**75.14**	
Charge for the period	-	37.22	107.61	5.58	1.05	0.31	0.27	**152.04**	
Disposals	-	(0.00)	(0.02)	(0.10)	-	-	-	**(0.12)**	
Closing accumulated depreciation	**-**	**55.47**	**160.40**	**9.31**	**1.16**	**0.37**	**0.34**	**227.05**	
Net carrying amount	**73.09**	**1,692.61**	**1,505.13**	**27.92**	**3.43**	**1.69**	**1.30**	**3,305.17**	**1,409.65**

Year ended 31 March 2022

	Freehold Land	Buildings	Plant and Machinery	Vehicles	Computer & Hardware	Office Furniture and fixtures	Office Equipment	Total	Capital work-in-progress
Gross carrying amount									
As at 17 August 2021	-	-	-	-	-	-	-	**-**	-
Acquired on business reorganisation of OFB (refer note 39)	**73.09**	**1,361.14**	**1,511.47**	**34.62**	**1.01**	**0.24**	**0.71**	**2,982.28**	**1,367.22**
Restatement*	-	(17.30)	(113.40)	(2.02)	(0.05)	0.37	-	(132.40)	1.59
Acquired on business reorganisation of OFB (refer note 39)	**73.09**	**1,343.84**	**1,398.07**	**32.60**	**0.96**	**0.61**	**0.71**	**2,849.88**	**1,368.81**
Additions	-	34.11	65.96	2.51	0.84	0.49	0.15	**104.06**	75.77
Disposals	-	-	(0.99)	(0.35)	-	-	-	**(1.34)**	
Closing gross carrying amount - restated	**73.09**	**1,377.95**	**1,463.04**	**34.76**	**1.80**	**1.10**	**0.86**	**2,952.60**	**1,444.58**
Accumulated depreciation									
Charge for the period		18.26	53.49	4.11	0.11	0.06	0.07	**76.10**	
Disposals	-	-	(0.68)	(0.28)	-	-	-	**(0.96)**	
Closing accumulated depreciation	**-**	**18.26**	**52.81**	**3.83**	**0.11**	**0.06**	**0.07**	**75.14**	
Net carrying amount	**73.09**	**1,359.69**	**1,410.23**	**30.93**	**1.69**	**1.04**	**0.79**	**2,877.46**	**1,444.58**

*See note 40 for details regarding the restatement.

The impact on restatement in gross carrying amount did not have a material impact on the depreciation charge for the period ended March 31, 2022.

Capital work-in-progress comprises of:

	As at March 31, 2023	As at March 31, 2022
Buildings	447.01	786.11
Plant and Machinery	962.64	658.47
Total	**1,409.65**	**1,444.58**

Capital work-in-progress ageing schedule

As at 31 March 2023

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Large calibre ammunition facilities	20.63	70.87	159.30	105.93	356.73
Rocket production facilities	-	-	1.90	5.10	7.00
Other plant and equipment and building construction in progress	374.97	307.30	10.56	353.09	1,045.92
Total	**395.60**	**378.17**	**171.76**	**464.12**	**1,409.65**

As at 31 March 2022

	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Large calibre ammunition facilities	42.60	60.08	137.20	462.93	702.81
Rocket production facilities	-	-	-	181.64	181.64
Other plant and equipment and building construction in progress	65.54	31.24	161.46	301.89	560.13
Total	**108.14**	**91.32**	**298.66**	**946.46**	**1,444.58**

There are no projectssuspended as at the balance-sheet date.

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

4 (b) Intangible assets

Year ended 31 March 2023	Technical Know-how
Gross carrying amount	
As at 31 March 2022	**96.41**
Additions	1.79
Disposals	-
Closing gross carrying amount	**98.20**
Accumulated amortisation	**8.92**
Charge for the year	18.00
Closing accumulated amortisation	**26.92**
Net carrying amount	**71.28**

Year ended 31 March 2022	Technical Know-how
Gross carrying amount	
As at 17 August 2021	
Acquired on business reorganisation of OFB (refer note 39)	**87.71**
Restatement*	8.70
Closing gross carrying amount - Restated	**96.41**
Accumulated amortisation	
Charge for the year	8.92
Closing accumulated amortisation	**8.92**
Net carrying amount	**87.49**

*See note 40 for details regarding the restatement.

The impact on restatement in gross carrying amount did not have a material impact on the depreciation charge for the period ended March 31, 2022.

4 (c)Intangible assets under development

	As at March 31, 2023	As at March 31, 2022 (Restated)
Opening balance	**4.61**	
Addition	51.85	13.42
Restatement*	-	(8.81)
Closing balance	**56.46**	**4.61**

Intangible under development ageing schedule

As at 31 March 2023

	Amount in Intangible under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Technology related to products	51.85	4.61	-	-	56.46
Total	**51.85**	**4.61**	**-**	**-**	**56.46**

As at 31 March 2022 Restated

	Amount in Intangible under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress					
Technology related to products	4.61	-	-	-	4.61
Total	**4.61**	**-**	**-**	**-**	**4.61**

There are no projects suspended as at the balance-sheet date.

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

5 Non-current inventories

	As at March 31, 2023	As at March 31, 2022 Restated*
Raw materials	30.08	39.21
Total	**30.08**	**39.21**

6 Non current Investments

	As at March 31, 2023	As at March 31, 2022 Restated*
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	-	-

7 Receivables from government

	As at March 31, 2023	As at March 31, 2022 Restated*
Considered good - unsecured		
Receivables from government	0.95	3.43
Total	**0.95**	**3.43**

8 Other non-current assets

	As at March 31, 2023	As at March 31, 2022 Restated*
Capital advances	10.92	5.67
Total	**10.92**	**5.67**

9 Inventories

	As at March 31, 2023	As at March 31, 2022 Restated*
Raw materials	2,606.85	1,910.75
Work-in-progress	1,387.42	935.23
Finished goods	320.17	92.32
Total	**4,314.44**	**2,938.30**

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

	As at March 31, 2023	As at March 31, 2022 Restated*
Raw materials	462.84	59.90
	462.84	**59.90**

10 Trade receivables

	As at March 31, 2023	As at March 31, 2022 Restated*
Trade receivables from contracts with customers - billed	1,406.57	764.24
Trade receivables from contracts with customers - unbilled	-	-
Trade Receivables contracts with customers - related parties		
Less: Loss allowance	-	-
Total	**1,406.57**	**764.24**
Break-up of security details		
	As at March 31, 2023	**As at March 31, 2022 Restated***
Trade receivables considered good - Secured	-	-
Trade receivables considered good - Unsecured	1,406.57	764.24
Trade receivables which have significant increase in credit risk	-	-
Trade receivable - credit impaired	-	-
Total	**1,406.57**	**764.24**

Less: Loss allowance		
Total Trade receivables	**1,406.57**	**764.24**

As at 31 March 2023

Particulars	Outstanding for following periods from due date of payments						Total
	Not due	Less than 6 months	6 months - 1 years	1-2 Years	2-3 Years	More than 3 Years	
Trade receivables							
Undisputed trade receivables- considered good	0.07	286.91	1,041.71	74.18	3.70	-	1,406.57
Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	-	-	-	-
Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
Total	**0.07**	**286.91**	**1,041.71**	**74.18**	**3.70**	**-**	**1,406.57**

As at 31 March 2022 (Restated*)

Particulars	Outstanding for following periods from due date of payments						Total
	Not due	Less than 6 months	6 months - 1 years	1-2 Years	2-3 Years	More than 3 Years	
Trade receivables							
Undisputed trade receivables- considered good	377.88	262.94		123.42	-	-	764.24
Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables- considered good	-	-	-	-	-	-	-
Disputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed trade receivables- credit impaired	-	-	-	-	-	-	-
Total	**377.88**	**262.94**	**-**	**123.42**	**-**	**-**	**764.24**

There are no disputed trade receivables as at 31 March, 2023 and 31 March, 2022.
There are no unbilled trade receivables as at 31 March, 2023 and 31 March, 2022.

11 Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022 Restated*
Balances with banks		
- in current accounts	244.43	710.18
- in EEFC account	24.00	-
Deposits with maturity of less than three months	2,981.54	2,268.36
Cash on hand	0.01	-
Total	**3,249.98**	**2,978.54**

12 Receivables from government

	As at March 31, 2023	As at March 31, 2022 Restated*
Considered good - unsecured		
Receivables from government	203.76	355.79
Total	**203.76**	**355.79**

13 Other current financial assets

	As at March 31, 2023	As at March 31, 2022 Restated*
Security deposits	10.65	6.99
Others	16.26	7.86
Total	**26.91**	**14.85**

14 Other current assets

	As at March 31, 2023	As at March 31, 2022 Restated*
Advances to vendors	648.80	511.48
Balances with government authorities	499.43	166.56
Other current assets	55.19	-
Total	**1,203.42**	**678.04**

15 Equity share capital

(a) Authorised share capital

	Number of shares	Amount
As at the incorporation date i.e. 17 August 2021	**40,50,00,00,000**	**40,500.00**
Changes during the period	-	-
As at 31 March 2022	**40,50,00,00,000**	**40,500.00**
Changes during the year	-	-
As at 31 March 2023	**40,50,00,00,000**	**40,500.00**

(b) Issued, subscribed and paid-up share capital

Particulars	**Number of shares**	**Amount**
As at the incorporation date i.e. 17 August 2021	-	-
Issued during the period	1,23,23,10,000	1,232.31
As at 31 March 2022	**1,23,23,10,000**	**1,232.31**
Issued during the year	32,50,53,50,000	32,505.35
As at 31 March 2023	**33,73,76,60,000**	**33,737.66**

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

	As at 31 March 2023		As at 31 March 2022	
	Number of shares	% of holding	Number of shares	% of holding
Government of India	33,73,76,60,000	100%	1,23,23,10,000	100%

The Government of India, being the Promoter, holds 100% of Shares as on 31 March 2023.

(d) Equity share pending issue on business reorganisation (refer note 39)

	As at March 31, 2023	As at 31 March, 2022
Opening balance	32,510.60	
Equity share pending issue on business reorganisation (refer note 39)		32,724.50
Restatement*	-	(213.90)
Subtotal	32,510.60	32,510.60
Issue of equity shares	(32,505.35)	-
Closing balance	**5.25**	**32,510.60**

*See note 40 for details regarding the restatement.

(e) Share application money pending allotment

	As at March 31, 2023	As at 31 March, 2022
Application money received	1,067.83	-

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

	As at March 31, 2023	As at 31 March, 2022
Equity share issued on business reorganisation	32,50,53,50,000	-

16 Other equity

	As at March 31, 2023	As at March 31, 2022 Restated*
Capital reserve (a)	(27,425.16)	(27,425.16)
Retained earnings (b)	95.04	21.69
Total	**(27,330.12)**	**(27,403.47)**

(a) Capital Reserve

	As at March 31, 2023	As at March 31, 2022 Restated*
Opening balance	(27,425.16)	-
On business reorganisation (Refer note 39)	-	(27,425.16)
Closing balance	**(27,425.16)**	**(27,425.16)**

(b) Retained earnings:

	As at March 31, 2023	As at March 31, 2022 Restated*
Opening balance	21.69	-
Profit for the year/period	73.35	21.69
Closing balance	**95.04**	**21.69**

Capital reserve represents the difference between the net assets transferred to the Company on business reorganisation of Ordnance Factory Board and the consideration issued. Refer note 39 for details.

17 Other non-current financial liabilities

	As at March 31, 2023	As at March 31, 2022 Restated*
Security deposit payable	5.86	3.60
Total	**5.86**	**3.60**

18 Non-current provisions

	As at March 31, 2023	As at March 31, 2022 Restated*
Provision for warranty	2,917.62	2,985.31
Total	**2,917.62**	**2,985.31**

Movements in provisions

	Product warranties
As at 17 August 2021	**-**
Acquired through business reorganisation (Refer note 39)	3,000.00
Amounts utilised during the period	(14.69)
As at 31 March 2022	**2,985.31**
Amounts utilised during the year	(67.69)
As at 31 March 2023	**2,917.62**

19 Deferred tax liabilities

The balances comprises temporary differences attributable to:

	As at March 31, 2023	As at March 31, 2022 Restated*
Deferred tax liabilities		
Property, plant and equipment and intangible assets	148.37	85.62
Deferred tax assets		
Inventories	-	0.38
Tax losses	110.79	76.46
Disallowance u/s 43B	0.26	
MAT Credit Entitlement	23.35	5.55
Net DTL/(DTA)	**13.97**	**3.23**

Tax losses include unabsorbed depreciation which is allowed to be carried forward indefinitely.

Movements in deferred tax liabilities

	As at March 31, 2023	Deferred tax expense	As at March 31, 2022 Restated*
Deferred tax liabilities			
Property, plant and equipment and intangible assets	148.37	62.75	85.62
Deferred tax assets			
Inventories	-	0.38	0.38
Tax losses	110.79	(34.33)	76.46
Disallowance u/s 43B	0.26	(0.26)	-
MAT Credit Entitlement	23.35	(17.80)	5.55
Net DTL/(DTA)	**13.97**	**10.74**	**3.23**

20 Trade payables

	As at March 31, 2023	As at March 31, 2022 Restated*
Trade payables		
(a) Micro and small enterprises (MSME)	86.09	8.07
(b) Other than micro and small enterprises	734.80	562.46
Total	**820.89**	**570.53**

Aging of trade payables
As at 31 March 2023

	Unbilled	Not due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Trade payables							
Undisputed-MSME	25.81	-	46.99	0.31	0.12	-	73.23
Undisputed-Others	65.11	2.40	553.47	112.96	-	-	733.93
Disputed dues-MSME	-	-	-	-	-	12.86	12.86
Disputed dues-Others	-	-	0.87	-	-	-	0.87
Total	**90.92**	**2.40**	**601.33**	**113.27**	**0.12**	**12.86**	**820.89**

As at 31 March 2022 (Restated)							
	Unbilled	**Not due**	**Less than 1 Year**	**1-2 Years**	**2-3 Years**	**More than 3 years**	**Total**
Trade payables							
Undisputed-MSME	-	-	5.27	0.31	0.06	0.09	5.73
Undisputed-Others	-	-	449.99	4.96	0.10	2.17	457.22
Disputed dues-MSME	-	-	-	-	0.44	1.90	2.34
Disputed dues-Others	-	-	-	4.75	-	100.49	105.24
Total	**-**	**-**	**455.26**	**10.02**	**0.59**	**104.66**	**570.53**

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:

	31 March 2023	31 March 2022
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	86.09	8.07
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	-	-
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.

21 Other financial liabilities - current

	As at March 31, 2023	As at March 31, 2022 Restated*
Payable to employees	187.87	188.93
Security deposit payable	0.29	-
Other current financial liabilities	14.43	1.15
Total	**202.59**	**190.08**

22 Current tax liabilities

	As at March 31, 2023	As at March 31, 2022 Restated*
Current tax provision	21.28	3.48
Total	**21.28**	**3.48**

23 Other current liabilities

	As at March 31, 2023	As at March 31, 2022 Restated*
Contract liabilities	3,299.12	1,854.46
Capital creditors	30.34	11.94
Liability towards corporate social responsibilties	0.52	-
Statutory dues	495.42	230.18
Other current liabilities	2.16	0.76
Total	**3,827.56**	**2,097.34**

24 Revenue from operations

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Revenue from contracts with customers		
Sale of products - at a point in time	4,602.83	2,571.55
Other operating revenue		
Sale of scrap	49.35	-
Total	**4,652.18**	**2,571.55**

Disaggregation of revenue recognised against contracts with customers (01 April 2022 to 31 March 2023)

Particulars	Domestic			Exports	Total
	Government of India		Others		
	Defence	Non-Defence	Non-Defence		
Sale of Products	3,420.47	997.40	139.42	45.54	**4,602.83**
Total	**3,420.47**	**997.40**	**139.42**	**45.54**	**4,602.83**

Disaggregation of revenue recognised against contracts with customers (17 August 2021 to 31 March 2022)

Particulars	Domestic		Exports	Total
	Government of India			
	Defence	Non-Defence		
Sale of Products	1,897.54	651.46	22.55	**2,571.55**
Total	**1,897.54**	**651.46**	**22.55**	**2,571.55**

Notes:

(a) The Company's turnover mainly includes supply of defence ammunition and explosives.

Reconciliation of revenue recognised with contract price:

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Contract price	4,340.65	2,571.55
Adjustments for:		
Increase in revenue due to change in contract price pertaining to current year	108.18	-
Increase in revenue due to change in contract price pertaining to previous year	154.00	-
Revenue from contracts with customers	**4,602.83**	**2,571.55**

Contract liabilities

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Opening balance/ Transferred during the period on business reorganisation (refer note 39)	**1,854.46**	**3,031.82**
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	(1,383.16)	(2,354.72)
Increase due to cash received or invoices raised in the year for performance obligations not recognised in revenue	2,827.82	1,177.36
Closing balance	**3,299.12**	**1,854.46**

25 Other income

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Rental Income	9.96	4.96
Utility charges	15.50	5.45
Miscellaneous income	81.72	10.14
Interest income on fixed deposits, being financial assets carried at amortised cost	190.59	20.39
Net exchange gain	-	3.64
Net gain on sale of Property, plant and equipments	1.67	-
Total	**299.44**	**44.58**

26 Cost of materials consumed

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Raw materials at the beginning of the Year/period	1,949.96	-
Add: Transferred during the period on business reorganisation (refer note 39)		2,006.70
Restatement*		(49.92)
Add : Purchases	3,337.93	1,039.39
Less : Raw materials at the end of the year/period	(2,636.93)	(1,949.96)
Total cost of materials consumed	**2,650.96**	**1,046.21**

27 Changes in inventories of work in progress and finished goods

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Opening balance		
Work-in-progress	935.23	-
Finished goods	92.32	-
Transferred during the period on business reorganisation (refer note 39)		
Work-in-progress	-	1,165.49
Finished goods	-	147.71
Restatement*		
Work-in-progress	-	(2.38)
Finished goods	-	0.10
Total	**1,027.55**	**1,310.93**
Closing balance		
Work-in-progress	1,387.42	935.23
Finished goods	320.17	92.32
Total closing balance	**1,707.59**	**1,027.55**
Total changes in inventories of work-in-progress and finished goods	**(680.04)**	**283.38**

28 Employee benefit expenses

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Salaries, wages and bonus	2,041.78	920.87 -
Total	**2,041.78**	**920.87**

29 Depreciation and amortisation expense

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Depreciation on property, plant and equipment	152.04	76.10
Amortisation of intangible assets	18.00	8.92
Total	**170.04**	**85.02**

30. Other expenses

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Power & fuel	87.70	51.65
Transportation charges	27.18	6.90
Technical know how	0.12	0.13
Printing & Stationary	1.78	0.04
Guarantee Commission	0.11	-
Rent, Rates & Taxes	26.23	0.79
Insurance	0.32	0.32
Contract Labour	87.34	31.67
Departmental Canteen expenses	0.57	1.64
Medical and hygiene expenses	-	1.41
Water Charges	46.03	22.77
Repairs & Maintenance-Building	11.80	22.37
Repairs & Maintenance-Other	19.68	-
Repairs & Maintenance-P&M	2.44	-
Travelling expenses	19.47	8.84
Telephone expenses	1.87	1.07
Electricity expenses	57.91	-
Fines and penalties	0.03	-
IT expenses	3.91	2.11
Legal and professional fees	5.79	0.92
Payment to auditor *(Refer note 30 (a))*	0.60	0.21
Property tax	3.93	-
Security expenses	206.75	88.24
Net exchange gain/loss	13.86	-
Exhibition expenses	2.04	1.10
Corporate social responsibility expenditure (refer note 30(b))	0.52	-
Miscellaneous expenses	39.01	7.99
Total	**666.99**	**250.17**

30 (a) Details of payments to auditors

	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
As auditor:		
Statutory audit fee	0.40	0.21
Tax audit fee	0.20	-
Total	**0.60**	**0.21**

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 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
(i) Amount required to be spent by the company during the year	0.52	-
(ii) Amount of expenditure incurred		
- Construction/acquisition of new asset	-	-
- On purpose other than (i) above	-	-
(iii) Shortfall/(Excess) at the end of the year	0.52	-
(iv) Total of previous years shortfall/(Excess)	-	-
(v) Reason for shortfall	The shortfall amount has been deposited in a Special Account, subsequent to the year-end, within the timelines prescribed under the Companies Act, 2013.	
(vi) Nature of CSR activities	NA	
(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 **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 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Income tax expense		
Current income tax	17.80	5.55
Deferred income tax	10.74	3.23
Total	**28.54**	**8.78**

Reconciliation of tax expense and accounting profit multiplied by tax rate for 31 March 2023

Particulars	Year ended 31 March 2023	For the period from 17 August 2021 to 31 March 2022 Restated*
Accounting profit before tax	101.89	30.47
Tax at substantively enacted income-tax rate of 29.12%	29.67	8.87
Deferred tax pertaining to earlier year now recognised	(1.28)	
Tax effect of amount which are not deductible in calculating taxable income		
-Corporate social responsibility expenditure	0.15	
Others	-	(0.09)
Income tax expense	**28.54**	**8.78**

32 Fair value measurements

Financial assets and liabilities at amortised cost

	As at March 31, 2023	As at March 31, 2022 Restated*
Financial assets	-	
Trade receivables	1,406.57	764.24
Cash and cash equivalents	3,249.98	2,978.54
Receivable from government	204.71	359.22
Other financial assets	26.91	14.85
Total financial assets	**4,888.17**	**4,116.85**
Financial liabilities	-	
Trade payables	820.89	570.53
Security deposits	6.15	3.60
Payable to employees	187.87	188.93
Other current financial liabilities	14.43	1.15
Total financial liabilities	**1,029.34**	**764.21**

Fair value of financialassets 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.

33 Financialriskmanagement

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.

ACredit risk

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

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.

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

B LiquidityRisk

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.

Maturitiesoffinancialliabilities

I) The tables below analyses the Company's financial liabilities into relevant maturity groupings based on theircontractualmaturities:
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, 2023	Total	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Trade payables	820.89	-	820.89	-	-
Security deposits	6.15	0.29	-	5.86	-
Payable to employees	187.87	187.87	-	-	-
Other current financial liabilities	14.43	14.43	-	-	-
Total	**1,029.34**	**202.59**	**820.89**	**5.86**	**-**

As at March 31, 2022 Restated*	Total	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Trade payables	570.53	171.19	399.34	-	-
Security deposits	3.60	-	-	3.60	-
Payable to employees	188.93	73.49	115.44	-	-
Other current financial liabilities	1.15	1.15	-	-	-
Total	**764.21**	**245.83**	**514.77**	**3.60**	**-**

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 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 thanexports.

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.

	As at March 31, 2023	As at March 31, 2022 Restated*
Financial assets		
Trade Receivables		
SEK	-	-
EURO	-	-
USD	-	125.73
Bank Balances		
SEK	-	-
EURO	-	-
USD	24.00	-
Net exposure to foreign currency risk (assets)	**24.00**	**125.73**
Trade payables		
SEK	-	-
EURO	(6.20)	-
USD	-	-
Capital creditors		
SEK	-	(0.40)
EURO	(0.11)	-
USD	-	(4.65)
Net exposure to foreign currency risk (liabilities)	**(6.31)**	**(5.05)**

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, 2023	As at March 31, 2022 Restated*
Increase by 5%*		
SEK	-	(0.02)
EURO	(0.32)	-
USD	1.20	6.05
Decrease by 5%*		
SEK	-	0.02
EURO	0.32	-
USD	(1.20)	(6.05)

* Holding all other variables constant

34 Capitalmanagement

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 otherstakeholders,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.

35 (a) Segment reporting

Ministry of CorporateAffairs 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 fulfill 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 thefinancialstatements.

(b) (ii)Audit Committeerelatedcompliances

As per provisions of Section 149 and Section 177 of the Companies Act 2013, the Company is required to appoint Independent Directors and at least one-woman director, and constitute Audit Committee respectively. However, being a government company and Defence Public Sector Unit, the Company is required 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 and thereby was not able to constituteAudit Committee till the date of signing of these Financial Statements as per the provisions of CompaniesAct 2013. 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 FinancialStatements.

36 Relatedpartytransactions

The Company is controlled by the Government of India.

Name of the related parties and nature of relationship

(a) Key Management Personnel

Shri.Ravi Kant	Chairman and Managing Director
Shri.Debashish Banerjee	Director/HR
Shri.S.K.Rout	Director/Operations
Shri V. C. Verma	Director/Finance (Till 20th May 2022)
Shri. Prakash Agarwala	Director/Finance/CFO (from 14th June 2022)

Key management personnel compensation	As at March 31, 2023	As at March 31, 2022
Short term employee benefits	1.86	0.83
Total	**1.86**	**0.83**

(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, followingaretheindividuallysignificanttransactions:

Approximately 95% of the Company's turnover and trade receivables and 99% of customer advances are with respect to government and government related entities.

37 Contingent Liabilities

	31 March 2023	31 March 2022
Legal claim involves court cases for pay and allowances, penalty in disciplinary cases, arbitration in purchases and pay fixation etc.	5.90	6.47
Legal claim involves court cases for pay and allowances, arbitration in purchases, pay fixation and GST department etc.	18.51	11.93
Total	**24.41**	**18.40**

38 Earnings per share

	31 March 2023	31 March 2022 Restated*
(a) Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	73.35	21.69
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	34,16,01,86,294	26,10,37,75,913
Basic earnings per share in INR	**0.02**	**(0.01)**
(b) Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	73.35	21.69
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	34,16,01,86,294	26,10,37,75,913
Diluted earnings per share in INR	**0.02**	**(0.01)**

39 Business reorganization

The Government of India announced to convert Ordnance Factory Board, an attached office of Ministry of Defence, Department of Defence Production, into seven different wholly owned corporate entities by the Government of India, registered under the Companies Act, 2013.Accordingly,12 factories and 4 training centres of erstwhile OFB, pertaining to production of arms and ammunitions (referred to as "business" for the purpose of this note) were transferred to Munitions India Limited on October 1, 2021 vide Order No. 1(5)/2021/OF/DP(Plg-V)/01 issued by Department of Defence Production, Ministry of Defence, Governmentof India.

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 reorganisation.There is no guidance under Ind-AS on accounting for capital reorganisation. However, since the business has remained under common control (i.e., by the Government of India), before and after the reorganisation, the management has determined that it is appropriate to apply provisions ofAppendix 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 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 IndAS 101 should be applied to the carrying value assets and liabilities and then transferred to MIL.

As a result, during the previous financial year ended on March 31, 2022, Ind-AS adjustments as well as certain corrections were made to the assets and liabilities of the business transferred to the Company as at 1 October 2021 amounting to INR 4,233.87.Thesignificantadjustmentsincludedfollowing:

(i) The Company applied deemed cost to the carrying value of property, plant and equipment and intangible assets as at the date of transfer.

(ii) The Company provided for warranty amounting to INR 3,000 for the contracts outstanding as of the date of transfer of business since the same was not included in the carrying value of net assets transferred.

(iii) The Company adjusted the value of inventories to bring the valuation to the lower of net realisable value or cost, whichever is lower, wherever necessary.

(iv) The Company recorded certain amounts receivable from the Government as the corresponding liabilities (mainly included security deposits and advance from customers) were transferred to the Company, without corresponding money received there against

(v) Miscellaneous expenditure and preliminary expenses recognised as an asset under the previous GAAP were charged off as these are not recognised under Ind-AS.

The details of net assets transferred, consideration agreed on business reorganization and the capital reserve recognised on reorganisation as restated for corrections indentified during the current year (refer note 40) are as below:

INR Crores

	Balances acquired as on 1st October 2021		
	As previously Reported	**Restatement***	**Restated**
Assets:			
Property, plant and equipment	2,982.28	(132.41)	2,849.87
Capital work-in-progress	1,367.22	1.59	1,368.81
Intangible assets	87.71	(0.11)	87.60
Inventories	3,319.91	(52.19)	3,267.72
Investments	0.80	-	0.80
Receivable from governments	701.91	(78.48)	623.42
Other non-current assets	1.12	-	1.12
Trade receivables	249.76	(2.31)	247.45
Cash and cash equivalents	15.39	1.15	16.54
Other financial assets	30.42	5.01	35.43
Other current assets	377.91	(8.08)	369.83
Total assets	**9,134.43**	**(265.83)**	**11,685.41**
Liabilities:			
Other financial liabilities	132.75	3.19	135.94
Provisions	3,000.00	-	3,000.00
Trade payables	283.35	(27.89)	255.46
Other current liabilities	418.98	(27.23)	391.75
Total liabilities	**3,835.08**	**(51.93)**	**6,599.97**
Net assets (A)	**5,299.34**	**(213.90)**	**5,085.44**
			-
Consideration payable (B)	**32,724.50**	**(213.90)**	**32,510.60**
[32,51,06,00,012 equity shares (nos.) of Rs. 10 each]			
Capital Reserve [(A) - (B)]	**(27,425.16)**	**-**	**(27,425.16)**

*See note 40 for details regarding the restatement.

The consideration payable has been agreed in the form of equity shares to be issued by MIL to the Government of India, based on the fair value of the net assets of the business accounted by MIL. Since the fair value exercise was not completed by March 31, 2022, the shares were not issued as of that date and therefore the consideration payable has been presented as "Equity shares pending issue on business reorganisation" under Equity in the balance-sheet.

Out of the total consideration, the Company issued 32,50,53,50,000 equity shares (nos.) on August 29, 2022. Hence, at the end of current year the company has equity shares pending for issue amounting to INR 5.25 crores (52,48,380 equity shares (nos.)).

40 Restatement

During the year ended 31 March 2023, the Company identified errors in balances of assets and liabilities acquired from the erstwhile Ordnance Factory Board ("OFB"). At the time of transfer from OFB, the balances of these assets and liabilities that were taken over were unaudited. The statutory auditors also issued a Disclaimer of Opinion on the financial statements as at and for the period ended 31 March 2022 as certain balances were not supported by adequate evidence in possession of the Company. Consequently, during the year ended 31 March 2023, the Company initiated the process to identify supporting evidences for the balances of assets and liabilities taken over from OFB and identified certain errors resulting in a restatement of these balances. The Company had formed internal committees to investigate these balances and validate the balance sheet as of 31 March 2022. Based on the findings of the internal committees, the Company has restated the comparative numbers for the period ended 31 March 2022. Given the volumnious nature of transactions, the process of validation of opening balances is ongoing and further adjustments, if any, may be identified in subsequent years, which may result into further restatement. Since the purchase consideration payable against business reorganisation referred to in Note 39 has been agreed in the form of share capital to be issued by the Company to the extent of fair value of net assets acquired as a part of said business reorganisation, the accounting impact due to restatements pertaining net assets so acquired is adjusted in the purchase consideration payable i.e. 'Equity Shares Pending Issue on business reorganisation'.

Additionally, certain items for transactions during the period ended were also restated based on information identified during the current year.

The error has now been corrected by restating each of the affected financial statement line items for the previous period as follows:

Balance Sheet extract

Particulars	Year ended 31 March 2022 (As previously reported)	Increase/ (Decrease)	Year ended 31 March 2022 (Restated)
Property, plant and equipment	3,009.87	(132.41)	2,877.46
Capital work-in-progress	1,442.99	1.59	1,444.58
Intangible assets	78.79	8.70	87.49
Intangible assets under development	13.42	(8.81)	4.61
Inventories - non current	42.24	(3.03)	39.21
Other non-current assets	5.55	0.12	5.67
Inventories	2,987.46	(49.16)	2,938.30
Financial assets			
(a) Trade receivables	766.55	(2.31)	764.24
(b) Cash and cash equivalents	2,976.53	2.01	2,978.54
(c) Receivable from government	434.28	(78.49)	355.79
(d) Other financial assets	9.31	5.54	14.85
Other current assets	686.25	(8.21)	678.04
Total assets	**12,453.24**	**(264.46)**	**12,188.78**
Liabilities			
Deferred tax liabilities	2.63	0.60	3.23
Trade payables	603.53	(33.00)	570.53
Other financial liabilities	186.15	3.93	190.08
Current tax liabilities	2.60	0.88	3.48
Other current liabilities	2,123.90	(26.56)	2,097.34
Total liabilities	**2,918.81**	**(54.15)**	**2,864.66**
Net assets	**9,534.43**	**(210.31)**	**9,324.12**
Equity			
Equity shares pending issue on business reorganisation (refer note 39)	32,724.50	(213.90)	32,510.60
Other Equity - Retained earnings	301.48	3.59	305.07
Total	**33,025.98**	**(210.31)**	**32,815.67**

Statement of profit and loss extract

Particulars	Year ended 31 March 2022 (As previously reported)	Increase/ (Decrease)	Year ended 31 March 2022 (Restated)
Other income	46.83	(2.25)	44.58
Total income	**46.83**	**(2.25)**	**44.58**
Expenses			
Cost of materials consumed	1,051.90	(5.69)	1,046.21
Changes in inventories of work-in-progress and finished goods	283.38	(0.00)	283.38
Employee benefit expenses	919.39	1.48	920.87
Depreciation and amortisation expense	85.02	(0.00)	85.02
Other expenses	253.29	(3.12)	250.17
Total expenses	**2,592.98**	**(7.34)**	**2,585.66**
Profit before tax	308.78	278.31	30.47
Income tax expense			
- Current tax	4.67	0.88	5.55
- Deferred tax	2.63	0.60	3.23
Total tax expense	**7.30**	**1.48**	**8.78**
Profit for the period	**301.48**	**279.80**	**21.69**
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	**301.48**	**279.80**	**21.69**

Statement of cash flows extract

Particulars	Year ended 31 March 2022 (As previously reported)	Increase/ (Decrease)	Year ended 31 March 2022 (Restated)
Cash flow from operating activities			
Profit before income tax	25.40	5.08	30.47
Interest received	(22.64)	2.25	(20.39)
Increase/(decrease) in trade payables	320.18	(5.11)	315.07
(Increase)/decrease in other financial assets	22.88	(0.60)	22.28
Increase/(decrease) in other financial liabilities	56.99	1.48	58.47
Cash generated from operations	**1,899.06**	**3.11**	**1,902.17**
Interest received	22.64	(2.25)	20.39
Cash acquired as part of reorganisation of Ordnance Factory Board (Refer note 39)	15.39	1.15	16.54
Net cash flow from investing activities	**(154.85)**	**(1.10)**	**(155.94)**
Net increase/(decrease) in cash and cash equivalents	**2,976.53**	**2.01**	**2,978.54**
Cash and cash equivalents at the end of the year	**2,976.53**	**2.01**	**2,978.54**

Impact of Restated EPS

There is no material change in EPS for the year ended March 31, 2022 due to restatement.

41 Additional regulatory information required by Schedule III

(a) Financial Ratios

Sr. No.	Ratio	Numerator	Denominator	31 March 2023 Ratio	31 March 2022 Ratio	% Variance	Reason for variance
1	Current Ratio	Current Assets	Current Liabilities	2.14	2.70	-21%	Not applicable as variance is less than 25%
2	Return on Equity Ratio	Net Profits after taxes	Shareholders Funds	0.99%	0.34%	187%	Other income is substantially increased as compare to previous year. Also, the substantial increase is due to difference in period of reporting (previous year was only for 6 months)
3	Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	0.54	0.34	62%	Cost of good sold has increased in current year as compared to previous year.
4	Trade Receivable Turnover Ratio	Revenue from operations (gross)	Average Trade Receivable	4.29	5.07	-15%	Not applicable as variance is less than 25%
5	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payable	1.92	2.43	-21%	Not applicable as variance is less than 25%
6	Net Capital Turnover Ratio	Revenue from operations (gross)	Current Assets - Current Liabilities	0.84	0.53	59%	The substantial increase is due to difference in period of reporting (previous year was only for 6 months)

7	Net Profit Ratio	Net Profits after taxes	Revenue from operations (gross)	1.58%	0.84%	87%	Not applicable as variance is less than 25%
8	Return on Capital Employed	Earning before interest and taxes	Total Assets - Current & Non-current Liabilities	1.36%	0.48%	183%	The substantial increase is due to difference in period of reporting (previous year was only for 6 months)
9	Return on Investment	Earning before interest and taxes	Total Assets	0.67%	0.25%	167%	The substantial increase is due to difference in period of reporting (previous year was only for 6 months)

Note: Following ratios have not been disclosed since they are not applicable to the Company
Debt Equity Ratio
Debt Service Coverage ratio

(b) 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 42735Acers situated at respective factories location, which are still held in the name of Ordnance Factory Board and the transfer process is in progress.

Relevant line item in the balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is promoter, director or relative of promoter/director or employee of promoter/director	Property held since which date	Reason for not being held in the name of the company
Property, plant and equipment	Freehold land	73.09	Directorate of Ordnance	No	September 09, 2021	Transfer of title deed is in process from Directorate of Ordnance to Munitions India Limited

(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
There are no transactions with the companies struck off under Companies Act, 2013 or Companies Act, 1956.

(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:

a. 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
b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

The company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:
a. 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
b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

(xi) Undisclosedincome

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.

(xii) Details of crypto currency or virtual currency
The Company has not traded or invested in crypto currency or virtual currency during the current period.

(xiii) 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.

For P G BHAGWAT LLP
Firm Registration Number: 101118W/W100682

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

Abhijit Shetye
Partner
Membership Number: 151638

Ravi Kant
Chairman and Managing Director
DIN: 09283919

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune
Date - October 13, 2023

Pune
Date - October 13, 2023

Munitions India Limited

Accurate. Lethal. Reliable.

Corporate Office : 2nd Floor, Nyati Unitree, Nagar Road,
Yerwada, Pune-411006