3RD ANNUAL REPORT 2023-24

म्यूनिशंस इंडिया लिमिटेड

MUNITIONS INDIA LIMITED

भारत सरकार का उद्यम

रक्षा मंत्रालय

Munitions India Limited
Accurate. Lethal. Reliable.

Contents

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

VISION

MISSION

To be a prominent patron of 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 the group into an international class ammunition manufacturing.

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

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

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors of Munitions India Limited (MIL), I am happy to present the report on MIL for the Financial Year 2023-24.

As we draw the curtains on yet another remarkable financial year, I am overwhelmed with a sense of pride and gratitude for the exceptional achievements and unwavering dedication demonstrated by each and every member of the MIL family.

I am delighted to announce that we have exceeded our targets by a mile for the FinancialYear ending 31st March 2024. MIL achieved the figure of **INR 7221.58** Crores as Revenue from Operations and Profit after Tax of **INR 558.78** Crores. MIL has achieved a remarkable **55%** increase of sales over the previous year.

Furthermore, I am delighted to share that MIL has achieved a significant milestone with our Export of ammunitions and explosives valued **INR 1696.87** Crores. This accomplishment not only underscores our capabilities at the global stage but also highlights our unwavering commitment to innovation and excellence. It is a testament to our collective vision and determination to leave a lasting impact on the world stage.

India has made remarkable strides in rebuilding its economy and establishing itself as a global force. At MIL, we take immense pride in contributing to this journey of progress. Our commitment for manufacturing superior Ammunition, Initiatory Compositions, Propellants, and High Explosives stands as a testament to our dedication to empower the Indian Armed Forces and advancing towards self-reliance.

As we look forward, MIL is steadfast in its efforts to modernize manufacturing facilities, ensuring higher production capacities and maintaining stringent quality standards. The 'Aatmanirbhar Bharat Abhiyan' of our honourable Prime Minister resonates deeply with our mission to develop cutting-edge Tank, Artillery and Infantry ammunition.

We are modernizing & augmenting our plant & machineries and process to support these efforts, bolstering our capabilities on the global stage with various export orders already secured.

I am pleased to announce that MIL has secured export orders amounting to over **INR 9216** Crores since its inception, underscoring our growing influence and reliability in the defence sector. Looking ahead, our order book for domestic supplies of ammunitions & explosives stands strong at over **INR 23403** Crores, reflecting not just our achievements but the promising future that lies ahead.

Safety and quality remain non-negotiable pillars of our operations. We have implemented rigorous safety measures and continue to monitor them closely to prevent any incidents. Our production protocols adhere to stringent standards, ensuring that every piece of ammunition leaving our facilities meets the highest benchmarks of reliability and quality.

On behalf of the Board of Directors and all employees of the Company, I would like to convey my sincere gratitude to the Hon'ble Union Minister for Defence Shri Rajnath Singhji and Hon'ble former Minister of State for Defence Shri Ajay Bhattji for the immense support and guidance received from them. I am also deeply grateful to Shri Giridhar Aramane, Defence Secretary, Govt. of India for 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 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 Anurag Bajpai, Addl. Secretary, Ministry of Defence, Shri Surendra Prasad Yadav, former JS (LS), Ministry of Defenceand 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.

(Debashish Banerjee)
Chairman and Managing Director (Addl. Charge) & Director/HR
DIN No. 09283921

CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Debashish Banerjee
Director/Human Resources with additional charge of CMD w.e.f. 01/03/2024

Shri Ravi Kant
Chairman and Managing Director (CMD)
Superannuated on 29/02/2024

Shri Sushanta Kumar Rout
Director/Operations
Superannuated on 30/06/2023

Shri Prakash Agarwala
Director/Finance & CFO with additional charge of Director/Operations
w.e.f. 01/03/2024

Shri Surendra Prasad Yadav
Joint Secretary (LS)
Govt. Nominee Director
(Till 08/12/2023)

Shri Anurag Bajpai
Additional Secretary
Govt. Nominee Director
(w.e.f. 08/12/2023)

CHIEF VIGILANCE OFFICER

Shri Mahesh Chandra
(Till 03/02/2024)

COMPANY SECRETARY

Shri E J Paul

SECRETARIAL AUDITOR

M/s A K Rastogi & Associates
Ghaziabad

STATUTORY AUDITOR

M/s Borkar & Muzumdar
Mumbai

CHIEF INTERNAL AUDITOR

Shri Ajay Kumar Singh
(till 18/04/2023 and w.e.f 30/01/2024)

Shri Md Zunnoon Sarwar
w.e.f 19/04/2023 till 29/01/2024

BANKERS

State Bank of India

BRANCH AUDITORS

M/s N A S A & Associates
Chartered Accountants, Jabalpur

M/s Raj & Sudha
Chartered Accountants, Trichy

M/s Sarda Soni Associates LLP
Chartered Accountants, Nagpur

M/s Nagarwala & Associates
Chartered Accountants, Sambalpur

M/s Chanakya Ashok & Co
Chartered Accountants, Patna

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

CORPORATE INFORMATION

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

Manufacturing Units of MIL

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

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

3. **Shri Vijay Badlu Kuril**
   Chief General Manager
   High Explosives Factory, Khadki, Pune

4. **Shri Gyaneswar Tyagi**
   Chief General Manager
   High Energy Projectile Factory, Thiruchirapalli

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

6. **Shri Sunil Sapre**
   Chief General Manager
   Ordnance Factory, Bhandara

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

8. **Shri Gyanendu Kumar Choudhary**
   Chief General Manager
   Ordnance Factory, Dehu Road

9. **Shri Alok KR Agarwal**
   Chief General Manager
   Ordnance Factory, Itarsi

10. **Shri M. N. Haldar**
    Chief General Manager
    Ordnance Factory, Khamaria

11. **Shri N. K. Agarwal**
    Chief General Manager
    Ordnance Factory, Nalanda

12. **Shri Rakesh Ojha**
    Chief General Manager
    Ordnance Factory, Varangaon

Non-Manufacturing Units of MIL

1. **Shri Jyoti Prakash Dash**
   Chief General Manager
   NADP, Ambajhari

2. **Shri Md Zunnoon Sarwar**
   Chief General Manager
   OFIL, Khamaria

3. **Shri Prakash C Nanda**
   Chief General Manager
   MILCOS, Pune

CORPORATE INFORMATION

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

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

Manufacturing Units of MIL

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

Non-Manufacturing Units of MIL

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

BOARD OF DIRECTORS

Shri Ravi Kant, I.O.F.S.

Chairman and Managing Director (CMD)
(Till 29/02/2024)

Shri Ravi Kant is a Mechanical Engineer with post graduate qualification in Production Engineering. He has experience in Defence Production industry for over 35 yrs. 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 of Ammunition (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 Partnership model.

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. He has superannuated from Munitions India Limited on 29.02.2024

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

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

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

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

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

Shri S K Rout
Director/Operations
(Till 30/06/2023)

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 National Academy 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 Prakash Agarwala
Director/Finance & CFO
with Addl. charge of
Director/Operations
w.e.f. 01/03/2024

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

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

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

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

He has a wide international exposure for Defence Export promotion and International cooperation.

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

Shri Prakash Agarwala, took over as Additional Charge of Director/Operations at MIL on 1st March, 2024.

Shri Surendra Prasad Yadav
Joint Secretary (LS)
Govt. Nominee Director
(Till 08/12/2023)

Shri Surendra Prasad Yadav had 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 Conservator of Forest.

He also worked as Executive Director in West Bengal Industrial Development Corporation for more than 7 years.

Presently, he has been transferred from Department of Defence Production, Ministry of Defence, Govt. of India.

Shri Anurag Bajpai
Additional Secretary
Govt. Nominee Director
(From 08/12/2023)

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

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

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

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 is located across the country employs skilled workforce of around 21822. These factories have proven integrated base for production of Small, Medium & High calibre ammunition, Mortars, Rockets, Hand Grenades etc. with in-house manufacturing of Initiatory Compositions, Propellants and High Explosives for over 150 years. Our primary objective is to provide competitive edge to the Armed Forces by equipping them with modern and quality battlefield ammunition.

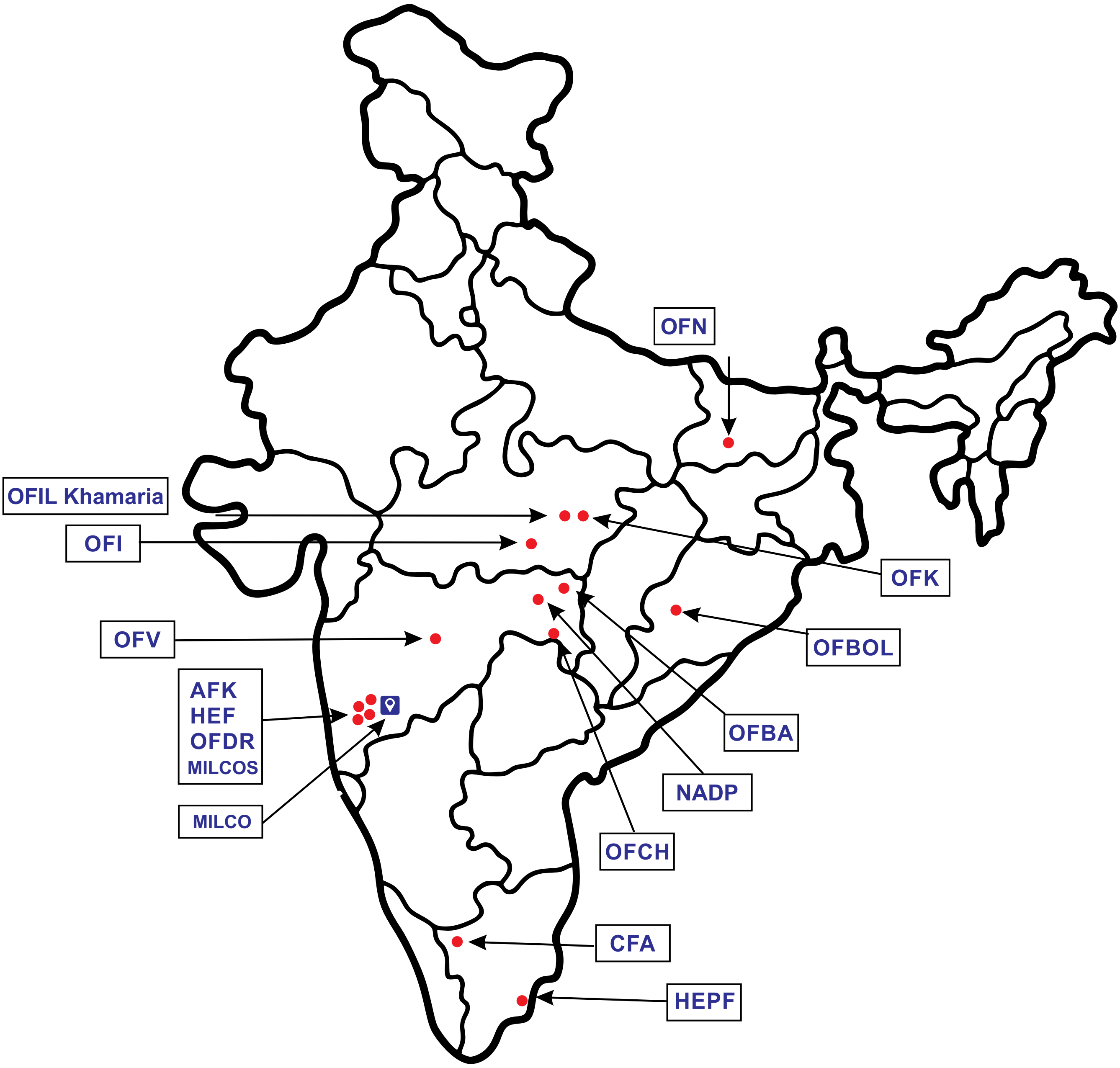
Our foreign customers include countries located in various parts of the world. The patronage we receive from our customers both in India and abroad reflects their faith in quality of our products and services. We are the force behind the Armed Forces.

MIL with its 12 manufacturing units provide:

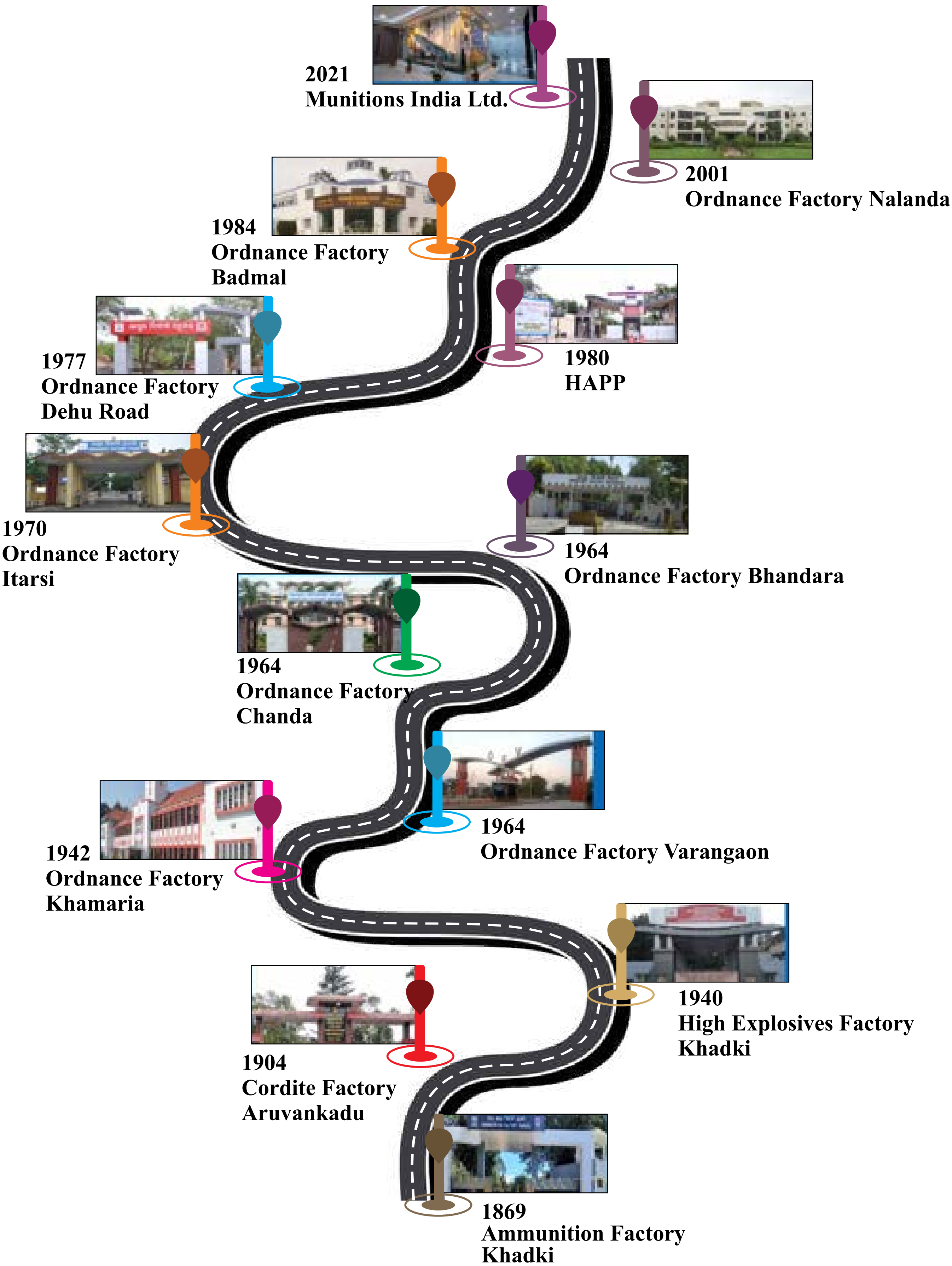
- A broad and versatile production base with multi-technology capabilities
- State-of-the-art manufacturing facilities
- Large pool of skilled and professionally qualified manpower and managerial personnel
- Strict adherence to quality standards (all units are ISO-9000 certified)
- Original as well as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

Accurate. Lethal. Reliable.

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 defence-related products. Munition India Limited is known for its high-quality products that meet the strict standards and requirements of the Indian Armed Forces, Para Military Forces & Exports.

PRODUCT PROFILE

MORTAR BOMBS

NAVAL AMMUNITION

GRENADES

AERIAL BOMBS

PRODUCT PROFILE

ROCKET PINAKA

TANK AMMUNITION

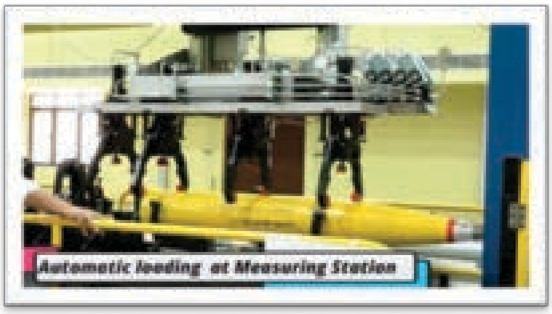
EXPLOSIVES

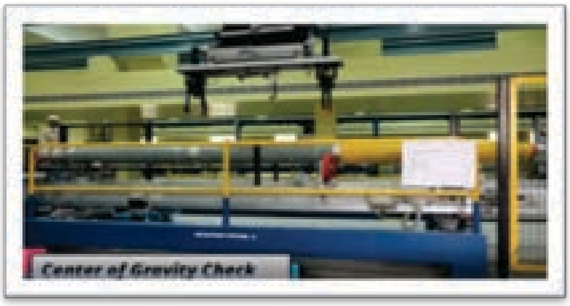
SMOKE & PYROTECHNICS

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 amn
- Multi Model Hand Grenade
- 81 mm ATAL Smoke Grenade
- 9 mm Subsonic amn
- .338Lapua Magnum amn
- 7.62 X 54 PKT amn
- Artillery Fuze PDM 557
- 76/62 SRGM HEADA amn
- 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)**
- ➢ **Varun Astra Warhead**
- ➢ **Propellant for Heat-751, HEDP-502 & SMOKE-469C Ammunition**
- ➢ **125mm FSAPDS Ammunition (Depth of Penetration 550mm)**
- ➢ **Fuze for Air Force Bombs**
- ➢ **Guided Arial Bomb**
- ➢ **Drone Delivered Ammunition (Delivery System with Homing & Guidance)**

➢ 155mm Smart Ammunition :

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 and illumination.

The major component of 70mm rocket are:

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

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

For example.

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

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 Madras started from 07th August, 2023.

MAJOR EVENTS

Flag hoisting by the Chairman and Managing Director on 26th January 2024 Functions.

Prize Distribution to the Employees of MIL during Foundation Day Celebration on 01st October 2023


Munitions India Limited
Munitions India Limited


Munitions India Limited


Munitions India Limited

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


म्यूनिशंस इंडिया लिमिटेड
Muni
Limited

Farewell of Shri Ravi Kant Ex-Chairman and Managing Director of Munitions India Limited

Consultative Mechanism Meeting with Members (Staff Side) at MIL Corporate Office, Pune on 27th February 2024


Munitions India Limited

MIL Bags Export Order during World Defence Show 2024 at Riyadh, Saudi Arabia

MIL's Stall at World Defence Show- 2024, Riyadh, Saudi Arabia

NOTICE TO THIRD ANNUAL GENERAL MEETING

Notice is hereby given that the Third Annual General Meeting of Munitions India Limited will be held on **Thursday, 26th September 2024 at 04:00 p.m.** at Corporate Office-2nd Floor, Nyati Unitree, Nagar Road, Yerwada, Pune- 411006 and Video Conference to transact the business mentioned herein below-

Ordinary Business

1. To read, consider and adopt the Director's Report, Audited Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2024. Balance Sheet as on 31st March, 2024 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, 2024, Statement of Profit & Loss and Cash Flow Statement for the year ended 31st March, 2024 together with Director's Report and the Auditors' Report and the comments of the Comptroller and Auditor General of India are hereby read, considered and adopted".

Special Business

2. **Appointment of Cost Auditor**

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 2024-25.

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 Auditors is finalized is hereby approved by the members of the Company".

3. **Increase in Branch Audit Fee for the financial year 2023-24.**

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

"**RESOLVED THAT** audit fee of Branch Audit for the FY 202324 will be as per the detailed below;

Sl. No.	Unit Name and Address	Abbreviation	Audit Fees (₹)
1	ORDNANCE FACTORY CHANDA, CHANDRAPUR	OFCH	2,50,000/-
2	ORDNANCE FACTORY KHAMARIA, JABALPUR	OFK	2,50,000/-
3	ORDNANCE FACTORY BADMAL, BOLANGIR	OFBL	2,50,000/-
4	ORDNANCE FACTORY BHANDARA	OFBA	2,00,000/-
5	ORDNANCE FACTORY VARANGAON	OFV	2,00,000/-
6	ORDNANCE FACTORY ITARSI	OFI	2,00,000/-
7	ORDNANCE FACTORY NALANDA	OFN	2,00,000/-
8	CORDITE FACTORY ARUVANKADU	CFA	2,00,000/-
9	HIGH ENERGY PROJECTILE FACTORY, TIRUCHIRAPALLY	HEPF	2,00,000/-
10	NATIONAL ACADEMY OF DEFENCE PRODUCTION, AMBAJHARI, NAGPUR	NADP	1,75,000/-
11	ORDANCE FACTORY INSTITUTE OF LEARNING KHAMARIA, JABALPUR	OFILK	1,75,000/-

4. Approval for Appointment of Tax Auditor and Tax Audit Fees for the financial year 2023-24

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

"RESOLVED THAT to appoint Central Statutory Auditor (as appointed by the CAG for FY 2023-24) as Tax Auditor for MIL Corporate Office for the FY 2023-24.

RESOLVED FURTHER THAT remuneration of Tax Audit for FY 2023-24 will be Rs. 7,50,000/- (Rupees Seven Lakh and Fifty Thousand only) excluding taxes and out of pocket expenses.

By Order of the Board of Directors
For Munitions India Limited

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

Place: Pune
Date: 19/09/2024

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 Second Annual 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 Companies Act, 2013.
4. The members will be allowed to pose questions during the course of the meeting. The queries can also be given in advance at finance@munitionsindia.in.
5. The link to access through Video Conference shall be shared two days before the meeting.

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

2. Vide letter no. CC/051/2024-25, dtd 29/05/2024, CMA firm Dhananjay V. Joshi & Associates, Pune has submitted consent letter to be carried Cost Audit for FY 2024-25 on the same rate i.e. Rs. 1,77,000/- (One Lakh and Seventy-Seven Thousand Rupees) (including Tax and Out of Pocket expenses).

CMA firm Dhananjay V. Joshi & Associates is the first Cost Auditor of MIL and completed first Cost Audit of FY 2022-23 successfully. Second Cost Audit of FY 2023-24 is also being carried out by them. In order to have continuation and stabilisation of person in initial years, extension of appointment of M/s Dhananjay V. Joshi & Associates as Cost Auditor is proposed for FY 2024-25.

Vide sub-rule (1) of rule 6 of Companies (Cost Records and Audit) Rules 2014, "*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*". Therefore, MIL shall have to appoint the cost auditor for the FY 2024-25 before 27th September 2024.

In view of the above, it is proposed to appoint CMA firm Dhananjay V. Joshi & Associates, Pune as the Cost Auditor of the company to conduct audit of cost records of the company for FY 2024-25 on the remuneration Rs. 1,77,000/- (One Lakh and Seventy-Seven Thousand Rupees) (including Tax and Out of Pocket expenses). Further, the quoted price shall be approved/ ratified by the Members of the Company.

The Board of Directors in their 02/2024-25 meeting held on 05th August, 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, Cost Accountant (Firm Reg. No- 000030), be and is hereby appointed as the Cost Auditor of the company is being extended to conduct audit of cost records of the company for the financial Years FY 2024-25.

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 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."

None of the Directors is interested in the resolution.

3. Vide CAG letter No. /CA.V/COY/CENTRAL GOVERNMENT,MIL(13)/627, Dtd: 18/09/2023, CAG appointed the Statutory audit and Branch Auditor under section 139 of the Companies Act 2013 for the Financial Year 2023-24. CAG has also given the total audit fees of the Statutory Auditor and Branch Auditor for the FY 2023-24. Details of the same are appended below-

Sl. No.	Firm Name	PSU Code / Unit Code	Station	Audit Details	Fees per annum in Rs (As intimated by the PSU)
STATUTORY AUDITOR					
1	S P C M & ASSOCIATES *(WR0483)* C.T.S No. 6616, Plot No.491 5th Floor, Center Point, Mitra Mandal Chowk, Parvati, PUNE PUNE - 411009,MAHARASHTRA	MIL ST AR (1)	PUNE	CENTRAL AUDITOR INCLUDING HQ. AMUNITION FACTORY KHADKI, REGIONAL CONTROLLERATE OF SAFETY, KHADKI, HIGH EXPLOSIVE FACTORY KHADKI, ORDINANCE FACTORY DEHU ROAD	1000000
BRANCH AUDITOR					
2	N A S A & ASSOCIATES *(CR2884)* 593 EAST NIWARGANJ NEAR PANDEY CHOWK JABALPUR JABALPUR JABALPUR - 482002,MADHYA PRADESH	MIL ORDFACINSLE (1)	JABALPUR	ORDNANCE FACTORY, KHAMARIA, ORDNANCE FACTORY ITARASI ORDNANCE FACTORY INSTITUTE OF LEARNING, KHAMARIA, JABALPUR	300000
3	RAJ & SUDHA *(SR1956)* NO 26, KALKI BUILDING, 8 TH CROSS MAIN ROAD, THILLAINAGAR TRICHY TRICHY - 620018,TAMIL NADU	MIL HIENPRO (1)	TRICHY	HIGH ENERGY PROJECTILE FACTORY, TIRUCHIRAPALLI CORDITE FACTORY, ARUVANKADU	200000

4	SARDA SONI ASSOCIATES LLP *(WR0674)* 3rd Floor , Chartered Square Samrat Ashok Chowk , Saraipeth Opp Padole Corner NAGPUR NAGPUR - 440009,MAHARASHTRA	MIL ORDFACBHA (1)	NAGPUR	ORDNANCE FACTORY, BHANDARA, ORDNANCE FACTORY CHANDRAPUR NATIONAL ACADEMY OF DEFENCE PRODUCTION, AMBAJHARI	300000
5	N AGARWALA & ASSOCIATES *(SPO116)* 4, BIMAL HOTA LANE BUDHARAJA SAMBALPUR SAMBALPUR SAMBALPUR - 768004,ODISHA	MIL ORDFACBOL (1)	SAMBALPUR	ORDNANCE FACTORY, BOLANGIR	100000
6	CHANAKYA ASHOK & CO *(ER0657)* 409, HEM PLAZA, FRASER ROAD NEAR PATNA CENTRAL PATNA PATNA PATNA - 800001,BIHAR	MIL ORDFACNAL (1)	PATNA	ORDNANCE FACTORY, NALANDA	100000
7	M G A & ASSOCIATES *(BO1769)* GAT NO 316/1/2 PLOT NO.30 SUDHAKAR NAGAR OPP UJWA AUTO MANYARKHEDE MIDC JALGAON JALGAON - 425003,MAHARASHTRA	MIL ORDFACVAR (1)	JALGAON	ORDNANCE FACTORY, VARANGAON	100000

Vide agenda no. 5 of BM No. 04/2023-24 held on 26/09/2023, board has increased Branch and Statutory Audit fee as per the detailed below-

Sl. No.	Unit Name and Address	Abbreviation	Audit Fees (₹)
1	AMMUNITION FACTORY KHADKI, PUNE	AFK	2,50,000/-
2	ORDNANCE FACTORY CHANDA, CHANDRAPUR	OFCH	2,50,000/-
3	ORDNANCE FACTORY KHAMARIA, JABALPUR	OFK	2,50,000/-
4	ORDNANCE FACTORY BADMAL, BOLANGIR	OFBL	2,50,000/-
5	MUNITIONS INDIA LIMITED CORPORATE OFFICE, PUNE	MIL CO	2,00,000/-
6	HIGH EXPLOSIVE FACTORY, KHADKI, PUNE	HEF	2,00,000/-
7	ORDNANCE FACTORY DEHUROAD, PUNE	OFDR	2,00,000/-
8	ORDNANCE FACTORY BHANDARA	OFBA	2,00,000/-
9	ORDNANCE FACTORY VARANGAON	OFV	2,00,000/-
10	ORDNANCE FACTORY ITARSI	OFI	2,00,000/-
11	ORDNANCE FACTORY NALANDA	OFN	2,00,000/-
12	CORDITE FACTORY ARUVANKADU	CFA	2,00,000/-
13	HIGH ENERGY PROJECTILE FACTORY, TIRUCHIRAPALLY	HEPF	2,00,000/-
14	CONTROLLERATE OF SAFETY, KHADKI, PUNE	MIL COS	1,75,000/-
15	NATIONAL ACADEMY OF DEFENCE PRODUCTION, AMBAJHARI, NAGPUR	NADP	1,75,000/-
16	ORDANCE FACTORY INSTITUTE OF LEARNING KHAMARIA, JABALPUR	OFILKH	1,75,000/-

Vide agenda no. 7 of BM no. 04/2023-24 held on 26/09/2023, Board has increased audit fee of Central Audit of MIL (in consolidation) from Rs. 5,00,000/- (Rupees Five Lakh) to Rs. 10,00,000/- (Rupees Ten Lakh).

Vide e-mail, dtd 22/11/2023, finance division has already informed to the CAG regarding the increase in audit fee of Statutory Audit and Branch Audit.

Vide e-mail, dtd 06/12/2023, CAG intimated that "*With reference to the trailing mail, the fee has been taken in our records. The appointment letters No./CA. V/ COY/CENTRAL GOVERNMENT, MIL(13)/627 dated :18/09/2023 and No./CA. V/ COY/CENTRAL GOVERNMENT, MIL(13)/1935 dated :03/11/2023 may be treated as modified to that extent only.*"

CAG Letter No./CA.V/COY/CENTRAL GOVERNMENT, MIL (13)/1935, dtd:03/11/2023, CAG reappointed CA firm Borkar and Muzumdar (BO0007), Mumbai as Central Auditor including HQ and as Branch Auditor for 4 units of MIL for the FY 2023-24 in place of CA firm SPCM & Associates (WR0483), Pune along with the revised audit fees.

STATUTORY AUDITOR					
1	BORKAR & MUZUMDAR *(BO0007)* 21/168, ANAND NAGAR OM CHS, ANAND NAGAR LANE, VAKOLA, SANTACRUZ EAST, MUMBAI MUMBAI - 400055,MAHARASHTRA	MIL ST AR (1)	PUNE	CENTRAL AUDITOR INCLUDING HQ, AMUNITION FACTORY KHADKI, REGIONAL CONTROLLERATE OF SAFETY, KHADKI, HIGH EXPLOSIVE FACTORY KHADKI, ORDINANCE FACTORY DEHU ROAD	2025000

The Statutory Audit CA firm, Borkar and Muzumdar (BO0007), Mumbai has been given responsibilities to audit of MIL units AMMUNITION FACTORY KHADKI PUNE, HIGH EXPLOSIVE FACTORY KHADKI PUNE, ORDNANCE FACTORY DEHUROAD PUNE, CONTROLLERATE OF SAFETY KHADKI PUNE, MUNITIONS INDIA LIMITED CORPORATE OFFICE PUNE and Consolidation of all MIL units. For FY 2022-23, the approved audit fee by the Board of Directors for above units were-

Sl. No.	Unit Name and Address	Abbreviation	Audit Fees (₹)
1	AMMUNITION FACTORY KHADKI, PUNE	AFK	2,50,000/-
2	MUNITIONS INDIA LIMITED CORPORATE OFFICE, PUNE	MIL CO	2,00,000/-
3	HIGH EXPLOSIVE FACTORY, KHADKI, PUNE	HEF	2,00,000/-
4	ORDNANCE FACTORY DEHUROAD, PUNE	OFDR	2,00,000/-
5	CONTROLLERATE OF SAFETY, KHADKI, PUNE	MIL COS	1,75,000/-
6	Central Audit (for Consolidation)		10,00,000/-
Total			**20,25,000/-**

The same amount was intimated to CAG and the same has been mentioned in CAG Letter No./CA.V/COY/CENTRAL GOVERNMENT, MIL (13)/1935, dtd:03/11/2023. It means the CAG has finalized fee for the auditor as per the MIL intimation. However, CAG did not mention the increased audit fee of the remaining Branch Auditors as per MIL intimation.

In view of the above, it is proposed to consider the same increased audit fee for Statutory Audit and Branch Audit for FY 2023-24 as approved in the BM no. 04/2023-24 held on 26/09/2023.

The Board of Directors in their 02/2024-25 meeting held on 05th August, 2024 had passed the following resolution.

"RESOLVED THAT audit fee of Statutory Audit and Branch Audit for the FY 202324 will be as per the detailed below;

Sl. No.	Unit Name and Address	Abbreviation	Audit Fees (₹)
1	AMMUNITION FACTORY KHADKI, PUNE	AFK	2,50,000/-
2	ORDNANCE FACTORY CHANDA, CHANDRAPUR	OFCH	2,50,000/-
3	ORDNANCE FACTORY KHAMARIA, JABALPUR	OFK	2,50,000/-
4	ORDNANCE FACTORY BADMAL, BOLANGIR	OFBL	2,50,000/-
5	MUNITIONS INDIA LIMITED CORPORATE OFFICE, PUNE	MIL CO	2,00,000/-
6	HIGH EXPLOSIVE FACTORY, KHADKI, PUNE	HEF	2,00,000/-
7	ORDNANCE FACTORY DEHUROAD, PUNE	OFDR	2,00,000/-
8	ORDNANCE FACTORY BHANDARA	OFBA	2,00,000/-
9	ORDNANCE FACTORY VARANGAON	OFV	2,00,000/-
10	ORDNANCE FACTORY ITARSI	OFI	2,00,000/-
11	ORDNANCE FACTORY NALANDA	OFN	2,00,000/-
12	CORDITE FACTORY ARUVANKADU	CFA	2,00,000/-
13	HIGH ENERGY PROJECTILE FACTORY, TIRUCHIRAPALLY	HEPF	2,00,000/-
14	CONTROLLERATE OF SAFETY, KHADKI, PUNE	MIL COS	1,75,000/-
15	NATIONAL ACADEMY OF DEFENCE PRODUCTION, AMBAJHARI, NAGPUR	NADP	1,75,000/-
16	ORDANCE FACTORY INSTITUTE OF LEARNING KHAMARIA, JABALPUR	OFILKH	1,75,000/-
17	Central Audit (for Consolidation)		10,00,000/-

RESOLVED FURTHER THAT the increase in branch audit fees for the financial year 2023-24 is subject to the approval/ratification of the company".

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. Vide CAG Letter No./CA.V/COY/CENTRAL GOVERNMENT, MIL(13)/1935, Dt: 03/11/2023, CAG has appointed the CA firm " Borkar and Muzumdar" as Statutory Auditors for MIL HQ and as a Branch Auditor of 4 units.

The Central statutory auditors have in-depth involvement in the audit of financial statements of four corresponding unit at branch level and Corporate Office level during statutory audit. It is therefore proposed that central statutory auditor may also be appointed as the Tax auditor of MIL, so that the Tax Audit process can be executed efficiently and effectively concurrently with Statutory Audit.

The scope of Tax audit as provided by Central Auditor vide offer letter, dtd 28.05.2024 is as under,

"Appropriate reporting under the subject clause o various aspects as required in Form 3CD and filling and uploading of the same on the Income Tax portal within the stipulated due date presently being 30th September 2024 for A.Y. 24-25 for Munitions India Ltd as a whole"

Following are the relevant extracts of the guidance note:

Vide Para 9.37 of Guidance Note on Tax Audit under Section 44AB of the Income-tax Act, 1961, AY 2023-24, *As mentioned in Paragraph above, the audit of the head office and branch offices of an assesses shall be regarded as one tax audit assignment. However, tax audit of any branch is conducted, it shall be considered as one separate tax audit for considering limit.*

Vide Para 17.6 of Guidance Note on Tax Audit under Section 44AB of the Income-tax Act, 1961, AY 2023-24, *It is possible that in the case of a person whose accounts of the business or profession have been audited under any other law, which has branches at various places, the branch accounts might have been audited by branch auditors under the relevant Statute. If the audit under section 44AB is also carried out by the same branch auditors or other chartered accountants, they should submit the report in Form No. 3CA to the management or the principal tax auditor appointed for the head office under Section 44AB. Attention in this regard is drawn to SA 600, Using the Work of Another Auditor which discusses the procedures in this regard as well as the principal tax auditor's responsibility in relation to his use of the work of the branch auditor. The principal tax auditor should submit his consolidated report on the registered office/head office and branch accounts and report in his tax audit report as his observation in paragraph 3 of Form No. 3CA as under:*

"I/We have taken into consideration the audit report and the audited statements of accounts, and particulars received from the auditors, duly appointed under the relevant Act, of the branches not audited by me/us".

The fee proposed by the Central Auditor vide offer letter as mentioned above is less than the total fees for Tax Audit paid to Statutory auditors for FY 2022-23, which was Rs. 13,10,000/- (Rupees Thirteen Lakh and Ten Thousand) (excluding Taxes and out of pocket expenses) in which Rs. 60,000/- for each MIL units and Rs. 3,50,000/- for consolidation.

In view of above, it is proposed to approve the appointment of Statutory Auditor (as appointed by the CAG for FY 2023-24) as Tax Auditor for MIL Corporate Office for the FY 2023-24 and remuneration of Tax Audit for FY 2023-24 will be Rs. 7,50,000/- (Rupees Seven Lakh and Fifty Thousand only) excluding taxes and out of pocket expenses.

The Board of Directors in their 02/2024-25 meeting held on 05th August, 2024 had passed the following resolution.

"RESOLVED THAT to appoint Statutory Auditors (as appointed by the CAG for FY 2023-24) as Tax Auditor for MIL Corporate Office for the FY 2023-24.

RESOLVED FURTHER THAT remuneration of Tax Audit for FY 2023-24 will be Rs. 7,50,000/- (Rupees Seven Lakh and Fifty Thousand only) excluding taxes and out of pocket expenses.

RESOLVED FURTHER THAT the appointment of Tax Auditor and Tax Audit fees for the financial year 2023-24 is subject to the approval/ratification 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,

The Shareholders
Munitions India Limited

The Directors have pleasure in presenting the Directors' Report together with Audited accounts of your Company for the Financial Year 2023-24.

I am happy to inform that the company has registered a **Profit** (after Tax) of **INR 558.78 Crores** during the Financial Year 2023-24.

1. HIGHLIGHTS:

a) Sales increased over 55% over the previous year with exported products valuing INR 1697 Crores.

b) First Export Consignment of Fuze PDM 557-155mm Ammunition was successfully dispatched.

c) MIL has successfully completed user trials of 125mm Practice Ammunition following which BPC from Army for the subject ammunition has been accorded.

d) HEPF successfully indigenized Shot of 125mm AMK 339 Ammunition.

e) PINAKA DPICM high altitude trials by user is successfully completed.

f) PINAKA guided trials at Balasore completed in February 1^{st} week. Next phase of trials at Pokhran completed in April.

g) First lot of Rocket RGB60 with Insensitive Munition (IM) filling successfully passed in proof and dispatched to user.

h) Ordnance Factory, Bhandara (A Unit of Munitions India Limited) has indigenized Propellant for SMOKE Ammunition for CG weapon system.

i) Ordnance Factory, Bhandara and Ammunition Factory, Khadki, units of Munitions India Limited played crucial role in the ISRO's Chadrayaan-3 mission and LVM3 launch vehicle by supplying essential explosives and critical Pyro Ordnance system.

j) MIL Organized a conclave with various line directorates & procurement wings of Army at AFK Pune on 21^{st} July' 2023.

k) Ammunition Factory Khadki (AFK), a unit of MIL, received Indian Achievers Award 2023 for Quality Excellence.

l) National Academy of Defence Production (NADP), a unit of MIL, received Berkshire Corporate Award 2023.

Production Units:

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

Non-production units:

i. National Academy of Defence Production, Ambajhari
ii. Ordnance Factories Institute of Learning, Khamaria
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 2023-24 vis-a-vis the performance in the Financial Year 2022-23 is given below:

in Crores

Particulars	2023-24	2022-23
Gross Income	7534.62	4951.62
EBIDTA	935.94	271.93
Financial Expenses	2.16	Nil
Depreciation &Amortisation	183.19	170.04
Profit/(Loss) Before Tax	750.60	101.89
Provision for Tax, etc.	191.81	28.54
Profit/(Loss) After Tax	558.78	73.35
Less: Profit/(loss) Brought forward	95.04	21.69
Balance Carried to Balance Sheet	653.82	95.04

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 FY 2021-22, 2022-23 and 2023-24.

2.3 Growth

The Company has sustained the profit in FY 2023-24 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, 2023-24 is ₹ 8619.40 Crores (Previous year it was ₹ 7480.62 Crores).

2.5 Foreign Exchange (Earnings and Outgo):

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

Period	Earnings	Expenditure
2022-23	₹ 1696.87 Crores	₹ 796.09 Crores
For the period August 17, 2021 to March 31, 2022	₹ 45.54 Crores	₹ 642.96 Crores

3. ANNUAL RETURN:

As required under the provisions of the Section 92(3) of the Companies Act, 2013, the Annual Return of the Company for the financial year 2023-24 is displayed on the website https://munitionsindia.in/Downloads/Manual and Policies/Annual Return 2023-24.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

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

4.1 In the preparation of the Annual Accounts for the Financial Year 2023-24, 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 21822,produces various kinds of ammunition and explosives. It is the India's biggest manufacturer and market leader engaged in Production, Testing, Research & Development and Marketing of comprehensive range of ammunition & explosives for Army, Navy, Air force, Para-Military Forces and Exports. The company possesses proven integrated base for production of Small, Medium & High Calibre Ammunition, Mortars, Rockets, Hand Grenades etc. with in-house manufacturing of Initiatory Compositions, Propellants and High Explosives for over 200 years. The company strictly adhere to Quality standards. All the units of the company are ISO 9001 certified.

Details of Production and non-Production units:

PRODUCTION UNITS

Ammunition Factory Khadki (AFK)

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

Cordite Factory Aruvankadu (CFA)

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

High Explosive Factory Khadki (HEF)

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

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 components. 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. 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:

National Academy of Defence Production (NADP)

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

Ordnance Factories Institute of Learning, Khamaria (OFILKH)

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

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

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

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

5.2 MAJOR PRODUCTS:

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

5.3 ACCREDITATION AND CERTIFICATIONS:

MIL is having following certifications:

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

6. INDIGENIZATION:

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

Currently, Indigenisation content is about 95 % for MIL products and our endeavour is to be increase it further in next two to three years. Total 190 items have been published on SRIJAN portal for indigenisation including 51 PIL items, 123 Non PIL Items and 16 P&M Items.

47 items have been successfully indigenised (08 PIL Item and 39 Non PIL Item) up to FY 2023-24, resulting into import negation to the tune of INR 645 Cr. approx.

7. Export

7.1 Export Strategy of Munitions India Limited:

a. <u>MIL plans to have an aggressive Export Promotion strategy with following actions.</u>

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. Continuously monitoring Offset Opportunities
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 Aero India-2023, Navdex-2023, DSEI-2023, World Defence Show- Saudi Arabia, 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. <u>Achievements</u>

i. MIL has bagged export orders of ₹ 9,141 Crores since its formation in Oct, 2021.
ii. MIL got export orders from new countries in 2023-24 e. g. Nepal, Australia, Malaysia, Romania.
iii. MIL got orders in 2023-24 for export of new products e. g. 120mm HE, 125mm HE, RDX-TNT.

7.2 Major 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 Exports expected during current FY and next two FYs:

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

8. Implementation of an integrated &centralized on-Premises ERP System across the MIL organization:

MIL being a Defence Public Sector Enterprise is currently in the process of implementing the ERP solution across all the units under MIL, for significant changes in its business processes, systems, and operational methods. Among the critical areas identified to facilitate this transition is the adoption of an "Enterprise-wide Resource Planning (ERP)" package.

ERP Integration and Streamlining:
The future ERP system shall seamlessly integrate all processes into a unified, fully integrated platform. This integration ensures standardization, efficient information flow, and improved collaboration among stakeholders leading to enhancement of productivity and decision-making.

Governance and Decision-Making:
An effective ERP solution empowers MIL to make informed decisions promptly. Real-time data availability and analytics enable better governance and strategic planning.Stakeholders across departments can access relevant information, fostering transparency and accountability.

Statutory Compliance:
MIL's ERP package shall address compliance requirements in Accounting, Taxation, and Auditing. Accurate financial reporting, tax calculations, and audit trails are essential.By meeting statutory obligations, MIL ensures legal adherence and financial integrity.

In summary, MIL is taking this opportunity to leverage ERP technology for efficiency, compliance, and informed decision-making. By embracing this transformation, MIL can position itself for success in the evolving landscape of public services.

9. MISSION RAKSHA GYAN SHAKTI:

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

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

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

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

Till date MIL has filed total 340 nos. of IPRs. Out of which 73 nos. of IPRs granted to MIL including 11 nos. of Patents

10. HUMAN RESOURCE DEVELOPMENT:

10.1 Schedule Caste / Schedule Tribe Reservation:

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

10.2 Training & Human Resource Development:

The company has signed MoU with IIT Madras for conducting “Web-enabled M.Tech in Ammunition Technology”. Till date 23 Employee have been nominated and sponsored candidates since 2022.

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

The contribution of the company for developing Skill through Training.

i) In-house HRD Centers are set up at various factories/units of the company for imparting skill training to own employees as well as for training of trade apprentices in various trades.

ii) Ordnance Factories Institute of Learning, Khamria (OFILKH) have received the affiliation with NIELIT for starting Digital Learning Courses.

iii) The training for developing skills of the employees of the company is being provided in the areas of Maintenance, Safety, IPR, Firefighting, Administration, IT, etc.

iv) ITI trade apprentices (other than the company employees) are being trained in the Trades of Chemical (AOCP), Mechanical (Machinist, Turner, Fitter, Welder etc.), Electrical (Electrician), Civil (Plumber, Mason etc.).

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

10.3 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.

11. MEMORANDUM OF UNDERSTANDING WITH MINISTRY OF DEFENCE:

Memorandum of Understanding with Ministry of Defence was entered for the Financial Year 2023-24.

12. OFFICIAL LANGUAGE IMPLEMENTATION:

The official Language Act, along with the Rules thereof and orders issued from time to time by the Department of Official Language, Ministry of Defence regarding progressive use of Hindi, were implemented in the Company during the period. Meetings of the Official Language implementation Committee were held regularly to review the use of Hindi in the Company and steps to be taken to implement the Annual Program for the period of 1st April 2023, to 31st March 2024, issued by the Department of Official Language, Ministry of Home Affairs, Government of India.

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

13.1 Conservation of energy-

13.1.1 In keeping with Green Growth Policy of Govt. of India & in line with the instructions issued by Department of Defence Production, Munitions India Limited has prepared Six point Action Plans as here under:

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

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

i) Replacement of conventional fans to BLDC fans. A comprehensive project considering 90% retrofit of BLDC fan has been sanctioned at MILCO and intimated to all MIL units to install by Mar'2025.
ii) 100% Replacement of Conventional lights with Energy Efficient LED lights which has already been accomplished.
iii) 100% Replacement of Street Sodium Vapour lamps with LED lamps and Installation of Astronomical Timer control switches for street lights so as to auto switch-off the lights on sunrise.
iv) A target has been set to increase the installed Solar power generation capacity from 65% to 92% of the Contracted load capacity by Mar 2025. Power Purchase Agreement (PPA) has been signed with NTPC Vidyut Vyapar Nigam Limited (NVVNL) for installation of SPP across the Maharashtra Group of factories and the same will be completed by 2025. By 2026-27, all MIL units will be achieved more than 50% of contract demand through Solar/renewable energy as per GOI norms.
v) Installation of APFC panels at all substations and production shops inside factories and estates to improve power factor.
vi) Policy has been adopted for replacement of all Oil Type Transformers with energy efficient Dry Type transformers as and when replacement falls due.
vii) Policy has been adopted for replacement of Reciprocating Compressors with energy efficient Screw Compressors.

vii) Replacement of Cooling Tower Fan Blades with FRP blades.

ix) Policy has been adopted for replacement for Replacement of Star- Delta Starters with VFDs/Soft Starters for higher HP motors when replacement falls due.

x) Policy has been adopted for 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.

xi) Replacement of Furnace Fuel Oil by Piped Natural Gas wherever the facilities are available.

xii) Installation of Solar Water Heating System at Boiler Houses to save Fuel Consumption.

xiii) Investment Grade Energy Audit (IGEA) has been completed in all units of MIL and recommendations are under implementation.

xiv) Approval of 40 nos of EV charging station has been given to all MIL units.

13.2 Technology absorption-

13.2.1 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 Practice Ammunition 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.

13.2.2 The benefits derived like product improvement, cost reduction, product development or import substitution

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.

13.2.3 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 IM phase by end of financial year 2024-25.

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 125mm 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.

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.

vi. The contract has been awarded on M/s. Engineers India Limited, New Delhi for Installation and Commissioning of TNT plant at HEF, Khadki, Pune.

vii. The contract has been awarded on M/s. IBM for implementation of ERP (Enterprises Resource Planning) for MIL.

13.2.4 The expenditure incurred on Research and Development.

Total Expenditure incurred on R&D by the company during FY 2023-24 ₹73.00 Crore

13.2.5 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 minimise rejection which will eventually lead to reduction in UAR.

iii. Water consumption reduction:

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

iv. Energy Conservation and Use of Solar Energy:

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

Solar energy is being tapped to meet the requirement of power in most of the units. Presently, 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.

14. VIGILANCE MATTERS:

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

Vigilance Activities:

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

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

i). CTE Type Examination:

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

During the period 01 April 2023 to 31 March 2024, 07such 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 2023 to 31 March 2024, Vigilance department received 43 complaints including 07 Public Interest Disclosure and Protection of Informers Resolution (PIDPI) complaints. Out of these 43 Complaints, investigation has been completed for 28 complaints and disposed suitably & the remaining 15 complaints the investigation is in progress.

iii). Spot check/ Surprise Checks:

Surprise/Spot checks are also being conducted by Vigilance department. During the period 01 April 2023 to 31 March 2024, 04 Nos surprise / spot checks havebeen conducted in various MIL units and suggestions/ corrective measures were recommended for systemic improvements.

iv). Scrutiny of Audit Reports & CAG Reports:

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

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

During the period of 01 April 2023 to 31 March 2024, the AIPR of IOFS Officers was scrutinized by Vigilance department.

vi). Preventive Vigilance:

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

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

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

Vigilance Awareness Week:

Vigilance Awareness week is one of the tools of the Commission in increasing public awareness about the perils of corruption.

Activities undertaken: campaign on Preventive vigilance cum internal housekeeping activities.

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

Vigilance Awareness Week Activities:

Vigilance Awareness Week (VAW 2023) was conducted throughout the Organization at all units of MIL spread over different geographical locations across country from 30 October to 5 November, 2023 on the theme "Say no to Corruption; Commit to the 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.

Director/HR has given Integrity Pledge to all the officers of MIL Corporate Office.

The following activities were carried out as a part of observance of Vigilance Awareness Week 2023.

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 rally organised by Cordite Factory Aruvankadu, comprising school students with banners & placards on theme of Vigilance and Anti-corruption.

d. Vigilance awareness Activities through debate, Essay writing, E-pledge also carried out outside organisation, in 19 Nos of Schools by MIL units viz. OF Badmal, OF Itarasi, OF Dehuroad, CF Aruvankadu, OF Nalanda, HEPF Triruchirappalli, OF Khamaria.

e. Gram Sabha conducted for vigilance awareness by OFI unit.

f. A Seminar was held on 05.09.2023 for Group A & B Officers of MIL in connection with creating awareness on “PIDPI Resolution” by Shri Mahesh Chandra, IRSS CVO / MDL &MIL.

g. A lecture was conducted on 31.10.2023 by Shri Renjith Raj, Jt.GM/Vigilance for Group A Officers of Ord. Factory Dehu Road & In-house sensitization programme to MIL employees on topic Preventive Vigilance Measures also conducted by unit level HR & Vigilance team.

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

i. Updating of Circulars / Guidelines / Manuals drive has been carried out.

j. Leveraging of IT for Complaint Disposal: Online website of Munitions India Limited was recently developed and hosted after due auditing from NIC. For the registration of the complaint by the complainant, the separate link/ tab has been provided in the website

k. CAPACITY BUILDING:

Under the aegis of Munitions India Ltd (MIL) there are two learning centers namely National Academy of Defence Production Ambajhari, Nagpur exclusively imparting training to Gr. A Officers & Ordnance Factories Institute of Learning Khamaria, Jabalpur for training to Gr. B & C Officers. The training on Procurement, Ethics and Governance, Systems and Procedures of the organization, Cyber Hygiene and Security and IO/PO training has been conducted for ToT (Training of Trainers) capsule during the campaign period in these training institutes. Also some of the officers were deputed for ToT training in the commission nominated institutions.
Further, all the units of MIL having in-house training sections, where the trained officers (ToTs) have given training to all other Officials.

l. PIDPI AWARENESS:
i) PIDPI Posters were displayed at prominent places of the sections for building awareness about Public Interest Disclosure and Protection of Informers (PIDPI) Resolution 2004. Total 531 Nos PIDPI Posters were displayed in Hindi, English and other local languages viz. Marathi & Tamil in different units of Munitions India Ltd (MIL).

ii) Jingle- CVC released jingle used as caller tune in the telephone exchange.
Video – In-house developed video with animated characters as well as CVC released video used for dissemination of PIDPI provisions in all the units of MIL Group.

15. BOARD OF DIRECTORS AND BOARD MEETINGS:

The Company's Director's appointment and their remuneration are 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 Debashish Banerjee as Director/Human Resources with Additional Charge of Chairman and Managing Director, Shri Prakash Agarwala as Director/Finance & CFO with Additional Charge of Director/Operations and Shri Anurag Bajpai, Addl Secretary as Government Nominee Director Shri Sushanta Kumar Rout as Director/Operations superannuated on 30.06.2023 and Shri Ravi Kant, Chairman and Managing Director superannuated on 29.02.2024.Shri Surendra Prasad Yadav, JS (LS) ceased to be a Govt. nominee Director w.e.f 08.12.2023.

During the financial year 2023-24 nine Board Meetings were held on 18.05.2023, 29.05.2023, 28.06.2023, 26.09.2023, 01.11.2023, 20.12.2023, 29.12.2023, 16.01.2024 and 28.02.2024.

Remuneration to Directors and Key Management Personnel

Name	Designation	2023-24 (in INR)	2022-23 (in INR)
Shri Ravi Kant	Chairman and ManagingDirector (till 29/02/2024)	41,12,036	46,13,712
Shri Debashish Banerjee	Director/HR&Chairman & Managing Director (Addl. charge)	45,20,765	46,49,872
Shri Sushanta Kumar Rout	Director/Operations (till 30/06/2023)	11,74,960	46,29,904
Shri Prakash Agarwala	Director/Finance & CFO and Director/Operations (Addl. charge)	45,61,235	40,32,414
Shri E. J. Paul	Company Secretary	10,20,000	7,36,667

16. AUDITORS:

The Comptroller and Auditor General of India appointed M/s. Borkar & Muzumdar, 21/168, Anand Nagar OM CHS, Anand Nagar Lane, Vakola, Santacruze East, Mumbai- 400055, Maharashtra as Statutory Auditor and 06 other firms as Branch Auditors for the financial year 2023-24 under Section 139 of the Companies Act, 2013.

The auditors have audited the Accounts of the Company for the financial year 2023-24. The audited accounts with required annexure and reports are annexed to this report.

17. RIGHT TO INFORMATION ACT, 2005:

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

1. Appellate Authority
   Shri Avinash Tarhawadkar

2. Chief Public Information Officer
   Shri Shahir Farooqui

18. VIGIL MECHANISM:

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

19. AUDIT COMMITTEE:

Audit Committee has been formed. The composition of Audit Committee as on 31st March, 2024 is as under

Name of the Director	Designation	Position in Audit Committee
Yet to be appointed	Independent Director	Chairman
Yet to be appointed	Independent Director	Member
Yet to be appointed	Independent Director	Member
Shri Debashish Banerjee	Director/HR	Member
Shri Prakash Agarwala	Director/Finance& CFO	Member

During the Financial Year 2023-24, two Audit Committee meetings were held on 27/10/2023 and 26/02/2024.

20. SECRETARIAL AUDIT REPORT:

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

21. COMMENTS ON THE AUDITORS REPORT:

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

The Statutory Auditors have provided a Qualified opinion on the Company's Financial Statements for the period ended March 31, 2024 and the Board of the Directors of the Company would like to submit explanations/clarification in context to the observations made by the Central Statutory Auditor as under:

Sr. No.	Auditors' Remark	Managment response
1.1	**Prior Period Adjustments** We draw attention to note no. 31 of the Financial Statements, regarding total amount of unreconciled old balances amounting to INR 250.05 crores which have been written back from various unreconciled liabilities, and INR 88.52 crores which have been written off from unreconciled assets (including PPE balances) during the year by the Company to the extent as reported by the UNITS returns. Net impact of written off and written back items amounting to INR. 161.53 crores, has been disclosed under Exceptional item in Financial Statements as these amounts pertain to the transactions related to previous years and are non-recurring. Some of the UNITS have not disclosed these write backs and write offs pertaining to PPE under exceptional items in the Financial Statements and form part of other income.	The Cabinet Committee on Security [CCS] in its meeting dated 29.07.2020 had approved conversion of Ordnance Factory Board [a subordinate office of Ministry of Defence] into 07 Defence Public Sector Undertakings (DPSUs) with 41units. In compliance with the said decision of the Cabinet Committee, the Government has incorporated Munitions India Ltd with Company identification number U29190PN2021G01203505 on 17.08.2021 along with other companies. In accordance with the said decision, following 12 production and 3 non-production units were transferred to MIL for carrying out operations / management with effect of 01.10.2021: 1. Ammunition Factory Khadki 2. Cordite Factory Aruvankadu 3. High Energy Projectile Factory Tiruchirappalli. 4. High Explosive Factory Khadki 5. Ordnance Factory Bhandara 6. Ordnance Factory Bolangir 7. Ordnance Factory Chanda Chandrapur 8. Ordnance Factory Dehu Road 9. Ordnance Factory Itarsi 10. Ordnance Factory Khamaria 11. Ordnance Factory Nalanda 12. Ordnance Factory Varangaon 13. National Academy of Defense Production, Nagpur 14. Regional Controller of Safety, Pune 15. Ordnance Factory Institute of Learning, Khamaria

	The balances written off and written back as above, were a part of qualifications given by previous auditors in respect of the reliability of the balances as on March 31, 2023 due to non-availability of sufficient and appropriate Audit Evidence as regards to the correctness of the comparative opening figures since the statutory auditors for FY 2021-22 had given disclaimer of opinion on the balances in Financial Statements. The Company has not done the retrospective restatement of previous year Financial Statements for such prior period items by adjusting the retained earnings opening balance, which is not in accordance with Ind AS-8 as these are material items in our view. *(Observed in case of HO, HEF, OFDR, AFK, OFK, OFBA, OFCH, OFN, OFV, HEPF, OFBL).*	Accounting of transfer of all the assets and liabilities along with physical handover/ takeover was time consuming and complicated matter which took a lot of time. Moreover, transfer of all the running contracts / agreements / obligations related to these units was administratively very cumbersome activity. As Company was formed on business reorganisation from the erstwhile Ordnance Factory Board, which was directly under the control of Ministry of Defence, Government of India, so is the Company. Material Omissions / Misstatements of items are defined in Ind AS 1 as under: Material Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor. Assessing whether an omission or misstatement could influence economic decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements issued by the Institute of Chartered Accountants of India states in paragraph 25 that 'users are assumed to have a reasonable knowledge of business and economic activities and accounting and a willingness to study the information with reasonable diligence.' Therefore, the assessment needs to take into account how users with such attributes could reasonably be expected to be influenced in making economic decisions. Legacy Fixed Assets / Receivable / Payables are continuously under scrutiny which have been transferred from erstwhile Ordnance Factory Board. Hand over and take over process was cumbersome and involved numerous Assets / Liabilitiesand was based on books of accounts / records made available by erstwhile Ordnance Factory Board to the Company. Since all the records and assets of erstwhile Ordnance Factory Board were created/ accumulated over period of decades of operations, correcting such errors is not a matter of one year. Hence all the efforts to trace errors is being put every year till time permits for finalization of accounts and books of accounts are being cleaned over the period of time.

		If every year Balance Sheet is restated with back date then it will create complicated situation where multiple balance sheets will be created for past periods. Hence it is not practically possible to restate books of accounts every year having already restated in previous year. As per IndAS 8 if there is practical difficulty then Management can account for prior period errors in current financial year. Para 45 of IndAS 8 provides as under: When it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable. In view of above, Management has taken following decision with respect to errors identified during the year: 1. All identified prior period errors to be rectified in the current period by making necessary entries in the statement of profit and loss. 2. All unidentified prior period long outstanding balances will be written off post completion of 3 years i.e October 2024. As Explained above, looking at practical difficulties Management took suitable decision as per IndAS 8.
1.2	**Balances of trade receivables** The management does not have a system in place for reconciliation of trade receivable balances on a periodic basis. These balances are subject to confirmations and reconciliation from respective parties. Further, the accounting system does not provide invoice wise list of trade receivables balances including advances from customer duly tallying with the general ledger balance. In the absence of Bill wise recording of receipts / outstandings from trade receivables and balance	**I. Periodic Reconciliation**: Balance of trade receivable are generally from other DPSUs, Other Defence Departments and Government agencies. MIL has tried various means of carrying out reconciliation of such balance receivable, however other side parties did not provide confirmations in timely manner. As a precautionary step all units of MIL has sent out E-mail to all the parties with detailed general ledger attached to such mail and stated that in case there is no reply from the parties the balance provided in the E-mail will be treated as final and Central Statutory Auditors were also marked in those Mails. Since dues are from Government entities, there is no expectation of defaults. **II. Bill-Wise outstanding:** Tally Accounting software has a feature of recording bill wise transaction and the same

	confirmations, proper basis relating to ageing analysis as disclosed in note no. 8 of Financial Statements cannot be verified. It was further noticed that the Company has not ascertained or created any ECL provision on trade receivables in accordance with Ind AS 109. Pending such balance confirmations, reconciliation, basis for age wise analysis and non-calculation of provision for ECL, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2024. *(Observed in case of HO, HEF, OFDR, AFK, OFK, OFI, OFIL, OFBA, OFCH, NADP, OFN, OFV).* This matter was also qualified by the previous auditor in their audit opinion issued on October 13, 2023 for the year 2022-23.	is followed at all unit level. However, transactions carried out in MIL for payment received with regards to any sale transaction is not always on credit or on advance payment it is a combination of above and many times comes in bunch. Hence such complex transactions could not be recorded in Tally and bill wise outstanding was difficult to arrive at. The same process will be improved upon in next FY. However, a separate data pack is being prepared at all unit level which shows the aging of trade receivable. **III. Provision of ECL:** Expected Credit Loss (ECL), as the name suggest ECL is defined as the loss the company is expected to bear due to extending a credit facility to its debtors. In case of MIL majority of the trade receivable balance belongs to only Government or Government agencies hence there is no requirement to create provision of ECL.
1.3	**Balances of trade payables** The management does not have a system in place for reconciliation of trade payable balances on a periodic basis. These balances are subject to confirmation and reconciliation from respective suppliers. Further, the accounting system does not provide invoice wise list of trade payable balances including advances to supplier duly tallying with the general ledger balance. In the absence	**I. Periodic Reconciliation**: Balance of trade payable are generally to other DPSUs and Trades. MIL has tried various means of carrying out reconciliation of such balance payables, however due to limitation from the parties we were unable to obtain balance confirmations from all parties. As a precautionary step all units of MIL have sent out E-mail to all the parties with detailed general ledger attached to such mail and stated that in case there is no reply from the parties the balance provided in the E-mail will be treated as final and Central Statutory Auditors were also marked in those Mails. **II. Bill-Wise outstanding:** Tally Accounting software has a feature of recording bill wise transaction and the

	of Bill wise recording of payments/outstandings to trade payables and balance confirmations, the proper basis for ageing of creditors as disclosed in note no. 18 of the Financial Statements cannot be verified. Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2024. *(Observed in case of HO, HEF, OFDR, AFK, OFK, OFI, OFIL, OFBA, OFCH, NADP, OFN, OFV).* This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23. In absence of party-wise details pertaining to sums due to Micro, Small and Medium Enterprises ('MSME') vendors as on March 31, 2024 and company's inability to identify the MSME vendors, we are unable to verify the accuracy of overdue amounts payable to MSMEs as also the closing balance of outstanding dues to MSMEs as at March 31, 2024. Also, provision for interest on overdue amounts payable to MSMEs is not recognised in Financial Statements as on March 31, 2024 except in case of 2 UNITS and therefore we are unable to ascertain the impact of the same on the Financial Statements as required under schedule III of the companies Act, 2013.	same is followed at all unit level. However, this process will be further strengthened. Moreover, a separate datapack is also being prepared at all unit level which shows the ageing of trade payable. III. **Micro, Small and Medium Enterprise (MSME):** As per MSME Act interest at the rate of 3 times RBI rate has to be paid to parties registered as Micro or Small under MSME Act. Data with regards to MSME is available with MIL in physical copy which is subject to audit also however, we are in process of digitization of the same. Owing to the size of data and the accuracy units have decided that activity of digitizing such record will be carried out from next financial year. Normally payments are made in timely manner except when there is default on account of supplier hence interest, if any left out would not be of material amount. IV. **Struck Off Companies:** As per Companies Act, 2013 disclosure with regards to struck off companies should be provided as part of notes to accounts. On revenue and expenditure side mostly Government entities are there. Further while making payments PAN and GST number validity is also checked hence it is highly unlikely that a creditor who is in first place a Company and is also a Struck off Company. Management will carry out activity to document this fact in future.

1.4	**Receivables from Government** There are outstanding receivables from Government as disclosed in note no. 10 of the Financial Statements for which confirmation of such balances or utilisation certificate supporting such claim, has not been made available for verification. Due to unavailability of the relevant supporting documents, we are unable to ascertain the accuracy of these balances and impact of potential adjustments, if any, on the Financial Statements of the Company. *(Observed in case of HO, HEF, OFDR, AFK, OFK, OFIL, OFCH).*	Receivable from Government includes various liabilities prior to 1st October 2021 not recorded in the books of erstwhile OFB, which is now borne by MIL and its units. These amounts are claimed from GoI. In FY 2021-22 & 2022-23 GoI has reimbursed the amounts claimed by MIL. GoI does not give any confirmation beforehand. MIL has kept the amounts claimed by MIL as Receivable from Government, due to the fact that these amounts pertain to period prior to 1st October 2021. Moreover, liability wise details of these amounts along with supporting documents are available at respective units and after utilisation, utilisation certificates are provided by units with confirmation of Chartered Accountants.
1.5	**Balances with government authorities** Based on the consideration of report of unit auditors and Head Office, balance with government authorities viz., GST ITC as per books of accounts is subject to reconciliation with the balances appearing in respective Electronic Credit Ledger as on March 31, 2024. Therefore, completeness and accuracy of the same as on March 31, 2024 cannot be commented upon. *(Observed in case of HO, HEF, OFDR, AFK, OFK, OFI, OFIL, OFCH, NADP).* This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23.	As part of normal accounting policy, MIL records all purchase as on the date of which Receipt Voucher (RV) is prepared and not on the date of invoice. In view of that there is a delay in claiming of ITC as requirements of quality testing may take considerable time. One to one reconciliation of credit taken during the year is available with respective unit. Reconciliation of Input tax credit ledger as per GST portal and Input tax ledger in tally was carried out in totality. Considering all relevant aspects Management will further strengthen the process in FY 2024-25.

1.6	**Property, Plant and Equipment, Capital Work in Progress and Intangible Assets under Development and depreciation thereon** Proper reports on physical verification of assets are not available in some UNITS. The differences were noticed in the records/balances as per Fixed Asset Register as compared with the books of account of the UNITS. There are discrepancies in the physical verification reports basis which UNITS have recorded loss in the Financial Statements by recording loss of assets. However, the asset-wise discrepancies for verification and the basis for the calculation of such loss was not provided. The Company has provided for Depreciation in case of Asset Class "Property, Plant and Equipment" by considering life of the assets as per the Schedule II of the Companies Act, 2013. However, since these assets are not new and were created/acquired prior to incorporation of the Company, these assets should have been depreciated over the balance Estimated Life of the assets based on technical evaluation. As such, the accounting treatment followed by the Company is not in accordance with the treatment prescribed in Ind AS-16. In absence of the details of balance useful life of the assets and estimated residual value based on technical evaluation, we are unable to ascertain the impact on the Financial Statements.	**I. Physical Verification of Fixed Asset:** Physical verification of Fixed Asset: A committee was formed in ALL THE UNITS and fixed asset verification was carried out and report of committee was also provided on record to all the Auditors of respective UNIT(s). Whatever may be the discrepancy observed during the course of physical verification, these have been rectified, modified and recorded in books of accounts during FY 2023-24. **II. Depreciation**: Majority of the assets held by unit are pre corporatization and these have been taken over at book value and depreciation is charged based on the remaining useful life of asset. **III. Development cost:** As per Policy of MIL, any development cost incurred by units during the year is transferred at the end of the year to "Intangible Assets Under Development" by crediting respective Labour, Material and other expenditure heads. The entries are passed at each unit level in tally and expenditure wise breakup is available at units. The details and entries were shown to statutory auditors at unit level. Once the projects are completed, the successful projects are capitalized as "Intangible Assets" and amortization starts from the date of capitalization. For Failed projects, the cost of the project is written off through P&L statement.

	For recognising development cost as intangible assets under development, no details were made available which would evidence the capitalized costs are part of process costs involving application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and consequential potential of these costs to generate substantial economic benefits in future. Hence, we are unable to comment on the accuracy of the amount that qualifies to be recorded as intangible assets under development in accordance with Ind AS-38 and consequential impact if any, on the Financial Statements. This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23.	
1.7	**Inventories:** UNITS have valued the inventory of raw material at cost, instead of at the lower of cost or Net Realisable Value (NRV), which is not in accordance with IND AS-2. Also, in some UNITS, semi-finished goods (finished component) are valued at cost instead of at lower of cost or Net Realisable Value. As stated by the auditor of some UNITS, it was observed that the accounting impact of slow and non-moving inventory	**I. Inventory Valuation:** Complete (100%) physical verification of inventories has been carried out at unit level by constituting Inventory Verification Committees. The differences identified on physical verification have been appropriately dealt with in the books of accounts. MIL has taken a policy decision that all raw material shall be valued at weighted average cost because being there is rare possibility in the decrease in cost due to technical complexity of the products. NRV has been carried out at each unit level for works in progress and finished goods at the time of verification of such inventories by the UNIT(s). The NRV impact has been accounted in Tally system at unit level and at the time of preparation of financials of respective

	considering NRV on the inventory valuation was not assessed by management and it was valued at normal inventory in use. While working of cost, non-production overheads like selling and administrative expenses are also included while arriving at the cost of inventories in some UNITS, which is not in accordance with Ind AS-2. There were discrepancies in physical verification report of inventories where many items were found to be surplus or deficit and, in some cases, deterioration in quality of inventories were noticed. Hence, we are unable to ascertain the impact on the Financial Statements. This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23.	UNIT(s). This process will be further strengthened.
1.8	**Non compliances of Companies Act, 2013** As disclosed in note no 36(b)(ii) of the Financial Statements regarding non-compliance of certain requirements under the Companies Act, 2013. The Company has not appointed Independent Directors as required under Section 149 of the Companies Act, 2013 and has constituted Audit Committee but it is not in compliance with Section 177 of the Act and rules made thereunder.	The company is a central public sector enterprise with 100% holding of Government of India. As per DPE guidelines, the appointment of Functional, Independent, Woman Director is done by Ministry of Defence, GoI. Further to that, the Board of Directors has formed audit committee on 03/11/2022 which is actively involved in the affairs of the company.

	Due to the absence of Independent Directors, the Company has not complied with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of meeting of the Independent Directors without attendance of Non-Independent Directors and members of the management. The Company has also not complied with the requirement to have a woman director on the Board during FY 2023-24. Further, the Board of Directors of the Company was not duly constituted with proper balance of Executive and Non-Executive Directors during FY 2023-24. This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23.	

22. COMMENTS ON THE SECRETARIAL AUDIT REPORT:

22.1 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 during the FY 2023-24. 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.

22.2 As per Section 149(1) of the Companies Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have a woman Director on the Board. However, during the FY 2023-24, the Company was not having any woman Director on the Board.

22.3 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 2023-24.

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

22.4 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 2023-24.

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

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

23. RISK MANAGEMENT POLICY:

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

24. CORPORATE SOCIAL RESPONSIBILITY:

Please see Annexure-III

25. WOMEN WELFARE:

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

The following is a summary of sexual harassment complaints received and disposed of during the financial year 2023-24.

No. of complaints received	-	01
No. of complaints disposed of	-	01

b) Awareness Training – A training on 'Protections against Sexual Harassment of Women at Workplace' are being conducted regularly at the factories /units under MIL, for ICC members as well as women employees to aware with the provisions of POSH Act, 2013.

c) Women Health - All Factories / Units have been intimated to take appropriate action as per Govt. rules regarding distribution of free sanitary pads to women and girls for menstrual hygiene.

d) CSR projects for Women Welfare

i. Conduction of Medical Camps and Distribution of nutritional food for pregnant Women and lactating mothers of village Nagdih, Bihar' have been arranged by Ordnance Factory Nalanda, a Unit of MIL.

ii. Distribution of Nutritional food, for Pregnant Women (for six months) of village Sukhtawa, Itarsi (MP)' has been arranged by Ordnance Factory Itarasi, a unit of MIL.

iii. Nutritional Supplement to lactating mothers of Rajgirh, Bihar' is under progress by Ordnance Factory Nalanda, a unit of MIL.

iv. Provision of Toilet facility, water Cooler, Water purifier and construction of water booth for girl of Primary schools of Phapsi, Rengali, Kuikeda, Gandapatrapali, Narikata villages, Bolangir, Odisha' is being implemented by Ordnance Factory Badmal, a unit of MIL.

v. The construction of Girls Urinals with attached toilets (partition wall with drainage water tanks, Water supply, Exhaust Fan and Wash basin) at primary school of village Matamar, Ghana (completed) and for village Tindani & Rithori (under progress), by Ordnance Factory Khamaria, Jabalpur (MP), a unit of Munitions India Limited.

e) Celebration of Women Day - Munitions India Ltd. Celebrate the Women's Day in the all factories / Units under MIL where various cultural activities, Speeches of motivators, medical health camps for women employees of factory have been arranged.

f) Provision of Creche - To facilitate the working women, the Creche facility is made available in 06 factories and remaining 06 factories have taken initiatives for creche facility at factory premises.

g) Support for Women Welfare - Munitions India Limited give possible support the Women Welfare Association for conducting many women welfare activities like - running the KG & Primary Schools, Organizing cultural, sports activities for women, girls and children, distribution of nutritional food, books, school stationary, uniform to needy women and girls, conduction of self-protection training for girls etc.

26. CORPORATE GOVERNANCE:

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

27. FIXED DEPOSIT:

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

28. PARTICULARS OF EMPLOYEES:

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

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

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

(INR in Crore)

Particulars	Achievements
Achievement of Procurement from MSME firms for the financial year 2023-24	907.61

30. ACKNOWLEDGEMENTS:

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

For and on behalf of the Board of Directors

(DEBASHISH BANERJEE)
Chairman and Managing Director (Addl. charge) & Director/HR
DIN No.09283921

PLACE: Pune
DATE: 19/09/2024

ANNEXURE- I

CORPORATE GOVERNANCE REPORT FOR THE FINANCIAL YEAR 2023-24

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

A Brief report on Corporate Governance is given below –

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

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

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

2. BOARD OF DIRECTORS:

2.1 COMPOSITION OF BOARD:

The Board of Directors of MIL comprises three Members, out of which two 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 2024 is as follows –

Executive Directors

Shri Debashish Banerjee	- Director/HR with Additional Charge of Chairman & Managing Director
Shri Prakash Agarwala	- Director/Finance & CFO with Additional Charge of Director/Operations

Non-Executive Directors

Shri Anurag Bajpai	- Govt. Nominee Director

2.2 Other provisions as to Board and Committees

Details of Board Meeting held during the financial year 2023-24.

i. During the Financial Year 2023-24 nine Board Meetings were held on 18.05.2023, 29.05.2023, 28.06.2023, 26.09.2023, 01.11.2023, 20.12.2023, 29.12.2023, 16.01.2024 and 28.02.2024.

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 2023-24 are tabled below:-

Sr. No.	Name of Director	Designation	Board Meeting		Attendances at Last AGM	No. of other Directorships as on 31/03/2024	No. of other Committee Memberships as on 31/03/2024	
			Held during the tenure	Attended			As Chairman	As Member
1.	Shri Ravi Kant	Chairman and Managing Director	9	9	Yes	NA	NA	NA
2.	Shri Debashish Banerjee	Director/HR	9	9	Yes	0	6	0
3.	Shri Sushanta Kumar Rout	Director/Operations	3	2	NA	NA	NA	NA
4.	Shri Prakash Agarwala	Director/Finance & CFO	9	9	Yes	1	0	5
5.	Shri Anurag Bajpai	Government Nominee Director	4	1	No	2	0	1
6.	Shri Surendra Prasad Yadav	Government Nominee Director	5	1	NA	NA	NA	NA

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

ii. Brief Profile of new Directors

Shri Anurag Bajpai, Addl. Secretary took over as Govt. nominee Director at MIL on 08th December, 2023.

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

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

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

2.3 Code of Conduct

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

3. COMMITTEES OF THE BOARD OF DIRECTORS:

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

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

3.1.1 Audit Committee

i. The composition of Audit Committee as on 31st March, 2024 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	-	Independent Director	Chairman
2	-	Independent Director	Member
3	-	Independent Director	Member
4	Shri Debashish Banerjee	Director/Human Resources	Member
5	Shri Prakash Agarwala	Director/ Finance & CFO	Member

The post of three Independent Directors are vacant. During the Financial Year 2023-24, two Audit Committee meetings were held on 27/10/2023 and 26/02/2024.

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, 2024 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	-	Independent Director	Chairman
2	-	Independent Director	Member
3	Shri Debashish Banerjee	Director/ Human Resources	Member
4	Shri Anurag Bajpai	Govt. Nominee Director	Member

The post of two Independent Directors is vacant. During the Financial Year 2023-24 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, 2024 is as under-

Sl. No.	Name of the Director	Designation	Position in Committee
1	Shri Debashish Banerjee	Director/ Human Resources	Chairman
2	Shri Prakash Agarwala	Director/Finance & CFO	Member
3	-	Independent Director	Member

The post of one Independent Directors is vacant. During the financial year 2023-24 four Corporate Social Responsibility Committee meetings were held on 27/04/2023, 02/11/2023, 28/12/2023 and 26/02/2024.

ii. The role of the Corporate Social Responsibility Committee is to

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

3.1.4 Investment cum borrowing Committee

i. The composition of Investment cum borrowing Committee as on 31st March, 2024 is as under-

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

During the Financial Year 2023-24 sixty-nine Investment Committee meetings were held on 03/04/2023

10/04/2023, 28/04/2023, 28/04/2023, 08/05/2023, 12/05/2023, 16/05/2023, 23/05/2023, 26/05/2023, 29/05/2023, 05/06/2023, 07/06/2023, 23/06/2023, 26/06/2023, 27/06/2023, 28/06/2023, 28/06/2023, 30/06/2023, 07/07/2023, 10/07/2023, 17/07/2023, 21/07/2023, 24/07/2023, 28/07/2024, 31/07/2023, 02/08/2023, 04/08/2023, 14/08/2023, 21/08/2023, 22/08/2023, 25/08/2023, 01/09/2023, 07/09/2023, 14/09/2023, 20/09/2023, 22/09/2023, 27/09/2023, 30/09/2023, 06/10/2023, 09/10/2023, 20/10/2023, 26/10/2023, 31/10/2023, 02/11/2023, 06/11/2023, 30/11/2023, 07/12/2023, 11/01/2024, 19/01/2024, 25/01/2024, 30/01/2024, 02/02/2024, 07/02/2024, 12/02/2024, 15/02/2024, 20/02/2024, 21/02/2024, 22/02/2024, 23/02/2024, 01/03/2024, 05/03/2024, 11/03/2024, 18/03/2024, 19/03/2024, 20/03/2024, 22/03/2024, 27/03/2024, 28/03/2024, 30/03/2024.

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, 2024 is as under

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

During the Financial Year 2023-24 twenty-three Committee of Directors for Capital Expenditure meetings were held on 12/04/2023, 03/05/2023, 07/06/2023, 21/06/2023, 28/06/2023, 15/07/2023, 21/07/2023, 30/08/2023, 08/09/2023, 22/09/2023, 27/09/2023, 05/10/2023, 20/10/2023, 25/10/2023, 06/10/2023, 01/01/2024, 01/01/2024, 10/01/2024, 25/01/2024, 28/02/2024, 29/02/2024, 14/03/2024, 21/09/2024.

ii. The role of the Committee of Directors for Capital Expenditure is to approve Capital Expenditure of Plant & Machinery and Civil works beyond INR10 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, 2024 is as under-

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

During the Financial Year 2023-24 twenty-two Committee of Directors for deciding approval of New Policies, MoUs, Changes in Policies and MoUs meetings were held on 18/04/2023, 13/06/2023, 22/08/2023, 08/09/2023, 18/09/2023, 21/09/2023, 13/10/2023, 02/11/2023, 02/11/2023, 20/11/2023, 23/11/2023, 30/11/2023, 20/12/2023, 02/01/2024, 05/01/2024, 16/01/2024, 03/01/2024, 31/01/2024, 20/02/2024, 28/02/2024, 28/02/2024 and 22/03/2024.

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

4. ANNUAL GENERAL MEETING:

No	Year	Location	Date & Time	Whether any special resolution passed
1st	2021-22	Through Video Conferencing	21/12/2022 11.10 A.M.	No
2nd	2022-23	Through Video Conferencing	20/12/2023 12.00 noon	No

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 2023-24 is 10%.
iv. Information on adoption/non-adoption of non-mandatory requirements is given hereunder –

Non-mandatory Requirements

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

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

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

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

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

vi. **Whistle Blower Policy**

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

6. MEANS OF COMMUNICATION:

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

ANNEXURE- II

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31St MARCH, 2024

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 (U29190PN2021GOI203505)** (hereinafter called the company for the financial year ended on 31st March, 2024. Secretarial Audit was conducted in a manner that provided us a reason able basis fore valuating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, for the financial year ended on 31st March, 2024 complied with the statutory provisions listed here under 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 31stMarch, 2024, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **(NOT APPLICABLE)**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(NOT APPLICABLE)**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(NOT APPLICABLE)**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBIAct') are not applicable to the company during financial year 2023-24, 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 Insider Trading) 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 (Spirit License) under Madhya Pradesh Act No.11 of 2018, The Madhya Pradesh Motor, Spirit Upkar Adhiniyam, 2018.

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

Munitions India Limited
Accurate. Lethal. Reliable.

1. Secretarial Standards as amended from time to time issued by The Institute of Company Secretaries of India.

2. 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 during the FY 2023-24. 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. As per Section 149(1) of the Companies Act 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the Company is required to have a woman Director on the Board. However, during the FY 2023-24, the Company was not having any woman Director on the Board.

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 2023-24.

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 2023-24. 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 sentatleast 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, regulations and guidelines.

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: 06.08.2024

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

(A.K. RASTOGI)
PROPRIETOR
FCS No 1748
CP No.:22973
UDINF001748F000907631

ANNEXURE TO SECRETARIAL AUDIT 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 responsibility is to express an opinion on these secretarial records based on our audit.

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

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

4. 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: 06.08.2024

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

(A.K. RASTOGI)
PROPRIETOR
FCS No 1748
CP No.:22973
UDINF001748F000907631

ANNEXURE- III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2023-24

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 enhancement projects.

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

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

(viii) To contribute to the prime minister's national relief fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women.

(ix) (a) To Contribute to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government and

(b) To Contribute to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE), Department of Biotechnology (DBT), Department of Science and Technology (DST), Department of Pharmaceuticals, Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH), Ministry of Electronics and Information Technology and other bodies, namely Defence Research and Development 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 of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Shri Debashsish Banerjee	Director/HR	4	4
2	Shri S. K. Rout	Director/Operations (till 27/06/2023)	4	1
3	Prakash Agarwala	Director/Finance & CFO (w.e.f.28/06/2023)	4	3
4	Vacant	Independent Director	NIL	NIL

3. Provide the web-link where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.	https://munitionsindia.in/About us/Corporate Social Responsibility https://munitionsindia.in/Downloads/Manual and Policies/Composition of CSR Committee https://munitionsindia.in/Downloads/Manual and Policies/CSR Activities 2023-24

4.	Provide the executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable.	NA
5.	(a) Average net profit of the company as per section 135(5)	INR 87.13 Crores
	(b) Two percent of average net profit of the company as per section 135(5)	INR 174.25 Lakhs
	(c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years.	NIL
	(d) Amount required to be set off for the financial year if any	NIL
	(e) Total CSR obligation for the financial year (b + c + d)	INR 174.25 Lakhs
6.	(a) Amount spent on CSR Projects (both Ongoing Projects & other than Ongoing Projects) for the financial year 2022-23 & 2023-24	INR 60.24 Lakhs
	(b) Amount spent in Administrative Overheads	NIL
	(c) Amount spent on Impact Assessment, if applicable	NIL
	(d) Total amount spent for the Financial Year (a + b + c)	INR 60.24 Lakhs
	(e) CSR amount spent or unspent for the financial year :	

Total Amount Spent for the Financial Year 2023-24. (in INR)	**Amount Unspent (in Rs.)**				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		**Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).**		
	Amount.	**Date of transfer.**	**Name of the Fund**	**Amount.**	**Date of transfer.**
INR 23.69	**INR 117.95 Lakhs**	**30/04/2024**	**Prime Minister's National Relief Fund**	**INR 35.57 Lakhs**	**Will be Transferred Shortly**

(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)	174.25 Lakhs
(ii)	Total amount spent for the Financial Year	23.69 Lakhs
(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 financialyears:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in INR)	Balance Amount in Unspent CSR Account under Section 135(6) (in INR)	Amount spent in the Financial Year (in INR)	Amount transferred to a fund specified under Schedule VII as per second proviso to sub-Section (5) of section 135, if any		Amount remaining to be spent in succeeding financial years. (in INR)	Deficiency, if any
					Amount (in Rs).	Date of transfer		
1.	2022-23	51.66 lakhs	17.91 lakhs	36.55 lakhs	70.22 lakhs	Will be transferred Shortly	15.11 lakhs	Nil
2.		NIL						
3.		NIL						
	TOTAL	51.66 lakhs	17.91 lakhs	36.55 lakhs	70.22 lakhs	---	15.11 lakhs	Nil

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

~~Yes~~ / No

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

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

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

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

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

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 2023-24.

(DEBASHSISH BANERJEE)
Chairman and Managing Director (Addl. charge) & Director/HR & Chairman CSR
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 Atmanirbhar Bharat Abhiyan and Make in India Initiative in Ammunition sector. MIL aspires to maintain its leadership position in the domestic market as well as become a major player in the global supply chain of ammunition.

2. STRENGTHS OF MIL:

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

3. WEAKNESSES:

- High Overheads
- Legacy Systems

4. OPPORTUNITIES:

- Export Avenues
- Post corporatization, freedom and flexibility to form Joint Ventures and enter into co-production agreements
- Post Corporatization, more Autonomy in Operations
- Present Geo-Political Scenario/Environment
- Availability of facilities for critical components
- Huge investment required for new entrant to create end to end facilities for ammunition production

5. RISKS /THREATS:

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

6. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACAY:

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

7. CORPORATE SOCIAL RESPONSIBILITY:

As per relevant provisions of the Companies Act, 2013 for the financial year 2023-24 Corporate Social Responsibility expenditure of Rs.141.64 lakhs are to be expended on ongoing projects.

CERTIFICATE OF COMPLIANCE ON CORPORATE GOVERNANCE

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

We have examined the compliance of Conditions of Guidelines on Corporate Governance for **Munitions IndiaLimited (CIN: U29190PN2021GOI203505)** (the Company) as required to be done under Guidelines on Corporate Governancefor Central Public Sector Enterprises, 2010 issued by DPE with respect to Company for the Financial Year 2023-24.

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 2023-24 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 not complied with paragraph 3.1.2 of the Guidelines on Corporate Governance for Central Public Sector Enterprises with regard to the Composition of the Board as number of Functional Directors (including the CMD) exceed 50% of actual strength of the Board.**

3. **The Company has constituted the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee, however in the absence of Independent Directors the Audit Committee, Nomination and Remuneration Committee, and Corporate Social Responsibility Committee as constituted by the Company are not in accordance with the provisions of DPE Guidelines on Corporate Governance for CPSEs.**

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

Date: 06.08.2024
Place: Ghaziabad

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

(A.K. RASTOGI)
PROPRIETOR
FCS No 1748
CP No.:22973
UDIN:**F001748F000907686**

CERTIFICATE FOR CODE OF BUSINESS CONDUCT & ETHICS

No.MIL/HR/BC&E Dated: 16/04/2024

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 2023-24.

(DEBASHISH BANERJEE)
DIR/HR with Additional Charge of Chairman and Managing Director

INDEPENDENT AUDITORS' REPORT

To the Members,
Munitions India Limited

Report on the Audit of the Financial Statements

Qualified Opinion

1. We have audited the Financial Statements of Munitions India Limited ("the Company", which includes the Head Office located at Pune, Maharashtra and fifteen units), which comprise the Balance Sheet as at March 31, 2024, 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, 2024, and notes to the Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Financial Statements") in which are included the Returns of eleven units for the year ended on that date audited by other unit auditors of the Company stated as under:

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

2. In our opinion and to the best of our information and according to the explanations given to us, except for the matters described in the Basis for Qualified Opinion section of our report, the aforesaid Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2024, of its profit (including other comprehensive income), the position of changes in equity and the cash flows for the year then ended.

Basis for Qualified Opinion

3. We draw attention to the matters described in **Annexure A** attached to this report, the quantitative and qualitative effects of which, individually or in aggregate, are in our view, material to the Financial Statements. Further there are matters where we and the other unit auditors were unable to obtain sufficient and appropriate audit evidence. The effects of matters described in the said Annexure A which could be reasonably determined are quantified, wherever possible and given therein.

4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules made thereunder and we have fulfilled our other ethical responsibilities in accordance with the ICAI Code of Ethics.

5. We believe that the audit evidence we have obtained read with Annexure A attached to this report, is sufficient and appropriate to provide a basis for our qualified opinion.The Previous statutory auditor's and auditors of the units had also qualified on the matters described in Annexure A in their respective reports issued for the Financial year 2022-23.

Emphasis of Matter

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

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

7. **Material Foreseeable Losses**

We draw attention to note no. 3 of the Financial Statements where the Company has not provided any details to evidence no material foreseeable losses existed in respect of long-term contracts. Hence, we are unable to ascertain the impact on the Financial Statements.

Our opinion is not modified in respect of above matters.

Other Information

8. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report but does not include the 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.

9. 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.

10. 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

11. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Financial Statements that give a true and fair view of the Financial position, Financial performance (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal Financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

12. 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.

13. Those Board of Directors are also responsible for overseeing the Company's Financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

14. Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

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

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

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

Other Matters

18. The Financial Statement of the Company for the year ended March 31, 2023, were audited by another auditor who expressed adverse opinion on those Financial Statements vide their report issued on October 13, 2023.

19. We did not audit the Financial Statements of eleven units, whose financial information reflect total assets of Rs 12,925.57 crores (before inter-unit elimination entries) and net assets of Rs 7,644.19 crores (before inter-unit elimination entries) as at March 31, 2024, total revenue of Rs. 7,180.49 crores (before inter-unit elimination entries), total comprehensive income (comprising of (loss)) and other comprehensive income)of Rs 590.89 crores (before inter-unit elimination entries) for the year ended on that date, as considered in the Financial Statements. This financial information has been audited by other auditors (unit auditors) whose reports have been furnished to us by the Management, and our opinion on the Financial Statements in so far as it relates to the amounts and disclosures included in respect of these units and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid units, is based solely on the reports of the other auditors.

Our opinion is not modified in respect of above matters.

Report on Other Legal and Regulatory Requirements

20. As required by the Companies (Auditor's Report) Order, 2020 (the “Order”/ “CARO”) issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by respective unit auditors for eleven units included in the Financial Statements of the Company, we give the **Annexure B**; a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

21. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Financial Statements except for the matters stated in Annexure A.

b) In our opinion, except for the matters qualified in Annexure-A of our report, proper books of account as required by law relating to preparation of the aforesaid Financial Statements have been kept by the Company so far as it appears from our examination of those books and the reports of the respective unit auditors.

c) The reports on the accounts of the Units of the Company audited under Section 143(8) of the Act by unit auditors and sent to us and have been properly dealt with by us in preparing this report.

d) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account. However, our opinion on the Financial Statements is qualified on account of the matters described in Annexure A attached to this report.

e) In our opinion, except for the matters qualified in Annexure-A, the aforesaid Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

f) The Company being a Government company, the provisions of section 164 (2) of the Act in respect of disqualification of Directors are not applicable vide notification no. GSR 463(E), dated June 5, 2015.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**" where we have given disclaimer of opinion.

h) The Company being a Government company, the provisions of section 197 of the Act in respect of managerial remuneration are not applicable vide notification no. GSR 463(E), dated June 5, 2015.

i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the audit reports of unit auditors:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 38 to the Financial Statements.

(ii) The Company has outstanding long term contracts for supplies of its goods as on March 31, 2024 for which the provision has been made as mentioned in note 3 of the Financial Statements.

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

(iv) (a) The Management has represented to us that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts to the Financial Statements (refer note 40(c)(x)), if any, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

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

(c) Based on the information and explanation given to us and audit procedures performed as considered reasonable and appropriate in the circumstances and based on the consideration of the reports of unit auditors, nothing has come to our notice in respect of the Company that has caused us to believe that the representations made by the Management and as mentioned under sub-clause (iv)(a) and (iv)(b) above contain any material misstatement.

(v) The Company has not declared or paid dividend during the year. The provisions of sub section (1) and (4) of section 123 of the Act are not applicable to the government company vide notification no. GSR 463(E), dated June 5, 2015.

(vi) Based on our examination which included test checks, the Company has used accounting softwares for maintaining its books of account, which do not have a feature of recording audit trail (edit log) facility.

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

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

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 24048592BKEEQL4778
Date: 09-08-2024
Place: Pune

Annexure A
(As referred to in Basis for Qualified Opinion Para in main audit report of Munitions India Limited for the year ended March 31, 2024)

Section I

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

Out of 15 accounting units and Head office operations, there are total 3 units (including 1 audited by us) where the unit auditors have given unqualified audit opinion, eleven units (including 4 audited by us) where the auditors have given qualified opinion, one unit where the auditor has given adverse opinion and one unit where the auditor has given disclaimer of opinion. The units where either adverse opinion or disclaimer of opinion was given by respective unit auditors (i.e. misstatements noted were both material and pervasive), constitute total assets of Rs. 6,262.22 crores (before inter-unit elimination entries), net assets of Rs. 3,262.20 crores, total revenue of Rs. 3,673.87 crores (before inter-unit elimination entries) and total comprehensive income of Rs. 109.51 crores (before inter-unit elimination entries) in the Financial Statements of the Company for the year ended March 31, 2024.

Also, there are 10 units and Head office operations where audit opinion was qualified by the respective unit auditors, which constitute total assets of Rs. 11,929.19 crores (before inter-unit elimination entries), net assets of Rs. 4,610.92 crores, total revenue of Rs. 4,395.26 crores (before inter-unit elimination entries) and total comprehensive income of Rs. 374.77 crores (before inter-unit elimination entries) in the Financial Statements of the Company for the year ended March 31, 2024.

Considering that majority of the auditors have issued qualified opinion which covers significant assets and liabilities as on March 31, 2024 and income and expenditure of the Company for the financial year 2023-24, based on below observations, we have issued a Qualified Opinion on the Financial Statements of the Company.

Summary of major qualifications

Following is the summary of major observations/ qualifications based on the reports of unit auditors and individual audit of 4 units and Head office operations conducted by us. The qualifications highlighted hereinbelow are either major in our view or common across 6 or more units. The detailed observations/qualifications of each unit are mentioned in Section II of this Annexure.

A. Prior Period Adjustments

We draw attention to note no. 31 of the Financial Statements, regarding total amount of unreconciled old balances amounting to Rs 250.05 crores which have been written back from various unreconciled liabilities, and Rs 88.52 crores which have been written off from unreconciled assets (including PPE balances) during the year by the Company to the extent as reported by the units returns. Net impact of written off and written back items amounting to Rs. 161.53 crores, has been disclosed under Exceptional item in Financial Statements as these amounts pertain to the transactions related to previous years and are non-recurring.

Some of the units have not disclosed these write backs and write offs pertaining to PPE under exceptional items in the Financial Statements and form part of other income.

The balances written off and written back as above, were a part of qualifications given by previous auditors in respect of the reliability of the balances as on March 31, 2023 due to non- availability of sufficient and appropriate Audit Evidence as regards to the correctness of the comparative opening figures since the statutory auditors for FY 2021-22 had given disclaimer of opinion on the balances in Financial Statements. The Company has not done the retrospective restatement of previous year Financial Statements for such prior period items by adjusting the retained earnings opening balance, which is not in accordance with Ind AS-8 as these are material items in our view.

(Observed in case of HO, HEF, OFDR, AFK, OFK, OFBA, OFCH, OFN, OFV, HEPF, OFBL).

B. Balances of trade receivables

The management does not have a system in place for reconciliation of trade receivable balances on a periodic basis. These balances are subject to confirmations and reconciliation from respective parties. Further, the accounting system does not provide invoice wise list of trade receivables balances including advances from customer duly tallying with the general ledger balance. In the absence of Bill wise recording of receipts/outstandings from trade receivables and balance confirmations, proper basis relating to ageing analysis as disclosed in note no. 8 of Financial Statements cannot be verified. It was further noticed that the Company has not ascertained or created any ECL provision on trade receivables in accordance with Ind AS 109. Pending such balance confirmations, reconciliation, basis for age wise analysis and non-calculation of provision for ECL, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2024.

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

This matter was also qualified by the previous auditor in their audit opinion issued on October 13, 2023 for the year 2022-23.

C. Balances of trade payables

The management does not have a system in place for reconciliation of trade payable balances on a periodic basis. These balances are subject to confirmation and reconciliation from respective suppliers. Further, the accounting system does not provideinvoice wise list of trade payable balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of payments/outstandings to trade payables and balance confirmations, the proper basis for ageing of creditors as disclosed in note no. 18 of the Financial Statements cannot be verified. Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2024.

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

This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23.

In absence of party-wise details pertaining to sums due to Micro, Small and Medium Enterprises ('MSME') vendors as on March 31, 2024 and company's inability to identify the MSME vendors, we are unable to verify the accuracy of overdue amounts payable to MSMEs as also the closing balance of outstanding dues to MSMEs as at March 31, 2024. Also, provision for interest on overdue amounts payable to MSMEs is not recognised in Financial Statements as on March 31, 2024 except in case of 2 units and therefore we are unable to ascertain the impact of the same on the Financial Statements.

The Company has not identified struck off companies and therefore the disclosure of the same has not been given in the Financial Statements as required under Schedule III of the Companies Act, 2013.

D. Receivables from Government

There are outstanding receivables from Government as disclosed in note no. 10 of the Financial Statements for which confirmation of such balances or utilisation certificate supporting such claim, has not been made available for verification. Due to unavailability of the relevant supporting documents, we are unable to ascertain the accuracy of these balances and impact of potential adjustments, if any, on the Financial Statements of the Company.

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

E. Balances with government authorities

Based on the consideration of report of unit auditors and Head Office, balance with government authorities viz., GST ITC as per books of accounts is subject to reconciliation with the balances appearing in respective Electronic Credit Ledger as on March 31, 2024. Therefore, completeness and accuracy of the same as on March 31, 2024 cannot be commented upon.

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

This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23.

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

Proper reports on physical verification of assets are not available in some units. The differences were noticed in the records/balances as per Fixed Asset Register as compared with the books of account of the units. There are discrepancies in the physical verification reports basis which units have recorded loss in the Financial Statements by recording loss of assets. However, the asset-wise discrepancies for verification and the basis for the calculation of such loss was not provided.

The Company has provided for Depreciation in case of Asset Class "Property, Plant and Equipment" by considering life of the assets as per the Schedule II of the Companies Act, 2013. However, since these assets are not new and were created/acquired prior to incorporation of the Company, these assets should have been depreciated over the balance Estimated Life of the assets based on technical evaluation. As such, the accounting treatment followed by the Company is not in accordance with the treatment prescribed in Ind AS-16. In absence of the details of balance useful life of the assets and estimated residual value based on technical evaluation, we are unable to ascertain the impact on the Financial Statements.

For recognising development cost as intangible assets under development, no details were made available which would evidence the capitalized costs are part of process costs involving application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use and consequential potential of these costs to generate substantial economic benefits in future. Hence, we are unable to comment on the accuracy of the amount that qualifies to be recorded as intangible assets under development in accordance with Ind AS-38 and consequential impact if any, on the Financial Statements.

This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23.

G. Inventories:

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

While working of cost, non-production overheads like selling and administrative expenses are also included while arriving at the cost of inventories in some units, which is not in accordance with Ind AS-2.

There were discrepancies in physical verification report of inventories where many items were found to be surplus or deficit and, in some cases, deterioration in quality of inventories were noticed.

Hence, we are unable to ascertain the impact on the Financial Statements.

This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23.

H. Non compliances of Companies Act, 2013

As disclosed in note no 36(b)(ii) of the Financial Statements regarding non-compliance of certain requirements under the Companies Act, 2013. The Company has not appointed Independent Directors as required under Section 149 of the Companies Act, 2013 and has constituted Audit Committee but it is not in compliance with Section 177 of the Act and rules made thereunder. Due to the absence of Independent Directors, the Company has not complied with clause VII of Schedule IV of the Companies Act, 2013 regarding holding of meeting of the Independent Directors without attendance of Non-Independent Directors and members of the management. The Company has also not complied with the requirement to have a woman director on the Board during FY 2023-24. Further, the Board of Directors of the Company was not duly constituted with proper balance of Executive and Non-Executive Directors during FY 2023-24.

This matter was also qualified by the previous auditors in their audit opinion issued on October 13, 2023 for the year 2022-23.

Annexure B to the Independent Auditor's Report

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

(i) (a) (A) According to the information and explanations given to us and based on the records and audit reports of unit auditors, we report that, except in respect of 6 units as under, proper records showing full particulars, including quantitative details and situation of Property, Plant & Equipment have been maintained by the Company:

Name of Unit	Comments by respective Unit auditor
OFIL	According to information and explanations given to us and based on our examination of the records of the unit, the records of assets of the unit which have been maintained with the assets of the Ordnance Factory Khamaria previously has now been segregated however, location of the assets is not mentioned. In the view of above, we are unable to comment on location and condition of Property plant and equipment.
OFV	The Unit has not maintained proper records for fixed assets showing full particulars including quantitative details and location of fixed assets.
OFBA	The Unit has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment but the same is not tallying with books of accounts.
OFN	The Unit has maintained proper records showing full particulars, including quantitative details and situation of Property, plant and equipment, subject to our qualification mentioned in the para "Basis for Qualification"
AFK and HEF	The Unit has maintained proper records as required. However, supplementary records for the assets which are reflecting at nil or nominal values in the Fixed Asset Register without recording it in the books of accounts.

(B) According to the information and explanations given to us and based on the records and audit reports of unit auditors, we report that, except in respect of 9 units as under, the Company is maintaining proper records showing full particulars of intangible assets:

Name of Unit	Comments by respective Unit auditor
AFK, RCS, OFBA, OFN, OFV	According to the information and explanations given to us, the Unit has not maintained proper records showing full particulars of intangible assets.
OFK, OFI	According to the information and explanations given to us and on the basis of our examination of the records of the unit, the unit 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.
HEPF	The auditor of the unit has not commented on the same.
OFIL	The unit has not acquired any Intangible assets. Hence, this point of CARO is not applicable to this unit.

(b) According to the information and explanations given to us and based on the records and audit reports of unit auditors, we report that, except in respect of 5 units and HO as under, Property, Plant and Equipment have been physically verified by the management at reasonable intervals, no material discrepancies were noticed on such verification and the same have been properly dealt with in the books of accounts:

Name of Unit	Comments by respective Unit auditor
HO	The Head Office has not carried out physical verification of its Property, Plant and Equipment.
OFK	According to the information and explanations given to us and on the basis of our examination of the records of the unit of a company, the unit 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 the main audit report in Section-II of Annexure-A.
OFBA	All property, plant and equipment have been physically verified by the management during the period. There is a program of verification, which, in our opinion, is unreasonable having regard to the size of the unit and the nature of its assets.

NADP	The unit has physically verified its Property, Plant & Equipment during the year. However, physical verification report submitted to us is incomplete as we have not been provided with the records to verify the complete particulars of discrepancies noticed and their accounting treatment in books.
OFCH	The unit has physically verified its Property, Plant & Equipment during the year and based on it they have re-assessed its Property, Plant & Equipment. However, as per information and explanation provided to us, accounting treatment in the books of accounts is not as per Ind AS -16 Property, Plant & Equipment. And in absence of complete information, we are unable to ascertain its impact on Financial Statements.
OFV	According to the information and explanations given to us, the Unit does not have regular programme to physically verify all Property, Plant and Equipment.

(c) According to the information and explanations given to us and based on the records and audit reports of unit auditors, we report that, except in respect of 10 units as under, the title deeds of all the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company:

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

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

Name of the unit	Description of Property	Gross Carrying Value of assets (Rs. in crores)	Held in the name of	Whether promoter, director or their relative, employee	Period held	Reason for not being held in the name of unit

OFCH	Land	0.10	Defence India	No	Since Inception Of MIL	Since Ordnance Factory Chanda being unit of Munitions India Ltd- A Public Sector Undertaking, title deeds of immovable property are in the name of central government (Defence)
NADP	NADP Ambajhari Building	8.61	Defense India	No	Since Inception Of MIL	Since NADP being unit of Munitions India Ltd- A Public Sector Undertaking, title deeds of immovable property are in the name of Central Government (Defence).
	Arjun House Hostel - I					
	Sarath Bhawan					
	Ajey House					

	Hostel - I						
	PDFC (Personality and Development Fitness Centre)						
	Open Land for Development						

Table 2 - Comments provided by the respective unit auditor in their report where the data is not provided in the prescribed format of the report:

Name of Unit	Comments by respective Unit auditor
HEF and OFDR	In our opinion and according to the information and explanations given to us, the title deeds of land properties are in the name of the Company. However, title deeds pertaining to building are not made available to us, therefore we cannot comment on the same.
OFK, OFI, OFIL	According to information and explanations given to us, the unit of the company does not maintain any title deed of its immovable assets, in the absence of information we are unable to comment on this clause.
CFA	The title deeds of immovable properties are not held in the name of the Unit as the transfer of same from erstwhile Ordinance Factory Board has not been completed, but MLR records shows the lands are in the name of the Unit. However, the possession of 1063.0751 Acres of land has been handed over by Directorate of Ordinance (Coordination & Services) Kolkata and taken over by Munitions India Ltd on 02.07.2022.

OFBA and OFBL	The title deeds of all the immovable properties (Other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statement are not held in the name of the Company.

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

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

(ii) (a) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, we report that, except in case of 7 unit as under, physical verification of inventory has been conducted at reasonable intervals by the management and the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed:

Name of Unit	Comments by respective Unit auditor
AFK & HEF	According to the information and explanation given to us, raw material inventories have been physically verified during the year by the management at reasonable intervals. However, the physical verification of the finished goods, stock lying in the WIP and finished component has not been carried out by the unit during the year. Regarding the coverage and procedure of such verification, whether it is appropriate or not, cannot be commented. Discrepancies noticed in the verification of raw materials have been appropriately dealt with.
OFDR	According to the information and explanation given to us, inventories have been physically verified during the year by the management at reasonable intervals. The Unit has not given impact of discrepancies found during the physical verification in the books of accounts and has valued the inventory considering the quantity as per the system. Regarding the coverage and procedure of such verification, whether it is appropriate or not, cannot be commented.
OFK and OFCH	The unit has carried out verification of the Inventory but 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.

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

(b) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, we report that, there is no sanctioned working capital limits in excess of five crore rupees in aggregate, from banks or financial institutions on the basis of security of current assets. Hence reporting under clause 3(ii)(b) of the order is not applicable.

(iii) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, 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) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, the Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

(v) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, the Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified except as reported by the 2 units stated as under:

Name of Unit	Comments by respective Unit auditor
OFI	There are deemed deposits to the extent of Rs.10.99 crores. In case of deemed deposits the provisions of the section and the directives of RBI are not followed
OFK	There are deemed deposits to the extent of Rs. 452.52 Crore. In case of deemed deposits the provisions of the section and the directives of RBI are not followed

(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 records, information and explanation provided to us by the Management and as per Cost audit report dated February 28, 2024, except in case of 2 unit as under, proper Cost records specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 are not maintained by the Company:

Name of Unit	Comments by respective Unit auditor
CFA	The Unit has maintained appropriate Cost records/Cost Audit as prescribed under rule 3 and rule 4 as per companies (Cost records and Audit) and as specified by the Central Government under sub section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Unit and the same has been confirmed by the Cost auditor, in their E-mail for the FY 2023-2024.
OFBL	The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 in respect of its products. We have broadly reviewed the books of account maintained by the unit pursuant to the Companies (Cost Records and Audit) Rules 2014, as amended, prescribed by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the unit. They have, however, not made a detailed examination of the cost records with a view to determine whether records are accurate or complete.

(vii) (a) According to the information and explanations given to us by the management and based on the records and audit reports of unit auditors, we report that, the Company is generally regular in depositing undisputed statutory dues, including Goods and Service Tax, provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. There are no arrears of statutory dues outstanding as at March 31, 2024, for a period of more than six months from the date they became payable except in case of 2 units and HO, details of which are given below:

Sr No.	Name of the Statute	Nature of the Dues	Amount (Rs. in crores)	Period to which the amount relates	Due date	Date of payment
HO	Income Tax	TDS	0.06	Jun-23	07-07-2023	27-05-2024

Name of Unit	Comments by respective Unit auditor
CFA	Except that of Non deduction of tax in regard to payment by way of commission to Resident to the tune of Rs. 0.52 crores and Non-Resident to the tune of Rs 0.10 crores.
OFBL	There is short deduction of TDS standing on Traces for F.Y 23-24 (Q4).

(b) According to the information and explanations given to us and the records of the Company examined by unit auditors, the particulars of statutory dues referred to in sub-clause (a) as at March 31, 2024 which have not been deposited on account of a dispute as reported by the unit auditor except in case of 4 units, are as follows:

Name of Unit	Name of the statute	Nature of dues	Amount (Rs. in Crore)	Period to which the amount relates	Forum where the dispute is pending
OFCH	GST Department, Maharashtra	Excess CENVAT Credit claimed in Tran-I Form in GST regime	0.28	F.Y.2017-2018	GST office of The Deputy Commissioner of State Tax.
OFCH	GST Department, Maharashtra	Excess CENVAT Credit claimed in Tran-I Form in GST regime	3.24	F.Y.2017-2018	GST office of The Deputy Commissioner of State Tax.
OFCH	GST Department, Maharashtra	Excess outward tax in GSTR 1 compared to GSTR 3B / Excess ITC claimed in GSTR 3B which is not confirmed in GSTR 2A	77.03	F.Y.2019-2020	GST office of The Deputy Commissioner of State Tax.
OFCH	GST Department, Maharashtra	ITC mismatch	52.23	F.Y.2019-2020	GST office of The Deputy Commissioner of State Tax.
OFCH	GST Department, Maharashtra	ITC mismatch	24.21	F.Y.2020-2021	GST office of The Deputy Commissioner of State Tax.

OFCH	GST Department, Maharashtra	Excess outward tax in GSTR 1 compared to GSTR 3B / Excess ITC claimed in GSTR 3B which is not confirmed in GSTR 2A	38.91	Dec-19 to Sep-21	GST office of The Deputy Commissioner of State Tax.
OFBA	Central Excise Act, 1944	Excise Duty	8.98	01.06.2015 to 30.06.2017	The Central Excise and Service Tax Appellate Tribunal
HEF	Central Goods and Service Act, 2017	Tax, Interest and Penalty	1.35	AY 2020-21	Joint Commissioner (Appeals), Pune
AFK	Income tax Act 1961	TDS	0.71	Q4 of FY 23-24	Jurisdictional officer Pune

(viii) In terms of the information and explanation given to us and the books of account and records examined by us, the Company has not surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, reporting under clause 3(viii) of the Order are not applicable to the Company.

(ix) (a) According to the information and explanations given to us and based on the records and audit reports of unit auditors, the company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) According to the information and explanations given to us and on the basis of unit auditors report, the Company has not been declared wilful defaulter by any bank or financial institution or other lender. Accordingly, reporting under clause 3(ix)(b) of the Order are not applicable to the Company.

(c) According to the information and explanations given to us and on the basis of unit auditors report, the Company has not availed any term loan. Accordingly, reporting under clause 3(ix)(c) of the Order are not applicable to the Company.

(d) According to the information and explanations given to us and on the basis of unit auditors report, the Company has not raised any funds on short term basis which have been utilised for long term basis. Accordingly, reporting under clause 3(ix)(d) of the Order are not applicable to the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its associate. The company does not have any subsidiary or joint venture. Accordingly, reporting under clause 3(ix)(e) of the Order are not applicable to the Company.

(f) The company has not raised loans during the year on the pledge of securities held in its associate. The Company does not have any subsidiary or joint venture. Accordingly, reporting under clause 3(ix)(f) of the Order are not applicable to the Company.

(x) (a) The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) during the year. Accordingly, the provisions of Clause 3(x)(a) of the Order are not applicable to the Company.

(b) The Company has not made any preferential allotment or private placement of shares or fully or partly or optionally convertible debentures during the year. Accordingly, the provisions of Clause 3(x)(b) of the Order are not applicable to the Company.

(xi) (a) According to the information and explanations given to us and based on unit auditors' reports submitted to us, we along with unit auditors have neither noticed or reported any instance of fraud by the Company or on the Company during the year, nor have we been informed of any such case by the Management. Accordingly reporting under clause 3(xi)(a) of the order is not applicable.

(b) According to the information and explanations given to us, report in the form ADT-4 as specified under sub-section (12) of section 143 of the Companies Act has not been filed. Accordingly reporting under clause 3(xi)(b) of the order is not applicable.

(c) According to the information and explanations given to us and as represented to us by the management, there are no whistle blower complaints received by the company during the year. Accordingly reporting under clause 3(xi)(c) of the order is not applicable.

(xii) In our opinion, the Company is not a Nidhi company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us, all transactions entered into by the Company with the related parties are in compliance with section 177 and 188 of the Act, where applicable. Further, the Company has availed exemption from detailed disclosures required under IND AS 24 with respect to related party transactions with government and government related entities, Related Party Disclosures specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. The required disclosures have been made in note no. 38 of the financial statements.

(xiv) (a) According to the information and explanations given to us and based on observations made by the unit auditors, we report that, except in respect of 5 units, the Company have internal audit system at unit level commensurate with the size and nature of business of the Company.

Unit wise observations are provided as below:

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

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

Unit wise observations are provided as below:

Name of Unit	Comments by respective Unit auditor
OFK and OFI	In view of comments and other observations mentioned in the previous point, we state that we have not considered the internal audit reports for the year under audit.
OFCH	The internal audit report as provided to us is insufficient to provide any information.
OFV	We were not provided with the internal audit reports of the Unit 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 unit auditors report, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi)(a) of the Order are not applicable to the Company.

(b) According to the information and explanations given to us and procedures performed by us, we report that the Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Therefore, reporting under clause 3(xvi)(b) of the order is not applicable.

(c) According to the information and explanations given to us and procedures performed by us, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(c) of the order is not applicable.

(d) Based on information and explanation given to us and as represented by the management, the Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India, hence reporting under clause 3(xvi)(d) of the order is not applicable.

(xvi) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xvii) There has been no resignation by statutory auditors during the year hence reporting under clause 3(xviii) of the order is not applicable, except in respect of 1 unit:

Name of Unit	Comments by respective Unit auditor
OFBL	The previous Statutory Unit Auditor i.e, M/s Mishra Badhai & Associates have resigned during the year.

(xix) According to the information and explanations given to us and based on unit auditors report, on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions and further also considering the Company is a Government Company in the Defence Sector, active equity participation by the Central Government and based on consideration of CARO reports issued by unit auditors, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

However, we are not able to comment on the financial ratios in HO and 3 following units:

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

(xx) (a) The Company has not transferred the amount of Corporate Social Responsibility remaining unspent under sub section (5) of section 135 of the Act in respect of "other than ongoing projects" to a fund specified in Schedule VII to the Act until the date of our report. However, the time period for such transfer i.e., six months of the expiry of the financial year under the second proviso to sub section (5) of section 135 of the Act has not elapsed until the date of our report. Details are given below:

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

	(a)	(b)	(c)	(d)	(e)	(f)	(g)
Sr No.	**Relevant Financial Year**	**Amount Identified for spending on CSR activities for "Other than Ongoing Projects"**	**Unspent amount of (b)**	**Amount Transferred to Schedule VII to the Fund specified in Act**	**Due date of transfer to the specified fund**	**Actual date of transfer to the specified fund**	**Number of days of delay (till the date of audit report)**
1	2022-23	0.34	0.34	0	30-09-2023	NA	314
2	2023-24	0.32	0.32	0	30-09-2024	NA	NA

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

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

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

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

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

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 24048592BKEEQL4778

Date: 09-08-2024
Place: Pune

Annexure C to the Independent Auditors' Report

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

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

We were engaged to audit the internal financial controls with reference to the Financial Statements of Munitions India Limited ("the Company") (which includes the Head Office and fifteen units) as of March 31, 2024 in conjunction with our audit of the Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

Because of the 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 internal financial controls 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 maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Disclaimer of 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, 2024.

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 Qualified Opinion on the financial statements of the Company. Refer Basis of Qualified Opinion paragraph in our main audit report.

Other Matters

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 in so far as it relates to eleven units is based on the corresponding reports of the unit auditors of such units. Our opinion is not modified in respect of this matter.

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

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 24048592BKEEQL4778
Date: 09-08-2024
Place: Pune

Annexure D

Report on Directions / Sub-Directions issued by Comptroller and Auditor General of India under sub-section (5) of section 143 of the of the Companies Act 2013 on the accounts of Munitions India Limited (Defence Public Sector Undertakings) for the year ended March 31, 2024

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

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

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

	Directions	Response
	Directions of C&AG	
•	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 the integrity of accounts along with the financial implications if any, may be stated.	• Yes, various software for processing data at operation levels which is known as Fox Pro, Inventory Package Production, Planning and Control (PPC) Package, etc. are used by the Units. In the PPC software various modules are there. The unit uses the same for recording day to day transaction's such as purchase, sales, planning, human resources, inventory, Provision section, engineering office etc. and for the purpose of preparing financial statements, Tally Prime software is used. These softwares are not integrated. • Further, as stated by the auditors of OFIL, OFI, OFCH, OFV, OFK and NADP, there was no control over passing or modifying entries in tally including deletion of the entry. • As stated by the auditors of OFN, other than Fixed Assets and other equity, the unit has a system in place to process all the accounting transactions through IT system i.e. Tally. • Also, as stated by auditor of OFBL, other than Inventories and payroll, the unit has a system in place to process all the financial transactions through tally.

		Financial implication due to non-integration and weak controls: - Manual intervention can result into errors. - There are no automated controls in the system to ensure maker checker approver in the transactions. • The impact of the same cannot be quantified as data is maintained in softwares which are not integrated. • The auditor of OFBA have stated that they 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.
•	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 Auditor of Lender company.)	There are no cases of restructuring of any loans or cases of waiver/write off of debts/loans/interest etc.
•	Whether funds (grants/subsidy etc.) received / receivable for specific schemes from central / state government or its agencies were properly accounted for / utilized as per its terms and conditions? List the cases of deviation.	Based on the Information and explanation given to us, the company has not received any funds (grants/subsidy etc.) for specific schemes from Central/State Government or its agencies. The auditor of OFV have stated that the unit has received / receivable amount of relief from the Government for expenses incurred up to the period-September 2023, which relates to erstwhile Ordnance Factory Board.

	Additionaldirections of C&AG	
•	Whether the migration of assets and liabilities on the date of transfer (appointed date) from erstwhile OFB which remained incomplete as of 31 March 2023 has been completed during financial year 2023-24? If there is any deviation; the reasons, nature of deviation and its impact on financial statements may be stated.	• The Company has been formed on October 1, 2021 where the migration of the assets has taken place from the Ordnance Factory Board (OFB). The Company has not maintained any log register for migrated Property, plant and equipment as on the date of conversion. The Company has been verifying, reconciling and updating PPE records annually. It has maintained proper records showing full particulars, including quantitative details and situation of such Property, Plant and Equipment. • As reported by the auditors of OFBA, OFCH, OFV, OFIL, OFI, OFK and NADP, due to lack of sufficient and appropriate audit evidence regarding completeness of assets and liabilities acquired as a part of business reorganisation, auditors are not able to comment on the completeness including deviations, if any. • The auditors of OFK, OFIL and OFI have reported that the transactions up to 30-09-2021 has been audited by Comptroller and Audit General (CAG) of India. However, statement of balances as on 30-09-2021 as certified by the Comptroller and Audit General (CAG) of India along with report, if any has not been provided to them.
•	Whether the company has carried out reconciliation exercise pertaining to intercompany/intracompany balances at the year end? Whether the confirmations have been obtained from other DPSUs for balances due to/due from them at the year end? The reasons for unreconciled balances, if any, along with the unreconciled amount may be stated.	• The Company has carried out reconciliation of intra-MIL units and difference are accounted for and disclosed under exceptional items in the financial statement. • Balance confirmation letters have been sent by Units to DPSUs. However, they have not received the same. Therefore, reconciliation has not been carried out by the Units for DPSUs.

•	Whether the company has revised any of its Accounting Policies or adopted any new Accounting Policy in accordance with the prudent accounting principles and applicable Ind AS? Whether the changes in the accounting policies have been properly disclosed? Inconsistency, if any, along with the impact of the same on the financial accounts may be stated.	No, based on the information and explanations given to us, the Company has not revised accounting policies or adopted any new in accordance with the prudent accounting principles and applicable IND AS except as stated below: • Provision for warranty • Useful life of "desktop and other accessories" under Computer Hardware. The changes in the accounting policies have been properly disclosed in the financial statements.
•	Whether the provisions of employee benefit liabilities and their valuation on the date of formation of DPSUs have been made in accordance with the provisions of Ind AS? Deviations, if any, may be stated.	• The Provision for Employee Benefits viz. Provision for Gratuity, leave encashment and other retirement benefits are not recognized on the basis of actuarial valuation as per IND-AS 19, since the employees of the Unit are on the deemed deputation of the Government and are not on the payroll of the Unit. Therefore, as per the representation received from the Management, the liability to pay the retirement benefits to the employees is of the Government and not of the Unit vide the Ministry of Defence's Office Memorandum (OM) No. 1(5)/2021/OF/DP(Plg-V)/02 dated September 24,2021. This is also included in Emphasis of matter in the report issued by us as above.
•	As per Department of Defence Production, MoD, GoI letter No. 1(5)/2021/OF/DP(Plg - V)lOz dated: 24/09/21, no provision of liability in respect of pension contribution towards employees on deemed deputation is required to be made in the Financial Statements of DPSUs. Whereas Ministry of Defence instruction on deemed contracts (Article 3.2) issued to the DPSUs stipulates that nothing more than the contract price referred to in Article I	• The pension liabilities of the retirees and existing employees will continue to be borne by the Government from the Ministry of Defence ("MoD") budget for Defence Pensions. For the employees recruited after 01.01.2004, National Pension Scheme applicable to the Central Government employees is in vogue and the same may be adopted by the New DPSUs, including continuation of all special provisions applicable to Central Government employees under the National Pension System. Therefore, as per the representation received from the Management, the liability to pay the Pension to the employees as per the old scheme is of the Government and not of the Company and therefore no provision has been made towards pension covered under old pension scheme and the Company

	shall be payable. Whether the contract price referred to in Article I includes the cost element of pension contribution? If so, the efficacy of MoD instruction of 24/09/21 vis - a - vis applicable provisions of Ind AS and its impact of Financial Statements of the DPSUs for the last two and half years ended 31 March 2024 may be stated.	 •	has made the provision for the employees recruited after 01.01.2004 as per the vide the Ministry of Defence's Office Memorandum (OM) No. 1(5)/2021/OF/DP(Plg-V)/02dated September 24,2021. This is also included in Emphasis of matter in the report issued by us as above. As reported by the auditor of OFBA, OFV, OFCH, OFIL, OFI, OFK and NADP, the auditors are not able to comment on the completeness and accuracy of the accounting effects given in respect of Cost element of Pension Contribution and its impact of Financial Statements of the DPSUs for the last two and half years ended 31 March 2024.
•	The company had issued equity share capital to the Government of India inter alia on the basis of market value of the Land as mentioned in the MoD, Department of Defence Estate, New Delhi letter No.757102/I-/DE/PROJ/2021 dated: 10/06/22. Whether the Market Value of the Land has been reflected in the Financial Statements of the DPSUs? If so, whether the issue of Share capital on the basis of Market Value is in consonance the Paragraph D7AA of Ind AS 101? If not, the impact on Financial Statements of the company as well as the appropriate valuation method may to be adopted by the company may be stated.	•	Based on information and explanation provided to us and based on the Management reply received from MIL dated 13.12.2023, the management is of the opinion that "the exemptions and exceptions available in the provision of Ind AS 101 should be applied to the carrying value of assets and liabilities and then transferred to MIL" and the company has applied deemed cost of the carrying value of property, plant and equipment and intangible assets as at the date of transfer. Therefore, the Company has not made any adjustment for fair value in its opening balances of PPE.

Note: The reply received from Ordnance Factory Varangaon (OFV) are as per CAG directions issued for FY 22-23.

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

Supriya Deepak Bhat
Partner
Membership No: 048592
UDIN: 24048592BKEEQL4778
Date: 09-08-2024
Place: Pune

Comments of the C & AG

No 163/T-459/MIL/Accounts/2024-25 Dated 26 September 2024

Confidential/Speed Post

सत्यमेव जयते

कार्यालय
महानिदेशक लेखापरीक्षा
आयुध निर्माणियां
कोलकाता

OFFICE OF THE
DIRECTOR GENERAL OF AUDIT
ORDNANCE FACTORIES
KOLKATA

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

Subject:- Comment under Section 143 (6) of the Companies Act 2013 on the Accounts of M/s M/s Munitions India Limited Pune for the year ended 31 March 2024

Sir

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

Receipt of this letter may kindly be acknowledged.

Encl :- As stated.

Yours faithfully,

(N.Maisnam)
Principal Director of Audit
(Ordnance Factories)
Kolkata

'आयुध भवन' 10/ए, शहीद खुदीराम बोस रोड (पूर्वी खंड, 8वां तल), कोलकाता - 700 001

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 2024

The preparation of Financial Statement of Munitions India Limited Pune for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (7) of the Act is responsible for expressing opinion on these Financial Statements under Section 143 of the Act based on independent Audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report Dated 9 August 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Financial Statement of Munitions India Limited Pune for the year ended 31 March 2024 under Section 143 (6) (a) of the Act. This Supplementary Audit has been carried out independently without access to the working papers of the Statutory Auditor and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records.

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 on Financial Position

Balance Sheet

Non-Current Assets

Property, plant & equipment [Note (4a)]: ₹ 3363.16 crore

Freehold Land : ₹ 73.09 crore

The above does not include an amount of ₹ 27,093.01 crore being the difference of market value of Land (₹27166.10 crore) as per Registered Valuer's report and value of Land booked (₹73.09 crore) by Munitions India Limited. Non-consideration of the market value of Land has resulted in understatement of Assets and Other Equity by ₹27,093.01 crore.

Despite being commented by the Comptroller and Auditor General of India on the Financial Statements for the year ended 31 March 2023, the value of land has not been correctly booked by the Munitions India Limited for the year ended 31 March 2024.

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

(N. Maisnam)
Principal Director of Audit
(Ordnance Factories)
Kolkata

Place: - Kolkata-1

Dated: -26 September 2024

Management Reply to the Comments of C & AG

No. MIL/FIN/Audit/CAG/MIL response/2023-24 Dtd. 26.09.2024

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

(Kind Attention: Ms. N. Maisnam, Principal Director of Audit)

Sub: MIL response to CAG audit report and comments.
Ref: (i) CAG comments vide Letter No. 163/T-459/MIL/Accounts/2024-25 Dtd. 26/09/2024

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 2024:**
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.

MIL management response:
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 ammunition 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 of Appendix C to Ind AS 103 that deals with business combinations under common control, as per the policy choice provided by Ind AS 8. Accordingly, the Company has accounted for the assets and liabilities of the business transferred at their existing carrying values adjusted for the effect of harmonising the accounting policies with those followed by the Company, by following the provisions under Appendix C to Ind AS 103.

The erstwhile OFB accounted for the business as per the General Financial Rules applicable to the government departments. The Company has voluntarily adopted Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013. The Management has determined that the General Financial Rules is the previous GAAP followed by the business before its transfer to the Company. The financial statements for the period ending March 31, 2022 are the first financial statements of the Company. Since the Company was newly incorporated, it did not have any assets or liabilities as at its earliest date i.e., date of incorporation. However, since the businesses of the certain units of OFB were transferred to MIL, the Management determined that the Company can be a first-time adopter in respect of the businesses transferred.

Accordingly, the management concluded that the exemptions and exceptions available under the provisions of Ind AS 101 should be applied to the carrying value assets and liabilities and then transferred to MIL.

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

The written down value after application of depreciation as per prevalent accounting policy have been brought forward in the current financial year and further adjusted to any variations identified in the ongoing reconciliation process at the original carrying value at the time of migration on incorporatisation.

Therefore, there is no adjustment for fair value required and there is no understatement of Assets and Other Equity.

(Prakash Agarwala)
Director / Finance & CFO

BALANCE SHEET

Munitions India Limited
Balance Sheet as at March 31, 2024
(All amounts are in INR Crores, unless stated otherwise)

	Notes	As at March 31, 2024	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	4 (a)	3,363.16	3,305.17
Capital work-in-progress	4 (a)	1,616.39	1,409.65
Intangible assets	4 (b)	62.70	71.28
Intangible assets under development	4 (c)	100.99	56.46
Financial assets			
(a) Investments	5	0.80	0.80
Other non-current assets	6	40.51	41.00
Total non-current assets		**5,184.55**	**4,884.36**
Current assets			
Inventories	7	4,523.11	4,314.44
Financial assets			
(a) Trade receivables	8	1,437.71	1,406.57
(b) Cash and cash equivalents	9	3,500.32	3,249.98
(d) Other financial assets	10	130.87	26.91
Other current assets	11	1,402.51	1,203.42
Cash and Bank balances	12	221.00	-
Total current assets		**11,215.52**	**10,405.08**
Total assets		**16,400.07**	**15,290.39**

EQUITY AND LIABILITIES			
Equity share capital	13	34,314.66	33,737.66
Equity shares pending issue on business reorganisation	13	5.25	5.25
Share application money pending allotment	13	1,070.83	1,067.83
Other equity	14	(26,771.34)	(27,330.13)
Total equity		**8,619.40**	**7,480.62**
LIABILITIES			
Non-current liabilities			
Financial Liabilities			
Other financial liabilities	15	6.97	5.86
Provisions	16	2,783.90	2,917.62
Deferred tax liabilities (Net)	17	141.78	13.97
Total non-current liabilities		**2,932.65**	**2,937.45**
Current liabilities			
Financial liabilities			
(a) Trade payables	18		
(i) Total outstanding dues of micro enterprises and small enterprises		57.78	86.09
(ii) Total outstanding dues other than (a)(i) above		1,099.99	734.80
(b) Other financial liabilities	19	292.80	202.59
Other current liabilities	20	3,108.82	3,827.56
Provisions	21	267.43	0.52
Current tax liabilities (Net)	22	21.19	21.28
Total current liabilities		**4,848.01**	**4,872.32**
Total liabilities		**7,780.66**	**7,809.77**
Total equity and liabilities		**16,400.07**	**15,290.39**

The accompanying notes are integral part of the financial statements. 1 to 40

As per our report of even date attached.

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

Supriya Deepak Bhat

Partner
M.No. 048592

Pune
Date 09/08/24

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

Debashish Banerjee
Chairman and Managing Director
DIN: 09283921

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune
Date 05-08-2024

Munitions India Limited
Statement of Profit and Loss for the year ended March 31, 2024
(All amounts are in INR Crores, unless stated otherwise)

		Notes	Year ended 31 March 2024	Year ended 31 March 2023
	Revenue from operations	23	7,221.58	4,652.18
	Other income	24	313.04	299.44
	Total income		**7,534.62**	**4,951.62**
	Expenses			
	Cost of materials consumed	25	3,509.98	2,650.96
	Changes in inventories of work-in-progress and finished goods	26	191.57	(680.04)
	Employee benefit expenses	27	2,161.34	2,041.78
	Finance Cost	28	2.16	-
	Depreciation and amortisation expense	29	183.19	170.04
	Other expenses	30	897.31	666.99
	Total expenses		**6,945.56**	**4,849.73**
	Profit before exceptional item		**589.06**	**101.89**
	Exceptional Items	**31**	161.53	
	Profit before Tax		**750.60**	**101.89**
	Income tax expense			
	- Current tax	32	64.00	17.80
	- Deferred tax	32	127.81	10.74

	Total tax expense		**191.81**	**28.54**
	Profit after Tax		**558.78**	**73.35**
	Other comprehensive income		-	-
	Other comprehensive income for the year, net of tax		-	-
	Total comprehensive income for the year		**558.78**	**73.35**
	Earnings per share in INR Basic and Diluted (Nominal value per share Rs. 10 each)	39	0.16	0.02

The accompanying notes are integral part of the financial statements. 1 to 40

As per our report of even date attached.

For and on behalf of Borkar and Muzumdar Chartered Accountants

Firm Registration Number: 101569W

Supriya Deepak Bhat
Partner
M.No. 048592

Pune
Date 09/08/2024

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

Debashish Banerjee
Chairman and Managing Director
DIN: 09283921

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune
Date 05-08-2024

Munitions India Limited

Statement of cash flows

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

	For the year ended 31 March 2024	Year ended 31 March 2023
Cash flow from operating activities		
Profit before income tax	589.06	101.89
Adjustments for:		
Depreciation and amortisation expense	183.19	170.04
Net gain on sale of Property, plant and equipment	(2.61)	(1.67)
Interest received	(209.84)	(190.59)
Provision for revenue sharing	97.58	-
Warranty	21.62	-
Dividend income	(0.09)	-
Changes in operating assets and liabilities:		
(Increase)/decrease in trade receivables	(31.14)	(642.33)
(Increase)/decrease in inventories	(208.67)	(1,367.01)
Increase/(decrease) in trade payables	336.88	250.36
(Increase)/decrease in other financial assets	(109.24)	(9.58)
Increase/(decrease) in other financial liabilities	91.32	14.77
(Increase)/decrease in other current and non-current assets	(198.60)	(493.99)
(Increase)/decrease in provisions	261.43	(67.70)
(Increase)/decrease in receivable from government	-	152.03
Increase/(decrease) in current liabilities	(718.74)	1,711.82
Cash generated from operations	**102.16**	**(371.96)**

Income taxes paid	50.00	(31.38)
Net cash flow from operating activities	**152.16**	**(403.34)**
Cash flows from investing activities:		
Payments for property, plant and equipment	(36.48)	(61.07)
Proceeds from sale of property, plant and equipment	13.13	6.78
Payments for Capital work-in-progress	(399.90)	- 475.72
Payments for intangible assets	(47.50)	(53.64)
Interest received	209.84	190.59
Net cash flow from investing activities	**(260.91)**	**(393.05)**
Cash flow from financing activities:		
Dividend income	0.09	-
Increase in share capital	580.00	1,067.83
Earmarked balances with banks	(221.00)	-
Net cash from financing activities	**359.09**	**1,067.83**
Net increase/(decrease) in cash and cash equivalents	**250.34**	**271.43**
Cash and cash equivalents at the beginning of the year	3,249.98	2,978.54
Cash and cash equivalents at the end of the year	**3,500.32**	**3,249.98**

As per Note 11	**As at March 31, 2024**	**As at March 31, 2023**
Balances with banks		
- in current accounts	244.00	244.43
- in EEFC account	240.78	24.00
Deposits with maturity of less than three months	3,015.52	2,981.54
Cheques on hand	-	-

Cash on hand	0.02	0.01
Total	**3,500.32**	**3,249.98**

Undrawn Credit Facilities: As at 31st March 2024, the entity has undrawn credit facilities amounting to INR 2500 Cr, which are available to be drawn upon if needed. These facilities include Letter of credit, bank guarantee, currency exposure limit. all the facilities are linked to MCLR.

Limit	Amount
SBI	
FBWC clean cash credit	2000
EPC/PCFC/FBD*	200 (USD 24.08 Mio)
Bank guarantee (BG)	1000
Letter of credit*	1500
Capex letter of credit*	1500
Currency exposure limit (CEL)*	50
ICICI	
Letter of credit	500
Bank Guarantee*	300
Total	**2500**

* Sub-limit to FBWC clean cash credit account

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

Supriya Deepak Bhat
Partner
M.No. 048592

Pune
Date 09/08/2024

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

Debashish Banerjee
Chairman and Managing Director
DIN: 09283921

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune
Date 05-08-2024

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 01 April 2023		**33,737.66**
Issue of equity shares		577.00
As at 31 March 2024		**34,314.66**

	Notes	**Amount**
	15	
As at 01 April 2022		**1,232.31**
Issue of equity shares		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 31 March 2023		**5.25**	**1,067.83**	**- 27,425.16**	**95.04**	**- 27,330.12**	-26,257.04
Transaction in the year		**-**		**-**	**558.78**	**558.78**	558.78
Application money received			**580.00**				580.00
Issue of equity shares			**- 577.00**				- 577.00
As at 31 March 2024		**5.25**	**1,070.83**	**- 27,425.16**	**653.82**	**- 26,771.34**	**- 25,695.26**
Restated balance at 31 March 2022		**32,510.60**		**(27,425.16)**	**21.69**	**(27,403.47)**	**5,107.13**
Profit for the year				-	73.35	73.35	**73.35**
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)**	**95.04**	**(27,330.12)**	**(26,257.04)**

The accompanying notes are integral part of the financial statements.	1 to 40

As per our report of even date

For and on behalf of Borkar and Muzumdar Chartered Accountants Firm Registration Number: 101569W	**For and on behalf of Board of Directors of Munitions India Limited**	
Supriya Deepak Bhat Partner M.No. 048592	**Debashish Banerjee** Chairman and Managing Director DIN: 09283921	**Prakash Agarwala** Director Finance & CFO DIN: 09666613
	E J Paul Company Secretary Membership Number: FCS4521	
Pune **Date 09/08/2024**	**Pune** **Date 05-08-2024**	

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 established in 2021 as part of the restructuring and corporatisation of the Ordnance Factory Board into seven different public sector undertakings. MIL forms an integrated base for indigenous production of Defence hardware and equipment's for the use of the Indian Armed Forces, foreign militaries and domestic civilianuse.

2. Basis of preparation and summary of material accounting policies

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

2.1 Basis of preparation

i. *Compliance with Ind-AS*

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

ii. *Historical cost convention*

The financial statements have been prepared on historical cost basis.

iii. *Current and non-current classification*

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

2.2 Summary of material accounting policies

a) Foreign currency transactions

(i) *Functional and presentation currency*

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

(ii) Transactions and balances

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

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

b) Revenue recognition

The 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 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 material risks and rewards of ownership are transferred to the customer and performance obligations in term of Ind AS-115 are met. Apart from this, the Company also considers its present right to payment, the legal title to the goods, the physical possession and the customer acceptance in determining the point in time when control has been transferred.

c) Purchase of products

In case of purchase of product, liability of purchase is only recorded once the products have passed quality testing and all relevant documents with regards to such purchase has been received suitable adjustments by addition have been made in purchases to recognized all the goods in transit not recorded as stated above.

d) Income tax

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

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

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

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

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

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

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

e) Inventories

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

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. Netrealizable 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.

f) Other financial assets

i. Classification

The Company classifies its financial assets in the following categories:

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

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

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

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

ii. Recognition

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

iii. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly at tribut able 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 cashflow character is tics 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 material increase in credit risk. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period

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

v. Derecognition of financialassets

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. Insuchcases, the financial as setisde recognised. 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.

vi. Income recognition

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

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

g) Offsetting financial instruments

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

h) Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or 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.

Depreciation methods, estimated useful lives and residual value

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

Assets	Useful life as per Schedule II	Useful life as per Management estimate (years)
Buildings	60 years	60 years
Plant and Machinery	15 Years	10-20 Years
Motor Vehicles	8 Years	5-7 Years
Furniture & Fixture	5 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	3-7 Years

The Company, based on a technical assessment made by management and as per management estimate, depreciates certain items of plant and machinery, motor vehicles and other equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The 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 Useful life mentioned in above table on the net value of original cost and residual value.

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

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

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

i) Intangible assets Acquired intangible assets

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

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and 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 a mortised over the period of the agreement. The estimated useful lives of other intangible assets are as follows:

Assets	Useful life
Computer software	3 – 7 years

j) Research and Development Expenditure:

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

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

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

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.

k) Trade and other payables

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

l) Provisions and contingent liabilities

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

m) Employee benefits

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

n) Rounding of amounts

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

3. Critical estimates and judgements

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

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

Provision for warranty

The Company provides for lifetime warranty on its products against deemed contracts with the Indian Armed Forces transferred from the erstwhile OFB. The Company adjusted the net assets transferred from the erstwhile OFB by providing for warranty 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.

For sale other than deemed contracts, Provision for warranties is recognized over the period in which the service is provided based on the time elapsed. Company has adopted a flat rate of 1% provision on total sales to account for such expense.

Long Term Contracts

The company have long-term contracts only with government entities. During the year, the government has compensated for loss in revenues in the form of price escalation with annual assured inflationary rights along with profit element. Hence, no foreseeable loss exists as on March 31, 2024.

4 (a) Property, plant and equipment

Year ended 31 March 2024

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

Capital work-in-progress comprises of:

Particulars	As at March 31, 2024	As at March 31, 2023
Buildings	739.56	786.11
Plant and Machinery	876.83	658.47
Total	**1,616.39**	**1,444.58**

Capital work-in-progress ageing schedule

As at 31 March 2024

Particulars	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	66.87	202.92	125.33	463.23	858.36
Rocket production facilities	-	-	-	1.90	1.90
Other plant and equipment and building construction in progress	254.61	227.88	155.30	118.33	756.13
Total	**321.48**	**430.80**	**280.63**	**583.48**	**1,616.39**

As at 31 March 2023

Particulars	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**

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.

4 (b) Intangible assets

Year ended 31 March 2024	Technical Know-how
Gross carrying amount	
Gross carrying amount	**98.20**
Additions	4.57
Disposals	1.50
Closing gross carrying amount	**101.27**
Accumulated amortisation	**26.92**
Charge for the year	11.54
Closing accumulated amortisation	**38.46**
Net carrying amount	**62.81**

Year ended 31 March 2023	Technical Know-how
Gross carrying amount	
As at 31 March 2022	**96.411**
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**

4 (c)Intangible assets under development

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	**56.46**	**4.61**
Addition	44.53	51.85
Closing balance	**100.99**	**56.46**

Intangible under development ageing schedule

As at 31 March 2024

Particulars	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	44.53	56.46		-	100.99
Total	**44.53**	**56.46**	**-**	**-**	**100.99**

As at 31 March 2023

Particulars	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**

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

5 Non-current inventories

Particulars	31 March 2024	31 March 2023
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	-	-

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

6 Other Non current Investments

Particulars	31 March 2024	31 March 2023
(I) Capital advances	7.54	10.92
(II) Advances other than capital advances		
a) Security Deposits	2.00	0
(III) Other non current asset		
(a) Other Long outstandings	12.95	0
(b) Stock Pile	18.02	30.08
Total	**40.51**	**41.00**

7 Inventories

Particulars	31 March 2024	31 March 2023
Raw materials	3,007.09	2,606.85
Work-in-progress	1,209.13	1,387.42
Finished goods	306.89	320.17
Total	**4,523.11**	**4,314.44**

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

Particulars	31 March 2024	31 March 2023
Raw materials	588.80	462.84
	588.80	**462.84**

8 Trade receivables

Particulars	31 March 2024	31 March 2023
Trade receivables from contracts with customers - billed	1,437.71	1,406.57
Total	**1,437.71**	**1,406.57**

Break-up of security details

Particulars	31 March 2024	31 March 2023
Trade receivables considered good - Unsecured	1,437.71	1,406.57
Total	**1,437.71**	**1,406.57**
Less: Loss allowance		
Total Trade receivables	**1,437.71**	**1,406.57**

As at 31 March 2024

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	-	1,194.86	68.27	148.89	25.69	-	1,437.71
Total	**-**	**1,194.86**	**68.27**	**148.89**	**25.69**	**-**	**1,437.71**

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	287.07	1,041.71	74.18	3.70	-	1,406.72
Total	**0.07**	**287.07**	**1,041.71**	**74.18**	**3.70**	**-**	**1,406.72**

9 Cash and cash equivalents

Particulars	31 March 2024	31 March 2023
Balances with banks		
- in current accounts	244.00	244.43
- in EEFC account	240.78	24.00
-Deposits with maturity of less than twelve months	3,015.52	2,981.54
Cash on hand	0.02	0.01
Total	**3,500.32**	**3,249.98**

10 Other current financial assets

Particulars	31 March 2024	31 March 2023
Security deposits	10.37	10.65
Others	3.85	16.26
Receivables from government	116.65	204.71
Total	**130.87**	**231.62**

Other current financial assets includes rent receivable etc.

11 Other current assets

Particulars	31 March 2024	31 March 2023
Advances to vendors	831.69	648.80
Capital advance	5.42	
Balances with government authorities	353.62	499.43
Other current assets	211.78	55.19
Total	**1,402.51**	**1,203.42**

12 Cash and Bank balances:

Particulars	31 March 2024	31 March 2023
Earmarked balances with banks	221.00	-
Total	**221.00**	**-**

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

13 Equity share capital

(a) Authorised share capital

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

Particulars	Number of shares	Amount
As at 31 March 2022	**40,50,00,00,000**	**40,500.00**
Changes during the period	1,50,00,00,000	1,500
As at 31 March 2023	**42,00,00,00,000**	**42,000.00**

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

Particulars	Number of shares	Amount
As at 31 March 2023	33,73,76,60,000	**33,737.66**
Changes during the year	57,70,00,000	577.00
As at 31 March 2024	**34,31,46,60,000**	**34,314.66**

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

Particulars	As at 31 March 2024		As at 31 March 2023	
	Number of shares	% of holding	Number of shares	% of holding
Government of India	34,31,46,60,000	100%	33,73,76,60,000	100%

The Government of India, being the Promoter, holds 100% of Shares as on 31 March 2024.

(d) Equity share pending issue on business reorganisation

Particulars	As at March 31, 2024	As at 31 March, 2023
Opening balance	5.25	**32,510.60**
Equity share pending issue on business reorganisation	-	-
Transferred to application money pending allotment	-	-
Subtotal	**5.25**	**32,510.60**
Issue of equity shares	-	(32,505.35)
Closing balance	**5.25**	**5.25**

(e) Share application money pending allotment

Particulars	As at March 31, 2024	As at 31 March, 2023
Application money received	1,070.83	**1,067.83**

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

Particulars	As at March 31, 2024	As at 31 March, 2023
Equity share issued on business reorganisation	32,50,53,50,000	32,50,53,50,000.00

14 Other equity

Particulars	As at March 31, 2024	31 March 2023
Capital reserve (a)	(27,425.16)	(27,425.16)
Retained earnings (b)	653.82	95.04
Total	**(26,771.34)**	**(27,330.12)**

(a) Capital Reserve

Particulars	As at March 31, 2024	31 March 2023
Opening balance	(27,425.16)	(27,425.16)
On business reorganisation (Refer note 39)	-	-
Closing balance	**(27,425.16)**	(27,425.16)

(b) Retained earnings:

Particulars	As at March 31, 2024	31 March 2023
Opening balance	95.04	21.69
Profit for the year/period	558.78	73.35
Closing balance	**653.82**	**95.04**

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

15 Other non-current financial liabilities

Particulars	As at March 31, 2024	31 March 2023
Security deposit payable	6.97	5.86
Total	**6.97**	**5.86**

16 Non-current provisions

Particulars	As at March 31, 2024	31 March 2023
Provision for warranty	2,783.90	2,917.62
Total	**2,783.90**	**2,917.62**

Movements in Warranty provisions

Particulars	Product warranties
As at 31 March 2023	2,917.62
Less: Amounts utilised during the period	155.34
Add: Provision during the year	21.62
As at 31 March 2024	**2,783.90**

17 Deferred tax liabilities

The balances comprises temporary differences attributable to :

Particulars	As at March 31, 2024	31 March 2023
Deferred tax liabilities		
Property, plant and equipment and intangible assets	599.58	148.37
Deferred tax assets		
Provision for Warranties	21.62	-
Tax losses	-	110.79
Disallowance u/s 43B	14.60	0.26
MAT Credit Entitlement	-	23.35
Net DTL/(DTA)	**563.36**	**13.97**
Tax rate @25.168%	**141.78**	
Opening balance of DTL	**13.97**	
Net deferred tax	**128.58**	

18 Trade payables

Particulars	31 March 2024	31 March 2023
Trade payables		
(a) Micro and small enterprises (MSME)	55.63	86.09
(b) Other than micro and small enterprises	1,099.99	734.80
Total	**1,155.62**	**820.89**

Aging of trade payables

As at 31 March 2024

Particulars	Unbilled	Not due	Less than 1 Year	1-2 Years	2-3 Years	More than 3 years	Total
Trade payables							
Undisputed-MSME	-	-	54.57	0.80	0.26	0.00	55.63
Undisputed-Others	-	-	858.49	193.64	30.56	4.84	1,087.53
Disputed dues- MSME	-	-	-	-	-	-	-
Disputed dues- Others	-	-	-	-	-	12.46	12.46
Total	**-**	**-**	**913.06**	**194.44**	**30.82**	**17.31**	**1,155.62**

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	665.50	112.98	-	-	845.98
Disputed dues- MSME	-	-	-	-	-	12.86	12.86
Disputed dues- Others	-	-	0.87	-	-	-	0.87
Total	**90.92**	**2.40**	**713.35**	**113.28**	**0.12**	**12.86**	**932.93**

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

	31 March 2024	31 March 2023
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	55.63	86.09
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.86	-
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.

19 Other financial liabilities - current

Particulars	31 March 2024	31 March 2023
Payable to employees	222.32	187.87
Security deposit payable	0.47	0.29
Other sundries	70.01	44.77
Total	**292.80**	**232.93**

20 Other Current liabilities

Particulars	31 March 2024	31 March 2023
Revenue received in advance	2,949.73	3,299.12
Statutory dues	146.76	495.42
Other sundries	12.33	2.16
Total	**3,108.82**	**3,827.56**

Contract liabilities

Particulars	31 March 2024	31 March 2023
Opening balance/ Transferred during the period on business reorganisation (refer note 39)	**3,299.12**	**1,854.46**
Revenue recognised in the year that was included in contract liabilities at the beginning of the year	(2,460.22)	(1,383.16)
Increase due to cash received or invoices raised in the year for performance obligations not recognised in revenue	2,110.83	2,827.82
Closing balance	**2,949.73**	**3,299.12**

21 Provisions

Particulars	31 March 2024	31 March 2023
Security expenses payable	103.14	-
CSR provision	2.39	0.52
Provision for rate differences	161.01	-
Other sundries	0.89	
Total	**267.43**	**0.52**

22 Current tax liabilities (Net)

Particulars	As at March 31, 2024	31 March 2023
Current tax provision	21.19	21.28
Total	**21.19**	**21.28**

23 Revenue from operations

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Revenue from contracts with customers		
Sale of products - at a point in time	7,141.79	4,602.83
Sales of service	1.68	-
Other operating revenue		
Sale of scrap	78.11	49.35
Total	**7,221.58**	**4,652.18**

As at 31st March 2024

Particulars	Domestic		Others	Total
	Defence	Non-Defence	Exports	
Sale of Products	3,684.58	1,760.37	1,696.87	7,141.83
Total	**3,684.58**	**1,760.37**	**1,696.87**	**7,141.83**

As at 31st 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**

24 Other income

Particulars	**Year ended 31 March 2024**	**Year ended 31 March 2023**
Rental Income	9.22	9.96
Utility charges	21.55	15.50
Miscellaneous income	7.25	81.72
Interest income on fixed deposits, being financial assets carried at amortised cost	209.84	190.59
Net exchange gain	25.08	
Liquidation damages recovered	20.53	-
Net gain on sale of Property, plant and equipment	2.61	1.67
Other recovery	7.29	-
Export incentive	9.67	
Total	**313.04**	**299.44**

25 Cost of materials consumed

Particulars	**Year ended 31 March 2024**	**Year ended 31 March 2023**
Raw materials at the beginning of the Year/period	2,636.93	1,949.96
Less: Previous year unrealised gain in stock	28.66	-
Add : Purchases	3,694.80	3,337.93
Less : Raw materials at the end of the year/period	2,821.75	(2,636.93)
Total cost of materials consumed	**3,509.98**	**2,650.96**

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

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Opening balance		
Work-in-progress	1,387.42	935.23
Finished goods	320.17	92.32
Total	**1,707.59**	**1,027.55**
-		
Closing balance		
Work-in-progress	1,209.13	1,387.42
Finished goods	306.89	320.17
Total closing balance	**1,516.02**	**1,707.59**
-		
Total changes in inventories of work-in-progress and finished goods	**191.57**	**(680.04)**

27 Employee benefit expenses

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Salaries, wages and bonus	2,161.34	2,042.35
Total	**2,161.34**	**2,042.35**

28 Finance Cost

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Finance Cost	2.16	0.11
Total	**2.16**	**0.11**

29 Depreciation and amortisation expense

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Depreciation on property, plant and equipment	171.65	152.04
Amortisation of intangible assets	11.54	18.00
Total	**183.19**	**170.04**

30 Other expenses

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Power & fuel	122.94	87.70
Transportation charges	42.33	27.18
Printing & Stationary	2.96	1.78
Rent, Rates & Taxes	25.93	26.23
Contract Labour	97.65	87.34
Water Charges	35.33	46.03
Repairs & Maintenance - Building	49.88	11.80
Repairs & Maintenance-Other	7.30	19.68
Repairs & Maintenance-P&M	4.94	2.44
Travelling expenses	10.62	19.47
Telephone expenses	1.62	1.87
Electricity expenses	41.24	57.91
IT expenses	3.41	3.91
Legal and professional fees	8.00	5.79
Property tax	29.83	3.93
Security expenses	234.71	206.75
Net exchange gain/(loss)	-	13.86
Exhibition expenses	3.87	2.04
Fine Penalties and statutory payments	9.27	0.60
Miscellaneous expenses	64.40	39.48
Corporate social responsibility expenditure	2.44	0.52
Export commission	75.74	-
Warranty Expense	21.62	-
		-
Total	**897.31**	**666.31**

30 (a) Details of payments to auditors

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
As auditor:		
Statutory audit fee	0.33	0.40
Tax audit fee	0.08	0.20
Total	**0.41**	**0.60**

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 2024	Year ended 31 March 2023
(i) Amount required to be spent by the company during the year	2.99	0.52
(ii) Amount of expenditure incurred	0.60	
- Construction/acquisition of new asset	-	-
- On purpose other than (i) above	-	-
(iii) Shortfall/(Excess) at the end of the year	2.39	0.52
(iv) Total of previous years shortfall/(Excess) (which is included in above)	0.15	-
(v) Reason for shortfall	The company had deposited a sum of Rs 1.73 Cr out of total shortfall of Rs 2.39 Cr which needs to be deposited in Special Account (CSR Account) subsequent to the year-end; within the timelines as prescribed in section 135 Companies Act, 2013 and rules related to CSR.	
(vi) Nature of CSR activities	The Company undertakes impactful social project which are in alignment with the areas specified under schedule VII of companies Act 2013 of which the company taken up CSR project largely in the four core thrust areas of education, water conservation, health and sanitation and community development.	
(vii) Details of related party transactions, e.g., contribution to a trust controlled by the company in relation to CSR expenditure as per relevant Accounting Standard	NA	
(viii) Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.	NA	

31 Exceptional Items

Particulars	As on 31-03-2024		
	Dr	Cr	Total
Prior period expenses	10.60	58.61	48.01
Current asset/liabilities written back/off	6.11	56.46	50.35
Unreconciled duties and taxes	27.47	125.23	97.76
Adjustments in PPE	44.34	9.75	(34.59)
Total	**88.52**	**250.05**	**161.53**

32 Income tax expense

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

Profit and Loss section	**Year ended 31 March 2024**	**Year ended 31 March 2023**
Income tax expense		
Current income tax	64.00	17.80
Deferred income tax	127.81	10.74
Total	**191.81**	**28.54**

33 Fair value measurements

Financial assets and liabilities at amortised cost

Particulars	As at March 31, 2024	As at March 31, 2023
Financial assets		
Trade receivables	1,437.71	1,406.57
Cash and cash equivalents	3,500.32	3,249.98
Receivable from government		204.71
Other financial assets	130.87	26.91
Total financial assets	**5,068.90**	**4,888.17**
Financial liabilities	-	
Trade payables	1,157.77	820.89
Security deposits	7.44	6.15
Payable to employees	222.32	187.87
Other sundries	70.01	14.43
Total financial liabilities	**1,457.54**	**1,029.34**

Fair value of financial assets and liabilities measured at amortised cost

The fair values of all financial instruments carried at amortised cost are not materially different from their carrying amounts since they are either short-term in nature or the interest rate applicable are not materially different from the current market rate of interest.

There are no financial instruments measured under the category of Fair value through Profit and Loss and Fair value through other comprehensive income.

34 Financial risk management

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

A Credit risk

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

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

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

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

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

B Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and deposits and the availability of funding through anadequate amount of committed credit facilities to meet obligations when due and to pay out obligations. Due to the dynamic nature of the underlying businesses, Company ensures availability of funds by managing the working capital by accepting the order for production of goods after getting 60% of order value as advance from customers.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet this. The Company invests its surplus funds in bank fixed deposits.

Maturities of financial liabilities

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

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

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

As at March 31, 2023	Total	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years
Trade payables	820.89	171.19	649.70	-	-
Security deposits	6.15	-	-	3.60	-
Payable to employees	187.87	73.49	114.38	-	-
Other sundries	14.43	14.43	-	-	-
Total	**1,029.34**	**259.11**	**764.08**	**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 exchangerates, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy.

(i) Foreign currency risk

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

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

Particulars	As at March 31, 2024	As at March 31, 2023
Financial assets		
Trade Receivables		
EURO	2.34	-
USD	587.26	-
Bank Balances		
USD	24.00	24.00
Net exposure to foreign currency risk (assets)	**613.59**	**24.00**
Trade payables		
EURO	(2.88)	-6.20
USD	60.79	-
Capital creditors		
EURO	-	(0.11)
Net exposure to foreign currency risk (liabilities)	**57.91**	**(6.31)**

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, 2024	**As at March 31, 2023**
Increase by 5%*		
EURO	(0.14)	(0.32)
USD	1.20	1.20
Decrease by 5%*		
EURO	0.14	0.32
USD	(1.20)	(1.20)

*Holding all other variables constant

35 Capital management

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

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

36 (a) Segment reporting

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

(b) (i) Provision for employee benefit obligation

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

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

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

37 Related party transactions

The Company is controlled by the Government of India.

Name of the related parties and nature of relationship

(a) Key Management Personnel

Shri. Ravi Kant	Chairman and Managing Director (From 01/04/2023 TO 29/02/2024)
Shri. Ravi Kant	Director/Operations (From 01/07/2023 TO 29/2/2024)
Shri. Debashish Banerjee	Director/HR (From 01/04/2023 TO 31/03/2024)
Shri. Debashish Banerjee	Chairman and Managing Director (From 01/03/2024 TO 31/03/2024)
Shri. S. K. Rout	Director/Operations (From 1/4/2023 TO 30/6/2023)
Shri. Prakash Agarwala	Director/Finance/CFO (from 01/04/2023 TO 31/03/2024)
Shri. Prakash Agarwala	Director/Operations (from 01/03/2024 TO 31/03/2024)
Shri E. J. Paul	Company secretary (from 01/04/2023 TO 31/03/2024)

Key management personnel compensation	31 March 2024	31 March 2023
Short term employee benefits	1.54	1.86
Total	**1.54**	**1.86**

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

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

38 Contingent Liabilities

Particulars	31 March 2024	31 March 2023
Legal claim involves court cases for pay and allowances, penalty in disciplinary cases, arbitration in purchases and pay fixation etc.	10.50	5.90
Legal claim involves court cases for pay and allowances, arbitration in purchases, pay fixation and GST department etc.	15.01	18.51
Bank Guarantees	184.95	-
Letter of Credit	945.58	-
Total	**1,156.04**	**24.41**

Refer to note number 14 for security against the letter of credit amounting to Rs 172.33 Cr included above. The sanction is from the facility provided by SBI.

39 Earnings per share

Particulars	31 March 2024	31 March 2023
(a) Basic earnings per share		
Profit attributable to the equity holders of the company used in calculating basic earnings per share	558.78	73.35
Weighted average number of equity shares used as the denominator in calculating basic earnings per share	34,24,03,61,370	34,16,01,86,294
Basic earnings per share in INR	**0.16**	**0.02**
(b) Diluted earnings per share		
Profit attributable to the equity holders of the company used in calculating diluted earnings per share	558.78	73.35
Weighted average number of equity shares used as the denominator in calculating diluted earnings per share	34,77,43,75,753	34,16,01,86,294
Diluted earnings per share in INR	**0.16**	**0.02**

40 Additional regulatory information required by Schedule III

(a) Financial Highlights

Sr no	Particulars	Year ended 31 March 2024	Year ended 31 March 2023	Variance (%)
A	**Statement of Profit and Loss**			
1	Revenue from Operations	7,221.58	4,652.18	55%
2	Other Income	313.04	299.44	5%
	Total Income	**7,534.62**	**4,951.62**	52%
3	Total Expense	6,784.02	4,849.73	40%
	Profit before Tax	**750.60**	**101.89**	**637%**
	Profit After Tax	**558.78**	**73.35**	**662%**
	Earning per share	0.16	0.02	**660%**

Sr no	Particulars	Year ended 31 March 2024	Year ended 31 March 2023	Variance (%)
B	**Balance Sheet**			
	Assets			
1	Property, plant and equipment/ Intangible Asset/ CWIP	5,143.24	4,842.56	6%
2	Inventories	4,523.11	4,314.44	5%
3	Investment	0.80	0.80	0%
4	Other Asset	1,443.02	1,244.42	16%
5	Financial Assets	5,068.90	4,683.46	8%
	Total	**16,179.07**	**15,085.67**	7%

	Liabilities			
6	Equity	8,619.40	7,480.62	15%
7	Non Current Liability	2,932.65	2,937.45	0%
8	Current Liabilities	4,848.01	4,872.32	0%
	Total	**16,400.07**	**15,290.39**	7%

(b) Financial Ratios

Sr. No.	Ratio	Numerator	Denominator	31 March 2024 Ratio	31 March 2023 Ratio	% Variance	Reason for variance
1	Current Ratio	Current Assets	Current Liabilities	2.31	2.14	8%	Not applicable as variance is less than 25%
2	Return on Equity Ratio	Net Profits after taxes	Shareholders Funds	6.48%	0.98%	561%	Revenue from operations have increased resulting in operating profit
3	Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	0.84	0.54	54%	Due to increase in revenue from operations, the cost of goods sold have also increased.
4	Trade Receivable Turnover Ratio	Revenue from operations (gross)	Average Trade Receivable	5.08	4.29	18%	Not applicable as variance is less than 25%
5	Trade Payable Turnover Ratio	Net Credit Purchases	Average Trade Payable	1.50	1.92	-22%	Not applicable as variance is less than 25%
6	Net Capital Turnover Ratio	Revenue from operations (gross)	Current Assets - Current Liabilities	1.13	0.84	35%	The increase is due to increase in revenue from operations
7	Net Profit Ratio	Net Profits after taxes	Revenue from operations (gross)	7.74%	1.58%	391%	Due to increase in revenue from operations and operating profit, the net profit after taxes have also increased
8	Return on Capital Employed	Earning before interest and taxes	Total Assets - Current & Non-current Liabilities	6.86%	1.36%	404%	Due to increase in revenue from operations, EBITDA has increased.
9	Return on Investment	Earning before interest and taxes	Total Assets	3.60%	0.67%	441%	Due to increase in revenue from operations, EBITDA has increased.

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

(c) Other regulatory information

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

The title deeds of all the immovable properties as disclosed in notes to the financial statements, are held in the name of the company, except for lands measuring 42735 Acers 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	72.43	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) Wilful defaulter
None of the entities in the Company have been declared wilful defaulter by any bank or financial institution or government or any government authority.

(vii) Relationship with struck off companies
The process of validating struck off companies has not been carried out by the company for the FY 2023-24 as per Companies Act, 2013

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

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

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

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.

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

(xi) Undisclosed income
There is no income surrendered or disclosed as income during the current period in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

(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.

(xiv) The company has major transactions with Government Armed forces and other DPSU. The outstanding balances (included under Trade Payables /Trade Receivables etc.) to / from them and certain other outstanding credit and debit balances are subject to confirmation / reconciliation. Adjustments, if any, arising therefrom are not likely to be material on settlement and are accounted as and when ascertained.

D The figures of previous year were regrouped to extent possible to confirm the current year presentation.

E Future capital commitment

Particulars	Future Capital commitment for 2023-24	Future Capital commitment for 2022-23
Committed liability	2,367.50	2,580.64

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

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

Supriya Deepak Bhat
Partner
M.No. 048592

Debashish Banerjee
Chairman and Managing Director
DIN: 09283921

Prakash Agarwala
Director Finance & CFO
DIN: 09666613

E J Paul
Company Secretary
Membership Number: FCS4521

Pune
Date 09/08/2024

Pune
Date 05-08-2024

म्युनिशंस इंडिया लिमिटेड

Munitions India Limited

विनाशाय दुष्कृताम्

Accurate. Lethal. Reliable.

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