



ADVANCED WEAPONS AND EQUIPMENT INDIA LIMITED





VISION

To strengthen India's Defence Capabilities under 'Atma Nirbhar Bharat' & to ensure a larger global presence: For ourselves as well as for our Nation.



MISSION

AWEIL is committed towards timely product delivery with highest standards of quality, prompt service, transparency, accountability and grievance redressal mechanism.



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Notice of 3rd Annual General Meeting



AWEIL AT GLANCE

Advanced Weapons and Equipment India Limited (AWEIL) is one of the seven (7) new Defence PSUs incorporated by converting the Ordnance Factory Board into a fully owned Government of India Enterprise.

- Incorporated on 14th August 2021 and commenced its business on 1st October 2021.
- It comprises of eight productions and one non-production unit.
- Conversion into DPSU gives AWE India Ltd, autonomy, allowing it to explore new opportunities in the global defence market.
- Comprehensive product range of Weapons and Equipment.
- Integrated State of the Art facilities for high-quality, cost-effective production.
- Extensive facilities for inspection and material testing with NABL Accredited Labs.

a. Production units :

Rifle Factory Ishapore,
Small Arms Factory, Kanpur,
Gun & Shell Factory, Cossipore,
Ordnance Factory Tiruchirappalli,
Ordnance Factory, Kanpur,
Field Gun Factory, Kanpur,
Gun Carriage Factory, Jabalpur,
Ordnance Factory Project Korwa

b. Non-Production unit:

Ordnance Factories Institute of Learning, Ishapore

The Company is involved mainly in the manufacture of the following Weapon Systems and Ammunition Hardware:

- i. Large Calibre Artillery Gun Systems like 155X45mm Dhanush Guns, Upgrade of 130mm Gun to 155mm Sharang, 105mm LFG.
- ii. Tank Gun Articles for T-90, T-72 and Arjun Tanks.
- iii. Overhauling of T-90, T-72, LFG and IFG Guns.
- iv. 120mm, 81mm and 51mm Mortars.
- v. 40mm Air Defence Gun Systems.
- vi. Ak-630 Naval Guns & 12.7mm SRGG.
- vii. Wide range of Small Arms including Medium Machine Guns, Light Machine Guns, like Assault Rifles, Snipers, Carbines, Pistols, Revolvers, and Sporting Rifles.
- viii. Anti-material rifles of 14.5mm & 20mm.
- ix. Ammunition Hardware ranging from 30mm to 155mm.
- x. Spares for Large, Medium & Small Calibre Weapons.

AWEIL is a market leader in the weapon manufacturing ecosystem in India with the expertise and capabilities to fulfill the requirements of the Armed Forces, Central Armed Para-Military forces, State Police Forces, exports and also the civilian market for Non-prohibited Bore weapons.

AWEIL has core competencies in Small, Medium and Large Calibre Weapons, Mortar Equipment and Ammunition Hardware including Shell, Fuzes, primers and stabilizer assembly.



CHAIRMAN'S MESSAGE



Dear Shareholders, I welcome you all to the 3rd Annual General Meeting of the company. I thank you for joining us today. It is my pleasure to present the 3rd Annual Report of your Company for the financial year 2023-24 along with highlights of achievements of the company, the Audited Annual Accounts, Board Report, Independent Auditor's Report, Comments of C&AG and its reply thereon.

FINANCIAL AND PERFORMANCE HIGHLIGHTS OF THE YEAR:

On the business front, we successfully navigated a rapidly changing regulatory landscape and intense competition. Despite these challenges, we succeeded in delivering a strong operational performance. AWEIL has recorded the highest Sales in the last five years which includes the period of erstwhile OFB. This achievement becomes significant in the backdrop that AWEIL has stopped overtime working fully and introduced a new Productivity Linked Incentive Scheme which faced resistance from employees initially. However, more and more employees are adopting it now.

Your company achieved a Turnover of Rs. 2,038.59 Crores, slightly higher than the previous year. The Profit before Tax of your Company is Rs. 29.79 Crores. Company has signed Orders worth INR 3311 Cr. which has brought the order book position to INR 8778 Cr. after the execution of INR 2018 Cr in FY 2023-24.

SIGNIFICANT ACHIEVEMENTS:

- (i) **Dhanush Trials:-**
 - a) AWEIL conducted successful Direct-Indirect firing of 598 rounds with the Dhanush Gun System at High Altitude along with successful Night Firing at minus 18 degree Celsius. The Unit and DGQA team at Mandal Thang Field Firing Range (MTFFR) appreciated this performance as well as the support provided by AWEIL.
 - b) The Integrated Firing Check (IFC) firing of Dhanush Guns has commenced at Long Proof Range (LPR), Khamaria. It is a new series consisting of extreme traverse conditions. 04 Guns have been Proof fired at LPR in the month of March 2024. The Guns fired extremely well confirming compliance to all parameters. One Gun was fired at PXE, Balasore under extreme stress conditions including direct/indirect firing, which proved the design and manufacturing excellence once again.
- (ii) The company has received a Quality Confirmation Certificate from Bofors Test Centre, Sweden. They have appreciated the quality of AWEIL supply, stating that Spare Barrels of Arty Guns supplied by AWE India Ltd have conformance to STANAG requirements and are designed towards the 155mm Joint Ballistics. The performance of the barrel with respect to wear life, metallurgy, strength and overall qualitative parameters fully satisfies Bofors Test Center's stringent quality requirements. Appreciation from foreign OEMs of the repute of Bofors Test Centre proves that our products meet the best global standards.
- (iii) AWEIL has successfully implemented a Pilot Project on Industry 4.0 at Ordnance Factory Kanpur by integrating CNC machines of 2 major sections for manufacturing information, maintenance status, and manufactured component tracking in Real Time in collaboration with IIT Kanpur.
- (iv) A new beginning in the field of Artillery Guns has been made with the successful test firing of an Indigenously developed 155x52 cal Towed Gun System at PXE Balasore.
- (v) Gun and Shell Factory (GSF), a unit of AWEIL has successfully proof-fired 3 nos. of Indigenous AO 18 clusters at PXE. This is a Very Important Step towards Atmanirbharta in Defence Production in the import substitution of a complex sub-assembly of the AK-630 Naval Gun System.



NEW PARTNERS IN PURSUIT OF TECHNOLOGY UPGRADATION:

AWEIL has always prioritized technology upgrades in alignment with the current demands of the global defence industry. In pursuit of this, AWEIL has entered into MoUs or teaming arrangements with the following entities:

- **Long-Term Collaboration Agreement (LTCA):-** AWEIL has entered into a long-term collaboration agreement with a private Indian defence Company for co-production, co-development & co-branding of 155mm Mounted Gun System for the domestic as well as international market.
- AWEIL has signed a contract with the Ministry of Defence on 14th February 2024 for the manufacturing & supply of 463 indigenously manufactured 12.7 mm Stabilized Remote Control Guns (SRCG) for the Indian Navy & Indian Coast Guard at a total cost of INR 1752.13 crores, with Indigenous Content (IC) of more than 85% planned to be achieved in 5 years. The SRCG will enhance the capability of the Indian Navy and Indian Coast Guard to accurately engage small targets that pose a threat to ships. This acquisition will provide a further boost to the vision of "Aatmanirbharta in Defence". This contract will also open up a large avenue in defence manufacturing for over 125 Indian Vendors and DPSUs.

AWEIL has signed contract with Cochin Shipyard Limited for Indigenous manufacture and supply of 12 Nos. of 30 mm AK 630 Naval Guns worth INR 274.76 Cr. for NGMV Project.

EXPORTS

AWEIL has received 14 export orders amounting to Rs. INR 581 crore (approx.) from Middle East, European and Asian Countries, which include Small Arms, Artillery Gun, major assemblies and Spares & Ammunition Hardware. This is a major achievement compared to the almost nil export of weapons during the erstwhile OFB era.

AWEIL is participating as an Indian Offset Partner (IOP) with other countries' vendors, exploring opportunities through bi-lateral talks/Inputs in defence cooperation etc. through MoD & Continuous monitoring of existing/upcoming opportunities in countries/regions of interest.

INDIGENISATION AND MAKE IN INDIA INITIATIVES

In support of the Government's "Make in India" policy, we have undertaken several initiatives to achieve self-reliance through in-house R&D. The indigenous content in the turnover of AWEIL is to the tune of 94%, one of the highest amongst DPSUs. Import dependency of AWEIL is for those items only which are of perennial import nature and ToT is not available from foreign OEMs.

Major products indigenized in recent past include Power Pack of 155 X 45 mm Dhanush Gun System, AO 18 barrel of AK 630 Naval gun & Pneumatic Belt Feed Booster of AK-630 Naval Gun etc. Further, Barrel Assembly of 84 mm RL Mk-III is being indigenized under iDEX. AWEIL is making all concerted efforts towards making Nation "ATMANIRBHAR" in the field of Small Arms, medium and Large Caliber weapons.

R&D AND TECHNOLOGICAL CAPABILITIES OF AWEIL

AWEIL is focused for Research and Development (R&D) of Artillery Guns, Mortars and Small Arm Weapons and Ammunition Hardware. AWEIL has made an expenditure of 2% of its turnover on R&D in FY 2023-24. It is planned to increase the R&D Expenditure to 3-5% of its turnover in a phased manner. AWEIL has intensified its focus on Research and Development to foster innovation and develop cutting-edge armament solutions. AWEIL has 3 dedicated Ordnance Development Centres and these are focused towards development of modern war weapons. In addition, AWEIL has a training academy at Ishapore for organizing continuous training and skill development program.

AWEIL has undertaken comprehensive plans to upgrade its manufacturing facilities through the installation of most modern plant and machinery. AWEIL is investing significantly in advanced technologies such as Artificial Intelligence, Automation, and Digital manufacturing solutions. A number of processes for implementing QA4.0 have been identified at 08 units of AWEIL. Also, one major platform i.e. Dhanush Gun System has been identified for implementing QA4.0.

In the realm of competitiveness, AWEIL is actively exploring opportunities for strategic partnerships and collaborations both domestically and internationally.

CORPORATE SOCIAL RESPONSIBILITY

AWEIL is committed to achieving success through positive social impact. We firmly believe that the long-term prosperity of a company relies on contributing to the community it serves and ensuring the sustainability of its operations. In collaboration with the Artificial Limbs Manufacturing Corporation of India (ALIMCO), a Central Public Sector Undertaking, the company distributed aids and assistive



devices to senior citizens and individuals with disabilities (Divyangjan) during the financial year 2023-24, totaling Rs. 10.03 lakh, as required by the provisions of the Companies Act, 2013.

CORPORATE GOVERNANCE

Corporate Governance is a mechanism based on certain systems and principles by which a company is governed. In AWEIL we ensure that the company is directed and controlled in a way so as to achieve the goals and objectives which include providing benefits to the stakeholders like shareholders, employees, suppliers, customers and society in the long term and adding value to the company.

FUTURE OUTLOOK

AWEIL is aggressively pursuing all business opportunities in the domestic as well as global market. Your company has a healthy order book of INR 8,778 Crores. We have participated in tenders valuing INR 20,000 crores approximately. AWEIL understands the advantages of continuous modernization & up-gradation of its facilities to have a state-of-the-art set up for promoting exports and for being able to offer the best in class products/systems to the Defence Services. Considering this, we have chalked out an exhaustive Capex plan to modernize our techniques further to meet futuristic requirements, and continued focus on R&D and extensive business expansion efforts, we expect an annual growth (CAGR) of 15% per annum. The turnover of AWEIL is expected to cross INR 3600 crore per annum by 2027-28 from the present MoU target of INR 2552 Cr. in 2024-25.

APPRECIATION

Your Company will continue to pursue global standards, and I am confident that the Company will achieve many milestones. We hope to attain all round success with the continued support and guidance of all our stakeholders.

I am grateful to the Board of Directors and members of the Management Committee for their unwavering support and guidance. Department of Defence Production, Ministry of Defence, Defence forces, Para military & State Police Forces and Quality Assurance organizations have been continuously providing valuable guidance and support, bestowing their confidence in us. I deeply appreciate our shareholders, esteemed customers and business associates for providing opportunities to earn their confidence.

The dedication, resilience and commitment of our employees and officers at all levels continue to be the major strength of your Company by which we continue to deliver the solutions to constantly meet the Customers' requirements. We shall make continuous efforts to launch new initiatives and build on these strengths to face future challenges and sustain the momentum for profitable growth in the coming years.

Today, we have established ourselves as a reputed and reliable weapons provider and we continue to consolidate our position in the market through extra ordinary efforts of all stakeholders.

I am confident that together we will surmount all the challenges firmly and establish AWEIL as a strong, reliable, progressive, self-reliant and state-of-the-art arms manufacturing organization, not only for meeting the requirements of our Country but for the whole World.

To conclude, I, once again, extend my greetings to you and all your family members on this distinguished occasion.

Jai Hind!

Chairman & Managing Director



LEADERSHIP AT AWEIL

(as on 03.12.2024)



Shri Rajesh Choudhary, IOFS, ndc
Chairman & Managing Director



Shri Shambhu Nath Jasra
Government Nominee Director



Shri Akhilesh Kumar Maurya,
IOFS, ndc
Director (Operations)



Shri Biswajit Pradhan, IOFS
Director (HR) Director



Shri Jai Gopal Mahajan
Director (Finance)



Shri Rajesh Choudhary, IOFS, ndc
Chairman & Managing Director

Shri Rajesh Choudhary, IOFS, ndc took over as 1st Chairman and Managing Director of Advanced Weapons and Equipment India Limited (AWEIL) a newly formed Defence Public Sector Unit carved out of erstwhile Ordnance Factory Board under the Ministry of Defence w.e.f. 01st October 2021.

He is M. Tech in Design Engineering and joined Indian Ordnance Factories Services on 30.03.1988 during his stint of 33 years in many Ordnance Factories, he worked in different fields of Planning, Production (Ammunition & Weapons), and others and also worked as CEO of two Ordnance factories.

This new company (AWEIL) with its corporate headquarters at Kanpur (U.P) is engaged in the manufacturing of small, medium, and large caliber weapons and equipment as well as ammunition hardware ranging from Dhanush & Sharang Artillery Guns, AK-630 Naval Guns, 40 mm AD Guns, T-90 & T-72 Tanks Gun Articles, Mortars and Ammunition Hardware ranging from 30 mm to 155 mm. 08 factories are working under his Chairmanship.

He has led the transformation of the company to a new corporate entity. With his vast and versatile experience, positive outlook, ability to take complex decisions and inclusive approach, AWEIL has established itself as a strong player in weapon systems of small, medium, and large caliber. Under his leadership, the company has been able to secure orders worth INR 11,000 Crores approximately leading to a strong and healthy order book position of INR 10,885 Crores. The company has also secured export orders worth INR 650 Crores from Middle East, European and Asian Countries. In addition, many new products across its product range have been developed which will ensure a long-term workload for the company. The Company has continuously grown in terms of sales since its inception and is very well-placed to continue this trend. He has driven the company in forging strategic relationships with major domestic and overseas industry players.



Shri Shambhu Nath Jasra
Government Nominee Director

Shri S.N. Jasra belongs to the Central Secretariat Service and joined the Government of India on the basis of the Assistant Grade Examination 1988. Subsequently, he qualified for the Limited Departmental Section Officer Grade Examination, 1995 conducted by UPSC.

He has been recently appointed as Govt. Nominee Director of Advanced Weapons and Equipment India Limited.

Shri S.N. Jasra holds a Bachelor's degree in Arts from the Sri Venkateswara College, University of Delhi securing first division and first position in the college. Thereafter, he completed MBA (HR) from Sikkim Manipal University.

He has worked in various Ministries under the Government of India such as the Ministry of Home Affairs, Ministry of Housing and Urban Affairs, Ministry of Agriculture & Farmers Welfare, and Ministry of Health & Family Welfare and presently holds the post of Director (Naval Systems) under the Department of Defence Production, Ministry of Defence. He has acquired varied experience in the fields of Service Matters, Establishment Matters, Parliament Matters, Court Cases, Legal Matters, Terrorism related issues, International Agreements in Criminal matters, Letter Rogatory, CBI (Interpol) cases, Centrally Sponsored Schemes, Implementation of Acts such as the Prevention of Terrorism Act, Assisted Reproductive Technology (Regulation) Act and Surrogacy (Regulation) Act, etc.



Shri Akhilesh Kumar Maurya, IOFS, ndc
Director (Operations)

Shri A. K. Maurya is a 1987 batch officer from the Indian Ordnance Factories Service (IOFS) having experience of over 36 years in the field of manufacturing, maintenance, quality control, project management, marketing & export. Shri Maurya has worked in Ordnance Factory Kanpur, Rifle Factory Ishapore, Vehicle Factory Jabalpur, OFB Headquarters Kolkata, Ordnance Factory Project Korwa, Amethi and Small Arms Factory, Kanpur before joining the AWEIL Board.

Shri A. K. Maurya, IOFS, ndc took over as founder Director (Operations) in Advanced Weapons and Equipment India Limited (AWEIL), a newly formed Defence Public Sector Undertaking carved out of erstwhile Ordnance Factory Board under the Ministry of Defence w.e.f. 01st October' 2021.

Shri Maurya holds a B.E. (Hons) Degree in Electrical Engineering. He joined the Indian Ordnance Factories Service on 08.08.1988 through the Indian Engineering Services Examination of UPSC. Shri A.K. Maurya has done Senior Defence Management Course from the College of Defence Management, Secunderabad & Strategic Defence Security Course from National Defence College, New Delhi. He specializes in Manufacturing, Supply Chain Management, Indigenisation, Strategic Planning and National Security.

Shri Maurya has played a crucial role in the project management of OFP Korwa and was at the helm of affairs related to the formation of the Joint Venture Company, Indo Russian Rifles Private Limited (IRRPL). He was a lead member of the OFB technical team to visit Kalashnikov, Izhevsk, Russia to study the feasibility of indigenisation of AK-203 rifles in India. Shri A. K. Maurya is also a Director on the IRRPL Board since 01.10.2021.

During his stint of over 36 years in Ordnance Factories, he has worked in different fields of Production, Maintenance, Civil Trade & Export, Coordination and other areas. He was working as Executive Director of Small Arms Factory, Kanpur before taking over as the founder Director of AWEIL.

AWEIL, with its corporate headquarters at Kanpur (U.P.), is engaged in the manufacturing of small, medium and large caliber weapons and equipment ranging from Dhanush & Sharang Artillery Guns Systems, AK-630 and 12.7mm SRCG Naval Guns, 40mm Air Defence Guns, T-72 & T-90 Tank Gun Articles, Mortars, the entire range of Small Arms and Ammunition Hardware ranging from 30 mm to 155 mm.

Shri Maurya has a workaholic nature and he has played a key role in the transformation of a more than 200 years old Govt. Organisation into a corporate entity, which is performing better than it did during the pre-corporatisation period, mitigating all challenges.



Shri Biswajit Pradhan, IOFS
Director (HR)
(Till 30.11.2024)

Shri Biswajit Pradhan, IOFS, took over charge as Director/HR of Advanced Weapons and Equipment India Limited (AWEIL), a newly formed Defence Public Sector Undertaking carved out of erstwhile Ordnance Factory Board under the Ministry of Defence w.e.f. 01st February 2023.

Shri Pradhan holds M.Phil. degree from the University of Delhi. He joined the Indian Ordnance Factories Service in 1990 through the Civil Services Examination conducted by UPSC in 1989. Shri Pradhan has also done LLB from Rani Durgawati University, Jabalpur in 1999.

During his stint of over 33 years in Ordnance Factories, he worked in different fields of Administration, Personnel Management, Industrial Relations, Financial Management, Vigilance, Legal Affairs at corporate levels, and others. He discharged the responsibilities of the Management Development officers of Ammunition Factory Khadki.

He also worked as the Chief Vigilance Officer of Northern Coal Fields Limited, Singrauli, and Western Coal Fields Limited, Nagpur. He has rich experience in the formulation and implementation of policies for bringing about excellence in Human Resources. The efforts made by him culminated in Ammunition Factory Khadki being awarded the prestigious Golden Peacock HR Excellence Award.

He was working as General Manager as well as Head of the Department of Ordnance Factory Katni from 02.12.2021 to 31.01.2023 before taking over as the Director/HR of AWEIL. On the corporatization of Ordnance Factories, he was entrusted with the task of smooth and seamless transformation of OF Katni into a corporate entity.



Shri Jai Gopal Mahajan
Director (Finance)
Addl. Charge- Director(HR)

Shri Jai Gopal Mahajan (DIN: 10824241) took charge as Director (Finance) and Member on the Board of Advanced Weapons and Equipment India Limited (AWEIL) on 30.10.2024. Before joining the AWEIL, he was serving as Corporate Head of Finance as Executive Director (Finance) & Company Secretary in BEMIL Limited (7 years), a leading multi-technology 'Schedule A' CPSE under the Ministry of Defence. Prior to that he has served as Corporate Head of Finance & Company Secretary in National Handlooms Development Corporation Ltd. (14 years), a CPSE under Ministry of Textiles and before that in Ludhiana based Vardhman Group of Industries (11 years), a leading Textile Group in India.

Shri Mahajan is a 1991 batch Cost & Management Accountant with Company Secretary, MBA (Finance) and PG Diploma in Marketing Management (Gold Medalist). He secured scholarship in M.Com for standing First in H.P. University, Shimla. He has also undergone the Management Development Program on 'Interpersonal Effectiveness & Leadership Excellence' from Indian Institute of Management, Calcutta and completed 'Executive Diploma in Project Management' from 'International Institute of Project & Program Management'.

He brings with him 32 years of rich & versatile experience of Public sector (21 years) as well as Private sector (11 years) in Defence & Aerospace, Rail & Metro, Mining & Construction Equipment, Handlooms, Textile and Pharmaceutical Industry in all aspects of Financial Management, Accounts, Audit, Vigilance, Digitalisation and Company Law matters involving treasury & fund management, FOREX management, export credit, accounts finalization, internal audit, direct & indirect taxation, insurance, target costing, commercial, MIS, systemic improvements, policy formulation and compliances under Companies Act & SEBI Regulations.

He has been effective in implementing new initiatives, adding value to the organization. Leading from front, he introduced 'Unsecured Credit Facility' of Rs.1000 Crore under 'Multiple Banking Arrangement' so as to disable the monopoly of 'Consortium of Bankers' legacy and brought down the overall interest cost by around 40% and LC/ BG charges by around 50%. Negotiated the 'Export Credit Facility' at lowest ever interest rate of 2.1% p.a. (net).

His inclination to challenge the process resulted in fast disposal of various tax disputes leading to recovery of tax refunds worth Rs.73 Crore, identified & rectified under-insurance worth Rs.500 Crore, formulated SoP for procuring appropriate insurance, implemented Tally9 ERP in a records period of 3 months and initiated & systematized the early finalization of annual accounts from July to April. He firmly believes that commitment to work is the key to success.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Rajesh Choudhary	: Chairman and Managing Director
Shri Shambhu Nath Jasra	: Government Nominee Director (w.e.f. 06.11.2024)
Shri Jayant Kumar	: Government Nominee Director (up to 23.10.2024)
Shri Akhilesh Kumar Maurya	: Director (Operations)
Shri Biswajit Pradhan	: Director (HR) (upto 30.11.2024)
Shri Jai Gopal Mahajan	: Director (Finance) & Chief Financial Officer (w.e.f. 30.10.2024) Addl. Charge- Director (HR) (w.e.f. 01.12.2024)
Shri Sushil Sinha	: Director (Finance) & Chief Financial Officer (up to 30.06.2024)

COMPANY SECRETARY

Shri Manish Kumar Singh
M. No. FCS 12879

CHIEF INFORMATION OFFICER

Ms. Sonali Sahu, IOFS

PRINCIPAL ACCOUNT OFFICER UNDER NPS

Shri Vivekanand Chaubey, IOFS

CHIEF VIGILANCE OFFICER

Shri Pankaj Gupta, ITS
Phone: 033-22485486
E-mail: cvo@ord.gov.in

STATUTORY AUDITORS

M/s S.K Kapoor & Co.
(Chartered Accountants)
FRN: 000745C

SECRETARIAL AUDITORS

M/s Janvi Mordani & Co.
(Company Secretary)
M. No. 28157
C.O.P. No. 10094

COST AUDITORS

M/s Paliwal & Associates
(Cost Accountants)
FRN: 000368

INTERNAL AUDITOR

ARUN & CO.
(Cost Accountants)
CP No. 10467
FRN. 100090

BANKERS :

STATE BANK OF INDIA | HDFC BANK

REGISTERED OFFICE

ORDNANCE FACTORY KANPUR, KALPI ROAD,
KANPUR-208009, U.P.

WEBSITE : www.aweil.in
EMAIL : contact@aweil.in
PHONE : 0512-2986979





OUR PRODUCT PROFILE

Advanced Weapons and Equipment India Limited (AWEIL), the ultimate weapon system provider in India, has a comprehensive product matrix ranging from small caliber 5.56 mm Rifles to 155 mm Artillery Guns, Tank Guns viz. Arjun Tank, T-90 Tank, T-72 Tank as well as Mortars, Naval Guns and Anti-Aircraft Guns. It also manufactures ammunition hardware ranging from 30 mm to 155 mm.



DHANUSH

155 mm x 45 CAL ARTILLERY GUN SYSTEM

- Indigenized Artillery Gun System for the Indian Army.
- Range > 36 km
- AGSS- Advance Gun Sighting System
- Shoot and Scoot Capability
- GPS-aided INS -Inertial Navigation System
- Direct Firing Capabilities: Day and Night
- Rate of Fire :
 - Burst : 3 rounds in 30 sec
 - Intense: 12 rounds in 3 min
 - Works with wide range of ammunition and charges

SHARANG UP-GUNNED GUN

130mm to 155 x 45 Cal

- Developed by AWEIL through in-house R&D for up-gunning the existing 130 mm M46 Gun System.
- Range > 36 km.
- Capable of firing all existing standard 155 mm
- Work under all climatic conditions
- A Very Cost Effective Solution





LIGHT FIELD GUN (LFG) 105 mm

- Calibre: 105 mm
- Range: 17.2 km
- Elevation: -5deg to 73 deg
- Traverse: 360 deg on firing platform

MORTAR

120 mm

- Light Artillery Weapon
- Range: 8.9 km
- Fires HE, smoke and illuminating ammunition



MORTAR

81 mm

- Light and powerful weapon designed to increase the fighting power of infantry
- Range: 5 km



RL MK-III

84 mm

- Sophisticated and precise Infantry Weapon 84 mm Carl Gustaf Recoilless Gun MK-III
- Range: 700 m to 1000 m
- Capable of firing varieties of ammunition including anti-tank.





AK-630 NAVAL GUN

- Caliber - 30 mm
- Range - 5000 m
- Rate of Fire - 5000 rds/min

STABILIZED REMOTE CONTROL GUN SYSTEM (SRCG)

- Caliber: 12.7mm
- Effective Range - 1.89 km
- Rate of Fire - 450-630 rds/min
- Fully remotely controlled, deck mounted
- Belt Fed



MAG

- 7.62 x 51 mm
- Belt Fed
- Effective Range - 1800 m
- Rate of fire - 1000 rds/min

LMG

- 7.62 x 51 mm
- Belt Fed
- Effective Range - 800 m
- Rate of fire - 600 rds/min





TRICHY ASSAULT RIFLE

- 7.62 x 39 mm
- Effective Range - 350 m
- Rate of fire - 600 rds/min
- Single shot and Automatic mode
- Comparable to AK-47

ISHAPORE ASSAULT RIFLE

- 7.62 x 51 mm
- Effective Range - 500 m
- Rate of fire - 700 rds/min
- Single Shot and Automatic mode
- Customers: CAPFs & SPOs



JOINT VENTURE PROTECTIVE CARBINE (JVPC)

- 5.56 x 30 mm
- Effective Range - 100 m
- Rate of fire - 800 rds/min
- Single shot and Automatic firing mode
- Customers: CAPFs, SPOs, Coast Guard

TRICa

- 7.62 x 39 mm
- Effective Range - 140 m
- Rate of fire - 600 rds/min
- Single shot and Automatic firing mode
- Customers: SPOs





CQB CARBINE

- 5.56 x 45 mm
- Effective Range - 200 m
- Rate of fire - 700 rds/min
- Single shot and Automatic firing mode

SNIPER RIFLE

- 7.62 x 51 mm
- Effective Range - 800 m
- Single Shot fire
- Accuracy of 1 minute of angle at 100 m



ANTI MATERIAL RIFLE

- 14.5 /20 mm multi calibre
- Effective Range - 1800 m/ 1300 m

TEAR GAS GUN

- 38.8 mm bore
- Single shot
- Rate of fire - 10 shell/min





PISTOLS

- 9mm pistol
- .32 mm pistol and variants

REVOLVERS

- 0.32" Revolver
- 0.22" revolver and variants



AMMUNITION HARDWARE

- 30mm Shells
- 40mm Shells
- 105 mm Shells (High Explosive, Colour, Smoke, Illuminating)
- 120 mm Shells (Tank Ammunition)
- 125 mm Shells (Tank Ammunition)
- 130mm Shells (Artillery Gun Ammunition)
- 155 mm Shells (Artillery Gun Ammunition)





CUSTOMER BASE



STATE-OF-THE-ART MANUFACTURING CAPABILITIES



INTEGRATED SHELL FORGE PLANT



CNC WIRE CUT MACHINE



CNC MILL TURN



FIRING FIXTURE



TOOL ROOM FACILITIES

VISIT OF DIGNITARIES AT VARIOUS UNITS OF AWEIL



Maj Gen H Dharmaraj AVSM, SM, VSM, GOC, Bengal Sub Area



Rear Admiral B. Vashishta DGNAI_IHQ- MOD(N)



**Sri S P Yadav, IFS
Jt. Secy./LS**

EVENTS

**Swachhata
Diwas**



**Run For
Unity -2023**

Yoga Day





WOMEN DAY CELEBRATION



DISTRIBUTION OF AIDS AND ASSISTIVE DEVICES TO SENIOR CITIZENS AND DIVYANGJAN UNDER CSR



**PARTICIPATION IN NATIONAL/DOMESTIC EXHIBITION
AATMANIRBHAR BHARAT UTSAV, PRAGATI MAIDAN, NEW DELHI**



Maharashtra MSME Defence Expo-2024



DSEI-2023 Exhibition, London, U.K.



BOARD'S REPORT

Dear Members,

The Board of Directors takes pleasure in presenting the 3rd Annual Report on business and operations of the Company, together with the Audited Financial Statements for the year ended 31 March 2024.

FINANCIAL RESULTS AND PERFORMANCE HIGHLIGHTS:

The important financial highlights for the year 2023-24 along with the corresponding performance in F.Y. 2022-23 are mentioned below:

(₹ in Crore)

PARTICULARS	March 31, 2024	March 31, 2023*
Revenue from Operations	2038.59	1939.32
Other income	382.81	194.44
Profit before Depreciation, Interest and Tax	165.55	123.10
Depreciation	134.71	134.06
Finance costs	1.05	0.07
Profit before tax	29.79	-11.03
Less: Provision for tax	14.67	0.50
Profit after tax for the year	20.24	-12.79

* (Figures of previous year FY 2022-23 restated owing to correction of prior period errors- Refer to Note No. 38 of the Financial Statements)

CAPITAL STRUCTURE:

The Authorized Equity Share Capital of the Company as on March 31, 2024 stood at Rs. 2,05,00,00,00,000/- (Rupees Twenty Thousand Five Hundred Crore only), and the Paid-up share capital stood Rs. 1,75,31,53,00,000/- (Rupees Seventeen Thousand Five Hundred Thirty-One Crore and Fifty-Three Lakh) in form of Equity shares.

SHAREHOLDING OF PRESIDENT OF INDIA:

The Shareholding of the President of India in the Company is 100%.

PROFIT:

Profit before Tax increased from Rs. (11.03) crore in FY 2022-23 to Rs. 29.79 crore in FY 2023-24.

CONSOLIDATED FINANCIAL STATEMENT:

The consolidated financial statements of the Company prepared for its Joint Venture Company Indo- Russian Rifles Private Limited (IRRPL) pursuant to provisions of section 129(3) of the Companies Act, 2013 and applicable accounting standards together with the Auditors' Report form part of this Report.

Financial Position: The financial position of the Company as on March 31, 2024 is shown below;

Type of Ratio	2023-24	2022-23
(i) Current Ratio (In times)	2.36	2.70
(ii) Return on Equity Ratio (%)	0.46	-0.31
(iii) Inventory turnover ratio (In times)	0.80	0.74
(iv) Trade receivables turnover ratio (In times)	2.18	5.98
(v) Trade payables turnover ratio (In times)	4.63	3.69
(vi) Net capital turnover ratio (In times)	0.66	0.67
(vii) Net profit ratio (%)	0.99	-0.66
(viii) Return on capital employed (%)	0.68	-0.27



CAPITAL AND FINANCE:

During the year under review, the Company has received Capex and Emergency Authorization Fund (EAF) from the Government of India, which is required to be apportioned in the form of Equity share capital.

Accordingly, the Company has apportioned the money in Equity shares through a Right Issue amounting to Rs. 407.62 crore to the Government of India.

CAPITAL EXPENDITURE:

As on March 31, 2024, the carrying value of property, plant and equipment and intangible assets was Rs. 1,865.96 Crore and that of Capital work-in-progress was Rs. 243.54 Crore.

DIVIDEND:

As per the guidelines issued by the Department of Investment and Public Asset Management (DIPAM), every CPSE would pay a minimum of annual dividend of 30% of PAT or 5% of net worth whichever is higher subject to the maximum of dividend permissible under the Companies Act, 2013.

We are a newly formed Company and in the process of stabilizing our operations, the profit generated was used to fulfill the requirement of capital expenditure.

ACCEPTANCE OF DEPOSITS:

During the year under review, the Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Thus the Company does not fall within the meaning of section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

CHANGE IN THE NATURE OF BUSINESS:

There was no change in the nature of business of the Company during the year.

RESTATEMENT OF FINANCIAL STATEMENTS:

During the year ended March 31, 2024, the company has corrected the prior period in line with the Expert Advisory Committee opinion from ICAI for the treatment of fixed assets as Government Grants.

The company is a Defence Public Sector Undertaking (DPSU) and was formed in pursuance of the decision of the Union Cabinet on 16th June 2021, whereby the Government of India, vide Office Memorandum dated 24th September 2021, decided to corporatise the functions of the Ordnance Factories. Accordingly, the assets and liabilities in respect of the business being carried out on account of the Government were transferred to the new DPSUs on the Net Asset Value thereof.

Thus all the Fixed assets were funded by the Government. The funds were accounted for and presented as "Government Grants" in accordance with Ind-AS 20 in the financial statements in the erstwhile balance sheets of the company.

As per paragraph 26 of Ind AS 20, 'Accounting for Government Grants and Disclosure of Government Assistance', the company recognised the funds as government grants as deferred income, which was recognised as income in the statement of profit and loss on a systematic basis over the useful life of the assets for which the funds were received.

The Comptroller and Auditor General (C&AG) of India u/s 143(6)(b) of the Companies Act 2013 on the Standalone Financial Statements of the company for the period ended March 31 2022 made an adverse comment on the said accounting policy of the company. The extract is reproduced herein below:

"In pursuance of the decision of the Union Cabinet on 16th June 2021, the Government of India, vide Office Memorandum dated 24th September 2021, decided to corporatize the functions of the ordnance factories. Accordingly, the assets and liabilities in respect of the business being carried out on account of the government were transferred to the new DPSUs on the Net Asset Value thereof. The Company has, however, treated the deemed cost of fixed assets worth Rs. 2158.24 crores as government grants, out of which depreciation on Property Plant and Equipment (PPE) amounting to Rs. 65.65 crore was accounted for as income in the Statement of Profit and Loss of the Company for the year ended 31st March 2022. Remaining government grant amounting to Rs. 2092.58 crore was booked as liability (Rs. 1998.74 crore as non-current and Rs. 93.84 crore as current) in the Balance Sheet of the Company as at 31st March 2022.

This has resulted in the overstatement of 'Other Income' as well as profit of the Company by Rs. 65.65 crore. Further, this has also resulted in the overstatement of government grant by Rs. 2092.58 crore and understatement of 'Other Equity' by Rs. 2158.24 crore."

In response to the above said comment, the company filed detailed explanation with the C&AG and referred the matter to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India requesting for an opinion on the correctness or otherwise of the accounting treatment of the carried forward funds for Capital Outlay which were received from the Government by the company.

The opinion of the EAC of the ICAI was received by the company stating as under:



"The Committee notes that in the extant case, the ordnance factories or businesses were owned and controlled by the GoI through Ordnance Factory Board before the incorporation of the Company and these businesses were earlier being carried out by the erstwhile OFB on account of the Government. Further, separate funds used to be allocated to the erstwhile OFB for procurement of capital assets under the heading "New Capital". Furthermore, the Committee notes that in the accounts prepared by the factories earlier, these were presented as 'capital outlay' and not as government grant, and not treated as deferred income under AS 12. This indicates that funds received from the Government for acquisition of assets were in the capacity of owner and not as government grant. Further, even after the transfer of the assets pertaining to the factories or business to the Company, the GoI retains the ownership of the Company and, in turn, controls the business. The Committee is of the view that merely the reorganisation of the business from Ordnance factories under OFB to the Company does not change the nature of funds being provided by the Government in the capacity as owners to that of a government grant on application of Ind AS 20. Therefore, the Company's accounting treatment of funds provided by the government as a government grant under Ind AS 20 is incorrect."

In view of the opinion of the EAC of ICAI and the C&AG comments, the said accounting treatment has been rectified retrospectively.

OPERATIONAL PERFORMANCE:

Company has registered the highest-ever revenue from operations of INR 2038.59 Cr. for FY 2023-24 as against INR 1939.32 Cr for the previous FY. The company has recorded remarkable revenue growth during the year as compared to last year. In fact, AWEIL has recorded the highest Sales in the last five years which includes the period of erstwhile OFB. This achievement becomes significant in the backdrop that AWEIL has stopped overtime working fully and introduced a new Productivity Linked Scheme which faced resistance from employees initially.

ORDER BOOK POSITION:

AWEIL has signed Orders worth INR 3311 Cr. which has brought the order book position to INR 8778 Cr. after the execution of INR 2018 Cr in FY 2023-24.

MAJOR ACHIEVEMENTS FROM 01.04.2023 TO 31.03.2024 ARE AS GIVEN BELOW:-

(i) Major Contracts:-

- a) AWEIL has signed a contract with the Ministry of Defence on 14th February 2024 for manufacturing & supply of 463 indigenously manufactured 12.7 mm Stabilized Remote Control Guns (SRCG) for the Indian Navy & Indian Coast Guard at a total cost of INR 1752.13 crores, with Indigenous Content (IC) of more than 85%. The SRCG will enhance the capability of the Indian Navy and Indian Coast Guard to accurately engage small targets that pose a threat to ships. This acquisition will provide a further boost to the vision of "Aatmanirbharta in Defence". This contract will also open up a large avenue in defence manufacturing for over 125 Indian Vendors and DPSUs for over a period of 5 years.
- b) AWEIL has signed contract with Cochin Shipyard Limited for Indigenous manufacture and supply of 12 Nos. of 30 mm AK 630 Naval Guns worth INR 274.76 Cr. for NGMV Project.

(ii) Dhanush Trials:-

- a) AWEIL conducted successful Direct-Indirect firing of 598 rounds of Dhanush Gun System at High Altitude along with successful Night Firing at minus 18 degree Celsius from 8th to 11th October, 2023. The Unit and DGQA team at Mandal Thang Field Firing Range (MTFFR) appreciated this performance as well as support provided by AWEIL.
- b) The First Integrated Firing Check (IFC) firing of Dhanush Guns was completed successfully at Long Proof Range (LPR), Khamaria. It was a new series consisting of extreme traverse conditions. 04 Guns have been Proof fired at LPR in the month of March 2024. The Guns fired extremely well confirming compliance to all parameters. One Gun was fired at PXE, Balasore under extreme stress conditions including direct/indirect firing. It proved the design excellence once again.

(iii) **Long-Term Collaboration Agreement (LTCA):-** AWEIL has entered into a long-term collaboration agreement with a private Indian defence Company for co-production, co-development & co-branding of 155mm Mounted Gun System for the domestic as well as international market.

(iv) **Quality Certification from OEM:-** AWEIL has received a Quality Confirmation Certificate from Bofors Test Centre, Sweden. They have appreciated the quality of AWEIL supply saying that Spare Barrels of Arty Guns supplied by AWE India Ltd have conformance to STANAG requirements and are designed towards the 155mm Joint Ballistics Memorandum of Understanding. The performance of the barrel with respect to wear life, metallurgy, strength and overall qualitative parameters fully satisfies Bofors Test Center's stringent quality requirements. Appreciation from foreign OEMs of the repute of Bofors Test Centre proves that our products meet the best global standards.

(v) **Towed Gun System (TGS):-** A new beginning in the field of Artillery Guns- Indigenously developed 155x52 cal Towed Gun System successfully test fired at PXE Balasore.



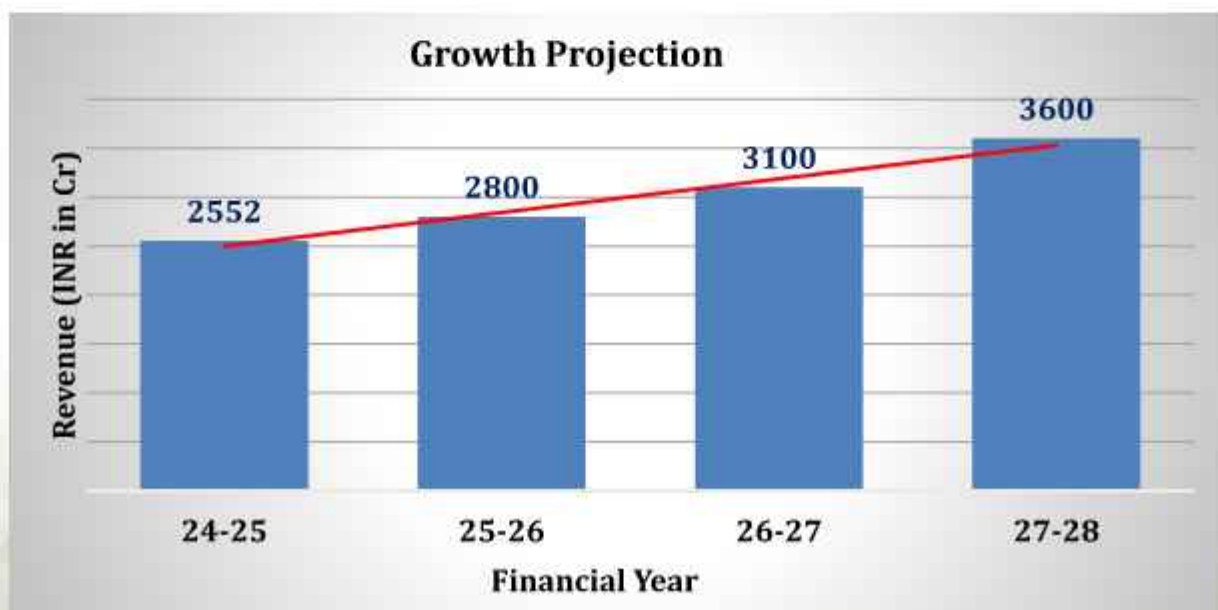
- (vi) **Successful Indigenization of AO-18:-** Gun and Shell Factory (GSF), a unit of AWEIL has successfully proof-fired 3 nos. Indigenous AO 18 clusters at PXE. This is a Very Important Step towards Atmanirbharta in Defence Production in the import substitution of a complex sub-assembly of the AK-630 Naval Gun System.
- (vii) **Industry 4.0:-** AWEIL has successfully implemented a Pilot Project on Industry 4.0 at Ordnance Factory Kanpur by integrating CNC machines of 2 major sections for manufacturing information, maintenance status, and manufactured component tracking in Real Time in collaboration with IIT Kanpur.
- (viii) **Domestic & International Exhibitions/Seminars/Webinars: -**
 - a) AWEIL organized a public exhibition on 15th August at Kanpur where state-of-the-art weapons such as Machine Pistol, CQB Carbine, 81mm Mortar, 105 mm Indian Field Gun (IFG), 0.32 Revolver Prahar, etc. were displayed to the common public.
 - b) AWEIL showcased its product range covering Small Arms, Artillery Gun Systems, and Ammunition Hardware at the Defence Security & Equipment International Exhibition-2023 (DSEI-2023) held at Excel, London, UK from September 12th to 15th 2023. DSEI provided a great opportunity for AWEIL to interact with various Defence Companies, Government Delegates, and potential customers. AWE India Limited is also participating in the 3rd Egypt Defence Expo (EDEX- 2023). This will augment its presence in the Middle East and Africa.
 - c) AWEIL has also participated in Advantage Vidarbha Conclave 2024, organized by the Association for Industrial Development (AID), from 27th to 29th January'24 at Nagpur, Maharashtra. AWEIL has had the opportunity to interact with MSMEs & Defence Companies during the Conclave.
 - d) AWEIL presented its diverse products and manufacturing prowess at a Seminar on Indian Defence Equipment (SIDE 2024) in Bangladesh hosted by IHC, Dhaka, and Bangladesh Armed Forces Division.
 - e) AWEIL participated in the Exhibition of Indian Defence Industries organized by the High Commission of India (HCI) at Abuja, Nigeria. AWEIL delegation presented the product profile of AWEIL. The Nigerian Armed Forces and Police Forces have shown keen interest in AWEIL products.

FUTURE GROWTH:

AWEIL is aggressively pursuing business opportunities through interaction with defence attaches at various Indian embassies and exploring the opportunity of entering into MoUs with private defence industries for offering state-of-the-art defence equipment to Defence Services/CAPFs/SPFs. AWEIL understands the advantages of continuous modernization & up-gradation of its facilities in order to have state of art set-up for promoting exports and for being able to offer the best in class products/systems to the Defence Services.

Futuristic Growth Projections:-

Considering the perspective programme and continued focus on R&D and Business Expansion Efforts. AWEIL is focusing on an annual growth plan of 8-10% per annum. The turnover of AWEIL is expected to cross 3,600 Crore per annum by F.Y. 2027-28 from the present level of MoU target of INR 2552 Cr. in 2024-25.





MODERNISATION & UPGRADATION

The company has taken a massive program for modernization & up-gradation of its facilities in order to have state-of-the-art set up for plant & Machineries for the domestic market and also for promoting exports. AWEIL has infrastructure and manufacturing capabilities for the existing product mix. Investments have been planned for line balancing of products & R&D activities. For FY 2023-24, an expenditure of INR 58.87 Cr has been made. Further approvals of INR 191.65 Cr have been given in order to increase the manufacturing capabilities of products in view of market demands.

QUALITY:

The products manufacturing & development is undertaken based on Quality Requirements (QRs) specified in RFIs/RFPs issued by the Army, Navy, Air Force & other customers. In addition, relevant International Standards such as STANAGs, JSS specifications and I-TOPS are also referred to during product development. As far as testing is concerned, Field Evaluation Trials (FETs) are conducted strictly in accordance with trial directives issued by the user as well as DGQA. In addition, environmental & endurance testing of the equipment is undertaken by DGQA confirming to relevant JSS specifications.

All products are manufactured and tested as per the relevant ATP specified by the concerned AHSP. Comprehensive quality systems exist and all quality-related parameters are captured online through NQDBMS for all stages of production.

ISO STANDARD AND ACCREDITATIONS:

All units of AWEIL believe in producing stores of highest international quality which is revealed from the fact that units have implemented the International Quality Management System standard (ISO 9001: 2015) in all spheres of its production activities. The units possess ISO 14000: 2015, ISO 50001: 2011 and OHSAS 45001:2018 certification. The units also have a NABL accredited lab to ensure that all the measurement devices and instruments, used in production activities are calibrated to International Standards.

In the realm of competitiveness, AWEIL is actively exploring opportunities for strategic partnerships and collaborations both domestically and internationally. AWEIL has signed MOUs with leading defence & technology companies as well as with reputed academia.

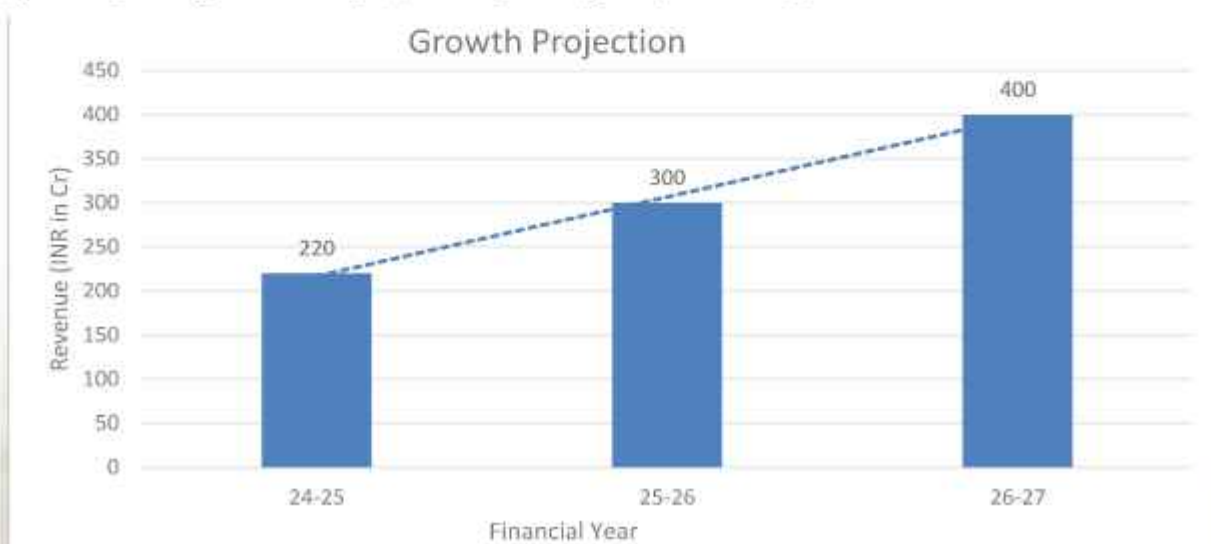
EXPORT INITIATIVES:

(a) Future Planning for exports:

Self-reliance in defence manufacturing by the application of science and technology is a crucial component of effective defence capability, maintaining national sovereignty and achieving military superiority. The attainment of this will ensure strategic independence, and cost-effective defence equipment and may lead to saving on defence import bills. AWEIL is participating as an Indian Offset Partner (IOP) with other countries' vendors, exploring opportunities through bilateral talks/Inputs in defence cooperation etc. through MoD & Continuous monitoring of existing/upcoming opportunities in countries/regions of interest. Export Strategy of AWEIL encompasses the following points in its domain:-

- Competitive prices
- Promotion & Marketing through online webinars/seminars/B2B interactions
- Inviting DAs of potential customer countries in India
- Engaging channel partners
- Participation in Domestic and International exhibitions
- Regular follow-up of leads received on the Defexim portal
- Direct engagement with prospective customers
- Interaction with foreign OEMs

(b) The export targets of the Company for the upcoming three years are depicted below: -





MAKE IN INDIA INITIATIVE AND INDIGENIZATION OF PRODUCTS:

AWEIL is working aggressively towards 'Atmanirbhar Bharat' in defence production through indigenization. The indigenous content in the turnover of AWEIL is to the tune of 94% one of the highest amongst DPSUs. Import dependency of AWEIL is on those items only which are of perennial import nature and ToT is not available from foreign OEMs.

Major products indigenized in the recent past include a Power Pack of 155 X 45 mm Dhanush Gun System, fully indigenized AO 18 barrel of AK 630 Naval gun & Pneumatic Belt Feed Booster of AK-630 Naval Gun System etc. Further, the Barrel Assembly of 84 mm RL Mk-III is being indigenized under iDEX. AWEIL is making all concerted efforts towards making a Nation "ATMANIRBHAR" in the field of Small Arms and Large Caliber weapons.

AWEIL has also directly approached various stakeholders, viz. Private players, PSUs (SAIL etc), DPSUs (MIDHANI, YIL, BEL, IOL etc), and Government establishments (BRIT etc.) to identify the imported items in their supplied items to AWEIL and also emphasize them to make an indigenisation effort at their level.

PROCUREMENT THROUGH THE GeM PORTAL:

AWEIL is a production unit involved in the manufacturing of defence stores for which all its 08 units are procuring their maximum requirement of input materials from the GeM platform. All our efforts are being made to shift 100% procurement action from GeM.

Procurement through the GeM Portal from 01.04.2023 to 31.03.2024 was INR 748 Crores.

Total Domestic Procurement 2023-24 (in Cr.)	Procurement through GeM 2023-2024 (in Cr.)
866.72	747.96

MICRO AND SMALL ENTERPRISES (MSEs):

The Micro & Small Enterprises (MSEs) have been contributing significantly to the expansion of entrepreneurial endeavors through business innovations. The MSEs are widening their domain across defence sector, producing diverse range of products and services to meet demands of domestic as well as global markets. The MSEs in India are playing a crucial role by providing large employment opportunities at comparatively lower capital cost than large industries as well as through industrialization of rural & backward areas, inter alia, reducing regional imbalances, assuring more equitable distribution of national income and wealth. AWEIL is giving support to MSE sector by placing orders in the domain of available product categories as well as exploring wide spectra in the umbrella facilities of MSE sector and AWEIL has done procurement through Micro & Small Enterprises (MSE) from 01.04.2023 to 31.03.2024 is INR 513.72 Crores.

F.Y.	Total Procurement		Procurement through MSME		MSME owned by SC/ST		MSME owned by Women	
	Rs. (Cr.)	%	Rs. (Cr.)	%	Rs. (Cr.)	%	Rs. (Cr.)	%
2023-24	866.72	100	513.72	59.27	24.96	4.86	29.10	5.66

AWEIL Procurement Manual-Out of total procurement value, minimum 25% shall be made mandatorily from Micro Small and Enterprises. Out of 25% procurement value, 4% procurement shall be done from Scheduled Caste and Scheduled Tribe entrepreneurs and 3% shall be done from women entrepreneurs.

PERSONNEL DEVELOPMENT:

AWEIL is a distinguished leader in the field of weapons manufacturing, renowned for its commitment to precision engineering and cutting-edge technology. Our dedicated Human Resources team plays a pivotal role in sustaining this legacy of excellence.

Through rigorous comprehensive onboarding, we ensure that every member of the AWEIL family is equipped with the skills and knowledge to excel in their roles. Our HR department also spearheads ongoing training and development initiatives, keeping our workforce up-to-date with the latest industry advancements.

At AWEIL, we understand that our employees are our most valuable asset. We offer a supportive work culture that prioritizes work-life balance. Additionally, our HR team is committed to maintaining a safe and inclusive workplace environment. With a focus on continuous improvement, AWEIL's HR department collaborates closely with other departments to ensure that our workforce remains agile, adaptable, and capable of meeting the evolving demands of the industry. Together, we are shaping the future of weapons manufacturing, driven by a passion for precision and a dedication to quality.



Self-contained brief covering all important policy decisions taken during the year by the HR division:

- I. Formulation of Standard Operating Procedure for timely and prompt disposal of Inter and Intra DPSUs transfer applications of Group B and Group C employees.
- II. Coordinating and implementing of the rationalization of the security setup of AWEIL.
- III. Organisation and coordination of the Electrical Supervisory and Electrical Competency test 2023 in all units of AWEIL.
- IV. Formulation of draft Scheme for sponsoring employees of AWEIL for higher specialized education/training.
- V. Formulation of IR mechanism at AWEIL HQ and its units for promoting Participative Management.
- VI. Liaison and monitoring of Court cases with DFU and units of AWEIL.
- VII. Organisation and coordination of the conduction of AKAM activities at AWEIL.
- VIII. Service conditions of employees on deemed deputation are maintained as per DDP guidelines. AWEIL units are timely processing the cases of Promotions/LDCEs/MACP with respective DFUs. All units have published promotion/MACP orders/Competency test results for all eligible employees w.e.f. 01.01.2023.
- IX. Coordination for conducting timely DPC for meeting the Target/Progress of DPC and promotion plan for the Year 2024 for Mission Recruitment in all units of AWEIL.
- X. Formulation of draft policy for Awards for Best AWEIL Unit, Best ED of AWEIL, Best Performer of AWEIL and Award for Young Innovative Mind of AWEIL.

BRIEF OF MAJOR ACHIEVEMENTS IN HR

- I. Based on the KPMG report and industrial benchmarks, rationalization of manpower at AWEIL has been carried out and projected to DDP.
- II. Prepared 'to be' organogram of AWEIL, keeping into consideration the optimum span of control, skill set, and roles required to work in a corporate setup.
- III. Prepared the draft human resource rules & policies for the employees of AWEIL.
 - i. Recruitment Rules.
 - ii. Promotion Rules.
 - iii. Performance Appraisal System.
 - iv. Pay & Allowances, Award, Incentive.
 - v. Conduct, Discipline and Appeal Rules.
 - vi. LTC Rules.
 - vii. Higher Studies and Sponsorship Policy.
 - viii. CSR Policy.
 - ix. Loans and Advances.
 - x. Traveling Allowance Rules.
 - xi. Grp A, B & C Transfer Policy.
 - xii. Leave Rules.
 - xiii. Welfare Measures.
- IV. Capacity Building: Identification of new skill sets required for performing new responsibilities in post-corporatization scenarios and Training of Executives in various professional courses in premium institutes, like ISB, IIMs, NADP, etc.
- V. AWEIL is in the process of hiring professionals (CA, CMA, HR, and IT professionals) to meet the various compliance requirements.
- VI. Coordinating and implementation of Personal Information System- PIS 2.0 and AWEIL MIS dashboard among all units of AWEIL.
- VII. Organisation and coordinating conduction of interaction meeting with DoO (C&S) and 7 new DPSUs at Kanpur on 29th April, 2023.

MANPOWER AND RESERVATION OF POSTS FOR SCs/STs:

Your Company has been following the Directives of the Government with regard to the reservation of posts for SCs/STs in recruitment.



Sl. No.	Category of Employees	Number of Employees	No of SC Employees	No of ST Employees
01.	Group 'A'	246	48	6
02.	Group 'B' Gazetted	1577	641	162
03.	Group 'B' Non - Gazetted	1314		
04.	Group 'C'	1350	2171	462
05.	Industrial Employees	7961		

EMPOWERMENT & WELFARE OF WOMEN:

Women employees have been provided key designation and working in various fields of factory like Administration, Production, Quality and Maintenance. To empower women employees and female family members of other employees there is a women's welfare association that is working for Socio - economic growth of women.

Group	Women
"A"	8
"B"	142
"C"	641
Total	831

PERSONS WITH DISABILITIES (PWD) AS ON 31 MARCH 2024:

Sl. No.	Number of PwDs as on 31/03/2024	Remarks
01.	329	Includes all Group (A, B, C) employees

GRIEVANCE REDRESSAL COMMITTEES FOR SCs/STs:

A liaison officer has been nominated by the Competent Authority to look after the Grievances/ welfare of the SC/ST employees. Further, as per DoPT instructions, the SC/ST cell is re-constituted and the cell is effectively functioning in all the units to redress the grievances of the SC/ST employees.

INDUSTRIAL RELATIONS AND EMPLOYEE WELFARE

To maintain harmonious industrial relations, various Committees (like, Works Committee, JCM-IV, Local Productivity Committee, Industrial Canteen Management Committee, Estate Coordination Committee, Medical Welfare Committee, etc.) have been constituted as per the Industrial Dispute Act, Joint Consultative Machinery. Periodic meetings are held with representatives of Registered Unions and Recognized associations. Apex Level Meeting at HQ is organized on a quarterly basis.

SAFETY

Safety is a fundamental aspect of any organization, ensuring the well-being of employees, equipment and the environment. It involves identifying and mitigating risks, implementing protocols and training, and continuously monitoring and improving safety measures.

The following activities/ measures are being taken by the safety section of all the units -

- A. To identify potential hazards periodically Safety Audit is being carried out at GSF.
- B. Monitoring of pending audit points is being carried out to ensure mitigation of potential hazards.
- C. Monitoring to maintain various SOPs for implementation of Safety Policy like various machine covers, moving equipment covers, etc.
- D. Monitoring overall safety-related issues by preparing Monthly Safety Reports and submitted to Controllerate of Safety, Kanpur each month.
- E. Monitoring safety-related training like Industrial safety, Firefighting, First aid training etc.
- F. For awareness towards the safety of employees National Safety Week campaign, and Fire Service Week campaign are conducted
- G. For safety awareness Safety Calendars were distributed among all sections. Various competitions, displays and announcements are carried out during the NSW & FSW campaign.
- H. Safety section is conducting BOE of all accidents to find out the reason behind each accident and accordingly Remedial measures are implemented to stop repetition of the same kind. mishap and circulated for awareness.
- I. Monitoring Annual Medical Examinations, Hazardous Medical Examinations, and Eyesight Tests for compliance of various regulations like the Factory Act 1948, Indian Electricity Rule 1956 etc.



- J. To maintain various protocols safety section distributes PPEs like personal protective cloth, safety shoes etc.
- K. The Safety section prepares and periodically updates the Safety Manual and the Disaster Management Plan (DMP) for emergency preparedness. Additionally, DMP mock drills are regularly monitored.
- L. By monitoring the Accident/Incident Report, Near Miss Report and First Aid Box Report every month, safety section reduces the number of accidents and emergency medical issues.
- M. Safety section distributes various DOs & DON'Ts and monitors the Material Safety Data Sheet(MSDS) for handling of the chemical.

By prioritizing safety, the Safety Section ensures a secure and healthy environment, protecting employees and assets.

SECURITY

All the units at of AWEIL are managed by DSC personnel / Platoon and under the supervision of a Security officer appointed on deputation from the Army Headquarters. Additional officers and staff are deployed from units for administrative work.

Apart from these, Durwans are also deployed at the main gates of the units. This deployment is done on a 24x7 basis.

Physical Security

- (a) **Perimeter Wall:** All units of AWEIL are secured all along its perimeter, with the help of a perimeter wall.
- (b) **Watch Towers:** Watchtowers and internal guard posts are also constructed along the perimeter wall of the factory. These are manned by armed security personnel (DSC) round the clock. Intercom is available at each watchtower for communication among security personnel.
- (c) **Patrolling and Frequency:** Both foot and mobile patrolling is undertaken periodically at odd hours to avoid predictability.
- (d) **Protective Lighting:** Each watch towers is installed with a heavy duty search light. It can illuminate almost 50m of area in front and runs by regular power supply. In case of a break down, all watch towers have been provisioned with hand held search lights, with rechargeable batteries.
- (e) **CCTV Surveillance on the Gates:** Main Gates at units are under CCTV surveillance.

ACCESS CONTROL

- (a) Regular Factory employees are issued two types of ID Cards. One permanent ID (Which could be retained throughout the service) and second a punching card (with RFID chip) for the daily attendance system which contains all the employee details like name, designation, personal No, section, blood group, date of issue, etc. The chip is centrally activated and data is stored/transmitted to IT & AI Cell.
- (c) All contractual employees are issued with nontransferable photo ID passes containing details like card No, name, firm, contract No, validity period, date of issue, signature of issuing authority, etc.
- (d) There is a camera-enabled online management system in the Factory. Visitor passes are issued only after approval by authorized officers. No visitor is allowed to carry a vehicle or mobile phone inside the Factory unless authorized by the Competent Authority
- (e) Record of the movements of the vehicle is also being maintained in a separate register.
- (f) A Biometric Access system facility exists in the Factory utilized by the Factory employees.
- (g) All employees have been issued with Two/Four wheeler passes for entry into the Factory.
- (h) Foreign visitors are allowed to visit inside the Factory, only after obtaining permission from the NDCD/Competent Authority at AWEIL/HQ. On arrival at the Factory, they are checked for the necessary documents (I Card, Visa & Passport) and then escorted by the concerned section to their place of work.

C&A VERIFICATION AND PVC:

C&A verification and PVR in respect of contractual labor is being done as per existing instructions on the subject. Once the contract involving laborers inside the factory is awarded, a copy of such contract is forwarded to the Security Officer. Attestation forms in respect of the contractors, supervisors, and laborers are filled up by the contractors, and forwarded to the Security Section through the concerned section for initiation of PVR documents with the concerned police authorities. Once declared and verified fit by the police authorities, contract labors are permitted inside the Factory.

ENVIRONMENT AND POLLUTION CONTROL

AWEIL and its units organized massive tree plantations during the year under the Swachhata Pakhwara Programme to mitigate water



pollution, industrial used water is being treated in the Effluent Treatment Plant (ETP) before discharge, which is periodically monitored by the safety section. Periodically (twice in a month) testing of ETP water samples.

- Periodically dispose of hazardous waste (ETP sludge) through the authorized agency.
- Monitoring Used Oil and e-waste disposal through the store section.
- Submission of Hazardous Waste Annual Return, E-waste Annual Return, Environmental Statement, etc. as per various regulations and acts.

DISCLOSURES PERTAINING TO THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

AWEIL is committed to creating and maintaining a secure work environment where its employees can work and pursue business together in an atmosphere free of harassment, exploitation, and intimidation. The Company has in place an Anti-Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013, an internal Complaints Committee has been set up in AWEIL to redress complaints related to sexual harassment. All employees are covered under this policy.

An Internal Complaints Committee has been constituted in each of the nine units, including the Corporate office to redress complaints relating to sexual harassment. Awareness programs were conducted across the Company to sensitize employees and uphold the dignity of their colleagues at the workplace, particularly with respect to the prevention of sexual harassment.

Status of complaints received during the year:

i)	The number of complaints filed during the Financial year	-	01
ii)	The number of complaints disposed of during the Financial year	-	01
iii)	The number of complaints pending as of the end of the Financial year	-	01

OFFICIAL LANGUAGE IMPLEMENTATION:

Your Company has been adhering to the directives issued by the Govt. of India from time to time for extensive use of Hindi for official purposes. AWEIL has been following all the directives issued by the Indian Official Language Act.

ACTIVITIES REGARDING THE IMPLEMENTATION OF RAJBHASHA.

- i. Rajbhasha's inspection of all the 09 subordinate offices was carried out by the headquarters.
- ii. Quarterly reports of subordinate offices were reviewed.
- iii. Action was ensured on all the points of attention and assurances given during the inspection of AWEIL HQ by the Hon'ble Parliamentary Committee on Official Language on 04.03.2023 and the compliance report was timely forwarded to the Hon'ble Committee.
- iv. On 28th April, 2023, Rifle Factory Ichapore, and Gun & Shell Factory, Cossipore participated in the inspection by the Hon'ble Parliamentary Official Language Committee.
- v. Action was ensured on the assurances and points of attention given by the Hon'ble Parliamentary Official Language Committee during the inspection of Rifle Factory Ichapore, and Gun & Shell Factory, Cossipore and the compliance report was timely forwarded to the Hon'ble Committee.
- vi. The approval to fill up the vacant posts was given by the Hon'ble Chairman and Managing Director to the Hon'ble Parliamentary Committee on Official Language on the assurance of Rifle Factory Ichapore (within 30 days) and on the assurance of Gun & Shell Factory, Cossipore. Timely follow-up action on compliance was monitored and the compliance report was timely forwarded to the Hon'ble Parliamentary Committee.
- vii. For effective implementation of Rajbhasha, the orders of Check Point were re-issued on 24.11.2023 under Rule 8 (4) of Rajbhasha Rules.
- viii. Personnel proficient in Hindi were issued individual orders under Rule 8 (4) of the Official Language Rules.
- ix. Under Rule 8 (4) of the Official Languages Act, sections were specified to work in Hindi.
All India Rajbhasha Sammelan of units under AWEIL organized
- x. All India Official Language Conference of subsidiary units of AEI was organized on August 18, 2023.
- xi. The Headquarters was represented at the all-India celebration of Hindi Diwas held in Pune on 14-15 September 2023.
- xii. Hindi Pakhwada was organized at AWEIL HQ from 14-29 September, 2023 in which 02 competitions, Kavi Sammelan and other events were organized and prizes were distributed to the winning participants.
- xiii. 69 Hindi books worth Rs. 23214 / - were purchased for Rajbhasha Library.
- xiv. Everyone was informed from time to time about the forms under Official Language Rule 5 and Section 3(3) of the Official Language Act and the necessity of issuing them bilingually.
- xv. Sessions of Hindi workshop (one in each quarter) were conducted for the employees.
- xvi. Information on Unicode on computers was provided through 02 sessions of special workshops for Gazetted Group A officers.
- xvii. E-copy of Official Language Manual made available to all.
- xviii. Hindi work was inspected in all the sections and the staff and officers were helped to overcome the difficulties in working in Hindi.



VIGILANCE/WHISTLE BLOWER ACTIVITIES:

The company's Vigilance Organisation is headed by the Chief Vigilance Officer (CVO). A Deputy Chief vigilance officer is posted at AWEIL Headquarters to assist the CVO in vigilance activities. Further, each unit has a Vigilance officer to look after vigilance administration in the units. Preventive Vigilance has been the thrust area of the Vigilance Organisation and the same received focused attention during the current year. The Vigilance Department examines procurements and processes on a continual basis, conducts regular and surprise inspections, and investigates instances of any suspected transactions referred to it. An employee or third parties can refer any suspected transaction to the notice of CVO for investigation which is examined as per the Complaint Handling Policy of the Company.

All provisions of the PIDPI Act are being strictly followed by all AWEIL Units and Headquarters

CYBER SECURITY:-

AWEIL organised a workshop to create awareness about Cyber Security. The two days' workshop was organised by our training unit Advanced Weapon & Technology Management (AWTM), Ichapore. This was attended by Local Cyber Security officers of all units and other officers and staff of IT department of all units. AWEIL also hosted a Cyber Security Awareness Program for all DPSUs & other units under MoD/DDP at Kanpur on 20.07.2023. The program was organized under the aegis of the Cyber Security Group of DDP.

JOINT-VENTURE COMPANY:

The Company has one Joint-Venture i.e. Indo-Russian Rifles Private Limited (IRRPL). IRRPL is a Joint Venture company formed under the Companies Act, 2013 in accordance with the Inter-Governmental Agreement (IGA) between Union of India represented by Advanced Weapons and Equipment India Limited (AWEIL) and Munitions India Limited (MIL) and the Russian Federation represented by JSC Rosoboronexport (JSC ROE) and JSC concern Kalashnikov (JSC CK), for production of AK series Assault Rifles AK-203 and other small arms in India.

REPORT ON THE PERFORMANCE AND FINANCIAL POSITION OF THE JOINT VENTURE COMPANY:

IRRPL is a Joint Venture company formed under the Companies Act, 2013 in accordance with the Inter-Governmental Agreement (IGA) between the Union of India represented by AWEIL and Munition India Limited (MIL) and the Russian Federation represented by JSC Rosoboronexport (JSC ROE) and Concern Kalashnikov (CK), for production of AK series Assault Rifles AK-203 in India.

Indo Russian Rifles Private Limited, a Joint Venture Company of Advanced Weapons and Equipment India Limited (AWEIL) has concluded a contract with M/s Rosoboronexport (RoE) Russia for Indigenous manufacturing of AK-203 Rifles. The contract is for the transfer of the license for the production of the Kalashnikov assault rifle, as well as the provision of technical assistance in manufacturing 7.62 mm AK-203 Kalashnikov assault rifle. The Company has already started its business operations.

A separate section on report on the performance and financial position of the Joint Venture Company is placed under Form AOC-1 annexed in "Appendix I" (in the consolidated financial statement of the Company, in terms of section 129(3) of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014.

INTERNAL FINANCIAL CONTROLS:

Your Company has in place adequate internal financial controls with reference to financial statements.

LOANS, GUARANTEES OR INVESTMENTS:

Your Company has not given any loans or guarantees. The Company has made investments in Indo-Russian Rifles Private Limited (IRRPL) a joint venture Company amounting to Rs. 4,25,00,000 under section 186 of the Companies Act, 2013.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

There were no significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict of interest with the Company.

Your Company being a Government Company with 100% shareholding by the President of India and under the administrative control of the Ministry of Defence is subject to strict rules and norms for every transaction entered into during the normal course of business.

BOARD OF DIRECTORS:

The Board of Directors of the Company comprises of Functional Directors and Government Nominee Directors who are appointed by the Government of India from time to time. Further, the tenure and remuneration of Functional Directors including the Chairman and Managing Director are decided by the Government of India.

As on March 31, 2024, the Board had the strength of five directors:



S.NO.	NAME	DESIGNATION
1.	Shri Rajesh Choudhary	Chairman & Managing Director
2.	Shri Jayant Kumar	Government Nominee Director
3.	Shri Akhilesh Kumar Maurya	Director (Operations)
4.	Shri Biswajit Pradhan	Director (HR)
5.	Shri Sushil Sinha	Director (Finance)

CHANGE OF DIRECTORS:

There are no changes in the Board of your Company during the financial year 2023-24
There is no inter-se relationship among the directors.

REMUNERATION OF DIRECTORS/KEY MANAGERIAL PERSONNEL:

Your Company being a Central Public Sector Enterprise, the appointment, tenure and remuneration of Directors are decided by the Government of India. The Government communication appointing the Functional Directors indicate the detailed terms and conditions of their appointment including a provision for the applicability of the relevant rules of the Company.

Government Nominee Directors were neither paid any remuneration nor sitting fee for attending Board meetings.

Neither there was payment of commission to the Board of Directors nor any stock option scheme offered to them during the year. Further, none of the Directors had any pecuniary relationship nor entered into any related party transactions with the Company during the year.

MEETING OF BOARD OF DIRECTORS:

During the financial year, the Board of Directors met Seven (7) times, which were held on 21.06.2023, 12.07.2023, 25.08.2023, 25.09.2023, 01.11.2023, 10.01.2024 and 23.02.2024.

ATTENDANCE OF DIRECTORS AT BOARD MEETING:

Attendance of directors, in Board Meetings is as follows:

Directors	Meetings held during the respective tenure of the Director	No. of Board Meetings Attended
Shri Rajesh Choudhary	7	7
Shri Jayant Kumar	7	6
Shri Akhilesh Kumar Maurya	7	7
Shri Biswajit Pradhan	7	6
Shri Sushil Sinha	7	7

DIRECTORS' RESPONSIBILITY STATEMENT:

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors, in terms of Sections 134(3)(c) & 134(5) of the Companies Act, 2013 state that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the profit of the Company for the year ended March 31, 2024;
- The directors had taken proper and sufficient care for the 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;
- The directors have prepared the annual accounts on a going concern basis;
- The Directors ensured that proper internal financial controls were in place and such financial controls were adequate and were operating effectively; and



f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and the same were adequate and operating effectively.

COMMITTEE:

As per the provision of section 177 of the Companies Act, 2013, relating constitution of the Audit Committee and as per DPE guidelines, the Company shall constitute an Audit Committee. However, the Audit Committee could not be constituted during the financial year 2023-24, due to a lack of Non-Official (Independent) Directors in the Board. However, the Management has requested the Ministry of Defence for the appointment of Non-Official (Independent) Directors in the Board of the Company, which is under consideration.

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION AND BOARD EVALUATION:

In the term of Ministry of Corporate Affairs Notification No. GSR 463(E) dated 5th June, 2015, Government Companies are not required to frame a Policy on Directors' appointment and remuneration under section 178(3) of the Companies Act, 2013. Your Company being a Government Company under the administrative control of the Ministry of Defence, the appointment, tenure and remuneration of Directors of the Company are decided by the Government of India.

MATERIAL CHANGES AND COMMITMENT THAT AFFECT THE COMPANY'S FINANCIAL POSITION:

There was no material change during the year 2023-24 that affected the financial position of the company and therefore, there is no requirement to disclose remedial measures.

DECLARATION BY INDEPENDENT DIRECTOR:

The Independent Directors could not be appointed in the Board during the year. However, the Management has requested the Ministry of Defence for the appointment of Non-Official (Independent) Directors in the Board of the Company, which is under consideration.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Your Company has in place adequate internal financial controls. The Company is also in the process of appointing an internal auditor who will monitor compliance of the Company's procedures and policies with a well-defined annual audit program and significant audit observations which will be presented before the Board of Directors.

REPORTING OF FRAUDS:

During the year, neither the Statutory Auditor nor the Secretarial Auditor reported any instance of fraud committed against the Company by its officers or employees.

COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS:

Your Company has complied with the provisions of applicable secretarial standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India in terms of Section 118(10) of the Companies Act 2013.

CORPORATE SOCIAL RESPONSIBILITY REPORT:

CSR is essentially a way of conducting business responsibly and AWEIL shall endeavor to conduct its business operations and activities in a socially responsible and sustainable manner at all times, in accordance with provisions of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Amendment Rules 2021,

AWEIL has distributed Aids and Assistive devices to Senior Citizens by implementing agency Artificial Limbs Manufacturing Corporation of India (ALIMCO) a Central Public Sector Undertaking and Divyangjan CSR activities are being implemented in project/program mode, in areas or subjects specified in Schedule VII of the Act.

During the year, AWEIL spent Rs. 10.03 Lakh on CSR. The report on CSR projects and activities undertaken in F.Y. 2023-24 has been annexed as "Appendix II".

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information required to be furnished under section 134 (3)(m) of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014 relating to the Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is annexed in "Appendix III" herewith and forming part of this report.

STATUTORY AUDITORS:

M/s. S.K. Kapoor & Co., Chartered Accountant (FRN 000745C), Kanpur were appointed as the Statutory Auditors for the financial year 2023-24 by the Comptroller & Auditor General of India. Observations made in the Independent Auditors' Report on the financial



statement including the consolidated financial statement and the reply of the Board of Directors thereto are given by way of "Appendix IV" to the Director's Report.

The Board would like to thank them for their valuable support and guidance during the audit of accounts under review.

SECRETARIAL AUDITORS:

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the Company has appointed M/s Janvi Mordani & Co., Company Secretary in Whole Time Practice to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report is annexed herewith as "Appendix V" in the Form MR-3.

The reply of the Board of Directors on observations made in the Secretarial Auditors' Report is given by way of "Appendix VI" to the Director's Report.

The Board would like to thank them for their valuable support and guidance during the audit of accounts under review.

COMMENTS OF COMPTROLLER & AUDITOR GENERAL (C&AG) OF INDIA:

The Comptroller & Auditor General of India has undertaken a supplementary audit on the accounts of the Company for the year ended 31st March, 2024 under Section 139(5) of the Companies Act, 2013. The comments of the C&AG on the Annual Accounts of the Company for the year ended 31st March, 2024 along with the management reply also form part of this report, it is appended by way of "Appendix VII" to the Director's Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

No Significant and Material Orders Passed by The Regulators or Courts or Tribunals impacting the Going Concern Status and Company's Operations in Future during the year under Review.

CORPORATE GOVERNANCE:

Your Company is committed to maintaining the highest standards of corporate governance in all spheres of business activities carried out by the Company and continues to lay strong emphasis on transparency, accountability and integrity. A detailed Report on Corporate Governance as per the Guidelines on Corporate Governance for CPSEs 2010 issued by DPE vide OM No. 18(8)/2005-GM dated 14.05.2010 along with a Compliance Certificate from the Practicing Company Secretary is placed at "Appendix VIII" to the Director's Report.

COMPLIANCE OF DPE GUIDELINES AND POLICIES:

All the guidelines and policies including guidelines having financial implications issued by the Department of Public Enterprises from time to time are duly complied with by the Company.

MANAGEMENT DISCUSSION & ANALYSIS:

The Management Discussion & Analysis Report as required under the DPE Guidelines on Corporate Governance for CPSEs forms part of this Annual Report. "Appendix IX".

COST RECORDS:

Pursuant to Section 148 of the Companies Act, 2013 and the Companies (Cost Record and Audit) Rules, 2014, the Board of Directors of your Company has appointed M/s. Paliwal & Associates, Cost Accountants, as the Cost Auditors of your Company for the financial year 2023-24 to conduct an audit of cost records maintained by your Company.

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2024:

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return is placed on the website of the Company. The link of the same is <https://www.aweil.in/>.

DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE 2016:

During the year under review, there were no applications made or proceedings pending in the name of the company under the Insolvency & Bankruptcy Code, 2016.



BUSINESS RISK MANAGEMENT:

As AWEIL is in the inception stage, all business related risks are being studied so that AWEIL can mitigate business risks and cultivate a better management system in the field of defence manufacturing.

In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative. The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities. Business risk, inter-alia, further includes financial risk, political risk, fidelity risk, legal risk. As a matter of policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The provisions of Section 197 of the Companies Act and the relevant Rules regarding particulars of employees drawing remuneration in excess of the limits specified are exempted for Government Companies, in view of the Gazette Notification No. GSR 463 (E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India.

COMPLIANCE UNDER THE RIGHT TO INFORMATION ACT, 2005:

All provisions of the RTI Act, 2005 are being complied with by all AWEIL Units and Headquarters. Timely disposal of RTI applications has been made. Proactive Disclosure by AWEIL on the website www.aweil.in under Section 4 of the RTI Act 2005 has complied and the Nodal Officer under the RTI Act for AWEIL has been appointed and published on the website.

ACKNOWLEDGEMENT:

Your Directors place on record their sincere appreciation for the services rendered by the employees of the Company. They are grateful to shareholders, bankers, customers and vendors of the Company for their continued valued support. The Directors look forward to a bright future with confidence.

Your Directors express their hearty thanks to the Company's valued customers, the Government of India, the Administrative Ministry, the Ministry of Defence, and in particular, the Department of Defence Production, Indian Army, Indian Airforce, Indian Navy, MHA, State Police and other DPSUs for their patronage and confidence reposed on the Company. The Directors also acknowledge and thank all collaborators, vendors, and other service providers for their valuable assistance and cooperation extended to the Company.

The Directors express their appreciation to the Bankers and Financial Institutions for their continued support of the Company's operations.

The Directors wish to thank the Comptroller & Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, and different Auditors for their valued cooperation.

The Directors also acknowledge the valuable support and assistance received from various Ministries of Government, in particular Ministry of Defence, and Ministry of Home Affairs.

Your Directors take this opportunity to place on record their appreciation for the invaluable contribution made and excellent co-operation extended by the employees and executives at all levels for the continued progress and prosperity of the Company.

CAUTIONARY STATEMENT:

The statements in the Board's Report include certain forward-looking statements as defined under applicable laws and regulations. However, various factors such as economic conditions, changes in government regulations, tax policies, other statutes, market dynamics, and associated or incidental factors may cause actual results to differ from these forward-looking statements.

For and on behalf of the Board of Directors

Date: 26.11.2024
Place: Kanpur

Sd/-
Rajesh Choudhary
Chairman & Managing Director



**Form AOC-I
JOINT VENTURE**

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Joint Venture Companies:

(₹ Lakh)

Sl. No.	Name of Joint Venture	Indo- Russian Rifles Private Limited
1	Latest audited Balance Sheet Date	31-03-2024
2	Shares of Associate / Joint Ventures held by the company on the year end in No.	4,25,000
4	Extend of Holding %	42.50
5	Description of how there is significant influence	Investment in the equity to the extent of 42.5% paid-up capital is considered to be significant influence.
7	Net worth attributable to Shareholding as per latest audited Balance Sheet	1977.35
8	Profit / Loss for the year	8.60



Report on Corporate Social Responsibility (CSR) Activities for the Year 2023-24

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

Our CSR efforts are focused on technology innovation, health care and nutrition, and mainstreaming differently-abled children. The scope of CSR activities undertaken by AWEIL is as per Schedule VII to the Companies Act, 2013.

The fund for the CSR is allocated based on 2% of the average net profit of the Company for the immediate preceding financial years.

2. Composition of CSR Committee:

CSR committee could not be constituted due to lack of Independent Directors in the Board.

3. Provide the web-link where CSR Policy and CSR projects approved by the Board are disclosed on the website of the company.

4. Provide the details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014: Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the amount required for set off for the financial year, if any:

Sl. No.	Financial Year	The amount available for set-off from preceding financial years (in Rs)	The amount required to be set-off for the financial year, if any (in Rs)
NIL			

6. Average net profit of the company as per section 135(5).

Rs. 501.50 Lakh.

7. (a) Two percent of the average net profit of the company as per section 135(5)

Rs. 10.03 Lakh.

(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Not Applicable.

(c) Amount required to be set off for the financial year, if any: Not Applicable.

(d) Total CSR obligation for the financial year (7a+7b-7c). Rs. 10.03 Lakh.

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	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.
Rs.10.03 Lakh					

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)		
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in Rs.).	Amount spent in the current financial Year (in Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).	Mode of Implementation - Direct (Yes/No).	Mode of Implementation - Through Implementing Agency	Name	CSR Registration number.
				State.	District.								
NIL													



(c) Details of CSR amount spent against **other than ongoing projects** for the financial year:

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No).	(5) Location of the project.		(6) Amount spent in the current financial Year (in Rs.).	(7) Mode of Impleme ntation - Direct (Yes/No).	(8) Mode of Implemen tation - Through Implemen ting Agency	
				State.	District.			Name	CSR Registr ation number.
NIL									

(d) Amount spent in Administrative Overheads: Nil

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Nil

(g) Excess amount for set off, if any: NIL

9. In case of creation or acquisition of the capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: Nil

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

Date: 26.11.2024
Place: Kanpur

Sd/-
Rajesh Choudhary
Chairman & Managing Director



ADDITIONAL INFORMATION UNDER SECTION 134(3)(m) OF THE COMPANIES ACT 2013

1) CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

• In AWEIL and its units following measures are adopted for the utilization of alternative sources of Energy. Installation of Rooftop/ Ground Mounted solar power plants for expansion in renewable energy sources and improving efficiency of existing RE projects. A brief of Rooftop/ Ground Mounted solar power plants in AWEIL Units and its future augmentation plan are as under:-

Existing Roof Top/ Ground Mounted Solar Power Plant	Proposed Augmentation Target
11.84 MW	7.14 MW

- Installation/replacement of Turbo Ventilators with Wind Driven Turbo Ventilators to enhance the working environment consequently reducing energy consumption.
- To maximize the use of renewable energy by replacing some percentage of Opaque Galvalume Roof sheets in production buildings with translucent sheets to promote a sustainable environment for the utilization of daylight on the shop floor so that energy performance can be improved.
- The concept of adoption of e-Vehicle in AWEIL units has already introduced and functional in several establishments to reduce the dependence on non-renewable energy sources and emission of carbon particles.

b) Efforts made towards technology absorption-

- Replacement of Incandescent lamps: Incandescent lamps at most of the units of AWEIL have been replaced with LEDs.
- Replacement of conventional fans: All procurements will be for energy-efficient BLDC fans.
- Air Conditioners and Desert Cooler: All procurements will be for 5-star energy-efficient appliances.
- Energy savings through the adoption of variable frequency drives, IE3 motors, etc. in the future.

c) There has been no Capital investment made on Energy conservation equipment during 2023-24.

d) Future Plan of Action-

- Capacity augmentation of installed Solar Power Plants.
- Purchase of Energy Efficient Machines/Equipments/Appliances/luminaries.
- Replacement of high electrical energy consuming Machines / Equipment/ luminaries as far as possible.
- Utilisation of chemical baths and furnaces at its optimum loading capacity.
- Training of employees who can adopt and implement energy-efficient methods.
- Encouraging of projects on non-conventional energy sources.
- More areas to be brought under the umbrella of Energy Management.

3) RESEARCH & DEVELOPMENT (R&D):

AWEIL has identified global technologies in the field of Large Caliber Weapons & Small Arms and is trying to inculcate the same in its production range through R&D efforts. There are R&D centers that are engaged in the development of items for Large Caliber, Small Arms & Ammunition Hardware. AWEIL is progressing R&D projects in various weapon systems having cutting-edge technologies in the advanced stage. AWEIL has focused on Research & Development (R&D) of Artillery Guns, Mortars and Small Arms Weapons. AWEIL is committed to increasing this expenditure to the tune of 2-5% in subsequent years in order to develop further products. AWEIL has also involved academia in these efforts and is trying to collaboration with prestigious institutes like IIT Kanpur, IIT Madras & IITDM Jabalpur.

AWEIL has intensified its focus on Research and Development (R&D) to foster innovation and develop cutting-edge armament solutions. AWEIL has 3 dedicated Ordnance Development Centres and these are focused on the development of modern war weapons. In addition, AWEIL has a training academy at Ichapore for organizing continuous training and skill development programs.

Major R&D activities are undertaken by the units in-house. In addition to this for specific areas assistance is taken from Academia or the Indian Defence Industry. The following major products have been developed or are under development -

New Products developed: -

- Anti Material Rifle
- 9x19 mm Sub Machine Carbine
- 8.6x70mm Sniper Rifle
- 7.62mm Ichapore Assault Rifle
- 5.56x45mm CQB Carbine
- 0.32" Side Swing Revolver
- 0.22" Revolver (Nidar)



New Products under development:

- a) 155mm/52 Cal Mounted Gun System (MGS)
- b) 155mm/52 Cal Towed Gun System (TGS)
- c) 105mm Mounted Gun System
- d) 60mm Mortar

4) FOREIGN EXCHANGE EARNINGS AND OUTGO:

AWEIL is constantly striving to increase its exports. Negotiations are going on for the export of different types of weapons from various European and African countries and Middle Eastern countries. We are hopeful of getting these orders. For FY 2023-24, AWEIL had exported items worth of INR 37.83 Cr in Europe & Middle East. The details of Exported items are append below:

- ✓ Small Arms
- ✓ Medium Calibre weapons
- ✓ Arty Gun Spares
- ✓ Ammunition Hardware



OBSERVATIONS OF STATUTORY AUDITORS AND REPLIES OF MANAGEMENT THEREON

Sl. No.	Observation of Statutory Auditor's	Management Replies
1.	<p>The opening balances of assets and liabilities as on 1st October 2021 were taken as per the data provided by PCFA (Principal Controller of Accounts Ordnance Factories, Kolkata). The units made certain adjustments for differences based on the data available with the units. This resulted in net increase/decrease in Assets and liabilities with corresponding effect in Other Equity amounting to net decrease of Rs. 889.54 crores (refer Note No. 38 forming part Financial Statement). During FY 2022-23 certain adjustments were made based on information available which resulted in reduction / increase in Assets / Liabilities amounting to Rs 42.85 crore (Net).</p> <p>During the current year certain adjustments has been made in respect of discrepancies notice on Physical Verification of fixed Assets in respect of OFC Kanpur and other restatements related to prior years as per Ind AS 8, that has resulted in reduction / Increase in assets / liabilities as referred to in note no. 38 forming part of financial statements amounting to Rs 5.92 crore (excluding accounting of write back of opening liabilities on the date of transition amounting to Rs 178.03 crore as "Other Income" in Statement of Profit and Loss instead of restatement as per Ind AS 8).</p> <p>The differences in respect of Financial Assets & Liabilities and Property Plant and equipment forming part of financial statements still remains unadjusted on account of pending confirmation of Balances and reconciliation with Company's records, Independent Physical Verification of PPE and Inventory for their existence as on the date of transition and consequential effect on the fair value of net assets taken over from PCFA and on the current year's financial statement is presently not quantifiable.</p>	<p>Adjustments of opening balances have been made as per information received by units of AWEIL from PCFA, Kolkata and identified during financial year of 2023-24. The same is in line with management reply for 2022-23.</p> <p>Efforts are being made to find out the differences as per our books and the figures that were appearing in PCFA records. Physical verification of PPE has been done by all units of AWEIL, report of same has been shared with Statutory auditors. 7 units has updated FAR based on physical verification, 01 unit GCF will make adjustment during FY 2024-25</p> <p>Physical verification of inventory was also conducted by all units of the company and were shared with the Statutory auditors, and the discrepancies, if any, were accounted for, based on such physical verification.</p> <p>As regards confirmation of party balances, the units are making efforts to obtain third party confirmations. Efforts are being made to reconcile accounts with third parties. Considering the volume involved, the units have made significant progress in rectifying its PPE, Inventory and balances such as GST etc during FY 2023-24 and are working upon party balances now.</p>
2.	<p>The company accounted computers, office equipment (including air conditioners) and furniture & fixtures acquired after 1st October 2021 at cost. However, the same asset existing as on 30th September 2021 in the books of PCFA were accounted at Rs 1 instead of at carrying value. This was in violation of Para 7 of Ind AS 101, which requires the said assets to be accounted for at their carrying value as on 1st Oct 2021.</p> <p>The non-compliance resulted in understatement of property plant and equipment and retained earnings by the same amount. This also has impact on subsequent depreciation and on statement of profit and loss, on those assets over their remaining useful life. The impact of the above could not be quantified in absence of related data not being provided by the management.</p>	<p>The Company has accounted computers, office equipment (including air conditioners) and furniture & fixtures existing as on 30th September 2021 in the books of accounts at Rs. 1. In the previous financial statements prepared by PCFA, the same were considered as fully depreciated in the year of its acquisition and were charged to revenue. Hence, the carrying cost of these assets was Nil as on the date of transition i.e., 01.10.2021.</p> <p>The Company has elected to measure all its property, plant & equipment, and intangible assets at carrying value as recognised in the previous financial statement on the date of transition to Ind AS and used those carrying value as deemed cost of property, plant & equipment, and intangible assets, since there is no change in the functional currency.</p> <p>As per PCFA records for all items which were charged to revenue by them, the information is not easily available the way it is required for accounting as per Ind As. Hence management took decision to account for the same at Rs 1/- in the first year of its financial statements, so that the assets remain accounted for in the PPE register for control purposes.</p> <p>From perusal of the PPE registers of the units it is evident that most of these items have already outlived their useful life as prescribed under the Companies Act, and the overall impact of the same is not material.</p>



<p>3.</p>	<p>The company is not having proper system for recognizing various items of spare parts, stand-by equipment and servicing equipment which are expected to be used during more than one period. During the year the same has been accounted for by some units for major components however in absence of proper policy by head office the application of the same is not uniform. Hence the accounting of spares, standby equipment and servicing equipment is in violation of para 6 & 8 of Ind AS 16 - "Property plant and Equipment". The impact of the same in financial statements of current period is not quantifiable.</p>	<table border="1" data-bbox="901 224 1428 481"> <thead> <tr> <th>Unit name</th> <th>Amount capitalised</th> <th>Useful life for depreciation charge</th> </tr> </thead> <tbody> <tr> <td>FGK</td> <td>1,51,62,247</td> <td>1-20 years</td> </tr> <tr> <td>Korwa</td> <td>83,92,128</td> <td>1-20 years</td> </tr> <tr> <td>OFC</td> <td>10,29,03,172</td> <td>1-5 years</td> </tr> <tr> <td>OFT</td> <td>1,16,94,461</td> <td>1-5 years</td> </tr> <tr> <td>RFI</td> <td>1,19,16,116</td> <td>1-10 years</td> </tr> <tr> <td>SAF</td> <td>80,15,852</td> <td>11-20 years</td> </tr> </tbody> </table> <p>Thus the company has put a system in place for capitalisation and depreciation of such spares. Under the directions of the HO, the units have used the "specific identification" method, given the volume of number of spare parts used in various factories. The statutory auditors were of the view that a value wise cut-off be put in place for capitalisation of such spares. However the same is not as per GAAPs, since capitalisation is not "value based" but "usage based". Considering the fact that the various Units are engaged in manufacturing of different products and are not standard manufacturing plants, a standard value-based policy approach at the HO level will not be as per the principles contained in Ind-AS 16.</p>	Unit name	Amount capitalised	Useful life for depreciation charge	FGK	1,51,62,247	1-20 years	Korwa	83,92,128	1-20 years	OFC	10,29,03,172	1-5 years	OFT	1,16,94,461	1-5 years	RFI	1,19,16,116	1-10 years	SAF	80,15,852	11-20 years																													
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<p>4.</p>	<p>It has been observed that the item of PPE becomes available for use from the date of commissioning and the depreciation should be charged from the same date. However, the company is charging depreciation from the M-Voucher date and B-voucher date respectively in case of Plant and Machinery and Building. This is in violation of Para 55 of Ind AS 16 - "Property, Plant and Equipment". During the year following capitalization has been made in financial statements by transfer from Capital Work in Progress (CWIP).</p> <table border="1" data-bbox="252 1209 837 2072"> <thead> <tr> <th>Factory</th> <th>Project Name</th> <th>Date of Capitalisation</th> <th>Amount (Rs. In crore)</th> <th>Dep as on 31.3.23 (Rs in crores)</th> </tr> </thead> <tbody> <tr> <td>OFT</td> <td>Repairs/Replacement of Old AC Sheet</td> <td>15-12-2022</td> <td>4.22</td> <td>0.02</td> </tr> <tr> <td>FGK</td> <td>New Assembly Shop (P- 119)</td> <td>30-06-2022</td> <td>15.60</td> <td>0.20</td> </tr> <tr> <td>FGK</td> <td>New Assembly Shop (P- 119)</td> <td>30-06-2022</td> <td>1.49</td> <td>0.06</td> </tr> <tr> <td>OFC</td> <td>Sump of 5 lakh Gallons capacity near Awaw Vikas Gate</td> <td>18-10-2021</td> <td>4.81</td> <td>0.12</td> </tr> <tr> <td>0.200 FC</td> <td>Replacement of Condemned Steel OH Tank near DSC Line</td> <td>17-08-2018</td> <td>0.69</td> <td>0.05</td> </tr> <tr> <td>OFC</td> <td>Sump and pumping station inside Factory</td> <td>14-06-2022</td> <td>0.77</td> <td>0.01</td> </tr> <tr> <td>OFPKR</td> <td>TATA LPT - 909</td> <td>09-05-2018</td> <td>0.11</td> <td>0.08</td> </tr> <tr> <td>GCF</td> <td>Building MET LAB & QC Section</td> <td>20-08-2022</td> <td>2.20</td> <td>0.02</td> </tr> <tr> <td colspan="3">TOTAL</td> <td>29.89</td> <td>0.56</td> </tr> </tbody> </table>	Factory	Project Name	Date of Capitalisation	Amount (Rs. In crore)	Dep as on 31.3.23 (Rs in crores)	OFT	Repairs/Replacement of Old AC Sheet	15-12-2022	4.22	0.02	FGK	New Assembly Shop (P- 119)	30-06-2022	15.60	0.20	FGK	New Assembly Shop (P- 119)	30-06-2022	1.49	0.06	OFC	Sump of 5 lakh Gallons capacity near Awaw Vikas Gate	18-10-2021	4.81	0.12	0.200 FC	Replacement of Condemned Steel OH Tank near DSC Line	17-08-2018	0.69	0.05	OFC	Sump and pumping station inside Factory	14-06-2022	0.77	0.01	OFPKR	TATA LPT - 909	09-05-2018	0.11	0.08	GCF	Building MET LAB & QC Section	20-08-2022	2.20	0.02	TOTAL			29.89	0.56	<p>The M-Voucher/B-voucher are prepared and forwarded to the finance departments based on confirmation of final commissioning of the respective assets and accordingly the assets are capitalised on the date of such confirmation. Unless these information are received from the concerned department, the finance department have no locus standi to capitalise assets. Thus, the capitalisation has been made as per the policy and internal control systems vis-à-vis assets acquired by the units and generally there is no time lag between actual date when put to use and its capitalisation. The time lag pointed out by the Statutory auditors in the specific cases listed in the audit report is being reviewed. Even otherwise, the said observation has no impact on the financial statements for FY 2023-24 since the assets stand capitalised as at 31.03.2024 and depreciation for FY 2023-24 has duly been charged on the same. In few cases, units of AWEIL have recorded date of capitalization from the date of B voucher /M voucher. The item of PPE becomes available for use from the date of commissioning and the depreciation is being charged from the date of commissioning. Such cases are being reviewed with the concerned units.</p>
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	<p>The above works were completed and ready to use in earlier years but the same were not capitalized in previous years. As per Ind AS 8 material prior period error needs to be restated retrospectively which has not been complied with. Non-compliance with Ind AS 8 has resulted in no charge of depreciation for previous years.</p>					
5.	<p>Physical Verification of Fixed Assets:</p> <p>a) During the year in OFC unit detailed Physical verification of Property Plant and Equipment (hereinafter referred to as PPE) was carried out by the management. Out of 6001 P&M items taken over as per PCFA records in FAR, 4181 item that were not available (carrying value of Rs 5.72 crore as on 1st Oct 2021) has been deleted from FAR, 222 items which were available on 1st Oct 2021 but were not taken in FAR on 1st Oct 2021 having carrying value of Rs 4.59 crore have been added in FAR and 136 items have been added in condemned assts (carrying value of Rs 0.47 crore as on 1st Oct 2021). During the year 29 buildings were found short on physical verification. The carrying value of these buildings as on 1st Oct 2021 amounting to Rs 0.27 crore has been deleted from FAR.</p> <p>The above adjustments of additions and deletions have been made in the financial books as per Ind AS 8.</p> <p>b) During the year GCF Jabalpur submitted its preliminary Physical Verification report for Buildings, Plant and Machinery in which following discrepancies were noted. For other major assets like furniture and Fixtures, IT Hardware, Air Conditioners, Moter Vehicles and Office Equipments, no report was submitted.</p>				<p>The M-Voucher/B-voucher are prepared and forwarded to the finance departments based on confirmation of final commissioning of the respective assets and accordingly the assets are capitalised on the date of such confirmation. Unless these information are received from the concerned department, the finance department have no locus standi to capitalise assets. Thus, the capitalisation has been made as per the policy and internal control systems vis-à-vis assets acquired by the units and generally there is no time lag between actual date when put to use and its capitalisation.</p> <p>The time lag pointed out by the Statutory auditors in the specific cases listed in the audit report is being reviewed.</p> <p>Even otherwise, the said observation has no impact on the financial statements for FY 2023-24 since the assets stand capitalised as at 31.03.2024 and depreciation for FY 2023-24 has duly been charged on the same.</p> <p>In few cases, units of AWEIL have recorded date of capitalization from the date of B voucher /M voucher. The item of PPE becomes available for use from the date of commissioning and the depreciation is being charged from the date of commissioning .Such cases are being reviewed with the concerned units.</p>	
	S.N.	Detailof Assets	Qty as per old record of PCFA taken over ason 01.10.2021	Qty as per PV done by the management		Diff and reason
	1	Building	730	809		Earlier the carrying value as on 31/03/2024 was Rs 58.80 crore . As per PVR it is Rs 52.32 crore for 805 buildings and for 4 buildings values are not available.
	2	Plant and Machinery	3503	2362		Out of 3503 machines 1280 Machines earlier taken in FAR are not physically available WDV as on 01/04/2023 Rs 1.50 crore. 122 Machines which were previously not included in FAR are Physically Available. 17 machines were grouped with other machines in old FAR has now been separately identified.
3	Same as above			96 machines are physically available but not in FAR not added in column 2. No record of value is available		



4		32 Machinery has been sold as per PPC Record but are physically available and the same are not included in FAR having residual value of Rs	
<p>Note-1: Thus there is net shortage in Plant and Machinery of 1013 items. In building there excess qty of 79</p>			
<p>Note 2: Adjustment for the discrepancies reported above as per preliminary report submitted has not been made in financial statements at the year end.</p>			
<p>c) In other units of the company substantive evidence of detailed Independent physical verification of PPE was not produced for our verification, hence we are unable to form any opinion on the correctness of the figures of financial statements in respect of PPE in those units.</p> <p>In our opinion the impact of deficiency in existence of PPE as per PCFA record taken over and physical verification may be material, on the Fair Value of Net Assets taken over from PCFA. From the above findings it is clear that the Fair Value of net assets calculated for the purpose of issue of Equity on the date of transition was neither based on properly physically verified assets nor on the basis of proper scientific valuation hence the Share Capital issued to the Govt of India was not based on fair valuation of physically available assets.</p> <p>The impact of the above deficiency of Non-existing / Unrecorded assets in case of OFC, GCF & other units, on the Fair Value of Net Asset as on the date of transition from PCFA to AWEIL, on the financial statement is presently not quantifiable in absence of detailed Independent Physical Verification of PPE by all the units and consequential addition /deletion and appropriate adjustments as required by accepted accounting principles to arrive at correct fair value of net assets on the date of transition.</p>			
6.	<p>Valuation of Inventory</p> <p>a. Fixed Overhead Allocation in valuation of WIP: In valuation of inventory, the Fixed Overhead is being allocated on the basis of actual production instead of normal capacity as the company does not have proper system to identify the normal production capacity of the plants for production of specific items by the various factories. This results in violation of para 13 of Ind AS 2- "Inventories " which requires FOH to be allocated based on the normal capacity of the production facilities. Allocation of Fixed Overheads has been made on the basis of management estimates by each factory hence the compliance with Ind AS could not be verified by us. The impact of the non-compliance of Ind AS 2 of above para cannot be quantified by us in absence of the desired information at this stage.</p> <p>b. Different basis for calculation of NRV of WIP The company is not having a uniform policy of calculating Net Realizable Value of Work in Progress which is calculated by multiplying a factor with the cost of WIP. This calculation factor is not uniform in all the factories. In 3 units namely GSF, SAF and RFI, factor is calculated by dividing total of Estimated realizable value of closing stock of finished goods with the cost of closing stock of finished goods. However in 4 factories namely GCF, FGK, OFT and OFC, factor is calculated by dividing total of sales price of finished products that were sold during the year with the cost of finished products that were sold during the year. This can have a material impact on calculation of NRV of work in progress. The company calculates net realizable value of work in progress based on the average realizable value of all finished components. The company should have a system of identifying work in progress w.r.t individual finished component and value the estimated selling price of work in progress by considering net realizable value of individual</p>	<p>a. For valuation of Inventory, fixed production overhead is allocated to the cost of conversion on the basis of actual production. The Company's seven factories out of eight are running almost at normal capacity where the actual level of production approximates the normal capacity and hence actual production has been considered for fixed overhead allocation. However, one factory which is being underutilized has allocated fixed production overhead on the basis of standard/normal capacity. Fixed production overheads have been allocated based on actual contribution to production of inventory on a rational and consistent basis vis-à-vis earlier years. However Company will work for estimation of normal capacity of the other units in future.</p> <p>b. NRV calculation has been done after several rounds of discussion with statutory auditors during Fy-2021-22 and same is being followed from Fy-</p>	



- finished goods and not the average selling price of all finished goods.
- c. Inter Unit Inventory**
In respect of inter-unit inventory, elimination of unrealized profit or loss was not identified and accounted for at individual inventory at unit level which has resulted in non-compliance of Ind AS 2 "Inventories".
The impact of the above in the financial statements of current period is not quantifiable.
- d.** The company has a practice to record rejections at full cost price without making any provisions for expected losses if the same is not saleable any more or is saleable with modifications. Data in this regard is available in respect of following units. Other units have not provided any information in this regard.

Item Code	Name of Unit	Amount Rs	Remark
9811647162	OFC Kanpur	5.50 crore	No provision for losses
9811647161	OFC Kanpur	1.35 Crore	No provision for losses
98116139375	OFC Kanpur	17.87 crore	No provision for losses
9811656460	OFC Kanpur	2.78 crore	No provision for losses
Spares	OFC Kanpur	0.6243 crore	Spares returned not taken in inventory
Trunion	OFPKRA korwa	0.20 Crore	No provision for losses
Firing PIN	OFPKRA Korwa	0.02 crore	No provision for losses
Stud	OFPKRA Korwa	0.04 crore	No provision for losses
	SAF	Data not provided	
	FGK	Data not provided	
	RFI	Data not provided	
	GCF	Data not provided	
	GSF	Data not provided	
	OFT	Data not provided	

The above deficiency has resulted into overstatement of inventories and profits of the company. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information by all the units and proper policy of the company to record the losses in case of rejected inventory in the possession of company.

2021-22. We will streamline it further during next year.

- c.** In few cases inventories were transferred to other units at a higher value, in this regard instruction was issued to units of AWEIL to transfer stock at cost basis. Deviation observed will be reviewed with concerned unit. It is also relevant to mention that the basis of "cost" considered by the statutory auditors was the cost of the product as per stock valuation on 31.03.2023 and did not represent the costing of the product during the year.
- d.** The loss on rejection cannot be ascertained at the point of sale. The item is rejected only if it fails the quality check. Therefore, it is difficult to make estimate of loss due to rejection. The units have a due process of identification of such losses.



<p>7.</p>	<p>Provision towards onerous contract: During the current year, the company has restated provisions for losses amounting to Rs 863.65 crore as on 1st Oct 2021, with retrospective effect, in respect of deemed contract related to its pre corporatization era which has been considered as "Onerous" as the company do not have any option to exit from these contracts as referred to in note no 14 forming part of the financial statement.</p> <p>These deemed contracts were ratified by the company after incorporation even though the company was sure to incur losses on these supplies. The company sought compensation for the losses incurred on these supplies but instead of receiving revenue grants from the Govt, the company received money in the form of Share Capital hence the same could not be adjusted against the losses in financial books. The agreement did not include any termination clause on the part of seller in case the contract was not favourable; hence the agreement entered into by the company was neither strategic nor based on commercial consideration.</p> <p>In calculation of the present obligations as per the contract the following provisions of Ind AS 37 has not been complied with by the company.</p> <p>a) These products are being manufactured in common process of the units in which other products are also being manufactured. Hence the company could not comply with the provisions of para 69 of Ind AS 37 which requires that "before a separate provision for onerous contract is established, an entity recognizes any impairment loss that has occurred on assets dedicated to that contract" (as per Ind AS 36)</p> <p>b) In calculation of cost of the product the company follows a system of allocating fixed overheads based on the basis of management estimates which is not in accordance with para 13 of Ind AS 2 "Inventories "which requires FOH to be allocated based on the normal capacity of the production facilities.</p> <p>c) As per Ind AS 37 para 45 where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to settle the obligation. The company has not complied with the provisions of para 45 of Ind AS 37.</p> <p>d) The company has not provided any basis for arriving at cost that has been taken into consideration for calculation of losses, hence we cannot vouch the figures of losses on the basis of which provisions for losses has booked in the financial statements retrospectively.</p>	<p>The company has legacy contracts which are onerous in nature. These were renewed after corporatisation.</p> <p>a. Impairment losses in respect of the units manufacturing these items is not recognisable since the units and/or specific components of PPE are not dedicated to such contracts and are utilised for multiple products and even after fulfilment of these contracts, their value remains higher than the carrying cost in view of the fact that the valuation of these assets is much higher.</p> <p>b. The company has used its best estimate to calculated cost of the product. For calculation of cost of production, fixed overheads are allocated to the cost of conversion on the basis of actual production. This method is applied rationally and on consistent basis. The Company's seven factories out of eight are running almost at normal capacity where the actual level of production approximates the normal capacity and hence actual production has been considered for fixed overhead allocation. However, one factory which is being underutilized has allocated fixed production overhead on the basis of standard/normal capacity. Fixed production overheads have been allocated based on actual contribution to production of inventory on a rational and consistent basis vis-à-vis earlier years. However Company will work for estimation of normal capacity of the other units in future.</p> <p>c. The sales price of product has element of escalation in their contract, which when netted with the cost of production will provide for the cushion of time value of money over the period of contract. Therefore, a separate estimate for time value of money has not been considered.</p> <p>d. The provision for onerous contract has been made basis the best estimate available with management.</p>
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	<p>In our opinion the Company is required to use the lowest of production cost / buying price for assessing whether the contract is onerous and for determining the provision.</p> <p>e) As per Ind AS 37 Recognition principles states that "A provision shall be recognized when":</p> <ul style="list-style-type: none"> an entity has a present obligation (legal or constructive) that is a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. <p>The Impact of the above non-compliances with para 69 of Ind AS 37 "Provisions, Contingent Liabilities & Contingent Assets" as stated in point no (a), para 13 of Ind AS 2 "Inventories" as stated in point no (b); para 45 of Ind AS 37 "Provisions, Contingent Liabilities & Contingent Assets" as stated in point no (c) and non-availability of data to verify the correct cost of product on the basis of which loss is calculated by the company as stated in point no (d), cannot be quantified in view of reasons stated above.</p> <p>Further as pointed out in point (e) above if reliable estimate cannot be made a provision cannot be recognized. Hence the company has made provisions towards onerous contract disregarding various provisions of Ind AS as stated above.</p>	<p>e. Provision for onerous contracts has been made in respect of the following products:</p> <p>(i) Sharang (ii) Dhanush (iii) Pinaka</p> <p>Sharang: The company had submitted request to the MOD for the anticipated losses on account of the said product with detailed calculations. The said calculations were accepted and found to be justified by the MOD and basis the same, funds amounting to Rs. 209 Crore were released vide letter MoD ID No.8(2)/2022/NDCD/DDP/EAF/AWEIL dated 22.03.2023. Thus the loss was estimated properly and the same estimate of loss was considered for creation of the provision on the said onerous contract.</p> <p>Pinaka: the cost sheet of the said item was made available to the statutory auditors.</p> <p>Dhanush: the cost sheet of the said item was made available to the statutory auditors. The losses have been estimated and the estimates are reliable. Thus the conclusion of the statutory auditors is not correct. Further, provision of losses on account of onerous is necessary for compliance with Ind-AS 37.</p>												
<p>8.</p>	<p>Balances written back</p> <p>During the year the company has written back Various Financial Liabilities (Sundry Creditors) amounting to Rs 178.03 crores that relates to period prior to incorporation and accounted for the same in current financial year as "Other Income" in statement of profit and loss (Refer note 18 forming part of financial statements) which are given hereunder.</p> <table border="1" data-bbox="236 1456 853 2031"> <thead> <tr> <th>Particulars</th> <th>Current Status</th> <th>Amount (Rs in crore)</th> </tr> </thead> <tbody> <tr> <td>Being amount received from PCFA Kolkata against outstanding qty to be supplied.</td> <td>Amount appearing as payable in the books of RFI as " Advances Received from customers- Civil / Govt /PSUs"</td> <td>49.15</td> </tr> <tr> <td>Police Modernization Fund</td> <td>Appearing as liability in the books of account of RFL</td> <td>9.72</td> </tr> <tr> <td>Being amount CT (Civil Trade) transferred to respective factories.</td> <td>Appearing as liability in the books of RFI under the head "Advance Received against CT & Export.</td> <td>119.15</td> </tr> </tbody> </table>	Particulars	Current Status	Amount (Rs in crore)	Being amount received from PCFA Kolkata against outstanding qty to be supplied.	Amount appearing as payable in the books of RFI as " Advances Received from customers- Civil / Govt /PSUs"	49.15	Police Modernization Fund	Appearing as liability in the books of account of RFL	9.72	Being amount CT (Civil Trade) transferred to respective factories.	Appearing as liability in the books of RFI under the head "Advance Received against CT & Export.	119.15	<p>The company was incorporated in FY 2021-22 and eight independent units/factories were grouped under After corporatisation of the ordnance factories, the company was mandated to take over all the outstanding balances of these units and had no discretion over the same.</p> <p>The company, over the last three years, has been working towards reconciliation of the various balances in various units, to present a true and fair picture of its financial position.</p> <p>The reconciliation of the PPE, Inventory, statutory balances etc. has been undertaken by the company during the year, and the variations, to the extent identifiable with the pre-corporatisation period, were accounted for by restatement of the opening reserves, as per requirements of Ind AS 8. Impact of reconciliations which were not pertaining to the pre- corporatisation period was taken effect of, as and when detected.</p> <p>The same principle was followed in respect of third party balances. As regards party balances written of during the year, there is no conclusive evidence of the same being outstanding owing to any error or omission pertaining to the pre-corporatisation period. Thus, considering the materiality of the balances and the fact that these balances were being reported as current liabilities in the preceding year, the same were written off during the year through the profit and loss account itself.</p>
Particulars	Current Status	Amount (Rs in crore)												
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	<p>The above amount has been written back without investigating the reasons of creation of these liabilities by the erstwhile entity and why the same was not paid/adjusted.</p> <p>As per Ind AS 8 Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:</p> <ol style="list-style-type: none"> was available when financial statements for those periods were approved for issue; and could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. <p>Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.</p> <p>As per para 42 of Ind AS 8 Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:</p> <ol style="list-style-type: none"> restating the comparative amounts for the prior period(s) presented in which the error occurred; or if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. <p>The company has not followed provisions of restatement as per Ind AS 8 in respect of prior period errors by writing back the amounts appearing as payable in the books during the current year as given above. This has resulted in over statement of profit by Rs 178.03 crores during the current year which needs to be adjusted from Retained Earnings in the first year itself by restatement as per Ind AS 8.</p>	<p>It is relevant here to mention that there being no claimants for these balances for last more than two years, and no confirmations being available, carrying the same as current liabilities in the Balance Sheet for FY 2023-24 would have vitiated the true and fair view of the balance sheet of the company and would have also exposed the company to a negative inference in income tax assessment proceedings. There was no qualification or adverse report of the earlier years audited by them. Now a proper write back of non-claimable liability after due detection by the unit calls for the write back during the year itself.</p> <p>These balances were also part of the queries raised by the statutory auditors during the year under audit and were written back after getting confirmation from the concerned Unit Head.</p> <p>This is to mention that these balances being in the nature of trade liabilities (as against capital receipts), can not be directly adjusted to equity.</p> <p>The company has written back the specified credit balances in the current Financial year as the information about these balances were ratified in current year.</p> <p>Above balances were not appearing with respect to a particular party. PCFA has also not provided details of parties with respect to same. Moreover from last three years all debtors were being intimated about confirmation of their balances. Further no additional claim in respect of the same has been received by the Rifle Factory Ichapore.</p> <p>It was reflecting as liability in the books of RFI but actual liability does not exist. During the audit of RFI statutory auditor has given remarks to write back the amount.</p> <p>In view of above, these balances have been written back to reflect the true & fair view of state of affairs of Company.</p>
<p>9.</p>	<p>Depreciation as per Income Tax Act and Deferred Tax Liability</p> <p>During the year the company has restated earlier accounted "Government Grants" based on opinion of Expert Advisory committee of Institute of Chartered Accountants of India and transferred the same to retained earnings (Refer note no 38). The correction of the above error, if accepted by the Income Tax Authorities, may result in increase the "Tax Base" of PROPERTY PLANT AND EQUIPMENT by Rs 1714.92 as on 31/3/2022, and may turn impact calculation of Differed tax Act. The company has not made any adjustments on the account of the same.</p>	<p>As of date the change in accounting treatment of "Government Grant" has no impact on the "Tax Base" of Property, Plant and Equipment which is the opening WDV of Fixed Assets as per Income Tax Act. Therefore, no adjustments are required on account of same.</p> <p>However, the company will look into the matter of "Tax Base" of PPE and take appropriate action from Taxation point of view in due course.</p>
<p>10.</p>	<p>Confirmation of Balances</p> <ol style="list-style-type: none"> The company has communicated with Domestic Trade Receivables plus payable amounting to Rs 661.00 crore out of (Rs 1223.33 crore Trade Receivable plus Trade Payables of Rs 325.25 crores) through units themselves based on negative confirmation request" out of the above confirmations in value term of Rs 150.73 crore were 	<p>The Company has sent request for confirmation of balances to its vendors and customers on behalf of its statutory auditors. The majority of vendors and customers are of the Government entities. The Company is in the process of reconciling the balances with these entities. The Company does not expect any material deviations from the balances of its vendors at the time of payment and customers at the time of collection.</p>



	<p>received. The company has not communicated for balance confirmation in respect of Advances received from customers Rs 1521.27 crores and Advances to suppliers Rs. 56.81 crores appearing in the books.</p> <p>It has been observed that only few parties have responded to the above confirmation requests as approximately 9.74% balance confirmations requests have been responded which is deemed as confirmed balances as per the Negative Confirmation Request. The company did not carry out reconciliation with most of the parties from whom confirmations were received. In view of the above confirmation request to 21.15% parties in value terms were sought out of which only 4.82% parties responded to confirmation request. The company has also not implemented proper system of balance confirmation and reconciliation for major customers on continuous basis.</p> <p>We have also sought confirmation from selected parties in compliance with SA 505 but very few parties replied to our communication hence the purpose of our effect was unsuccessful.</p> <p>Thus, absence of proper system of balance confirmation and reconciliation on continuous basis may result into material impact on statement of profit and Loss and Balance Sheet of the company as the same is not reconciled with books of accounts. The impact of non-existence of proper system of balance confirmation and reconciliation is not quantifiable.</p> <p>b) During the year management has written back certain balances payable to parties amounting to Rs 178.03 crore as stated in para 8 of Basis for Adverse Opinion by credit to other income in statement of profit and loss. The management has not yet created a duly approved board policy for writing back / writing off of old balances. In absence of any duly approved policy of the company we cannot assess if the management has followed proper system before writing back / writing off a material amount appearing in its books as payable/ receivable.</p>	<p>It may also be mentioned that: Para 7 of SA-505 External confirmations is being reproduced hereunder:</p> <p>7. When using external confirmation procedures, the auditor shall maintain control over external confirmation requests, including:</p> <p>(a) Determining the information to be confirmed or requested; (Ref: Para. A1)</p> <p>(b) Selecting the appropriate confirming party; (Ref: Para. A2) Handbook of Auditing Pronouncements-I.A SA 505 6</p> <p>(c) Designing the confirmation requests, including determining that requests are properly addressed and contain return information for responses to be sent directly to the auditor; and (Ref: Para. A3-A6)</p> <p>(d) Sending the requests, including follow-up requests when applicable, to the confirming party. (Ref: Para. A7)</p> <p>Thus the standard clearly states that obtaining of confirmations is part of the audit process and comes under auditor's responsibility.</p> <p>As an addressee, our responsibility was to ensure complete access of information to our auditors, to communicate with the specific parties, as pointed out by the auditors, and same has been complied by the Company. The auditors have pointed out that confirmation requests were not sent to the parties having an advance in the company's books of account.</p> <p>It is to mention that the audit started in March, 2024 and was concluded on 11.09.2024 and no follow up requests or specific request of any such parties was made by the auditors and there is no instance whereby any request for confirmations was denied by any of the Units.</p> <p>As regards the write back by the company during the year, the same was duly approved by the Board, in response to the auditor's comments in the course of the audit itself. A company cannot have a unilateral policy for write back of balances, since a debt due to a third party is a matter of claim by such party. At best there can be a policy for creation of provision for Expected Credit losses, which only applies to receivables and not to payables.</p>
<p>11.</p>	<p>Reversal of Sales and Purchase Price: A decision to reduce profit element from erstwhile 7.5 % to 6% was taken in the meeting of CMD's of all the DPSUs on 22/12/2023 & 23/12/2023. Accordingly, company was required to issue pro rata credit notes to all the DPSUs from whom it had charged profit element of 7.5% for the FY 2023-24. However, the company has not followed the decision taken at the joint meeting referred to above. In absence of data from the company the impact of the non-compliance with the decision mentioned above cannot be quantified as on the balance sheet date.</p>	<p>As was informed to the Auditors, the decision of CMDs of the DPSUs on 22.12.2023 and 23.12.2023 was not universally applicable to all contracts. Post the above said decision, individual inter-DPSU contracts were amended with mutual consent. Credit Notes/Debit Notes in respect of such amended contracts were duly raised and accounted for by various units, in accordance with the directions of the respective operations' team of the Units.</p> <p>In respect of unamended contracts, no debit/credit notes were raised since the same cannot be raised unilaterally, without the consent of the other party to the contract.</p>
<p>12.</p>	<p>Non compliance of Schedule III Projects whose completion is overdue is required to be disclosed in financial statement showing the expected time of completion. No disclosure of the same has been made in the financial statements.</p>	<p>The aging of projects under progress has been disclosed by the Company under note no 6(a) to the Accounts.</p>



<p>13.</p>	<p>Compliance with Ind AS:</p> <p>i) The company has not disclosed the following requirement of Ind AS 16</p> <p>a) Para 79 (a) "Carrying amount of temporarily idle Property Plant and Equipment.</p> <p>b) Gross Carrying amount of any fully depreciated Property Plant and Equipment that is still in use.</p> <p>ii) Impairment of Assets: Impairment testing has not been made by the company as per Ind AS 36. The impact of the same in Statement of Profit and Loss cannot be commented.</p>	<p>i(a) There is no "idle" plant and machinery as such. Condemned assets have been duly separated and reported separately from PPE.</p> <p>i(b) Fully depreciated assets are accounted at Re.1, as has been pointed out by the Auditors themselves in the preceding years. The aggregate carrying value of such items in the balance sheet is not material. The gross carrying value was not ascertainable in view of lack of availability of data on transition.</p> <p>(ii) Impairment testing is done for all items of fixed assets as per policy of the company. The result of such testing is the re-classification of such assets to "condemned category", where in such assets are carried at realizable value in the financial statements of the company.</p>
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ANNEXURE A

<p>I (a)</p>	<p>(a) Up to last year we reported that the Company was maintaining records showing particulars, including quantitative details and situation, of Property, Plant and Equipment except for office equipment, computer equipment, furniture and fittings etc. as reported in para "Basis for Adverse Opinion" and para (d) of "Report on Internal Financial Controls on Financial Reporting" with respect to non-accounting of these items at carrying value as on 1st Oct 2021 and lack of proper controls for identification of these items. Our last year's report was based on test check basis of certain items. During the year some of the units carried out detailed verification of fixed assets in which material differences were observed in existence of fixed assets as reported in para 5 of Basis of Adverse Opinion. In case of other units in absence of detailed Independent Physical verification of Property Plant and Equipment, we are unable to form any opinion under this para.</p> <p>(b) The company is maintaining proper records showing full particulars of intangible assets.</p>	<p>Company has verified the fixed assets partially and the differences are due to classification mismatch in the Fixed Assets Register and the record used for physical verification. The Company is in the process of carrying out complete physical verification of fixed assets to avoid classification gaps.</p>
<p>I (b)</p>	<p>During the year under audit the company has not provided substantive evidence of physical verification reports of Property Plant and Equipment except OFC and GCF by any Independent committee based on any SOP, hence we can't comment on the policy of company regarding physical verification of fixed assets at reasonable interval and existence of any material discrepancy which remains unadjusted in financial books, except in case of OFC in which the discrepancies noticed have been adjusted in financial books during the year, however in case of GCF no adjustments has been made for discrepancies noticed as referred to in para 5 (b) of "Basis for Adverse Opinion" due to pending detailed review of preliminary Physical Verification Report by the appropriate authority for final approval.</p>	<p>Physical verification of PPE has been done by all units of AWEIL, report of same was shared with Statutory auditors. 07 units has updated FAR based on physical verification, 01 unit GCF will make adjustment during FY 2024-25 as per physical verification conducted during FY 2023-24. It is important to mention here that company has conducted physical verification of of PPE first time after incorporation. And discrepancy/deviation observed has been taken care of.</p>
<p>II (a)</p>	<p>As per information given to us, the company has a policy of conducting physical verification of inventory on a continuous stock verification basis (on actual count/weightment) selecting a few items each day so that each item is physically verified at least once during the year. This verification is conducted by the central stock</p>	<p>The company has carried out physical verification of inventory. The differences arising have been duly booked.</p>



	<p>verification staff of each factory under the administrative control of DGOF's HQ organization.</p> <p>During the year under audit the company has provided the physical verification report of Inventory by all the units. GCF Jabalpur reported short inventory of Rs 3.25 crore which has been adjusted in the financial books of current year as consumption.</p> <p>In absence of any standard SOP by the head office for physical verification of inventory by Independent persons, we can't comment on the policy of company regarding physical verification of inventory at periodical interval and coverage, procedure and its appropriateness and existence of any material discrepancy which remains unadjusted in financial books.</p>	
VII (a)	<p>According to the information and explanations given to us and the records of the Company examined by us, in our opinion, The Company is generally regular in depositing undisputed statutory dues in respect o of provident fund, employees" state insurance, income tax, goods and services tax and labour welfare fund, sales tax, service tax, duty of customs, duty of excise, value added tax, Cess and other material statutory dues, as applicable, with the appropriate authorities except TDS under section 194 (H) which is not being deducted and deposited as per the provisions of Income Tax Act. Complete details of the same is not presently quantifiable</p>	<p>It is to mention that proper deduction of TDS u/s194H has been done, however there were errors in recording the few transactions in the books at some places for which rectification entries would be made in books of Accounts during Financial Year 2024-25.</p>
XIV	<p>a) During the year under audit the company appointed one cost auditor as internal auditor to carry out the internal audit of company as per scope fixed by the company. In our opinion the internal audit system was not in commensurate with the size of the company and the nature of its business.</p> <p>b) We have considered the report submitted by the internal auditor however the same was irrelevant from the angle of internal audit as the scope of internal audit was not as per the requirement of standards on internal audit issued by ICAL.</p>	<p>The company has appointed an internal auditor as per provision of the Companies Act. However as suggested, the company will broaden the scope of work of internal audit in the coming periods.</p>
Annexure-C		
	<p>a. Absent or inadequate segregation of duties within a significant account or process-There does not exist any control at the time of recording of transactions in books of accounts i.e., there is a lack of regular maker or checker concept</p>	<p>a. Primary data for recording transactions is maintained in PPC system. Its access is limited and controlled. The entry once posted cannot be altered without permission of higher authority; record of same is being maintained at IT division of units.</p> <p>The secondary accounting software to record transactions for preparation of Financial Statements is Tally. It is being operated by specifically authorized person to record the transaction.</p> <p>As we are working in two different software, primary recording is done in PPC system. The same is being reproduced in Tally software. Since there are proper checks and controls in PPC System, it would be inappropriate to say that the company lacks maker-checker system.</p>



<p>b. In adequate design of general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives and current needs.</p> <p>i) The company does not have any established procedure or guideline for identifying the bills relating to services availed for whom the provision needs to be created. Example in this regard is: Bills from MES for constructions work, AMC for repairs and Maintenance, Contract Labour payment.</p> <p>ii) Different units are following different system for accounting of expenses in respect of Travelling expenses, LTC and Medical expenses. In absence of proper system expenses booked and advances appearing in the books are not verifiable.</p> <p>iii) Details of breakdown of production machines in production shops are not being properly recorded by most of the units. In many breakdown machines appearing for 3 to 4 years and the depreciation on the same is also charged and allocated to production cost which is incorrect.</p> <p>c. Employees who lack the training to fulfill their assigned functions - The person responsible for accounting appears to be deficient in knowledge for recording the complex transactions. Consultants appointed for accounting the transactions on day to day basis in the units were not competent to render the services for the company in view of complex accounting of the company.</p>	<p>The Company is planning to implement ERP system for data base management in upcoming financial year. This will streamline the accounting system and remove duplicity of work. Also it will improve the overall internal control system</p> <p>b. Inadequate Design of General Application Control:</p> <p>i. The Company has proper system of recording bills/ transactions related to services at its units, such as contract labour, AMC for repairs and Maintenance etc. Transactions related to these are properly routed from procurement division of the units to the Finance division. At the end of the Financial Year proper provision is made by the units of the Company. The same was being scrutinized by the auditors from last three financial years and any suggestion /observation with respect to provision for services by auditors was properly addressed during the respective financial years.</p> <p>ii. All units of AWEIL are recording transaction with respect to Travelling Expense, LTC and Medical expense on cash basis during the year. At the end of the year appropriate provision is made and adjustment is done to be consistent with Accrual accounting. One unit of AWEIL namely RFI has further improved the method of recording the transaction and recorded employee wise transactions under the provision head.</p> <p>iii. The Company maintains proper records of Machine Maintenance in its database management system under Maintenance Management Module at its unit level wherein data related to availability of machine, break-down of machine are being maintained by units of AWEIL. From the observation of auditor it seems that same has not been properly verified at their end.</p> <p>c. For preparation of financial statement units of AWEIL as well as AWEIL HQ is taking help of CA consultants.</p> <p>As per the requirement of the company, employees of the company at finance division are working for day-to-day banking transaction, financial consultation on procurement, proposal for clearing the bill of vendors and providing consultation /concurrence on the investment proposal etc. Employees have been deployed considering their knowledge, past experience and suitability to the assigned work. So, it would be inappropriate to say that person responsible for accounting is lacking knowledge. Further the Company is providing training to its employees for enhanced efficiency and effectiveness in finance and accounting works.</p>
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<p>d. Inadequate design of internal control over a significant account or process: The Company does not have proper system of identifying the items of furniture & fixtures, office equipment etc meeting the definition of PPE as per Ind As 16 due to which these items are expensed of instead of being capitalized in some units.</p> <p>e. Failure to perform reconciliation of significant accounts: The company does not have proper system for balance confirmation and reconciliation in respect of Advances , Trade Payables and Trade Receivables</p> <p>f. Rejected finished goods / components are not being properly recorded and accounting of losses as per accounting principles.</p> <p>A material weakness? is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.</p> <p>In our opinion, except for the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2024, based on "the internal control over financial reporting criteria existing in the Company and updated during the period of our audit, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.</p> <p>We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2024 standalone financial statements of the Company, and these material weaknesses does not affect our opinion on the standalone Ind-AS financial statements of the Company.</p>	<p>d. After incorporation, the company is properly capitalizing Furniture and Fixture, Office Equipment in its books. The same is evident from the books of the company where Rs.1.26 crore has been capitalized under head Furniture & Fixture and Office Equipment. In this regard, it is submitted that company has conducted physical verification of its assets and details have been shared with auditors and as per view/advice of auditor certain deviation observed has been incorporated.</p> <p>e. As explained in Point 10, the company has duly reconciled balances of Trade Payables and Trade Receivable.</p> <p>f. In case of Rejection of Finished Goods, the Company checks whether the reason for rejection can be rectified, if not the same is accounted for in Inventory Records and the FG item is scrapped. Also, the necessary credit note/stock transfer voucher is issued to properly account the same.</p>
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**Form No. MR-3
SECRETARIAL AUDIT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2024**

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

**To,
The Members,
ADVANCED WEAPONS AND EQUIPMENT INDIA LIMITED
Kanpur**

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ADVANCED WEAPONS AND EQUIPMENT INDIA LIMITED (CIN: U29270UP2021GO1150734) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my 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 the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minutes, books, forms and returns filed and other records maintained by the company for the financial year that ended on 31st March 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 to the Company during Audit Period);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (Not applicable for Government Company);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulation made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the Company during Audit Period);
- (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable as the company is an unlisted Company.
- (vi) Other Applicable Laws:
 - (a) The Employees Provident Fund & Miscellaneous Provisions Act, 1952;
 - (b) The Employees State Insurance Act, 1948;
 - (c) The Maternity Benefit Act, 1961;
 - (d) The Payment of Bonus Act, 1965;
 - (e) The Payment of Gratuity Act, 1972;
 - (f) Environmental Laws like The Water (Prevention and Control of Pollution) Act, 1974, The Environment (Protection) Act, 1986;
 - (g) Factories Act, 1948;
 - (h) DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;
 - (i) Environmental Laws;
 - (j) Income Tax Act 1961;
 - (k) Goods and Service Tax Act, 2016.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreement/Listing Regulation, (Not applicable to the Company during Audit Period as the Company is an unlisted Company);

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;

- i. This observation was already given in last year report, Immovable Properties of the Company are yet to be mutated in the name of the Company;



- ii. Copy of the NOC with fire department were not available for inspection for all the establishments of the Company;
- iii. The company has raised funds by Right Issue, but the amount has been received prior to the offer by the board and thereby failed to comply with section 62 of the Companies Act, 2013;
- iv. During the Audit Period, the non-functional Directors were less than 50% of the total Board Strength as required in clause 3.1.2 of the DPE Guidelines, 2010;
- v. During the Audit Period the Company does not have Independent Directors as required in clause 3.1.4 of the DPE Guidelines, 2010;
- vi. The Company has not constituted audit Committee and Nomination & Remuneration Committee as required in clause 4 & 5 of the DPE Guidelines, 2010;
- vii. The company was required to appoint women director but failed to do so.

For the compliances of Labour Laws & other General Laws, my examination and reporting is based on the documents, records and files as produced and shown to me and the information and explanations as provided to me, by the officers and management of the Company and to the best of my judgment and understanding of the applicability of the different enactments upon the Company, in my opinion there are adequate systems and processes exist in the Company to monitor and ensure compliance with applicable General laws and Labour Laws.

I further report that

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review are carried out in compliance with the provisions of the Act.

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

Decisions were passed with a unanimous majority and recorded as part of the minutes.

I further report that

There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines to the extent applicable.

**For Janvi Mordani
Company Secretaries**

**Date: 13.11.2024
Place: Kanpur**

**Sd/-
CP No. 10094
Peer Review Certificate Number 5513/2024
UDIN: A028157F002124647**



OBSERVATIONS OF SECRETARIAL AUDITOR AND REPLIES OF MANAGEMENT THEREON

Sl. No.	Observation of Statutory Auditor's	Management Replies
1.	This observation was already given in last year's report; Immovable Properties of the Company are yet to be mutated in the name of the Company;	Action for the transfer of land from OFB to AWEIL has been completed in all units. However, the requirement for mutation is being taken up.
2.	Copy of the NOC with fire department were not available for inspection for all the establishments of the Company;	All units of AWEIL have their own Fire Tender facilities.
3.	The company has raised funds by Right Issue but the amount has been received prior to the offer by the Board and thereby failed to comply with section 62 of the Companies Act, 2013;	Funds are transferred by the Government of India to meet Capital Expenditure requirements without prior intimation and as per instruction, the Company has to issue the equity shares against funds received.
4.	During the Audit Period, the non-functional Directors were less than 50% of the total Board Strength as required in clause 3.1.2 of the DPE Guidelines, 2010;	As per the Articles of Association of the Company, the power to appoint Directors vests with the President of India. The Management has requested Ministry of Defence for the appointment of Non-Functional Directors to the Board of the Company, which is under consideration.
5.	During the Audit Period, the Company does not have Independent Directors as required in clause 3.1.4 of the DPE Guidelines, 2010;	As per the Articles of Association of the Company, the power to appoint Directors vests with the President of India. The Management has requested Ministry of Defence for the appointment of Independent Directors in the Board of the Company, which is under consideration.
6.	The Company has not constituted an audit Committee and Nomination & Remuneration Committee as required in clause 4 & 5 of the DPE Guidelines, 2010;	The Audit Committee and Nomination & Remuneration Committee could not be constituted during the financial year 2023-24, due to lack of Non-Official (Independent) Directors in the Board. However, the Management has requested the Ministry of Defence for the appointment of Non-Official (Independent) Directors in the Board of the Company, which is under consideration.
7.	The company was required to appoint women director but failed to do so.	As per the Articles of Association of the Company, the power to appoint Directors vests with the President of India. The Management has requested the Ministry of Defence for the appointment of Women Director in the Board of the Company, which is under consideration.



Confidential/Speed Post

No. /T-459/AWEI/Accounts/2024-25 Dated 6 November 2024



सत्यमेव जयते

कार्यालय
महानिदेशक लेखापरीक्षा
आयुध निर्माणियां
कोलकाता
OFFICE OF THE
DIRECTOR GENERAL OF ARMS
ORDNANCE FACTORIES
KOLKATA

To,
The Chairman cum Managing Director
Advanced Weapons and Equipment India Limited
Ordnance Factory, G T Road
Kanpur-208022

Subject: - Comment under Section 143 (6) (b) of the Companies Act 2013 on the Accounts of Advanced Weapons and Equipment India Limited, Kanpur for the year ended 31 March 2024.

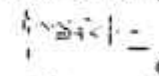
Sir

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 Standalone Financial Statements & the Consolidated Financial Statements of Advanced Weapons and Equipment India Limited, Kanpur for the year ended 31 March 2024.

Receipt of this letter may kindly be acknowledged.

Encl: As stated

Yours faithfully,


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



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON STANDALONE FINANCIAL STATEMENTS OF ADVANCED WEAPONS AND EQUIPMENT INDIA LIMITED, KANPUR FOR THE YEAR ENDED 31 MARCH 2024.

The preparation of Financial Statement of Advanced Weapons and Equipment India Limited, Kanpur 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 27 September 2024 which supersedes their earlier Audit Report dated 11 September 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Financial Statements of Advanced Weapons and Equipment India Limited, Kanpur 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 Auditor and company personnel and a selective examination of some of the accounting records.

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

1. Comment on Profitability

Standalone Balance Sheet

Total Current Liabilities- ₹2265.19 crore

Other Current Liabilities (Note 15)- ₹ 1760.97 crore

The above does not include an amount of ₹ 2.93 crore being non-provision of arrear of House Rent Allowances (HRA) in respect of employees of the company for the period from January 2024 to March 2024. This has resulted in understatement of Current Liabilities and overstatement of Profit to the tune of ₹ 2.93 crore.



2. Comment on Financial Position

Balance Sheet

Non-Current Assets

Property, plant and equipment (Note 06): ₹ 1854.06 crore

Freehold Land : ₹ 32.04 crore

Above does not include an amount of ₹12159.79 crore being the difference of market value of Land (₹ 12191.83 crore) as per Registered Valuer's report and the value of Land Booked (₹ 32.04 crore) by the Company. Non-considering the market value of Land has resulted in understatement of Assets and Other Equity by ₹ 12159.79 crore.

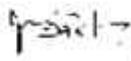
Despite being commented by the Comptroller & Auditor General of India on the Financial Statements for the year ended 31 March 2023, the value of land has not been correctly booked by the Advanced Weapons and Equipment India Limited for the year ended 31 March 2024.

3. Statement of Changes in Equity

The Statement of Changes in Equity included in Financial Statements of Advanced Weapons and Equipment India Limited for the year ended 31 March 2024 has not been prepared in the format as prescribed by Ministry of Corporate Affairs (MCA) vide notification dated 24th March 2021.

This has resulted in violation of Section 129(1) of the Companies Act 2013 which prescribes that the Financial Statements shall be in the form or forms as may be provided in Schedule III of Companies Act, 2013.

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


06/11/2024
(Sarat Chaturvedi)
Director General of Audit
(Ordnance Factories)

Place: Kolkata

Dated: 06/11/2024.



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON CONSOLIDATED FINANCIAL STATEMENTS OF ADVANCED WEAPONS AND EQUIPMENT INDIA LIMITED, KANPUR FOR THE YEAR ENDED 31 MARCH 2024.

The preparation of Consolidated Financial Statements of Advanced Weapons and Equipment India Limited, Kanpur 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 27 September 2024 which supersedes their earlier Audit Report dated 11 September 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit of the Consolidated Financial Statements of Advanced Weapons and Equipment India Limited, Kanpur for the year ended 31 March 2024 under section 143(6)(a) read with section 129(4) of the Act. We conducted the Supplementary Audit of the Financial Statements of Advanced Weapons and Equipment India Limited, Kanpur, but did not conduct the Supplementary Audit of the Financial Statements of one Joint Venture viz., Indo Russian Rifles Private Limited of Advanced Weapons and Equipment India Limited, Kanpur for the year ended 31 March 2024. Further, section 139(5) and 143(6) (a) of the Act are not applicable to the joint venture company being private entity, for appointment of their Statutory Auditor and for conduct of Supplementary Audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the Supplementary Audit of the company. This Supplementary Audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the Statutory Auditor and company personnel and a selective examination of some of the accounting records.

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



1. Comment on Profitability

Consolidated Balance Sheet

Total Current Liabilities- ₹2265.19 crore

Other Current Liabilities (Note 15)- ₹ 1760.97 crore

The above does not include an amount of ₹ 2.93 crore being non-provision of arrear of House Rent Allowances (HRA) in respect of employees of the company for the period from January 2024 to March 2024. This has resulted in understatement of Current Liabilities and overstatement of Profit to the tune of ₹ 2.93 crore.

2. Comment on Financial Position

Balance Sheet

Non-Current Assets

Property, plant and equipment (Note 06): ₹ 1854.06 crore

Freehold Land : ₹ 32.04 crore

Above does not include an amount of ₹12159.79 crore being the difference of market value of Land (₹ 12191.83 crore) as per Registered Valuer's report and the value of Land Booked (₹ 32.04 crore) by the Company. Non-considering the market value of Land has resulted in understatement of Assets and Other Equity by ₹ 12159.79 crore.

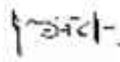
Despite being commented by the Comptroller & Auditor General of India on the Financial Statements for the year ended 31 March 2023, the value of land has not been correctly booked by the Advanced Weapons and Equipment India Limited for the year ended 31 March 2024.

3. Statement of Changes in Equity

The Statement of Changes in Equity included in Financial Statements of Advanced Weapons and Equipment India Limited for the year ended 31 March 2024 has not been prepared in the format as prescribed by Ministry of Corporate Affairs (MCA) vide notification dated 24th March 2021.

This has resulted in violation of Section 129(1) of the Companies Act 2013 which prescribes that the Financial Statements shall be in the form or forms as may be provided in Schedule III of Companies Act, 2013.

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


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

Place: Kolkata

Dated: 06/11/2024



MANAGEMENT RESPONSE TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON STANDALONE FINANCIAL STATEMENTS OF ADVANCE WEAPONS AND EQUIPMENT INDIA LIMITED, KANPUR FOR THE YEAR ENDED 31st MARCH 2024.

<p>Audit Comments No.1.</p>	<p><u>Comment on Profitability</u> Standalone Balance Sheet Total Current Liabilities- Rs 2265.19 crore Other Current Liabilities (Note 15)- Rs 1760.97 crore The above does not include an amount of 2.93 crore being non-provision of arrear of House Rent Allowances (HRA) in respect of employees of the company for the period from January 2024 to March 2024. This has resulted in understatement of Current Liabilities and overstatement of Profit to the tune of 2.93 crore.</p>
<p>Management response to comments of CAG</p>	<p>As of 31/03/2024, there was no liability to pay arrears of HRA as such. The revision in HRA was made (resulting in liability towards arrears) vide Order/Notification dated 27/05/2024. Since the said liability has accrued in FY 2024-25, accordingly the same has been booked in the financial year 2024-25.</p>
<p>Audit Comments No.2.</p>	<p><u>Comment on Financial Position</u> Balance Sheet Non-Current Assets Property, plant and equipment (Note 06): 1854.06 crore Freehold Land : 32.04 crore Above does not include an amount of Rs 12159.79 crore being the difference of market value of Land (Rs 12191.83 crore) as per Registered Valuer's report and the value of Land Booked (Rs 32.04 crore) by the Company. Non-considering the market value of Land has resulted in understatement of Assets and Other Equity by Rs 12159.79 crore. Despite being commented by the Comptroller & 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 Advanced Weapons and Equipment India Limited for the year ended 31 March 2024.</p>
<p>Management response to comments of CAG</p>	<p>The audit comments covers the valuation of assets, specifically Freehold Land for the purpose of issuance of Equity Shares to Government of India, and valuation of Property, Plant and Equipment as per Ind-AS for the purpose of Books of Accounts.</p> <p>Valuation of Assets at Fair Value for Calculation of NAV As per Office Memorandum No. 1(5)/2021/OF/DP(Plg-V)/01 dt. 24th Sep,2021 issued by Ministry of Defence (Department of Defence Production), the assets and liabilities in respect of the business previously being carried out by Government were transferred to new DPSUs on the Net Asset Value. The company had to issue equity shares to the Government of India for the Net Value of all its assets and liabilities. Net Asset Value is a methodology to arrive at fair value of a business by revaluing all the assets and liabilities of an entity at fair value on the valuation date. For this purpose, the company got the Valuation of all its assets and liabilities conducted from Independent Valuer. The Valuer submitted its report dt 26.02.2023 and calculated the NAV of the Company as Rs.16220.67 Crores. This value includes fair value of land for Rs. 12160 Crore/-. Fair Valuation of assets for the purpose of issuance of Equity does not affect its treatment in books of accounts.</p> <p>Valuation of Property, Plant and Equipment for the purpose of Books of Accounts On 01.10.2021 when the Company got a separate Identity after dissolution of Ordnance Factory Board, the Company prepared its first Ind AS Financial Statements for FY 2021-22. An entity's first Ind AS financial statements are the first annual financial statements in which the entity adopts Ind ASs, in accordance with Ind ASs notified under the Companies Act, 2013 and makes an explicit and unreserved statement in those</p>



financial statements of compliance with Ind ASs.

Since, it was newly formed company and Ind AS was applicable for the first time, the company has to prepare its Financial Statements as per *Ind AS 101 First-Time Adoption of Indian Accounting Standards*.

The objective of Ind AS 101 is to ensure that an entity's first Ind AS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:

- a) is transparent for users and comparable over all periods presented;
- b) provides a suitable starting point for accounting in accordance with Indian Accounting Standards (Ind ASs); and
- c) can be generated at a cost that does not exceed the benefits.

As per para 6 of Ind AS 101, (Opening Ind AS Balance Sheet):-

"An entity shall prepare and present an opening Ind AS Balance Sheet at the date of transition to Ind ASs. This is the starting point for its accounting in accordance with Ind ASs subject to the requirements of paragraphs D13AA and D22."

Para 27AA of Ind AS 101 states that:-

"If an entity adopts the first time exemption option provided in accordance with paragraph D7AA, the fact and the accounting policy shall be disclosed by the entity until such time that those items of Property, plant and equipment, investment properties or intangible assets, as the case may be, are significantly depreciated, impaired or derecognised from the entity's Balance Sheet."

Appendix D of Ind AS 101 provides Exemptions from Other Ind ASs. As per Para D7AA for Deemed Cost, *"Where there is no change in its functional currency on the date of transition to Ind ASs, a first-time adopter to Ind ASs may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with paragraph D21 and D21A, of this Ind AS. If an entity avails the option under this paragraph, no further adjustments to the deemed cost of the property, plant and equipment so determined in the opening balance sheet shall be made for transition adjustments that might arise from the application of other Ind ASs. This option can also be availed for intangible assets covered by Ind AS 38, Intangible Assets and investment property covered by Ind AS 40, Investment Property."*

The company has opted for Exemption as stated in para D7AA of Ind AS 101 if FY 2021-22 and shown the value of Property, Plant and Equipment at Carrying value as per previous GAAP.

Also, for Valuation of Property, Plant and Equipment as per Ind As 16 Property, Plant and Equipment

"An entity shall choose either the cost model in paragraph 30 or the revaluation model in paragraph 31 as its accounting policy and shall apply that policy to an entire class of property, plant and equipment."

In Line with the above provisions, accounting policies of the company specify:-

"Initial Recognition and Measurement: Items of property, plant and equipment are initially recognized at cost. Cost comprises purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the present value of initial estimate of cost of dismantling, removal and restoration. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term projects if the recognition criteria are met.

Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses.

Subsequent Cost: Subsequent expenditure is recognized in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably."

As the Company follows cost model of accounting, it is not required to book its land on fair value as derived from Valuation report used for computation of NAV of the Company. Hence, this is in Compliance with reporting requirements of Ind AS.



<p>Audit Comments No.3.</p>	<p>Statement of Changes in Equity The Statement of Changes in Equity included in Financial Statements of Advanced Weapons and Equipment India Limited for the year ended 31 March 2024 has not been prepared in the format as prescribed by Ministry of Corporate Affairs (MCA) vide notification dated 24th March 2021. This has resulted in violation of Section 129(1) of the Companies Act 2013 which prescribes that the Financial Statements shall be in the form or forms as may be provided in Schedule III of Companies Act, 2013.</p>
<p>Management response to comments of CAG</p>	<p>Statement of Changes in Equity has been made in compliance with the requirements of Division II of Schedule III of Companies Act, 2013. Proper reconciliation of Equity Share as well as Other Equity is given along with the sub-classification of Other Equity into Capital Reserve, Capital Reserve on Business Reorganization, Retained Earnings and Share Application Money Pending Allotment. As per Division II of Schedule III, "Each item on the face of the Balance Sheet, Statement of Changes in Equity and Statement of Profit and Loss shall be cross-referenced to any related information in the Notes. In preparing the Financial Statements including the Notes, a balance shall be maintained between providing excessive detail that may not assist users of Financial Statements and not providing important information as a result of too much aggregation." Detailed Note on presentation of Share Capital and Other Equity has been given in Note No. 11 and 12 respectively. Thus the Financial Statements, as a whole are not lacking in any disclosure.</p>

MANAGEMENT RESPONSE TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON CONSOLIDATED FINANCIAL STATEMENTS OF ADVANCE WEAPONS AND EQUIPMENT INDIA LIMITED, KANPUR FOR THE YEAR ENDED 31st MARCH 2024.

<p>Audit Comments No.1.</p>	<p>Comment on Profitability Standalone Balance Sheet Total Current Liabilities- Rs 2265.19 crore Other Current Liabilities (Note 15)- Rs 1760.97 crore The above does not include an amount of 2.93 crore being non-provision of arrear of House Rent Allowances (HRA) in respect of employees of the company for the period from January 2024 to March 2024. This has resulted in understatement of Current Liabilities and overstatement of Profit to the tune of 2.93 crore.</p>
<p>Management response to comments of CAG</p>	<p>As of 31/03/2024, there was no liability to pay arrears of HRA as such. The revision in HRA was made (resulting in liability towards arrears) vide Order/Notification dated 27/05/2024. Since the said liability has accrued in FY 2024-25, accordingly the same has been booked in the financial year 2024-25.</p>
<p>Audit Comments No.2.</p>	<p>Comment on Financial Position Balance Sheet Non-Current Assets Property, plant and equipment (Note 06): 1854.06 crore Freehold Land : 32.04 crore Above does not include an amount of Rs 12159.79 crore being the difference of market value of Land (Rs 12191.83 crore) as per Registered Valuer's report and the value of Land Booked (Rs 32.04 crore) by the Company. Non-considering the market value of Land has resulted in understatement of Assets and Other Equity by Rs 12159.79 crore. Despite being commented by the Comptroller & 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 Advanced Weapons and Equipment India Limited for the year ended 31 March 2024.</p>



**Management
response to
comments
of CAG**

The audit comments covers the valuation of assets, specifically Freehold Land for the purpose of issuance of Equity Shares to Government of India, and valuation of Property, Plant and Equipment as per Ind-AS for the purpose of Books of Accounts.

Valuation of Assets at Fair Value for Calculation of NAV

As per Office Memorandum No. 1(5)/2021/OF/DP(Plg-V)/01 dt. 24th Sep,2021 issued by Ministry of Defence (Department of Defence Production), the assets and liabilities in respect of the business previously being carried out by Government were transferred to new DPSUs on the Net Asset Value.

The company had to issue equity shares to the Government of India for the Net Value of all its assets and liabilities.

Net Asset Value is a methodology to arrive at fair value of a business by revaluing all the assets and liabilities of an entity at fair value on the valuation date.

For this purpose, the company got the Valuation of all its assets and liabilities conducted from Independent Valuer. The Valuer submitted its report dt 26.02.2023 and calculated the NAV of the Company as Rs.16220.67 Crores. This value includes fair value of land for Rs. 12160 Crore/-. Fair Valuation of assets for the purpose of issuance of Equity does not affect its treatment in books of accounts.

Valuation of Property, Plant and Equipment for the purpose of Books of Accounts

On 01.10.2021 when the Company got a separate Identity after dissolution of Ordnance Factory Board, the Company prepared its first Ind AS Financial Statements for FY 2021-22. An entity's first Ind AS financial statements are the first annual financial statements in which the entity adopts Ind ASs, in accordance with Ind ASs notified under the Companies Act, 2013 and makes an explicit and unreserved statement in those financial statements of compliance with Ind ASs.

Since, it was newly formed company and Ind AS was applicable for the first time, the company has to prepare its Financial Statements as per *Ind AS 101 First-Time Adoption of Indian Accounting Standards*.

The objective of Ind AS 101 is to ensure that an entity's first Ind AS financial statements, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:

- a) is transparent for users and comparable over all periods presented;
- b) provides a suitable starting point for accounting in accordance with Indian Accounting Standards (Ind ASs); and
- c) can be generated at a cost that does not exceed the benefits.

As per para 6 of Ind AS 101, (Opening Ind AS Balance Sheet):-

"An entity shall prepare and present an opening Ind AS Balance Sheet at the date of transition to Ind ASs. This is the starting point for its accounting in accordance with Ind ASs subject to the requirements of paragraphs D13AA and D22."

Para 27AA of Ind AS 101 states that:-

"If an entity adopts the first time exemption option provided in accordance with paragraph D7AA, the fact and the accounting policy shall be disclosed by the entity until such time that those items of Property, plant and equipment, investment properties or intangible assets, as the case may be, are significantly depreciated, impaired or derecognised from the entity's Balance Sheet."

Appendix D of Ind AS 101 provides Exemptions from Other Ind ASs. As per Para D7AA for Deemed Cost, *"Where there is no change in its functional currency on the date of transition to Ind ASs, a first-time adopter to Ind ASs may elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind ASs, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments in accordance with paragraph D21 and D21A, of this Ind AS. If an entity avails the option under this paragraph, no further adjustments to the deemed cost of the property, plant and equipment so determined in the opening balance sheet shall be made for transition adjustments that might arise from the application of other Ind ASs. This option can also be availed for intangible assets covered by Ind AS 38, Intangible Assets and investment property covered by Ind AS 40, Investment Property."*



	<p>The company has opted for Exemption as stated in para D7AA of Ind AS 101 if FY 2021-22 and shown the value of Property, Plant and Equipment at Carrying value as per previous GAAP.</p> <p>Also, for Valuation of Property, Plant and Equipment as per Ind As 16 Property, Plant and Equipment <i>"An entity shall choose either the cost model in paragraph 30 or the revaluation model in paragraph 31 as its accounting policy and shall apply that policy to an entire class of property, plant and equipment."</i></p> <p>In Line with the above provisions, accounting policies of the company specify; - <i>"Initial Recognition and Measurement: Items of property, plant and equipment are initially recognized at cost. Cost comprises purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the present value of initial estimate of cost of dismantling, removal and restoration. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term projects if the recognition criteria are met.</i></p> <p><i>Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses.</i></p> <p><i>Subsequent Cost: Subsequent expenditure is recognized in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably."</i></p> <p>As the Company follows cost model of accounting, it is not required to book its land on fair value as derived from Valuation report used for computation of NAV of the Company. Hence, this is in Compliance with reporting requirements of Ind AS.</p>
<p>Audit Comments No.3.</p>	<p>Statement of Changes in Equity</p> <p>The Statement of Changes in Equity included in Financial Statements of Advanced Weapons and Equipment India Limited for the year ended 31 March 2024 has not been prepared in the format as prescribed by Ministry of Corporate Affairs (MCA) vide notification dated 24th March 2021.</p> <p>This has resulted in violation of Section 129(1) of the Companies Act 2013 which prescribes that the Financial Statements shall be in the form or forms as may be provided in Schedule III of Companies Act,2013.</p>
<p>Management response to comments of CAG</p>	<p>Statement of Changes in Equity has been made in compliance with the requirements of Division II of Schedule III of Companies Act, 2013. Proper reconciliation of Equity Share as well as Other Equity is given along with the sub-classification of Other Equity into Capital Reserve, Capital Reserve on Business Reorganization, Retained Earnings and Share Application Money Pending Allotment.</p> <p>As per Division II of Schedule III, <i>"Each item on the face of the Balance Sheet, Statement of Changes in Equity and Statement of Profit and Loss shall be cross-referenced to any related information in the Notes. In preparing the Financial Statements including the Notes, a balance shall be maintained between providing excessive detail that may not assist users of Financial Statements and not providing important information as a result of too much aggregation."</i></p> <p>Detailed Note on presentation of Share Capital and Other Equity has been given in Note No. 11 and 12 respectively. Thus the Financial Statements, as a whole are not lacking in any disclosure.</p>



REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

According to guidelines on Corporate Governance for CPSEs 2010 issued by the Department of Public Enterprises, Govt. of India ('DPE Guidelines'), vide DPE's OM No.18(8)/2005-GM dated 14 May 2010 to as applicable concerning Corporate Governance.

Your Company has always shown commitment towards its Code of Corporate Governance. Corporate Governance is the creation and enhancement of long-term sustainable value for our stakeholders, comprising regulators, employees, customers, vendors, and society at large, through ethically driven business practices. Effective corporate governance practices constitute the strong foundation on which successful commercial enterprises are built to last. Strong leadership and effective corporate governance practices have been the Company's governance philosophy. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy.

The management of the company is entrusted in the hands of the key management personnel of the company and is headed by the Chairman and Managing Director, who functions under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management.

BOARD OF DIRECTORS

The Company is 100% Government owned Company under the administrative control of the Department of Defence Production, Ministry of Defence. The composition of the Board of the Company is governed by the provisions of the Companies Act, 2013 ('the Act') and DPE Guidelines. Being a Government Company and as per the Articles of Association of the Company, the power to appoint a Board of Directors vests with the President of India.

The Board of Directors of the company as on 31st March 2024 consisted of the Chairman and Managing Director (CMD), three functional directors, and one Government Nominee Director. The Directors as of 31st March 2024 were as under:

Shri Rajesh Choudhary	-	Chairman & Managing Director
Shri Akhilesh Kumar Maurya	-	Director (Operations)
Shri Biswajit Pradhan	-	Director (HR)
Shri Sushil Sinha	-	Director (Finance) & Chief Financial Officer

PART-TIME OFFICIAL (GOVERNMENT) DIRECTOR:

Shri Jayant Kumar, Joint Secretary (AS), Ministry of Defence.

As per DPE Guidelines, the number of Functional Directors (including CMD/MD) should not exceed 50% of the actual strength of the Board, and there should be 02 Part-Time Non-Official (Independent) Directors should be in the Board. The Board pursuing with its administrative Ministry (MoD) for the appointment of a Non-Official (Independent Director), which is under consideration.

CHANGES IN DIRECTORS DURING THE YEAR

- There is no change in any Directorship in the Company during the year.

DIRECTOR SHAREHOLDING

No Director of the Company is holding any shares of the Company as on 31st March, 2024.

ATTENDANCE OF DIRECTORS AT BOARD MEETING

The Board of Directors meets at regular intervals to review of performance of the Company and to transact other business. The time gap between the two Board meetings was within the time prescribed under the Companies Act, 2013 and DPE Guidelines.

During the period 1st April 2023 to 31st March 2024, the Board of Directors met on Seven (7) occasions, which were held on 21.06.2023, 12.07.2023, 25.08.2023, 25.09.2023, 01.11.2023, 10.01.2024 and 23.02.2024.

Details of attendance of the Directors at the Board Meetings during 2023-24 are given below:



Directors	Meetings held during the respective tenure of the Director	No. of Board Meetings Attended
Shri Rajesh Choudhary	7	7
Shri Jayant Kumar	7	6
Shri Akhilesh Kumar Maurya	7	7
Shri Biswajit Pradhan	7	6
Shri Sushil Sinha	7	7

SUB-COMMITTEES OF BOARD OF DIRECTORS

No sub-committees could be constituted during the financial year 2023-24, due to lack of Non-Official (Independent) Directors in the Board. However, the Management has requested with Ministry of Defence for the appointment of Non-Official (Independent) Directors in the Board of the Company, which is under consideration.

COMMITTEE OF CORPORATE SOCIAL RESPONSIBILITY (CSR COMMITTEE)

The provision of section 135 of the Companies Act, 2013 and read with Companies (Corporate Social Responsibility) Rules, 2014 relating constitution of the CSR Committee was not applicable, however, duties of the CSR committee were discharged by the Board.

GENERAL MEETINGS

One Annual General Meeting on 30.11.2023 held during the Financial Year 2023-24.

REMUNERATION OF DIRECTORS

AWEIL is one of the seven Defence Public Sector Undertakings formed by converting the erstwhile Ordnance Factory Board (OFB). Directors are on deemed deputation and shall continue to be subject to all the extant rules, regulations and orders as apply to the Central Government employees including those related to their pay scales. The company does not pay any commission to its Directors. Part-time official (Government) Directors are not paid sitting fees or any other remuneration.

CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors is in the process of adopting a policy on 'Code of Business Conduct and Ethics' as per DPE Guidelines as on 31st March, 2024.

WHISTLE BLOWER

All provisions of PIDPI Act are being strictly followed by all AWEIL Units and Headquarters.

RISK MANAGEMENT POLICY

The Guidelines on Corporate Governance for CPSEs (Central Public Sector Enterprises) issued by DPE (May 2010) have recommended that the CPSUs should ensure that risk management is undertaken as a part of normal business practice and not as a separate task at set times. The Company is in the process of formulating the Risk Management Policy.

SHAREHOLDING PATTERN

Shares of the Company are fully owned by the President of India, through the Joint Secretary (LS), Ministry of Defence (Department of Defence Production), Government of India.

DISCLOSURE

There were no penalties/ strictures were imposed on the company by a Statutory Authority on any matter related to any guidelines issued by any Government during the period.

The company has not entered into any transactions with any Directors that may have potential conflict with the interest of the company at large. The members of the Board, apart from receiving Directors' remuneration, do not have any material or pecuniary relationship or transaction with the company which in the judgment of the Board may affect the independence of judgment of the directors.

MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

As provided under the Guidelines on Corporate Governance for CPSEs 2010 issued by the Government, it is hereby declared that all Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct for Directors and Senior Management Personnel of Advanced Weapons and Equipment India Limited for the year ended 31st March 2024.



PRACTICING COMPANY SECRETARY'S CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members,
ADVANCED WEAPONS AND EQUIPMENT INDIA LIMITED
Ordnance Factory Kanpur Kalpi Road Kanpur
UP 208009 IN

Sir(s),

I have examined the compliance of the conditions of Corporate Governance by ADVANCED WEAPONS AND EQUIPMENT INDIA LIMITED for the year ended March 31, 2024, as stipulated in the guidelines on corporate governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises (DPE).

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

In my opinion and to the best of my information and according to the explanation given to me and representations given by management, I certify that the Company has complied with aforesaid guidelines on corporate governance, subject to the following observations:

- 1- *During the Audit Period, the non-functional Directors were less than 50% of the total Board Strength as required in clause 3.1.2 of the DPE Guidelines, 2010;*
- 2- *During the Audit Period the Company does not have Independent Directors as required in clause 3.1.4 of the DPE Guidelines, 2010;*
- 3- *The Company has not constituted audit Committee and Nomination & Remuneration Committee as required in clause 4 & 5 of the DPE Guidelines, 2010;*

Provided however that, as per the Articles of Association of the Company, the power to appoint Directors vests with the President of India.

I further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the

For Janvi Mordani
Company Secretaries

Date: 13.11.2024
Place: Kanpur

Sd/-
CP No. 10094
Peer Review Certificate Number 5513/2024
UDIN: A028157F003294851



MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY SCENARIO AND DEVELOPMENTS

Technological Advancements in Defence:

The volatile geopolitical situation has provided a new perspective on the impact of emerging and disruptive technologies and their deployment in combat. Advancements in Artificial Intelligence (AI), integration of Internet of Things (IoT) technology, and use of eco-friendly materials are gaining prominence in the weapons market. These technologies are anticipated to propel market expansion and improve military capabilities in the upcoming years.

Growth in Defence Spending and Market Size:

With several countries increasing their defence spending over the past decade, the industry has witnessed large-scale procurement and development activities. Considering the present geopolitical situation, the growth trajectory of the weapons market is further supported by stable economic growth forecasts in numerous developing countries, which is poised to drive increased investments, improved policies and augmented spending.

INDIA'S DEFENCE SPENDING

India is ramping up its defence production to meet domestic demand amid threat perception, ambitious defence export targets and Government thrust of self-reliance and indigenization. India was the world's fourth-largest military spender in 2023, making an expenditure of USD 83.6 billion, a 4.2% increase compared to 2022, as per the Stockholm International Peace Research Institute (SIPRI) Report. The United States, China and Russia were the top three spenders in that order. This growth reflects India's strategic focus on enhancing its defence capabilities and bolstering military infrastructure.

ORGANISATION STRUCTURE

Your Company is a defence public sector undertaking and a wholly-owned Government of India (GoI) company operating under the administrative control of the Ministry of Defence, Department of Defence Production, Government of India. Your Company is India's only defence Company which produces small, medium and large caliber guns for the Armed Forces, Central Armed Para-Military forces, State Police Forces, exports and also the civilian market for Non-prohibited Bore weapons.

The outlook of the business seems to be encouraging. We have a diversified range of businesses which comprises Small, Medium and Large Calibre Weapons, Mortar Equipment and Ammunition Hardware including Shells, Fuzes, primers and stabilizer assembly. We believe that we are well placed to leverage on the growth opportunities in the global & domestic defence ecosystem.

The company has five major business verticals viz., manufacturing of Small, Medium and Large Calibre Weapons, Mortar Equipment and Ammunition Hardware including Shell, Fuzes, primers and stabilizer assembly. AWEIL is a market leader in the weapon manufacturing ecosystem in India. Your company makes concerted efforts to maintain growth by securing orders from their major customer, the Indian Armed forces apart from exploring possibilities of export orders. Your company has played a vital role in fulfilling the aspirations of the Indian armed forces as major contributor to the Indian defence system. A modern infrastructure, highly skilled workforce, a group of dedicated engineers has collectively transformed the factories into a center of excellence.

PRODUCTION AND NON PRODUCTION UNITS

The Company has 8 manufacturing units; Rifle Factory Ichapur, Small Arms Factory, Kanpur, Gun & Shell Factory, Cossipore, Ordnance Factory Tiruchirappalli, Ordnance Factory, Kanpur, Field Gun Factory, Kanpur, Gun Carriage Factory, Jabalpur, Ordnance Factory Project Korwa and one non-manufacturing units Academy of Weapons Technology & Management, Ichapur.

SWOT ANALYSIS

STRENGTHS

AWEIL is a market leader in the weapon manufacturing ecosystem in India with the expertise and capabilities to fulfil the requirements of the Armed Forces, Central Armed Para-Military forces, State Police Forces, exports and also the civilian market for Non-prohibited Bore weapons. AWEIL has tremendous business potential in respect of new products which include small arms, medium calibre guns, large calibre guns & ammunition hardware. Your Company has a rich legacy of manufacturing them since its inception.

Your Company is the only public sector defence manufacturing company, that manufactures all segment of weapons like Small, Medium and Large Calibre Weapons. Large scale modernization has been carried out at OFC & FGK and as a result, AWEIL is today the largest producer of large-calibre weapons in the world with capacity of 400 barrels per annum. AWEIL has been a major contributor for Large Calibre inventory for the Indian Army.

AWEIL has core competencies in Small, Medium and Large Calibre Weapons, Mortar Equipment and Ammunition Hardware including Shells, Fuzes, primers and stabilizer assembly. The Company has good infrastructure and other facilities combined with our vast expertise are capable of serving the requirements of the Ministry of Defence.

Your Company has an experienced senior management team in the industry and a large pool of experienced engineers and draftsmen. Enhanced maturity in design and equipment availability at the time of commencement of production giving an impetus to the pace of the manufacturing process.

WEAKNESSES

The manufacturing processes for our products are highly complex, require technically advanced and highly state-of-the-art equipment and hazardous materials and involve risks, including breakdown, failure or substandard performance of equipment, improper installation or operation of equipment, and environmental and industrial hazards which could result in damages and litigation.

Furthermore, AWEIL being a new DPSU, the following challenges/problems may be faced after the Corporatization of erstwhile Ordnance Factories:



- (1) Transition from Government setup to Commercial Entity with Skewed Workload - Factories engaged in the manufacture of High Explosives, and Small Arms Ammunition are sub-optimally loaded.
- (2) Gap between the available and required Skill set.
- (3) To make the operations profitable.
- (4) Limited/restricted vendor base.
- (5) Timely receipt of Import/product support items.
- (6) To emerge as the manufacturer of indigenously designed products/systems from being presently TOT based Manufacturer.
- (7) High Cost of Production due to sub-optimal workload.

OPPORTUNITIES

Advanced Weapons and Equipment India Limited (AWEIL), is a fully owned Govt. of India Enterprise, carved out of erstwhile OFB on 01.10.2021. The conversion to DPSU has given more autonomy and powers and has led to:-

- i) Innovation to give an edge in defence sector.
- ii) Technology led solutions.
- iii) State of the art manufacturing facilities.
- iv) Resulting in closing of development gap.

So, with greater autonomy and operational freedom AWEIL is fully committed for timely delivery of products.

AWEIL is a market leader in the weapon manufacturing ecosystem in India with the expertise and capabilities to fulfill the requirements of Armed Forces, Central Armed Para-Military Forces, State police Forces, exports and also civilian market for Non-prohibited Bore weapons. AWEIL is also aggressively pursuing export opportunity through interaction with defence attaches at various Indian embassies and exploring the opportunity of entering into MoU with private defence industries. AWEIL understands the advantages of continuous modernization & up-gradation of its facilities in order to have state-of-the-art set up for promoting exports and for being able to offer the best in class products/systems to the Defence Services.

THREATS

As AWEIL is a new DPSU, the following challenges/problems may be faced after Corporatization of erstwhile Ordnance Factories:

1. Entry of private entrepreneurs with huge investments and conducive policies of the government to enter into the manufacturing of small arm/ weapons.
2. Dependency on limited customers viz. Armed forces, Para-military forces, State police etc.
3. Supply chain disturbances due to global war scenario/pandemic and recessions.
4. High Cost of Production due to sub-optimal workload, affecting the profit margins.

BUSINESS RISKS AND CONCERNS

There needs to be a reasonably firm allocation of financial resources for the first five years and an indicative allocation for the subsequent period. Defence Forces do not have a firmed-up long-term plan. AWEIL, being a Weapons Manufacturer, suffers from the absence of long-term projection of demand from the Army, Navy, Air Force, and MHA.

The issues from the factories producing Medium Calibre weapons have been inconsistent as a whole, primarily due to a lack of orders from the Army, which is offset by securing orders from the MHA. The absence of long-term orders from the Army & MHA is a major constraint for perspective planning of the concerned factories.

The INSAS Rifle was the major contributor in the Small Arms segment. Army has not placed any indent in respect of INSAS Rifles since 2010 and load in respect of LMG, 9mm Pistol has also been dwindling. At the same time, MHA orders are also tapering down. The orders from MHA & Civil Trade are the main contributors of the workload for Small Calibre. But their requirement is fluctuating to a large extent.

Consequently, it is difficult to plan for the future efficiently. Long-term projection of requirement is required, both from the Services & MHA.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a robust internal financial control system. During the FY 2023-24, the Internal Audit of the Company covering all units was conducted by the outside Cost Accountants firm appointed by the Company for this purpose. Internal Auditors have checked the compliance required under various laws including Company rules & policies with a well-defined audit program. The significant observations of the internal auditors with reply thereto were placed before the Board of Directors for their perusal.

FORWARD-LOOKING STATEMENTS

Statements in this management discussion and analysis of the financial condition and results of operations of the company describing the company's objectives, expectations or predictions may be forward-looking within the meaning of applicable laws and regulations. Forward-looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The company assumes no responsibility to publicly amend, modify or revise forward-looking statements based on any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include the government's strategy, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

Date: 26.11.2024

Place: Kanpur

Sd/-
Rajesh Choudhary
Chairman & Managing Director



INDEPENDENT AUDITOR'S REPORT

To,
The Members of Advanced Weapons and Equipment India Limited

Revised Report on the Audit of the Ind AS Standalone Financial Statements

Reason for Revision: We have observed a clerical error in Independent Auditor's report issued by us on 11th September 2024 in para 9 of "Basis for Adverse Opinion". Hence, the same is being corrected and a revised Independent Auditors report is being issued dated 23/10/2024.

Original Audit Report dated 11/09/2024 with UDIN NO: 24073124BKHXOR6985 stands revoked.

Adverse Opinion

We have audited the Standalone Ind AS Financial Statements of Advanced Weapons and Equipment India Limited (hereinafter referred to as "the Company"), 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 the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter(s) described in the Basis for Adverse Opinion paragraph, the accompanying financial statements do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2024 and profit, changes in equity and other comprehensive income and its cash flows for the period ended on that date.

Basis for Adverse Opinion:

Attention is drawn to following paras:

- 1- The opening balances of assets and liabilities as on 1st October 2021 were taken as per the data provided by PCFA (Principal Controller of Accounts Ordnance Factories, Kolkata). The units made certain adjustments for differences based on the data available with the units. This resulted in net increase/decrease in Assets and liabilities with corresponding effect in Other Equity amounting to net decrease of Rs. 889.54 crores. During FY 2022-23 certain adjustments were made based on information available which resulted in reduction / increase in Assets / Liabilities amounting to Rs 42.85 crore (Net).

During the current year certain adjustments has been made in respect of discrepancies noticed on Physical Verification of fixed Assets in respect of OFC Kanpur and other restatements related to prior years as per Ind AS 8 , that has resulted in reduction / Increase in assets / liabilities as referred to in note no. 38 forming part of financial statements amounting to Rs 5.92 crore (excluding accounting of write back of opening liabilities on the date of transition amounting to Rs 178.03 crore as "Other Income" in Statement of Profit and Loss instead of restatement as per Ind AS 8).

The differences in respect of Financial Assets & Liabilities and Property Plant and equipment forming part of financial statements still remains unadjusted on account of pending confirmation of Balances and reconciliation with Company's records , Independent Physical Verification of PPE and Inventory for their existence as on the date of transition and consequential effect on the fair value of net assets taken over from PCFA and on the current year's financial statement is presently not quantifiable.

- 2- The company accounted computers, office equipment (including air conditioners) and furniture & fixtures acquired after 1st October 2021 at cost. However, the same assets existing as on 30th September 2021 in the books of PCFA were accounted at Rs 1 instead of at carrying value. This was in violation of Para 7 of Ind AS 101, which requires the said assets to be accounted for at their carrying value as on 1st Oct 2021.

The non-compliance resulted in understatement of property plant and equipment and retained earnings by the same amount. This also has impact on subsequent depreciation and on statement of profit and loss, on those assets over their remaining useful life. The impact of the above could not be quantified in absence of related data not being provided by the management.

- 3- The company is not having proper system for recognizing various items of spare parts, stand-by equipment and servicing equipment which are expected to be used during more than one period. During the year the same has been accounted for by some units for major components however in absence of proper policy by head office the application of the same is not uniform. Hence the accounting of spares, standby equipment and servicing equipment is in violation of para 6 & 8 of Ind AS 16 - "Property plant and Equipment".

The impact of the same in financial statements of current period is not quantifiable.



- 4- It has been observed that the item of PPE becomes ready for use from the date of commissioning and the depreciation should be charged from the same date. However, the company is charging depreciation from the M-Voucher date and B-voucher date respectively in case of Plant and Machinery and Building. This is in violation of Para 55 of Ind AS 16 - "Property, Plant and Equipment".
During the year following capitalization has been made in financial statements by transfer from Capital Work in Progress (CWIP).

Factory	Project Name	Date of Capitalisation	Amount(Rs. In crore)	Dep as on 31/3/23 (Rs in crores)
OFT	Repairs/Replacement of Old AC Sheet	15-12-2022	4.22	0.02
FGK	New Assembly Shop (P-119)	30-06-2022	15.60	0.20
FGK	New Assembly Shop (P-119)	30-06-2022	1.49	0.06
OFC	Sump of 5 lakh Gallons capacity near Awas Vikas Gate	18-10-2021	4.81	0.12
OFC	Replacement of Condemned Steel OH Tank near DSC Line	17-08-2018	0.69	0.05
OFC	Sump and pumping station inside Factory	14-06-2022	0.77	0.01
OFPKR	TATA LPT - 909	09-05-2018	0.11	0.08
GCF	Building MET LAB & QC Section	20-08-2022	2.20	0.02
		TOTAL	29.89	0.56

The above works were completed and ready to use in earlier years but the same were not capitalized in previous years. As per Ind AS 8 material prior period error needs to be restated retrospectively which has not been complied with. Non compliance with Ind AS 8 has resulted in no charge of depreciation for previous years.

5- Physical Verification of Fixed Assets:

- a) During the year in OFC unit detailed Physical verification of Property Plant and Equipment (hereinafter referred to as PPE) was carried out by the management. Out of 6001 P&M items taken over as per PCFA records in FAR, 4181 item that were not available (carrying value of Rs 5.72 crore as on 1st Oct 2021) has been deleted from FAR, 222 items which were available on 1st Oct 2021 but were not taken in FAR on 1st Oct 2021 having carrying value of Rs 4.59 crore have been added in FAR and 136 items have been added in condemned assets (carrying value of Rs 0.47 crore as on 1st Oct 2021) . During the year 29 buildings were found short on physical verification. The carrying value of these buildings as on 1st Oct 2021 amounting to Rs 0.27 crore has been deleted from FAR.
The above adjustments of additions and deletions has been made in the financial books as per Ind AS 8.
- b) During the year GCF Jabalpur submitted its preliminary Physical Verification report for Buildings, Plant and Machinery in which following discrepancies were noted. For other major assets like furniture and Fixtures, IT Hardware, Air Conditioners, Motor Vehicles and Office Equipments, no report was submitted.

S.No	Detail of Assets	Qty as per old record of PCFA taken over as on 01/10/2021	Qty as per PV done by the management	Diff and reason
1	Building	730	809	Earlier the carrying value as on 31/03/2024 was Rs 58.80 crore . As per PVR it is Rs 52.32 crore for 805 buildings and for 4 buildings values are not available.
2	Plant and Machinery	3503	2362	Out of 3503 machines 1280 Machines earlier taken in FAR are not physically available WDV as on 01/04/2023 Rs 1.50 crore. 122 Machines which were previously not included in FAR are Physically Available. 17 machines were grouped with other machines in old FAR has now been separately identified.



3	Same as above			96 machines are physically available but not in FAR not added in column 2 . No record of value is available
4				32 Machinery has been sold as per PPC Record but are physically available and the same are not included in FAR having residual value of Rs
Note-1: Thus there is net shortage in Plant and Machinery of 1013 items . In building there excess qty of 79				
Note 2: Adjustment for the discrepancies reported above as per preliminary report submitted has not been made in financial statements at the year end.				

- c) In other units of the company substantive evidence of detailed Independent physical verification of PPE was not produced for our verification, hence we are unable to form any opinion on the correctness of the figures of financial statements in respect of PPE in those units.

In our opinion the impact of deficiency in existence of PPE as per PCFA record taken over and physical verification may be material, on the Fair Value of Net Assets taken over from PCFA. From the above findings it is clear that the Fair Value of net assets calculated for the purpose of issue of Equity on the date of transition was neither based on properly physically verified assets nor on the basis of proper scientific valuation hence the Share Capital issued to the Govt of India was not based on fair valuation of physically available assets.

The impact of the above deficiency of Non-existing / Unrecorded assets in case of OFC , GCF & other units, on the Fair Value of Net Asset as on the date of transition from PCFA to AWEIL, on the financial statement is presently not quantifiable in absence of detailed Independent Physical Verification of PPE by all the units and consequential addition /deletion and appropriate adjustments as required by accepted accounting principles to arrive at correct fair value of net assets on the date of transition.

6- Valuation of Inventory

a. Fixed Overhead Allocation in valuation of WIP:

In valuation of inventory, the Fixed Overhead is being allocated on the basis of actual production instead of normal capacity as the company does not have proper system to identify the normal production capacity of the plants for production of specific items by the various factories.

This results in violation of para 13 of Ind AS 2 - "Inventories" which requires FOH to be allocated based on the normal capacity of the production facilities.

Allocation of Fixed Overheads has been made on the basis of management estimates by each factory hence the compliance with Ind AS could not be verified by us. The impact of the non-compliance of Ind AS 2 of above para cannot be quantified by us in absence of the desired information at this stage.

b. Different basis for calculation of NRV of WIP

The company is not having a uniform policy of calculating Net Realizable Value of Work in Progress which is calculated by multiplying a factor with the cost of WIP. This calculation factor is not uniform in all the factories. In 3 units namely GSF, SAF and RFI, factor is calculated by dividing total of Estimated realizable value of closing stock of finished goods with the cost of closing stock of finished goods. However in 4 factories namely GCF,FGK,OFT and OFC, factor is calculated by dividing total of sales price of finished products that were sold during the year with the cost of finished products that were sold during the year. This can have a material impact on calculation of NRV of work in progress.

The company calculates net realizable value of work in progress based on the average realizable value of all finished components. The company should have a system of identifying work in progress w.r.t individual finished component and value the estimated selling price of work in progress by considering net realizable value of individual finished goods and not the average selling price of all finished goods.

c. Inter Unit Inventory

In respect of inter-unit inventory, elimination of unrealized profit or loss was not identified and accounted for at individual inventory at unit level which has resulted in non-compliance of Ind AS 2 "Inventories".

The impact of the above in the financial statements of current period is not quantifiable.

- d. The company has a practice to record rejections at full cost price without making any provisions for expected losses if the same is not saleable any more or is saleable with modifications. Data in this regard is available in respect of following units. Other units have not provided any information in this regard.



Item Code	Name of Unit	Amount Rs	Remark
9811647162	OFC Kanpur	5.50 crore	No provision for losses
9811647161	OFC Kanpur	1.35 Crore	No provision for losses
98116139375	OFC Kanpur	17.87 crore	No provision for losses
9811656460	OFC Kanpur	2.78 crore	No provision for losses
Spares	OFC Kanpur	0.6243 crore	Spares returned not taken in inventory
Trunion	OFPKR korwa	0.20 Crore	No provision for losses
Firing PIN	OFPKR Korwa	0.02 crore	No provision for losses
Stud	OFPKR Korwa	0.04 crore	No provision for losses
	SAF	Data not provided	
	FGK	Data not provided	
	RFI	Data not provided	
	GCF	Data not provided	
	GSF	Data not provided	
	OFT	Data not provided	

The above deficiency has resulted into overstatement of inventories and profits of the company. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information by all the units and proper policy of the company to record the losses in case of rejected inventory in the possession of company.

7- **Provision towards onerous contract:**

During the current year, the company has restated provisions for losses amounting to Rs 863.65 crore as on 1st April 2022, with retrospective effect, in respect of deemed contract related to its pre corporatization era which has been considered as "Onerous" as the company do not have any option to exit from these contracts as referred to in note no 14 forming part of the financial statement.

These deemed contracts were ratified by the company after incorporation even though the company was sure to incur losses on these supplies. The company sought compensation for the losses incurred on these supplies but instead of receiving revenue grants from the Govt, the company received money in the form of Share Capital hence the same could not be adjusted against the losses in financial books. The agreement did not include any termination clause on the part of seller in case the contract was not favorable, hence the agreement entered into by the company was neither strategic nor based on commercial consideration.

In calculation of the present obligations as per the contract the following provisions of Ind AS 37 has not been complied with by the company.

- a) These products are being manufactured in common process of the units in which other products are also being manufactured. Hence the company could not comply with the provisions of para 69 of Ind AS 37 which requires that "before a separate provision for onerous contract is established, an entity recognizes any impairment loss that has occurred on assets dedicated to that contract" (as per Ind AS 36)
- b) In calculation of cost of the product the company follows a system of allocating fixed overheads based on the basis of management estimates which is not in accordance with para 13 of Ind AS 2 "Inventories" which requires FOH to be allocated based on the normal capacity of the production facilities.
- c) As per Ind AS 37 para 45 where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to settle the obligation. The company has not complied with the provisions of para 45 of Ind AS 37.
- d) The company has not provided any basis for arriving at cost that has been taken into consideration for calculation of losses, hence we cannot vouch the correctness of figures of losses on the basis of which provisions for losses has been booked in the financial statements retrospectively.
In our opinion the Company is required to use the lowest of production cost / buying price for assessing whether the contract is onerous and for determining the provision
- e) As per Ind AS 37 Recognition principles states that " A provision shall be recognized when":
 - an entity has a present obligation (legal or constructive) that is a result of a past event;
 - it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
 - a reliable estimate can be made of the amount of the obligation.

The Impact of the above non-compliances with para 69 of Ind AS 37 "Provisions, Contingent Liabilities & Contingent Assets" as stated in point no (a), para 13 of Ind AS 2 "Inventories" as stated in point no (b); para 45 of Ind AS 37 "Provisions, Contingent Liabilities & Contingent Assets" as stated in point no (c) and non-availability of data to verify the correct cost of product on the basis of which loss is calculated by the company as stated in point no (d), cannot be quantified in view of reasons stated above.



Further as pointed out in point (e) above if reliable estimate cannot be made, a provision cannot be recognized. Hence the company has made provisions towards onerous contract disregarding various provisions of Ind AS as stated above.

8- **Balances written back**

During the year the company has written back Various Financial Liabilities (Sundry Creditors) amounting to Rs 178.03 crores that relates to period prior to incorporation and accounted for the same in current financial year as "Other Income" in statement of profit and loss (Refer note 18 forming part of financial statements) which are given hereunder.

Particulars	Current Status	Amount (Rs in crore)
Being amount received from PCFA Kolkata against outstanding qty to be supplied.	Amount appearing as payable in the books of RFI as " Advances Received from customers- Civil / Govt / PSUs"	49.15
Police Modernization Fund	Appearing as liability in the books of account of RFI.	9.72
Being amount CT (Civil Trade) transferred to respective factories .	Appearing as liability in the books of RFI under the head "Advance Received against CT & Export.	119.15

The above amount has been written back without investigating the reasons of creation of these liabilities by the erstwhile entity and why the same was not paid/adjusted.

As per Ind AS 8 Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- was available when financial statements for those periods were approved for issue; and
- could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

As per para 42 of Ind AS 8 Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

The company has not followed provisions of restatement as per Ind AS 8 in respect of prior period errors by writing back the amounts appearing as payable in the books during the current year as given above. This has resulted in over statement of profit by Rs 178.03 crores during the current year which needs to be adjusted from Retained Earnings in the first year itself by restatement as per Ind AS 8.

9- **Depreciation as per Income Tax Act and Deferred Tax Liability**

During the year the company has restated earlier accounted "Government Grants" based on opinion of Expert Advisory committee of Institute of Chartered Accountants of India and transferred the same to retained earnings (Refer note no 38). The correction of the above error, if accepted by the Income Tax Authorities, may result in increase in the "Tax Base" of Property Plant and Equipment" by Rs 1714.92 crore as on 31.03.2022, and may in turn impact calculation of Differed Tax Assets. The company has not made any adjustment on account of the same.

10- **Confirmation of Balances**

- The company has communicated with Domestic Trade Receivables plus payable amounting to Rs 661.00 crore out of (Rs 1223.33 crore Trade Receivable plus Trade Payables of Rs 325.25 crores) through units themselves based on "negative confirmation request" out of the above confirmations in value term of Rs 150.73 crore were received .The company has not communicated for balance confirmation in respect of Advances received from customers Rs 1521.27 crores and Advances to suppliers Rs. 56.81 crores appearing in the books.

It has been observed that only few parties have responded to the above confirmation requests as approximately 9.74% balance confirmations requests have been responded which is deemed as confirmed balances as per the Negative Confirmation Request. The company did not carry out reconciliation with most of the parties from whom confirmations were received. In view of the above confirmation request to 21.15% parties in value terms were sought out of which only 4.82% parties responded to confirmation request. The company has also not implemented proper system of balance confirmation and reconciliation for major customers on continuous basis.

We have also sought confirmation from selected parties in compliance with SA-505 but very few parties replied to our communication hence the purpose of our effort was unsuccessful.

Thus, absence of proper system of balance confirmation and reconciliation on continuous basis may result into material impact on statement of profit and Loss and Balance Sheet of the company as the same is not reconciled with books of accounts. The impact of non-existence of proper system of balance confirmation and reconciliation is not quantifiable.

- During the year management has written back certain balances payable to parties amounting to Rs 178.03 crore as stated in para 8 of Basis for Adverse Opinion by credit to other income in statement of profit and loss. The



management has not yet created a duly approved board policy for writing back / writing off of old balances. In absence of any duly approved policy of the company we cannot assess if the management has followed proper system before writing back / writing off a material amount appearing in its books as payable/ receivable.

11- Reversal of Sales and Purchase Price:

A decision to reduce profit element from erstwhile 7.5 % to 6% was taken in the meeting of CMD's of all the DPSUs on 22/12/2023 & 23/12/2023. Accordingly, company was required to issue pro rata credit notes to all the DPSUs from whom it had charged profit element of 7.5% for the FY 2023-24. However, the company has not followed the decision taken at the joint meeting referred to above. In absence of data from the company the impact of the non-compliance with the decision mentioned above cannot be quantified as on the balance sheet date.

12- Noncompliance with Schedule III

Projects whose completion is overdue is required to be disclosed in financial statement showing the expected time of completion. No disclosure of the same has been made in the financial statements.

13- Compliance with Ind AS:

- i) The company has not disclosed the following requirement of Ind AS 16
 - a) Para 79 (a) " Carrying amount of temporarily idle Property Plant and Equipment.
 - b) Gross Carrying amount of any fully depreciated Property Plant and Equipment that is still in use.
- ii) Impairment of Assets: Impairment testing has not been made by the company as per Ind AS 36. The impact of the same in Statement of Profit and Loss cannot be commented.

We conducted our audit in accordance with Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our Adverse Opinion.

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an 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.

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

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



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Information Other than the Financial Statements and Auditor's Report Thereon

The company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report (but does not include the standalone financial statements and our auditor's report thereon) (hereinafter referred to as "Other reports"). The other reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the Standalone Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the 'Other reports', if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions, if required. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "Annexure B", on the directions and sub-directions issued by the Comptroller and Auditor General of India.
3. 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, except basis for measurement of cost to arrive at the amount of losses in onerous contract as referred to in para 7 (d) of "Basis for Adverse Opinion" of our report.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 3(j) (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - (c) We are sole auditors of the company and no separate financial statements were prepared by the company in respect of the units, except trial balance as per management decision. As we are sole auditors reporting under this para is not applicable for the company.
 - (d) The Balance Sheet, the Statement of Profit and Loss (including the statement of Other Comprehensive Income) and the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account.



- (e) In our opinion, except for Ind AS 16 as referred to in para "3"& "4"; Ind AS 101 as referred to in para "2"; Ind AS 2 "Valuation of Inventories" as referred to in para "6"; Ind AS 8 as referred to in para "4" & "8" "Accounting Policies, Changes in Accounting Estimates & Errors; Disclosure requirement of Ind AS(s) as per para 13 of Basis for Adverse Opinion, the aforesaid standalone Ind As financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.
- (f) We have not come across any observation on the financial transactions or the matters which have any adverse impact on the functioning of the company.
- (g) Being a Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act, are not applicable to the company.
- (h) We have not come across any qualification, reservation or adverse remark relating to maintenance of accounts and other matters connected therewith except for the matters specified in our report on Internal Financial Controls on Financial Reporting, maintenance of Fixed Assets record as reported in para "5" of "Basis for Adverse Opinion" and other Financial Assets and Liabilities taken over from PCFA on the date of transition as reported in para "1" of "Basis for Adverse Opinion" of our report.
- (i) With respect to the adequacy of the internal financial controls over financial reporting with reference to these Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C" to this report.
- (j) 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:
- i. The Company has disclosed the impact of pending litigations as on 31st March, 2023 on its financial position in its standalone financial statements
- Refer Note 25 to the financial statements;
 - ii. As per the information and explanation given to us by the management and based on our examination of the records of the company, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. a) The management has represented that, to the best of its knowledge and belief (note no 5(10) (b)) , 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 that, to the best of its knowledge and belief (note no 5(10) (b)) , 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 such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The company has not declared any dividend during the year. Hence, this para is not applicable.
 - vi. The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1st April 2023.
The company is using two software for accounting which are as under:
- a) Tally prime and Tally Prime Edit Log: Used for accounting of day to day transactions for preparation of financial statements.
Based on our examination which included test checks, the company has used Tally software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated for part of the year as reported here under by different units of the company.

The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023

Name of Unit	Audit trail effective from
Head Office	24 th August 2023
OFC Kanpur	2 nd September 2023
FGK Kanpur	10 th August 2023



SAF Kanpur	1 st August 2023
GCF Jabalpur	21 st October 2023
GSF Kolkata	10 th July 2023
OPPKR	24 th July 2023
RFI Kolkata	13 th July 2023
OFT Trichy	07 th August 2023

Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in Tally.

- b) PPC Package : For maintaining records pertaining to inventory, recording of purchases and sales, creation of vendor and employee profiles, calculation of salary, etc.
Based on our verification of PPC Package and explanation given by the management Audit Trail has not been enabled in the PPC Package. The company has a system of seeking permission in writing for making any changes in the earlier transaction that results in replacing the transaction and the same is overwritten resulting into deletion of original transaction.
As provision to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11 (g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024
- (k) The Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For S.K. Kapoor & Co
Chartered Accountants
FRN: 000745C

(CA V.B. Singh) Partner
M. No. 073124
UDIN:24073124BKHXPG4400
Place of Signature: Kanpur
Date: 27/09/2024



ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in "paragraph 1" under "Report on other legal and regulatory requirements" of our report of even date to the members of the company on the Standalone Ind AS Financial Statements for the year ended March 31, 2024.

- i.
- a.
- (a) Up to the last year we reported that the Company was maintaining records showing particulars, including quantitative details and situation, of Property, Plant and Equipment except for office equipment, computer equipment, furniture and fittings etc. as reported in para "Basis for Qualified Opinion" and para (d) of "Report on Internal Financial Controls on Financial Reporting" with respect to non-accounting of these items at carrying value as on 1st Oct 2021 and lack of proper controls for identification of these items. Our last year's report was based on test check basis of certain items.
- During the year some of the units carried out detailed verification of fixed assets in which material differences were observed in existence of fixed assets as reported in para 5 of "Basis of Adverse Opinion". In case of other units in absence of detailed Independent Physical verification of Property Plant and Equipment, we are unable to form any opinion under this para.
- (b) The company is maintaining proper record showing full particulars of Intangible Assets.
- b) During the year under audit the company has not provided substantive evidence of physical verification reports of Property Plant and Equipment except OFC and GCF by any Independent committee based on any SOP, hence we can't comment on the policy of company regarding physical verification of fixed assets at reasonable interval and existence of any material discrepancy which remains unadjusted in financial books, except in case of OFC in which the discrepancies noticed have been adjusted in financial books during the year, however in case of GCF no adjustments has been made for discrepancies noticed as referred to in para 5 (b) of "Basis for Adverse Opinion" due to pending detailed review of preliminary Physical Verification Report by the appropriate authority for final approval.
- (C) 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), as disclosed in Note "6" on Property, plant and equipment to the standalone Ind AS financial statements, are not held in the name of the Company. The detail of the same is as under:

Description of Property	Gross carrying Value	Held in name of	Whether promoter, director or their relative or employee	Period held	Reason for not being held in name of company*
Free hold Land (Measuring 5352.91 Acres)	32.04 crores	Ordnance Factory Board ("OFB") under	Promotor	30 months	Under process. With reference to the Notification no - "CG-DL-E-1102021-230101" dated
		Department of Defence Production, Ministry of Defence			1 st Oct 2021, all the immovable properties of OFB have been transferred to newly formed DPSUs consisting of AWEIL as one of the PSU.
Lease Hold Land (measuring 48.21 Acre)	Rs 3.00	Ordnance Factory Board ("OFB") Under Department of Defence Production, Ministry of Defence	Promotor	30 months	---do---



- (d) The Company has not revalued its Property, Plant and Equipment (including Right-of-use assets) or intangible assets during the year. Accordingly, the reporting under Clause 3(i)(d) of the Order is not applicable to the Company.
- (e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its standalone financial statements does not arise.
- ii.
- a. As per information given to us, the company has a policy of conducting physical verification of inventory on a continuous stock verification basis (on actual count/ weightment) selecting a few items each day so that each item is physically verified at least once during the year. This verification is conducted by the central stock verification staff of each factory under the administrative control of DGOF.s HQ organization.
- During the year under audit the company has provided the physical verification report of Inventory by all the units . GCF Jabalpur reported short inventory of Rs 3.25 crore which has been adjusted in the financial books of current year as consumption
In absence of any standard SOP by the head office for physical verification of inventory by Independent persons, we can't comment on the policy of company regarding physical verification of inventory at periodical interval and coverage, procedure and its appropriateness and existence of any material discrepancy which remains unadjusted in financial books.
- b. According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not been sanctioned working capital limits from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) is not applicable to the company.
- iii. According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year hence the provisions of clauses (iii) (a) to (iii) (f) are not applicable
- iv. According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not given any loans, investments, guarantees, and security, to the director or any other party. Accordingly, the provisions of clause 3(iv) is not applicable to the company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. As per the information and explanation given to us, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. As per the information and explanations given to us the company is maintaining proper records as per section 148(1) of the Act.
- vii.
- a. According to the information and explanations given to us and the records of the Company examined by us on test check basis as per Standards on Auditing, in our opinion, The Company is generally regular in depositing undisputed statutory dues in respect of provident fund, employees. state insurance, income tax, goods and services tax and labour welfare fund, sales tax, service tax, duty of customs, duty of excise, value added tax, Cess and other material statutory dues, as applicable, with the appropriate authorities except TDS under section 194 (H) which is not being deducted and deposited as per the provisions of Income Tax Act. Complete details of the same is not presently quantifiable.
- b. According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues which are pending on account of dispute. Accordingly, the provisions of clause 3(vii) (b) is not applicable to the company.
- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix.
- a. According to the records of the Company examined by us and the information and explanations given to us, the Company has not taken any loans or other borrowings from any lender during the year. Accordingly, the provisions of clause 3(ix) (a) is not applicable to the company
- b. According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Willful Defaulter by any bank or financial institution or government or any government authority.
- c. According to the information and explanations given to us and on the basis of our audit procedures, no term loan has been taken by the company. Accordingly, the provisions of clause 3(ix) (c) is not applicable to the company.
- d. According to the information and explanations given to us and on the basis of our audit procedures, no funds on short term basis have been raised by the company. Accordingly, the provisions of clause 3(ix) (d) is not applicable to the company.
- e. According to the information and explanations given to us and on the basis of our audit procedures, the company has



not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, the provisions of clause 3(ix)(e) is not applicable to the company.

- f. According to the information and explanations given to us and on the basis of our audit procedures, company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, the provisions of clause 3(ix)(f) is not applicable to the company.
- x.
- a. No moneys have been raised by way of initial public offer or further public offer (including debt instruments) during the year by the company. Accordingly, the provisions of clause 3(x)(a) of the order is not applicable to the company.
- b. The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3(x)(b) of the order is not applicable to the company.
- xi.
- a. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3(xi)(a) of the order are not applicable to the company.
- b. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3(xi)(b) of the order are not applicable to the
- c. As per the information and explanation given to us by the company, there does not exist any whistle blower mechanism, hence reporting under this clause is not applicable.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- xiii. In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- xiv.
- a) During the year under audit the company appointed one cost auditor as internal auditor to carry out the internal audit of company as per scope fixed by the company. In our opinion the internal audit system was not in commensurate with the size of the company and the nature of its business.
- b) We have considered the report submitted by the internal auditor however the same was irrelevant from the angle of internal audit as the scope of internal audit was not as per the requirement of standards on internal audit issued by ICAI.
- xv. In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Companies Act, 2013 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, clause 3(xvi)(a) of the Order is not applicable.
- b. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- c. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- d. According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- xvii. In our opinion & According to the information and explanations provided to us during the course of audit, we are of the opinion that the company has incurred cash losses during the year, though the financial statement for the current year are showing cash profit. Our opinion has been arrived at after considering the effect of para 8 of ⁱ°Basis for Adverse Opinion;± of our report
- xviii. There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- xix. According to the information and explanations provided to us during the course of audit and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans supported by Govt. of India and based on our examination of the evidence supporting the assumption, we are of the opinion that no material



uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date.

- xx. The company has incurred CSR expenditure as per section 135 of companies act. In compliance with the requirement the company has paid a sum of Rs 10.03 lakhs to a section 8 company.
- 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 S.K. Kapoor & Co
Chartered Accountants
FRN: 000745C

(Mr. V.B. Singh)
Partner
M.No. 073124
UDIN: UDIN:24073124BKHXPG4400
Place of Signature: Kanpur
Date: 27/09/2024



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in "paragraph 2" under "Report on other legal and regulatory requirements" of our report of even date to the members of the company on the Standalone Ind AS Financial Statements for the year ended March 31, 2024.

Directions /Additional directions of the CAG of India under Section 143(5) of the Companies Act 2013 on the accounts of Advanced Weapons and Equipment India Limited for the period ended 31st March 2024.

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's reply on Action taken on the directions	Impact on Financials
1	<p>Whether the company has system in place to process all the accounting transactions through IT systems? If yes, the implications of processing of accounting transactions outside IT system on the integrity of accounts along with the financial implications, if any, may be stated.</p>	<p>The company is using various software for recording and processing of accounting transactions through IT system. Following software is being used by the company: PPC package: For maintaining records pertaining to inventory, recording of purchases and sales, creation of vendor and employee profiles, calculation of salary, etc. For the purpose of accounting as per double entry system, the company has uses Tally software and accounting has been done by hired consultants having experience of accounting in Tally. Due to the varied experience of consultants, various discrepancies were noticed in various units which has been corrected based on our observations pointed out during the course of our audit conducted in accordance with Standards on Auditing on test check basis.</p>	<p>Not quantifiable for the reasons stated in auditors reply column.</p>
2	<p>Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, the lender is a government company, then this direction is also applicable for statutory auditor of lending company).</p>	<p>The company is enjoying an overdraft secured against fixed deposit from state bank of India. The provisions of restructuring is not applicable.</p>	<p>Nil</p>
3	<p>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 term and conditions? List the cases of deviation.</p>	<p>No funds have been received/ is receivable for specific schemes from Central/State Government or its agencies.</p>	<p>Nil</p>
4	<p>Whether the migration of assets and liabilities on the date of transfer (appointed date) from erstwhile OFB which remained incomplete as of 31st March 2023 have 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.</p>	<p>As per our report para 1 of "Basis for Adverse Opinion" Opening balances of Assets and Liabilities as on 1st October 2021 were taken as per the data provided by PCFA. The units made certain adjustments for differences based on evidences available with the units in FY 2021-22 and 2022-23. During the current year also, various discrepancies in the assets and liabilities accounted for on the basis of PCFA</p>	<p>Not quantifiable for the reasons stated in auditors reply column</p>



		<p>record has been noticed which has been corrected by the management as reported in note no. 38.</p> <p>The differences in respect of Financial Assets & Liabilities and Property Plant and equipment as referred to in Note no 38 forming part of financial statements still remains unadjusted on account of pending reconciliation with PCFA, the impact of the same is presently not quantifiable in financial statements of current period in view of the accounting of PCFA balance sheet without proper verification / confirmation / reconciliation of financial assets and liabilities and verification of existence of Property Plant and Equipment on the date of migration.</p>	
5	<p>Whether the company has carried out reconciliations exercise pertaining to intercompany/intracompany balances at the year end? whether the confirmations have been obtained from other DPSUs for the balance due to / due from them at the year end? The reason for unreconciled balances, if any, along with the unreconciled amount may be stated.</p>	<p>The company has entered into intercompany transaction with one of its joint venture M/s Indo Russian Rifle Pvt Ltd and the balances has been reconciled. For other intercompany transactions balance confirmation and reconciliation is not satisfactory as reported by in para "8" of "Basis for Adverse Opinion paragraph"</p> <p>The intracompany transaction entered into by the company between different units amongst themselves and with Head office are being reconciled and there is no difference as on 31st March 2024.</p> <p>Most of the units has sought confirmation of balances with different DPSUs for the balances due to / due from them at the year-end but in majority of the cases no confirmation has been received. The effort by the company to reconcile the balances with other DPSUs are also not visible in most of the units resulting into non-confirmation of majority of the balances due to and due from DPSUs hence the reasons for unreconciled balances, if any, along with the unreconciled amount cannot be reported.</p>	<p>Not quantifiable for the reasons stated in auditors reply column.</p>
6	<p>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 has been properly disclosed? Inconsistency, if any, alongwith the impact of the same on the financial accounts may be stated.</p>	<p>The company has neither revised any of its accounting policy nor adopted any new accounting policy.</p> <p>During the first year Capital outlay was considered as grant and accounted for as per Ind AS 20 "Accounting for Government Grants and Disclosure of Government Assistant" as the same was interpreted as grant by the company and relied upon by the auditors based on their opinion. Expert Advisory Committee of ICAI opined that the capital outlay was in the form of equity hence the same should be accounted as equity by transferring to retained earnings. As per Ind AS 8, the accounting of capital outlay has been considered as error and accounted accordingly in current years financial statement.</p>	



<p>7</p>	<p>Whether the provision for employee benefit liabilities and their valuation on the date of formation of DPSU have been made in accordance with the provision of Ind AS? Deviation, if any, may be stated.</p>	<p>With reference to the office memorandum no. No.1(5)/2021/OF/DP (Plg-V)/02, the Government had decided that all the employees of OFB (Group A, B & C) belonging to the production units and also the identified non- production units shall be transferred enmasse to the New DPSUs on terms of foreign service without any deputation allowance (deemed deputation) initially for a period of two years from the Appointed Date, in accordance with Rule 37A of the Central Civil Services (Pension) Rules 1972, subsequently extended up to September 2024 The pension liabilities of the retirees and existing employees will continue to be borne by the Government from the Ministry of Defense ("MoD") budget for Defense Pensions. Till such time the employees remain on deemed deputation to the new DPSUs, they shall continue to be subject to all the extant rules, regulations and orders as are applicable to the Central Government servants, including related to their pay scales, allowances, leave, medical facilities, career progression and other service conditions. Therefore, necessary provisioning for the salaries, allowances, medical facilities and other service conditions have been done in accordance with applicable Ind AS in the books of the company. There was no need for making any provision as per AS-19 for defined benefit plans which are being borne by MOD, GOI itself</p>	<p>Nil</p>
<p>8</p>	<p>As per department of Defense Production, MoD, Govt of India Letter 1(5) /2021 /OF/DP/ (plg-V)/02 dated 24/09/2021, 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 defense instruction on deemed contracts (article 3.2) issued to DPSUs stipulates that nothing more than contract price referred to in article in 1 shall be payable. Whether the contract price referred to in Article 1 includes the cost element of pension contribution? If so the efficacy of Mod instruction dated 24/09/2021 vis-à-vis applicable provisions of Ind AS and its impact on financial statements of the DPSUs for the last two and half years ended 31st March 2024 may be stated.</p>	<p>As per the information and explanation given to us, at the time of Incorporation of AWEIL, Indents where converted into deemed contract and sales price were decided prior to incorporation which are being billed now as per instruction of the MoD. After incorporation the cost of all the products are valued based on present direct expenditure incurred which does not include Pension cost as the same is not borne by the company as per Govt direction. Hence neither there is any chance to enhance / reduce the price of product of the product nor increase the cost of the product by an amount which is not forming part of Financial Statement of the company.</p>	
<p>9</p>	<p>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 state, New Delhi letter number 757/02/L/DE/PROJ/2021 dated : 10/06/2022. 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</p>	<p>Company has issued equity share capital on the basis of Net Asset Value as per the circular issued by the Mod, Department of Defense Estate New Delhi, for which land was fairly valued (Circle Value). Ind AS requires the fair valuation and not market valuation. The market value of land is not reflected in the financial statement of the company as the accounting of fixed assets of the company has been done on the basis of carrying value of the land as permitted by para D7AA of</p>	



	<p>the basis of market value is in consonance with the paragraph D 7 AA of Ind AS 101 ? If not , the impact on the financial statements of the company as well as the appropriate valuation method to be adopted by the company may be stated</p>	<p>Ind-AS 101. In our opinion the method adopted by the company for accounting of land in the books is correct as well as the fair valuation of land for the purpose of issue of equity is also correct.</p>	
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For S.K. Kapoor & Co
Chartered Accountants
FRN: 000745C

(Mr. V.B. Singh)
Partner
Membership No. 073124
UDIN:24073124BKKHXPG4400
Place of Signature: Kanpur
Date: 27/09/2024



ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 3(i) under "Report on other legal and regulatory requirements" of our report of even date to the members of the company on the Standalone Ind AS Financial Statements for the period ended March 31, 2024.

Report on Internal Financial Controls under Clause (i) of sub-section 3 of section 143 of The Companies Act, 2013 ("The Act")

Qualified Opinion

We have audited the internal financial controls over financial reporting of Advanced Weapons and Equipment India Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

In our opinion, the Company does not have adequate internal financial controls system over financial reporting at March 31, 2024, based on the internal financial controls over financial reporting criteria established by the company considering the 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.

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024:

- a. Absent or inadequate segregation of duties within a significant account or process - There does not exist any control at the time of recording of transactions in books of accounts i.e., there is a lack of regular maker or checker concept.
- b. Inadequate design of general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives and current needs.
- i) The company does not have any established procedure or guideline for identifying the bills relating to services availed for whom the provision needs to be created. Example in this regard are : Bills from MES for constructions work , AMC for repairs and Maintenance and Contract Labour payment.
- ii) Different units are following different system for accounting of expenses in respect of Travelling expenses, LTC and Medical expenses. In absence of proper system, expenses booked and advances appearing in the books are not verifiable.
- iii) Details of breakdown of production machines in production shops are not being properly recorded by some of the units. In some of the units, machines are under breakdown for 3 to 4 years and the depreciation on the same is also charged and allocated to production cost which is incorrect.
- c) Employees who lack the training to fulfil their assigned functions - The person responsible for accounting appears to be deficient in knowledge for recording the complex transactions. Consultants appointed for accounting the transactions on day to day basis in the units were not competent to render the services for the company in view of complex accounting of the company.
- d) Inadequate design of internal control over a significant account or process: The company does not have proper system of identifying the items of furniture & fixtures , office equipment etc meeting the definition of PPE as per Ind As 16 due to which these items are expensed off instead of being capitalized in some units.
- e) Failure to perform reconciliation of significant accounts: The company does not have proper system for balance confirmation and reconciliation in respect of Advances , Trade Payables and Trade Receivables etc.
- f) Rejected finished goods / components are not being properly recorded and accounting of losses is not done as per accounting principles.

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

In our opinion, except for the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2024, based on "the internal control over financial reporting criteria existing in the Company and updated during the period of our audit, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2024 standalone financial statements of the Company, and these material weaknesses does not affect our opinion on the standalone Ind AS financial statements of the Company.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in



the guidance note on the audit of internal financial control over financial reporting (the Guidance Note) issued by The Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting with reference to financial statements.

Meaning of Internal Financial Controls over financial reporting with reference to these Financial Statements

A company's internal financial controls over financial reporting with reference to these 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 control over financial reporting with reference to these 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 authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over financial reporting with reference to Financial Statements

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

For S.K. Kapoor & Co
Chartered Accountants
FRN: 000745C

(Mr. V.B. Singh)
Partner
M.No. 073124
UDIN:24073124BKIXPG4400
Place of Signature: Kanpur
Date: 27/09/2024



Standalone Balance Sheet

₹ in Crores

Particulars	Notes	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	6	1,854.06	1,884.89	1,909.64
(b) Capital work-in-progress	6	208.29	270.89	254.04
(c) Investment properties	-	-	-	-
(d) Intangible assets	7	11.90	11.73	10.70
(e) Intangible assets under development	7	35.25	1.79	1.02
(f) Right of use assets	-	-	-	-
(g) Financial assets				
(i) Investments	8 (a)	4.25	4.25	4.25
(ii) Loans	8 (c)	-	-	-
(iii) Other financial assets	8 (f)	100.52	93.13	21.64
(h) Other non-current assets	9	3.00	3.92	13.10
Total non-current assets (A)		2,217.27	2,270.60	2,214.39
II. Current assets				
(a) Inventories	10	2,659.31	2,410.73	2,027.95
(b) Financial assets				
(i) Trade receivables	8 (b)	1,223.34	648.32	456.22
(ii) Cash and cash equivalents	8 (d)	635.97	834.96	109.78
(iii) Bank balance other than (ii) above	8 (e)	716.29	575.00	1,168.03
(iv) Loans	8 (c)	3.19	3.34	0.51
(v) Other financial assets	8 (f)	29.09	12.57	7.42
(c) Current tax assets (net)	16	-	6.91	-
(d) Other current assets	9	87.20	86.48	191.35
Total current assets (B)		5,354.39	4,578.31	3,961.26
Assets classified as held for sale (C)	6 (c)	7.44	6.39	6.61
Total Assets (A+B+C)		7,579.10	6,855.30	6,182.26
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	11	17,531.53	17,123.91	528.37
(b) Other equity	12	-13,144.62	-12,982.24	3,074.21
Total equity (A)		4,386.91	4,141.67	3,602.58
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	-	-	-	-
(ii) Lease liabilities	-	-	-	-
(iii) Other financial liabilities	13 (b)	-	-	-
(b) Long-term provisions	14	675.88	764.65	863.65
(c) Deferred tax liabilities (net)	24	251.12	256.24	255.66
(d) Government grants	-	-	-	-
Total non-current liabilities (B)		927.00	1,020.89	1,119.31
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	-	-	-	-
(ii) Lease liabilities	-	-	-	-
(iii) Trade payables	13 (a)			
- Total Outstanding dues of Micro Enterprises and Small Enterprises		7.68	31.25	57.83
- Total Outstanding dues other than Micro Enterprises and Small Enterprises		317.82	244.10	320.90
(iv) Other financial liabilities	13 (b)	163.86	160.65	125.61
(b) Short-term provisions	14	10.38	10.38	5.38
(c) Current tax liabilities	16	4.48	-	0.70
(d) Government grants	-	-	-	-
(e) Other current liabilities	15	1,760.97	1,246.36	949.95
Total current liabilities (C)		2,265.19	1,692.74	1,460.37
Total Equity and Liabilities (A+B+C)		7,579.10	6,855.30	6,182.26
Material Accounting policies	3			

The accompanying notes are an integral part of these Standalone Financial Statements.



Standalone Balance Sheet

In terms of our report attached

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

V. B. Singh
Partner
Membership No. 073124
UDIN:24073124BKHXP4400

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024



Standalone Statement of Profit and Loss

₹ in Crores

Particulars	Notes	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
I. Income			
(a) Revenue from operations	17	2,038.59	1,939.32
(b) Other income	18	382.81	194.44
Total income (I)		2,421.40	2,133.76
II. Expenses			
(a) Cost of raw materials and accessories consumed	19	925.40	807.91
(b) Purchase of stock-in-trade	-	-	-
(c) Changes in inventories of finished goods and work-in-progress	20	-172.43	-300.57
(d) Employee benefits expense	21	1,301.16	1,298.99
(e) Finance costs	22a	1.05	0.07
(f) Depreciation and amortisation expense	22b	134.71	134.06
(g) Other expenses	23	201.72	204.33
Total expenses (II)		2,391.61	2,144.79
III. Profit/(Loss) before exceptional items and tax (I-II)		29.79	-11.03
IV. Exceptional items		-	-
V. Profit/(Loss) before tax (III+IV)		29.79	-11.03
VI. Tax expense	24		
(a) Current tax		14.67	0.50
(b) MAT Credit Entitlement		-	-
(c) Short provision of tax for earlier year		-	0.68
(d) Deferred tax (credit)/ charge		-5.12	0.58
Total tax expense (VI)		9.55	1.76
VII. Profit/(Loss) for the year (V-VI)		20.24	-12.79
VIII. Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
IX. Total comprehensive income for the year, net of tax (VII+VIII)		20.24	-12.79
X. Earnings per equity share	30		
Nominal value per share ₹ 10			
- Basic and Diluted		0.01	-0.15
Material Accounting policies	3		

The accompanying notes are an integral part of these Standalone Financial Statements.

In terms of our report attached

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

V. B. Singh
Partner
Membership No. 073124
UDIN:24073124BKHXPG4400

Place: Kanpur
Date: Sep 11, 2024

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Place: Kanpur
Date: Sep 11, 2024

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024



Standalone Statement of cash flows

₹ in Crores

Particulars	Year ended March 31, 2024		Year ended March 31, 2023 (Re-stated)	
A Cash Flow from Operating activities				
Profit Before taxation		29.79		-11.03
Adjustments to reconcile profit after tax to net				
Depreciation and Amortization expense	134.71		134.06	
Interest Expense	1.05		0.07	
Interest Income	-72.84		-64.03	
Dividend Income	-0.42		-	
Reversal of Provision for Onerous Contract	-88.77		-99.00	
Profit on Sale of Property, plant and equipment	-0.70		-9.93	
		-26.97		-38.83
Operating Profit before Working Capital Changes		2.82		-49.86
Adjustments for changes in working capital :				
Changes in Inventories	-248.58		-382.78	
Changes in trade receivables	-575.02		-192.11	
Changes in Loans and advances	0.15		-2.83	
Changes in other financial assets	-21.20		5.08	
Changes in other assets	-0.72		104.87	
Changes in trade payables	50.15		-103.38	
Changes in other financial liabilities	3.21		35.04	
Changes in other current liabilities	514.61		296.41	
Changes in provisions	-		5.00	
Net Changes in Working Capital		-277.40		-234.70
Cash Generated from Operations		-274.58		-284.56
Direct Taxes (Paid)/Refund /Net		-3.15		-8.79
Net Cash Flow from Operating Activities (A)		-277.73		-293.35
B Cash Flow from Investing Activities				
Purchase of Property, plant and equipment and intangible assets	-79.23		-128.97	
Proceeds from Sale of Property, plant and equipment and intangible assets	4.26		5.56	
Capital Advance given	0.92		9.18	
Changes in other bank balances not considered as cash and cash equivalents	-144.86		519.60	
Interest Received	73.70		55.74	
Net Cash Flow used in Investing Activities (B)		-145.21		461.11
C Cash Flow from Financing Activities				
Proceeds from Issue of Share Capital	225.00		374.87	
Share Application Money Received	-		182.62	
Interest Expense	-1.05		-0.07	
Net Cash Flow used in Financing Activities (C)		223.95		557.42
Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)		-198.99		725.18
Cash and Cash equivalent at October 01, 2021 (Refer Note 38)		-		-
Cash and Cash equivalent at the beginning of the year		834.96		109.78
Cash and Cash equivalent at the end of the year		635.97		834.96

Reconciliation of cash and cash equivalents

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Cash and cash equivalents comprise of: (Refer Note 7(d))		
Cash on Hand	(15,750/-)	-
Cheques on hand	-	-
Balances with Banks*	635.97	834.96
Cash and cash equivalents	635.97	834.96

* Includes Fixed deposits of ₹ 25.87 Crores (Previous year ₹ 50.00 Crores) under lien with bank as Security for LC Facility.

The accompanying notes are an integral part of these Standalone Financial Statements.

Notes:

1. The standalone cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows".

In terms of our report attached

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

V. B. Singh
Partner
Membership No. 073124
UDIN:24073124BKHXPG4400

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024



Standalone Statement of changes in equity for the year ended March 31, 2024

A. Equity share capital

Particulars	₹ in Crores
As at April 1, 2022	528.37
Add : Issued during the year	16,595.54
As at March 31, 2023	17,123.91
As at April 1, 2023	17,123.91
Add : Issued during the year	407.62
As at March 31, 2024	17,531.53

B. Other equity

Particulars	Reserves and Surplus			Share application money pending allotment	Total other equity
	Capital Reserve	Capital reserve on Business Reorganisation	Retained Earnings		
Balance as at April 1, 2022	4.25	-	3,069.96	-	3,074.21
Deferred Tax on Ind AS Implementation	-	-	-5.61	-	-5.61
Profit for the year	-	-	-12.79	-	-12.79
Other comprehensive income/(loss) for the year	-	-	-	-	-
Addition during the year	-	-16,220.67	-	182.62	-16,038.05
Total Comprehensive income for the year	4.25	-16,220.67	3,051.56	182.62	-12,982.24
Balance as at March 31, 2023	4.25	-16,220.67	3,051.56	182.62	-12,982.24
Balance as at April 1, 2023	4.25	-16,220.67	3,051.56	182.62	-12,982.24
Profit for the year	-	-	20.24	-	20.24
Other comprehensive income/(loss) for the year	-	-	-	-	-
Utilized towards Shares Issued during the year	-	-	-	-182.62	-182.62
Total Comprehensive income for the year	4.25	-16,220.67	3,071.80	-	-13,144.62
Balance as at March 31, 2024	4.25	-16,220.67	3,071.80	-	-13,144.62

The accompanying notes are an integral part of these Standalone Financial Statements.

In terms of our report attached

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

V. B. Singh
Partner
Membership No. 073124
UDIN:24073124BKHXPG4400

Place: Kanpur
Date: Sep 11, 2024

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Place: Kanpur
Date: Sep 11, 2024

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024



Notes to the Standalone Financial Statements

Note 6 : Property, plant and equipment

₹ in Crores

Particulars	Freehold land	Leasehold land (Refer Note 32 B)	Building	Plant & Machinery	Furniture & fixture	Office Equipment	Vehicles	Computers, Servers and Networks	Total	CWIP
Gross Carrying Amount										
Deemed Cost as at April 1, 2022 (re-stated)	32.04	(₹ 3/-)	378.16	1,551.65	0.59	3.03	7.46	1.59	1,974.52	254.04
Additions	-	-	6.54	99.20	0.72	0.29	0.22	2.11	109.08	105.03
Assets retired from active use	-	-	-	0.53	-	-	-	-	0.53	-
Deductions	-	-	-	1.56	-	0.02	0.04	0.03	1.65	89.18
As at March 31, 2023 (re-stated)	32.04	(₹ 3/-)	384.70	1,648.76	1.31	3.30	7.64	3.67	2,081.42	270.89
Additions	-	-	43.79	58.52	1.20	0.06	0.04	2.60	106.21	21.73
Assets retired from active use	-	-	0.01	7.20	-	-	0.02	-	7.23	-
Changes due to Re-statement	-	-	0.41	3.53	-	-	-0.02	-0.01	3.91	-
Deductions	-	-	0.01	1.20	-	0.02	0.08	0.08	1.39	64.33
As at March 31, 2024	32.04	(₹ 3/-)	428.88	1,702.41	2.51	3.34	7.56	6.18	2,182.92	208.29
Accumulated Depreciation and Impairment										
As at April 1, 2022 (re-stated)	-	-	4.06	59.76	0.02	0.18	0.79	0.07	64.88	-
Depreciation for the year 2022-23	-	-	8.82	121.73	0.15	0.10	1.53	0.48	132.81	-
Depreciation on Assets retired from Active use	-	-	-	0.46	-	-	-	-	0.46	-
Deductions	-	-	-	0.70	-	-	-	-	0.70	-
As at March 31, 2023 (re-stated)	-	-	12.88	180.33	0.17	0.28	2.32	0.55	196.53	-
Depreciation for the year	-	-	9.20	120.94	0.52	0.09	1.28	1.05	133.08	-
Depreciation on Assets retired from Active use	-	-	-	0.65	-	-	-	-	0.65	-
Changes due to re-statement	-	-	-0.02	0.98	-	-	-	-	0.96	-
Deductions	-	-	0.04	1.02	-	-	-	-	1.06	-
As at March 31, 2024	-	-	22.02	300.58	0.69	0.37	3.60	1.60	328.86	-
Net Carrying Amount										
As at March 31, 2024	32.04	(₹ 3/-)	406.86	1,401.83	1.82	2.97	3.96	4.58	1,854.06	208.29
As at March 31, 2023 (re-stated)	32.04	(₹ 3/-)	371.82	1,468.43	1.14	3.02	5.32	3.12	1,884.89	270.89
As at April 1, 2022 (re-stated)	32.04	(₹ 3/-)	374.10	1,491.89	0.57	2.85	6.67	1.52	1,909.64	254.04

Notes:

Title deeds of Immoveable Properties are not held in name of the Company (Other than properties where the Company is Lessee and where the lease agreements are duly executed in favour of the Company).

Following is the details of immovable property not held in the name of the Company

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Relation with Title holder	Property held since	Reason for not being held in the name of the company
Property, plant and equipment	Freehold Land	32.04	Factory Board Ordinance	Promoter	30 Months	With reference to the Notification no - "CG-DL-E-1102021-230101" dated 1st Oct 2021, all the immovable properties of OFB have been transferred to newly formed DPSUs consisting of AWEIL as one of the PSU. Registration is under process.
	Leasehold Land	(₹ 3/-)	Department of Defence Production			

Building situated on leasehold land is depreciated over useful life estimated by the management and not over primary lease period as the management is of the opinion that the lease will be renewed by mutual agreement.

Contractual Commitments

Refer Note 26 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

There is no charge or lien on Property, Plant and Equipment.

The Company has not revalued its property, plant and Equipment and therefore disclosure, whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 does not arise.



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. Corporate Information

Advanced Weapons & Equipment India Limited (hereinafter referred to as "the Company") is incorporated in India and limited by shares (CIN No: U29270UP2021GO1150734) and is one of the seven (7) new Defense PSUs formed by converting the Ordnance Factory Board into fully Government owned Enterprises. The Company was incorporated under the Companies Act 2013 on August 14, 2021 however, its commencement of business took place on 1st October 2021 notified by DDP. The registered office of the Company is located at OFC, Kalpi Road, Kanpur-208009. It comprises of the following production and non-production units: Rifle Factory Ishapore, Small Arms Factory, Kanpur, Gun & Shell Factory, Cossipore, Ordnance Factory Tiruchirapalli, Ordnance Factory, Kanpur, Field Gun Factory, Kanpur, Gun Carriage Factory, Jabalpur, and Ordnance Factory Project Korwa and non-production units at Ordnance Factories Institute of Learning Ishapore.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on September 11, 2024.

2. Basis of Preparation

a) Statement of Compliance

These standalone financial statements are prepared on going concern basis following the accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended, and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to financial statement.

b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for:

- Certain financial assets and liabilities that are measured at fair value; and
- Assets held for sale-measured at fair value less cost to sell.

The methods used to measure fair values are discussed in notes to the financial statements.

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Functional and presentation currency

The standalone financial statements are presented in Indian Rupee ("INR") and all values are rounded to the nearest Rupees in Crores as per the requirement of Schedule III, except when otherwise indicated. Figures less than ₹ 50,000/- which required to be shown separately are shown as actuals in bracket.

d) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.



Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle of the Company is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

3. Restatement of Financial Statements:

Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

Ind-AS B mandates that an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were approved for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

The opening balances of assets, liabilities and equity for the earliest prior period presented i.e. 01.04.2022 and the comparative prior period presented i.e. Financial year ended March 31 2023 have been restated in these Financial Statements in view of the following:

1. Rectification of accounting treatment w.r.t carried forward Capital Outlay Balances from pre-corporatisation era:

The company is a Defence Public Sector Undertaking (DPSU) and was formed in pursuance of the decision of the Union Cabinet on 16th June 2021, whereby the Government of India, vide Office Memorandum dated 24th September 2021, decided to corporatise the functions of the Ordnance Factories. Accordingly, the assets and liabilities in respect of the business being carried out on account of the Government were transferred to the new DPSUs on the Net Asset Value thereof.

Thus all the Fixed assets were funded by the Government. The funds were accounted for and presented as "Government Grants" in accordance with Ind-AS 20 in the financial statements in the erstwhile balance sheets of the company.

As per paragraph 26 of Ind AS 20, 'Accounting for Government Grants and Disclosure of Government Assistance', the company recognised the funds as government grant as deferred income, which was recognised as income in the statement of profit and loss on a systematic basis over the useful life of the assets for which the funds were received.

The Comptroller and Auditor General (C&AG) of India u/s 143(6)(b) of the Companies Act 2013 on the Standalone Financial Statements of the company for the period ended March 31 2022 made an adverse comment on the said accounting policy of the company. The extract is reproduced herein below:

"In pursuance of the decision of the Union Cabinet on 16th June 2021, the Government of India, vide Office Memorandum dated 24th September 2021, decided to corporatise the functions of the ordnance factories. Accordingly, the assets and liabilities in respect of the business being carried out on account of the government were transferred to the new DPSUs on the Net Asset Value thereof. The Company has, however, treated the deemed cost of fixed assets worth Rs. 2158.24 crores as government grants, out of which depreciation on Property Plant and Equipment (PPE) amounting to Rs. 65.65 crore was accounted for as income in the Statement of Profit and Loss of the Company for the year ended 31st March 2022. Remaining government grant amounting to Rs. 2092.58 crore was booked as liability (Rs. 1998.74 crore as non-current and Rs. 93.84 crore as current) in the Balance Sheet of the Company as at 31st March 2022.

(iii) This has resulted in the overstatement of 'Other Income' as well as profit of the Company by Rs. 65.65 crore. Further, this has also resulted in the overstatement of government grant by Rs. 2092.58 crore and understatement of 'Other Equity' by Rs. 2158.24 crore."

In response to the above said comment, the company filed detailed explanation with the C&AG and referred the matter to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India requesting for an opinion on the correctness or otherwise of the accounting treatment of the carried forward funds for Capital Outlay which were received from the Government by the company.

The opinion of the EAC of the ICAI was received by the company on 25.04.2024, stating as under:



"18. The Committee notes that in the extant case, the ordnance factories or businesses were owned and controlled by the GoI through Ordnance Factory Board before the incorporation of the Company and these businesses were earlier being carried out by the erstwhile OFB on account of the Government. Further, separate funds used to be allocated to the erstwhile OFB for procurement of capital assets under the heading "New Capital". Furthermore, the Committee notes that in the accounts prepared by the factories earlier, these were presented as 'capital outlay' and not as government grant, and not treated as deferred income under AS 12. This indicates that funds received from the Government for acquisition of assets were in the capacity of owner and not as government grant. Further, even after the transfer of the assets pertaining to the factories or business to the Company, the GoI retains the ownership of the Company and, in turn, controls the business. The Committee is of the view that merely the reorganisation of the business from Ordnance factories under OFB to the Company does not change the nature of funds being provided by the Government in the capacity as owners to that of a government grant on application of Ind AS 20. Therefore, the Company's accounting treatment of funds provided by the government as a government grant under Ind AS 20 is incorrect."

In view of the opinion of the EAC of ICAI and the C&AG comments, the said accounting treatment has been rectified retrospectively.

2. Rectification of the following material Prior period errors:

a. Non compliance with Para 66 of Ind-AS 37:

Para 66 of Ind-AS 37 mandates that if an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

The company has several onerous contracts since its corporatisation (legacy contracts) which have a material impact on the Financial Statements. However no provision in respect of the same was made in the Financial Statements for

b. Prior period items: The company has identified several expenses related to prior periods which remained unaccounted in those periods.

The above errors have been rectified retrospectively.

The impact of the above re-statements on the elements of the financial statements is contained in Note No.38.

4. Material Accounting Policies

1. Property, plant and equipment

1.1 Initial Recognition and Measurement

An item of property, plant and equipment is recognized as an asset if and only if 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.

Items of property, plant and equipment are initially recognized at cost. Cost comprises purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the present value of initial estimate of cost of dismantling, removal and restoration. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term projects if the recognition criteria are met.

Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses.

When parts of an item of property, plant and equipment that are significant in value and have different useful lives as compared to the main asset, they are recognized separately.

In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

The acquisition or construction of some items of property, plant and equipment although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment, may be necessary for the Company to obtain future economic benefits from its other assets. Such items are recognized as property, plant and equipment.

**1.2 Subsequent Cost**

Subsequent expenditure is recognized in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

Expenditure on major inspection and overhauls of generating unit is capitalized, when it meets the asset recognition criteria. Any remaining carrying amount of the cost of the previous inspection and overhaul is derecognized.

The cost of replacing major part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized regardless of whether the replaced part has been depreciated separately. If it is not practicable to determine the carrying amount of the replaced part, the Company uses the cost of the replacement as an indication of what the cost of replaced part was at the time it was acquired or constructed. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit and loss as and when incurred.

1.3 Decommissioning costs

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

1.4 De-recognition

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on de-recognition of an item of property, plant and equipment are determined as the difference between sale proceeds from disposal, if any, and the carrying amount of property, plant and equipment and are recognized in the statement of profit and loss.

In circumstance, where an item of property, plant and equipment is abandoned, the net carrying cost relating to the property, plant and equipment is written off in the same period.

1.5 Depreciation

Depreciation on property, plant and equipment is provided so as to write off the cost of assets less residual values over their useful lives of the assets, using the straight line method as prescribed under Part C of Schedule II to the Companies Act 2013 except for the assets where useful life of assets as per Schedule II and management estimates are different. In case management estimates are different depreciation is charged as per management estimates of useful life.

Sr.	Asset	Useful Life as prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
I	Factory Building	30 years	60 years
II	Other than Factory Buildings	60 years	60 years
III	Roads (other than RCC & RCC)	5 & 10 years	10 Years
IV	Plant & Machinery	15 Years	20 Years
V	Furniture and Fixtures (Including Air Conditioners and office equipment)	10 years	10 Years
VI	Vehicles	6 Years	7 Years
VII	Computer (Hardware and Software)	3 & 6 Years	5 Years
VIII	Laboratory Equipment (including all QC equipment but excluding gauges used in inspection)	10 Years	10 Years
IX	Electrical Installations and Equipment	10 Years	10 Years
X	Hydraulic Works, pipelines and sluices (including Submersible & Centrifugal Pump etc.)	10 Years	10 Years



The management believes that the useful life as given above best represents the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

Depreciation for assets purchased/sold during a period is proportionately charged for the period of use. Assets other than Building, Plant and Machinery costing less than ₹ 10,000/- are depreciated at 100%.

Major overhaul and inspection costs which have been capitalized are depreciated over the period until the next scheduled outage or actual major inspection/overhaul, whichever is earlier. Capital spares are depreciated considering the useful life ranging between 2 to 40 years based on technical assessment.

Where it is probable that future economic benefits deriving from the expenditure incurred will flow to the Company and the cost of the item can be measured reliably, subsequent expenditure on a property, plant and equipment along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 and the date that the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. Capital works in Progress

Cost incurred for property, plant and equipment that are not ready for their intended use as on the reporting date, is classified under capital work-in-progress.

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and the borrowing costs attributable to the acquisition or construction of qualifying asset.

Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.

3. Intangible assets and intangible assets under development

3.1 Initial recognition and measurement

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost comprises purchase price including import duties, non-refundable taxes after deducting trade discounts and rebates and any directly attributable expenses of preparing the asset for its intended use.

Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to & has sufficient resources to complete development and to use or sell the asset.

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expenditure.

3.2 Subsequent costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.



3.3 De-recognition

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gain or loss on de-recognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of intangible assets and are recognized in the statement of profit and loss.

3.4 Amortization

Cost of software recognized as intangible asset, is amortized on straight-line method over a period of legal right to use or 5 years, whichever is less. Other intangible assets are amortized on straight-line method over the period of legal right to use or life of the related assets, whichever is less. The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end and adjusted prospectively, wherever required.

4. Non-Current Assets Held for Sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use and a sale is considered highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-Current Assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less cost of disposal. Non-current assets classified as held for sale are not depreciated or amortized.

5. Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by other available fair value indicators.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

6. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the Inventories to their present location and condition. In case of Finished goods and work in progress cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis. Costs of purchased inventory are determined after deducting rebates, trade discounts and other similar items.

As per Para 32 of Ind-As 2, materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.



Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The diminution in the value of obsolete, unserviceable, surplus and non-moving items of stores and spares is ascertained on review and provided for. Steel scrap is valued at estimated realizable value.

7. Investments in joint ventures

Investments in joint ventures are carried at cost/deemed cost applied on transition to Ind AS, less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of investment is assessed and an impairment provision is recognised, if required immediately to its recoverable amount.

8. Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or a financial liability only when it becomes party to the contractual provisions of the instrument.

a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not valued at fair value through profit or loss, are added to the fair value on initial recognition.

(ii) Subsequent measurement of financial assets

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

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

• **Financial assets at amortized cost:**

A financial asset is measured at amortized cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- **Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

- **Financial assets at fair value through profit or loss**

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets



amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss under head. Interest income on such investment is presented under "other income",.

(iii) Derecognition of financial assets

A financial asset is derecognized when:

- the contractual rights to the cash flows from the financial asset expire, or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous v cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.



FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

(v) Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected in a separate line under the head "Other expenses" in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.



The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts etc.

(ii) Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

• **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

• **Loans and Borrowings**

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(iii) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognized from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:



- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and for non-recurring measurement, such as asset held for sale.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant and equipment & Intangible assets measured at fair value on the date of transition
- Financial instruments (including those carried at amortized cost)

10. Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.



When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of reimbursement, if any.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The company, recognizes as a provision, the present obligation under an onerous contract. However, before a separate provision for an onerous contract is established, the company recognises impairment loss that has occurred on assets dedicated to that contract.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

Provision for expenditure on account of performance guarantee & replacement / repair of goods sold is made on the basis of trend-based estimates. In cases where a trend is not ascertainable, provision for warranty is made based on the best estimates of management.

11. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

12. Revenue Recognition

A. Revenue from Contract with Customers

- i. The Company derives revenues primarily from sale of Artillery Gun, Field Gun, Ordnance & Small Arms and related services. Revenue is recognized when (or as) the company satisfies a performance obligation by transferring a promised goods or services (i.e., an Asset) to a Customer.
- ii. Satisfaction of performance obligation over time
 - a. Revenue is recognised overtime where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:
 - The company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
 - The company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
 - The company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.
 - b. Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

iii. Satisfaction of performance obligation at a point in time

- a. In respect of cases where the transfer of control does not take place over time, the company recognizes the



revenue at a point in time when it satisfies the performance obligations.

- b. The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:

- The company has transferred physical possession of the asset
- The customer has legal title to the asset
- The customer has accepted the asset
- when the company has a present right to payment for the asset
- the customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco-terms of the contracts.

Ex-Works contract- In case of Ex-works contract, revenue is recognised when the specified goods are unconditionally appropriated to the contract after prior Inspection and acceptance, if required.

FOR Contracts - In the case of FOR contracts, revenue is recognized when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period.

iv. **Measurement**

- a. Revenue is recognized at the amount of the transaction price that is allocated to the performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

In case of price escalation and ERV, revenue is recognised at most likely amount to be realized from customer in line with contractual terms.

- b. In case where the contracts involve multiple performance obligations, the company allocates the transaction price to each performance obligation on the relative stand-alone selling price basis.

Multiple Elements - In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on their stand-alone selling price.

v. **Penalties**

Penalties (including levy of liquidated damages for delay in delivery) specified in a contract are not treated as an inherent part of Transaction Price if the levy of same is subject to review by the customer.

vi. **Significant financing component**

Advances received towards execution of Defence related projects are not considered for determining significant financing component since the objective is to protect the interest of the contracting parties.

B. **Other Income**

i. **Interest income**

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

ii. **Insurance claims**

Claims receivable on account of Insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.



iii. Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increase in rentals are in line with expected inflation or otherwise justified.

iv. Other Income

Other income not specifically stated above is recognized on accrual basis.

13. Employee Benefits

Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and the same are recognized in the period in which the employee renders the related service.

14. Income Taxes

Tax expense comprises current and deferred tax. Current tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year computed as per the provisions of Income Tax Act, 1961, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they materialize, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against the current tax liabilities, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity, respectively. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the sufficient taxable profits will be available in future to allow all or part of deferred tax assets to be utilized.

15. Foreign Currency transaction and Translation

Transactions in foreign currencies are initially recorded at the functional currency spot exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in



the statement of profit and loss in the year in which it arises.

Non-monetary items denominated in foreign currency which are measured in terms of historical cost are recorded using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In case of advance consideration received or paid in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is when the Company initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

16. Earnings per share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

17. Cash Flow Statement

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

18. Segment Reporting:

The Ministry of Corporate Affairs vide Notification No.1/2/2014-CL-V dated 23.02.2018 has exempted the Government Companies engaged in Defense Production to the extent of application of Ind-AS 108 Operating Segment.

As laid down in Part A of the Annexure to Companies Ind AS Rules, Ind AS, which are specified, are intended to be in conformity with the provisions of applicable laws. However, if due to subsequent amendments in the law, a particular Ind AS is found to be not in conformity with law, the provisions of the said law will prevail and the Financial Statements should be prepared in conformity with such law

Thus disclosure of Segment information is not required.

19. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue. Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.

20. Exceptional Item

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

21. Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Note No.4

Critical accounting judgements and key source of estimation uncertainty

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and management's judgments are based on previous experience & other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.



Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and / or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

1. Useful lives of Property, Plant and Equipment and Intangible assets

The estimated useful life of property, plant and equipment and intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Property, Plant & Equipment represent a significant proportion of the asset base of the Company. The depreciation charge with respect to such asset is derived based on the estimated useful life of the asset and its residual value.

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

2. Recoverable amount of property, plant & equipment and intangible assets

The recoverable amount of property, plant and equipment and intangible assets is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

3. Assets held for sale

Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 - 'Non-current assets held for sale and discontinued operations. In assessing the applicability, management has exercised judgment to evaluate the availability of the asset for immediate sale, management's commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

4. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

5. Income Taxes

Significant estimates are involved in determining the provision for current and deferred tax, including amount expected to be paid/recovered for uncertain tax positions.

6. Inventories

An inventory provision is recognised for cases where the realizable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with expired / slow-moving inventory items.

7. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

8. Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37-



'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events require best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company.

There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the Financial Statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

9. Impairment test of investments in Joint Venture Companies

The recoverable amount of investment in joint venture companies is based on estimates and assumptions regarding in particular the future cash flows associated with the operations of the investee Company. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

10. Other Notes:-

a. Note on Profit Element

A decision to reduce profit element from erstwhile 7.5 % to 6% was taken in the meeting of CMD's of all the DPSUs on 22/12/2023 & 23/12/2023. Accordingly, company was required to issue pro rata credit notes to all the DPSUs from whom it had charged profit element of 7.5% for the FY 2023-24. The Debit/Credit notes have been issued in respect of the contracts amended up to the year end, in pursuance of the above decision(s). Accordingly, no provision for any receivable/payable has been made in respect of other contracts in respect of which contract amendments are pending. The impact of the pending/un-amended contracts has not been quantified.

b. Loans and Advances

The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

- (i) 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
- (ii) 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:

- (i) 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
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries



Notes to the Standalone Financial Statements

6(a) Capital work-in-progress ageing schedule:

As at March 31, 2024

Capital work-in-progress	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	21.29	48.44	63.71	74.85	208.29
Projects temporarily suspended	-	-	-	-	-
Total	21.29	48.44	63.71	74.85	208.29

As at March 31, 2023

Capital work-in-progress	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	105.09	39.18	71.66	54.96	270.89
Projects temporarily suspended	-	-	-	-	-
Total	105.09	39.18	71.66	54.96	270.89

As at April 1, 2022

Capital work-in-progress	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	123.21	30.39	24.35	76.09	254.04
Projects temporarily suspended	-	-	-	-	-
Total	123.21	30.39	24.35	76.09	254.04

6 (b) Projects whose completion is overdue or has exceeded its cost compared to its original plan

Capital work-in-progress

As at March 31, 2024

Capital work-in-progress	To be Completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1	-	-	-	-	-
Total	-	-	-	-	-

As at March 31, 2023

Capital work-in-progress	To be Completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1	-	-	-	-	-
Total	-	-	-	-	-

As at April 1, 2022

Capital work-in-progress	To be Completed in				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Project 1	-	-	-	-	-
Total	-	-	-	-	-

6 (c) Break up of Assets held for Sale

Particulars	Balance as at March 31, 2024	Balance as at March 31, 2023 (Re-stated)	Balance as at April 1, 2022 (Re-stated)
Plant & Machinery	7.36	6.34	6.53
Furniture & Fixtures	-	-	0.06
Office Equipment	0.03	0.02	-0.11
Vehicles	0.03	0.01	0.08
Computer, Servers & Network	0.02	0.02	0.05
Total	7.44	6.39	6.61



Notes to the Standalone Financial Statements

Note 7 : Intangible assets

₹ in Crores

Particulars	Computer Software	Research & Development	Technical Know How	Total	Intangible assets under development
Gross Carrying Amount					
As at 1 April, 2022	0.17	3.38	7.53	11.08	1.02
Additions	0.39	1.88	-	2.27	0.77
Deductions	-	-	-	-	-
As at March 31, 2023	0.56	5.26	7.53	13.35	1.79
Additions	1.77	0.39	-	2.16	33.46
Deductions	-	-	-	-	-
As at March 31, 2024	2.33	5.65	7.53	15.51	35.25
Accumulated Amortization					
As at April 1, 2022	0.07	-	0.30	0.37	-
Amortisation for the year	0.12	0.53	0.60	1.25	-
Deductions	-	-	-	-	-
As at March 31, 2023	0.19	0.53	0.90	1.62	-
Amortisation for the year	0.23	-	1.76	1.99	-
Deductions	-	-	-	-	-
As at March 31, 2024	0.42	0.53	2.66	3.61	-
Net Carrying Amount					
As at March 31, 2024	1.91	5.12	4.87	11.90	35.25
As at March 31, 2023	0.37	4.73	6.63	11.73	1.79
As at April 1, 2022	0.10	3.38	7.23	10.70	1.02

Note:

1. Company has not revalued its Intangibles assets and therefore disclosure, whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 does not arise.

2. Intangible asset under development ageing schedule:

As at March 31, 2024

Capital work-in-progress	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	33.46	0.77	1.02	-	35.25
Projects temporarily suspended	-	-	-	-	-
Total	33.46	0.77	1.02	-	35.25

As at March 31, 2023

Capital work-in-progress	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	0.77	1.02	-	-	1.79
Projects temporarily suspended	-	-	-	-	-
Total	0.77	1.02	-	-	1.79

As at April 1, 2022

Capital work-in-progress	Amount in Capital work-in-progress for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1.02	-	-	-	1.02
Projects temporarily suspended	-	-	-	-	-
Total	1.02	-	-	-	1.02



Notes to the Standalone Financial Statements

Note 8 : Financial assets
8 (a) Investments

Particulars	Face Value per share in Rs.	No. of Shares		No. of Shares 01 April 2022	₹ in Crores		
		March 31, 2024	March 31, 2023		As at March 31, 2023 (Re- stated)	As at March 31, 2024	As at 01 April 2022 (Re-stated)
Non-current investment							
(a) Investment in equity shares (fully paid up)							
Joint Venture - measured at Cost (Unquoted)							
Indo Russian Rifles Private Limited	100	4,25,000	4,25,000	4,25,000	4.25	4.25	4.25
Total Investments					4.25	4.25	4.25
Aggregate amount of quoted investments					-	-	-
Aggregate amount of unquoted investments					4.25	4.25	4.25
Aggregate impairment in value of investment					-	-	-

8 (b) Trade receivables ~ Current

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
Unsecured, considered good	1223.34	648.32	456.22
Significant increase in Credit Risk	-	-	-
Credit Impaired	-	-	-
Total Trade receivables	1223.34	648.32	456.22

Notes:

- No trade receivables are due from directors or other officers of the Company either severally or jointly with any person nor any trade receivables are due from firms or private companies respectively in which any director is a director, a partner or a member.
- Trade receivables are non-interest bearing and are generally on terms of 7 to 180 days.
- In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.
 - Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.
 - Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
 - Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.



Ageing of Trade Receivables from due date of payments as at March 31, 2024 is as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	
Undisputed Trade receivable - Considered Good	-	-	841.30	132.47	193.70	50.00	1,223.34
Undisputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivable - Considered Good	-	-	-	-	-	-	-
Disputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Disputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Total	-	-	841.30	132.47	193.70	50.00	1,223.34

₹ in Crores

Ageing of Trade Receivables from due date of payments as at March 31, 2023 is as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	
Undisputed Trade receivable - Considered Good	-	-	372.45	91.10	173.28	0.93	640.42
Undisputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivable - Considered Good	-	-	-	-	7.90	-	7.90
Disputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Disputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Total	-	-	372.45	91.10	181.18	0.93	648.32

₹ in Crores

Ageing of Trade Receivables from due date of payments as at April 1, 2022 is as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	
Undisputed Trade receivable - Considered Good	-	-	433.17	8.47	8.59	0.03	456.22
Undisputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivable - Considered Good	-	-	-	-	-	-	-
Disputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Disputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Total	-	-	433.17	8.47	8.59	0.03	456.22

₹ in Crores



Notes to the Standalone Financial Statements

8 (c) Loans

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
(Unsecured, considered good unless otherwise stated)			
Non-current	-	-	-
Current			
Loans to			
- Employees	3.19	3.34	0.51
	3.19	3.34	0.51
Total Loans	3.19	3.34	0.51

Note:

- No Loans are due from Directors or to firm / private company where director is interested
- No loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

8 (d) Cash and cash equivalents

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
Cash on hand	(15,750/-)	-	-
Balance with Banks			
In Current accounts	11.28	170.11	76.29
Deposit with bank having maturity less than 3 months*	624.69	664.85	33.49
Total cash and cash equivalents	635.97	834.96	109.78

* Under lien with bank as Security for LC Facility of ₹ 25.87 Crores (Previous year ₹ 50.00 Crores)

8 (e) Other bank balance

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
Deposit with bank having maturity more than 3 months and less than 12 months*	716.29	575.00	1,168.03
Total other bank balances	716.29	575.00	1,168.03

* Under lien with bank as Security for LC Facility of ₹ 100 Crores (Previous year ₹ 25 Crores)

8 (f) Other financial assets

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
(Unsecured, considered good unless otherwise stated)			
Non-current			
Security deposits	23.52	19.70	21.64
Bank deposits with maturity of more than 12 months*	77.00	73.43	-
	100.52	93.13	21.64
Current			
Security deposits	1.36	3.48	7.17
Interest Accrued	7.68	8.54	0.25
Other Receivables	20.05	0.55	-
	29.09	12.57	7.42
Total other financial assets	129.61	105.70	29.06

* Under lien with bank as Security for LC Facility / earmarked against EMD of ₹ 77 Crores (Previous year ₹ 32.26 Crores)

8 (g) Financial Instruments by category

Particulars	₹ in Crores				
	Cost	Fair value through Profit and Loss (FVTPL)	Fair value through Other Comprehensive Income (FVTOCI)	Amortised cost	Total
Investment	4.25	-	-	-	4.25
Trade receivables	-	-	-	1,223.34	1,223.34
Loans	-	-	-	3.19	3.19
Cash and cash equivalents	-	-	-	635.97	635.97
Other bank balances	-	-	-	716.29	716.29
Other financial assets	-	-	-	129.61	129.61
Total Financial assets	4.25	-	-	2,708.40	2,712.65



₹ in Crores

Particulars	As at March 31, 2023 (Re-stated)				Total
	Cost	Fair value through Profit and Loss (FVTPL)	Fair value through Other Comprehensive Income	Amortised cost	
Investment	4.25	-	-	-	4.25
Trade receivables	-	-	-	648.32	648.32
Loans	-	-	-	3.34	3.34
Cash and cash equivalents	-	-	-	834.96	834.96
Other bank balances	-	-	-	575.00	575.00
Other financial assets	-	-	-	105.70	105.70
Total Financial assets	4.25	-	-	2,167.32	2,171.57

₹ in Crores

Particulars	As at April 1, 2022 (Re-stated)				Total
	Cost	Fair value through Profit and Loss (FVTPL)	Fair value through Other Comprehensive Income (FVTOCI)	Amortised cost	
Investment	4.25	-	-	-	4.25
Trade receivables	-	-	-	456.33	456.33
Loans	-	-	-	0.51	0.51
Cash and cash equivalents	-	-	-	109.78	109.78
Other bank balances	-	-	-	1,168.03	1,168.03
Other financial assets	-	-	-	27.67	27.67
Total Financial assets	4.25	-	-	1,762.32	1,766.57

1. Financial instruments risk management objectives and policies, refer Note 34.

2. Fair value disclosure for financial assets and liabilities and fair value hierarchy refer Note 33.

Note 9 : Other assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
(Unsecured, considered good unless otherwise stated)			
Non-current			
Capital advances	3.00	3.92	13.10
	3.00	3.92	13.10
Current			
Advance to suppliers	56.81	63.05	155.08
Balance with Government Authorities (Refer note (i) below)	24.81	20.50	35.99
Advance to employees	4.83	2.88	0.27
Other Current Assets	0.75	0.05	0.01
	87.20	86.48	191.35
Total (A) + (B)	90.20	90.40	204.45

Notes :

(i) Balance with Government Authorities mainly consists of input credit availed.

(ii) No advances are due from directors or promoters of the Company either severally or jointly with any person.

Note 10 : Inventories (At lower of cost and net realisable value)

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
Raw materials and components	1,126.28	1,049.00	965.30
Raw materials in transit	-	1.13	2.62
Work-in-progress	1,283.85	1,013.71	1,001.48
Finished goods	232.05	329.88	39.58
Scrap	17.13	17.01	18.97
Total	2,659.31	2,410.73	2,027.95

Note:

1) Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value. Accordingly ₹ 58.55 Crores (Previous year ₹ 162.37 Crores) has been provided. The changes in write downs are recognised as an expense in the Statement of Profit and Loss (Refer Note No. 4(7)).



Note 11 : Equity share capital:

Particulars	As at March 31, 2024		As at March 31, 2023(Re-stated)		As at April 1, 2022 (Re-stated)	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
Authorised share capital Equity shares of ₹ 10 each	20,50,00,00,000	20,500.00	20,50,00,00,000	20,500.00	15,00,00,00,000	15,000.00
Issued, subscribed and paid-up share capital Equity shares of ₹ 10 each	17,53,15,30,000	17,531.53	17,12,39,10,000	17,123.91	52,83,70,000	528.37
Total	17,53,15,30,000	17,531.53	17,12,39,10,000	17,123.91	52,83,70,000	528.37

11.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period :

Particulars	As at March 31, 2024		As at March 31, 2023(Re-stated)		As at April 1, 2022 (Re-stated)	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
At the beginning of the period	17,12,39,10,000	17,123.91	52,83,70,000	528.37	-	-
Add: Issue of Share Capital in cash	40,76,20,000	407.62	37,48,70,000	374.87	-	-
Add: Issue of Share Capital non cash (Refer Note)	-	-	16,22,06,70,000	16,220.67	52,83,70,000	528.37
Outstanding at the end of the year	17,53,15,30,000	17,531.53	17,12,39,10,000	17,123.91	52,83,70,000	528.37

11.2. Issue of Equity Shares

The Company has issued 40,76,20,000 shares of ₹ 10/- each fully paid amounting to ₹ 4,07,62,00,000 to Government of India on 25.09.2023

By virtue of the Memorandum of Understanding dated September 29, 2021 entered into between President of India and the Company, the activities of Ordnance Factory Board under Department of Defence Production, Ministry of Defence including assets and liabilities, have been transferred to the Company w.e.f. appointed date i.e. October 01, 2021. The consideration payable was agreed in the form of equity shares to be issued by the Company to the Government of India, based on the fair value of the net assets transferred to the Company. Based on the fair value of the net assets, the Company has issued 16,22,06,70,000 shares of ₹ 10/- each fully paid amounting to ₹ 16,220.67 Crores to the Government of India. The difference between the amount recorded as share capital issued and fair value of net assets transferred to the Company has been transferred to Capital Reserve.

11.3. Rights, Preferences and Restrictions attached to the equity shares :

The Company has one class of shares having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

11.4. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Name of the Shareholder	As at March 31, 2024		As at March 31, 2023(Re-stated)		As at April 1, 2022 (Re-stated)	
	No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding
Government of India (Including nominees)	17,53,15,30,000	100.00	17,12,39,10,000	100.00	52,83,70,000	100.00

11.5. Shareholding of Promoters

Name of the Promoter	As at March 31, 2024		As at March 31, 2023(Re-stated)		As at April 1, 2022 (Re-stated)	
	No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding
Government of India (Including nominees)	17,53,15,30,000	100.00	17,12,39,10,000	100.00	52,83,70,000	100.00

11.6. Shares reserved for issue under options and contracts :

Nil

11.7. Objective, policy and procedure of capital management:

Refer Note 35.



Note 12 : Other Equity

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
Capital reserve			
Balance as per last financial statements	4.25	4.25	-
Add: Adjustment on Implementation of Ind AS (Refer Note 38)	-	-	4.25
Balance at the end of the year	4.25	4.25	4.25
Capital reserve on Business Reorganisation			
Balance as per last financial statements	-16,220.67	-	-
Created during the year (Refer Note 10.2)	-	-16,220.67	-
Balance at the end of the year	-16,220.67	-16,220.67	-
Share application money pending allotment			
Balance as per last financial statements	182.62	-	-
Addition during the year	-	182.62	-
Less: Utilized towards Shares Issued during the year	-182.62	-	-
Balance at the end of the year	-	182.62	-
Retained earnings			
Balance as per last financial statements	3,051.56	3,069.96	2,087.68
Add: Adjustment on Implementation of Ind AS (Refer Note 38)	-	-	982.28
Less: Adjusted against sale / discarded assets (Govt. Grant)	-	-5.61	-
Restated balance on Ind AS Implementation	3,051.56	3,064.35	3,069.96
Add: Profit for the year	20.24	-12.79	-
Balance at the end of the year	3,071.80	3,051.56	3,069.96
Total Other equity	-13,144.62	-12,982.24	3,074.21

The description of the nature and purpose of each reserve within equity is as follows

a. Capital reserve

Capital Reserve represents adjustments on recognition of Investment in Joint Venture.

b. Capital reserve on Business Reorganisation

Capital Reserve on Business Reorganisation represents the difference between the amount recorded as share capital issued and fair value of net assets transferred to the Company

Note 13 : Financial liabilities

13 (a) Trade payables

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
Current			
- Total Outstanding dues of Micro Enterprises and Small Enterprises	7.68	31.25	57.83
- Total Outstanding dues other than Micro Enterprises and Small Enterprises	317.82	244.10	320.90
Total	325.50	275.35	378.73

Notes :

(i) Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and Schedule III of the Companies Act, 2013 for the year ended March 31, 2024. This information has been determined to extent such parties have been identified on the basis of information available with the company and relied upon by the auditors.



₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2022 (Re-stated)	As at April 1, 2022 (Re-stated)
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)			
- Principal amount due to micro and small enterprise	7.68	31.25	57.83
- Interest due on above	-	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-	-

(ii) Ageing of Trade Payables

As at March 31, 2024 is as follows:

₹ in Crores

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises	-	1.38	2.14	1.62	2.54	7.68
Others	-	260.83	36.19	10.78	4.22	312.02
Disputed dues - Micro and Small	-	-	-	0.04	-	0.04
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	5.76	-	-	-	-	5.76
Total	5.76	262.21	38.33	12.44	6.76	325.50

As at March 31, 2023 is as follows:

₹ in Crores

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises	-	27.04	2.60	1.09	0.52	31.25
Others	-	83.31	78.92	0.10	1.38	163.71
Disputed dues - Micro and Small	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	80.39	-	-	-	-	80.39
Total	80.39	110.35	81.52	1.19	1.90	275.35

As at April 1, 2022 is as follows:

₹ in Crores

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	38.04	13.77	5.69	0.33	57.83
Others	53.97	212.66	17.70	1.89	0.21	286.43
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	12.09	22.38	-	-	-	34.47
Total	66.06	273.08	31.47	7.58	0.54	378.73



13 (b) Other financial liabilities

₹ in Crores

Particulars	As at	As at	As at
	March 31, 2024	March 31, 2023 (Re-stated)	April 1, 2022 (Re-stated)
Non-current	-	-	-
Current			
Payable to employees	123.03	116.86	75.72
Security Deposits from customers and others	8.17	16.20	14.92
Others	32.66	27.59	34.97
	163.86	160.65	125.61
Total	163.86	160.65	128.02

13 (c) Financial liabilities by category

₹ in Crores

Particulars	As at March 31, 2024		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	325.50	325.50
Other Financial Liabilities	-	160.65	160.65
Total Financial liabilities	-	486.15	486.15

Particulars	As at March 31, 2023 (Re-stated)		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	275.35	275.35
Other Financial Liabilities	-	160.65	160.65
Total Financial liabilities	-	436.00	436.00

Particulars	As at April 1, 2022 (Re-stated)		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	378.73	378.73
Other Financial Liabilities	-	125.61	125.61
Total Financial liabilities	-	504.34	504.34

1. Financial instruments risk management objectives and policies. (Refer Note 34)
2. Fair value disclosure for financial assets and liabilities and fair value hierarchy. (Refer Note 33)

Note 14 : Provisions

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
	Long-term		
Provision for Onerous Contracts	675.88	764.65	863.65
	675.88	764.65	863.65
Short-term			
Provision for Warranties	10.38	10.38	5.38
	10.38	10.38	5.38
Total	686.26	775.03	869.03



Movement of provisions

Particulars	₹ in Crores	
	Provision for Warranties	Provision for Onerous Contracts
Balance as on 01.04.2022	5.38	863.65
Add: Provisions recognised during the year	5.26	-
Less: Amount utilised during the year	0.26	-
Less: Amount Reversed during the year	-	99.00
Balance as on 31.03.2023	10.38	764.65
Add: Provisions recognised during the year	2.00	-
Less: Amount utilised during the year	-	-
Less: Amount Reversed during the year	2.00	88.77
Balance as on 31.03.2024	10.38	675.88

The description of the nature and purpose of Provisions is as follows:

Provision for Warranties

The Company has made warranty provision on account of performance guarantee and replacement/ repairs of goods sold.

Provision for Onerous Contracts

The factories clubbed under AWEIL were catering to other PSUs/Army/Navy etc and other organisations/institutions of strategic importance and were not set up for commercial gains as such, but to meet the requirements of defence equipment of the Government and National Bodies.

Owing to the above, the company has, on corporatisation, carried over several legacy sale contracts which relate to its pre-corporatisation era. Some of these contracts have been identified as being onerous i.e cost of production of the material/equipment to be supplied exceeds its contracted sale price.

Impairment losses in respect of the units manufacturing these items is not recognisable since the units and/or specific components of PPE are not dedicated to such contracts and are utilised for multiple products.

The Company has restated its opening balances as at 01.04.2022 so as to account for the provision for such contracts, being onerous contracts. Corresponding provision has been reversed upon contract performance during the current as well as preceding year.

Note 15 : Other current liabilities

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
Advance from customers (Refer Note 1 Below)	1,521.25	1,141.43	898.20
Statutory dues	74.49	43.96	36.53
Payable to Government of India (Refer Note 2 Below)	74.98	57.99	8.46
Other liabilities	90.25	2.98	6.76
Total	1,760.97	1,246.36	949.95

Note:

1. Advances including progressive payments received from customers are classified as contract liability. Out of ₹1141.43 Crores (PY ₹ 898.20 Crores) opening contract liability, ₹ 554.23 Crores (PY ₹ 676.44 Crores) has been recognised as Sales on completion of related performance obligation.

2. Includes ₹ 37.75 Crores (PY ₹ 37.75 Crores) realised by Ministry of Defence against Renewal and Replacement Fund.

Note 16 : Current Tax Asset / (Liability)

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
Provision for Tax	-15.17	-0.50	-0.70
Advance Tax (TDS) (Net of Provision)	10.69	7.41	-
Net Current Tax Asset/(Liability)	-4.48	6.91	-0.70



Note 17 : Revenue from operations

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Sale of Products *	2,006.42	1,910.97
Sale of Services	3.39	1.97
Other Operating Income		
Disposal of Scrap and Surplus / Unserviceable Stores	28.78	26.38
Total	2,038.59	1,939.32

I. Disaggregation of Revenue from contracts with customers

Revenue based on Geography

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Domestic	1,999.53	1,936.16
Export	39.06	3.16
Revenue from Operations	2,038.59	1,939.32

Notes :

- In majority of the contract, performance obligation is satisfied "at a point in time" which is primarily determined on customer obtaining control of the asset. One of the prime indicator considered for this is transfer of significant risk and rewards to the customer based on Inco terms. Where a contract involves multiple performance obligation, the criteria specified in Ind AS 115 is applied to determine the point in time when the performance obligation is satisfied.
- Contract with the customer normally do not contain significant financing component and any advance payment received and / or amount retained by customer is with intention of protecting either parties to the contract.
- The Company turnover mainly includes supply of defence electronics equipments and systems.
- Warranties provided are primarily in the nature of performance warranty.
- Contracts entered into with the customers, typically do not have a return/refund clause.
- No non-cash considerations are received/given during the current year as well as previous year.

II. Reconciliation of revenue from operation with contract price

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Revenue from contract with customers as per the contract price	2,038.59	1,939.32
Less : Adjustment made to contract price on account of:		
a) Discounts and Rebates	-	-
b) Sales Return	-	-
Revenue from Operations	2,038.59	1,939.32

Note 18 : Other income

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Interest income on financial assets measured at amortized cost		
- Interest from Bank	72.33	63.69
- Other Interest Income	0.16	0.34
- Interest on Income Tax Refund	0.35	-
Dividend Income	0.42	-
Scrap income	3.09	(₹ 5,170/-)
Reversal of Provision for Onerous Contracts (Refer Ind AS Note 14)	88.77	99.00
Custom Duty Drawback	0.06	-
Foreign Exchange Gain	1.41	-
Rent Income	7.48	6.82
Provision no longer required	8.65	1.75
Balances Written Back (refer note 1 below)	178.03	-
Profit on sale of Property, plant and equipment (Net)	0.70	9.93
Gain on Refund of NPS Contribution (refer note 2 below)	4.35	-
Miscellaneous income	17.01	12.91
Total	382.81	194.44



Note:1

The credit balances for the which there is no expected outflow of Cash in future have been written back.

Note:2

As per the Notification of DoPPW ID OM No. 57/05/2021-P&PW(B) dtd. 03.03.2023 it was decided that, in all cases where the Central Government Civil employee has been appointed against a post or vacancy which was advertised/notified for recruitment, prior to the date of Notification for National Pension Scheme i.e. 22.12.2003 and is covered under National Pension System on joining service on or after 01.04.2004, may be given a one-time option to be covered under the CCS(Pension) Rules, 1972 (now 2021).

Accordingly, eligible employees were transferred from NPS to OPS Scheme, and interest component on the contribution made by AWEIL (employer) has been recognised as "Gain on Refund of NPS Contribution"

Note 19 : Cost of Raw materials and Components

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Inventories as at beginning of the year	1,049.00	965.30
Add : Purchases during the year*	1,002.68	891.61
	2,051.68	1,856.91
Less : Inventory at the end of the year	1,126.28	1,049.00
Total	925.40	807.91

Note 20 : Changes in inventories of finished goods and work-in-progress

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Inventories at the end of the year		
Finished goods	232.05	329.88
Work-in-Progress	1,283.85	1,013.71
Scrap	17.13	17.01
	1,533.03	1,360.60
Inventories as at beginning of the year		
Finished goods	329.88	39.58
Work-in-Progress	1,013.71	1,001.48
Scrap	17.01	18.97
	1,360.60	1,060.03
(Increase) / Decrease in Inventories	-172.43	-300.57

Note 21 : Employee benefits expense

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Salaries and Wages	1,179.92	1,181.46
Contribution to provident and other funds (Refer Note 28)	60.60	57.09
Staff welfare and training expenses	2.99	2.68
Contract Labour	57.65	57.76
Total	1,301.16	1,298.99

Note 22a : Finance Cost

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Interest to Bank and others	1.01	-
Bank Charges	0.04	0.07
Total	1.05	0.07

Note 22b : Depreciation and amortization expense

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Depreciation on Property, plant and equipment (Refer note 5)	132.73	132.81
Amortization of Intangible assets (Refer note 6)	1.98	1.25
Total	134.71	134.06



Note 23 : Other expenses

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Power, fuel and Water Charges	83.16	81.19
Printing, stationery and communication	1.83	2.54
Commission and Brokerage	0.40	0.36
Rates and taxes	2.37	1.43
Repairs :	-	-
To Building	8.38	12.67
To others	11.03	12.46
Advertisement and publicity	0.19	0.09
Computer Expenses	0.87	0.70
Software Expenses	1.28	0.09
Meeting & Conference Expenses	0.46	0.41
Security Charges	73.59	68.02
Legal and Professional charges	1.41	1.80
Transportation Charges	4.93	4.28
Bad Debts	1.05	-
Inspection and Testing	3.61	5.79
Conveyance and Travelling expenses	1.96	1.56
Exhibition Expenses	0.40	0.31
Books and Periodicals	0.40	0.25
Corporate Social Responsibility (Refer Note 36)	0.10	0.12
Auditor's remuneration (Refer note (i) below)	0.30	0.14
Research & Development Expenses	0.11	0.11
Royalty Expenses	-	0.94
Foreign Exchange Loss	-	0.59
Miscellaneous expenses	3.89	8.48
Total	201.72	204.33

(i) Break up of Auditor's remuneration

Payment to Auditors as		
Auditor	0.25	0.10
For taxation matters	0.02	0.02
For reimbursement of expenses	0.03	0.02
Total	0.30	0.14

Note 24 : Income tax

The major component of income tax expense is as follows:

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Statement of Profit and Loss		
-Current Tax	14.67	0.50
-MAT Credit Entitlement	-	-
-Short provision of tax for earlier year	-	0.68
-Deferred tax expense/(credit)	-5.12	0.58
Income tax expense/(credit) in the Statement of Profit and Loss	9.55	1.76
Statement of Other comprehensive income (OCI)		
-Current Tax	-	-
-Deferred tax expense/(credit)	-	-
Income tax expense/(credit) recognised in OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate:

A. Current tax

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Accounting profit before tax	29.79	-11.03
Tax Rate	25.168%	25.168%
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	7.50	-2.78
Adjustment		
Exempt income/not liable to tax	-22.34	-24.92
Short provision of tax for earlier year	-	0.68
Expenditure not deductible for tax/not liable to tax	35.45	33.79
Others	-5.94	-5.60
Total income tax expense/(credit)	14.67	1.17
Effective tax rate	49.24%	-10.61%



B. Deferred tax

₹ in Crores

Particulars	Balance Sheet as at	Statement of Profit and Loss and OCI for the year ended on	Balance Sheet as at	Statement of Profit and Loss and OCI for the year ended on	Adjusted to Retained Earnings on Implementation of Ind AS (Refer Note 38)
	March 31, 2024	March 31, 2024	March 31, 2023 (Re-stated)	March 31, 2023 (Re-stated)	April 01, 2022 (Re-stated)
Depreciation for tax purposes (Due to re-statement)	421.22	-27.46	448.68	-24.34	473.02
Impact of Recognition of Onerous Contract	-170.10	22.34	-192.44	24.92	-217.36
Deferred tax expense/(income)		-5.12		0.58	
Net deferred tax liabilities	251.12		256.24		255.66
Reflected in the balance sheet as follows					
Deferred tax liabilities	421.22		448.68		473.02
Deferred tax assets	-170.10		-192.44		-217.36
Deferred tax liabilities (net)	251.12		256.24		255.66

Note :

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of Deferred Tax Assets/(Liabilities), Net

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Opening balance	256.24	255.66
Deferred Tax Liability recognised during the year on recognition of Research & Development	-	-
Deferred Tax income/(expense) during the period recognised in profit or loss	-5.12	0.58
Deferred Tax income/(expense) during the period recognised in OCI	-	-
Closing balance	251.12	256.24

Note 25 : Contingent liabilities

₹ in Crores

Particulars	As at March 31, 2024	Year ended March 31, 2023 (Re-stated)
Contingent liabilities not provided for		
(i) Claims against Company not acknowledged as debts	33.68	15.94
(ii) Guarantees given	-	-
(iii) Disputed demands in respect of Excise and Customs duty	3.54	-

Notes :

- (a) It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution
(b) The Company does not expect any reimbursements in respect of the above contingent liabilities.
(c) The Company believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's

Note 26 : Capital commitment and other commitments

₹ in Crores

Particulars	As at March 31, 2024	Year ended March 31, 2023 (Re-stated)
(a) Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	2.99	50.40
(b) Other commitments	-	-

Note 27 : Foreign Currency Exposures not hedged

Nature of exposure	Currency	As at March 31, 2024		As at March 31, 2023 (Re-stated)	
		FC In Mn	₹ in Crores	FC In Mn	₹ in Crores
Payable to creditors	USD EURO SEK	0.05 - -	4.87 - -	0.17	1.37



Note 28 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of ₹ 15.32 Crores (Previous year ₹ 14.06 Crores) is recognised as expenses and included in Note no. 21 "Employee benefit expense".

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
(I) Contribution to National Pension Scheme [Note (a)]	60.60	57.09
Total	60.60	57.09

Note

- (a) Employees of the Company receive benefits from a new pension scheme, which is a defined contribution plan. The eligible employees and the company make monthly contributions to the new pension scheme equal to a specified percentage of the covered employees' salary along with the Company Contribution. Amounts collected under the scheme are deposited in a government administered pension fund. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss. The Company has no further obligations to the same beyond its contribution."
- (b) Employees of the Company have been deputed by the Government of India for two years from the Appointed date i.e. October 01, 2021 vide office memorandum No. 1 (5)/2021/OF/DP (Plg-V)/02 dated September 24, 2021 and their Salary and other costs are paid by the Government of India during the year as per the terms and conditions of their employment. The above deemed deputation period has been extended by another one year w.e.f. October 01, 2023 on the same terms and conditions as issued earlier.

Note 29 : Related Party Transactions

As per the Indian Accounting Standard on "Related Party Disclosures" (Ind AS 24), the related parties of the Company are as follows :

(a) Name of Related Parties and Nature of Relationship :

(I) Joint Venture	
1	Indo Russian Rifles Private Limited
(II) Key Management Personnel	
1	Mr. Rajesh Choudhary Chairman and Managing Director (w.e.f. August 14, 2021)
2	Mr. Jayant Kumar Director (Government Nominee) (w.e.f. February 27, 2023)
3	Mr. Akhilesh Kumar Maurya Director (w.e.f. August 14, 2021)
4	Mr. Biswajit Pradhan Director (w.e.f. February 10, 2023)
5	Mr. Sushil Sinha Director cum CFO (w.e.f. March 01, 2023)
6	Mr. Manish Kumar Singh Company Secretary (w.e.f. September 26, 2022)

(b) Disclosure in respect of Related Party Transactions :

₹ in Crores

Sr.	Particulars	Joint Venture		Key Management Personnel and		Total	
		Year ended / as at		Year ended / as at		Year ended / as at	
		March 31, 2024	March 31, 2023 (Re-stated)	March 31, 2024	March 31, 2023 (Re-stated)	March 31, 2024	March 31, 2023 (Re-stated)
(I) Transactions during the year							
	Remuneration	-	-	1.71	1.55	1.71	1.55
	Leases	Refer note 1 below	Refer note 1 below				
(II) Balances as at year end							
	Investments	4.25	4.25	-	-	4.25	4.25

Note:

1. The Company has entered into a Lease agreement with Indo Russian Rifles Private Limited (a Joint Venture of the company) whereby the Company has given land measuring 8.65 acres along with building constructed on it and Plant and Machinery at a combine measuring 50 acres on token rent of ₹ 1/- per annum for the period of 30 years.



(c) Disclosures pursuant to section 186(4) of the Companies Act, 2013.

Loans and Advances in the nature of loans - ₹. Nil

(d) Terms and conditions of transactions with related parties

Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions.

(e) Commitments with related parties

The Company has not provided any commitment to the related party .

(f) Transactions with key management personnel

Compensation of key management personnel of the company

₹ in Crores

Particulars	₹ in Crores	
	March 31, 2024	March 31, 2023 (Re- stated)
Short-term employee benefits	1.71	1.55
Termination benefits	-	-
Total compensation paid to key management personnel	1.71	1.55

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

(g) Transaction with Government and Government Related Entities

As AWEIL 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 wrt related party transactions with government and government entities.

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

93% of the Company's Turnover, 100% of Trade Receivables and 99% of Customer's Advance is with respect to government and government related entities.

Note 30 : Earning per share:

Particulars		Year ended	Year ended
		March 31, 2024	March 31, 2023 (Re-stated)
Earnings per share (Basic and Diluted)			
Profit attributable to ordinary equity holders	₹ in Crores	20.24	-12.79
Number of Shares Outstanding at the end of the year	No.	17,53,15,30,000	17,12,39,10,000
Weighted average number of equity shares for basic and Diluted EPS*	No.	17,33,38,62,219	84,66,80,440
Nominal value of equity shares	Rs.	10.00	10.00
Basic and Diluted earning per share	Rs.	0.012	-0.15

* Refer Note No. 10.2

Note 31 : Segment Reporting

The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the Government companies engaged in Defence production to the extent of application of Ind AS 108 on "Operating Segment".

Note 32 : Leases

A. Operating Lease

1. The Company has entered into a Lease agreement with Bharat Electronics Limited whereby the Company has given plot of land measuring 50 acres on token rent of ₹ 1/-per annum for the period of 30 years.

B. Low Value Lease

1. The Company has taken Land measuring 4,15,083 Sq. Ft. from Government of India on lease for 20 years ending on March 31, 2029 with option of renewal by mutual consent at yearly rent of ₹ 0.01 Crore.

2. The Company has taken Land measuring 29.42 acres of land from Hindustan Aeronautics Limited (HAL) on lease for 30 years ending on December 01, 2037 with option of renewal by mutual consent at yearly rent of ₹ 1/- per annum.

3. The Company has taken Land measuring 9.26 acres of land from Hindustan Aeronautics Limited (HAL) on lease for 30 years ending on March 17, 2043 with option of renewal by mutual consent at yearly rent of ₹ 1/- per annum.

All the above leases are considered as low value leases and hence no Right of Use Assets have been created.

C. Sub Lease

1. The Company has entered into a Lease agreement with Indo Russian Rifles Private Limited (a Joint Venture of the company) whereby the Company has given land measuring 8.65 acres along with building constructed on it and Plant and Machinery at a combine measuring 50 acres on token rent of ₹ 1/- per annum for the period of 30 years.



Note 33 : Fair value disclosures for financial assets and financial liabilities:

(a) Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

₹ in Crores

Particulars	Carrying amount	Fair value	Carrying amount	Fair value
	As at March 31, 2024	As at March 31, 2024	Year ended March 31, 2023 (Re-stated)	Year ended March 31, 2023 (Re-stated)
Financial assets				
Investment at Cost	4.25	4.25	4.25	4.25
	4.25	4.25	4.25	4.25
Financial Liabilities	-	-	-	-
Total	-	-	-	-

The management assessed that the fair values of cash and cash equivalents, other bank balances, loans, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

(b) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2024 and March 31, 2023

Particulars	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at March 31, 2024				
Assets measured at fair value	-	-	-	-
As at March 31, 2023				
Assets measured at fair value	-	-	-	-

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2024 and March 31, 2023

Particulars	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at March 31, 2024				
Liabilities measured at fair value	-	-	-	-
As at March 31, 2023				
Liabilities measured at fair value	-	-	-	-

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfer between level 1, 2 and 3 during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Note 34 : Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include Investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company, based on its business operation, evaluated the following risks:

a) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's imports for which the payment has to be done in currencies other than the functional currency of the Company. The Company also has foreign currency trade receivables and is, therefore, exposed to foreign exchange risk.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD rates to the functional currency of entity, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Change in USD rate	Effect on profit before tax	Change in EURO rate	Effect on profit before tax	Change in SEK rate	Effect on profit before tax
March 31, 2024	+2%	-	+2%	(0.10)	+2%	-
	-2%	-	-2%	0.10	-2%	-
March 31, 2023 9 (Re-stated)	+2%	(0.03)	+2%	-	+2%	-
	-2%	0.03	-2%	-	-2%	-

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, advances given to suppliers (for procurement of goods, services and capital goods), cash & cash equivalents and deposits with banks and financial institutions. The Company for the Financial Year derives 93% of its total sales from sales to the Government and Government related entities. The Company expects to continue to derive most of its sales from the Government and Government related entities under the contracts of the Ministry of Defence (MoD), Government of India (GoI) –the Company's principal shareholder and administrative ministry.

**c) Provision for expected credit losses:**

As the Company's debtors are predominantly the Government of India (Indian Defence Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter - parties have sufficient capacity to meet the obligations and where the risk of default is nil / negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy of the Company. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that is settled by delivering cash or another financial asset. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	₹ in Crores	
	Less than 1 year	1 year or more
March 31, 2024		
Trade payables	325.50	-
Other financial liabilities	163.86	-
Total	489.36	-
March 31, 2023		
Trade payables	275.35	-
Other financial liabilities	160.65	-
Total	436.00	-

The Company's standard contract terms provide that, the Company receives advance payments from customers pursuant to the applicable contracts, including the Government of India and the Indian Defence Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Company's working capital needs (for the Company required to maintain a high level of working capital because the Company's activities are characterized by long product development periods and production cycles). Further, payments to the Company by the Indian Defence Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Company's cashflows.

e) Market risk:

The Ministry of Defence (MoD) and the Government of India (GoI) have continued efforts to reform Defence related policies such as the Defence Acquisition Procedure 2020 ("DAP 2020") to promote private participation, a level playing field and the domestic Defence manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Company faces competition to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Company operates.

f) Risk Mitigation Process:

As a step of institutionalizing the risk management in the Company, an elaborate framework has been developed and the Company's top management has overall responsibility for the establishment and oversight of the Company's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the Company which ensures that the risks are being properly identified and these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks. The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Note 35 : Capital management:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt



Gearing ratio

Particulars	As at March 31, 2024	As at March 31, 2023
Net debt (a)	-	-
Total Equity		
Equity share capital (Refer note 11)	17,531.53	17,123.91
Other equity (Refer note 12)	(13,144.62)	-12,982.24
Total Equity (b)	4,386.91	4,141.67
Net Debt to Equity Ratio (a/b)	-	-

Note 36: Disclosure in respect of Corporate Social Responsibility (CSR) Activities

₹ in Crores

Particulars	Year ended March 31, 2024
a) Gross amount required to be spent by the Company during the year	0.10
b) Amount spend during the year (in cash)	
i) Construction/ acquisition of any asset	-
ii) Contribution to various Trusts / NGOs / Societies /Agencies and utilization thereon	0.10
iii) Expenditure on Administrative Overheads for CSR	-
c) Amount unspent during the year	-
d) Total of previous years shortfall	-
e) Reasons for shortfall	-
f) Details of related party transactions	
Name	-
Relationship	-
Amount	-
g) Movement of CSR Provision	
Balance as per last financial statements	-
Add: Provision made during the year	-
(Less): Utilised during the year	-
Balance at the end of the year	-



Note 37 : Financial Ratios							
Sr no	Type of Ratio	Numerator	Denominator	2023-24	2022-23	Variance (in %)	Remarks for variance more than 25%
1	Current Ratio (In times)	Current Assets	Current Liabilities	2.36	2.70	(12.60%)	NA
2	Debt-Equity Ratio (In times)			NA			
3	Debt Service Coverage Ratio (In times)			NA			
4	Return on Equity Ratio (%)	Net Profit after Tax	Total Equity	0.46%	-0.31%	249.40%	Exclusion of Government Grant from other income in FY 2022-23, owing to restatement, resulting in loss in FY 2022-23
5	Inventory turnover Ratio (In times)	Revenue from Operations	Average Inventories	0.80	0.74	9%	NA
6	Trade Receivables turnover Ratio (In times)	Revenue from Operations	Average Trade Receivables	2.18	5.98	(63.59%)	Delay in collection from debtors.
7	Trade Payables turnover Ratio (In times)	Purchase of Goods	Average Trade Payables	4.63	3.69	0.26	NA
8	Net Capital turnover Ratio (In times)	Revenue from Operations	Working Capital	0.66	0.67	(1.81%)	NA
9	Net profit Ratio (%)	Net Profit after Tax	Total Revenue	0.99%	-0.66%	250.54%	Exclusion of Government Grant from other income in FY 2022-23, owing to restatement, resulting in loss in FY 2022-23
10	Return on Capital employed (%)	Profit before Interest, Exceptional Items and Tax	Total Capital Employed	0.68%	-0.27%	354.98%	Exclusion of Government Grant from other income in FY 2022-23, owing to restatement, resulting in loss in FY 2022-23
11	Return on investment (%)			NA			



Note 38 : Restatement of Previous Financial Statements

1 By virtue of the Memorandum of Understanding dated September 29, 2021 entered into between Presentent of India and the Company, the activities of Ordinance Factory Board under Department of Defence Production, Ministry of Defence including assets and liabilities, have been transferred to the Company w.e.f. appointed date i.e. October 01, 2021. The financial statements for the year ended March 31, 2022 are the first annual Ind AS financial statements, the Company has prepared in accordance with Ind AS.

2 Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2022. In preparing these financial statements, the Company's opening balance sheet was prepared as at the appointed date i.e. October 1, 2021, the Company's date of transition to Ind AS. The Company had made certain adjustments in restating its previous financial statements prepared in commercial format by Defence Accounts Department, Ministry of Defence (Finance) Government of India. Material adjustments are as follows:

- a Adjustment on recognition of Government Grant from Liabilities and making it part of Other Equity
- b Adjustment on Recognition of Provision for Onerous Contracts
- c Adjustment on Correction of Prior Period Expenses
- d Adjustment of following on re-statement in correct accounting period:-
 - i Property, Plant and Equipment and Intangible Assets
 - ii CWIP
 - iii. Financial Assets and Liabilities
 - iv Other Financial Assets and Liabilities
 - v Other Current Assets and Liabilities
- e Deferred Tax adjustments on Ind AS Implementation

The Impact of the above adjustments were as follows:

Reconciliation of Equity

Particulars	As at April 01, 2022
Equity under previous audited financial statements	2,091.93
Impact of Derecognition of Government Grant	2,092.58
Impact of recognition of Provision for Onerous Contract	-863.65
Impact of recognition of Expenses prior to 01.04.2022	-7.02
Tax impact on Ind AS adjustments	-252.56
Sub Total B	969.35
Balance C = A + B	3,061.28
Impact of rectification of Property, plant and equipment & Intangible as	-3.60
Impact of rectification of CWIP	-0.45
Impact of rectification of Financial Assets and Liabilities	13.48
Impact of rectification of Other Assets and Liabilities	3.50
Sub Total D	12.93
Equity as per Ind AS E = C + D	3,074.21

Break up of Equity as per Ind AS

Capital Reserve	4.25
Retained Earnings	3,069.96
Total Equity as per Ind AS	3,074.21

3 During the current year, the Company has identified certain adjustments which pertains to previous year but not considered in the previous financial statement. As per Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Error, the Company has restated the comparative amounts for the previous year. The nature of the prior period errors and its impact on each financial statement line item has been disclosed as under:

Financial Statement Line Item

Assets - Increase/(Decrease)	₹ in Crores
Property, Plant & Equipment	-2.95
Capital Work-in-Progress	-0.45
Non-Current Financial Assets	1.39
Trade Receivable	-0.11
Other Current Assets	0.94
Asset Held for Sale	-0.65
Increase in Assets	-1.83
Liabilities - (Increase)/Decrease	₹ in Crores
Long Term Provisions	-863.65
Deferred Tax Liability	-252.56
Government Grants	2,092.58
Other Current Financial liability	2.41
Trade Payables	9.79
Other Current Liabilities	-4.46
Decrease in Liabilities	984.11
Net Impact on Retained Earnings	982.28

4 After giving the above adjustment, Retained Earnings as on April 01, 2022 will be as under:

	₹ in Crores
Retained Earnings as per previous financial Statements	2,087.68
Add: Increase due to above adjustments	982.28
Restated Retained Earnings as on April 01, 2022	3,069.96



Note: Adjustment in each Financial line item due to change in Accounting policy

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet	31-03-2024 (Without considering the change in accounting policy)	Increase/ (Decrease) due to change in Accounting policy	31-03-2024 (after considering the effect of change in accounting policy)	31-03-2023 (as previously reported)	Increase/ (Decrease) due to change in Accounting policy	31-03-2023 (re-stated)	01-04-2022 (as previously reported)	Increase/ (Decrease) due to change in Accounting policy	01-04-2022 (re-stated)
Property, plant and equipment	1,854.06	-	1,854.06	1,887.84	2.95	1,884.89	1,912.59	2.95	1,909.64
Capital work-in-progress	208.29	-	208.29	271.34	0.45	270.89	254.49	0.45	254.04
Intangible Assets	100.52	-	100.52	11.72	-0.01	11.73	10.70	-	10.70
Other financial assets	2,217.27	-	2,217.27	91.74	-1.39	93.13	20.25	-1.39	21.64
Total Non-Current Assets	2,217.27	-	2,217.27	2,272.60	2.00	2,270.60	2,216.40	2.01	2,214.39
Trade Receivables	1,223.34	-	1,223.34	648.44	0.12	648.32	456.33	0.11	456.22
Loans	3.19	-	3.19	3.97	0.63	3.34	0.51	-	0.51
Other financial assets	29.09	-	29.09	12.63	0.06	12.57	7.42	-	7.42
Current tax assets (net)	-	-	-	4.96	-1.95	6.91	-	-	-
Other current assets	87.20	-	87.20	133.97	47.49	86.48	190.41	-0.94	191.35
Total Current Assets	5,354.39	-	5,354.39	4,624.66	46.35	4,578.31	3,960.43	-0.83	3,961.26
Assets Classified as held for sale	7.44	-	7.44	7.03	0.64	6.39	7.26	0.65	6.61
Total Assets	7,579.10	-	7,579.10	6,904.29	48.99	6,855.30	6,184.09	1.83	6,182.26
Other Equity	-12,941.45	203.17	-13,144.62	-13,938.26	-956.02	-12,982.24	2,091.93	-982.28	3,074.21
Deferred tax liabilities (net)	6.38	-244.74	251.12	6.38	-249.86	256.24	3.09	-252.57	255.66
Long-Term Provision	-	-675.88	675.88	-	-764.65	764.65	-	-863.65	863.65
Government Grants (Non- Current)	595.98	595.98	-	1,837.45	1,837.45	-	1,998.74	1,998.74	-
Total Non-Current Liability	602.36	-324.64	927.00	1,843.83	822.94	1,020.89	2,001.83	882.52	1,119.31
Trade payables	325.50	-	325.50	294.19	18.84	275.35	388.53	9.80	378.73
Other Financial Liabilities	163.86	-	163.86	153.92	-6.73	160.65	128.02	2.41	125.61
Government Grants (Current)	121.47	121.47	-	121.47	121.47	-	93.84	93.84	-
(e) Other current liabilities	1,760.97	-	1,760.97	1,294.85	48.49	1,246.36	945.49	-4.46	949.95
Total Current Liability	2,386.66	121.47	2,265.19	1,874.81	182.07	1,692.74	1,561.96	101.59	1,460.37
Total Equity & Liability	7,579.10	-	7,579.10	6,904.29	48.99	6,855.30	6,184.09	1.83	6,182.26



Statement of Profit and Loss	31-03-2024 (Without considering the change in accounting policy)	Increase/ (Decrease) due to change in Accounting policy	31-03-2024 (after considering the effect of change in accounting policy)	31-03-2023 (as previously reported)	Increase/ (Decrease) due to change in Accounting policy	31-03-2023 (re-stated)
Other Income	422.81	40.00	382.81	223.47	29.03	194.44
Total Income	2,461.40	40.00	2,421.40	2,162.79	29.03	2,133.76
Cost of raw materials and accessories consumed	925.40	-	925.40	811.78	3.87	807.91
Employee benefits expense	1,301.16	-	1,301.16	1,301.31	2.32	1,298.99
Finance Cost	1.05	-	1.05	-	-0.07	0.07
Other Expenses	201.72	-	201.72	201.93	-2.40	204.33
Total Expenses	2,391.61	-	2,391.61	2,148.51	3.72	2,144.79
Profit Before Tax	69.79	40.00	29.79	14.28	25.31	-11.03
Current Tax	14.67	-	14.67	2.45	1.95	0.50
MAT Credit Entitlement	-	-	-	-2.14	-2.14	-
Deferred Tax (credit)/Charge	-	5.12	-5.12	5.43	4.85	0.58
Total Tax Expense	14.67	5.12	9.55	6.42	4.66	1.76
Profit for the Year	55.12	34.88	20.24	7.86	20.65	-12.79
EPS (Basic and Diluted)	0.00	-0.01	0.01	0.00	0.16	-0.15

Note:1

The correction of the error had no impact on previously reported cash flows from operating, investing and financing activities.

Note:2

Reasons for Changes in following Balances(other than):-

1. Government Grants
 2. Long Term Provision
 3. Deferred Tax Liability
 4. Current Tax Asset:
 5. Other Financial Liabilities:
 6. Trade Payable:
 7. Other Expenses:
 8. Employee Benefit Expenses:
- De-recognition of Government Grant
Recognition of Provision for Onerous Contract
Net tax Impact of Re-statement
Provision for FY 2022-23 has changed on re-statement.
Ledgers have been reclassified to Other Heads mainly from Other Current Assets for correct Classification
Ledgers have been reclassified to Other Current Financial Liabilities
Other Expenses have increased due to re-statement of expenses booked as prior period in FY 2023-24 to the respective years.
Employee Benefit Expenses have increased due to re-statement of expenses booked as prior period in FY 2023-24 to the respective years.



Note 39 : Additional Regulatory Disclosures as per Schedule III of the Companies Act, 2013

- a The Company does not have any benami property held in their name. No proceedings have been initiated on or are pending against the Parent and Indian subsidiaries for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- b The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.
- c The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.
- d Utilisation of borrowed funds and share premium
- I. 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 Parent Company (Ultimate Beneficiaries) or b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- II. 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 to or on behalf of the ultimate beneficiaries.
- e The Company has not invested or traded in Crypto Currency or Virtual Currency during the year.
- f The Company has no income surrendered or disclosed as income during the year in tax assessments under the Income tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- g The Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

Note 40 : Code of Social Security, 2020

The Parliament of India has approved the Code of Social Security, 2020 (the Code) which may impact the contribution by the Company towards Provident Fund, Gratuity and ESIC. The Code have been published in the Gazette of India. However effective date has yet not been notified. The Company will assess the impact of the Code and will record related impact in the period it becomes effective.

Note 41 : New Accounting Pronouncements to be adopted after March 31, 2023

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, as and when they become effective. The Ministry of Corporate affairs (MCA) has notified certain amendments to Ind AS, through Companies (Indian Accounting Standards) Amendment Rules, 2023 on March 31, 2023. The amendments have been made in the following standards:

Ind AS 1

Presentation of Financial Statements is amended to replace the term "significant accounting policies" with "material accounting policy information" and providing guidance relating to immaterial transactions, disclosure of entity specific transactions and more.

Ind AS 8

Accounting Policies, Changes in Accounting Estimates and Errors to include the definition of accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty."

Ind AS 12

Income Taxes relating to initial recognition exemption of deferred tax related to assets and liabilities arising from a single transaction.

Other Amendments

Ind AS 102 – Share based Payments, Ind AS 103 – Business Combinations, Ind AS 109 – Financial Instruments, Ind AS 115 – Revenue from Contracts with Customers which are mainly editorial in nature in order to provide better clarification of the respective Ind AS's.



Note 42 : Indigenization Corpus

Notification on Policy for Indigenization of Components and spares used in Defence platforms for DPSUs/OFB was issued on March 08, 2019. As the guidelines from Department of Defence Production (DDP) regarding modalities has not been received as on March 31, 2023, no provision has been made during this period.

Note 43 :

Balance shown under Trade Receivables, Trade Payable, Advance against Goods and Services, are under reconciliation. Since the Company is a Government entity under the control of Ministry of Defence (MoD), 93% of the Company's turnover, 100% of Trade receivables and 99% of the customer advances is with respect to Government and Government related entities. The bills are raised on the customers by the divisions located at various places and reconciliation is carried out on an ongoing basis. However, management does not expect to have any material financial impact of such pending confirmation / reconciliation.

Note 44 :

In the opinion of the Board, the Company do not have any assets other than fixed assets and Non-current investments having a value on realisation in the ordinary course of business less than the amount stated.

Note 45 : Events occurring after the reporting period

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of subsequent events and transactions in the financial statements. As of August 23, 2023, there were no subsequent events and transactions to be recognized or reported that are not already disclosed.

Note 46 : Regrouped, Recast, Reclassified

"Material regroupings: Appropriate adjustments have been made in the statements of assets and liabilities, statement of profit and loss and cash flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at March 31, 2024. Previous year figures are not strictly comparable with those of current year as previous financial statements are for the period of 6 months only."

Signature to Accompanying note no. 06 to 46 forming part of Financial Statements

In terms of our report attached

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

V. B. Singh
Partner
Membership No. 073124
UDIN:24073124BKHXPG4400

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024



INDEPENDENT AUDITOR'S REPORT

To
The Members of Advanced Weapons and Equipment India Limited
Revised Report on the Audit of the Ind AS Consolidated Financial Statements

Reason for Revision: We have observed a clerical error in Independent Auditor's report issued by us on 11th September 2024 in para 9 of "Basis for Adverse Opinion". Hence, the same is being corrected and a revised Independent Auditors report is being issued dated 27/09/2024.

Original Audit Report dated 11/09/2024 with UDIN NO: 24073124BKHXOS6043 stands revoked.

Adverse Opinion

We have audited the accompanying Consolidated Financial Statements of Advanced Weapons and Equipment India limited (hereinafter referred to as the "Group") which comprise the Consolidated Balance Sheet as at March 31, 2024 Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the period then ended, and notes to the Consolidated Financial Statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "The Consolidated Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter(s) described in the Basis for Adverse Opinion paragraph, the accompanying financial statements do not give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated State of affairs of the group as at March 31st, 2024, of consolidated total comprehensive income (comprising of profit and other comprehensive income), consolidated changes in equity and its consolidated cash flows for the period ended on that date.

Basis for Adverse Opinion:

In respect of Advanced Weapons and Equipment India Limited
Attention is drawn to following paras:

- 1- The opening balances of assets and liabilities as on 1st October 2021 were taken as per the data provided by PCFA (Principal Controller of Accounts Ordnance Factories, Kolkata). The units made certain adjustments for differences based on the data available with the units. This resulted in net increase/decrease in Assets and liabilities with corresponding effect in Other Equity amounting to net decrease of Rs. 889.54 crores. During FY 2022-23 certain adjustments were made based on information available which resulted in reduction / increase in Assets / Liabilities amounting to Rs 42.85 crore (Net).

During the current year certain adjustments has been made in respect of discrepancies noticed on Physical Verification of fixed Assets in respect of OFC Kanpur and other restatements related to prior years as per Ind AS 8 , that has resulted in reduction / Increase in assets / liabilities as referred to in note no. 38 forming part of financial statements amounting to Rs 5.92 crore (excluding accounting of write back of opening liabilities on the date of transition amounting to Rs 178.03 crore as "Other Income" in Statement of Profit and Loss instead of restatement as per Ind AS 8).

The differences in respect of Financial Assets & Liabilities and Property Plant and equipment forming part of financial statements still remains unadjusted on account of pending confirmation of Balances and reconciliation with Company's records , Independent Physical Verification of PPE and Inventory for their existence as on the date of transition and consequential effect on the fair value of net assets taken over from PCFA and on the current year's financial statement is presently not quantifiable.

- 2- The company accounted computers, office equipment (including air conditioners) and furniture & fixtures acquired after 1st October 2021 at cost. However, the same assets existing as on 30th September 2021 in the books of PCFA were accounted at Rs 1 instead of at carrying value. This was in violation of Para 7 of Ind AS 101, which requires the said assets to be accounted for at their carrying value as on 1st Oct 2021.

The non-compliance resulted in understatement of property plant and equipment and retained earnings by the same amount. This also has impact on subsequent depreciation and on statement of profit and loss, on those assets over their remaining useful life. The impact of the above could not be quantified in absence of related data not being provided by the management.

- 3- The company is not having proper system for recognizing various items of spare parts, stand-by equipment and servicing equipment which are expected to be used during more than one period. During the year the same has been accounted for by some units for major components however in absence of proper policy by head office the application of the same is not uniform. Hence the accounting of spares, standby equipment and servicing equipment is in violation of para 6 & 8 of Ind AS 16 - "Property plant and Equipment".
The impact of the same in financial statements of current period is not quantifiable.



- 4- It has been observed that the item of PPE becomes ready for use from the date of commissioning and the depreciation should be charged from the same date. However, the company is charging depreciation from the M-Voucher date and B- voucher date respectively in case of Plant and Machinery and Building. This is in violation of Para 55 of Ind AS 16 - "Property, Plant and Equipment".
During the year following capitalization has been made in financial statements by transfer from Capital Work in Progress(CWIP).

Factory	Project Name	Date of Capitalisation	Amount(Rs. In crore)	Dep as on 31/3/23 (Rs in crores)
OFT	Repairs/Replacement of Old AC Sheet	15-12-2022	4.22	0.02
FGK	New Assembly Shop (P-119)	30-06-2022	15.60	0.20
FGK	New Assembly Shop (P-119)	30-06-2022	1.49	0.06
OFC	Sump of 5 lakh Gallons capacity near Awas Vikas Gate	18-10-2021	4.81	0.12
OFC	Replacement of Condemned Steel OH Tank near DSC Line	17-08-2018	0.69	0.05
OFC	Sump and pumping station inside Factory	14-06-2022	0.77	0.01
OFPKR	TATA LPT - 909	09-05-2018	0.11	0.08
GCF	Building MET LAB & QC Section	20-08-2022	2.20	0.02
TOTAL			29.89	0.56

The above works were completed and ready to use in earlier years but the same were not capitalized in previous years. As per Ind AS 8 material prior period error needs to be restated retrospectively which has not been complied with. Non compliance with Ind AS 8 has resulted in no charge of depreciation for previous years.

5- Physical Verification of Fixed Assets:

- a) During the year in OFC unit detailed Physical verification of Property Plant and Equipment (hereinafter referred to as PPE) was carried out by the management. Out of 6001 P&M items taken over as per PCFA records in FAR, 4181 item that were not available (carrying value of Rs 5.72 crore as on 1st Oct 2021) has been deleted from FAR, 222 items which were available on 1st Oct 2021 but were not taken in FAR on 1st Oct 2021 having carrying value of Rs 4.59 crore have been added in FAR and 136 items have been added in condemned assets (carrying value of Rs 0.47 crore as on 1st Oct 2021) . During the year 29 buildings were found short on physical verification. The carrying value of these buildings as on 1st Oct 2021 amounting to Rs 0.27 crore has been deleted from FAR.
The above adjustments of additions and deletions has been made in the financial books as per Ind AS 8.
- b) During the year GCF Jabalpur submitted its preliminary Physical Verification report for Buildings, Plant and Machinery in which following discrepancies were noted. For other major assets like furniture and Fixtures, IT Hardware, Air Conditioners, Motor Vehicles and Office Equipments, no report was submitted.

S.No	Detail of Assets	Qty as per old record of PCFA taken over as on 01/10/2021	Qty as per PV done by the management	Diff and reason
1	Building	730	809	Earlier the carrying value as on 31/03/2024 was Rs 58.80 crore . As per PVR it is Rs 52.32 crore for 805 buildings and for 4 buildings values are not available.
2	Plant and Machinery	3503	2362	Out of 3503 machines 1280 Machines earlier taken in FAR are not physically available WDV as on 01/04/2023 Rs 1.50 crore. 122 Machines which were previously not included in FAR are Physically Available. 17 machines were grouped with other machines in old FAR has now been separately identified.



3	Same as above			96 machines are physically available but not in FAR not added in column 2 . No record of value is available
4				32 Machinery has been sold as per PPC Record but are physically available and the same are not included in FAR having residual value of Rs
Note-1: Thus there is net shortage in Plant and Machinery of 1013 items . In building there excess qty of 79				
Note 2: Adjustment for the discrepancies reported above as per preliminary report submitted has not been made in financial statements at the year end.				

- c) In other units of the company substantive evidence of detailed Independent physical verification of PPE was not produced for our verification, hence we are unable to form any opinion on the correctness of the figures of financial statements in respect of PPE in those units.

In our opinion the impact of deficiency in existence of PPE as per PCFA record taken over and physical verification may be material, on the Fair Value of Net Assets taken over from PCFA. From the above findings it is clear that the Fair Value of net assets calculated for the purpose of issue of Equity on the date of transition was neither based on properly physically verified assets nor on the basis of proper scientific valuation hence the Share Capital issued to the Govt of India was not based on fair valuation of physically available assets.

The impact of the above deficiency of Non-existing / Unrecorded assets in case of OFC , GCF & other units, on the Fair Value of Net Asset as on the date of transition from PCFA to AWEIL, on the financial statement is presently not quantifiable in absence of detailed Independent Physical Verification of PPE by all the units and consequential addition /deletion and appropriate adjustments as required by accepted accounting principles to arrive at correct fair value of net assets on the date of transition.

6- Valuation of Inventory

a. Fixed Overhead Allocation in valuation of WIP:

In valuation of inventory, the Fixed Overhead is being allocated on the basis of actual production instead of normal capacity as the company does not have proper system to identify the normal production capacity of the plants for production of specific items by the various factories.

This results in violation of para 13 of Ind AS 2 - "Inventories" which requires FOH to be allocated based on the normal capacity of the production facilities.

Allocation of Fixed Overheads has been made on the basis of management estimates by each factory hence the compliance with Ind AS could not be verified by us. The impact of the non-compliance of Ind AS 2 of above para cannot be quantified by us in absence of the desired information at this stage.

b. Different basis for calculation of NRV of WIP

The company is not having a uniform policy of calculating Net Realizable Value of Work in Progress which is calculated by multiplying a factor with the cost of WIP. This calculation factor is not uniform in all the factories. In 3 units namely GSF, SAF and RFI, factor is calculated by dividing total of Estimated realizable value of closing stock of finished goods with the cost of closing stock of finished goods. However in 4 factories namely GCF,FGK,OFT and OFC, factor is calculated by dividing total of sales price of finished products that were sold during the year with the cost of finished products that were sold during the year. This can have a material impact on calculation of NRV of work in progress.

The company calculates net realizable value of work in progress based on the average realizable value of all finished components. The company should have a system of identifying work in progress w.r.t individual finished component and value the estimated selling price of work in progress by considering net realizable value of individual finished goods and not the average selling price of all finished goods.

c. Inter Unit Inventory

In respect of inter-unit inventory, elimination of unrealized profit or loss was not identified and accounted for at individual inventory at unit level which has resulted in non-compliance of Ind AS 2 "Inventories".

The impact of the above in the financial statements of current period is not quantifiable.

- d. The company has a practice to record rejections at full cost price without making any provisions for expected losses if the same is not saleable any more or is saleable with modifications. Data in this regard is available in respect of following units. Other units have not provided any information in this regard.



Item Code	Name of Unit	Amount Rs	Remark
9811647162	OFC Kanpur	5.50 crore	No provision for losses
9811647161	OFC Kanpur	1.35 Crore	No provision for losses
98116139375	OFC Kanpur	17.87 crore	No provision for losses
9811656460	OFC Kanpur	2.78 crore	No provision for losses
Spares	OFC Kanpur	0.6243 crore	Spares returned not taken in inventory
Trunion	OFPKR korwa	0.20 Crore	No provision for losses
Firing PIN	OFPKR Korwa	0.02 crore	No provision for losses
Stud	OFPKR Korwa	0.04 crore	No provision for losses
	SAF	Data not provided	
	FGK	Data not provided	
	RFI	Data not provided	
	GCF	Data not provided	
	GSF	Data not provided	
	OFT	Data not provided	

The above deficiency has resulted into overstatement of inventories and profits of the company. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information by all the units and proper policy of the company to record the losses in case of rejected inventory in the possession of company.

7- Provision towards onerous contract:

During the current year, the company has restated provisions for losses amounting to Rs 863.65 crore as on 1st April 2022, with retrospective effect, in respect of deemed contract related to its pre corporatization era which has been considered as "Onerous" as the company do not have any option to exit from these contracts as referred to in note no 14 forming part of the financial statement.

These deemed contracts were ratified by the company after incorporation even though the company was sure to incur losses on these supplies. The company sought compensation for the losses incurred on these supplies but instead of receiving revenue grants from the Govt, the company received money in the form of Share Capital hence the same could not be adjusted against the losses in financial books. The agreement did not include any termination clause on the part of seller in case the contract was not favorable, hence the agreement entered into by the company was neither strategic nor based on commercial consideration.

In calculation of the present obligations as per the contract the following provisions of Ind AS 37 has not been complied with by the company.

- These products are being manufactured in common process of the units in which other products are also being manufactured. Hence the company could not comply with the provisions of para 69 of Ind AS 37 which requires that "before a separate provision for onerous contract is established, an entity recognizes any impairment loss that has occurred on assets dedicated to that contract" (as per Ind AS 36)
- In calculation of cost of the product the company follows a system of allocating fixed overheads based on the basis of management estimates which is not in accordance with para 13 of Ind AS 2 "Inventories" which requires FOH to be allocated based on the normal capacity of the production facilities.
- As per Ind AS 37 para 45 where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to settle the obligation. The company has not complied with the provisions of para 45 of Ind AS 37.
- The company has not provided any basis for arriving at cost that has been taken into consideration for calculation of losses, hence we cannot vouch the correctness of figures of losses on the basis of which provisions for losses has been booked in the financial statements retrospectively.
In our opinion the Company is required to use the lowest of production cost / buying price for assessing whether the contract is onerous and for determining the provision
- As per Ind AS 37 Recognition principles states that " A provision shall be recognized when":
 - an entity has a present obligation (legal or constructive) that is a result of a past event;
 - it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
 - a reliable estimate can be made of the amount of the obligation.

The Impact of the above non-compliances with para 69 of Ind AS 37 "Provisions, Contingent Liabilities & Contingent Assets" as stated in point no (a), para 13 of Ind AS 2 "Inventories" as stated in point no (b); para 45 of Ind AS 37 "Provisions, Contingent Liabilities & Contingent Assets" as stated in point no (c) and non-availability of data to verify the correct cost of product on the basis of which loss is calculated by the company as stated in point no (d), cannot be quantified in view of reasons stated above.



Further as pointed out in point (e) above if reliable estimate cannot be made, a provision cannot be recognized. Hence the company has made provisions towards onerous contract disregarding various provisions of Ind AS as stated above.

2- Balances written back

During the year the company has written back Various Financial Liabilities (Sundry Creditors) amounting to Rs 178.03 crores that relates to period prior to incorporation and accounted for the same in current financial year as "Other Income" in statement of profit and loss (Refer note 18 forming part of financial statements) which are given hereunder.

Particulars	Current Status	Amount (Rs in crore)
Being amount received from PCFA Kolkata against outstanding qty to be supplied.	Amount appearing as payable in the books of RFI as " Advances Received from customers- Civil / Govt / PSUs"	49.15
Police Modernization Fund	Appearing as liability in the books of account of RFI.	9.72
Being amount CT (Civil Trade) transferred to respective factories .	Appearing as liability in the books of RFI under the head "Advance Received against CT & Export.	119.15

The above amount has been written back without investigating the reasons of creation of these liabilities by the erstwhile entity and why the same was not paid/adjusted.

As per Ind AS 8 Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were approved for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

As per para 42 of Ind AS 8 Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

The company has not followed provisions of restatement as per Ind AS 8 in respect of prior period errors by writing back the amounts appearing as payable in the books during the current year as given above. This has resulted in over statement of profit by Rs 178.03 crores during the current year which needs to be adjusted from Retained Earnings in the first year itself by restatement as per Ind AS 8.

9- Depreciation as per Income Tax Act and Deferred Tax Liability

During the year the company has restated earlier accounted "Government Grants" based on opinion of Expert Advisory committee of Institute of Chartered Accountants of India and transferred the same to retained earnings (Refer note no 38). The correction of the above error, if accepted by the Income Tax Authorities, may result in increase in the "Tax Base" of Property Plant and Equipment" by Rs 1714.92 crore as on 31.03.2022, and may in turn impact calculation of Differed Tax Asset. The company has not made any adjustment on account of the same.

10- Confirmation of Balances

- a) The company has communicated with Domestic Trade Receivables plus payable amounting to Rs 661.00 crore out of (Rs 1223.33 crore Trade Receivable plus Trade Payables of Rs 325.25 crores) through units themselves based on "negative confirmation request" out of the above confirmations in value term of Rs 150.73 crore were received. The company has not communicated for balance confirmation in respect of Advances received from customers Rs 1521.27 crores and Advances to suppliers Rs. 56.81 crores appearing in the books.

It has been observed that only few parties have responded to the above confirmation requests as approximately 9.74% balance confirmations requests have been responded which is deemed as confirmed balances as per the Negative Confirmation Request. The company did not carry out reconciliation with most of the parties from whom confirmations were received. In view of the above confirmation request to 21.15% parties in value terms were sought out of which only 4.82% parties responded to confirmation request. The company has also not implemented proper system of balance confirmation and reconciliation for major customers on continuous basis.

We have also sought confirmation from selected parties in compliance with SA-505 but very few parties replied to our communication hence the purpose of our effort was unsuccessful.

Thus, absence of proper system of balance confirmation and reconciliation on continuous basis may result into material impact on statement of profit and Loss and Balance Sheet of the company as the same is not reconciled with books of accounts. The impact of non-existence of proper system of balance confirmation and reconciliation is not quantifiable.

- b) During the year management has written back certain balances payable to parties amounting to Rs 178.03 crore as stated in para 8 of Basis for Adverse Opinion by credit to other income in statement of profit and loss. The



management has not yet created a duly approved board policy for writing back / writing off of old balances. In absence of any duly approved policy of the company we cannot assess if the management has followed proper system before writing back / writing off a material amount appearing in its books as payable/ receivable.

11- Reversal of Sales and Purchase Price:

A decision to reduce profit element from erstwhile 7.5 % to 6% was taken in the meeting of CMD's of all the DPSUs on 22/12/2023 & 23/12/2023. Accordingly, company was required to issue pro rata credit notes to all the DPSUs from whom it had charged profit element of 7.5% for the FY 2023-24. However, the company has not followed the decision taken at the joint meeting referred to above. In absence of data from the company the impact of the non-compliance with the decision mentioned above cannot be quantified as on the balance sheet date.

12- Noncompliance with Schedule III

Projects whose completion is overdue is required to be disclosed in financial statement showing the expected time of completion. No disclosure of the same has been made in the financial statements.

13- Compliance with Ind AS:

- i) The company has not disclosed the following requirement of Ind AS 16
 - a) Para 79 (a) " Carrying amount of temporarily idle Property Plant and Equipment.
 - b) Gross Carrying amount of any fully depreciated Property Plant and Equipment that is still in use.
- ii) Impairment of Assets: Impairment testing has not been made by the company as per Ind AS 36. The impact of the same in Statement of Profit and Loss cannot be commented.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Company, its Joint Venture in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph of the Other Matters section below, is sufficient and appropriate to provide a basis for our Adverse Opinion.

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

The Group Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its Joint Venture in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and Joint Venture are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Group, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and its Joint Venture are responsible for assessing the ability of the Group and its Joint Venture 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 Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its Joint Venture is responsible for overseeing the financial reporting process of the Group and of its Joint Venture.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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



- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Consolidating company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its Joint Venture to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its Joint Venture to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its Joint Venture to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the Joint Venture included in the consolidated financial statements, which have been audited by other auditor, such other auditor remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Group's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report related to the Consolidated Financial Statements, but does not include the Consolidated Financial Statements and our auditor's report thereon.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Other Matter

The consolidated financial statements also include the Group's share of total comprehensive income (comprising of profit and other comprehensive income) of 0.03 crores for the period ended March 31, 2024 as considered in the consolidated financial statements, in respect of one Joint Venture (Indo Russian Rifles Private Limited) whose financial statements/ financial information are unaudited. These unaudited financial statements /Financial information have been furnished to us by the Management, and our opinion on the consolidated financial statements, insofar as it relates to the amounts and disclosures included in respect of this Joint Venture and our report in terms of sub-section (3) of Section 143 of the Act including report on



Other Information insofar as it relates to the aforesaid Joint Venture, is based on unaudited financial statements/ financial information.

Our Opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the unaudited financial statement of the joint venture.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by paragraph 3(xxi) of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we could not report qualifications or adverse remarks included in the CARO report in respect of the standalone financial statements of the Joint Venture as no audited financial statements of the Joint were available on the date of signing of our report as reported in Annexure "A" below.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that -
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Financial Statements, except basis for measurement of cost to arrive at the amount of losses in onerous contract as referred to in para 7 (d) of "Basis for Adverse Opinion" of our report.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2(g) (vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, except for Ind AS 16 as referred to in para "3" & "4"; Ind AS 101 as referred to in para "2"; Ind AS 2 "Valuation of Inventories" as referred to in para "6"; Ind AS 8 as referred to in para "4" & "8" "Accounting Policies, Changes in Accounting Estimates & Errors; Disclosure requirement of Ind AS(s) as per para 13 of Basis for Adverse Opinion, the aforesaid Consolidated Ind As financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.
 - e) The consolidating company being a Government Company pursuant to the Notification No. GSR 463(E) dated 5 June 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act, are not applicable to the company. Unaudited financial statements of Joint Venture were made available by the management, hence we cannot comment on the disqualifications of directors of Joint Venture in terms of section 164(2) of the Act.
 - f) With respect to the adequacy of internal financial controls over financial reporting with reference to these Ind AS Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B" to this report.
 - g) 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:
 - i. The consolidated financial statements disclose the impact of pending litigations as on March 31, 2024 on the consolidated financial position of the Group, Refer Note 25 to the consolidated financial statements
 - ii. As per the information and explanation given to us by the respective managements of the Consolidating Company and its Joint Venture and based on our examination of the records of the company, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investors Education and Protection fund by the Consolidating Company and its Joint Venture.
 - iv. (a) The respective managements of the Consolidating Company and its Joint Venture have represented that, to the best of their knowledge and belief (Refer note no 5(10) (b)), 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 Consolidating Company and Joint Venture to or in any other persons or entities, 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 ("Ultimate Beneficiaries") by or on behalf of the Company and Joint Venture or o provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The respective managements of the Company and Joint Venture have represented to us that (Note no (5) (10)(b) , to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company and Joint Venture or from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company and the Joint Venture shall,
- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) of Rule 11(4) contain any material misstatement.
- v. Dividend has been declared and paid during the year by the company's Joint Venture as per section 123 of the Companies Act,2013.
- vi. a) Based on our examination which included test checks, the holding company has used Tally software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has operated for part of the year as reported here under by different units of the company and head office. As the unaudited financials of Joint Venture has been incorporated in CFS , we cannot comment on the status of Audit Trail in case of Joint Venture M/s Indo Russian Rifle Pvt Ltd. Further, during the course of our audit we did not come across any instance of audit trail feature being tampered with in Tally.

Name of Unit	Audit trail effective from
Head Office	24 th August 2023
OFC Kanpur	2 nd September 2023
FGK Kanpur	10 th August 2023
SAF Kanpur	1 st August 2023
GCF Jabalpur	21 st October 2023
GSF Kolkata	10 th July 2023
OFPKR	24 th July 2023
RFI Kolkata	13 th July 2023
OFT Trichy	07 th August 2023

- b) Based on our verification of PPC Package and explanation given by the management of Holding company, Audit Trail has not been enabled in the PPC Package. The company has a system of seeking permission in writing for making any changes in the earlier transaction that results in replacing the transaction and the same is overwritten resulting into deletion of original transaction.
- h) The Holding company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act. Financial Statements of Joint venture is unaudited hence we cannot comment on compliance with the provisions of section 197 read with Schedule V to the Act.

For S.K. Kapoor & Co
Chartered Accountants
FRN: 000745C

(Mr. V.B. Singh)
Partner
Membership No. 073124
UDIN: 24073124BKHXPI6277
Place : Kanpur
Date: 27/09/2024



Annexure A to the Independent Auditor's report on the consolidated financial statements of Advanced Weapons Equipment and India Limited for the year ended 31 March 2024

Referred to in "paragraph 1" under "Report on other legal and regulatory requirements" of our report of even date to the members of the company on the Consolidated Ind AS Financial Statements for the year ended March 31, 2024.

The audit of the Joint Venture of the company, Indo Russian Rifles Private Limited has not been conducted till signing of the audit report of this company. Accordingly, no comment in respect of the said clause has been included in this report.

For S.K. Kapoor & Co
Chartered Accountants
FRN: 000745C

(Mr. V.B. Singh)
Partner
Membership No. 073124
UDIN: 24073124BKHXP16277
Place : Kanpur
Date: 27/09/2024



Annexure "B" to the Independent Auditor's Report on the Consolidated Financial Statements of Advanced Weapons and Equipment India Limited

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

The Joint Venture namely Indo Russian Rifles Private Limited is exempted from getting an audit opinion with respect to the adequacy of the Internal Control over financial reporting of the company and the operating effectiveness of such control pursuant to MCA notification GSR 583(E) dated 13 June 2017.

Qualified Opinion

In conjunction with our audit of the Consolidated Financial Statements of Advanced Weapons and Equipment India Limited and for the year ended March 31, 2024, we have audited the internal financial controls with reference to Consolidated Financial Statements of Advanced Weapons and Equipment India Limited ("hereinafter referred to as the "Consolidating Company"). In our opinion, the Company does not have adequate internal financial controls system over financial reporting at March 31, 2024, based on the internal financial controls over financial reporting criteria established by the company considering the 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.

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024:

- a) Absent or inadequate segregation of duties within a significant account or process - There does not exist any control at the time of recording of transactions in books of accounts i.e., there is a lack of regular maker or checker concept.
- b) Inadequate design of general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives and current needs.
 - i) The company does not have any established procedure or guideline for identifying the bills relating to services availed for whom the provision needs to be created. Example in this regard are : Bills from MES for constructions work , AMC for repairs and Maintenance and Contract Labour payment.
 - ii) Different units are following different system for accounting of expenses in respect of Travelling expenses, LTC and Medical expenses. In absence of proper system expenses booked and advances appearing in the books are not verifiable.
 - iii) Details of breakdown of production machines in production shops are not being properly recorded by some of the units. In some of the units , machines are under breakdown for 3 to 4 years and the depreciation on the same is also charged and allocated to production cost which is incorrect.
- c) Employees who lack the training to fulfil their assigned functions - The person responsible for accounting appears to be deficient in knowledge for recording the complex transactions. Consultants appointed for accounting the transactions on day to day basis in the units were not competent to render the services for the company in view of complex accounting of the company.
- d) Inadequate design of internal control over a significant account or process: The company does not have proper system of identifying the items of furniture & fixtures , office equipment etc meeting the definition of PPE as per Ind AS 16 due to which these items are expensed off instead of being capitalized in some units.
- e) Failure to perform reconciliation of significant accounts: The company does not have proper system for balance confirmation and reconciliation in respect of Advances , Trade Payables and Trade Receivables etc.
- f) Rejected finished goods / components are not being properly recorded and accounting of losses is not done as per accounting principles.

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

In our opinion, except for the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2024, based on "the internal control over financial reporting criteria existing in the Company and updated during the period of our audit, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2024 Consolidated financial statements of the Company, and these material weaknesses do not affect our opinion on the Consolidated Ind AS financial statements of the Company.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Consolidating Company, are responsible for establishing and maintaining internal financial



controls based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Consolidating Company's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the ICAI and the Standards on Auditing deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidating Company's internal financial controls system with reference to consolidated financial statements.

Meaning of Internal Financial Controls over financial reporting with reference to Consolidated Financial Statement

A Company's internal financial controls with reference to these Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with Generally Accepted Accounting Principles. A Company's internal financial control with reference to these Consolidated Financial Statements includes those policies and procedures that:-

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated 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 Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to Consolidated Financial Statements

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

For S.K. Kapoor & Co
Chartered Accountants
FRN: 000745C

(Mr. V.B. Singh)
Partner
Membership No. 073124
UDIN: 24073124BKHXPI6277
Place: Kanpur
Date: 27/09/2024



Consolidated Balance Sheet

₹ in Crores

Particulars	Notes	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
ASSETS				
I. Non-current assets				
(a) Property, plant and equipment	6	1,854.06	1,884.89	1,909.64
(b) Capital work-in-progress	6	208.29	270.89	254.04
(c) Investment properties	-	-	-	-
(d) Intangible assets	7	11.90	11.73	10.70
(e) Intangible assets under development	7	35.25	1.79	1.02
(f) Right of use assets	-	-	-	-
(g) Financial assets				
(i) Investments	8 (a)	8.87	8.83	4.52
(ii) Loans	8 (c)	-	-	-
(iii) Other financial assets	8 (f)	100.52	93.13	21.64
(h) Other non-current assets	9	3.00	3.92	13.10
Total non-current assets (A)		2,221.89	2,275.18	2,214.66
II. Current assets				
(a) Inventories	10	2,659.31	2,410.73	2,027.95
(b) Financial assets				
(i) Trade receivables	8 (b)	1,223.34	648.32	456.22
(ii) Cash and cash equivalents	8 (d)	635.97	834.96	109.78
(iii) Bank balance other than (ii) above	8 (e)	716.29	575.00	1,168.03
(iv) Loans	8 (c)	3.19	3.34	0.51
(v) Other financial assets	8 (f)	29.09	12.57	7.42
(c) Current tax assets (net)	16	-	6.91	-
(d) Other current assets	9	87.20	86.48	191.35
Total current assets (B)		5,354.39	4,578.31	3,961.26
Assets classified as held for sale (C)	6 (c)	7.44	6.39	6.61
Total Assets (A+B+C)		7,583.72	6,859.88	6,182.53
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	11	17,531.53	17,123.91	528.37
(b) Other equity	12	-13,140.00	-12,977.66	3,074.48
Total equity (A)		4,391.53	4,146.25	3,602.85
LIABILITIES				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	-	-	-	-
(ii) Lease liabilities	-	-	-	-
(iii) Other financial liabilities	13 (b)	-	-	-
(b) Long-term provisions	14	675.88	764.65	863.65
(c) Deferred tax liabilities (net)	24	251.12	256.24	255.66
(d) Government grants	-	-	-	-
Total non-current liabilities (B)		927.00	1,020.89	1,119.31
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	-	-	-	-
(ii) Lease liabilities	-	-	-	-
(iii) Trade payables	13 (a)			
- Total Outstanding dues of Micro Enterprises and Small Enterprises		7.68	31.25	57.83
- Total Outstanding dues other than Micro Enterprises and Small Enterprises		317.82	244.10	320.90
(iv) Other financial liabilities	13 (b)	163.86	160.65	125.61
(b) Short-term provisions	14	10.38	10.38	5.38
(c) Current tax liabilities	16	4.48	-	0.70
(d) Government grants	-	-	-	-
(e) Other current liabilities	15	1,760.97	1,246.36	949.95
Total current liabilities (C)		2,265.19	1,692.74	1,460.37
Total Equity and Liabilities (A+B+C)		7,583.72	6,859.88	6,182.53
Material Accounting policies	3			

The accompanying notes are an integral part of these consolidated Financial Statements.



Consolidated Balance Sheet

In terms of our report attached

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

V. B. Singh
Partner
Membership No. 073124
UDIN: 24073124BKHXPI6277

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024



Consolidated Statement of Profit and Loss

Particulars	Notes	₹ In Crores	
		Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
I. Income			
(a) Revenue from operations	17	2,038.59	1,939.32
(b) Other income	18	382.81	194.44
Total income (I)		2,421.40	2,133.76
II. Expenses			
(a) Cost of raw materials and accessories consumed	19	925.40	807.91
(b) Purchase of stock-in-trade	-	-	-
(c) Changes in inventories of finished goods and work-in-progress	20	-172.43	-300.57
(d) Employee benefits expense	21	1,301.16	1,298.99
(e) Finance costs	22a	1.05	0.07
(f) Depreciation and amortisation expense	22b	134.71	134.06
(g) Other expenses	23	201.72	204.33
Total expenses (II)		2,391.61	2,144.79
III. Profit/(Loss) before share of Profit/(Loss) of Joint Ventures, exceptional items and tax (I-II)		29.79	-11.03
IV. Share of profit of joint ventures accounted for using the equity method		0.05	4.31
IV. Profit before exceptional items and tax (III+IV)		29.84	(6.72)
V. Exceptional items		-	-
V. Profit/(Loss) before tax (III+IV)		29.84	(6.72)
VI. Tax expense	24		
(a) Current tax		14.67	0.50
(b) MAT Credit Entitlement		-	-
(c) Short provision of tax for earlier year		-	0.68
(d) Deferred tax (credit)/ charge		-5.12	0.58
Total tax expense (VI)		9.55	1.76
VII. Profit/(Loss) for the year (V-VI)		20.29	-8.48
VIII. Other comprehensive income			
A. Share of Other Comprehensive Income of JV's accounted using equity method		-0.02	-
Total other comprehensive income for the year		-0.02	-
IX. Total comprehensive income for the year, net of tax (VII+VIII)		20.28	-8.48
X. Earnings per equity share	30		
Nominal value per share ₹ 10			
- Basic and Diluted		0.01	-0.10
Material Accounting policies	3		

The accompanying notes are an integral part of these consolidated Financial Statements.

In terms of our report attached

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

V. B. Singh
Partner
Membership No. 073124
UDIN: 24073124BKHXPI6277

Place: Kanpur
Date: Sep 11, 2024

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Place: Kanpur
Date: Sep 11, 2024

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024



Consolidated Statement of cash flows

₹ in Crores

Particulars	Year ended March 31, 2024		Year ended March 31, 2023 (Re-stated)	
A Cash Flow from Operating activities				
Profit Before taxation		29.84		-6.72
Adjustments to reconcile profit after tax to net				
Share of profit from Joint Venture	-0.05		-4.31	
Depreciation and Amortization expense	134.71		134.06	
Interest Expense	1.05		0.07	
Interest Income	-72.84		-64.03	
Dividend Income	-0.42		-	
Reversal of Provision for Onerous Contract	-88.77		-99.00	
Profit on Sale of Property, plant and equipment	-0.70		-9.93	
		(27.02)		(43.14)
Operating Profit before Working Capital Changes		2.82		-49.86
Adjustments for changes in working capital :				
Changes in Inventories	-248.58		-382.78	
Changes in trade receivables	-575.02		-192.11	
Changes in Loans and advances	0.15		-2.83	
Changes in other financial assets	-21.20		5.08	
Changes in other assets	-0.72		104.87	
Changes in trade payables	50.15		-103.38	
Changes in other financial liabilities	3.21		35.04	
Changes in other current liabilities	514.61		296.41	
Changes in provisions	-		5.00	
Net Changes in Working Capital		-277.40		-234.70
Cash Generated from Operations		-274.58		-284.56
Direct Taxes (Paid)/Refund (Net)		-3.15		-8.79
Net Cash Flow from Operating Activities (A)		-277.73		-293.35
B Cash Flow from Investing Activities				
Purchase of Property, plant and equipment and intangible assets	-79.23		-128.97	
Proceeds from Sale of Property, plant and equipment and intangible assets	4.26		5.56	
Capital Advance given	0.92		9.18	
Changes in other bank balances not considered as cash and cash equivalents	-144.86		519.60	
Interest Received	73.70		55.74	
Net Cash Flow used in Investing Activities (B)		-145.21		461.11
C Cash Flow from Financing Activities				
Proceeds from Issue of Share Capital	225.00		374.87	
Share Application Money Received	-		182.62	
Interest Expense	-1.05		-0.07	
Net Cash Flow used in Financing Activities (C)		223.95		557.42
Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)		-198.99		725.18
Cash and Cash equivalent at October 01, 2021 (Refer Note 38)		-		-
Cash and Cash equivalent at the beginning of the year		834.96		109.78
Cash and Cash equivalent at the end of the year		635.97		834.96
Reconciliation of cash and cash equivalents				
Particulars		Year ended March 31, 2024	Year ended March 31,	
Cash and cash equivalents comprise of: (Refer Note 7(d))				
Cash on Hand		(15,750/-)	-	
Cheques on hand		-	-	
Balances with Banks*		635.97	834.96	
Cash and cash equivalents		635.97	834.96	

* Includes Fixed deposits of ₹ 25.87 Crores (Previous year ₹ 50.00 Crores) under lien with bank as Security for LC Facility. The accompanying notes are an integral part of these consolidated Financial Statements.

Notes:

1. The consolidated cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) "Statement of Cash Flows".

In terms of our report attached

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

V. B. Singh
Partner
Membership No. 073124
UDIN: 24073124BKHXPI6277

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024
UDIN: 24073124BKHXOS6043

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024



Consolidated Statement of changes in equity for the year ended March 31, 2024

A. Equity share capital		Particulars		₹ in Crores		
As at April 1, 2022				528.37		
Add : Issued during the year				16,595.54		
As at March 31, 2023				17,123.91		
As at April 1, 2023				17,123.91		
Add : Issued during the year				407.62		
As at March 31, 2024				17,531.53		
B. Other equity		Particulars		Total other equity		
	Particulars	Reserves and Surplus		Share application money pending allotment	Other Comprehensive Income	Total other equity
		Capital Reserve	Capital reserve on Business Reorganisation			
Balance as at April 1, 2022		4.25	-	3,070.23	-	3,074.48
Deferred Tax on Ind AS Implementation Profit for the year		-	-	-5.61	-	-5.61
Other comprehensive income/(loss) for the year		-	-	-8.48	-	(8.48)
Addition during the year		-	-16,220.67	-	-	-16,038.05
Total Comprehensive income for the year		4.25	-16,220.67	3,056.14	-	(12,977.66)
Balance as at March 31, 2023		4.25	-16,220.67	3,056.14	-	(12,977.66)
Balance as at April 1, 2023		4.25	-16,220.67	3,056.14	-	-12,977.66
Profit for the year		-	-	20.29	-	20.29
Other comprehensive income/(loss) for the year		-	-	-	-0.02	(0.02)
Utilized towards Shares Issued during the year		-	-	-	-	(182.62)
Total Comprehensive income for the year		4.25	-16,220.67	3,076.43	-0.02	(13,140.00)
Balance as at March 31, 2024		4.25	-16,220.67	3,076.43	-0.02	(13,140.00)

The accompanying notes are an integral part of these consolidated Financial Statements.

In terms of our report attached

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

V. B. Singh
Partner
Membership No. 073124
UDIN: 24073124BKHXPI6277

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024



NOTES TO THE STANDALONE FINANCIAL STATEMENTS

1. Corporate Information

Advanced Weapons & Equipment India Limited (hereinafter referred to as "the Company") is incorporated in India and limited by shares (CIN No: U29270UP2021GOI150734) and is one of the seven (7) new Defense PSUs formed by converting the Ordnance Factory Board into fully Government owned Enterprises. The Company was incorporated under the Companies Act 2013 on August 14, 2021 however, its commencement of business took place on 1st October 2021 notified by DDP. The registered office of the Company is located at OFC, Kalpi Road, Kanpur-208009. It comprises of the following production and non-production units: Rifle Factory Ishapore, Small Arms Factory, Kanpur, Gun & Shell Factory, Cossipore, Ordnance Factory Tiruchirapalli, Ordnance Factory, Kanpur, Field Gun Factory, Kanpur, Gun Carriage Factory, Jabalpur, and Ordnance Factory Project Korwa and non-production units at Ordnance Factories Institute of Learning Ishapore.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on September 11, 2024.

2. Basis of Preparation

a) Statement of Compliance

These standalone financial statements are prepared on going concern basis following the accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended, and presentation requirements of Division II of schedule III of the Companies Act, 2013 (Ind AS compliant schedule III) as applicable to financial statement.

b) Principles of Consolidation and equity accounting

The Consolidated Financial Statements incorporate the financial statements of Advanced Weapons & Equipment India Limited and its jointly controlled entity. Control is evidenced where the Group has power over the investee or is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns.

Joint Ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The Group's investments in joint venture are accounted for using the equity method.

Equity Method

Under equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment individually

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognized directly in the equity of the joint venture, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture. The aggregate of the Group's share of profit or loss of joint venture is shown on the face of the Consolidated Statement of Profit and Loss. The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group. After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognizes the loss as Share of profit of a joint venture in the Consolidated Statement of Profit and Loss.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the statement of profit and loss.

c) Basis of measurement

The financial statements have been prepared on the historical cost basis except for:



- Certain financial assets and liabilities that are measured at fair value; and
- Assets held for sale-measured at fair value less cost to sell.

The methods used to measure fair values are discussed in notes to the financial statements.

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

d) Functional and presentation currency

The standalone financial statements are presented in Indian Rupee ("INR") and all values are rounded to the nearest Rupees in Crores as per the requirement of Schedule III, except when otherwise indicated. Figures less than ₹ 50,000/- which required to be shown separately are shown as actuals in bracket.

e) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle of the Company is the time between the acquisition of assets for processing and their realization in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

3. Restatement of Financial Statements:

Retrospective restatement is correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred.

Ind-AS 8 mandates that an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:

- (a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- (a) was available when financial statements for those periods were approved for issue; and
- (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

The opening balances of assets, liabilities and equity for the earliest prior period presented i.e. 01.04.2022 and the comparative prior period presented i.e. Financial year ended March 31 2023 have been restated in these Financial Statements in view of the following:

1. Rectification of accounting treatment w.r.t carried forward Capital Outlay Balances from pre-corporatisation era:
The company is a Defence Public Sector Undertaking (DPSU) and was formed in pursuance of the decision of the Union Cabinet on 16th June 2021, whereby the Government of India, vide Office Memorandum dated 24th September 2021, decided to corporatise the functions of the Ordnance Factories. Accordingly, the assets and liabilities in respect of the business being carried out on account of the Government were transferred to the new DPSUs on the Net Asset Value thereof.
Thus all the Fixed assets were funded by the Government. The funds were accounted for and presented as "Government Grants" in accordance with Ind-AS 20 in the financial statements in the erstwhile balance sheets of the company.



As per paragraph 26 of Ind AS 20, 'Accounting for Government Grants and Disclosure of Government Assistance', the company recognised the funds as government grant as deferred income, which was recognised as income in the statement of profit and loss on a systematic basis over the useful life of the assets for which the funds were received.

The Comptroller and Auditor General (C&AG) of India u/s 143(6)(b) of the Companies Act 2013 on the Standalone Financial Statements of the company for the period ended March 31 2022 made an adverse comment on the said accounting policy of the company. The extract is reproduced herein below:

"In pursuance of the decision of the Union Cabinet on 16th June 2021, the Government of India, vide Office Memorandum dated 24th September 2021, decided to corporatise the functions of the ordnance factories. Accordingly, the assets and liabilities in respect of the business being carried out on account of the government were transferred to the new DPSUs on the Net Asset Value thereof. The Company has, however, treated the deemed cost of fixed assets worth Rs. 2158.24 crores as government grants, out of which depreciation on Property Plant and Equipment (PPE) amounting to Rs. 65.65 crore was accounted for as income in the Statement of Profit and Loss of the Company for the year ended 31st March 2022. Remaining government grant amounting to Rs. 2092.58 crore was booked as liability (Rs. 1998.74 crore as non-current and Rs. 93.84 crore as current) in the Balance Sheet of the Company as at 31st March 2022.

(iii) This has resulted in the overstatement of 'Other Income' as well as profit of the Company by Rs. 65.65 crore. Further, this has also resulted in the overstatement of government grant by Rs. 2092.58 crore and understatement of 'Other Equity' by Rs. 2158.24 crore."

In response to the above said comment, the company filed detailed explanation with the C&AG and referred the matter to the Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India requesting for an opinion on the correctness or otherwise of the accounting treatment of the carried forward funds for Capital Outlay which were received from the Government by the company.

The opinion of the EAC of the ICAI was received by the company on 25.04.2024, stating as under:

"18. The Committee notes that in the extant case, the ordnance factories or businesses were owned and controlled by the GoI through Ordnance Factory Board before the incorporation of the Company and these businesses were earlier being carried out by the erstwhile OFB on account of the Government. Further, separate funds used to be allocated to the erstwhile OFB for procurement of capital assets under the heading "New Capital". Furthermore, the Committee notes that in the accounts prepared by the factories earlier, these were presented as 'capital outlay' and not as government grant, and not treated as deferred income under AS 12. This indicates that funds received from the Government for acquisition of assets were in the capacity of owner and not as government grant. Further, even after the transfer of the assets pertaining to the factories or business to the Company, the GoI retains the ownership of the Company and, in turn, controls the business. The Committee is of the view that merely the reorganisation of the business from Ordnance factories under OFB to the Company does not change the nature of funds being provided by the Government in the capacity as owners to that of a government grant on application of Ind AS 20. Therefore, the Company's accounting treatment of funds provided by the government as a government grant under Ind AS 20 is incorrect."

In view of the opinion of the EAC of ICAI and the C&AG comments, the said accounting treatment has been rectified retrospectively.

2. Rectification of the following material Prior period errors:

a. Non compliance with Para 66 of Ind-AS 37:

Para 66 of Ind-AS 37 mandates that if an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. The company has several onerous contracts since its corporatisation (legacy contracts) which have a material impact on the Financial Statements. However no provision in respect of the same was made in the Financial Statements for

b. Prior period items: The company has identified several expenses related to prior periods which remained unaccounted in those periods.

The above errors have been rectified retrospectively.

The impact of the above re-statements on the elements of the financial statements is contained in Note No.38.

4. Material Accounting Policies

1. Property, plant and equipment

1.1 Initial Recognition and Measurement



An item of property, plant and equipment is recognized as an asset if and only if 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.

Items of property, plant and equipment are initially recognized at cost. Cost comprises purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and the present value of initial estimate of cost of dismantling, removal and restoration. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term projects if the recognition criteria are met.

Subsequent measurement is done at cost less accumulated depreciation/amortization and accumulated impairment losses.

When parts of an item of property, plant and equipment that are significant in value and have different useful lives as compared to the main asset, they are recognized separately.

In the case of assets put to use, where final settlement of bills with contractors is yet to be effected, capitalization is done on provisional basis subject to necessary adjustment in the year of final settlement.

Items of spare parts, stand-by equipment and servicing equipment which meet the definition of property, plant and equipment are capitalized. Other spare parts are carried as inventory and recognized in the statement of profit and loss on consumption.

The acquisition or construction of some items of property, plant and equipment although not directly increasing the future economic benefits of any particular existing item of property, plant and equipment, may be necessary for the Company to obtain future economic benefits from its other assets. Such items are recognized as property, plant and equipment.

1.2 Subsequent Cost

Subsequent expenditure is recognized in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

Expenditure on major inspection and overhauls of generating unit is capitalized, when it meets the asset recognition criteria. Any remaining carrying amount of the cost of the previous inspection and overhaul is derecognized.

The cost of replacing major part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized regardless of whether the replaced part has been depreciated separately. If it is not practicable to determine the carrying amount of the replaced part, the Company uses the cost of the replacement as an indication of what the cost of replaced part was at the time it was acquired or constructed. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of profit and loss as and when incurred.

1.3 Decommissioning costs

The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

1.4 De-recognition

Property, plant and equipment is derecognized when no future economic benefits are expected from their use or upon their disposal. Gains and losses on de-recognition of an item of property, plant and equipment are determined as the difference between sale proceeds from disposal, if any, and the carrying amount of property, plant and equipment and are recognized in the statement of profit and loss.

In circumstance, where an item of property, plant and equipment is abandoned, the net carrying cost relating to the property, plant and equipment is written off in the same period.

1.5 Depreciation

Depreciation on property, plant and equipment is provided so as to write off the cost of assets less residual values over their useful lives of the assets, using the straight line method as prescribed under Part C of Schedule II to the Companies Act 2013 except for the assets where useful life of assets as per Schedule II and management estimates are different. In case management estimates are different depreciation is charged as per management estimates of useful life.



Sr.	Asset	Useful Life as prescribed by Schedule II of the Companies Act, 2013	Estimated Useful Life
I	Factory Building	30 years	60 years
II	Other than Factory Buildings	60 years	60 years
III	Roads (other than RCC & RCC)	5 & 10 years	10 Years
IV	Plant & Machinery	15 Years	20 Years
V	Furniture and Fixtures (Including Air Conditioners and office equipment)	10 years	10 Years
VI	Vehicles	6 Years	7 Years
VII	Computer (Hardware and Software)	3 & 6 Years	5 Years
VIII	Laboratory Equipment (including all QC equipment but excluding gauges used in inspection)	10 Years	10 Years
IX	Electrical Installations and Equipment	10 Years	10 Years
X	Hydraulic Works, pipelines and sluices (including Submersible & Centrifugal Pump etc.)	10 Years	10 Years

The management believes that the useful life as given above best represents the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

Depreciation for assets purchased/sold during a period is proportionately charged for the period of use. Assets other than Building, Plant and Machinery costing less than ₹ 10,000/- are depreciated at 100%.

Major overhaul and inspection costs which have been capitalized are depreciated over the period until the next scheduled outage or actual major inspection/overhaul, whichever is earlier. Capital spares are depreciated considering the useful life ranging between 2 to 40 years based on technical assessment.

Where it is probable that future economic benefits deriving from the expenditure incurred will flow to the Company and the cost of the item can be measured reliably, subsequent expenditure on a property, plant and equipment along-with its unamortized depreciable amount is charged off prospectively over the revised useful life determined by technical assessment.

Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with Ind AS 105 and the date that the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. Capital works in Progress

Cost incurred for property, plant and equipment that are not ready for their intended use as on the reporting date, is classified under capital work-in-progress.

The cost of self-constructed assets includes the cost of materials & direct labour, any other costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by management and the borrowing costs attributable to the acquisition or construction of qualifying asset.



Expenses directly attributable to construction of property, plant and equipment incurred till they are ready for their intended use are identified and allocated on a systematic basis on the cost of related assets.

3. Intangible assets and intangible assets under development

3.1 Initial recognition and measurement

An intangible asset is recognized if and only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Intangible assets that are acquired by the Company, which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses. Cost comprises purchase price including import duties, non-refundable taxes after deducting trade discounts and rebates and any directly attributable expenses of preparing the asset for its intended use.

Expenditure on development activities is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to & has sufficient resources to complete development and to use or sell the asset.

Expenditure incurred which are eligible for capitalizations under intangible assets are carried as intangible assets under development till they are ready for their intended use.

Research expenditure and development expenditure that do not meet the criteria above are recognised as an expenditure.

3.2 Subsequent costs

Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

3.3 De-recognition

An intangible asset is derecognized when no future economic benefits are expected from their use or upon their disposal. Gain or loss on de-recognition of an intangible asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of intangible assets and are recognized in the statement of profit and loss.

3.4 Amortization

Cost of software recognized as intangible asset, is amortized on straight-line method over a period of legal right to use or 5 years, whichever is less. Other intangible assets are amortized on straight-line method over the period of legal right to use or life of the related assets, whichever is less. The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end and adjusted prospectively, wherever required.

4. Non-Current Assets Held for Sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use and a sale is considered highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-Current Assets held for sale and disposal groups are measured at the lower of their carrying amount and the fair value less cost of disposal. Non-current assets classified as held for sale are not depreciated or amortized.

5. Impairment of Non-Financial Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that



reflects current market assessments of the time value of money and the risks specific to the asset. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by other available fair value indicators.

When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of profit and loss. Impairment losses recognized in respect of CGUs are reduced from the carrying amounts of the assets of the CGU.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

6. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing the Inventories to their present location and condition. In case of Finished goods and work in progress cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on weighted average basis. Costs of purchased inventory are determined after deducting rebates, trade discounts and other similar items.

As per Para 32 of Ind-As 2, materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The diminution in the value of obsolete, unserviceable, surplus and non-moving items of stores and spares is ascertained on review and provided for.

Steel scrap is valued at estimated realizable value.

7. Investments in joint ventures

Investments in joint ventures is carried at cost/deemed cost applied on transition to Ind AS, less accumulated impairment losses, if any as per Ind AS 27 - Separate Financial Statements.

8. Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company recognizes a financial asset or a financial liability only when it becomes party to the contractual provisions of the instrument.

a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition of financial assets, which are not valued at fair value through profit or loss, are added to the fair value on initial recognition.

(ii) Subsequent measurement of financial assets

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

- Financial assets at amortized cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- Financial assets at amortized cost:

A financial asset is measured at amortized cost if:



- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- Financial assets at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

- Financial assets at fair value through profit or loss
FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss under head. Interest income on such investment is presented under "other income",

iii) **Derecognition of financial assets**

A financial asset is derecognized when:

- the contractual rights to the cash flows from the financial asset expire,
or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement? and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(iv) **Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model



for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous v cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

(v) Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 8, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not



increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected in a separate line under the head "Other expenses" in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortized cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts etc.

(ii) Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not



subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Loans and Borrowings**

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(iii) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognized from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

9. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as



derivative instruments and for non-recurring measurement, such as asset held for sale.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarizes accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant and equipment & Intangible assets measured at fair value on the date of transition
- Financial instruments (including those carried at amortized cost)

10. Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision is presented in the statement of profit and loss net of reimbursement, if any.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The company, recognizes as a provision, the present obligation under an onerous contract. However, before a separate provision for an onerous contract is established, the company recognises impairment loss that has occurred on assets dedicated to that contract.

Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of the management/independent experts. These are reviewed at each balance sheet date and are adjusted to reflect the current management estimate.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

Provision for expenditure on account of performance guarantee & replacement / repair of goods sold is made on the basis of trend-based estimates. In cases where a trend is not ascertainable, provision for warranty is made based on the best estimates of management.

11. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of



three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

12. Revenue Recognition

A. Revenue from Contract with Customers

- i. The Company derives revenues primarily from sale of Artillery Gun, Field Gun, Ordnance & Small Arms and related services. Revenue is recognized when (or as) the company satisfies a performance obligation by transferring a promised goods or services (i.e., an Asset) to a Customer.
- ii. Satisfaction of performance obligation over time

a. Revenue is recognised overtime where the transfer of control of goods or services take places over time by measuring the progress towards complete satisfaction of that performance obligation, if one of the following criteria is met:

- The company's performance entitles the customer to receive and consume the benefits simultaneously as the company performs
- The company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced
- The company's performance does not create an asset with an alternative use to the company and the company has an enforceable right to payment for performance completed to date.

b. Progress made towards satisfying a performance obligation is assessed based on the ratio of actual costs incurred on the contract up to the reporting date to the estimated total costs expected to complete the contract. If the outcome of the performance obligation cannot be estimated reliably and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

iii. Satisfaction of performance obligation at a point in time

a. In respect of cases where the transfer of control does not take place over time, the company recognizes the revenue at a point in time when it satisfies the performance obligations.

b. The performance obligation is satisfied when the customer obtains control of the asset. The indicators for transfer of control include the following:

- The company has transferred physical possession of the asset
- The customer has legal title to the asset
- The customer has accepted the asset
- when the company has a present right to payment for the asset
- the customer has the significant risks and rewards of ownership of the asset. The transfer of significant risks and rewards ownership is assessed based on the Inco-terms of the contracts.
Ex-Works contract- In case of Ex-works contract, revenue is recognised when the specified goods are unconditionally appropriated to the contract after prior Inspection and acceptance, if required.
FOR Contracts - In the case of FOR contracts, revenue is recognized when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period.

iv. Measurement

a. Revenue is recognized at the amount of the transaction price that is allocated to the performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amount collected on behalf of third parties.

In case of price escalation and ERV, revenue is recognised at most likely amount to be realized from customer in line with contractual terms.

b. In case where the contracts involve multiple performance obligations, the company allocates the transaction price to each performance obligation on the relative stand-alone selling price basis.



Multiple Elements - In cases where the installation and commissioning or any other separately identifiable component is stipulated and price for the same agreed separately, the Company applies the recognition criteria to separately identified components (sale of goods and installation and commissioning, etc.) of the transaction and allocates the revenue to those separate components based on their stand-alone selling price.

v. Penalties

Penalties (including levy of liquidated damages for delay in delivery) specified in a contract are not treated as an inherent part of Transaction Price if the levy of same is subject to review by the customer.

vi. Significant financing component

Advances received towards execution of Defence related projects are not considered for determining significant financing component since the objective is to protect the interest of the contracting parties.

B. Other Income

i. Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

ii. Insurance claims

Claims receivable on account of Insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

iii. Rental Income

Rental income arising from operating leases is accounted for on a straight-line basis over the lease term unless increase in rentals are in line with expected inflation or otherwise justified.

iv. Other Income

Other income not specifically stated above is recognized on accrual basis.

13. Employee Benefits

Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short-term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex-gratia, performance pay etc. and the same are recognized in the period in which the employee renders the related service.

14. Income Taxes

Tax expense comprises current and deferred tax. Current tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity, respectively.

Current tax is the expected tax payable on the taxable income for the year computed as per the provisions of Income Tax Act, 1961, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

" When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

" In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred tax liabilities are recognised for all taxable temporary differences, except:



- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they materialize, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets against the current tax liabilities, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity, respectively. A deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the sufficient taxable profits will be available in future to allow all or part of deferred tax assets to be utilized.

15. Foreign Currency transaction and Translation

Transactions in foreign currencies are initially recorded at the functional currency spot exchange rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognized in the statement of profit and loss in the year in which it arises.

Non-monetary items denominated in foreign currency which are measured in terms of historical cost are recorded using the exchange rate at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

In case of advance consideration received or paid in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is when the Company initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

16. Earnings per share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

17. Cash Flow Statement

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

18. Segment Reporting:

The Ministry of Corporate Affairs vide Notification No.1/2/2014-CL-V dated 23.02.2018 has exempted the Government Companies engaged in Defense Production to the extent of application of Ind-AS 108 Operating Segment.

As laid down in Part A of the Annexure to Companies Ind AS Rules, Ind AS, which are specified, are intended to be in conformity with the provisions of applicable laws. However, if due to subsequent amendments in the law, a particular Ind AS is found to be not in conformity with law, the provisions of the said law will prevail and the Financial Statements should be prepared in conformity with such law

Thus disclosure of Segment information is not required.

19. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue. Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted but disclosed.



20. Exceptional Item

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and the same is disclosed in the notes to accounts.

21. Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Note No.4

Critical accounting judgements and key source of estimation uncertainty

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and management's judgments are based on previous experience & other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and / or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

1. Useful lives of Property, Plant and Equipment and Intangible assets

The estimated useful life of property, plant and equipment and intangible assets is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Property, Plant & Equipment represent a significant proportion of the asset base of the Company. The depreciation charge with respect to such asset is derived based on the estimated useful life of the asset and its residual value.

The Company reviews the estimated useful lives of property, plant and equipment and intangible assets at the end of each reporting period.

2. Recoverable amount of property, plant & equipment and intangible assets

The recoverable amount of property, plant and equipment and intangible assets is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

3. Assets held for sale

Significant judgment is required to apply the accounting of non-current assets held for sale under Ind AS 105 - 'Non-current assets held for sale and discontinued operations. In assessing the applicability, management has exercised judgment to evaluate the availability of the asset for immediate sale, management's commitment for the sale and probability of sale within one year to conclude if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

4. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

5. Income Taxes

Significant estimates are involved in determining the provision for current and deferred tax, including amount expected to be paid/recovered for uncertain tax positions.

6. Inventories

An inventory provision is recognised for cases where the realizable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory



item, the seasonality of the item's sales profile and losses associated with expired / slow-moving inventory items.

7. Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

8. Provisions and contingencies

The assessments undertaken in recognizing provisions and contingencies have been made in accordance with Ind AS 37- 'Provisions, contingent liabilities and contingent assets'. The evaluation of the likelihood of the contingent events require best judgment by management regarding the probability of exposure to potential loss. Should circumstances change following unforeseeable developments, this likelihood could alter.

The Company has significant capital commitments in relation to various capital projects which are not recognized on the balance sheet. In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company.

There are certain obligations which management has concluded, based on all available facts and circumstances, are not probable of payment or are very difficult to quantify reliably, and such obligations are treated as contingent liabilities and disclosed in the notes but are not reflected as liabilities in the Financial Statements. Although there can be no assurance regarding the final outcome of the legal proceedings in which the Company involved, it is not expected that such contingencies will have a material effect on its financial position or profitability.

9. Impairment test of investments in Joint Venture Companies

The recoverable amount of investment in joint venture companies is based on estimates and assumptions regarding in particular the future cash flows associated with the operations of the investee Company. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

10. Other Notes:-

a. Note on Profit Element

A decision to reduce profit element from erstwhile 7.5 % to 6% was taken in the meeting of CMD's of all the DPSUs on 22/12/2023 & 23/12/2023. Accordingly, company was required to issue pro rata credit notes to all the DPSUs form whom it had charged profit element of 7.5% for the FY 2023-24. The Debit/Credit notes have been issued in respect of the contracts amended up to the year end, in pursuance of the above decision(s). Accordingly, no provision for any receivable/payable has been made in respect of other contracts in respect of which contract amendments are pending. The impact of the pending/un-amended contracts has not been quantified.

b. Loans and Advances

The company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person or entity, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:

- (i) 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
- (ii) 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:

- (i) 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
- (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries



Notes to the Consolidated Financial Statements

Note 6 : Property, plant and equipment

₹ in Crores

Particulars	Freehold land	Leasehold land (Refer Note 32 B)	Building	Plant & Machinery	Furniture & fixture	Office Equipment	Vehicles	Computers, Servers and Network	Total	CWIP
Gross Carrying Amount										
Deemed Cost as at April 1, 2022 (re-stated)	32.04	(3/-)	378.16	1,551.65	0.59	3.03	7.46	1.59	1,974.52	254.04
Additions	-	-	6.54	99.20	0.72	0.29	0.22	2.11	109.08	105.03
Assets retired from active use	-	-	-	0.53	-	-	-	-	0.53	-
Deductions	-	-	-	1.56	-	0.02	0.04	0.03	1.65	88.18
As at March 31, 2023 (re-stated)	32.04	(₹ 3/-)	384.70	1,648.76	1.31	3.30	7.64	3.67	2,081.42	270.89
Additions	-	-	43.79	58.52	1.20	0.06	0.04	2.60	106.21	21.73
Assets retired from active use	-	-	0.01	7.20	-	-	0.02	-	7.23	-
Changes due to Restatement	-	-	0.41	3.53	-	-	-0.02	-0.01	3.91	-
Deductions	-	-	0.01	1.20	-	0.02	0.08	0.08	1.39	84.33
As at March 31, 2024	32.04	(₹ 3/-)	428.88	1,702.41	2.51	3.34	7.56	6.18	2,182.92	208.29
Accumulated Depreciation and Impairment										
As at April 1, 2022 (re-stated)	-	-	4.06	59.76	0.02	0.18	0.79	0.07	64.88	-
Depreciation for the year 2022-23	-	-	8.82	121.73	0.15	0.10	1.53	0.48	132.81	-
Depreciation on Assets retired from Active use	-	-	-	0.46	-	-	-	-	0.46	-
Deductions	-	-	-	0.70	-	-	-	-	0.70	-
As at March 31, 2023 (re-stated)	-	-	12.88	180.33	0.17	0.28	2.32	0.55	196.53	-
Depreciation for the year	-	-	9.20	120.94	0.52	0.09	1.28	1.05	133.08	-
Depreciation on Assets retired from Active use	-	-	-	0.65	-	-	-	-	0.65	-
Changes due to restatement	-	-	-0.02	0.98	-	-	-	-	0.96	-
Deductions	-	-	0.04	1.02	-	-	-	-	1.06	-
As at March 31, 2024	-	-	22.02	300.58	0.69	0.37	3.60	1.60	328.86	-
Net Carrying Amount										
As at March 31, 2024	32.04	(₹ 3/-)	406.86	1,401.83	1.82	2.97	3.96	4.58	1,854.06	208.29
As at March 31, 2023 (re-stated)	32.04	(₹ 3/-)	371.82	1,468.43	1.14	3.02	5.32	3.12	1,884.89	270.89
As at April 1, 2022 (re-stated)	32.04	(₹ 3/-)	374.10	1,491.89	0.57	2.85	6.67	1.52	1,909.64	254.04

Notes:

Title deeds of Immovable Properties are not held in name of the Company (Other than properties where the Company is Lessee and where the lease agreements are duly executed in favour of the Company).

Following is the details of immovable property not held in the name of the Company

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in the name of	Relation with Title holder	Property held since	Reason for not being held in the name of the company
Property, plant and equipment	Freehold Land	32.04	Ordnance Factory Board (OFB) under Department of Defence	Promoter	30 Months	With reference to the Notification no - "CG-DL-E-1102021-230101" dated 1st Oct 2021, all the immovable properties of OFB have been transferred to newly formed DPSUs consisting of AWEIL as one of the PSU. Registration is under process.
	Leasehold Land	(₹ 3/-)	Production.			

Building situated on leasehold land is depreciated over useful life estimated by the management and not over primary lease period as the management is of the opinion that the lease will be renewed by mutual agreement.

Contractual Commitments

Refer Note 26 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

There is no charge or lien on Property, Plant and Equipment.

The Company has not revalued its property, plant and Equipment and therefore disclosure, whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 does not arise.



Notes to the Consolidated Financial Statements

6(a) Capital work-in-progress ageing schedule:
As at March 31, 2024

Capital work-in-progress	Amount in Capital work-in-progress for a period of			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Projects in progress	21.29	48.44	63.71	208.29
Projects temporarily suspended	-	-	74.85	-
Total	21.29	48.44	63.71	208.29

As at March 31, 2023

Capital work-in-progress	Amount in Capital work-in-progress for a period of			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Projects in progress	105.09	39.18	71.66	270.89
Projects temporarily suspended	-	-	54.96	-
Total	105.09	39.18	71.66	270.89

As at April 1, 2022

Capital work-in-progress	Amount in Capital work-in-progress for a period of			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Projects in progress	123.21	30.39	24.35	254.04
Projects temporarily suspended	-	-	76.09	-
Total	123.21	30.39	24.35	254.04

Notes to the Consolidated Financial Statements

6 (b) Projects whose completion is overdue or has exceeded its cost compared to its original plan
Capital work-in-progress

As at March 31, 2024

Capital work-in-progress	To be Completed in			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Project 1	-	-	-	-
Total	-	-	-	-

As at March 31, 2023

Capital work-in-progress	To be Completed in			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Project 1	-	-	-	-
Total	-	-	-	-

As at April 1, 2022

Capital work-in-progress	To be Completed in			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Project 1	-	-	-	-
Total	-	-	-	-

6 (c) Break up of Assets held for Sale

Particulars	Balance as at March 31, 2024	Balance as at March 31, 2023 (Re-stated)	Balance as at April 01, 2022 (Re-stated)
Plant & Machinery	7.36	6.34	6.53
Furniture & Fixtures	-	-	0.06
Office Equipment	0.03	0.02	-0.11
Vehicles	0.03	0.01	0.08
Computer, Servers & Network	0.02	0.02	0.05
Total	7.44	6.39	6.61



Notes to the Consolidated Financial Statements

Note 7 : Intangible assets

₹ in Crores

Particulars	Computer Software	Research & Development	Technical Know How	Total	Intangible assets under development
Gross Carrying Amount					
As at 1 April, 2022	0.17	3.38	7.53	11.08	1.02
Additions	0.39	1.88	-	2.27	0.77
Deductions	-	-	-	-	-
As at March 31, 2023	0.56	5.26	7.53	13.35	1.79
Additions	1.77	0.39	-	2.16	33.46
Deductions	-	-	-	-	-
As at March 31, 2024	2.33	5.65	7.53	15.51	35.25
Accumulated Amortization					
As at April 1, 2022	0.07	-	0.30	0.37	-
Amortisation for the year	0.12	0.53	0.60	1.25	-
Deductions	-	-	-	-	-
As at March 31, 2023	0.19	0.53	0.90	1.62	-
Amortisation for the year	0.23	-	1.76	1.99	-
Deductions	-	-	-	-	-
As at March 31, 2024	0.42	0.53	2.66	3.61	-
0.42					
Net Carrying Amount					
As at March 31, 2024	1.91	5.12	4.87	11.90	35.25
As at March 31, 2023	0.37	4.73	6.63	11.73	1.79
As at April 1, 2022	0.10	3.38	7.23	10.70	1.02

Notes to the Consolidated Financial Statements

Note:

1. Company has not revalued its Intangibles assets and therefore disclosure, whether the revaluation is based on the valuation by a registered valuer as defined under rule 2 of the Companies (Registered Valuers and Valuation) Rules, 2017 does not arise.

2. Intangible asset under development ageing schedule:

Capital work-in-progress	Amount in Capital work-in-progress for a period of			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Projects in progress	33.46	0.77	1.02	35.25
Projects temporarily suspended	-	-	-	-
Total	33.46	0.77	1.02	35.25

Capital work-in-progress	Amount in Capital work-in-progress for a period of			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Projects in progress	0.77	1.02	-	1.79
Projects temporarily suspended	-	-	-	-
Total	0.77	1.02	-	1.79

Capital work-in-progress	Amount in Capital work-in-progress for a period of			Total
	Less than 1 year	1-2 years	2-3 years More than 3 years	
Projects in progress	1.02	-	-	1.02
Projects temporarily suspended	-	-	-	-
Total	1.02	-	-	1.02



Notes to the Consolidated Financial Statements

**Note 8 : Financial assets
8. (a) Investments**

Particulars	Face Value per share in Rs.	No. of Shares		No. of Shares 01 April 2022	As at	
		March 31, 2024	March 31, 2023		March 31, 2023	April 01, 2022 (Re-stated)
Non-current investment						
(a) Investment in equity shares (fully paid up)						
Joint Venture - measured at Cost (Unquoted)						
Indo Russian Rifles Private Limited	100	4,25,000	4,25,000	4,25,000	8.83	4.25
Total Investments					8.83	4.25
Aggregate amount of quoted investments					-	-
Aggregate amount of unquoted investments					8.83	4.25
Aggregate impairment in value of investment					-	-

Particulars	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2023	April 01, 2022 (Re-stated)
8. (b) Trade receivables ~ Current				
Unsecured, considered good	1223.34	648.32	648.32	456.22
Significant increase in Credit Risk	-	-	-	-
Credit Impaired	-	-	-	-
Total Trade receivables	1223.34	648.32	648.32	456.22

Notes:

- 1) No trade receivables are due from directors or other officers of the Company either severally or jointly with any person nor any trade receivables are due from firms or private companies respectively in which any director is a director, a partner or a member.
- 2) Trade receivables are non-interest bearing and are generally on terms of 7 to 180 days.
- 3) In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.
 - a. Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.
 - b. Where dues are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.
 - c. Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.



Notes to the Consolidated Financial Statements

Ageing of Trade Receivables from due date of payments as at March 31, 2024 is as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	
Undisputed Trade receivable - Considered Good	-	-	841.30	132.47	193.70	50.00	1,223.34
Undisputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivable - Considered Good	-	-	-	-	-	-	-
Disputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Disputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Total	-	-	841.30	132.47	193.70	50.00	1,223.34

₹ in Crores

Ageing of Trade Receivables from due date of payments as at March 31, 2023 is as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	
Undisputed Trade receivable - Considered Good	-	-	372.45	91.10	173.28	0.93	640.42
Undisputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivable - Considered Good	-	-	-	-	7.90	-	7.90
Disputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Disputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Total	-	-	372.45	91.10	181.18	0.93	648.32

₹ in Crores

Ageing of Trade Receivables from due date of payments as at April 1, 2022 is as follows:

Particulars	Unbilled	Not due	Outstanding for following periods from due date of payment				Total
			Less than 6 Months	6 Months - 1 year	1-2 years	2-3 years	
Undisputed Trade receivable - Considered Good	-	-	433.17	8.47	8.59	0.03	456.22
Undisputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Undisputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Disputed Trade receivable - Considered Good	-	-	-	-	-	-	-
Disputed Trade receivable - which have significant increase in risk	-	-	-	-	-	-	-
Disputed Trade receivable - credit impaired	-	-	-	-	-	-	-
Total	-	-	433.17	8.47	8.59	0.03	456.22

₹ in Crores



Notes to the Consolidated Financial Statements

8 (c) Loans

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
(Unsecured, considered good unless otherwise stated)			
Non-current	-	-	-
Current			
Loans to			
- Employees	3.19	3.34	0.51
	3.19	3.34	0.51
Total Loans	3.19	3.34	0.51

Note:

1. No Loans are due from Directors or to firm / private company where director is interested
2. No loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013) either severally or jointly with any other person that are repayable on demand or without specifying any terms or period of repayment.

8 (d) Cash and cash equivalents

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
Cash on hand	(15,750/-)	-	-
Balance with Banks			
In Current accounts	11.28	170.11	76.29
Deposit with bank having maturity less than 3 months*	624.69	664.85	33.49
Total cash and cash equivalents	635.97	834.96	109.78

* Under lien with bank as Security for LC Facility of ₹ 25.87 Crores (Previous year ₹ 50.00 Crores)



Notes to the Consolidated Financial Statements

8 (e) Other bank balance

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
Deposit with bank having maturity more than 3 months and less than 12 months*	716.29	575.00	1,168.03
Total other bank balances	716.29	575.00	1,168.03

* Under lien with bank as Security for LC Facility of ₹ 100 Crores (Previous year ₹ 25 Crores)

8 (f) Other financial assets

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
(Unsecured, considered good unless otherwise stated)			
Non-current			
Security deposits	23.52	19.70	21.64
Bank deposits with maturity of more than 12 months*	77.00	73.43	-
	100.52	93.13	21.64
Current			
Security deposits	1.36	3.48	7.17
Interest Accrued	7.68	8.54	0.25
Other Receivables	20.05	0.55	-
	29.09	12.57	7.42
Total other financial assets	129.61	105.70	29.06

* Under lien with bank as Security for LC Facility / earmarked against EMD of ₹ 77 Crores (Previous year ₹ 32.26 Crores)

8 (g) Financial Instruments by category

₹ in Crores

Particulars	As at March 31, 2024				
	Cost	Fair value through Profit and Loss (EVTPL)	Fair value through Other Comprehensive Income	Amortised cost	Total
Investment	8.87	-	-	-	8.87
Trade receivables	-	-	-	1,223.34	1,223.34
Loans	-	-	-	3.19	3.19
Cash and cash equivalents	-	-	-	635.97	635.97
Other bank balances	-	-	-	716.29	716.29
Other financial assets	-	-	-	129.61	129.61
Total Financial assets	8.87	-	-	2,708.40	2,717.27

Particulars	As at March 31, 2023 (Re-stated)				
	Cost	Fair value through Profit and Loss (EVTPL)	Fair value through Other Comprehensive Income	Amortised cost	Total
Investment	8.83	-	-	-	8.83
Trade receivables	-	-	-	648.32	648.32
Loans	-	-	-	3.34	3.34
Cash and cash equivalents	-	-	-	834.96	834.96
Other bank balances	-	-	-	575.00	575.00
Other financial assets	-	-	-	105.70	105.70
Total Financial assets	8.83	-	-	2,167.32	2,176.15

Particulars	As at April 1, 2022 (Re-stated)				
	Cost	Fair value through Profit and Loss (EVTPL)	Fair value through Other Comprehensive Income	Amortised cost	Total
Investment	4.25	-	-	-	4.25
Trade receivables	-	-	-	456.33	456.33
Loans	-	-	-	0.51	0.51
Cash and cash equivalents	-	-	-	109.78	109.78
Other bank balances	-	-	-	1,168.03	1,168.03
Other financial assets	-	-	-	27.67	27.67
Total Financial assets	4.25	-	-	1,762.32	1,766.57

1. Financial instruments risk management objectives and policies, refer Note 34.
2. Fair value disclosure for financial assets and liabilities and fair value hierarchy refer Note 33.



Notes to the Consolidated Financial Statements

Note 9 : Other assets

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
(Unsecured, considered good unless otherwise stated)			
Non-current			
Capital advances	3.00	3.92	13.10
	3.00	3.92	13.10
Current			
Advance to suppliers	56.81	63.05	155.08
Balance with Government Authorities (Refer note (i) below)	24.81	20.50	35.99
Advance to employees	4.83	2.88	0.27
Other Current Assets	0.75	0.05	0.01
	87.20	86.48	191.35
Total (A) + (B)	90.20	90.40	204.45

Notes :

- (i) Balance with Government Authorities mainly consists of input credit availed.
- (ii) No advances are due from directors or promoters of the Company either severally or jointly with any person.

Note 10 : Inventories (At lower of cost and net realisable value)

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
Raw materials and components	1,126.28	1,049.00	965.30
Raw materials in transit	-	1.13	2.62
Work-in-progress	1,283.85	1,013.71	1,001.48
Finished goods	232.05	329.88	39.58
Scrap	17.13	17.01	18.97
Total	2,659.31	2,410.73	2,027.95

Note:

- 1) Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value. Accordingly ₹ 58.55 Crores (Previous year ₹ 162.37 Crores) has been provided. The changes in write downs are recognised as an expense in the Statement of Profit and Loss (Refer Note No. 4(7)).



Notes to the Consolidated Financial Statements

Note 11 : Equity share capital:

Particulars	As at March 31, 2024		As at March 31, 2023(Re-stated)		As at April 1, 2022 (Re-stated)	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
Authorised share capital Equity shares of ₹ 10 each	20,50,00,00,000	20,500.00	20,50,00,00,000	20,500.00	15,00,00,00,000	15,000.00
Issued, subscribed and paid-up share capital Equity shares of ₹ 10 each	17,53,15,30,000	17,531.53	17,12,39,10,000	17,123.91	52,83,70,000	528.37
Total	17,53,15,30,000	17,531.53	17,12,39,10,000	17,123.91	52,83,70,000	528.37

11.1.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period :

Particulars	As at March 31, 2024		As at March 31, 2023(Re-stated)		As at April 1, 2022 (Re-stated)	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
At the beginning of the period	17,12,39,10,000	17,123.91	52,83,70,000	528.37	-	-
Add: Issue of Share Capital in cash	40,76,20,000	407.62	37,48,70,000	374.87	-	-
Add: Issue of Share Capital non cash (Refer Note	-	-	16,22,06,70,000	16,220.67	52,83,70,000	528.37
Outstanding at the end of the year	17,53,15,30,000	17,531.53	17,12,39,10,000	17,123.91	52,83,70,000	528.37

11.1.2. Issue of Equity Shares

The Company has issued 40,76,20,000 shares of ₹ 10/- each fully paid amounting to ₹ 4,07,62,00,000 to Government of India on 25.09.2023

By virtue of the Memorandum of Understanding dated September 29, 2021 entered into between President of India and the Company, the activities of Ordnance Factory Board under Department of Defence Production, Ministry of Defence including assets and liabilities, have been transferred to the Company w.e.f. appointed date i.e. October 01, 2021. The consideration payable was agreed in the form of equity shares to be issued by the Company to the Government of India, based on the fair value of the net assets transferred to the Company. Based on the fair value of the net assets, the Company has issued 16,22,06,70,000 shares of ₹ 10/- each fully paid amounting to ₹ 16,220.67 Crores to the Government of India. The difference between the amount recorded as share capital issued and fair value of net assets transferred to the Company has been transferred to Capital Reserve.

11.1.3. Rights, Preferences and Restrictions attached to the equity shares :

The Company has one class of shares having par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

11.1.4. Number of Shares held by each shareholder holding more than 5% Shares in the Company

Name of the Shareholder	As at March 31, 2024		As at March 31, 2023(Re-stated)		As at April 1, 2022 (Re-stated)	
	No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding
Government of India (Including nominees)	17,53,15,30,000	100.00	17,12,39,10,000	100.00	52,83,70,000	100.00

11.1.5. Shareholding of Promoters

Name of the Promoter	As at March 31, 2024		As at March 31, 2023(Re-stated)		As at April 1, 2022 (Re-stated)	
	No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding
Government of India (Including nominees)	17,53,15,30,000	100.00	17,12,39,10,000	100.00	52,83,70,000	100.00

11.1.6. Shares reserved for issue under options and contracts :

Nil

11.1.7. Objective, policy and procedure of capital management:

Refer Note 35.



Note 12 : Other Equity

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
Capital reserve			
Balance as per last financial statements	4.25	4.25	-
Add: Adjustment on Implementation of Ind AS (Refer Note 38)	-	-	4.25
Balance at the end of the year	4.25	4.25	4.25
Capital reserve on Business Reorganisation			
Balance as per last financial statements	-16,220.67	-	-
Created during the year (Refer Note 10.2)	-	-16,220.67	-
Balance at the end of the year	-16,220.67	-16,220.67	-
Share application money pending allotment			
Balance as per last financial statements	182.62	-	-
Addition during the year	-	182.62	-
Less: Utilized towards Shares Issued during the year	-182.62	-	-
Balance at the end of the year	-	182.62	-
Retained earnings			
Balance as per last financial statements	3,056.14	3,070.23	2,087.68
Add: Adjustment on Implementation of Ind AS (Refer Note 38)	-	-	982.28
Less: Adjusted against sale / discarded assets (Govt. Grant)	-	-5.61	-
Restated balance on Ind AS Implementation	3,056.14	3,064.62	3,069.96
Add: Profit for the year	20.29	-8.48	0.27
Balance at the end of the year	3,076.43	3,056.14	3,070.23
Other Components of Equity			
Fair Value through Other Comprehensive Income (FVOCI)			
Balance as per last financial statements	-	-	-
Add : Share of Other Comprehensive Income of Joint venture	-0.02	-	-
Balance at the end of the year	-0.02	-	-
Total Other equity	(13,140.00)	-12,977.66	3,074.48

The description of the nature and purpose of each reserve within equity is as follows

a. Capital reserve

Capital Reserve represents adjustments on recognition of Investment in Joint Venture.

b. Capital reserve on Business Reorganisation

Capital Reserve on Business Reorganisation represents the difference between the amount recorded as share capital issued and fair value of net assets transferred to the Company

Note 13 : Financial liabilities

13 (a) Trade payables

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
Current			
- Total Outstanding dues of Micro Enterprises and Small Enterprises	7.68	31.25	57.83
- Total Outstanding dues other than Micro Enterprises and Small Enterprises	317.82	244.10	320.90
Total	325.50	275.35	378.73

Notes :

(i) Information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and Schedule III of the Companies Act, 2013 for the year ended March 31, 2024. This information has been determined to extent such parties have been identified on the basis of information available with the company and relied upon by the auditors.



₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2022 (Re-stated)	As at April 1, 2022 (Re-stated)
(i) Principal amount and the interest due thereon remaining unpaid to each supplier at the end of each accounting year (but within due date as per the MSMED Act)			
- Principal amount due to micro and small enterprise	7.68	31.25	57.83
- Interest due on above	-	-	-
(ii) Interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along-with the amount of the payment made to the supplier beyond the appointed day during the period	-	-	-
(iii) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding interest specified under the Micro, Small and Medium Enterprises Act, 2006	-	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-	-
(v) Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises	-	-	-

(ii) Ageing of Trade Payables

As at March 31, 2024 is as follows:

₹ in Crores

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises	-	1.38	2.14	1.62	2.54	7.68
Others	-	260.83	36.19	10.78	4.22	312.02
Disputed dues - Micro and Small	-	-	-	0.04	-	0.04
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	5.76	-	-	-	-	5.76
Total	5.76	262.21	38.33	12.44	6.76	325.50

As at March 31, 2023 is as follows:

₹ in Crores

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises	-	27.04	2.60	1.09	0.52	31.25
Others	-	83.31	78.92	0.10	1.38	163.71
Disputed dues - Micro and Small	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	80.39	-	-	-	-	80.39
Total	80.39	110.35	81.52	1.19	1.90	275.35

As at April 1, 2022 is as follows:

₹ in Crores

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
MSME	-	38.04	13.77	5.69	0.33	57.83
Others	53.97	212.66	17.70	1.89	0.21	286.43
Disputed dues - MSME	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	12.09	22.38	-	-	-	34.47
Total	66.06	273.08	31.47	7.58	0.54	378.73



13 (b) Other financial liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
Non-current	-	-	-
Current			
Payable to employees	123.03	116.86	75.72
Security Deposits from customers and others	8.17	16.20	14.92
Others	32.66	27.59	34.97
	163.86	160.65	125.61
Total	163.86	160.65	128.02

13 (c) Financial liabilities by category

₹ in Crores

Particulars	As at March 31, 2024		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	325.50	325.50
Other Financial Liabilities	-	160.65	160.65
Total Financial liabilities	-	486.15	486.15

Particulars	As at March 31, 2023 (Re-stated)		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	275.35	275.35
Other Financial Liabilities	-	160.65	160.65
Total Financial liabilities	-	436.00	436.00

Particulars	As at April 1, 2022 (Re-stated)		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	378.73	378.73
Other Financial Liabilities	-	125.61	125.61
Total Financial liabilities	-	504.34	504.34

1. Financial instruments risk management objectives and policies. (Refer Note 34)

2. Fair value disclosure for financial assets and liabilities and fair value hierarchy. (Refer Note 33)

Note 14 : Provisions

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 1, 2022 (Re-stated)
Long-term			
Provision for Onerous Contracts	675.88	764.65	863.65
	675.88	764.65	863.65
Short-term			
Provision for Warranties	10.38	10.38	5.38
	10.38	10.38	5.38
Total	686.26	775.03	869.03



Movement of provisions

Particulars	₹ in Crores	
	Provision for Warranties	Provision for Onerous Contracts
Balance as on 01.04.2022	5.38	863.65
Add: Provisions recognised during the year	5.26	-
Less: Amount utilised during the year	0.26	-
Less: Amount Reversed during the year	-	99.00
Balance as on 31.03.2023	10.38	764.65
Add: Provisions recognised during the year	2.00	-
Less: Amount utilised during the year	-	-
Less: Amount Reversed during the year	2.00	88.77
Balance as on 31.03.2024	10.38	675.88

The description of the nature and purpose of Provisions is as follows:

Provision for Warranties

The Company has made warranty provision on account of performance guarantee and replacement/ repairs of goods sold.

Provision for Onerous Contracts

The factories clubbed under AWEIL were catering to other PSUs/Army/Navy etc and other organisations/institutions of strategic importance and were not set up for commercial gains as such, but to meet the requirements of defence equipment of the Government and National Bodies.

Owing to the above, the company has, on corporatisation, carried over several legacy sale contracts which relate to its pre-corporatisation era. Some of these contracts have been identified as being onerous i.e cost of production of the material/equipment to be supplied exceeds its contracted sale price.

Impairment losses in respect of the units manufacturing these items is not recognisable since the units and/or specific components of PPE are not dedicated to such contracts and are utilised for multiple products.

The Company has restated its opening balances as at 01.04.2022 so as to account for the provision for such contracts, being onerous contracts. Corresponding provision has been reversed upon contract performance during the current as well as preceding year.

Note 15 : Other current liabilities

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
Advance from customers (Refer Note 1 Below)	1,521.25	1,141.43	898.20
Statutory dues	74.49	43.96	36.53
Payable to Government of India (Refer Note 2 Below)	74.98	57.99	8.46
Other liabilities	90.25	2.98	6.76
Total	1,760.97	1,246.36	949.95

Note:

- Advances including progressive payments received from customers are classified as contract liability. Out of ₹1141.43 Crores (PY ₹ 898.20 Crores) opening contract liability, ₹ 554.23 Crores (PY ₹ 676.44 Crores) has been recognised as Sales on completion of related performance obligation.
- Includes ₹ 37.75 Crores (PY ₹ 37.75 Crores) realised by Ministry of Defence against Renewal and Replacement Fund.

Note 16 : Current Tax Asset / (Liability)

Particulars	₹ in Crores		
	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
Provision for Tax	-15.17	-0.50	-0.70
Advance Tax (TDS) (Net of Provision)	10.69	7.41	-
Net Current Tax Asset/(Liability)	-4.48	6.91	-0.70

**Note 17 : Revenue from operations**

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Sale of Products *	2,006.42	1,910.97
Sale of Services	3.39	1.97
Other Operating Income		
Disposal of Scrap and Surplus / Unserviceable Stores	28.78	26.38
Total	2,038.59	1,939.32

I. Disaggregation of Revenue from contracts with customers**Revenue based on Geography**

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Domestic	1,999.53	1,936.16
Export	39.06	3.16
Revenue from Operations	2,038.59	1,939.32

Notes :

- (a) In majority of the contract, performance obligation is satisfied "at a point in time" which is primarily determined on customer obtaining control of the asset. One of the prime indicator considered for this is transfer of significant risk and rewards to the customer based on Inco terms. Where a contract involves multiple performance obligation, the criteria specified in Ind AS 115 is applied to determine the point in time when the performance obligation is satisfied.
- (b) Contract with the customer normally do not contain significant financing component and any advance payment received and / or amount retained by customer is with intention of protecting either parties to the contract.
- (c) The Company turnover mainly includes supply of defence electronics equipments and systems.
- (d) Warranties provided are primarily in the nature of performance warranty.
- (e) Contracts entered into with the customers, typically do not have a return/refund clause.
- (f) No non-cash considerations are received/given during the current year as well as previous year.

II. Reconciliation of revenue from operation with contract price

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Revenue from contract with customers as per the contract price	2,038.59	1,939.32
Less : Adjustment made to contract price on account of:		
a) Discounts and Rebates	-	-
b) Sales Return	-	-
Revenue from Operations	2,038.59	1,939.32



Note 18 : Other income

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Interest income on financial assets measured at amortized cost		
- Interest from Bank	72.33	63.69
- Other Interest Income	0.16	0.34
- Interest on Income Tax Refund	0.35	-
Dividend Income	0.42	-
Scrap income	3.09	(₹ 5,170/-)
Reversal of Provision for Onerous Contracts (Refer Ind AS Note 14)	88.77	99.00
Custom Duty Drawback	0.06	-
Foreign Exchange Gain	1.41	-
Rent Income	7.48	6.82
Provision no longer required	8.65	1.75
Balances Written Back (refer note 1 below)	178.03	-
Profit on sale of Property, plant and equipment (Net)	0.70	9.93
Gain on Refund of NPS Contribution (refer note 2 below)	4.35	-
Miscellaneous income	17.01	12.91
Total	382.81	194.44

Note:1

The credit balances for the which there is no expected outflow of Cash in future have been written back.

Note:2

As per the Notification of DoPPW ID OM No. 57/05/2021-P&PW(B) dtd. 03.03.2023 it was decided that, in all cases where the Central Government Civil employee has been appointed against a post or vacancy which was advertised/notified for recruitment, prior to the date of Notification for National Pension Scheme i.e. 22.12.2003 and is covered under National Pension System on joining service on or after 01.04.2004, may be given a one-time option to be covered under the CCS(Pension) Rules, 1972 (now 2021).

Accordingly, eligible employees were transferred from NPS to OPS Scheme, and interest component on the contribution made by AWEIL (employer) has been recognised as "Gain on Refund of NPS Contribution"

Note 19 : Cost of Raw materials and Components

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Inventories as at beginning of the year	1,049.00	965.30
Add : Purchases during the year*	1,002.68	891.61
	2,051.68	1,856.91
Less : Inventory at the end of the year	1,126.28	1,049.00
Total	925.40	807.91

Note 20 : Changes in inventories of finished goods and work-in-progress

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Inventories at the end of the year		
Finished goods	232.05	329.88
Work-in-Progress	1,283.85	1,013.71
Scrap	17.13	17.01
	1,533.03	1,360.60
Inventories as at beginning of the year		
Finished goods	329.88	39.58
Work-in-Progress	1,013.71	1,001.48
Scrap	17.01	18.97
	1,360.60	1,060.03
(Increase) / Decrease in Inventories	-172.43	-300.57

Note 21 : Employee benefits expense

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Salaries and Waqes	1,179.92	1,181.46
Contribution to provident and other funds (Refer Note 28)	60.60	57.09
Staff welfare and training expenses	2.99	2.68
Contract Labour	57.65	57.76
Total	1,301.16	1,298.99



Note 22a : Finance Cost

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Interest to Bank and others	1.01	-
Bank Charges	0.04	0.07
Total	1.05	0.07

Note 22b : Depreciation and amortization expense

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Depreciation on Property, plant and equipment (Refer note 5)	132.73	132.81
Amortization of Intangible assets (Refer note 6)	1.98	1.25
Total	134.71	134.06

Note 23 : Other expenses

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Power, fuel and Water Charges	83.16	81.19
Printing, stationery and communication	1.83	2.54
Commission and Brokerage	0.40	0.36
Rates and taxes	2.37	1.43
Repairs :	-	-
To Building	8.38	12.67
To others	11.03	12.46
Advertisement and publicity	0.19	0.09
Computer Expenses	0.87	0.70
Software Expenses	1.28	0.09
Meeting & Conference Expenses	0.46	0.41
Security Charges	73.59	68.02
Legal and Professional charges	1.41	1.80
Transportation Charges	4.93	4.28
Bad Debts	1.05	-
Inspection and Testing	3.61	5.79
Conveyance and Travelling expenses	1.96	1.56
Exhibition Expenses	0.40	0.31
Books and Periodicals	0.40	0.25
Corporate Social Responsibility (Refer Note 36)	0.10	0.12
Auditor's remuneration (Refer note (i) below)	0.30	0.14
Research & Development Expenses	0.11	0.11
Royalty Expenses	-	0.94
Foreign Exchange Loss	-	0.59
Miscellaneous expenses	3.89	8.48
Total	201.72	204.33

(i) Break up of Auditor's remuneration

Payment to Auditors as		
Auditor	0.25	0.10
For taxation matters	0.02	0.02
For reimbursement of expenses	0.03	0.02
Total	0.30	0.14



Note 24 : Income tax

The major component of income tax expense is as follows:

Particulars	₹ in Crores	
	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Statement of Profit and Loss		
-Current Tax	14.67	0.50
-MAT Credit Entitlement	-	-
-Short provision of tax for earlier year	-	0.68
-Deferred tax expense/(credit)	-5.12	0.58
Income tax expense/(credit) in the Statement of Profit and Loss	9.55	1.76
Statement of Other comprehensive income (OCI)		
-Current Tax	-	-
-Deferred tax expense/(credit)	-	-
Income tax expense/(credit) recognised in OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate:

Particulars	₹ in Crores	
	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
A. Current tax		
Accounting profit before tax	29.84	-6.72
Tax Rate	25.168%	25.168%
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	7.51	-1.69
Adjustment		
Exempt income/not liable to tax	-22.34	-24.92
Short provision of tax for earlier year	-	0.68
Expenditure not deductible for tax/not liable to tax	35.45	33.79
Others	-5.94	-5.60
Total income tax expense/(credit)	14.68	2.26
Effective tax rate	49.19%	-33.63%

B. Deferred tax

Particulars	₹ in Crores				
	Balance Sheet as at March 31, 2024	Statement of Profit and Loss and OCI for the year ended on March 31, 2024	Balance Sheet as at March 31, 2023	Statement of Profit and Loss and OCI for the year ended on March 31, 2023	Adjusted to Retained Earnings on Implementation of Ind AS (Refer Note 28) April 01, 2022
Depreciation for tax purposes (Due to re-statement)	421.22	-27.46	448.68	-24.34	473.02
Impact of Recognition of Onerous Contract	-170.10	22.34	-192.44	24.92	-217.36
Deferred tax expense/(income)		-5.12		0.58	
Net deferred tax liabilities Reflected in the balance sheet as follows	251.12		256.24		255.66
Deferred tax liabilities	421.22		448.68		473.02
Deferred tax assets	-170.10		-192.44		-217.36
Deferred tax liabilities (net)	251.12		256.24		255.66

Note :

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Reconciliation of Deferred Tax Assets/(Liabilities), Net

Particulars	₹ in Crores	
	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Opening balance	256.24	255.66
Deferred Tax Liability recognised during the year on recognition of Research & Development	-	-
Deferred Tax income/(expense) during the period recognised in profit or loss	-5.12	0.58
Deferred Tax income/(expense) during the period recognised in OCI	-	-
Closing balance	251.12	256.24



Note 25 : Contingent liabilities

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)
Contingent liabilities not provided for		
(i) Claims against Company not acknowledged as debts	33.68	15.94
(ii) Guarantees given	-	-
(iii) Disputed demands in respect of Excise and Customs duty	3.54	-

Notes :

- (a) It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of the respective proceedings.
 (b) The Company does not expect any reimbursements in respect of the above contingent liabilities.
 (c) The Company believes that the ultimate outcome of these proceedings will not have a material adverse effect on the Company's financial position and results of operations.

Note 26 : Capital commitment and other commitments

₹ in Crores

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)
(a) Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	2.99	50.40
(b) Other commitments	-	-

Note 27 : Foreign Currency Exposures not hedged

Nature of exposure	Currency	As at March 31, 2024		As at March 31, 2023 (Re-stated)	
		FC In Mn	₹ in Crores	FC In Mn	₹ in Crores
Payable to creditors	USD EURO SEK	0.05 - -	4.87 - -	0.17	1.37

Note 28 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of ₹ 15.32 Crores (Previous year ₹ 14.06 Crores) is recognised as expenses and included in Note no. 21 "Employee benefit expense".

₹ in Crores

Particulars	Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
(i) Contribution to National Pension Scheme [Note (a)]	60.60	57.09
Total	60.60	57.09

Note

- (a) Employees of the Company receive benefits from a new pension scheme, which is a defined contribution plan. The eligible employees and the company make monthly contributions to the new pension scheme equal to a specified percentage of the covered employees' salary along with the Company Contribution. Amounts collected under the scheme are deposited in a government administered pension fund. Such contributions are accounted for as defined contribution plans and are recognised as employee benefits expenses when they are due in the Statement of profit and loss. The Company has no further obligations to the same beyond its contribution.
- (b) Employees of the Company have been deputed by the Government of India for two years from the Appointed date i.e., October 01, 2021 vide office memorandum No. 1 (5)/2021/OF/DP (Plg-V)/02 dated September 24, 2021 and their Salary and other costs are paid by the Government of India during the year as per the terms and conditions of their employment. The above deemed deputation period has been extended by another one year w.e.f. October 01, 2023 on the same terms and conditions as issued earlier.



Note 29 : Related Party Transactions

As per the Indian Accounting Standard on "Related Party Disclosures" (Ind AS 24), the related parties of the Company are as follows :

(a) Name of Related Parties and Nature of Relationship :

(I) Joint Venture		
1	Indo Russian Rifles Private Limited	
(II) Key Management Personnel		
1	Mr. Rajesh Choudhary	Chairman and Managing Director (w.e.f. August 14,2021)
2	Mr. Jayant Kumar	Director (Government Nominee) (w.e.f. February 27,2023)
3	Mr. Akhilesh Kumar Maurya	Director (w.e.f. August 14,2021)
4	Mr. Biswajit Pradhan	Director (w.e.f. February 10,2023)
5	Mr. Sushil Sinha	Director cum CFO (w.e.f. March 01,2023)
6	Mr. Manish Kumar Singh	Company Secretary (w.e.f. September 26,2022)

(b) Disclosure in respect of Related Party Transactions :

₹ in Crores

Sr.	Particulars	Joint Venture		Key Management Personnel and		Total	
		Year ended / as at		Year ended / as at		Year ended / as at	
		March 31, 2024	As at March 31,2023 (Re-stated)	March 31, 2024	As at March 31,2023 (Re-stated)	March 31, 2024	As at March 31,2023 (Re-stated)
(I) Transactions during the year							
	Remuneration	-	-	1.71	1.55	1.71	1.55
	Leases	Refer note 1 below	Refer note 1 below				
(II) Balances as at year end							
	Investments	8.87	8.83	-	-	8.87	8.83

Note:

1. The Company has entered into a Lease agreement with Indo Russian Rifles Private Limited (a Joint Venture of the company) whereby the Company has given land measuring 8.65 acres along with building constructed on it and Plant and Machinery at a combine measuring 50 acres on token rent of ₹ 1/- per annum for the period of 30 years.

(c) Disclosures pursuant to section 186(4) of the Companies Act, 2013.

Loans and Advances in the nature of loans - ₹. Nil

(d) Terms and conditions of transactions with related parties

Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions.

(e) Commitments with related parties

The Company has not provided any commitment to the related party .

(f) Transactions with key management personnel

Compensation of key management personnel of the company

₹ in Crores

Particulars	As at	
	March 31, 2024	March 31,2023 (Re-stated)
Short-term employee benefits	1.71	1.55
Termination benefits	-	-
Total compensation paid to key management personnel	1.71	1.55

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

(g) Transaction with Government and Government Related Entities

As AWEIL 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 wrt related party transactions with government and government entities.

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

93% of the Company's Turnover, 100% of Trade Receivables and 99% of Customer's Advance is with respect to government and government related entities.

**Note 30 : Earning per share:**

Particulars		Year ended March 31, 2024	Year ended March 31, 2023 (Re-stated)
Earnings per share (Basic and Diluted)			
Profit attributable to ordinary equity holders	₹ in Crores	20.29	-8.48
Number of Shares Outstanding at the end of the year	No.	17,53,15,30,000	17,12,39,10,000
Weighted average number of equity shares for basic and Diluted EPS*	No.	17,33,38,62,219	84,66,80,440
Nominal value of equity shares	Rs.	10.00	10.00
Basic and Diluted earning per share	Rs.	0.012	-0.10

* Refer Note No. 10.2

Note 31 : Segment Reporting

The Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the Government companies engaged in Defence production to the extent of application of Ind AS 108 on "Operating Segment".

Note 32 : Leases**A. Operating Lease**

1. The Company has entered into a Lease agreement with Bharat Electronics Limited whereby the Company has given plot of land measuring 50 acres on token rent of ₹ 1/-per annum for the period of 30 years.

B. Low Value Lease

1. The Company has taken Land measuring 4,15,083 Sq. Ft. from Government of India on lease for 20 years ending on March 31, 2029 with option of renewal by mutual consent at yearly rent of ₹ 0.01 Crore.
2. The Company has taken Land measuring 29.42 acres of land from Hindustan Aeronautics Limited (HAL) on lease for 30 years ending on December 01, 2037 with option of renewal by mutual consent at yearly rent of ₹ 1/- per annum.
3. The Company has taken Land measuring 9.26 acres of land from Hindustan Aeronautics Limited (HAL) on lease for 30 years ending on March 17, 2043 with option of renewal by mutual consent at yearly rent of ₹ 1/- per annum.

All the above leases are considered as low value leases and hence no Right of Use Assets have been created.

C. Sub Lease

1. The Company has entered into a Lease agreement with Indo Russian Rifles Private Limited (a Joint Venture of the company) whereby the Company has given land measuring 8.65 acres along with building constructed on it and Plant and Machinery at a combine measuring 50 acres on token rent of ₹ 1/- per annum for the period of 30 years.



Note 33 : Fair value disclosures for financial assets and financial liabilities:

(a) Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	₹ in Crores			
	Carrying amount As at March 31, 2024	Fair value As at March 31, 2024	Carrying amount Year ended March 31, 2023 (Re-stated)	Fair value Year ended March 31, 2023 (Re-stated)
Financial assets				
Investment at Cost	8.87	8.87	8.83	8.83
	8.87	8.87	8.83	8.83
Financial Liabilities				
Total	-	-	-	-

The management assessed that the fair values of cash and cash equivalents, other bank balances, loans, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values.

(b) Fair value hierarchy

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2024 and March 31, 2023

Particulars	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at March 31, 2024				
Assets measured at fair value	-	-	-	-
As at March 31, 2023				
Assets measured at fair value	-	-	-	-

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2024 and March 31, 2023

Particulars	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
As at March 31, 2024				
Liabilities measured at fair value	-	-	-	-
As at March 31, 2023				
Liabilities measured at fair value	-	-	-	-

Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments that have quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There are no transfer between level 1, 2 and 3 during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Note 34 : Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include Investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company, based on its business operation, evaluated the following risks:

a) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's imports for which the payment has to be done in currencies other than the functional currency of the Company. The Company also has foreign currency trade receivables and is, therefore, exposed to foreign exchange risk.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD rates to the functional currency of entity, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Change in USD rate	Effect on profit before tax	Change in EURO rate	Effect on profit before tax	Change in SEK rate	Effect on profit before tax
March 31, 2024	+2%	-	+2%	(0.10)	+2%	-
	-2%	-	-2%	0.10	-2%	-
March 31, 2023 (Re-stated)	+2%	(0.03)	+2%	-	+2%	-
	-2%	0.03	-2%	-	-2%	-

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, advances given to suppliers (for procurement of goods, services and capital goods), cash & cash equivalents and deposits with banks and financial institutions. The Company for the Financial Year derives 93% of its total sales from sales to the Government and Government related entities. The Company expects to continue to derive most of its sales from the Government and Government related entities under the contracts of the Ministry of Defence (MoD), Government of India (GoI) –the Company's principal shareholder and

**c) Provision for expected credit losses:**

As the Company's debtors are predominantly the Government of India (Indian Defence Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter - parties have sufficient capacity to meet the obligations and where the risk of default is nil / negligible. Accordingly, impairment on account of expected credit losses is being assessed on a case to case basis in respect of dues outstanding for significant period of time as per the accounting policy of the Company. Further, management believes that the unimpaired amounts that are due is collectable in full, based on historical payment behaviour and extensive analysis of customer credit risk.

d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that is settled by delivering cash or another financial asset. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	₹ in Crores	
	Less than 1 year	1 year or more
March 31, 2024		
Trade payables	325.50	-
Other financial liabilities	163.86	-
Total	489.36	-
March 31, 2023		
Trade payables	275.35	-
Other financial liabilities	160.65	-
Total	436.00	-

The Company's standard contract terms provide that, the Company receives advance payments from customers pursuant to the applicable contracts, including the Government of India and the Indian Defence Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Company's working capital needs (for the Company required to maintain a high level of working capital because the Company's activities are characterized by long product development periods and production cycles). Further, payments to the Company by the Indian Defence Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Company's cashflows.

e) Market risk:

The Ministry of Defence (MoD) and the Government of India (GoI) have continued efforts to reform Defence related policies such as the Defence Acquisition Procedure 2020 ("DAP 2020") to promote private participation, a level playing field and the domestic Defence manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Company faces competition to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Company operates.

f) Risk Mitigation Process:

As a step of institutionalizing the risk management in the Company, an elaborate framework has been developed and the Company's top management has overall responsibility for the establishment and oversight of the Company's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the Company which ensures that the risks are being properly identified and these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks. The Company's risk management policy aims to reduce volatility in financial statements while



maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

Note 35 : Capital management:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.

Gearing ratio

Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)
Net debt (a)	-	-
Total Equity		
Equity share capital (Refer note 11)	17,531.53	17,123.91
Other equity (Refer note 12)	(13,140.00)	-12,977.66
Total Equity (b)	4,391.53	4,146.25
Net Debt to Equity Ratio (a/b)	-	-

Note 36: Disclosure in respect of Corporate Social Responsibility (CSR) Activities

₹ in Crores

Particulars	Year ended March 31, 2024
a) Gross amount required to be spent by the Company during the year	0.10
b) Amount spend during the year (in cash)	-
i) Construction/ acquisition of any asset	-
ii) Contribution to various Trusts / NGOs / Societies /Agencies and utilization thereon	0.10
iii) Expenditure on Administrative Overheads for CSR	-
c) Amount unspent during the year	-
d) Total of previous years shortfall	-
e) Reasons for shortfall	-
f) Details of related party transactions	-
Name	-
Relationship	-
Amount	-
g) Movement of CSR Provision	-
Balance as per last financial statements	-
Add: Provision made during the year	-
(Less): Utilised during the year	-
Balance at the end of the year	-



Note 37 : Financial Ratios							
Sr no	Type of Ratio	Numerator	Denominator	2023-24	2022-23	Variance (in %)	Remarks for variance more than
1	Current Ratio (In times)	Current Assets	Current Liabilities	2.36	2.70	(12.60%)	NA
2	Debt-Equity Ratio (In times)			NA			
3	Debt Service Coverage Ratio (In times)			NA			
4	Return on Equity Ratio (%)	Net Profit after Tax	Total Equity	0.46%	-0.20%	325.93%	Exclusion of Government Grant from other income in FY 2022-23, owing to restatement, resulting in loss in FY 2022-23
5	Inventory Turnover Ratio (In times)	Revenue from Operations	Average Inventories	0.80	0.74	9%	NA
6	Trade Receivables turnover Ratio (In times)	Revenue from Operations	Average Trade Receivables	2.18	5.98	(63.59%)	Delay in collection from debtors.
7	Trade Payables turnover Ratio (In times)	Purchase of Goods	Average Trade Payables	4.63	3.69	0.26	NA
8	Net capital turnover Ratio (In times)	Revenue from Operations	Working Capital	0.66	0.67	(1.81%)	NA
9	Net profit Ratio (%)	Net Profit after Tax	Total Revenue	0.99%	-0.44%	327.47%	Exclusion of Government Grant from other income in FY 2022-23, owing to restatement, resulting in loss in FY 2022-23
10	Return on Capital employed (%)	Profit before Interest, Exceptional Items and Tax	Total Capital Employed	0.68%	-0.27%	355.00%	Exclusion of Government Grant from other income in FY 2022-23, owing to restatement, resulting in loss in FY 2022-23
11	Return on investment (%)			NA			



Note 38 : Restatement of Previous Financial Statements

1 By virtue of the Memorandum of Understanding dated September 29, 2021 entered into between Presentent of India and the Company, the activities of Ordinance Factory Board under Department of Defence Production, Ministry of Defence including assets and liabilities, have been transferred to the Company w.e.f. appointed date i.e. October 01, 2021. The financial statements for the year ended March 31, 2022 are the first annual Ind AS financial statements, the Company has prepared in accordance with Ind AS.

2 Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2022. In preparing these financial statements, the Company's opening balance sheet was prepared as at the appointed date i.e. October 1, 2021, the Company's date of transition to Ind AS. The Company had made certain adjustments in restating its previous financial statements prepared in commercial format by Defence Accounts Department, Ministry of Defence (Finance) Government of India. Material adjustments are as follows:

- a Adjustment on decognition of Government Grant from Liabilities and making it part of Other Equity
- b Adjustment on Recognition of Provision for Onerous Contracts
- c Adjustment on Correction of Prior Period Expenses
- d Adjustment of following on re-statement in correct accounting period:-
 - i Property, Plant and Equipment and Intangible Assets
 - ii CWIP
 - iii. Financial Assets and Liabilities
 - iv Other Financial Assets and Liabilities
 - v Other Current Assets and Liabilities
- e Deferred Tax adjustments on Ind AS Implementation

The Impact of the above adjustments were as follows:

Reconciliation of Equity

Particulars	As at April 01, 2022
Equity under previous audited financial statements	2,091.93
Impact of Derecognition of Government Grant	2,092.58
Impact of recognition of Provision for Onerous Contract	-863.65
Impact of recognition of Expenses prior to 01.04.2022	-7.02
Tax impact on Ind AS adjustments	-252.56
Sub Total B	969.35
Balance C = A + B	3,061.28
Impact of rectification of Property, plant and equipment & Intangible a	-3.60
Impact of rectification of CWIP	-0.45
Impact of rectification of Financial Assets and Liabilities	13.48
Impact of rectification of Other Assets and Liabilities	3.50
Sub Total D	12.93
Equity as per Ind AS E = C + D	3,074.21

Break up of Equity as per Ind AS

Capital Reserve	4.25
Retained Earnings	3,069.96
Total Equity as per Ind AS	3,074.21

3 During the current year, the Company has identified certain adjustments which pertains to previous year but not considered in the previous financial statement. As per Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Error, the Company has restated the comparative amounts for the previous year. The nature of the prior period errors and its impact on each financial statement line item has been disclosed as under:

Financial Statement Line Item

Assets - Increase/(Decrease)	₹ in Crores
Property, Plant & Equipment	-2.95
Capital Work-in-Progress	-0.45
Non-Current Financial Assets	1.39
Trade Receivable	-0.11
Other Current Assets	0.94
Asset Held for Sale	-0.65
Increase in Assets	-1.83
Liabilities - (Increase)/Decrease	₹ in Crores
Long Term Provisions	-863.65
Deferred Tax Liability	-252.56
Government Grants	2,092.58
Other Current Financial liability	2.41
Trade Payables	9.79
Other Current Liabilities	-4.46
Decrease in Liabilities	984.11
Net Impact on Retained Earnings	982.28

4 After giving the above adjustment, Retained Earnings as on April 01, 2022 will be as under:

	₹ in Crores
Retained Earnings as per previous financial Statements	2,087.68
Add: Increase due to above adjustments	982.28
Restated Retained Earnings as on April 01, 2022	3,069.96



Note: Adjustment in each Financial line item due to change in Accounting policy

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

Balance Sheet	31-03-2024 (Without considering the change in accounting policy)	Increase/ (Decrease) due to change in Accounting policy	31-03-2024 (after considering the effect of change in accounting policy)	31-03-2023 (as previously reported)	Increase/ (Decrease) due to change in Accounting policy	01-04- 2022 (as previously reported)	Increase/ (Decrease) due to change in Accounting policy	01-04- 2022 (re-stated)
Property, plant and equipment	1,854.06	-	1,854.06	1,887.84	2.95	1,912.59	2.95	1,909.64
Capital work-in-progress	208.29	-	208.29	271.34	0.45	254.49	0.45	254.04
Intangible Assets	100.52	-	100.52	11.72	-0.01	10.70	-	10.70
Other financial assets	2,221.89	-	2,221.89	91.74	-1.39	20.25	-1.39	21.64
Total Non-Current Assets	2,221.89	-	2,221.89	2,277.18	2.00	2,216.67	2.01	2,214.66
Trade Receivables	1,223.34	-	1,223.34	648.44	0.12	456.33	0.11	456.22
Loans	3.19	-	3.19	3.97	0.63	0.51	-	0.51
Other financial assets	29.09	-	29.09	12.63	0.06	7.42	-	7.42
Current tax assets (net)	-	-	-	4.96	-1.95	-	-	-
Other current assets	87.20	-	87.20	133.97	-47.49	190.41	-0.94	191.35
Total Current Assets	5,354.39	-	5,354.39	4,624.66	46.35	3,960.43	-0.83	3,961.26
Assets Classified as held for sale	7.44	-	7.44	7.03	0.64	7.26	0.65	6.61
Total Assets	7,583.72	-	7,583.72	6,908.87	48.99	6,184.36	1.83	6,182.53
Other Equity	-12,936.83	203.17	-13,140.00	-13,933.68	-956.02	2,092.20	-982.28	3,074.48
Deferred tax liabilities (net)	6.38	-244.74	251.12	6.38	-249.86	3.09	-252.57	255.66
Long-Term Provision	-	-675.88	675.88	-	-764.65	-	-863.65	863.65
Government Grants (Non- Current)	595.98	595.98	-	1,837.45	1,837.45	1,998.74	1,998.74	-
Total Non-Current Liability	602.36	-324.64	927.00	1,843.83	822.94	2,001.83	882.52	1,119.31
Trade payables	325.50	-	325.50	294.19	18.84	388.53	9.80	378.73
Other Financial Liabilities	163.86	-	163.86	153.92	-6.73	128.02	2.41	125.61
Government Grants (Current)	121.47	121.47	-	121.47	121.47	93.84	93.84	-
(e) Other current liabilities	1,760.97	-	1,760.97	1,294.85	48.49	945.49	-4.46	949.95
Total Current Liability	2,386.66	121.47	2,265.19	1,874.81	182.07	1,561.96	101.59	1,460.37
Total Equity & Liability	7,583.72	-	7,583.72	6,908.87	48.99	6,184.36	1.83	6,182.53



Statement of Profit and Loss	31-03-2024 (Without considering the change in accounting policy)	Increase/ (Decrease) due to change in Accounting policy	31-03-2024 (after considering the effect of change in accounting policy)	31-03-2023 (as previously reported)	Increase/ (Decrease) due to change in Accounting policy	31-03-2023 (re-stated)
Other Income	422.81	40.00	382.81	223.47	29.03	194.44
Total Income	2,461.40	40.00	2,421.40	2,162.79	29.03	2,133.76
Cost of raw materials and accessories consumed	925.40	-	925.40	811.78	3.87	807.91
Employee benefits expense	1,301.16	-	1,301.16	1,301.31	2.32	1,298.99
Finance Cost	1.05	-	1.05	-	-0.07	0.07
Other Expenses	201.72	-	201.72	201.93	-2.40	204.33
Total Expenses	2,391.61	-	2,391.61	2,148.51	3.72	2,144.79
Profit Before Tax	69.79	40.00	29.79	14.28	25.31	-11.03
Current Tax	14.67	-	14.67	2.45	1.95	0.50
MAT Credit Entitlement	-	-	-	-2.14	-2.14	-
Deferred Tax (credit)/Charge	-	5.12	-5.12	5.43	4.85	0.58
Total Tax Expense	14.67	5.12	9.55	6.42	4.66	1.76
Profit for the Year	55.17	34.88	20.29	7.86	16.34	-8.48
EPS (Basic and Diluted)	0.00	-0.01	0.01	0.00	0.10	-0.10

Note:1

The correction of the error had no impact on previously reported cash flows from operating, investing and financing activities.

Note:2

Reasons for Changes in following Balances(other than :-

- | | |
|---------------------------------|--|
| 1. Government Grants | De-recognition of Government Grant |
| 2. Long Term Provision | Recognition of Provision for Onerous Contract |
| 3. Deferred Tax Liability | Net tax impact of Re-statement |
| 4. Current Tax Asset: | Provision for FY 2022-23 has changed on re-statement. |
| 5. Other Financial Liabilities: | Ledgers have been reclassified to Other Heads mainly from Other Current Assets for correct Classification |
| 6. Trade Payable: | Ledgers have been reclassified to Other Current Financial Liabilities |
| 7. Other Expenses: | Other Expenses have increased due to re-statement of expenses booked as prior period in FY 2023-24 to the respective years. |
| 8. Employee Benefit Expenses: | Employee Benefit Expenses have increased due to re-statement of expenses booked as prior period in FY 2023-24 to the respective years. |



Note 39 : Interest in Other Entity

SN	Name of Entity	Country of Incorporation	Activities	Proportion of Ownership of Interest		
				As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
Joint Venture						
1	Indo Russian Rifles Private Limited	India	Defence	42.50%	42.50%	42.50%

(A) Group 's share in Contingent Liability of Joint Ventures

SN	Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
1	Disputed demands	-	-	-
2	Corporate guarantee	87.68	59.99	-
3	Claims against the company not acknowledged as debts	-	-	-

(B) Group 's share in Capital commitments of Joint Ventures

SN	Particulars	As at March 31, 2024	As at March 31, 2023 (Re-stated)	As at April 01, 2022 (Re-stated)
1	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	0.08	0.03	-

Note 40 : Additional information pursuant to schedule III of Companies Act 2013

Name of Entities	For the financial year ending on/as at March 31 , 2024							
	Net Assets i.e. Total assets minus Total Liabilities		Share in profit or (loss)		Share in other Comprehensive income		Share in Total Comprehensive Income	
	As a % of consolidation net assets	in crores	As a % of Consolidated Profit	in crores	As a % of consolidated OCI	in crores	As a % of consolidation Total Comprehensive Income	in crores
Parent: Advanced Weapons & Equipment India Limited	99.80%	4,382.66	99.74%	20.24	0.00%	-	99.82%	20.24
Total	100%	4,382.66	100%	20.24	0%	-	100%	20.24
Add: Joint Ventures (Investments as per Equity Indo Russian Rifles Private Limited	0.20%	8.87	0.26%	0.05	100.00%	-0.02	0.18%	0.04
Grand Total	100%	4,391.53	100%	20.29	100%	-0.02	100%	20.28



Name of Entities	For the financial year ending on/as at March 31, 2023 (Re-stated)							
	Net Assets i.e. Total assets minus Total Liabilities		Share in profit or (loss)		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidation net assets	in crores	As a % of consolidated Profit	in crores	As a % of consolidated OCI	in crores	As a % of consolidation Total Comprehensive Income	in crores
Parent: Advanced Weapons & Equipment India Limited	99.79%	4,137.42	150.83%	-12.79	0.00%	-	150.83%	-12.79
Total	100%	4,137.42	151%	-12.79	0%	-	151%	-12.79
Add: Joint Ventures (Investments as per Equity method) Indo Russian Rifles Private Limited	0.21%	8.83	-50.83%	4.31	0.00%	-	-50.83%	4.31
Grand Total	100%	4,146.25	100%	-8.48	0%	-	100%	-8.48

Name of Entities	For the financial year ending on / as at April 01, 2022 (Re-stated)							
	Net Assets i.e. Total assets minus Total Liabilities		Share in profit or (loss)		Share in other Comprehensive Income		Share in Total Comprehensive Income	
	As a % of consolidation net assets	in crores	As a % of consolidated Profit	in crores	As a % of consolidated OCI	in crores	As a % of consolidation Total Comprehensive Income	in crores
Parent: Advanced Weapons & Equipment India Limited	99.87%	3,598.33	96.18%	4.53	0.00%	-	96.18%	4.53
Total	100%	3,598.33	96%	4.53	-	-	96.18%	4.53
Add: Joint Ventures (Investments as per Equity method) Indo Russian Rifles Private Limited	0.13%	4.52	3.82%	0.18	0.00%	-	3.82%	0.18
Grand Total	100%	3,602.85	100%	4.71	-	-	100%	4.71



Note 41: Additional Regulatory Disclosures as per Schedule III of the Companies Act, 2013

- a The Company does not have any benami property held in their name. No proceedings have been initiated on or are pending against the Parent and Indian subsidiaries for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.
- b The Company has not been declared wilful defaulter by any bank or financial institution or other lender or government or any government authority.
- c The Company has complied with the requirement with respect to number of layers as prescribed under section 2(87) of the Companies Act, 2013 read with the Companies (Restriction on number of layers) Rules, 2017.
- d Utilisation of borrowed funds and share premium
- I. 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 Parent Company (Ultimate Beneficiaries) or b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- II. 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 to or on behalf of the ultimate beneficiaries.
- e The Company has not invested or traded in Crypto Currency or Virtual Currency during the year.
- f The Company has no income surrendered or disclosed as income during the year in tax assessments under the Income tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.
- g The Company does not have any transactions with the companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

Note 42: Code of Social Security, 2020

The Parliament of India has approved the Code of Social Security, 2020 (the Code) which may impact the contribution by the Company towards Provident Fund, Gratuity and ESIC. The Code have been published in the Gazette of India. However effective date has yet not been notified. The Company will assess the impact of the Code and will record related impact in the period it becomes effective.

Note 43: New Accounting Pronouncements to be adopted after March 31, 2023

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, as and when they become effective. The Ministry of Corporate affairs (MCA) has notified certain amendments to Ind AS, through Companies (Indian Accounting Standards) Amendment Rules, 2023 on March 31, 2023. The amendments have been made in the following standards:

Ind AS 1

Presentation of Financial Statements is amended to replace the term "significant accounting policies" with "material accounting policy information" and providing guidance relating to immaterial transactions, disclosure of entity specific transactions and more.

Ind AS 8

Accounting Policies, Changes in Accounting Estimates and Errors to include the definition of accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty."

Ind AS 12

Income Taxes relating to initial recognition exemption of deferred tax related to assets and liabilities arising from a single transaction.

Other Amendments

Ind AS 102 – Share based Payments, Ind AS 103 – Business Combinations, Ind AS 109 – Financial Instruments, Ind AS 115 – Revenue from Contracts with Customers which are mainly editorial in nature in order to provide better clarification of the respective Ind As's.

Note 44: Indigenization Corpus

Notification on Policy for Indigenization of Components and spares used in Defence platforms for DPSUs/OFB was issued on March 08, 2019. As the guidelines from Department of Defence Production (DDP) regarding modalities has not been received as on March 31, 2023, no provision has been made during this period.

Note 45:

Balance shown under Trade Receivables, Trade Payable, Advance against Goods and Services, are under reconciliation. Since the Company is a Government entity under the control of Ministry of Defence (MoD), 93% of the Company's turnover, 100% of Trade receivables and 99% of the customer advances is with respect to Government and Government related entities. The bills are raised on the customers by the divisions located at various places and reconciliation is carried out on an ongoing basis. However, management does not expect to have any material financial impact of such pending confirmation / reconciliation.

Note 46:

In the opinion of the Board, the Company do not have any assets other than fixed assets and Non-current investments having a value on realisation in the ordinary course of business less than the amount stated.



Note 47: Events occurring after the reporting period

The Company evaluates events and transactions that occur subsequent to the balance sheet date but prior to the approval of financial statements to determine the necessity for recognition and/or reporting of subsequent events and transactions in the financial statements. As of August 23, 2023, there were no subsequent events and transactions to be recognized or reported that are not already disclosed.

Note 48: Regrouped, Recast, Reclassified

"Material regroupings: Appropriate adjustments have been made in the statements of assets and liabilities, statement of profit and loss and cash flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at March 31, 2024. Previous year figures are not strictly comparable with those of current year as previous financial statements are for the period of 6 months only."

Signature to Accompanying note no. 06 to 48 forming part of Financial Statements

In terms of our report attached

For and on behalf of the board of directors of
Advanced Weapons and Equipment India Limited

For S. K. Kapoor & Co.
Chartered Accountants
Firm Registration No. 000745C

Rajesh Choudhary
Chairman cum Managing Director
DIN: 09282229

V. B. Singh
Partner
Membership No. 073124
UDIN: 24073124BKHXPI6277

Akhilesh Kumar Maurya
Director (Operations)
DIN: 09282230

Manish Kumar Singh
Company Secretary
Membership No. F12879

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024

Place: Kanpur
Date: Sep 11, 2024



Advanced Weapons and Equipment India Limited

CIN: U29270UP2021GOI150734

Regd. Office: Ordnance Factory Kanpur, Kalpi Road, Kanpur-208009, U.P.

Phone: 0512-2986979 | Fax: 0512-2216040

E-mail: csaweilhq@aweil.in | Website: www.aweil.in

NOTICE

Notice is hereby given that the 3rd Annual General Meeting (AGM) of the members of ADVANCED WEAPONS AND EQUIPMENT INDIA LIMITED ("the Company") will be held on Tuesday 3rd Day of December 2024 at 03.30 PM through Video Conferencing ("VC")/ Other Audio-Visual Means ("OAVM") to transact the following business(s):

ORDINARY BUSINESS:

To consider, and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modification(s):

ITEM NO. 1

To receive, consider, approve and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2024, along with the Board's Report, the Auditor's Report thereon and comments of the Comptroller and Auditor General of India.

ITEM NO. 2

To authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors for the Financial Year 2024-25, and to pass the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to section 139(5) read with the provisions of Section 142 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Board of Directors of the Company, be and are hereby authorized to decide and fix the remuneration and other terms and conditions, including reimbursement of out of pocket expenses in connection with the audit work, to the Statutory Auditors appointed by Comptroller and Auditor General of India (C&AG) for the financial year 2024- 25."

SPECIAL BUSINESS:-

ITEM NO. 3

To confirm the appointment of Shri Jai Gopal Mahajan, (DIN: 10824241), as Whole Time Director (Finance) of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152, 161, 196, 203 and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Shri Jai Gopal Mahajan, (DIN: 10824241), who was appointed as Additional Director of the Company with effect from 30th October 2024 vide MoD letter 1(5)/2023/BoD(SCSC) AWEIL Dir./DP(M&P) dt.28.10.2024 from Management and Policy Division, Department of Defence Production, Ministry of Defence, Government of India, consent of the Members be and is hereby accorded to the appointment of Shri Jai Gopal Mahajan as Whole Time Director designated as Director (Finance) on the Board of the Company on terms and conditions as stipulated by the Government of India".

"RESOLVED FURTHER THAT the Company Secretary of the Company be and are hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings, as may be required to give effect to the aforesaid resolution."

BY ORDER OF THE BOARD
Advanced Weapons and Equipment India Limited

Sd/-

(Manish Kumar Singh)

Company Secretary

Membership No. FCS: 12879

Place: Kanpur

Dated: 26.11.2024



NOTES:-

1. Pursuant to the General Circular No. 09/2024 dated 19th September 2024, issued by the Ministry of Corporate Affairs (MCA) read with General Circular Nos. 14/2020 dated 8th April 2020, 17/2020 dated 13th April 2020, 20/2020 dated 5th May 2020, and all other relevant Circulars issued from time to time (collectively referred to as MCA Circulars), the companies are allowed to conduct their AGMs through VC/OAVM, without the physical presence of the members at a common venue. Hence, in accordance with the MCA Circulars and provisions of the Companies Act, 2013 (the Act), the AGM of the Company is being held through VC/OAVM. The deemed venue for the 3rd AGM shall be the Registered Office of the Company at Ordnance Factory Kanpur, Kalpi Road, Kanpur-208009, U.P.
2. An explanatory statement pursuant to Section 102(1) of the Act relating to Special Businesses to be transacted at the meeting is annexed hereto. As per the provisions of Clause 3.B.IV of the General Circular No. 20/2020 dated 05th May 2020, Special Businesses as appearing at Item No. 4 & 5 of the accompanying Notice are considered to be unavoidable by the Board and form part of this Notice.
3. Pursuant to the provisions of the Act, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a member of the Company. Since the AGM is being held in accordance with the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with.

Accordingly, the facility for appointment of proxies by the Members will not be available for this AGM and hence the Proxy Form, Attendance Slip and Route Map of the AGM are not annexed to this Notice.

4. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
5. In compliance with the MCA Circulars, Notice of the 3rd AGM along with the Annual Report for the financial year 2023-24 is being sent through electronic mode to those Members, whose email addresses are registered with the Company. Members may note that the Notice of AGM is also available on the Company's website at www.aweil.in.

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

The following statement sets out all material facts relating to the special business mentioned in the accompanying notice.

ITEM NO. 3:

Your Company being a Government Company, the Directors on the Board are appointed by the President of India through the Administrative Ministry.

Shri Jai Gopal Mahajan, (DIN: 10824241) was appointed as Director (Finance) of the Company w.e.f. 30th October 2024 vide MoD letter 1(5)/2023/BoD(SCSC) AWEIL Dir./DP(M&P) dt. 28.10.2024, from Management and Policy Division, Department of Defence Production, Ministry of Defence, Government of India, Pursuant to Section 161 and other applicable provisions of the Companies Act, 2013 (the 'Act') and provisions of the Articles of Association of the Company, the Company appointed Shri Jai Gopal Mahajan as an Additional Director to hold office pursuant to Section 161 of the Act.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Shri Jai Gopal Mahajan, is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommend the Resolution as set out in Item No. 3 of the Notice for approval by the Members.

Pursuant to the provisions of Section 152, 161, 196, 203 and all other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Shri Jai Gopal Mahajan, (DIN: 10824241), who was appointed as Additional Director of the Company with effect from 30th October 2024 vide MoD letter 1(5)/2023/BoD(SCSC) AWEIL Dir./DP(M&P) dt.28.10.2024 from Management and Policy Division, Department of Defence Production, Ministry of Defence, Government of India, consent of the Members be and is hereby accorded to the appointment of Shri Jai Gopal Mahajan as Whole Time Director designated as Director (Finance) on the Board of the Company on terms and conditions as stipulated by the Government of India".


BY ORDER OF THE BOARD
Advanced Weapons and Equipment India Limited

Sd/-

(Manish Kumar Singh)
Company Secretary

Membership No. FCS: 12879

Place: Kanpur
Dated: 26.11.2024



We commit ourselves to meet all the requirements of weapons and equipment of our all Armed Forces, Para-Military Forces, Police Forces as well as other national and International customers with State of the Art production, meeting all quality standards, time bound delivery of products and outstanding after sales services.

With complete devotion and dedication in manufacturing defence products, we pledge to safeguard the safety and security of all citizens and our motherland.

We commit to overcome all challenges and establish AWEIL as a strong, reliable, progressive, self-reliant and world class weapons manufacturing organization.

Jai Hind





पंजीकृत कार्यालय: आयुध निर्माणी, कालपी रोड कानपुर-208009, उ.प्र.
REGD. ADDRESS: ORDNANCE FACTORY KANPUR, KALPI ROAD, KANPUR-208009, U.P.

दूरभाष/ TELE: 0512-2986979 | फ़ैक्स/ FAX: 0512-2216040

E-mail: contact@aweil.in | Website: www.aweil.in

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