



4th ANNUAL REPORT 2024-25

of

Advanced Weapons and Equipment India Limited

**A Government of India Enterprise
Department of Defence Production
Ministry of Defence**

VISION & MISSION



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



TABLE OF CONTENTS

Notice of 4th Annual General Meeting	04
Corporate Overview	
AWEIL at glance	08
Chairman's Message	09
Leadership at AWEIL	12
Corporate Information	17
Our Product Profile	18
State-of-the-Art Manufacturing Capabilities	23
Visits and Activities	26
Statutory Reports	
Board's Report	36
Secretarial Audit Report	77
Comments of C&AG	82
Report on Corporate Governance	85
Management Discussion & Analysis Report	89
Financial Statements Standalone	
Independent Auditor's Report	93
Financial Statements	118
Consolidated	
Independent Auditor's Report	171
Financial Statements	187



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 4th Annual General Meeting (AGM) of the members of Advanced Weapons and Equipment India Limited will be held on **Tuesday, 30 September 2025 at 04.45 PM** through **Video Conferencing (“VC”)/ Other Audio-Visual Means (“OAVM”)** facility to transact the following business:

I. ORDINARY BUSINESS

1. To consider and adopt the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended on 31.03.2025, together with the Directors’ Report and the Auditors’ Report thereon and Comments of the Comptroller and Auditor General of India and to pass the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT the Audited Standalone and Consolidated Financial Statements of the Company for the financial year ended on 31.03.2025, together with the Directors’ Report and the Auditors’ Report thereon and Comments of the Comptroller and Auditor General of India be and are hereby received, considered and adopted.”

2. To authorize the Board of Directors of the Company to fix the remuneration of the Statutory Auditors for the Financial Year 2025-26 and onwards, and to pass the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to provisions of 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 2025- 26 and onwards.”

II. SPECIAL BUSINESS

3. **To confirm the appointment of Shri Umesh Singh (DIN: 08373608) as Chairman and Managing Director 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 other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Umesh Singh (DIN: 08373608), who was appointed as Chairman and Managing Director of the Company by the Govt. of India vide MoD letter no. 1(5)/2023/BOD(PESB)/AWEIL CMD/(M&P) dated 21.03.2025 and subsequently appointed by the Board of Directors of the Company w.e.f 01 April 2025, Consent of the Members be and is hereby accorded to the appointment of Shri Umesh Singh as Chairman and Managing Director of the Company on terms and conditions as stipulated by the Government of India”.

4. **Appointment of Dr. Garima Bhagat (DIN: 10881164) as Director (Government**



Nominee) 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 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 read with Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) and the Articles of Association of the Company, Dr. Garima Bhagat (DIN: 10881164), who was nominated as Director (Government Nominee) by the MoD vide letter No. 8(32)/2019-D (Coord/DDP) dt. 10.12.2024 from the Department of Defence Production, Ministry of Defence, Government of India and appointed as an Additional Director w.e.f. 24.12.2024 (Date of Allotment of DIN) by the Board of Directors to hold the post of Director (Government Nominee) of the Company, consent of the Members be and is hereby accorded to the appointment of Dr. Garima Bhagat as Director (Government Nominee) of the Company on terms and conditions as stipulated by the Government of India”.

5. Appointment of Shri Manas Kaviraj (DIN: 11068445) as Director (Human Resource) 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 149, 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), Shri Manas Kaviraj (DIN: 11068445), who was appointed as Director (Human Resources) of the Company by the Govt. of India vide Ministry of Defence letter no. 1(5)/2023/BOD(PESB)/AWEIL_DIR(HR)/(M&P) dated 22.08.2025 and subsequently appointed by the Board of Directors as an Additional Director and designated as Director (Human Resources) w.e.f 09 September 2025, consent of the Members be and is hereby accorded to the appointment of Shri Manas Kaviraj as Director (Human Resources) of the Company on terms and conditions as stipulated by the Government of India”.

6. Ratification of Remuneration of the Cost Auditor of the Company and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 148 of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration of Rs. 2,00,000/- plus GST per year, payable to M/s R.M. Bansal and Co. Cost Auditors, as duly appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the FY 2024-25 and 2025-26, be and is hereby ratified and confirmed.”

“RESOLVED FURTHER THAT the Company Secretary be and is 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

Place: Kanpur
Dated: 30.09.2025

Sd/-
(Manish Kumar Singh)
Company Secretary
Membership No. FCS: 12879

NOTES:-

1. MCA vide General Circular No.09/2024, dated 19.09.2024 has decided to allow the companies whose AGMs are due in the year 2025, to conduct their AGMs on or before 30th September, 2025 in accordance with the requirements laid down in paragraphs 3 and 4 of the General Circular No.20/2020 dated 05.05.2020. As per the said General Circular dated 05.05.2020, dispatching of physical copies of the financial statements (including Board's report, Auditor's report or other documents required to be attached therewith), such statements along with notice of the meeting shall be sent only by email to the members and to all other persons so entitled. With this facility Companies are allowed to conduct their AGM through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM).
2. The 04th AGM of the Company is being held through Video Conferencing (VC)/ Other Audio-Visual Means (OAVM). However, deemed venue will be the Registered Office of the Company i.e. Ordnance Factory Kanpur, Kalpi Road, Kanpur-208009, U.P. on Tuesday, 30th September 2025 at 04:45 P.M. Link for the same will be shared separately.
3. Pursuant to Section 112 of the Act, Hon'ble President of India, who is Member of the Company, is requested to send the signed copy of the nomination letter authorizing its representative(s) to attend and cast vote at the AGM through VC/OAVM by email at csaweilhq@aweil.in.
4. All documents referred to in the accompanying notice and registers are open for inspection at the Registered Office of the Company on all working days during business hours (barring Saturday and Sunday) up to the date of AGM. However, Members seeking to inspect such documents electronically can send an e-mail to csaweilhq@aweil.in.
5. The Annual Report 2024-25, Notice of 04th AGM alongwith other documents are being sent by electronic mode to members on their email IDs registered with the Company, unless a member has requested for a physical copy.
6. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to the Special Business to be transacted at the AGM is annexed hereto.
7. 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.
8. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

ANNEXURE TO THE NOTICE

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.

In respect of item No. 3, 4 & 5:

Appointment of Chairman & Managing Director (CMD) and Directors

As per the Articles of Association of the Company, the President of India is vested with the power to appoint the CMD and Directors of the Company from time to time and also



shall determine the terms of office of such CMD and Directors. Accordingly, the following appointments on the Board of your company were effected as per the directives of President of India:

- i) Shri Umesh Singh (DIN: 08373608), has been appointed as Chairman and Managing Director of the Company vide MoD letter no. 1(5)/2023/BOD(PESB)/AWEIL CMD/(M&P) dated 21.03.2025. He took charge of the post w.e.f. 01.04.2025.
- ii) Dr. Garima Bhagat (DIN: 10881164) has been appointed as Government Nominee Director of the Company vide MoD letter No. 8(32)/2019-D (Coord/DDP), dated 10.12.2024. However, appointment was from effective from 24.12.2024 (Date of Allotment of DIN).
- iii) Shri Manas Kaviraj (DIN: 11068445) has been appointed as Director (Human Resource) vide MoD letter No. 1(5)/2023/BOD(PESB)/AWEIL_DIR(HR)/(M&P) dated 22.08.2025. He took charge of the post w.e.f. 09.09.2025.

Pursuant to the provisions of the Companies Act, 2013, it is necessary to place the aforesaid appointments before the members of the Company for seeking their approval.

The Board recommends the proposed Ordinary Resolution as set out at Item No. 3, 4 & 5 for approval by the Members.

None of the other Directors/ Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested financially or otherwise, in the Resolution(s) as set out in the Notice.

In respect of item No.06:

Ratification of Remuneration to Cost Auditors

Company has carried out the selection process for appointment of cost auditor of the Company for two financial years i.e. F.Y. 2024-25 and 2025-26 through open tender on CPPP Portal. M/s R. M. Bansal and Co., Kanpur, Cost Accountant meeting eligibility as per tender Notice has been selected as cost auditor of the Company following due procedure.

The Board of Directors of the Company approved the appointment of M/s R.M. Bansal & Co., Cost Accountants, at the remuneration of Rs. 2,00,000/- plus GST per year to conduct the audit of the cost records of the Company for the financial year 2024-25 and 2025-26.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors is required to be ratified by the Members of the Company. Accordingly, the Members are requested to consider and ratify the remuneration payable to the Cost Auditors for the financial year 2024-25 and 2025-26 as set out in the resolution for the aforesaid services.

The Board recommends the proposed Ordinary Resolution for approval by the Members.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the above proposed 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: 30.09.2025



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 production 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:

Academy of Weapons Technology & Management (AWTM)

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 SRCG.
- 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 and Managing Director's Message



Dear Shareholders,

I feel immense pride and satisfaction as I look back on your company's achievements this year. We have made remarkable progress and delivered significant value to stakeholders. The growth we have demonstrated reflects a strong commitment to building on an already solid foundation, meeting performance expectations, and consistently creating value that goes beyond mere figures.

We remain deeply committed to developing advanced arms and ammunition to reduce import dependency. Simultaneously, we uphold the highest standards of corporate governance, transparency, and accountability, ensuring that the interests of our customers and stakeholders are safeguarded.

FINANCIAL PERFORMANCE

From a business perspective, we effectively adapted to a dynamic regulatory environment and fierce competition. In spite of these hurdles, we managed to maintain robust operational performance. This year, AWEIL reached a new peak in sales, setting a remarkable benchmark in its growth trajectory.

During FY 2024-25, your company registered the highest-ever Revenue from Sale of Products and services of Rs.2502.68 Crore as against Rs.2009.81 Crore achieved in previous year, up by 24.52% and Revenue from Operations of Rs.2530.93 Crore as against Rs.2041.73 Crore achieved in previous year, up by 23.96% (Year on Year).

The Company has achieved a Profit before tax of Rs. 90.00 Crs as against Rs.29.79 Crs recorded in the previous year, up by 202 % (Year on Year) and Profit after tax stood at Rs. 82.74 Crs as against Rs. 20.24 Crs in the previous year, up by 309% (Year on Year).

The Value of Production is Rs. 2370.40 Crs as against Rs.2214.16 Crs, up by 7.06% (Year on Year).

Company's order book stands at ₹8,229 crore, which includes ₹1,913 crore worth of orders secured during FY 2024-25.

EXPORTS: EXPANDING HORIZONS

Achieving self-reliance in defence manufacturing through the application of science and technology is essential for strengthening defence capabilities, preserving national sovereignty, and attaining military superiority. This pursuit not only ensures strategic autonomy and the development of cost-effective defence equipment but also has the potential to significantly reduce the defence import bill.

- a. AWEIL is aggressively pursuing the export opportunities. During the FY 2024-25, AWEIL has obtained 04 export orders for INR 125 Crore.
- b. During the FY 2024-25, AWEIL has successfully completed export sales of INR 37.58 Cr. Besides, the items amounting to INR 72.71 Cr, have been invoiced to the Merchant Exporter during March' 2025, for final export shipment to the customer.

INDIGENISATION: STRENGTHENING NATIONAL SELF-RELIANCE

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%. Import dependency of AWEIL is for those items only which are of perennial import nature and ToT is not available from foreign OEMs.

AWEIL is making concerted efforts towards making Nation "ATMANIRBHAR" in field of Small Arms and Large Caliber weapons. Items indigenized post corporatization are as under: -

- a) Power Pack (Dhanush Gun System)
- b) AO-18 cluster (Critical sub-assembly of AK-630 Gun)
- c) Bearing (T-90 Tank Ordnance)
- d) Shock Cartridge (Dhanush Gun System)
- e) Actuator Spring for L-70 Gun
- f) Charging Valve Assembly for T-90 Article

AWEIL has also directly approached various stakeholders, viz. Private players, PSUs (SAIL etc.), DPSUs (MIDHANI, YIL, BEL, IOL etc.), Govt. establishment (BRIT etc.) to identify the imported items in their scope of supply to AWEIL and also emphasized them to make an indigenization effort at their level.

R&D AND TECHNOLOGICAL CAPABILITIES: DRIVING INNOVATION

AWEIL has identified global technologies in the field of Large Caliber Weapons & Small Arms and is trying to incorporate the same in its production range through in-house R&D efforts. R&D centers are engaged in development of items for Large Caliber, Medium Caliber, Small Arms and Ammunition Hardware. AWEIL is progressing R&D projects in various weapon systems having cutting edge technologies. AWEIL has focused on Research & Development (R&D) of Artillery Guns, Mortars and Small Arms Weapons. AWEIL has also involved academia in these efforts and is trying to have collaboration with prestigious institutes like IIT Kanpur, IIT Madras & IIITDM Jabalpur.

Some of the major products/projects undertaken through in-house R&D to keep pace with changing technology are as under:

- a) 155mm/52 Cal Mounted Gun System (MGS).
- b) 155mm/52 Cal Towed Gun System (TGS).
- c) 60mm Mortar.
- d) 40mm MGL-M3 (Extended Range).
- e) 7.62x51mm Medium Machine Gun (MMG) Upgrade.
- f) Trichy Assault Rifle (TAR 25).

AWEIL has made an expenditure of approx 1.49% of its Revenue from operations during FY 2024-25 on R&D, which is likely to increase further in coming years.

CORPORATE SOCIAL RESPONSIBILITY: EMPOWERING COMMUNITIES

True success is reflected not only in financial performance but also in the positive impact we make in society. Through our CSR initiatives, we have maintained a strong focus on addressing health and malnutrition.

We take pride in the impactful partnerships we have built with NGOs to uplift communities and promote inclusive development. As a responsible corporate citizen, your company distributed aids and assistive devices to senior citizens and individuals with disabilities (Divyangjan) and provided foods kits to address malnutrition amounting to ₹26.08 lakh through various CSR activities during FY 2024-25, reinforcing our commitment to social responsibility and sustainable growth.



CORPORATE GOVERNANCE: UPHOLDING TRUST AND TRANSPARENCY

Your company is firmly committed to upholding the principles of Corporate Governance in both letter and spirit. We consistently strive to maintain the highest standards of transparency and accountability across all areas of our business operations. Integrity and accountability are the foundation of our corporate governance framework. We are dedicated to ensuring transparency, regulatory compliance, and ethical conduct. Our governance practices are designed to safeguard stakeholder interests, support responsible decision-making, and sustain long-term investor confidence. We continuously refine our frameworks to align with global best practices and evolving regulatory requirements.

FUTURE OUTLOOK: BUILDING ON STRENGTH, EMBRACING OPPORTUNITY

Looking ahead, we remain optimistic yet cautious. While global economic challenges persist, they also present new opportunities for innovation, collaboration, and growth. We will continue to build on our strengths—enhancing operational efficiency, expanding into high-potential markets, investing in people and processes, and staying aligned with the evolving needs of our customers and stakeholders.

AWEIL is 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 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 the art set up for promoting exports and for being able to offer the best in class products/systems to the Defence Services. Considering the perspective programme and continued focus on R&D and Business Expansion Efforts, AWEIL is focusing on an annual growth plan of 10-12% per annum. AWEIL's annual turnover is projected to exceed ₹3,600 crore by FY 2027-28.

ACKNOWLEDGEMENTS

In conclusion, I extend my heartfelt gratitude to all our stakeholders — shareholders, customers, business partners, and employees. Your unwavering support and collaboration have been central to our journey of growth and value creation.

I sincerely thank the members of the Board and the senior management for their expert guidance, which has played a pivotal role in our continued success.

A special acknowledgement to the Ministry of Defence (MoD), Department of Defence Production and Defence Services for their continued trust, guidance and creation of opportunities that have enabled us to excel.

To our employees, thank you for your passion, dedication, and commitment to excellence. Your tireless efforts, driven by our shared values, continue to power AWEIL's innovation and delivery of exceptional results, consistently exceeding stakeholder expectations.

As we look ahead, we are energized by the opportunities that lie before us and remain committed to creating even greater value. With the continued collaboration and support of all stakeholders, we aim to achieve sustained growth and long-term prosperity.

Let us move forward together — innovating, leading with integrity, and building a sustainable future that benefits all.

Thank you for the continuous support to Advanced Weapons and Equipment India Limited.

With Best Wishes,

Yours Sincerely

Umesh Singh
Chairman and Managing Director

LEADERSHIP AT AWEIL

(as on 25.09.2025)



Shri Umesh Singh

Chairman & Managing Director and
Director (Operations), Additional Charge



Dr. Garima Bhagat

Government Nominee Director



Shri Jai Gopal Mahajan

Director (Finance) and CFO



Shri Manas Kaviraj

Director (Human Resources)

Shri Umesh Singh

Chairman & Managing Director and
Director (Operations), Additional Charge



Shri Umesh Singh (DIN: 08373608) completed graduation in Electrical Engineering from erstwhile University of Roorkee (now IIT Roorkee) in the year 1988. He joined Indian Ordnance Factory Services in August 1991. While in service he has done M.Sc. in Defence & Strategic Service from Defence Service Staff College, Wellington during 1998-1999. He has also done M.Sc. in Gun System Design from Defence College of Management & Technology, Cranfield University, United Kingdom for which he was awarded 'Royal Ordnance Trophy' by the college.

During his career spanning over 34 years he has served in the Field Gun Factory (FGK) Kanpur, Gun Carriage Factory (GCF) Jabalpur, Gun & Shell Factory (GSF) Cossipore, Ordnance Factory Board, Kolkata and New Defence Companies Division, DDP, New Delhi. While working in FGK, GCF & GSF he gained experience in the field of maintenance of critical Plant & Machinery, Production planning for Artillery Guns, Tank Guns & Air Defence Guns. At Ordnance Factory Board, Kolkata he was instrumental in making policy for the organization to derive growth through product development, collaboration with Indian/Foreign Private Companies.

During March 2022 to October 2023, he was DDG of New Defence Companies Division at DoO(C&S) New Delhi. As DDG/NDCD he played an important role in providing financial & non-financial support to newly formed DPSUs. He has also worked as Executive Director in Munitions India Limited Corporate Office, Pune before joining AWEIL.

He took over the charge of Chairman and Managing Director of AWEIL w.e.f. 01.04.2025.

Dr. Garima Bhagat

Government Nominee Director



Dr. Garima Bhagat (DIN:10881164), Joint Secretary (Land System) has been appointed as Part-Time Official Director (Government Nominee Director) of Advanced Weapons and Equipment India Limited w.e.f. 24 Dec 2024.

Dr. Bhagat is a B.Tech (Gold Medalist), M.Tech, MA (Economics), LLB (Gold Medalist) and a PhD from IIT Delhi. She secured Rank 1 in the Higher Secondary Examination (1990) and Rank 1 in the Engineering Service Exam, UPSC (1994). She is a 1996 batch Indian Revenue Service Officer (IRS-IT).

With over 28 years of public service experience in the Government of India, Dr. Bhagat has accumulated extensive expertise in areas such as taxation, anti-corruption, public procurement, administration and competition law. She has held several significant positions within the Central Board of Direct Taxes (CBDT) and the Government of India. She has also served as the Chief Vigilance Officer at the Employees' State Insurance Corporation (ESIC) and as Joint Director General at the Competition Commission of India. Dr. Bhagat has also been a regular visiting faculty member at various apex educational and training institutions. She is the author of several research papers in leading international journals as well as 3 books on taxations. Prior to her current role as Joint Secretary (Land System) in the Department of Defence Production, Ministry of Defence, Government of India, she served as Commissioner of Income Tax in Delhi.

She has no inter-se relationship with other Directors in the Company. Further, she doesn't hold any equity share of the Company.

Shri Jai Gopal Mahajan

Director (Finance) and CFO



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 BEML 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.

Shri Manas Kaviraj

Director (Human Resources)



Shri Manas Kaviraj, (DIN: 11068445) Director (HR), joined AWEIL, Kanpur on 09th September' 2025. He is a postgraduate in Personnel Management and Industrial Relations from the Xavier Institute of Social Service, Ranchi. Shri Kaviraj also holds a Master's degree in Labour Management and is a certified Strategic HR Analyst from IIM Rohtak.

He has over 34 years of rich experience in the entire field of Human Resources. Prior to joining AWEIL, Shri Kaviraj served various organizations such as Hindalco Ltd., Cipla Ltd., Coal India Limited, and MECON Limited & NBCC (India) Ltd. He has introduced transformative changes in NBCC (T) Ltd. organization's structure, particularly in Talent Management, Learning & Development, Employee Welfare & Motivation, Change Management, Competence Development, and Promotions. Under his leadership, NBCC has seen significant advancements in HR Planning, HR Analytics, and HR Business Partnering (HRBP).

Shri Kaviraj has fostered HR with a clear sense of purpose, shifting it from a traditional, reactive function to a dynamic and proactive force that not only addresses current needs but also nurtures talent, fosters growth, and builds a sustainable and forward-looking work environment. By embedding agility and resilience at its core, he had empowered HR to seamlessly adapt to change while also thriving in the face of challenges, ensuring it remains a steadfast pillar of the organization's success.

His contributions to the field of Human Resources have earned him numerous recognitions, including the Pride of HR Professional in PSU, India's Best HR Leaders in PSU, HR Corporate Award 2017-18, Best in Class for Training & Development, and the Great Place to Work Certification by the Great Place to Work Institute, India. He is a lifetime member of AIMA, National HRD Network (NHRDN), and the National Institute of Personnel Management (NIPM). Shri Kaviraj has also successfully qualified the prestigious Masterclass for Directors from the Institute of Directors (IOD) and is a Certified Corporate Director. He has also successfully completed ESG Certification from IICA-UNDP. In the recent past had also attended IIMA to acquire leadership skills.

Further strengthening his leadership role, Shri Kaviraj had also served as a Director of Real Estate Development & Construction Corporation of Rajasthan Limited JV (REDCOR).



CORPORATE INFORMATION

BOARD OF DIRECTORS

Shri Umesh Singh	: Chairman and Managing Director (w.e.f. 01/04/2025)
Dr. Garima Bhagat	: Government Nominee Director (w.e.f. 06.11.2024)
Shri Akhilesh Kumar Maurya	: Director (Operations) up to 30.06.2025
Shri Jai Gopal Mahajan	: Director (Finance) & Chief Financial Officer (w.e.f. 30.10.2024)
Shri Manas Kaviraj	: Director (HR) (w.e.f. 09.09.2025)

COMPANY SECRETARY

Shri Manish Kumar Singh
M. No. FCS 12879

STATUTORY AUDITORS

M/s B. C. Jain & Co.,
(Chartered Accountants)
FRN: 001099C

COST AUDITORS

R. M. Bansal and Co,
Cost Accountants
FRN: 000022

REGISTERED OFFICE

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

WEBSITE: www.aweil.in

EMAIL: contact@aweil.in

PHONE: 0512-2986979

CHIEF VIGILANCE OFFICER

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

SECRETARIAL AUDITORS

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

BANKERS

State Bank of India
HDFC Bank
UCO Bank

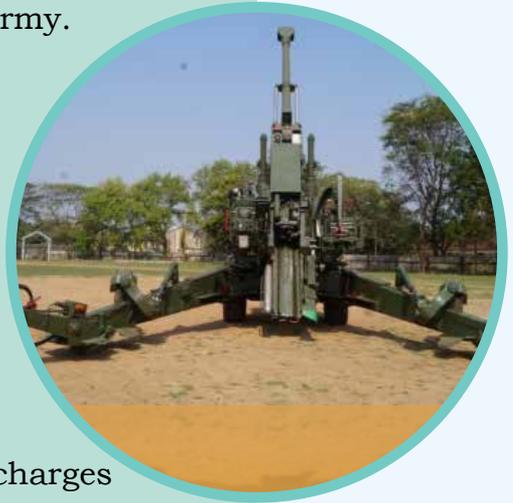
OUR PRODUCT PROFILE

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 Indian Army.
- ▶▶ Range > 37 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



105 mm Light Field Gun (LFG)

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



120 mm Mortar

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



81 mm Mortar

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



120 mm NAVAL GUN

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



Stabalized Remote Control Gun System (SRCG)

- ▶▶ 12.7mm caliber Gun
- ▶▶ Fully remotely controlled, deck mounted
- ▶▶ Effective Range – 17.4 km
- ▶▶ Rate of Fire - 450-630 rpm
- ▶▶ Belt Fed



MAG

- ▶▶ 7.62 x 51 mm
- ▶▶ Belt Fed
- ▶▶ Effective Range – 1800 m
- ▶▶ Rate of fire – 1000 RPM



LMG

- ▶▶ 7.62 x 51 mm
- ▶▶ Belt Fed
- ▶▶ Effective Range – 800 m
- ▶▶ Rate of fire – 600 RPM



Trichy Assault Rifle

- ▶▶ 7.62 x 39 mm
- ▶▶ Effective Range – 350 m
- ▶▶ Rate of fire – 600 RPM
- ▶▶ Single shot and Automatic mode



Ishapore Assault Rifle

- ▶▶ 5.56 x 45 mm
- ▶▶ Effective Range – 400 m
- ▶▶ Rate of fire – 700 RPM
- ▶▶ Single Shot and Automatic mode



Joint Venture Protective Carbine (JVPC)

- ▶▶ 7.62 x 51 mm
- ▶▶ Belt Fed
- ▶▶ Effective Range – 1800 m
- ▶▶ Rate of fire – 1000 RPM



TRICa

- ▶▶ 7.62 x 39 mm
- ▶▶ Effective Range – 140 m
- ▶▶ Rate of fire – 600 Rounds per min
- ▶▶ Single shot and Automatic firing mode



Pump Action Gun

- ▶▶ 12 bore
- ▶▶ Single shot
- ▶▶ Magazine – 4 rounds



Tear Gas Gun

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



Sporting Rifles

- ▶▶ 0.22 sporting rifle
- ▶▶ 0.315 sporting rifle
- ▶▶ 30-06 sporting rifle



Pistols

- ▶▶ 9mm pistol
- ▶▶ .32 mm pistol and variants



Revolvers

- ▶▶ 0.32 revolver
- ▶▶ 0.22 revolver and variants



Shells For Various Types of Ammunition:

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



CUSTOMER BASE



STATE-OF-THE-ART MANUFACTURING CAPABILITIES

CNC Machining Centre



State of the Art CNC Horizontal & Vertical Machining Centre



Barrel Manufacturing Facilities



**Mandrel Manufacturing
Machine**



Cold Swaging Machine

NABL accredited Quality Control Labs



QC Lab



Spectrometer



UTM



**3D CMM (For Large
Components)**



**3D CMM (For Small
Components)**



Firing Fixture

Tool Room Facilities



Participation in National/Domestic Exhibition 2024-25



India-Sri Lanka Defence Seminar on 10.04.2024



**India-Indonesia Defence Industry Exhibition cum
Seminar on 30.04.2024 at Jakarta, Indonesia.**



**India - Mozambique Defence Industry Interaction
on 25th & 26th April 2024 at Maputo**



**Eurosatory-2024 from 17th to 21st June 2024
in Paris**



**PratiGya 2024 from 22nd to 24th Aug 2024 in
Bhiwani, Haryana**



**5th MET 15th HTS Expo 2024 from 4th to 6th
Sept'24 at Bombay Exhibition Centre**

VISIT OF DIGNITARIES AT VARIOUS UNITS OF AWEIL



SHRI RAJNATH SINGH HON'BLE RAKSHA MANTRI



**Shri Kishori Lal Sharma, Hon'ble Member of
Parliament Amethi**



Rosoboron Export Delegation, Russia



**Chief of Defence Staff Delegation of Guyana
Defence Forces**



**LT. GEN UPENDRA DWIVEDI, PVSM, AVSM, VICE
CHIEF OF ARMY STAFF**



Shri Sanjeev Kumar, Secretary DP

EVENTS



Republic Day Celebration



LECTURE ON THE HEALTH BENEFITS OF "YOGA".



YOGA COMPETITION

Tree Plantation by IOFS Officers on 15-08-2024



Ek Ped Maa Ke Naam



Rajbhasha Program

Distribution of Aids and Assistive devices to Senior Citizens and Divyangjan under CSR





DIRECTOR'S REPORT

Dear Members,

The Board of Directors takes pleasure in presenting the 4th Annual Report on business and operations of the Company, together with the Audited Financial Statements for the year ended 31 March 2025.

FINANCIAL RESULTS AND PERFORMANCE HIGHLIGHTS:

(₹ in Crore)

PARTICULARS	March 31, 2025	March 31, 2024
Revenue from Operations	2530.93	2041.73
Other income	326.22	379.72
Profit before Depreciation, Interest and Tax	230.10	165.51
Depreciation	139.91	134.71
Finance costs	0.19	1.01
Profit before tax	90.00	29.79
Less: Provision for tax	7.26	9.55
Profit after tax for the year	82.74	20.24

CAPITAL STRUCTURE:

The Authorized Equity Share Capital of the Company as on March 31, 2025 stood at Rs.2,05,00,00,00,000/- (Rupees Twenty Thousand Five Hundred Crore only), and the Paid-up share capital stood Rs. 1,78,60,79,00,000/- (Rupees Seventeen Thousand Eight Hundred Sixty Crore and Seventy-Nine Lakh only) 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. 29.79 crore in FY 2023-24 to Rs. 90.00 crore in FY 2024-25, up by 202% (Year on year).

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, 2025 is as below;

Type of Ratio	2024-25	2023-24
(i) Current Ratio (In times)	2.16	2.33
(ii) Return on Equity Ratio (%)	1.61	0.46
(iii) Inventory turnover ratio (In times)	0.90	0.81

Type of Ratio	2024-25	2023-24
(iv) Trade receivables turnover ratio (In times)	1.83	2.19
(v) Trade payables turnover ratio (In times)	2.19	3.32
(vi) Net capital turnover ratio (In times)	0.77	0.67
(vii) Net profit ratio (%)	2.89	0.84
(viii) Return on capital employed (%)	4.06	3.10

CAPITAL AND FINANCE:

During the year under review, the Company has received Capex fund 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. 329.26 crore to the Government of India.

FIXED ASSETS:

As on March 31, 2025, the carrying value of property, plant and equipment and intangible assets is Rs. 1880.68 Crore and that of Capital work-in-progress is Rs. 226.19 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 4% 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 is 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.

OPERATIONAL PERFORMANCE AND MAJOR ACHIEVEMENT

1. Sales Targets and Achievements.

(₹ in Crore)

Revenue Target for 2024-25	Revenue Achieved 2024-25
2550	2531

Target and achievement from 01.04.2024 to 31.03.2025 is as below:-

AWEIL has registered highest-ever Revenue from Operations of INR 2531 Cr. for FY 2024-25 as against INR 2042 Cr for the previous FY. The company has recorded a revenue growth of 24% during the year as compared to last year. AWEIL also recorded highest Sales in last five years which includes period of erstwhile OFB also.

2. Order Book:

The order book of the Company as on 01-04-2025 is INR 8229 Cr., including orders worth INR 1913 Cr achieved during the FY 2024-25 as under:

Order Details	Value (in INR Cr.)
Order for NGPOV Projects	586
LFG	90
Other DPSUs/MHA/CT/IA	1112
Export Order	125
Total	1913

3. R&D and Indigenisation:

- a. AWEIL has made an expenditure of INR 37.73 Cr in FY 2024-25 as against INR 40.51 Cr in previous Year.
- b. Under MRGS Scheme, AWEIL has filed an all-time high (36 nos) IPRs during the FY 2024-25.
- c. Field Gun Factory (FGK), Kanpur, has validated the design of Modified Inductor of T-90 Extractor.
- d. The Patent Office, Government of India has awarded a patent to Ordnance Factory Kanpur (OFC), a unit of AWEIL, on 15.10.2024. The patent has been awarded for Apparatus for measuring a cant angle of a fin cylinder assembly. This apparatus has been developed in-house and is used in production of stabilizer of Pinaka Rocket Assembly.
- e. Ordnance Factory Kanpur (OFC), a unit of AWEIL has been granted patent for “Designing an Adaptor for Mounting the 105mm LFG on 130mm Carriage” on 22.10.2024.
- f. Indigenisation of Bearing of T-90 Tank Article has been completed. This is an important milestone towards successful completion of indigenisation and a step towards Aatmnirbhar Bharat.

4. Participation in Exhibitions:

- a. AWEIL participated in Eurosatory-2024, the largest international exhibition for the land and air-land defence and security industry held in Paris, France. AWEIL showcased its product range of weapons including Artillery Guns & Small Arms along with Ammunition Hardware. Eurosatory-2024 provided an opportunity to AWEIL to showcase its items in European markets. The business discussions held shall further open the avenues for AWEIL products in Europe.
- b. AWEIL showcased wide range of its cutting edge weaponry and defence equipment at “Pratigya 2024” exhibition held from August 22 to August 24, 2024 in Bhiwani, Haryana demonstrating its technological prowess and ongoing efforts to strengthen India’s Defence Infrastructure.
- c. AWEIL participated in 5th MET 15th HTS Expo 2024 held at the Bombay Exhibition Centre (4th- 6th September 2024). The event focused on Defence, Transport & Alternate Energy and has given opportunity for discussing fresh ideas in the field of materials and heat treatment.
- d. AWEIL participated in 27th National Defence Exhibition, Kolkata (11th-14th September 2024) and showcased its wide product range demonstrating

its technological prowess and ongoing efforts to strengthen India's Defence Infrastructure.

- e. Executive Director/SAF participated in Vietnam International Defence Expo-2024 at Hanoi during the period 19th-21st Dec'2024. Discussions were held with delegates about AWEIL products and future opportunities.

5. Important Visits:

- a. Hon'ble H.E. Maj Gen Lukwilila Metikwiza Marcel, Permanent Secretary, Ministry of Defence, Government of Democratic Republic of Congo (DRC) interacted with AWEIL team headed by Director Operations on 06th August'2024 at New Delhi. The DRC's delegation appreciated AWEIL's wide product range and showed keen interest in Mortars & Small arms of AWEIL.
- b. Chad Defence Delegation headed by General of Division Tahir Ibrahim Djouma, representative of the Minister of Armed Forces visited AWEIL, Kanpur on 16.02.2025. AWEIL presented its diverse product profile and discussed potential area of cooperation.
- c. A team from AWEIL visited BEL & HAL as part of delegation of new DPSUs to learn best practices in the field of modernisation.
- d. Director Operations & CMD/AWEIL visited IMTEX2025 exhibition organized at Bengaluru accompanied by young team of officers to keep abreast of latest developments in manufacturing technology.

6. Special Recognition:

AWEIL has obtained Special recognition for indigenisation of SRGM Gun Barrel Assembly by Hon'ble Minister of Heavy Industries during 'SAMVAAD' event organised at Bharat Mandapam, New Delhi.

7. Quality:

- a. AWEIL organised a Quality Conclave at Gun & Shell Factory, Cossipore (GSF), a unit of AWEIL on 22nd & 23rd August 2024. Executive Directors and Quality Officers from all units participated in the Conclave. Expert Faculty was also invited. During the Conclave, the units shared their best practices to improve Quality Standards by implementation of Process Standardisation, Digitisation and NQDBMS etc. The new initiatives of DDP for Quality 4.0 were also deliberated with way forward.
- b. AWEIL units celebrated Quality Month in Nov 2024. During this various programmes i.e. Customer Interaction Meet, Vendor Meet, In-House training/ Awareness program on Quality related Topics were held.

8. Miscellaneous:

- a. A tripartite MoU was signed among AWEIL, ARDE & HAL for development of 12.7mm Gun System for ICG Dornier Aircraft during Aero India 2025.
- b. Bulk production clearance has been accorded to Gun and Shell Factory (GSF), Cossipore by Navy for 76.2mm HEPF shell (modified empty) after successful trials.
- c. Gun & Shell Factory Cossipore, a unit of AWEIL is proud to be associated with Indian Navy for the supply and commissioning of AK-630M Naval guns on the combatant platforms INS Surat and INS Nilgiri. These platforms were dedicated to the nation on 15.01.2025 by Hon'ble Prime Minister.



MODERNISATION & UPGRADATION

In the present scenario, the customers need modern weapons with enhanced features in fire power and sighting systems. With the advent of drones and artificial intelligence, some of these weapons need to be integrated as drone mounted system and remote firing weapon systems to be deployed across the borders and in insurgency affected areas.

AWEIL has taken a massive program for modernization & up-gradation of its facilities in order to have state-of-the art set up for plant & machinery for domestic market and also for promoting exports. AWEIL has infrastructure and manufacturing capabilities for the existing product mix. AWEIL has undertaken modernization efforts in three major areas as under:

Capacity Augmentation and Modernisation of Production facilities of:

- a. Artillery Guns and Tank Gun Articles.
- b. Medium Calibre Weapons.
- c. Small Arms at AWEIL.

The main objectives of the project are as under:

- Technological advancements
- Increased productivity
- Improved performance and quality
- Alignment to Industry 4.0 & QA 4.0 requirement
- Cost effectiveness through economies of scale
- Timely delivery

QUALITY CONTROL

The product 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 STANAG, JSS specifications and I-TOPS are also referred 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 relevant ATPs 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.

EXPORTS:

- a. AWEIL is aggressively pursuing the export opportunities. During the FY 2024-25, AWEIL has obtained 04 export orders for INR 125 Cr.



- b. During the FY 2024-25, AWEIL has successfully completed export sales of INR 37.58 Cr. Besides, the items amounting to INR 72.71 Cr, have been invoiced to the Merchant Exporter during March' 2025, for final export shipment to the customer.

EXPORT INITIATIVES:

Self-reliance in defence manufacturing by the application of science and technology is a crucial component of effective defence capability and to maintain national sovereignty and achieve military superiority. The attainment of this will ensure strategic independence, cost-effective defence equipment and may lead to saving on defence import bill. AWEIL is looking forward for participating as Indian Offset Partner (IOP) with foreign vendor, exploring opportunities through bi-lateral 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 Defexim portal
- Direct engagement with prospective customers
- Interaction with foreign OEMs

ATMANIRBHAR BHARAT 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.

AWEIL is making all concerted efforts towards making Nation "ATMANIRBHAR" in field of Small Arms and Large Caliber weapons. The major items indigenized post corporatization are as under: -

- a) Power Pack (Dhanush Gun System)
- b) AO-18 cluster (Critical sub-assembly of AK-630 Gun)
- c) Bearing (T-90 Tank Ordnance)
- d) Shock Cartridge (Dhanush Gun System)
- e) Actuator Spring for L-70 Gun
- f) Charging Valve Assembly for T-90 Article

AWEIL has also directly approached various stakeholders, viz. Private players, PSUs (SAIL etc), DPSUs (MIDHANI, YIL, BEL, IOL etc), Govt establishment (BRIT etc) to identify the imported items in their scope of supply to AWEIL and also emphasized them to make an indigenisation effort at their level.

PROCUREMENT THROUGH THE GeM PORTAL:

AWEIL is a manufacturing company engaged in manufacturing of defence stores and all the 08 units are procuring their maximum requirement of input materials from GeM platform. All out efforts are being made to shift 100% procurement action to GeM.

Actual procurement through GeM Portal during the FY 2024-25 is INR 941Cr as against the target of INR 879 Cr. as per approved procurement plan through Gem.

Target as per approved procurement plan through GeM for FY 2024-25 (INR in Cr)	Procurement through GeM for FY 2024-25 (INR in Cr)
879	941

PROCUREMENT THROUGH OR BUSINESS WITH MICRO AND SMALL ENTERPRISES (MSEs):

The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavors through business innovations. The MSMEs 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 MSMEs 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 MSME sector by placing orders in the domain of available product categories as well as exploring wide spectra in the umbrella facilities of MSME sector.

AWEIL has done procurement through Micro & Small Enterprises (MSME) during the FY 2024-25 as below:-

FY	Total Procurement		Procurement through MSME out of total procurement		MSME owned by SC/ST out of MSME procurement		MSME owned by Women out of MSME procurement	
	Rs. (Cr.)	%	Rs. (Cr.)	%	Rs. (Cr.)	%	Rs. (Cr.)	%
2024-25	1130.65	100	483.08	42.73	15.66	3.24	40.39	8.36

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.

TReDS- AWEIL is registered/onboarded on all three operative TReDS platforms/portals. As on 31st August, 2025, 218 Nos. of Vendors of AWEIL are onboarded/registered on TReDS platforms/portals.

IMPORT:

Total import during the year was Rs. 75 Cr. (previous year import was Rs.35.24 Crores).

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 the most valuable asset. We offer 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 implementation of the rationalization of security setup of AWEIL.
- III. Organisation and coordinating conduction of Electrical Supervisory and electrical Competency test 2024 in all units of AWEIL.
- IV. Formulation of draft Scheme for sponsoring employees of AWEIL for higher specialised education/training.
- V. Formulation of IR mechanism at AWEIL HQ and its units for promoting Participative Management. As per directives of CLC (C) New Delhi a High Level Consultive Committee (HLCC) has been formed.
- VI. Liaison and monitoring of Court cases with DFU and units of AWEIL.
- VII. Organisation and coordinating conduction of 'Ek Ped Maa Ke Naam' activities at AWEIL.
- VIII. Services 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 tests results for all eligible employees w.e.f. 01.01.2025.
- IX. Coordination for timely conduction of DPC for meeting the Target/progress of DPC and promotion plan for Year 2025 for Mission Recruitment in all units of AWEIL.
- X. AWEIL HQ has given special Awards for Best AWEIL Unit, Best performer of AWEIL and Award for Young innovative mind of AWEIL for outstanding performance.

BRIEF ON MAJOR ACHIEVEMENTS IN HR

- I. Based on KPMG report and industrial benchmarking, rationalization of manpower at AWEIL has been carried out and projected to DDP.
- II. Prepared 'to be' organogram of AWEIL, keeping into consideration 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. Travelling Allowance Rules
 - xi. Group 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 scenario and Training of Executives in various professional course in premium institutes, like ISB, IIMs, NADP etc.
- V. AWEIL is in the process of hiring professional (CS, Financial Consultant/ professional) 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. Organization and coordinating conduction of Apex level IR meeting of AWEIL management and members of federations and associations of employees of AWEIL.

MANPOWER (CATEGORY WISE) AS OF MARCH 31, 2025

Sl. No.	Category of Employees	Number of Employees
01.	Group 'A'	236
02.	Group 'B' Gazetted	1620
03.	Group 'B' Non - Gazetted	1295
04.	Group 'C'	1192
05.	Industrial Employees	7664
	Total	12007

RESERVATION OF POSTS FOR SC/ST AS OF MARCH 31, 2025

Sl. No.	Category of Employees	No of SC Employees	No of ST Employees
01.	Group 'A'	44	6
02.	Group 'B' Gazetted	331	84
03.	Group 'B' Non - Gazetted	261	84
04.	Group 'C'	271	42
05.	Industrial Employees	1862	400
	Total	2769	616

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 welfare association which is working for social - economic growth of women.

Group	Women
“A”	8
“B”	140
“C”	648
Total	796

PERSONS WITH DISABILITIES (PWD) AS ON 31 MARCH 2025

Sl. No.	Number of PwDs as on 31.03.2025	Remarks
01.	328	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, SC/ST cell is re-constituted and the cell is effectively functioning in all the units to redress the grievances of SC/ST employees.

INDUSTRIAL RELATIONS AND EMPLOYEE WELFARE

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

SAFETY

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

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

- A. To identify potential hazards periodically Safety Audit is being carried out.
- B. Monitoring of pending audit points is being carried out for ensuring mitigation of potential hazards.
- C. Monitoring to maintain various SoPs for implementation of Safety Policy like various machine covers, moving equipment cover etc.
- D. Monitoring overall safety related issues by preparing Monthly Safety Report and submitted to Controllerate of Safety, Kanpur each month.
- E. Monitoring Safety related trainings like Industrial safety, Fire fighting, First aid training etc.
- F. For awareness towards safety of employees National Safety Week campaign, Fire Service Week campaign are conducted.
- G. For safety awareness Safety Calendars distributed among all sections. Various competitions, displays, announcement are carried out during NSW & FSW campaign.
- H. Safety section is conducting BOE of all accidents to find out reason behind each accident and accordingly remedial measures are implemented to stop repetition of same kind mishap and circulated for awareness.

- I. Monitoring Annual Medical Examination, Hazardous Medical Examination, Eyesight Test for compliance of various regulations like Factory Act 1948, Indian Electricity Rule 1956 etc.
- J. To maintain various protocol, safety section is distributed PPEs like personal protective cloth, safety shoe etc.
- K. Safety section has prepared and updated from time to time the Safety Manual and Disaster Management Plan for emergency preparedness. DMP Mock Drill is also being monitored.
- L. By monitoring Accident/Incident Report, Near Miss Report and First Aid Box Report in every month safety section reduces number of accidents and emergency medical issues.
- M. Safety section is distributed various DOs & DON'Ts and monitored Material Safety Data Sheet (MSDS) for handling of chemical.

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

SECURITY

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

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

Physical Security

- (a) Perimeter Wall: All units of AWEIL are secured all along its perimeter, with the help of perimeter wall.
- (b) Watch Towers: Watchtowers and internal guard posts are also constructed along the perimeter wall of 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 improve predictability.
- (d) Protective Lighting: Each watch towers are 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: Main Gates at units are under CCTV surveillance.

Access Control

- (a) Regular Factory employees are issued with two types of ID Cards. One permanent ID (Which could be retained throughout the service) and second a punching card (with RFID chip) for daily attendance system which contains all the employee details like name, designation, personal number, 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 non transferable photo ID pass 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 authorised officers. No visitor is allowed



to carry vehicle or mobile phone inside the Factory, unless authorised by the Competent Authority

- (e) Record of movement of vehicles is also being maintained in separate register.
- (f) Biometric Access system facility, existing in the Factory, is 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 concerned section to their place of work.

C&A Verification and PVR:

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

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 (ICC) 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 pending at beginning of the Financial year - 01
- ii) The number of complaints filed during the Financial year - 02
- iii) The number of complaints disposed off during the Financial year - 01
- iv) The number of complaints pending as of the end of the Financial year - 02

RTI RELATED WORK:

- a. Timely disposal of RTI applications.
- b. Proactive Disclosure by AWEIL on website www.aweil.in under Section 4 of RTI Act 2005 has published.
- c. Appointment of Nodal Officer, CPIO, Appellate Authority & APIO under RTI Act for AWEIL and published on website.

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.

ENVIRONMENT AND POLLUTION CONTROL

AWEIL and its units organized massive tree plantation during the year under Swachhata Pakhwara and 'Ek Ped Maa Ke Naam' Programme. Further, to mitigate water pollution, industrial used water is being treated in the Effluent Treatment Plant (ETP) before discharge, which is periodically monitored by safety section. The ETP water samples are tested periodically (twice in a month).

Hazardous waste (ETP sludge) is disposed off periodically through authorised agency. Similarly, the used Oil and E-waste are disposed off periodically through store section .

Hazardous Waste Annual return, E-waste Annual return, Environmental Statement etc. are submitted as per respective regulations and Acts.

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), 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 OF THE JOINT VENTURE COMPANY (IRRPL)

IRRPL, a Joint Venture Company of Advanced Weapons and Equipment India Limited (AWEIL) has concluded a contract with M/s Rosboronexport (RoE) Russia for indigenous manufacturing of AK-203 Rifles. The contract is for transfer of technology license for the production of Kalashnikov assault rifle, as well as 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 in Form AOC-1 as Annexure-1, in terms of section 129(3) of the Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014.

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 Crore 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 Functional Directors, Government Nominee Directors who are appointed by the Government of India through Search cum Selection Committee (SCSC) from time to time. Further, the tenure and remuneration of Functional Directors including Chairman and Managing Director are decided by the



Government of India. The Government communication also indicates the detailed terms and conditions of their appointment including a provision for the applicability of the relevant rules of the Company.

CHANGE OF KEY MANAGERIAL PERSONNEL:

The following changes occurred in the Board/Key Managerial Personnel of the Company:

- (i) During the year Shri Rajesh Choudhary, was relieved from the post of Chairman & Managing Director w.e.f. 15.12.2024 to join Directorate of Ordnance (C&S), Kolkata.
Ministry of Defence, Government of India had assigned the additional charge of the post of Chairman & Managing Director to Shri Akhilesh Kumar Maurya, Director (Operations) w.e.f 16.12.2024 to 15.03.2025.
- (ii) Dr. Garima Bhagat appointed as Government Nominee Director w.e.f. 10.12.2024 in place of Shri Shambhu Nath Jasra .
- (iii) Shri Shambhu Nath Jasra appointed as Government Nominee Director w.e.f. 10.10.2024 in place of Shri Jayant Kumar.
- (iv) Shri Sushil Sinha, Director (Finance) ceased to be director w.e.f 30.06.2024 consequent upon his superannuation.
- (v) Shri Jai Gopal Mahajan appointed as Director (Finance) cum Chief Financial Officer (CFO) w.e.f. 30.10.2024
- (vi) Shri Biswajit Pradhan, Director (HR) ceased to be director w.e.f 30.11.2024 consequent upon his superannuation.
- (vii) Shri Jai Gopal Mahajan, Director (Finance) was holding the additional charge of Director (HR) from 01.12.2024 to till date.

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:

The Board of Directors met Seven (7) times during the financial year 2024-25. The Board Meetings were held on 26.06.2024, 11.09.2024, 23.10.2024, 14.11.2024, 26.11.2024, 09.01.2025 and 12.03.2025. Video conferencing facility is used to facilitate Directors to participate in the meetings.

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:

- a) in the preparation of the annual accounts for the year ended March 31, 2025, the applicable accounting standards read with requirements set out under

Schedule III to the Companies Act, have been followed and there are no material departures from the same;

- b) 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, 2025 and of the profit of the Company for the year ended on that day;
- c) 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;
- d) the directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are 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 OF BOARD:

As per the provision of section 177 of the Companies Act, 2013 pertaining to 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 2024-25, for want of Independent Directors in the Board. However, the Management has requested the Ministry of Defence for the appointment of 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 FY 2024-25 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 system. The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations. Further the company has put in place adequate Internal Financial Controls (IFCs) with respect to Financial Statements.



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:

Your Company has formulated a Corporate Social Responsibility Policy pursuant to the provisions of Section 135 & Schedule VII of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014 read with various clarifications, amendments issued by the Ministry of Corporate Affairs (MCA). The Corporate Social Responsibility Policy is posted on the Company's website, www.aweil.in.

The CSR activities undertaken by your Company are in-line with the applicable Government Legislations & Guidelines issued from time to time, directing CSR fund distribution, themes for CSR expenditure, areas of operation etc. During FY 2024-25, DPE guidelines for CSR Expenditure stipulate CPSEs to take up CSR interventions on the common theme of Health & Nutrition. Accordingly, the Company has rolled out focused interventions to augment health activities along with focus on providing nutrition to needy.

Pursuant to the requirement under the Companies (Corporate Social Responsibility) Rules, 2014 (as amended), a report on CSR activities for FY 2024-25 is annexed herewith as Annexure-2.

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 placed in Annexure- 3 herewith and forming part of this report.

STATUTORY AUDITORS:

M/s B. C. Jain & Co., Chartered Accountants, (FRN: 001099C), Kanpur were appointed as the Statutory Auditors for the financial year 2024-25 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 placed at Annexure-4 to the Director's Report.

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 placed in the Form MR-3 at Annexure-5 to the Director's Report .

The reply of the Board of Directors on observations made in the Secretarial Auditors' Report is placed at Annexure-6 to the Director's Report.

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, 2025 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, 2025 along with the management reply also form part of this report. The same is placed at Annexure-7 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 Annexure- 8 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 (DPE) 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. The same is placed at Annexure-9 to the Director's Report.

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. Further, M/s R.M. Bansal & Associates, Cost Accountants have been selected as the Cost Auditors of your Company to conduct an audit of cost records maintained by your Company for FY 2024-25.

EXTRACT OF ANNUAL RETURN FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2025:

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.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The provisions of Section 197 of the Companies Act, 2013 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.



ACKNOWLEDGEMENT:

Your Directors place on record their sincere appreciation for the services rendered by the employees of the Company. They are grateful to shareholders 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 in 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 for Company's operations.

The Directors wish to thank the Comptroller & Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Statutory Auditors and other 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: 19.09.2025

Place: Kanpur

Sd/-

Umesh Singh

Chairman & Managing Director



Form AOC-I

JOINT VENTURE

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

(Rs. In Crore)

SI. No.	Name of Joint Venture	Indo- Russian Rifles Private Limited (IRRPL)
1	Latest audited Balance Sheet Date	31-03-2025
2	No. of Shares of Associate/ Joint Ventures held by the company on the year-end.	4,25,000
4	Extent of Holding %	42.50%
5	Description of how there is a significant influence	Investment in the equity to the extent of 42.50% of paid-up capital is considered to be a significant influence.
7	Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs. 35.47 Crore
8	Profit/ Loss for the year	Rs. 15.70 Crore

Report on Corporate Social Responsibility (CSR) Activities for the Year 2024-25

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

Advanced Weapons and Equipment India Limited (AWEIL) is committed for operating its core business as a socially responsible corporate, by taking into consideration the wider interests of the community including the environment, with a vision of promoting sustainable development.

AWEIL has a Board approved CSR policy, in line with provisions of the Companies Act 2013 that aims at bringing a positive change in the quality of lives of people by undertaking focused interventions through social upliftment programs. The CSR Policy defines the broad framework for undertaking CSR activities and modalities involved while doing so.

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: www.aweil.in.
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: Nil
6. Average net profit of the company as per section 135(5): Rs. 1304.00 Lakh
7. (a) Two percent of the average net profit of the company as per section 135(5): Rs. 26.08 Lakh.
(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Nil
(c) Amount required to be set off for the financial year, if any: Nil
(d) Total CSR obligation for the financial year (7a+7b-7c). Rs. 26.08 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. 26.08 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
				State.	Dis-trict.					Name CSR Regi- stration num- ber.
NIL										

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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.	Amount spent for the project (in Rs.).	Mode of implementation - Direct (Yes/No).	Mode of implementation - Through implementing agency.
				State.	District.		Name. CSR registration number.

(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

Sd/-

Umesh Singh

Chairman & Managing Director

Date: 19.09.2025

Place: Kanpur

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

A) UTILIZATION OF ALTERNATIVE SOURCES OF ENERGY:-

In AWEIL units following measures are adopted for utilization of alternative source of Energy:

- Installation of Roof top/ Ground Mounted solar power plants for expansion in renewable energy source and improving efficiency of existing RE projects. Brief on the Roof top/ 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	1.14 MW

- Installation/replacement of Turbo Ventilators with Wind Driven Turbo Ventilators to enhance the working environment consequently reduction in energy consumption.
- To maximize the use of renewable energy by replacing a percentage of Opaque Galvalume Roof sheet in production buildings by translucent sheets to promote sustainable environment for utilization of day light in the shop floor so that energy performance could be improved.
- Concept of adoption of e-Vehicle in AWEIL units are 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.

C) 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/ Equipments/ luminaries as far as possible.
- Purchase of power from DISCOMs.
- Imparting periodical training program and awareness campaign for employees at regular intervals.

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 in-house R&D efforts. R&D centers are engaged in 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 advanced stage. AWEIL has focused on Research & Development (R&D) of Artillery Guns, Mortars and Small Arms Weapons.



AWEIL has also involved academia in these efforts and is trying to have collaboration with prestigious institutes like IIT Kanpur, IIT Madras & IIITDM 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 Centers 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 been working in the field of Large Calibre Weapons such as Arty Guns and Mortars, Small Arm weapons and Ammunition Hardware through R&D efforts to develop new products and upgrading its existing products.

Some of the major products/projects undertaken through in-house R&D to keep pace with changing technology are as under:

- a) 155mm/52 Cal Mounted Gun System (MGS).
- b) 155mm/52 Cal Towed Gun System (TGS).
- c) 60mm Mortar.
- d) 40mm MGL-M3 (Extended Range).
- e) 7.62x51mm Medium Machine Gun (MMG) Upgrade.
- f) Trichy Assault Rifle (TAR 25).

AWEIL has made an expenditure of approx 1.49% of its Revenue from operations during FY 2024-25 on R&D which is likely to increase further in coming years.

4) FOREIGN EXCHANGE EARNINGS AND OUTGO:

AWEIL is constantly striving to increase the exports. Negotiations are going on for export of different types of weapons from various European and African countries and Middle Eastern countries. We are hopeful of getting these orders. During FY 2024-25 AWEIL had exported items worth of INR 37.58 Cr in Europe. The detail of Exported items are placed herein below:

- ✓ Arty Gun Spares
- ✓ Ammunition hardware

OBSERVATIONS OF STATUTORY AUDITORS AND REPLIES OF MANAGEMENT THEREON

SI. No	Auditors Remarks	Reply by Management
A	Basis for Adverse Opinion	
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. During FY 2022-23 & FY 2023-24 certain adjustments were made based on information available which resulted in reduction/ increase in Assets/ Liabilities amounting to Rs. 42.85 crore (Net) & Rs. 5.92 crore (Net)(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 in the FY 2023-24)</p> <p>During the current year certain adjustments has been made in respect of discrepancies noticed on Physical Verification of Property, Plant & Equipment in respect of GSF Kolkata, that has resulted in reduction in asset amounting to Rs 26.22 crore (Net of Accumulated Depreciation) by way of making adjustment in opening balance of retained earning under “other equity” instead of Restating financials of previous financial years as per requirements of Ind AS 8 “Accounting policies, change in accounting estimates and errors”.</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</p>	<p>This is to submit that the adjustment of opening balances has been made as per information available with the units of AWEIL during the financial year of 2024-25. The same is in line with management reply for FY 2023-24.</p> <p>Efforts will be made to find out the differences as per our books and the figures that were appearing in PCFA records.</p> <p>Legacy Fixed Assets/ Receivable/ Payables are continuously under scrutiny which have been transferred from erstwhile Ordnance Factory Board. Handing over and taking over process was cumbersome and involved numerous Assets/ Liabilities and was based on books of accounts/ records made available by erstwhile Ordnance Factory Board to the Company.</p> <p>Since all the records and assets of erstwhile Ordnance Factory Board were created/ accumulated over period of decades of operations, correcting such errors is not a matter of one year.</p> <p>Hence, all out efforts to trace errors are being put every year for finalization of accounts and books of accounts are being cleaned over the period of time.</p> <p>It is not practical to re-state Financial Statements every year leading to multiple financial results for the same previous year.</p> <p>As per Ind AS 8, in case there is a practical difficulty then management can account for prior period in opening balances of current financial year.</p>

SI. No	Auditors Remarks	Reply by Management
	<p>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>Physical verification of PPE has been conducted by all units of AWEIL and the report has been shared with the statutory auditors.</p> <p>Physical verification of inventory was also conducted by all units of the company and shared with the Statutory auditors, and the discrepancies, if any, on such physical verification, were taken effect of.</p> <p>As regards confirmation of party balances, the units are making all out efforts to obtain third party confirmations. The communication has been sent by all the units to the parties to confirm their balances.</p> <p>Considering the volume involved, the units have made significant progress in rectifying its PPE, Inventory and balances such as GST etc during FY 2024-25 and is 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 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.</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 its impact on statement of profit and loss for charging depreciation- 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. As per the previous financial statements prepared by PCFA, the said assets were considered as fully depreciated in the year of its acquisition and were charged to revenue. Hence, the carrying cost of these assets were Nil as on the date of transition i.e., 01.10.2021. The Company has elected to carry all its property, plant & equipment, and intangible assets at carrying value as recognised in the previous financial statements, 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>

SI. No	Auditors Remarks	Reply by Management																		
		<p>Since the record of all items which were charged to revenue by the previous owner are not easily available the way it is required for accounting as per Ind AS, the management took decision to account for the same at Rs 1/- in the first year of its financial statements, so that the assets remain counted and 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>																		
3.	<p>The company does not have 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. Hence the accounting of spares, standby equipment and servicing equipment is not in accordance with para 6 & 8 of Ind AS 16 - "Property Plant & Equipments".</p> <p>The impact of the above in the financial statements of current year is not quantifiable.</p>	<p>This is to submit that during the year, the following amounts have been capitalised under PPE (category- Plant and machinery) by various units of the company on account of stores/ spares which are expected to be used for more than one period:</p> <table border="1" data-bbox="904 1220 1441 1646"> <thead> <tr> <th data-bbox="904 1220 1027 1369">Unit name</th> <th data-bbox="1027 1220 1230 1369">Amount capitalised (Rs. In crore)</th> <th data-bbox="1230 1220 1441 1369">Useful life for depreciation charge</th> </tr> </thead> <tbody> <tr> <td data-bbox="904 1369 1027 1424">GCF</td> <td data-bbox="1027 1369 1230 1424">1.14</td> <td data-bbox="1230 1369 1441 1424">1-5 Years</td> </tr> <tr> <td data-bbox="904 1424 1027 1478">Korwa</td> <td data-bbox="1027 1424 1230 1478">0.84</td> <td data-bbox="1230 1424 1441 1478">1-10 Years</td> </tr> <tr> <td data-bbox="904 1478 1027 1533">OFT</td> <td data-bbox="1027 1478 1230 1533">1.79</td> <td data-bbox="1230 1478 1441 1533">1-10 Years</td> </tr> <tr> <td data-bbox="904 1533 1027 1587">OFC</td> <td data-bbox="1027 1533 1230 1587">11.61</td> <td data-bbox="1230 1533 1441 1587">1-5 Years</td> </tr> <tr> <td data-bbox="904 1587 1027 1646">RFI</td> <td data-bbox="1027 1587 1230 1646">3.32</td> <td data-bbox="1230 1587 1441 1646">1-10 Years</td> </tr> </tbody> </table> <p>As is evident from the above, the company has a policy of capitalisation and depreciation of such spares. Based on the directions from Head Office, the units have used the "specific identification" method, keeping in view the volume and number of spare parts used in various factories.</p>	Unit name	Amount capitalised (Rs. In crore)	Useful life for depreciation charge	GCF	1.14	1-5 Years	Korwa	0.84	1-10 Years	OFT	1.79	1-10 Years	OFC	11.61	1-5 Years	RFI	3.32	1-10 Years
Unit name	Amount capitalised (Rs. In crore)	Useful life for depreciation charge																		
GCF	1.14	1-5 Years																		
Korwa	0.84	1-10 Years																		
OFT	1.79	1-10 Years																		
OFC	11.61	1-5 Years																		
RFI	3.32	1-10 Years																		

SI. No	Auditors Remarks	Reply by Management																		
		<p>Considering the fact that the various Units are engaged in manufacturing of different products and product categories, and are not standard manufacturing plants, a standard value-based policy approach advised from the Head Office level will not be appropriate.</p> <p>Further, the Auditors have not specified any specific instances where such items as per their opinion were required to be capitalised but were charged to the Statement of Profit and Loss. Thus as such this remark has no impact on the Financial position or results for the year.</p>																		
4.	<p>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 B-voucher date in respect of Buildings. This is not in accordance with Para 55 of Ind AS16-“Property, Plant and Equipment”.</p> <p>During the year following capitalization has been made in financial statements by way of transfer from Capital Work in Progress (CWIP).</p>	<p>This is to inform that the B-voucher are prepared and forwarded to the accounts and finance departments based on confirmation of final commissioning of the respective assets and accordingly the assets are capitalised on the date of such confirmation. 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 are being reviewed.</p> <p>Further to inform that the said observation has no impact on the financial statements for FY 2024-25, since the said assets stand capitalised as at 31.03.2025 and depreciation for FY 2024-25 has been duly charged on the same.</p>																		
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #e0f2f1;">Fac-tory</th> <th style="background-color: #e0f2f1;">Project Name</th> <th style="background-color: #e0f2f1;">Date of Capital-isation</th> <th style="background-color: #e0f2f1;">Amount (Rs. In crore)</th> </tr> </thead> <tbody> <tr> <td>OFC</td> <td>Construction of new building for Heat Treatment Plant</td> <td>28-02-2021</td> <td>Rs.13.53</td> </tr> <tr> <td>OFC</td> <td>Construction of new building behind M.A. Section</td> <td>08-06-2016</td> <td>Rs.11.87</td> </tr> <tr> <td></td> <td></td> <td>TOTAL</td> <td>Rs.25.40</td> </tr> </tbody> </table>	Fac-tory	Project Name	Date of Capital-isation	Amount (Rs. In crore)	OFC	Construction of new building for Heat Treatment Plant	28-02-2021	Rs.13.53	OFC	Construction of new building behind M.A. Section	08-06-2016	Rs.11.87			TOTAL	Rs.25.40			
Fac-tory	Project Name	Date of Capital-isation	Amount (Rs. In crore)																	
OFC	Construction of new building for Heat Treatment Plant	28-02-2021	Rs.13.53																	
OFC	Construction of new building behind M.A. Section	08-06-2016	Rs.11.87																	
		TOTAL	Rs.25.40																	

SI. No	Auditors Remarks	Reply by Management
	<p>The above works were completed and ready for use in earlier years, but they were not capitalized at that time. Depreciation for the year does not include related depreciation for previous years, and the impact of this on the financial statements cannot currently be quantified.</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. In this regard deviations will be reviewed with the concerned units in due course.</p>
5.	<p>Physical Verification of Property Plant & Equipment:</p> <p>During the year Physical Verification of Property Plant and Equipment (hereinafter referred to as “PPE”) was carried out by the management at unit level. As per the Physical Verification Report of one of the unit of the Company Gun & Shell Factory, Kolkata it has been reported that the Building & Vehicles amounting to Rs.26.22 Crores (Net of Accumulated Depreciation) is not available and has been deleted from the Fixed Asset Register in the current year.</p> <p>The above adjustment of deletions has not been made in the financial books as per requirements of Ind AS 8.</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 finding 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 Government of India was not based on fair valuation of physically available assets.</p> <p><i>The impact of the above deficiency of Non-existing in case of GSF & 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</i></p>	<p>This is to submit that that the assets of Rs.26.22 Crores were part of the value of the PPE handed over to the company at the time of corporatization. Subsequently, since the building was in fact being used by Directorate of Ordnance (DO-C&S), the same was required to be decapitalized and transferred by way of a book entry, without any consideration. The said adjustment has been made by adjusting the opening reserves. The same does not impact the Financial Results for the year as no depreciation has been provided on the same during the year. Considering the fact that the independent units re-organised and forming part of AWEIL were more than 100 year old units, such corrections are bound to happen year after year until all balances are reconciled in all the units. However, restatement of financials statements every year will lead to complexity as there will be multiple balance sheets for each year. The Standard allows restatement of opening reserves where restatement of earlier years is considered impracticable. Adequate disclosures to the effect have been made in the financial statements.</p> <p>In FY 2024-25 the company undertook verification of the top 100 items (in value) of the major asset classes across all units.</p>

SI. No	Auditors Remarks	Reply by Management
	<p>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>	<p>These represented 70%-90% of the value of PPE in each of the units. The company shall undertake similar verification for the rest of the items of PPE in the current year to complete reconciliation of the PPE register with physical assets present. However, the deviation in value is not expected to be significant.</p>
<p>6.</p>	<p>Valuation of Inventory</p> <p>Fixed Overhead Allocation in valuation of Work in Progress (WIP):</p> <p>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.</p> <p>This is not in accordance with provisions of para 13 of Ind AS 2- “Inventories” which requires Fixed Overheads are to be allocated based on the normal capacity of the production facilities.</p> <p>Allocation of Fixed Overheads has been made on the basis of management estimates by each factory hence the compliance with Ind AS 2 could not be verified by us. The impact of the non-compliance of principles as provided in Ind AS 2 cannot be quantified by us in absence of the desired information at this stage.</p> <p>Inter Unit Inventory</p> <p>We observed that inter unit transfers made during the year based on estimated cost instead of the actual cost. The company has not provided any basis for arriving at cost that has been taken into consideration for calculation of cost for inter unit transfer, hence we cannot vouch the correctness of cost at which inter unit transfers have been made. Due to above existence of unrealized profit or loss on the closing inventory lying with the transferee unit as at the end of the year can't be eliminated This has resulted</p>	<p>a. For valuation of Inventory, fixed production overheads are 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 (where capacity is underutilized) has allocated fixed production overhead on the basis of standard/ normal capacity.</p> <p>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.</p> <p>b. This is to inform that the company's policy provides for transfer of material from one unit to another at cost. The said instructions were also issued by the Head Office to all units. However, since the costing methodology in various units is still being worked upon, slight variations cannot be ruled out. Further to inform that the inter unit sales and purchases get offset and do not affect the financial statements of the company as a whole. As regards the unsold stocks, there may be some element of unrealised gain.</p>

SI. No	Auditors Remarks	Reply by Management
	<p>in non-compliance with provisions of Ind AS 2 “Inventories”.</p> <p>The impact of the above in the Standalone financial statements of current year is not quantifiable in absence of non-availability of the detailed working & information.</p> <p>Stock Lying in Work in Progress (WIP) since Long</p> <p>During our audit, we observed that units are carrying Stock under Head- Work in Progress which are carried forward since long, reasons/ justification for holding such items in WIP head could not explained to us. However, impact of the above on the Standalone financial statements of Current Year is not quantifiable in absence of non- availability of detailed working & justification/ information.</p>	<p>However, the overall impact on the Financial statements is not expected to be material. The same is being reviewed by the company.</p> <p>c. The company deals with ordnance which sometimes takes more than a year in its production. There may be cases, where WIP is lying for more than a year. It is due to the nature of business of the Company. However, if there is any exceptional stock lying in the WIP since long the Company will review the matter and resolve it.</p>
7.	<p>Provision towards “Onerous Contracts”:</p> <p>During the previous financial year, the company had 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.</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 Equity 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 the seller in case the contract was not favorable; hence the agreement entered into by the company was neither strategic nor based on commercial consideration.</p>	<p>This is to inform that no fresh provisions for any onerous losses were made during the year. The company has only reversed provision for onerous contracts to the extent of actual performance of the respective contracts during the year.</p> <p>Further, provision of losses on account of onerous contracts was necessary for compliance with Ind AS-37 in the earlier years.</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 GCF, Jabalpur was sought to be assessed by the company during the year. However, since there is no dedicated machinery utilised or having usage only in respect of the items whose supplies were onerous, the company obtained a valuation report in respect of its entire Plant and machinery of the said unit from an independent valuer. The realisable value of the machinery was estimated to be higher than the carrying cost as per the said Independent</p>

SI. No	Auditors Remarks	Reply by Management
	<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 the 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 provisions contained in para 13 of Ind AS 2 “Inventories” which requires Fixed Overheads are 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 correctness of figures of losses on the basis of which provisions for losses has been booked in the financial statements retrospectively.</p> <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>	<p>Valuation Report. Thus, as such no provision for impairment losses was warranted.</p> <p>b. The company has used its best estimate to calculate 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. Further, as mentioned above 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</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. Re-incorporating present value of the contracts would lead to double impact of time value of money in the estimates. Therefore, a separate estimate for time value of money has not been considered.</p> <p>d. The provision for onerous contract was made in the preceding years basis the best estimate available with management. The said products are specialised defence equipment and no similar products are available in the market for price comparison.</p> <p>e. Provision for onerous contracts brought forward from the preceding year is in respect of the following products:</p>

SI. No	Auditors Remarks	Reply by Management
	<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>(i) Sharang (ii) Dhanush</p> <p>Sharang: The company had requested MoD to compensate for the anticipated losses on account of the said product with detailed calculations. The said calculations were found to be justified and consequently accepted by the MoD and basis the same, funds amounting to Rs. 209 crores were released vide letter Mod ID No.8(2) /2022 /NDCD /DDP / EAF/ AWEIL dated 22.03.2023 against issue of equity shares capital to Govt. Thus the loss was properly estimated and the same estimate of loss was considered for creation of the provision on the said onerous contract.</p> <p>Dhanush: the cost sheet of the said item was made available for review to the statutory auditors. The losses have been estimated properly and these estimates were reliable. Thus, the contention of the statutory auditors that reliable estimate cannot be made, is not correct.</p>
8.	<p>Revenue Recognition on Sale of Products</p> <p>Revenue from operations of the Company includes Revenue of Rs. 72.71 Crores from sale of products where condition attached to contract specifies that “the title and risk shall pass on from SELLER to BUYER once the SELLER delivers the goods i.e. on CIF basis”. The above goods were not delivered till Balance Sheet date. Due to this Revenue from operations of the Company has been overstated by the above amount.The above recognition is not in line with requirements of Ind AS 115, “Revenue from Contracts with Customers”.Further, the Company has not provided any working or information in relation to arrive at the cost of goods sold. Hence, we are unable to comment upon the impact of profit or loss</p>	<p>The company has recognized the sale, since the rights pertaining to goods supplied were transferred to M/s BDL under a ‘bill and hold arrangement’ before 31.03.2025. All expenses pertaining to the same were also accordingly provided for, keeping in view the matching concept of accounting.</p>

SI. No	Auditors Remarks	Reply by Management
	<p>in statement of Profit & Loss on account of above Revenue recognition.</p> <p>The Company has booked Commission Expenses and Transportation Expenses amounting to Rs. 9.24 Crores and Rs. 4.38 Crores respectively on above said revenue recognized. Due to this, Expenses of the Company for the year are overstated by Rs. 13.62 Crores.</p>	
9.	<p><i>Depreciation as per Income Tax Act and Deferred Tax:</i></p> <p>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 in the Previous Financial Year. The Company has not made any adjustment on account of above error i.e. increase in “Tax Base of Property, Plant & Equipment” in the previous financial years and may in turn the impact calculation of Deferred Tax.</p> <p>The Company has increased the “Tax Base of Property, Plant & Equipment while filing the Income Tax return for the AY 2024-25, this adjustment on account of change in “Tax Base of Property, Plant & Equipment” resulted reversal of deferred tax liabilities of earlier years and creation of Deferred tax Assets on account of claim of unabsorbed depreciation for the previous year. The net impact of the above for Rs. 348.08 Crores have been made through adjustment made in the opening balance of retained earning under “other equity” instead of the Restatement of the previous financial years as per requirements of Ind AS 8 “Accounting policies, change in accounting estimates and errors”.</p> <p>Further, the Company has filed application u/s 119 of the Income tax act 1961, for revision of its income tax return for the AY 2022-23 & 2023-24, which are barred by limitation. The revision of ITRs, if allowed and made, shall result in carry forward of unabsorbed depreciation of Rs. 502.56 Crores and the same shall also result in Increase of in Deferred</p>	<p>Nocommentrequiredfromcompany, since it is not an adverse observation rather a statement of fact.</p>

SI. No	Auditors Remarks	Reply by Management
	<p>tax assets by Rs. 126.48 crores. However, as of date, show cause notice has been issued by the Competent Authority for the application filed in respect AY 2022-23 and application for the AY 2023-24 has been rejected. Accordingly, the Company, as matter of prudence, has not recognized Deferred tax assets for Rs. 126.48 crores.</p>	
<p>10.</p>	<p>Confirmation of Balances of Trade Receivables</p> <p>The management does not have a proper system in place for reconciliation of trade receivable balances on a periodic basis. These balances are subject to confirmation and reconciliation from respective parties. Further, the accounting system does not provide Invoice wise list of trade receivables balances including advances from from customer duly tallying with the general ledger balance. In the absence of Bill wise recording of receipts/ outstandings from trade receivables and balance confirmations, proper basis relating to ageing analysis as disclosed in Note no. 8(b) of Financial Statements cannot be verified. It was further noticed that the Company has not ascertained or created any Expected Credit Loss (ECL) provision on trade receivables in accordance with Ind AS 109 "Financial Instruments". Pending such balance confirmations, reconciliation, basis for age wise analysis and non-calculation of provision for ECL, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025.</p>	<p>This is to inform that 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 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>During the year, the company has worked upon bill-wise recording of transactions in the ledgers of customers and vendors. Efforts have been made towards identification and settlement of contract advances towards bills raised for the same (instead of grossing up total advances and total receivable). The invoice-wise breakup of Customers would be available in upcoming year as the company is updating more information in respect of transactions entered in past (legacy balances).</p> <p>Moreover, the company is in the process of implementation of ERP. This process would be further automated in future.</p> <p>The company has used best possible information available with it to do the ageing analysis of trade receivables.</p> <p>In respect of ECL, this is to inform that 100% of company's trade receivables are from Government and Government related entities.</p>

SI. No	Auditors Remarks	Reply by Management
		<p>The supplies made to civil customers are on advance basis. Considering that government and government related entities will not default in payments of bills, no provision for ECL has been considered necessary.</p>
11.	<p>Confirmation of Balances of Trade Payables</p> <p>The management does not have a proper system in place for reconciliation of trade payable balances on a periodic basis. These balances are subject to confirmation and reconciliation from respective suppliers.</p> <p>Further, the accounting system does not provide Invoice wise list of trade payable balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of payments/ outstandings to trade payables and balance confirmations, the proper basis for ageing of creditors as disclosed in Note no. 13(a) of the Financial Statements cannot be verified. Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025.</p>	<p>The company is making efforts for reconciling all party balances. Wherever necessary, the statements of accounts will also be collected from third parties, so that reconciliation can be completed at the earliest.</p>
12.	<p>Reversal of Provision for Warranties:</p> <p>The Company had recognized warranty provisions on account of performance guarantee and replacement/ repair of goods sold. During the year the Company has reversed an amount of Rs.10.38 crores of provisions made in earlier years. The Company has not provided to us any basis for the above reversal of Provisions. Hence, we are unable to comment on the correctness of such reversal in the accounts.</p> <p>The profit for the year of the Company has been overstated by Rs. 8.38 (Net) Crores due to above.</p>	<p>This is to inform that the provision for warranties was being carried forwards since FY 2022-23. The products of the company generally are under warranty for 1-2 years. Thus, the entire provision was reversed during the current year.</p> <p>Fresh provision of Rs. 2 crore was made on the basis of management estimate and considering historical data on warranty expenses.</p> <p>Thus, there is no overstatement of profit for the year by Rs. 8.38 (Net) Crores, as pointed out by the audit.</p>

SI. No	Auditors Remarks	Reply by Management
13.	<p>Utilization of Funds from Renewal & Replacement Fund</p> <p>During our audit it has been noticed that the Company had received fund from Government of India, Ministry of Defense, DDP an amount of Rs. 37.75 Crores in earlier year. During the year it has been observed that the Company has utilized by debiting an amount of Rs. 9.40 Crores out of the amount lying under the fund. The above fund has been released for the purpose of instituting assistance whereby old & condemned Plant & Machinery could be replaced by funding their procurement through this fund, however, the Company has utilized the fund for the purpose of Repair & Maintenance of Plant & Machinery.</p>	<p>As mentioned by the C&AG in their observations for FY 2023-24, the Renewal and Replacement Fund (RR Fund) was set up with the purpose of instituting assistance whereby old & condemned P&M could be replaced by funding their procurement through this fund. During the year, the company has utilized the funds towards the same. It has booked the expenses, made towards procurement of Spares and Parts of plant and machinery, to the RR Fund. These expenses will enhance the life of old plant & machinery. Thus, there is no overstatement of profit for the year by Rs. 9.40 Crores, as pointed out by the audit.</p>
14.	<p>Reversal of Sales and Purchase Price:</p> <p>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. <i>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.</i></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 Units.</p> <p>In respect of un-amended contracts, the debit/credit notes could not be raised, since the same cannot be issued unilaterally, without the consent of the other party to the contract.</p>
15.	<p>Non - compliance with Schedule III</p> <p><i>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.</i></p>	<p>The ageing of projects under progress has been disclosed by the Company under note no. 6(a) to the accounts.</p>

SI. No	Auditors Remarks	Reply by Management
16.	<p>Non Compliance with Ind AS:</p> <p>i) <i>The company has not disclosed the following requirement of Ind AS 16</i></p> <p>a) <i>Para 79 (a) "Carrying amount of temporarily idle Property Plant and Equipment.</i></p> <p>b) <i>Gross Carrying amount of any fully depreciated Property Plant and Equipment that is still in use.</i></p> <p>ii) <i>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.</i></p> <p>iii) <i>Restatement of Financials as per requirements of Ind AS 8 as pointed out in point of "Basis for Adverse Opinion".</i></p>	<p>a) There is no "idle" plant and machinery as such. Condemned assets have been duly separated and reported separately from PPE.</p> <p>b) Fully depreciated assets are accounted at Re.1 for control purposes, as has been pointed out by the Auditors themselves in the preceding paras. However, 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> <ul style="list-style-type: none"> • This is to inform that the impairment testing is done for all items of fixed assets as per policy of the company. This is evident from the fact that some assets have been classified to "condemned category", where after such assets are carried at realizable value in the financial statements of the company. • The company has restated its opening reserves and made complete disclosure of the same. However, the earlier years have not been stated on consideration of practicality so as to avoid multiple balance sheets for each year. Further, the items resulting in restatement of the opening reserves do not have a material impact on the statement of profit and loss for the previous year.
B	Report on Other Legal and Regulatory Requirements	
3(a)	<p>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, <i>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.</i></p>	<p>The necessary reply has been provided against the relevant point.</p>

SI. No	Auditors Remarks	Reply by Management
3(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.	The necessary reply has been provided against the relevant point.
3(c)	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 “1”, “4” &“9” “Accounting Policies , Changes in Accounting Estimates & Errors; Disclosure requirement of Ind AS(s) as per para 16 of Basis for Adverse Opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.	The necessary reply has been provided against the relevant point.
D	Annexure C to the Independent Auditor’s Report	
	Basis for Qualified Opinion	
A	Absent or inadequate segregation of duties within a significant account or process- <i>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.</i>	<p>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 and 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 company is 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>

SI. No	Auditors Remarks	Reply by Management
		<p>Further, the Company is planning to implement ERP system for database 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>
B	<p><i>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></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p>	<p>i. This is to inform that 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. These transactions 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 is 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 transactions with respect to Travelling Expense, LTC and Medical expense on cash basis during the year. At the end of the year appropriate provisions are created and adjustment is made to be consistent with Accrual accounting. One unit of AWEIL, namely RFI has improvised the system further by recording the 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, breakdown of machine are being maintained by units of AWEIL. The same is available for verification by the audit.</p>

SI. No	Auditors Remarks	Reply by Management
C	<p>Failure to perform reconciliation of significant accounts: <i>The company does not have proper system for balance confirmation and reconciliation in respect of Advances, Trade Payables and Trade Receivables etc.</i></p>	<p>As Explained in Point 10 above, the company has duly reconciled balances of trade payables and trade receivable, to the extent of availability of third party statements.</p>
D.	<p><i>Corporate Guarantee issued for Advance Receipt without approval of Board.</i></p>	<p>This is to inform that corporate guarantee is a legally binding commitment where one company (Guarantor) promises to fulfil the debt obligation of another company (Third party), if that third party defaults in meeting its debt obligation. In this case, the company has issued undertaking in respect of advance received by it as per contracts with customer. No third party guarantee has been issued by the company in this case. The nature of document need to be seen rather than its nomenclature.</p>
E.	<p>Variation in Accounting of Inter unit transfers: <i>The units of the Company have no uniformity in respect of the inter unit transfers, in one of the unit Goods & Carriage Factory, Jabalpur, goods received under inter unit transfer have been accounted for on the basis of Material Inward Slip (MIS) instead of the Receipt Voucher (RV).</i></p>	<p>During the year, the company has instructed its units to record purchase in respect of inter-unit stock transfer as soon as the goods are received by the receiving unit particularly at year end, so as to avoid laps of GST ITC resulting from delayed recording of inter-unit purchases. The company has uniformly followed the accounting of inter-unit transfers throughout the organization. In case of GCF, there was inventory which was received by the end of FY 2024-25. GCF has created Material Inward Slip (MIS) as per the above instructions of Head Office.</p>
F.	<p>Non Maintenance of Cash Book: <i>This has come to our attention that during the year cash book has not been maintained by the Company in spite of cash deposits and withdrawals transactions.</i></p>	<p>The company does not keep cash balances. The cash withdrawals are in the name of third party, who make/ bear the expenses for the company which is further reimbursed to them in the form of Cash from Company's account. In respect of Cash deposit, the same pertains to rent received from rental premises. Since the rent is received in Cash, the cash deposit transactions are there.</p>



SI. No	Auditors Remarks	Reply by Management
G.	Double payment in respect of a single Invoice: This has been notice during our audit that in one of the unit of the Company, Ordnance Factory Kanpur, where payment of Rs. 78.93 Lacs have been paid twice in respect of a single invoice.	The company has taken corrective action and communicated with the party i.e. M/s Central Proof (CP) Establishment, Itarsi being a Govt. agency. This payment would be adjusted with the balance payable to the agency in future transactions.
H.	Previous year Inter unit stock transfers lying unadjusted: This has come to our attention that inter unit transfers made during the previous year has not been regularized during the current year in various units.	This is to submit that product profile of the Company, particularly large caliber weapon system has long lead time. The Inter-unit transfer is accepted by the receiving unit only after final acceptance of the end product. Sometimes, this process takes time ranging from few months to more than a year. As soon as the material is accepted by the receiving unit, the same will be accounted for in books of receiving unit.



Form No. MR-3
SECRETARIAL AUDIT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2025

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration 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: U29270UP2021GOI150734)** (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, 2025, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

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 2025 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder; (Not applicable 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) Income Tax Act 1961;
- (j) Goods and Service Tax Act, 2017.

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. The company has failed to appoint a cost auditor on time and hence due to the delayed appointment, no cost audit report was issued within the statutory time limit prescribed u/s 148 of the Companies Act, 2013.
- iii. The company is wholly owned Government Company. Government of India has given fund in form of CAPEX against Equity. Amount has been received prior to the offer by the Board and thereby it is non-compliance of section 62 of the Companies Act, 2013;
- iv. The gap between the Board Meeting held on Friday, February 23, 2024 and Wednesday, June 26, 2024 are more than 120 days thereby failed to comply with Section 173;
- v. During the year under audit, Mr. Kumar Vikash, JWM in Ordnance Factory Kanpur a unit of the Company was arrested by Anti-Terrorist Squad (ATS) on 19.03.2025 under Section 48 of Bhartiya Nanya Sanhita (BNS), 2023 and Section 3, 4 and 5 of Official Secrets Act, 1923 for disclosing information to other country. He is under continuous suspension w.e.f. 20.03.2025;
- vi. 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;
- vii. During the Audit Period the Company does not have Independent Directors as required in clause 3.1.4 of the DPE Guidelines, 2010;
- viii. 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 Office Memorandum having No. 8 (25)/2022-D (Coord/DDP), Government of India, Ministry of Defence, Department of Defence Production, D (Coord/DDP) dated 22.08.2023 DPE waived off the Corporate Governance parameters.

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 except as mentioned above . 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 except for the meeting held in shorter notice for which proper shorter notice consents were obtained 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 unanimously 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

Date: 29.08.2025

Place: Kanpur

Sd/-

JANVI MORDANI

Proprietor CP No. 10094

Company Secretaries

Peer Review Certificate Number 5513/2024

UDIN: A028157G001107697

OBSERVATIONS OF SECRETARIAL AUDITOR AND REPLIES OF MANAGEMENT THEREON

SI. No	Observation of Secretarial Auditor	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.	The company has failed to appoint a cost auditor on time and hence due to the delayed appointment, no cost audit report was issued within the statutory time limit prescribed u/s 148 of the Companies Act, 2013;	Process and efforts were made to appoint a cost auditor but could not be materialised within due date. However, the appointment of cost auditor has been made for FY 2024-25.
3.	The company is wholly owned Government Company. Government of India has given fund in form of CAPEX against Equity. e amount has been received prior to the offer by the board and thereby it is non-compliance of 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.	The gap between the Board Meeting held on Friday, February 23, 2024 and Wednesday, June 26, 2024 are more than 120 days thereby failed to comply with Section 173;	Board meeting was scheduled to be held within the due date prescribed under the Companies Act, 2013. However, meeting could not be conducted due to other official commitments of the Board Members.
5.	During the year under audit, Mr. Kumar Vikash, JWM in Ordnance Factory Kanpur a unit of the Company was arrested by Anti-Terrorist Squad (ATS) on 19.03.2025 under Section 48 of Bhartiya Nanya Sanhita (BNS), 2023 and Section 3, 4 and 5 of Official Secrets Act, 1923 for disclosing information to other country. He is under continuous suspension w.e.f. 20.03.2025;	OFC has informed that Shri Kumar Vikash, JWM/OFC was arrested by ATS on 19.03.2025. ATS has informed that arrest was done u/ section 48 of BNS 2023 & section 3,4,5 of Official Secrets Act 1923. No Further information is available with the Factory. Shri Kumar Vikash, JWM/OFC has been placed under continuous suspension w.e.f. 20.03.2025.
6.	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.



SI. No	Observation of Secretarial Auditor	Management Replies
7.	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.
8.	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 2024-25, 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.

REPORT OF COMPTROLLER AND AUDITOR GENERAL OF INDIA

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



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यमिच्छा
Dedicated to Truth in Public Interest

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

No ¹⁰⁴/T-459/AWEIL/Accounts/2025-26

दिनांक/DATE 29.09.25

Confidential/Speed Post

To,
The Chairman & Managing Director
Advanced Weapons and Equipment India Limited,
Kanpur

Subject: Revised Certificate of Comment under Section 143 (6) (b) of the Companies Act 2013 on the Standalone Financial Statements and Consolidated Financial Statements of M/s Advanced Weapons and Equipment India Limited, Kanpur for the year ended 31 March 2025

Sir

I am to forward herewith the revised certificate of Comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act 2013 on the Standalone Financial Statements and Consolidated Financial Statements of M/s Advanced Weapons and Equipment India Limited, Kanpur for the year ended 31 March 2025.

Receipt of this letter may kindly be acknowledged.

Encl :- As stated.

Yours faithfully,



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



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

The preparation of Standalone Financial Statements of Advanced Weapons and Equipment India Limited, Kanpur for the year ended 31 March 2025 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act is responsible for expressing opinion on these Financial Statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 05 August 2025

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

Based on my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors Report.

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


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

Place: Kolkata

Date: 29 September 2025

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143 (6) (b) READ WITH SECTION 129 (4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ADVANCED WEAPONS AND EQUIPMENT INDIA LIMITED, KANPUR FOR THE YEAR ENDED 31 MARCH 2025

The preparation of Consolidated Financial Statements of Advanced Weapons and Equipment India Limited, Kanpur for the year ended 31 March 2025 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act is responsible for expressing opinion on these Financial Statements under Section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated 05 August 2025

I, on behalf of the Comptroller and Auditor General of India, have conducted a Supplementary Audit under Section 143 (6) (a) read with Section 129 (4) of the Act of the Consolidated Financial Statements of M/s Advanced Weapons and Equipment India Limited, Kanpur for the year ended 31 March 2025. 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 for the year ended 31 March 2025. Further, Section 135 (5) and Section 143 (6) (a) of the Act are not applicable to the joint venture company being private entity, for appointment of their Statutory Auditors 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 Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report.

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


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

**Place: Kolkata
Date: 29 September 2025**

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company complies with the Guidelines on Corporate Governance for Central Public Sector Enterprises-2010 (here in after referred as 'DPE Guidelines') issued by the Department of Public Enterprises, Govt. of India, vide DPE's OM No.18(8)/2005-GM dated 14 May 2010.

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 a 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 2025 consisted of the Two functional directors, and one Government Nominee Director. The Directors as of 31st March 2025 were as under:

Shri Akhilesh Kumar Maurya - Director (Operations) & Additional Charge of CMD
Shri Jai Gopal Mahajan - Director (Finance) & Chief Financial Officer and
Additional charge of Director (HR)

PART-TIME OFFICIAL (GOVERNMENT) DIRECTOR:

Dr. Garima Bhagat, Joint Secretary (LS), 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 in the Board. The company is 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

The following changes occurred in the Board/Key Managerial Personnel of the Company:

- (i) During the year Shri Rajesh Choudhary, was relieved from the post of Chairman & Managing Director w.e.f. 15.12.2024 to join Directorate of Ordnance (C&S), Kolkata.

Ministry of Defence, Government of India had assigned the additional charge of the post of Chairman & Managing Director to Shri Akhilesh Kumar Maurya, Director (Operations) w.e.f 16.12.2024 to 15.03.2025.

- (ii) Dr. Garima Bhagat appointed as Government Nominee Director w.e.f. 10.12.2024 in place of Shri Shambhu Nath Jasra .
- (iii) Shri Shambhu Nath Jasra appointed as Government Nominee Director w.e.f. 10.10.2024 in place of Shri Jayant Kumar.
- (iv) Shri Sushil Sinha, Director (Finance) ceased to be director w.e.f 30.06.2024 consequent upon his superannuation.
- (v) Shri Jai Gopal Mahajan appointed as Director (Finance) cum Chief Financial Officer (CFO) w.e.f. 30.10.2024
- (vi) Shri Biswajit Pradhan, Director (HR) ceased to be director w.e.f 30.11.2024 consequent upon his superannuation.
- (vii) Shri Jai Gopal Mahajan, Director (Finance) was holding the additional charge of Director (HR) from 01.12.2024 to till date.

DIRECTOR SHAREHOLDING

No Director of the Company is holding any shares of the Company as on 31st March, 2025.

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.

During the FY 2024-25, the Board of Directors met on Seven (7) occasions, on 26.06.2024, 11.09.2024, 23.10.2024, 14.11.2024, 26.11.2024, 09.01.2025 and 12.03.2025.

Details of attendance of the Directors at the Board Meetings during the FY 2024-25 are given below:

Attendance Particular				
S I . No.	Name of Directors	Meetings held during respective tenure of Directors	No. of Meeting attended	Attendance at the last AGM held on 03.12.2024
1.	Shri Rajesh Choudhary DIN- 09282229	5	5	Yes
	Dr. Garima Bhagat DIN- 10881164	2	2	N.A.
2.	Shri Jayant Kumar DIN- 07179274	2	1	N.A.
3.	Shri Shambhu Nath Jasra DIN- 10829392	3	3	Yes
4.	Shri Akhilesh Kumar Maurya DIN- 09282230	7	7	Yes
5.	Shri Jai Gopal Mahajan DIN- 10824241	4	4	Yes
6.	Shri Biswajit Pradhan DIN- 10045105	5	5	N.A.
7.	Shri Sushil Sinha DIN- 10059967	1	1	N.A.

COMMITTEES OF BOARD OF DIRECTORS

No Committees could be constituted during the financial year 2024-25, 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)

Section 135(9) of the Companies Act, 2013, provides an exemption from the requirement to constitute a Corporate Social Responsibility (CSR) Committee for companies where the mandated CSR spending does not exceed fifty lakh rupees. In such cases, the functions of the CSR Committee, as specified in Section 135, are to be discharged by the Board of Directors. Since the mandated CSR spending of the company is less than Rs.50 lakhs, the requirement of constitution of the CSR Committee was not applicable to the company and the functions of CSR committee were discharged by the Board.

GENERAL MEETINGS

One Annual General Meeting held on 03.12.2024 during the Financial Year 2024-25.

REMUNERATION OF DIRECTORS

AWEIL is one of the seven Defence Public Sector Undertakings formed by converting the erstwhile Ordnance Factory Board (OFB). The remuneration of Functional Directors is fixed by the Govt., based on DPE guidelines on the subject. 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 AWEIL Board has adopted a policy on 'Code of Business Conduct and Ethics' as per DPE Guidelines.

VIGIL MECHANISM/WHISTLE BLOWER

AWEIL has a full time Chief Vigilance Officer (CVO) with a setup of vigilance officer and staff. CVO ensures that all provisions of PIDPI Act are being strictly followed by all AWEIL Units and Head Quarters

RISK MANAGEMENT POLICY

The Guidelines on Corporate Governance for CPSEs (Central Public Sector Enterprises) issued by DPE (May 2010) have recommended that the CPSEs 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 has formulated the Risk Management Policy which is duly approved by the Board.

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

No penalties/ strictures were imposed on the company by a Statutory Authority on any matter related to any guidelines issued by any Government Authority 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 DPE, 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 2025.



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, 2025, 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 Company.

For Janvi Mordani
Company Secretaries

Date: 21.08.2025

Place: Kanpur

Sd/-

CP No. 10094

Peer Review Certificate Number 5513/2024

UDIN: A028157G001055590

MANAGEMENT DISCUSSION & ANALYSIS REPORT

INDUSTRY SCENARIO AND DEVELOPMENTS

Despite facing global economic headwinds, India's GDP is expected to exceed 6.8% in FY 2025–26, according to the "Indian Economy: A Review" report. India is on track to become the world's third-largest economy in future.

Macro economic stability has fueled this growth, supported by strong foreign exchange reserves, rising foreign direct investment (FDI), a reduced current account deficit, and moderate inflation levels. With global economic recovery on the horizon, India's economic momentum is expected to strengthen further, keeping it among the fastest-growing major economies.

Additionally India's economic expansion, coupled with increasing global geopolitical tensions, has led to a significant rise in defence spending.

GROWTH IN DEFENCE SPENDING AND MARKET SIZE:

Over the past decade, rising defence budgets across several countries have led to significant procurement and development activities within the defence industry. In the light of current geopolitical tensions, the weapons market is expected to maintain its upward trajectory, further reinforced by stable economic growth forecasts in many developing nations. This environment is likely to encourage greater investment, policy enhancements, and increased defence spending.

INDIA'S DEFENCE SPENDING

The Government of India has allocated ₹6.21 lakh crore to the Ministry of Defence (MoD) for FY 2024-25, marking a 4.7% increase over the previous year. Of this, the capital outlay—earmarked for the modernisation and infrastructure development of the Armed Forces—has risen from ₹1,62,600 crore in FY 2023–24 to ₹1,72,000 crore in FY 2024–25, reflecting a 5.8% increase.

To enhance efficiency and ensure optimal utilisation of resources, the government aims to promote greater jointness among the three services. This includes consolidating their capital demands to allow for more flexible reallocation of funds based on inter-service priorities, enabling faster decision-making and more effective use of the capital budget.

ORGANISATION STRUCTURE

Your Company is a defence public sector undertaking wholly-owned by Government of India (GoI) 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 its major customers, 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. 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 with its good infrastructure and other facilities combined with its vast expertise is 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 company's 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 is 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 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.

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 are likely to be faced post 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.

RISK & 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 required to come up with a firmed up long term acquisition plan. AWEIL, being a Weapons Manufacturer, suffers from the absence of long-term projection of demand from Army, Navy, Air force & MHA.

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

The INSAS Rifle was the major contributor in 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 main contributors of workload for Small Calibre. As a result it poses a challenge to plan for future efficiently. Long term projection of requirement is needed, both from the Services & MHA.

BUSINESS RISKS MANAGEMENT

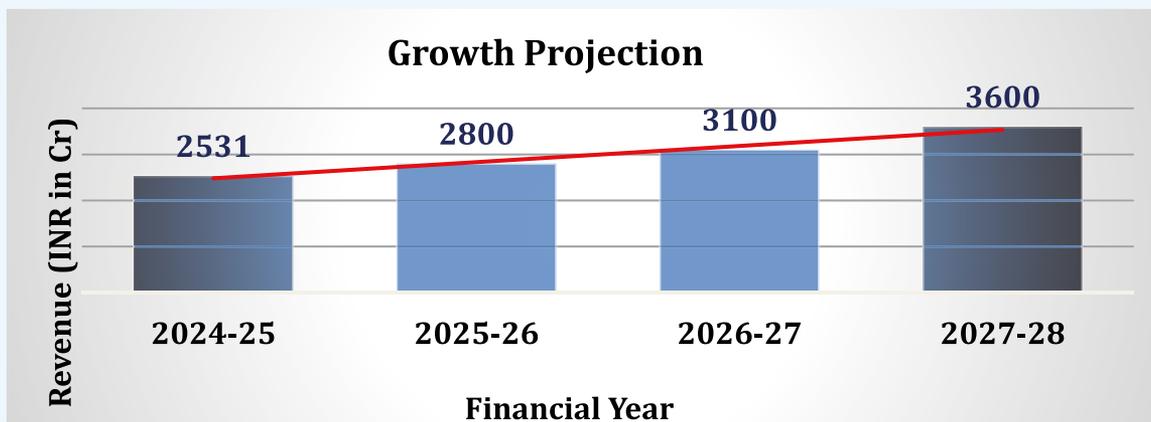
As AWEIL is in inception stage, all business related risks are being studied so that AWEIL can mitigate business risks and cultivate a better management system in the field of defence manufacturing. In the realm of competitiveness, AWEIL is actively exploring opportunities for strategic partnerships and collaborations both domestically and internationally. AWEIL has signed MOUs with leading defence & technology companies as well as with reputed academia.

FUTURE OUTLOOK

AWEIL is 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 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 the 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 10-12% per annum. The turnover of AWEIL is expected to cross ₹3,600 crore per annum by FY 2027-28 approximately.



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.

For and on behalf of the Board of Directors

Sd/-

Umesh Singh
Chairman & Managing Director

Date: 19.09.2025
Place: Kanpur

INDEPENDENT AUDITOR'S REPORT

To,

The Members of Advanced Weapons and Equipment India Limited

Report on the Audit of the Ind AS Standalone Financial Statements

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, 2025, and the Statement of Profit and Loss (including other comprehensive income), Statement of changes in equity and the Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information (hereinafter referred to as “ Standalone 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 state of affairs of the Company as at March 31st, 2025 and its profit including other comprehensive income, changes in equity and its cash flows for the year 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. 889.54crores. During FY 2022-23 & FY 2023-24 certain adjustments were made based on information available which resulted in reduction/increase in Assets / Liabilities amounting to Rs. 42.85 crore (Net) & Rs. 5.92 crore (Net)(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 in the FY 2023-24)*

During the current year certain adjustments has been made in respect of discrepancies noticed on Physical Verification of Property, Plant & Equipment in respect of GSF Kolkata, that has resulted in reduction in asset amounting to Rs 26.22 crore (Net of Accumulated Depreciation) by way of making adjustment in opening balance of retained earning under “other equity” instead of Restating financials of previous financial years as per requirements of Ind AS 8 “Accounting policies, change in accounting estimates and errors”.

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 its impact on statement of profit and loss for charging depreciation 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 does not have 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. Hence the accounting of spares, standby equipment and servicing equipment is not in accordance with para 6 & 8 of Ind AS 16 - "Property Plant & Equipments".*

The impact of the above in the financial statements of current year 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 B-voucher date in respect of Buildings. This is not in accordance with Para 55 of Ind AS16- "Property, Plant and Equipment".*

During the year following capitalization has been made in financial statements by way of transfer from Capital Work in Progress (CWIP).

The above works were completed and ready to use in earlier years but the same were not capitalized in previous years. Depreciation for the year does not include related depreciation for earlier years and impact of which on the Financial Statements is presently not quantifiable.

Factory	Project Name	Date of Capitalisation	Amount (Rs. In crore)
OFC	Construction of new building for Heat Treatment Plant	28-02-2021	Rs.13.53
OFC	Construction of new building behind M.A. Section	08-06-2016	Rs.11.87
		TOTAL	Rs.25.40

5- Physical Verification of Property Plant & Equipment:

During the year Physical Verification of Property Plant and Equipment (hereinafter referred to as "PPE") was carried out by the management at unit level. As per the Physical Verification Report of one of the unit of the Company Gun & Shell Factory, Kolkata it has been reported that the Building & Vehicles amounting to Rs.26.22 Crores (Net of Accumulated Depreciation) is not available and has been deleted from the Fixed Asset Register in the current year.

The above adjustment of deletions has not been made in the financial books as per requirements of Ind AS 8.

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 finding 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 Government of India was not based on fair valuation of physically available assets.

The impact of the above deficiency of Non-existing in case of GSF & 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 Work in Progress (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 is not in accordance with provisions of para 13 of Ind AS 2- “Inventories” which requires Fixed Overheads are 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 2 could not be verified by us. The impact of the non-compliance of principles as provided in Ind AS 2 cannot be quantified by us in absence of the desired information at this stage.

b. Inter Unit Inventory

We observed that inter unit transfers made during the year based on estimated cost instead of the actual cost. The company has not provided any basis for arriving at cost that has been taken into consideration for calculation of cost for inter unit transfer, hence we cannot vouch the correctness of cost at which inter unit transfers have been made. Due to above existence of unrealized profit or loss on the closing inventory lying with the transferee unit as at the end of the year can't be eliminated This has resulted in non-compliance with provisions of Ind AS 2 “Inventories”.

The impact of the above in the Standalone financial statements of current year is not quantifiable in absence of non- availability of the detailed working & information.

c. Stock Lying in Work in Progress (WIP) since Long

During our audit, we observed that units are carrying Stock under Head- Work in Progress which are carried forward since long, reasons/ justification for holding such items in WIP head could not explained to us. However, impact of the above on the Standalone financial statements of Current Year is not quantifiable in absence of non- availability of detailed working & justification/ information.

7- Provision towards “Onerous Contracts”:

During the previous financial year, the company had 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 Equity 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 the 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 the 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 provisions contained in para 13 of Ind AS 2 “Inventories” which requires Fixed Overheads are 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- Revenue Recognition on Sale of Products

Revenue from operations of the Company includes Revenue of Rs. 72.71 Crores from sale of products where condition attached to contract specifies that “the title and risk shall pass on from SELLER to BUYER once the SELLER delivers the goods i.e on CIF basis”. **The above goods were not delivered till Balance Sheet date.**

Due to this Revenue from operations of the Company has been overstated by the above amount. The above recognition is not in line with requirements of Ind AS 115, "Revenue from Contracts with Customers". Further, the Company has not provided any working or information in relation to arrive at the cost of goods sold. Hence, we are unable to comment upon the impact of profit or loss in statement of Profit & Loss on account of above Revenue recognition.

The Company has booked Commission Expenses and Transportation Expenses amounting to Rs. 9.24 Crores and Rs. 4.38 Crores respectively on above said revenue recognized. Due to this, Expenses of the Company for the year are overstated by Rs. 13.62 Crores.

9- Depreciation as per Income Tax Act and Deferred Tax:

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 in the Previous Financial Year. The Company has not made any adjustment on account of above error i.e increase in "Tax Base of Property, Plant & Equipment" in the previous financial years and may in turn the impact calculation of Deferred Tax.

The Company has increased the "Tax Base of Property, Plant & Equipment while filing the Income Tax return for the AY 2024-25, this adjustment on account of change in "Tax Base of Property, Plant & Equipment" resulted reversal of deferred tax liabilities of earlier years and creation of Deferred tax Assets on account of claim of unabsorbed depreciation for the previous year. The net impact of the above for Rs. 348.08 Crores have been made through adjustment made in the opening balance of retained earning under "other equity" instead of the Restatement of the previous financial years as per requirements of Ind AS 8 "Accounting policies, change in accounting estimates and errors".

Further, the Company has filed application u/s 119 of the Income tax act 1961, for revision of its income tax return for the AY 2022-23 & 2023-24, which are barred by limitation. The revision of ITRs, if allowed and made, shall result in carry forward of unabsorbed depreciation of Rs. 502.56 Crores and the same shall also result in Increase of in Deferred tax assets by Rs. 126.48 crores. However, as of date, show cause notice has been issued by the Competent Authority for the application filed in respect AY 2022-23 and application for the AY 2023-24 has been rejected. Accordingly, the Company, as matter of prudence, has not recognized Deferred tax assets for Rs. 126.48 crores.

10- Confirmation of Balances of Trade Receivables

The management does not have a proper system in place for reconciliation of trade receivable balances on a periodic basis. These balances are subject to confirmation and reconciliation from respective parties. Further, the accounting system does not provide Invoice wise list of trade receivables balances including advances from customer duly tallying with the general ledger balance. In the absence of Bill wise recording of receipts/outstandings from trade receivables and balance confirmations, proper basis relating to ageing analysis as disclosed in Note no. 8(b) of Financial Statements cannot be verified. It was further noticed that the Company has not ascertained or created any Expected Credit Loss (ECL) provision on trade receivables in accordance with Ind AS 109 "Financial Instruments". Pending such balance confirmations, reconciliation, basis for age wise analysis and non-calculation of provision for ECL, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025.

11- Confirmation of Balances of Trade Payables

The management does not have a proper system in place for reconciliation of trade payable balances on a periodic basis. These balances are subject to confirmation and reconciliation from respective suppliers. Further, the accounting system does not provide Invoice wise list of trade payable balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of payments/outstandings to trade payables and balance confirmations, the proper basis for ageing of creditors as disclosed in Note no. 13(a) of the Financial Statements cannot be verified. Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025.

12- Reversal of Provision for Warranties:

The Company had recognized warranty provisions on account of performance guarantee and replacement/ repair of goods sold. During the year the Company has reversed an amount of Rs. 10.38 crores of provisions made in earlier years. The Company has not provided to us any basis for the above reversal of Provisions. Hence, we are unable to comment on the correctness of such reversal in the accounts.

The profit for the year of the Company has been overstated by Rs. 8.38 (Net) Crores due to above.

13- Utilization of Funds from Renewal & Replacement Fund

During our audit it has been noticed that the Company had received fund from Government of India, Ministry of Defense, DDP an amount of Rs. 37.75 Crores in earlier year. During the year it has been observed that the Company has utilized by debiting an amount of Rs. 9.40 Crores out of the amount lying under the fund. The above fund has been released for the purpose of instituting assistance whereby old & condemned Plant & Machinery could be replaced by funding their procurement through this fund, however, the Company has utilized the fund for the purpose of Repair & Maintenance of Plant & Machinery.

The profit for the year of the Company has been overstated by Rs. 9.40 Crores due to above.

14- 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. ***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.***

15- Non -compliance 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.

16- Non 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.**
- iii) Restatement of Financials as per requirements of Ind AS 8 as pointed out in point of “Basis for Adverse Opinion”**

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 (ICAI) 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”.

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 Information”). 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.

When we read the ‘Other Information’, 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.

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

The Company’s Board of Directors are 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 Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone

financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone 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 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 mis-statement of the standalone 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 mis-statement 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 standalone 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.

Other Matter

The Standalone Financial Statements of the Company for the year ended 31st March, 2024 were audited by predecessor auditor of the company, where they had expressed, adverse opinion vide their revised report dated 27th September 2024 on such Standalone Financial Statements.

Our opinion is not modified in respect of above matter

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 and on the basis of such checks of the books and records of the Company as we considered appropriate and according to information and explanations given to us, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the said 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 auditor 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 Other Comprehensive Income) and the statement of changes in equity and Statement of Cash Flows 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 "1", "4" & "9" "Accounting Policies, Changes in Accounting Estimates & Errors; Disclosure requirement of Ind AS(s) as per para 16 of Basis for Adverse Opinion,** the aforesaid standalone financial statements comply with the Indian 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 5June2015issued 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 and as stated in paragraph (b) above on reporting under 143(3) of the Act & paragraph 3(j)(vi) below on the reporting under rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.*
- (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 31stMarch 2025 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, 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 other wise, 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, 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 or paid any dividend during the year
- 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 is 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 throughout the year for all the relevant transactions.

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

Additionally, except where the audit trail (edit log) facility was not enabled in the previous year, the audit trail has been preserved by the Company as per the statutory requirement for record retention.

- 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.

- (k) As per Notification No. GSR 463(E) dated 05th June 2015 issued by Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of Section 197(16) of the Act is not applicable to the Company.

Sd/-

For B.C. Jain & Co.
Chartered Accountants
FRN:001099C

Sd/-

(CA Ranjeet Singh)
Partner
M. No. 073488
UDIN: 25073488BMTDJN9353
Place: Kanpur
Date: 05th August 2025

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 31st March 2025.

i.

- a) (A) The Company is 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” in Para “2” of “Independent Auditor’s Report” 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.
- (B) The company is Maintaining proper record showing full particulars of Intangible Assets.
- b) The Company has physically verified Property, Plant & Equipment at reasonable intervals. Material discrepancies were noticed on such verification of PPE items and has been disclosed as reported in Para 5 “Basis for Adverse Opinion”
- 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 favor 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 details of the same are 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 Department of Defence Production, Ministry of Defence	Promotor	42 months	Under process. With reference to the Notification no- “CG-DL-E-1102021-230101” dated 1 st Oct2021, 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	42 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 (45of1988) 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/weighment) selecting a few items each day so that each item is physically verified at least once during a year. This verification is conducted by the central stock verification staff of each factory.

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 any 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) of the Order are not applicable to the Company.

iii.

- a) 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 made investment for Rs. 1.05 Crores during the year in a Not -for- Profit Company.
- 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 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 3 (iii) (b) to 3(iii) (f) of the Order are not applicable.

iv. In our opinion and according to the information and explanation given to us, the company has complied with the provisions of Section 185 and 186 of the Act, as applicable, in respect of investment made by 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. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.

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 to 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. We have not, however, made detailed examination of the records to determine whether they are accurate and complete. Further, Cost Audit Report for the FY 2023-24 has not been received till date of audit and appointment of Cost Auditor for the FY 2024-25 has not been made so far.

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.
- b. According to the information and explanations given to us and as per the records of the Company examined by us, there are statutory dues which are pending on account of dispute. Details of the pending cases are as under:-

Statute	Nature of dues	Disputed Value (Rs. In Crores)	Date of filing	Contingent Liability (Rs. In Crores)	Forum where dispute is pending
Service Tax	Appeal to CESTAT	Service Tax- Rs. 0.40 Penalty- Rs. 0.39 Interest on Above as per Sec 11AB of Central Excise Act,1944	2022	0.79	CESTAT Allahabad
Service Tax	Appeal to CESTAT	Service Tax- Rs. 0.13 Penalty- Rs. 0.13 Interest on Above as per Sec 11AB of Central Excise Act,1944	2022	0.26	CESTAT Allahabad
Service Tax	Appeal to CESTAT	Service Tax- Rs. 0.63	2016	0.63	CESTAT Allahabad

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) of the Order are 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 any lender.
- c. According to the information and explanations given to us and on the basis of our audit procedures, during the year, no term loan has been taken by the Company. Accordingly, the provisions of clause 3(ix)(c) of the Order are not applicable to the Company.
- d. According to the information and explanations given to us and on the basis of our audit procedures, no funds on short term basis have been raised by the company. Accordingly, the provisions of clause 3(ix) (d) of the Order are not applicable to the Company.

- e. According to the information and explanations given to us and on 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) of the Order are 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) of the Order are 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 are 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 are not applicable to the Company
- xi. 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.
- a. We have not submitted any report under subsection (12) of Section 143 of the Companies Act, 2013 in Form ADT 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules 2014 with the Central Government, during the year and up to date of this audit report.
 - b. 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, provisions of clause 3(xii) of the Order are 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 (Ind AS).
- xiv.
- a. During the year under audit the company appointed unit wise Internal Auditor to carry out the internal audit of the Company as per scope fixed by the Company. In our opinion the internal audit system is commensurate with the size of the company and the nature of its business.
 - b. We have considered the reports submitted by the internal auditor for the year under audit, issued during the year and till date, in determining the nature, timing and extent of our audit procedures,
- 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, provisions of clause 3(xvi)(a) of the Order are not applicable to the Company.
- b. According to information and explanation given to us, the Company has not conducted any Non- Banking Financial or Housing Finance activities, therefore the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause 3(xvi)(b) of the Order are not applicable to the Company.
- c. the company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, provisions of clause 3(xvi)(c) of the Order are not applicable to the Company.
- d. According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the provisions of clause 3(xvi)(d) of Order are not applicable to the Company.

xvii. In our opinion and according to the information and explanations provided to us during the course of audit, the Company has not incurred cash losses during the year, ***however the company has incurred cash losses during the previous year (after considering the effect of “Basis for Adverse Opinion” of previous year auditor’s report, though the financial statement for the previous year are showing cash profit.***

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, provisions of clause 3(xviii) of the Order are not applicable to the Company.

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 Government 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 the 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 requirements of section 135 of the Companies Act, 2013 and there are no unspent amounts which are required to be transferred under Section 135(5) and 135(6) of the Act.

xxi. The reporting under Clause 3(xxii) 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.

Sd/-

For B.C. Jain & Co.

Chartered Accountants

FRN:001099C

Sd/-

(CA Ranjeet Singh)

Partner

M. No. 073488

UDIN: 25073488BMTDJDJN9353

Place: Kanpur

Date: 05th August 2025

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 31,2025.

Directions/Additional/ Sub- directions of the C&AG of India under Section 143 (5) of the Companies Act 2013 o of Advanced Weapons and Equipment India Limited for the Year ended 31st March 2025.

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.	Assess the fair valuation of all the investments, both quoted and unquoted, made directly by the company or through trusts, for post-retirement benefits of the employees. This includes verifying valuation methodologies, ensuring consistency with Ind AS and reviewing supporting documentation. The auditor shall provide a brief note on the valuation approach, its reasonability, and compliance with applicable regulations, reporting any material deviations or misstatements.	<p>On dissolution of OFB, the Government has 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 en masse 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 (now deputation extended till 30.12.2025), in accordance with Rule 37A of the Central Civil Services (Pension) Rules 1972.</p> <p>The employees 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.</p> <p>The pension liabilities of the retirees and existing employees will continue to be borne by the Government from the Ministry of Defence budget for Defence Pensions. For the employees recruited after 01.01.2004, National Pension Scheme applicable to the Central Government employees is in vogue and the same may be adopted by the New DPSUs, including continuation of all special provisions applicable to Central Government employees under the NPS.</p> <p>Accordingly, company abide by the guidelines/directives issued by MoD, registered with the Pension Fund Regulator and Development Authority (PFRDA). The company usually deducts from the employee's salary and then deposits the consolidated amount employee's contribution and employer's contributions with NPS trustee bank. Necessary entries are passed in the Tally.</p>	No Financial impact

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's reply on Action taken on the Directions	Impact on Financials
2.	<p>Whether the company has a system in place to process all the accounting transactions through IT systems?</p> <p>If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.</p>	<p>The company has established a comprehensive IT-enabled accounting environment to ensure the integrity, accuracy, and completeness of all accounting transactions.</p> <p>1. IT Systems in Place for Accounting Transactions</p> <p>The company operates a robust ERP system built on the INFORMIX Database Management System, which encompasses the following integrated modules:</p> <ul style="list-style-type: none"> • Wage Package: Automates payroll processing for employees. • Revenue Recognition: Enables automated generation of sales vouchers in accordance with revenue recognition principles. • Other Accounting Applications: Address various accounting and financial reporting requirements. <p>All accounting transactions are systematically captured and processed within this tailor-made system, ensuring real-time recording.</p> <p>2. Alignment with Accounting Standards and Financial Reporting</p> <p>To ensure compliance with IND AS (Indian Accounting Standards) and to facilitate the preparation of statutory financial statements, the company utilizes Tally Prime as an add-on solution. All accounting entries are carried out in Tally Prime for the purpose of generating financial statements, maintaining accounting ledgers, and preparing trial balances in formats compliant with commercial accounting and statutory requirements. This dual-system approach ensures that no accounting transaction is processed outside the IT environment.</p> <p>3. Key Features Ensuring Integrity and Security</p> <p>The company's IT systems are further strengthened by the following controls:</p> <ul style="list-style-type: none"> • Maker-Checker Mechanism: A dual-authorization process is in place to ensure proper checks and balances before payment authorization however some errors were observed in accounting of transactions in Tally which were corrected subsequently on reporting by the auditors. 	No Financial impact

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's reply on Action taken on the Directions	Impact on Financials
		<ul style="list-style-type: none"> • Voucher Uploading: Facilitates cross-verification and provides remote audit access to statutory auditors. • Centralized Data Control: Data is centrally managed and protected using advanced Cybersecurity solutions (e.g., Sophos), enabling real-time monitoring and proactive threat mitigation. • Audit Trail: Automated audit trail features are enabled to ensure full traceability of transactions, supporting transparency and regulatory compliance in Tally. <p>In summary, the company has a comprehensive and secure IT system in place for processing all accounting transactions, with robust controls to ensure data integrity and compliance with applicable accounting standards.</p>	No Financial impact
3.	<p>Whether funds (grants/subsidy etc.) received / receivable for specific schemes from Central/ State Government or its agencies were properly accounted for as per the applicable accounting standards or norms and whether the received funds were utilized as per its terms and conditions? Whether accounting for interest earned on grants received has been done as per terms and conditions of the Grant. List the cases of deviation.</p>	<p>No grant or subsidy has been received by Central / State Govt. All the funds received against CAPEX and Equity are properly accounted for.</p> <p>No deviation is there.</p>	No Financial Impact
4.	<p>Whether the Company has identified the key Risk areas? If yes, ,</p> <p>Whether the Company has formulated any Risk Management Policy to mitigate these Risks? If yes</p> <p>(a) Whether the Risk Management Policy has been formulated considering global best practices?</p>	<p>Board of the Company has passed a resolution on March 12, 2025 and adopted a comprehensive Risk Management Policy to address potential risks that may impact the company's operations and strategic objectives. This policy aligns with the commitment to sustainable business growth and stability.</p> <p>(a) These areas encompass strategic at Board level, Financial, operational, IT and other relevant risks as categorized in the Risk Management Policy, ensuring a comprehensive approach to risk mitigation and management.</p>	No Financial impact

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's reply on Action taken on the Directions	Impact on Financials
	(b) Whether the company has identified its data assets and whether it has been valued appropriately.	(b) The company has neither identified any DATA Assets nor valued.	
5.	Whether the company is complying with the Securities and Exchange Board of India (SEBI) (Listing Obligation and Disclosure Requirements) Regulations ,2015 and other applicable Rules and regulations of SEBI ,Department of Investment and Public Asset Management , Ministry of Corporate Affairs , Department of Public Enterprises ,Reserve Bank of India , Telecom Regulatory Authority of India , CERT-IN, Ministry of Electronics and Information Technology and National Payment Corporation of India wherever applicable? If not the , the cases of deviation may be highlighted,	<p>The Company is not a listed Company. Therefore, Listing Obligations and Disclosure Requirements (LODR) laid out by SEBI is not applicable.</p> <p>However, the Company is adhering to the norms/guidelines set out by agencies like the DIPAM, MCA, RBI, etc. except the following non compliances in respect of DPE guidelines updated up to year 2018. Our report is based on the information and explanations given to us by the management and DPE guidelines issued.</p> <p>i. During the Audit, 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;</p> <p>ii. During the Audit Period the Company does not have Independent Directors as required in clause 3.1.4 of the DPE Guidelines, which requires that “at least one-third of the Board Members should be independent directors “</p> <p>iii. The Company has not constituted Audit Committee as per clause 4 and Remuneration Committee as re-quired in clause 5 of the DPE Guidelines. As per section 178 & 179 of the Companies Act 2013, also the company is required to constitute Nomination & Remuneration committee which has not been complied with.</p> <p>iv. The Company has not complied with Section 148 of the Companies Act 2013 for Appointment of Cost Auditor for the financial year 2024-25 and submission of Cost Audit Report for the financial year 2023-24 within due date.</p> <p>v. Current year's Corporate Governance report is presently not available hence we cannot comment on the same.</p>	No Financial impact
Additional/ Sub- Directions of the C&AG			
1.	Whether the migration of assets and liabilities on the date of transfer (appointed date) from erstwhile OFB which	During the year detailed physical verification of Property Plant and Equipment was carried out by the management which resulted in material differences in various class of Fixed Assets	

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's reply on Action taken on the Directions	Impact on Financials
	<p>remained incomplete as of 31st March 2024 have been completed during financial year 2024-25? If there is any deviation; the reasons, nature of deviation and its impact on financial statements may be stated.</p>	<p>as disclosed in "Basis for Adverse Opinion" Para 1 of our report. All the deviations observed has been adjusted in the standalone financial statements of current year by adjusting from Other Equity which is not in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" which requires restatement of financial statements as per Ind AS 8 if the impact is material.</p>	
2.	<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 sent mails to all the parties including DPSUs under trade receivable, trade payable, advance to customers and advances from customers. Please refer to para 10 & 11 "Basis for Adverse Opinion" of our report, in case of submitted confirmation there were differences in values. All the intra company balances are reconciled. The company does not have any system of reconciliation of balances with parties having substantial outstanding hence we cannot comment on the deviation in balances in the above said accounts and its impact on financial statements if any.</p>	indeter- minable.
3.	<p>Whether the company or its units possess clear title and possession of land stated in financial statements? State the area of land under encroachment and / or dispute if any?</p>	<p>Process of Land Mutation is not completed. Proper disclosure has been made in Note 6 of Financial Statements, where in Land details have been given.</p>	No financial impact
4.	<p>Whether the company's pricing policy absorbs all the fixed and variable cost of production as well as, the allocation of overheads?</p>	<p>As per the information and explanation given to us, the company's Pricing Policy is designed to ensure comprehensive absorption of all relevant costs associated with production, including both fixed and variable costs, as well as appropriate allocation of overheads. 1. Absorption of Fixed and Variable Costs The Pricing Policy explicitly provides for the inclusion of all direct variable costs (such as raw materials, direct labor, and utilities) and fixed costs (such as depreciation, salaries, and other fixed overheads) in the determination of product pricing. This approach ensures that the full cost of production is recovered through the pricing mechanism.</p>	No financial impact

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's reply on Action taken on the Directions	Impact on Financials
		<p>2. Allocation of Overheads In addition to direct costs, the policy mandates the systematic allocation of indirect costs and overheads.</p> <p>3. Strategic Pricing Considerations While the primary objective is to absorb all costs, the company also adopts flexible pricing strategies as a part of its long-term business development plan. In certain cases, the company may implement alternative pricing models (such as penetration pricing etc.) to capture new markets and responding to competitive business opportunities.</p>	No financial impact
5.	What is the system of byproducts and finished products? List out the case of deviation of from its declared policy?	The question is more relevant to process industry. The Company is not having any by product.	No Financial impact.
6.	Whether the company has effective system for physical verification, valuation of stocks/inventories, treatment of non-moving items and accounting the effect of shortage/excess noted during the physical verification?	The company has established an effective system for the physical verification and treatment of Non-Moving stock/inventories and accounting the effect of shortage/excess noticed during physical verification. The valuation of inventory is having some deficiencies which are reported in para 6 of "Basis for Adverse Opinion" of our report.	Financial Impact Indeterminable.
7.	Whether company has obtained title (share certificate) in respect of all investments in subsidiaries/joint ventures/SPV Et al if any	The Company has obtained title (Share Certificate) in respect of all its Investments.	No impact in Financial statements

Sd/-

For B.C. Jain & Co.
Chartered Accountants
FRN:001099C

Sd/-

(CA Ranjeet Singh)
Partner
M. No. 073488
UDIN: 25073488BMTDJN9353
Place: Kanpur
Date: 05th August 2025

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, 2025.

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

We have audited the internal financial controls over financial reporting (IFCoFR) of Advanced Weapons and Equipment India Limited ("the Company") as of March 31, 2025 in conjunction with our audit of the Standalone financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal 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 with reference to Standalone 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial Statements included obtaining an understanding of internal financial controls 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 Standalone financial statements.

Meaning of Internal Financial Controls with reference to these Standalone Financial Statements

A company's internal financial controls with reference to these Standalone financial statements is a process designed to provide reasonable assurance regarding the

reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. Company's internal financial control 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 unauthorized 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 Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to these standalone financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to these financial statements to future periods are subject to the risk that the internal financial controls 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.

Basis for Qualified Opinion

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, 2025:

- 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. **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.
- d. *Corporate Guarantee issued for Advance Receipt without approval of Board.*



- e) **Variation in Accounting of Inter unit transfers:** The units of the Company have no uniformity in respect of the inter unit transfers, in one of the unit Goods & Carriage Factory, Jabalpur, goods received under inter unit transfer have been accounted for on the basis of Material Inward Slip (MIS) instead of the Receipt Voucher (RV).
- f) **Non Maintenance of Cash Book:** This has come to our attention that during the year cash book has not been maintained by the Company in spite of cash deposits and withdrawals transactions.
- g) **Double payment in respect of a single Invoice:** This has been notice during our audit that in one of the unit of the Company, Ordnance Factory Kanpur, where payment of Rs. 78.93 Lacs have been paid twice in respect of a single invoice.
- h) **Previous year Inter unit stock transfers lying unadjusted:** This has come to our attention that inter unit transfers made during the previous year has not been regularized during the current year in various units.

A material weakness is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting (IFCoFR), 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.

Qualified Opinion

In our opinion, to the best of our information & according to explanation given to us, except for the possible 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, 2025, 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, 2025 standalone financial statements of the Company, and we have issued a Adverse Opinion on the Standalone Financial Statements.

The qualified opinion does not affect our opinion on the Standalone financial Statements of the Company.

Sd/-

For B.C. Jain & Co.

Chartered Accountants

FRN:001099C

Sd/-

(CA Ranjeet Singh)

Partner

M. No. 073488

UDIN: 25073488BMTDJDJN9353

Place: Kanpur

Date: 05th August 2025

Standalone Balance Sheet

₹ in Crores

Particulars	Notes	As at Mar 31, 2025	As at Mar 31, 2024
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	6	1,847.61	1,854.07
(b) Capital work-in-progress	6	174.57	208.29
(c) Investment properties		-	-
(d) Intangible assets	7	32.41	11.90
(e) Intangible assets under development	7	51.62	35.26
(f) Right of use assets	-		-
(g) Financial assets			
(i) Investments	8 (a)	5.30	4.25
(ii) Loans	8 (c)	-	-
(iii) Other financial assets	8 (f)	109.44	127.38
(h) Deferred Tax Assets (net)		74.53	-
(i) Other non-current assets	9	51.66	3.00
Total non-current assets (A)		2,347.14	2,244.15
II. Current assets			
(a) Inventories	10	2,947.26	2,659.31
(b) Financial assets			
(i) Trade receivables	8 (b)	1,539.56	1,219.09
(ii) Cash and cash equivalents	8 (d)	260.77	610.10
(iii) Bank balance other than (ii) above	8 (e)	1,116.40	718.29
(iv) Loans	8 (c)	1.32	2.83
(v) Other financial assets	8 (f)	34.64	29.09
(c) Current tax assets (net)	16	7.14	-
(d) Other current assets	9	243.94	118.83
Total current assets (B)		6,151.03	5,357.54
III. Assets classified as held for sale (C)	6 (c)	6.97	7.44
Total Assets (A+B+C)		8,505.14	7,609.13
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	17,860.79	17,531.53
(b) Other equity	12	-12,718.02	-13,144.62
Total equity (A)		5,142.77	4,386.91
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings		-	-



Particulars	Notes	As at Mar 31, 2025	As at Mar 31, 2024
(ii) Lease liabilities	-	-	-
(iii) Other financial liabilities	13 (b)	-	-
(b) Long-term provisions	14	516.21	675.88
(c) Deferred tax liabilities (net)	24	-	251.12
Total non-current liabilities (B)		516.21	927.00
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	-	-	-
(ii) Lease liabilities	-	-	-
(iii) Trade payables	13 (a)		
- Total Outstanding dues of Micro Enterprises and Small Enterprises		28.01	7.72
- Total Outstanding dues other than Micro Enterprises and Small Enterprises		808.59	321.68
(iv) Other financial liabilities	13 (b)	190.74	192.49
(b) Short-term provisions	14	2.00	10.38
(c) Current tax liabilities	16	-	4.46
(d) Other current liabilities	15	1,816.82	1,758.49
Total current liabilities (C)		2,846.16	2,295.22
Total Equity and Liabilities (A+B+C)		8,505.14	7,609.13
Material Accounting policies	4		

The accompanying notes are an integral part of these Standalone Financial Statements.
In terms of our report attached

Sd/-
For B.C.Jain & Co.
Chartered Accountants
Firm Registration No. 001099C

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

Sd/-
Umesh Singh
Chairman cum Managing Director
DIN: 08373608

Sd/-
Ranjeet Singh
Partner
Membership No. 073488
Place: Kanpur
Date: 05.08.2025

Sd/-
Jai Gopal Mahajan
Director (Finance) and CFO
DIN: 10824241
Place: Kanpur
Date: 05.08.2025

Sd/-
Manish Kumar Singh
Company Secretary
Membership No. F12879
Place: Kanpur
Date: 05.08.2025



Standalone Statement of Profit and Loss

₹ in Crores

Particulars	Notes	Year ended Mar 31, 2025	Year ended Mar 31, 2024
I. Income			
(a) Revenue from operations	17	2,530.93	2,041.73
(b) Other income	18	326.22	379.72
Total income (I)		2,857.15	2,421.45
II. Expenses			
(a) Cost of raw materials and accessories consumed	19	825.68	926.30
(b) Purchase of stock-in-trade	-	-	-
(c) Changes in inventories of finished goods and work-in-progress	20	160.53	-172.43
(d) Employee benefits expense	21	1,393.68	1,288.16
(e) Finance costs	22a	0.19	1.01
(f) Depreciation and amortisation expense	22b	139.91	134.71
(g) Other expenses	23	247.16	213.91
Total expenses (II)		2,767.15	2,391.66
III. Profit/(Loss) before exceptional items and tax (I-II)		90.00	29.79
IV. Exceptional items			-
V. Profit/(Loss) before tax (III+IV)		90.00	29.79
VI. Tax expense	24		
(a) Current tax		-	14.67
(b) Short provision of tax for earlier year		-15.17	-
(c) Deferred tax (credit)/ charge		22.43	-5.12
Total tax expense (VI)		7.26	9.55
VII. Profit/(Loss) for the year (V-VI)		82.74	20.24
VIII. Other comprehensive income		-	-
Total other comprehensive income for the year		-	-
IX. Total comprehensive income for the year, net of tax (VII+VIII)		82.74	20.24
X. Earnings per equity share	30		
Nominal value per share ₹10			
- Basic and Diluted		0.05	0.01
Material Accounting policies	4		

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

In terms of our report attached

Sd/-

For B.C.Jain & Co.

Chartered Accountants

Firm Registration No. 001099C

Sd/-

Ranjeet Singh

Partner

Membership No. 073488

Place: Kanpur

Date: 05.08.2025

For and on behalf of the board of directors of

Advanced Weapons & Equipment India Limited

Sd/-

Umesh Singh

Chairman cum Managing Director

DIN: 08373608

Sd/-

Jai Gopal Mahajan

Director (Finance) and CFO

DIN: 10824241

Place: Kanpur

Date: 05.08.2025

Sd/-

Manish Kumar Singh

Company Secretary

Membership No. F12879

Place: Kanpur

Date: 05.08.2025

Standalone Statement of cash flows

₹ in Crores

Particulars	Year ended Mar 31, 2025		Year ended Mar 31, 2024	
A Cash Flow from Operating activities				
Profit Before taxation		90.00		29.79
Adjustments to reconcile profit after tax to net cash flows:				
Depreciation and Amortization expense	139.91		134.71	
Adjustment in Depreciation	0.66			
Interest Expense	0.19		1.01	
Interest Income	-89.30		-72.84	
Unrealised Foreign Exchange (Gain)/Loss	-		-0.45	
Dividend Income	-		-0.42	
Reversal of Provision for Onerous Contract	-159.80		-88.77	
Prior Period Expense debited to other equity	-4.70			
Expenses through renewal and replacement fund	-9.40			
Profit on Sale of Property, plant and equipment (net)	-1.41		-0.70	
		-123.85		-27.46
Operating Profit before Working Capital Changes		-33.85		2.33
Adjustments for changes in working capital :				
Changes in Inventories	-287.95		-248.58	
Changes in Trade Receivables	-320.47		-575.02	
Changes in Loans and Advances	1.51		0.15	
Changes in Other Financial Assets	18.69		-21.20	
Changes in Other Assets	-125.11		-0.68	
Changes in Trade Payables	507.20		50.15	
Changes in Other Financial Liabilities	-1.75		3.21	
Changes in Other Current Liabilities	96.21		514.61	
Changes in Provisions	-8.38		-	
Net Changes in Working Capital		-120.05		-277.36
Cash Generated from Operations		-153.90		-275.03
Direct Taxes (Paid)/Refund (Net)		3.57		-3.28
Net Cash Flow from Operating Activities (A)		-150.33		-278.31
B Cash Flow from Investing Activities				
Purchase of Property, plant and equipment and intangible assets	-164.15		-79.23	
Proceeds from Sale of Property, plant and equipment and intangible assets	0.88		3.97	
Capital Advance given	-48.66		0.92	
Investment in Communication (Defece) Testing Foundation	-1.05			
Changes in other bank balances not considered as cash and cash equivalents	-384.17		-144.86	
Dividend Income	-		0.42	
Interest Received	69.08	-528.07	73.70	-145.08
Net Cash Flow used in Investing Activities (B)		-528.07		-145.08

Particulars	Year ended Mar 31, 2025		Year ended Mar 31, 2024	
C Cash Flow from Financing Activities				
Proceeds from Issue of Share Capital	329.26		225.00	
Interest Expense	-0.19	329.07	-1.05	223.95
Net Cash Flow used in Financing Activities (C)		329.07		223.95
Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)		-349.33		-199.44
Cash and Cash equivalent at the beginning of the year		610.10		809.09
Add/(Less): Unrealised Foreign Exchange Gain/(Loss)		-		0.45
Cash and Cash equivalent at the end of the year		260.77		610.10
Reconciliation of cash and cash equivalents				
Particulars	Year ended Mar 31, 2025		Year ended Mar 31, 2024	
Cash and cash equivalents comprise of:				
Cash on Hand			-	(15,750/-)
Cheques on hand			-	-
Balances with Banks*			260.77	610.10
Cash and cash equivalents			260.77	610.10

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

In terms of our report attached

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".

Sd/-

For B.C.Jain & Co.

Chartered Accountants

Firm Registration No. 001099C

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

Sd/-

Umesh Singh

Chairman cum Managing Director

DIN: 08373608

Sd/-

Ranjeet Singh

Partner

Membership No. 073488

Place: Kanpur

Date: 05.08.2025

Sd/-

Jai Gopal Mahajan

Director (Finance) and CFO

DIN: 10824241

Place: Kanpur

Date: 05.08.2025

Sd/-

Manish Kumar Singh

Company Secretary

Membership No. F12879

Place: Kanpur

Date: 05.08.2025



Standalone Statement of changes in equity

for the year ended March 31, 2025

A. Equity share capital

Particulars	₹ in Crores
As at April 1, 2023	17,123.91
Add : Issued during the year	407.62
As at Mar 31, 2024	17,531.53
As at Mar 31, 2024	17,531.53
Add : Issued during the year	329.26
As at Mar 31, 2025	17,860.79

B. Other equity

Particulars	Reserves and Surplus				Share application money pending allotment	Total other equity
	Capital Reserve	Capital reserve on Business Re-organisation	Renewal & Replacement Relief Fund	Retained Earnings		
Balance as at April 1, 2023	4.25	-16,220.67	-	3,051.56	182.62	-12,982.24
Deferred Tax on Ind AS Implementation	-	-	-	-	-	-
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 Mar 31, 2024	4.25	-16,220.67	-	3,071.80	-	-13,144.62
Balance as at April 1, 2024	4.25	-16,220.67	-	3,071.80	-	-13,144.62
Profit for the year	-	-	-	82.74	-	82.74
Other comprehensive income/(loss) for the year	-	-	-	-	-	-
Reclassification from Other Current Liabilities	-	-	37.75	-	-	37.75
Adjustments in Retained Earnings (refer note no. 38)	-	-	-	315.51	-	315.51
Utilised during the year	-	-	-9.40	-	-	-9.40
Addition during the year	-	-	-	-	-	-
Utilized towards Shares Issued during the year	-	-	-	-	-	-
Total Comprehensive income for the year	4.25	-16,220.67	28.35	3,470.05	-	-12,718.02
Balance As at Mar 31, 2025	4.25	-16,220.67	28.35	3,470.05	-	-12,718.02

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

In terms of our report attached

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

Sd/-

For B.C.Jain & Co.

Chartered Accountants
Firm Registration No. 001099C

Sd/-

Umesh Singh

Chairman cum Managing Director
DIN: 08373608

Sd/-

Ranjeet Singh

Partner
Membership No. 073488

Place: Kanpur

Date: 05.08.2025

Sd/-

Jai Gopal Mahajan

Director (Finance) and CFO
DIN: 10824241

Place: Kanpur

Date: 05.08.2025

Sd/-

Manish Kumar Singh

Company Secretary
Membership No. F12879

Place: Kanpur

Date: 05.08.2025

NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Note No.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 August 5, 2025.

Note No.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 (i.e. INR) 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.

Note No.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 provides that a prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

The Standard also provides that

- a. when it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.
- b. The correction of a prior period error is to be excluded from profit or loss for the period in which the error is discovered. Any information presented about prior periods, including any historical summaries of financial data, is restated as far back as is practicable.

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.

Accordingly, on considerations of practicality, the opening balances of assets, liabilities and equity as at 01.04.2024 only have been restated in these Financial Statements and impact of all prior period errors/omissions have been excluded from the Statement of Profit and Loss for the year, since it is not practical to restate the previous periods reported. These include:

i. Restatement of Deferred Tax Assets/Liabilities:

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 was rectified in the previous year's Financial Statements. However, no adjustment was made in respect of the change in the Tax base of the Property, Plant and Equipment as per the applicable tax laws and the resulted unabsorbed depreciation for the previous year. Thus the impact of such changes on the Net Deferred tax assets/ Liabilities has been made in the manner stated above.

ii. Rectification of balance of Property, Plant and Equipment:

The company has rectified balances of its property, plant and equipment in respect of assets which were though acquired by the respective factory unit of the erstwhile OFB, (now part of the company by virtue of the scheme of reorganisation) and were thus part of the carrying value of the Property, Plant and Equipment of the Company's Unit, was assigned for usage by another constituent factory. The carrying value of such property, plant and equipment has been derecognised in the current year, as per directions of the Competent Authority.

iii. Rectification of the material Prior period errors:

The company has identified several expenses/credits related to prior periods which remained unaccounted in those periods.

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

Note No.4**Material Accounting Policies****I. 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, if any.

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	30-60 years
II	Other than Factory Buildings	60 years	30-60 years
III	Roads (other than RCC & RCC)	5 & 10 years	10 Years
IV	Plant & Machinery	15 Years	10-20 Years
V	Furniture and Fixtures (Including Air Conditioners and office equipment)	10 years	3-10 Years
VI	Vehicles	8 Years	3-8 Years
VII	Computer (Hardware and Software)	3 & 6 Years	4-5 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

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.

II. 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.

III. 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.

IV. Non -Current Assets classified as 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.

V. 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.

VI. 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.

VII. Investments

a. Investments in Joint Venture

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.

b. Investment Property

- A property is considered as investment property only if the same is held for earning rentals and/or for capital appreciation or both. Properties held by the Company (directly or indirectly) which are used in the production or supply of goods or services for administrative purposes are not considered as Investment Property.
- The company holds properties other than factory land & buildings, administrative buildings which are used as residential quarters exclusively available for employees of the company. Such property held by the company for the purpose of facilitating the employees for which minimum license fees as per the norms of Central Government is charged are not considered as Investment property.

VIII. 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. 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.

(v) Impairment of financial assets

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 amortized 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.

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 115

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 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 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 116

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.

IX. 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)

X. 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. No Impairment losses were identified in respect of the units manufacturing these items since the units and/or specific components of PPE are not dedicated to such contracts and are utilised for multiple products and the carrying value of such PPE is not in excess of its realisable value..

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.

XI. 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 overdraft as they are considered an integral part of the Company's cash management.

XII. 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 of 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.

XIII. Employee Benefits

The Government has decided that w e f. 1st October 2021, all the employees of OFB (Group A, B & C) belonging to the production units and also the identified non-production units (as per the structure set out in Annexure A) shall be transferred to the New DPSUs on 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, which has further been extended upto 31st December, 2025.

The employees on deemed deputation to the new DPSUs, 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.

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.

For the employees recruited after 01.01.2004, National Pension Scheme applicable to the Central Government employees is in vogue and the same may be adopted by the New DPSUs, including continuation of all special provisions applicable to Central Government employees under the National Pension System.

For all other employees of the company, the company does not have any structured Employee’s Gratuity Fund Scheme. However, the Company provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment in accordance with “The Payment of Gratuity Act, 1972”. The amount is based on the respective employee's last drawn salary and the tenure of employment with the Company. The Company does not make any contributions and meets its gratuity liability from its own sources as and when the claims arise.

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.

XIV. 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 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 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.

XV. 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.

XVI. 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.

XVII. Cash Flow Statement

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

XVIII. Purchase of Products

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

XIX. Leases

a. Company as a lessee:

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – “Leases” if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with short term lease (term of twelve months or less) and lease in respect of low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of “right of use” is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments. Subsequent measurement, if any, is made using cost model.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right of use asset is depreciated over the shorter of the asset’s useful life and the lease term on a straight line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company’s incremental borrowing rate.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met

b. Company as a Lessor:

Lease are classified as finance or operating lease based on the recognition criteria specified in Ind AS 116 – Leases

i. Finance Lease

At commencement date, amount equivalent to the “net investment in the lease” is presented as a receivable. The implicit interest rate is used to measure the value of the “net investment in Lease”

Each lease payment is allocated between the Receivable created and finance income. The finance income is recognized in the statement of profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109-Financial Instruments.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

ii. Operating Lease

The company recognises lease payments from operating leases as income on either a straight line basis or another systematic basis, if required.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

A lease is classified at the inception date as a finance lease or operating lease.

XX. 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.

XXI. 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.

XXII. 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.

XXIII. 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, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

Note No.5

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.

I. 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.

II. 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.

III. Assets classified as 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.

IV. 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.

V. 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.

VI. 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 and losses associated with slow-moving/non-moving inventory items.

VII. 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.

VIII. 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.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Proper disclosure for the same has been made in the financial statement.

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.

IX. 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.

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 Office & fixture	Office Equipment	Vehicles	Computers, Servers and Network	Total	CWIP
Gross Carrying Amount										
As at March 31, 2023	32.04	(₹3/-)	384.70	1,648.76	1.31	3.30	7.64	3.67	2,081.42	270.89
Adjustments	-	-	-3.50	5.66	0.28	-2.45	-	0.01	0.00	-
Additions	-	-	43.79	58.51	1.20	0.06	0.05	2.61	106.22	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	3.95	-
Deductions	-	-	0.01	1.20	-	0.02	0.09	0.08	1.40	84.33
As at March 31, 2024	32.04	(₹3/-)	425.38	1,708.06	2.79	0.89	7.60	6.20	2,182.96	208.29
Additions	-	-	49.64	99.38	1.88	0.61	1.68	3.88	157.07	84.55
Assets retired from active use	-	-	-	1.60	0.04	-	0.06	-	1.70	-
Deductions	-	-	27.35	0.01	-	-	0.06	0.01	27.43	118.27
As at March 31, 2025	32.04	(₹3/-)	447.67	1,805.83	4.63	1.50	9.16	10.07	2,310.90	174.57
Accumulated Depreciation and Impairment										
As at March 31, 2023	-	-	12.88	180.33	0.17	0.28	2.32	0.55	196.53	-
Adjustments	-	-	-	0.17	0.01	-0.19	-	-	-0.01	-
Depreciation for the year 2023-24	-	-	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	-	-	-	-	1.00	-
Deductions	-	-	0.04	1.02	-	-	-	-	1.06	-
As at March 31, 2024	-	-	22.06	300.75	0.70	0.18	3.60	1.60	328.89	-
Depreciation for the year 2024-25	-	-	9.37	123.15	0.37	0.49	1.19	1.43	136.00	-
Adjustments through Retained Earnings	-	-	-	0.66	-	-	-	-	0.66	-
Depreciation on Assets retired from Active use	-	-	-	1.02	0.04	-	0.06	-	1.12	-
Deductions	-	-	1.10	-	-	-	0.04	-	1.14	-
As at March 31, 2025	-	-	30.33	423.54	1.03	0.67	4.69	3.03	463.29	-
Net Carrying Amount										
As at March 31, 2025	32.04	(₹3/-)	417.34	1,382.29	3.60	0.83	4.47	7.04	1,847.61	174.57
As at March 31, 2024	32.04	(₹3/-)	403.32	1,407.31	2.09	0.71	4.00	4.60	1,854.07	208.29

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).

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 Production, Ministry of Defence	Promoter	42 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 AWEL as one of the PSU. Registration is under process.
	Leasehold Land	(₹3/-)				

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 is not required.

Notes to be Standalone Financial Statement

6(a) Capital work-in-progress ageing schedule:

As at March 31, 2025

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	67.55	1.33	6.62	99.07	174.57
Projects temporarily suspended	-	-	-	-	-
Total	67.55	1.33	6.62	99.07	174.57

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

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, 2025

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, 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	-	-	-	-	-

6(c) Break up of Assets classified as Held for Sale

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Plant & Machinery	6.82	7.36
Office Equipment	0.08	0.03
Vehicles	0.05	0.03
Computer, Servers & Network	0.02	0.02
Total	6.97	7.44

Notes to be Standalone Financial Statement

Note 7 : Intangible assets

₹ in Crores

Particulars	Computer Software	Research & Development	Technical Know How	Total	Intangible assets under development
Gross Carrying Amount					
As at March 31, 2023	0.55	5.26	7.53	13.34	1.80
Additions	1.77	0.39	-	2.16	33.46
Deductions	-	-	-	-	-
As at March 31, 2024	2.32	5.65	7.53	15.50	35.26
Additions	8.12	13.63	2.69	24.44	26.74
Deductions	-	-	-	-	10.38
As at March 31, 2025	10.44	19.28	10.22	39.94	51.62
Accumulated Amortization					
As at March 31, 2023	0.19	0.53	0.90	1.62	-
Amortisation for the year	0.23	1.15	0.60	1.98	-
Deductions	-	-	-	-	-
As at March 31, 2024	0.42	1.68	1.50	3.60	-
Amortisation for the year	1.37	1.39	1.17	3.93	-
Deductions	-	-	-	-	-
As at March 31, 2025	1.79	3.07	2.67	7.53	-
Net Carrying Amount					
As at March 31, 2025	8.65	16.21	7.55	32.41	51.62
As at March 31, 2024	1.90	3.97	6.03	11.90	35.26

Notes:

1. Company has not revalued its Intagibles 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, 2025 is as follows:

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	22.88	21.49	-	7.24	51.61
Projects temporarily suspended	-	-	-	-	-
Total	22.88	21.49	-	7.24	51.61

As at March 31, 2024 is as follows:

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

Notes to the Standalone Financial Statements

Note 8 : Financial assets 8 (a) Investments

₹ in Crores

Particulars	Face Value per share in Rs.	No. of Shares Mar 31, 2025	No. of Shares Mar 31, 2024	As at	As at
				Mar 31, 2025	Mar 31, 2024
Non-current investment					
(a) Investment in equity shares (fully paid up) Joint Venture - measured at Cost (Unquoted) Indo Russian Rifles Private Limited Communication (Defence) Testing Foundation	100 1000	425,000 10,452	425,000 -	4.25 1.05	4.25 -
Total Investments				5.30	4.25
Aggregate amount of quoted investments				-	-
Aggregate amount of unquoted investments				5.30	4.25
Aggregate impairment in value of investment				-	-

8 (b) Trade receivables ~ Current

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Unsecured, considered good	1539.56	1219.09
Significant increase in Credit Risk	-	-
Credit Impaired	-	-
Total Trade receivables	1539.56	1219.09

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 200 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.

₹ in Crores

Ageing of Trade Receivables from due date of payments As at Mar 31, 2025 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	More than 3 years	
Undisputed Trade receivable - Considered Good	-	-	949.69	234.10	150.78	71.27	1,539.56
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	-	-	949.69	234.10	150.78	71.27	1,539.56

Ageing of Trade Receivables from due date of payments As at Mar 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	More than 3 years	
Undisputed Trade receivable - Considered Good	-	-	837.07	193.69	49.99	5.87	1,219.09
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	-	-	837.07	193.69	49.99	5.87	1,219.09

Notes to be Standalone Financial Statement

8 (c) Loans

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
(Unsecured, considered good unless otherwise stated)	-	-
Non-current	-	-
Current		
Loans to		
- Employees	1.32	2.83
	1.32	2.83
Total Loans	1.32	2.83

Notes:

1. No Loans are due from Directors or to firm/a 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

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Cash on hand	-	(15,750/-)
Balance with Banks		
In Current accounts	0.64	11.28
Deposit with bank having maturity less than 3 months	260.13	598.82
Total cash and cash equivalents	260.77	610.10

8 (e) Other bank balance

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Deposit with bank having maturity more than 3 months and less than 12 months*	1,116.40	718.29
Total other bank balances	1,116.40	718.29

* Includes Fixed Deposits of ₹78.40 Crores (Previous year ₹100 Crores) under lien with bank as Security for LC Facility.

* The Company has been sanctioned an Overdraft Limit of Rs. 150 crores. For this facility FDRs of Rs. 170 crores are under lien.

8 (f) Other financial assets

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
(Unsecured, considered good unless otherwise stated)		
Non-current		
Security deposits	22.51	26.51
Bank deposits with maturity of more than 12 months*	86.93	100.87
	109.44	127.38
Current		
Security deposits	6.19	1.36
Interest Accrued	27.90	7.68
Other Receivables	0.55	20.05
	34.64	29.09
Total other financial assets	144.08	156.47

* Under lien with bank as Security for LC Facility/ earmarked against EMD of ₹86.92 Crores (Previous year ₹102.87 Crores)

8 (g) Financial Instruments by category

₹ in Crores

Particulars	As at Mar 31, 2025				
	Cost	Fair value through Profit and Loss (FVTPL)	Fair value through Other Comprehensive Income (FVTOCI)	Amortised cost	Total
Investment	5.30	-	-	-	5.30
Trade receivables	-	-	-	1,539.56	1,539.56
Loans	-	-	-	1.32	1.32
Cash and cash equivalents	-	-	-	260.77	260.77
Other bank balances	-	-	-	1,116.40	1,116.40
Other financial assets	-	-	-	144.08	144.08
Total Financial assets	5.30	-	-	3,062.13	3,067.43

Particulars	As at Mar 31, 2024				
	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	-	-	-	1,219.09	1,219.09
Loans	-	-	-	2.83	2.83
Cash and cash equivalents	-	-	-	610.10	610.10
Other bank balances	-	-	-	718.29	718.29
Other financial assets	-	-	-	156.47	156.47
Total Financial assets	4.25	-	-	2,706.78	2,711.03

Note 9 : Other assets

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
(Unsecured, considered good unless otherwise stated)		
Non-current		
Capital advances	51.66	3.00
Other non-Current Assets	-	-
	51.66	3.00
Current		
Advance to suppliers	115.45	49.38
Balance with Government Authorities (Refer note (i) below)	109.68	62.51
Advance to employees	5.30	5.22
Other Current Assets	13.51	1.72
	243.94	118.83
Total (A) + (B)	295.60	121.83

Notes :

- (i) Balance with Government Authorities mainly consists of input credit available.
- (ii) No advances are due from directors or promoters of the Company either severally or jointly with any person.
- (iii) Other Current Assets include Rs.0.26Crores pertaining to Funds in Bank accounts of Industrial Canteen of the Company

Note 10 : Inventories (At lower of cost and net realisable value)

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Raw materials and components (Refer Note 1 Below)	1,574.76	1,126.28
Raw materials in transit	-	-
Work-in-progress	1,222.95	1,283.85
Finished goods	133.05	232.05
Scrap	16.50	17.13
Total	2,947.26	2,659.31

Notes :

- 1) Raw Materials and Components include Inter-unit Stock In Transit of the company of Rs. 144.57 crores (PY - Rs. 125.39 crores) and material under inspection of Rs. 91.73 crores (PY - NIL).
- 2) Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value. The value of such write down upto the year ended 31st March 2025 is ₹175.93 Crores (PY ₹58.55 Crores). The impact of such write downs are through the Statement of Profit and Loss.

Note 11 : Equity share capital:

Particulars	As at Mar 31, 2025		As at Mar 31, 2024	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
Authorised share capital				
Equity shares of ₹10 each	20,500,000,000	20,500.00	20,500,000,000	20,500.00
Issued, subscribed and paid-up share capital				
Equity shares of ₹10 each	17,860,790,000	17,860.79	17,531,530,000	17,531.53
Total	17,860,790,000	17,860.79	17,531,530,000	17,531.53

11.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period :

Particulars	As at Mar 31, 2025		As at Mar 31, 2024	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
At the beginning of the period	17,531,530,000	17,531.53	17,123,910,000	17,123.91
Add: Issue of Share Capital in cash	329,260,000	329.26	407,620,000	407.62
Add: Issue of Share Capital non cash (Refer Note 10.2)		-		-
Outstanding at the end of the year	17,860,790,000	17,860.79	17,531,530,000	17,531.53

11.2. Issue of Equity Shares

The Company has issued 32,92,60,000 shares of ₹10/- each fully paid amounting to ₹3,29,26,00,000 to Government of India on 09.01.2025. 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 carrying 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 Mar 31, 2025		As at Mar 31, 2024	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Government of India (Including nominees)	17,860,790,000	100.00	17,531,530,000	100.00

11.5. Shareholding of Promoters

Name of the Promoter	As at Mar 31, 2025		As at Mar 31, 2024	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Government of India (Including nominees)	17,860,790,000	100.00	17,531,530,000	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 Mar 31, 2025	As at Mar 31, 2024
Capital reserve		
Balance as per last Financial Statements	4.25	4.25
Balance at the end of the year	4.25	4.25
Capital reserve on Business Reorganisation		
Balance as per last financial statements	-16,220.67	-16,220.67
Created during the year	-	-
Balance at the end of the year (Refer Note 10.2)	-16,220.67	-16,220.67
Share application money pending allotment		
Balance as per last Financial Statements	-	182.62
Addition during the year	-	-
Less: Utilized towards Shares Issued during the year	-	-182.62
Balance at the end of the year	-	-
Renewal & Replacement Relief Fund		
Balance as per last Financial Statements	-	-
Add: Reclassification from Other Current Liabilities	37.75	-
Less: Utilised During the year	-9.40	-
Balance at the end of the year	28.35	-
Retained earnings		
Balance as per last Financial Statements	3,071.80	3,051.56
Add: Adjustment of Opening DTA/DTL	348.08	-
Add: Prior Period Adjustments (Refer Note 38)	-32.57	-
Restated Balance	3,387.31	3,051.56
Add: Profit for the year	82.74	20.24
Balance at the end of the year	3,470.05	3,071.80
Total Other equity	-12,718.02	-13,144.62

The description of the nature and purpose of each reserve within equity is as follows:-

a. Capital reserve

Capital Reserve represents adjustments on initial 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 carrying value of net assets transferred to the Company.

c. Renewal and Replacement Relief Fund

Renewal and replacement fund represents the funds received from Government of India to be utilised towards capital works.

d. Retained Earnings

(a) Value of Net Assets (Assets minus Liabilities) as on 01.10.2021 of the respective Units which were reorganised and formed part of the corporatisation plan of the OFB. The same was adjusted for difference between carrying values as per PCFA and the respective Units. The value of such adjustments, resulting in decrease in total retained earnings is Rs.85.34 Crores (PY-Rs.85.34 crores).

(b) Adjustments on account of implementation of Indian Accounting Standards.

(c) Annual Net profit/Loss after Tax of the company post corporatisation.



Note 13 : Financial liabilities

13 (a) Trade payables

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Current		
- Total Outstanding dues of Micro Enterprises and Small Enterprises	28.01	7.72
- Total Outstanding dues other than Micro Enterprises and Small Enterprises	808.59	321.68
Total	836.60	329.40

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, 2025. This information has been determined to extent such parties have been identified on the basis of information available with the company.

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
(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	28.01	7.72
- 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, 2025 is as Follows:

₹ in Crores

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises	-	21.31	0.86	0.82	5.02	28.01
Others	-	714.75	57.77	10.71	21.79	805.02
Disputed dues - Micro and Small	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	3.56	-	-	-	-	3.56
Total	3.56	736.06	58.63	11.53	26.81	836.59

as at March 31, 2024 is as Follows:

₹ in Crores

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	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	-	264.73	36.19	10.78	4.22	315.92
Disputed dues - Micro and Small	-	-	-	0.04	-	0.04
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	5.76	-	-	-	-	5.76
Total	5.76	266.11	38.33	12.44	6.76	329.40

13 (b) Other financial liabilities

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Non-current	-	-
Current		
Payable to employees	115.83	119.13
Security Deposits from customers and others	6.42	10.11
Accrued Committed Liabilities	19.24	29.78
Others	49.25	33.47
	190.74	192.49
Total	190.74	192.49

13 (c) Financial liabilities by category

₹ in Crores

Particulars	As at Mar 31, 2025		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	836.60	836.60
Other Financial Liabilities	-	190.74	190.74
Total Financial liabilities	-	1,027.34	1,027.34
Particulars	As at Mar 31, 2024		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	329.40	329.40
Other Financial Liabilities	-	192.49	192.49
Total Financial liabilities	-	521.89	521.89

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 Mar 31, 2025	As at Mar 31, 2024
Long-term		
Provision for Onerous Contracts	516.08	675.88
Provision for Gratuity	0.13	-
	516.21	675.88
Short-term		
Provision for Warranties	2.00	10.38
	2.00	10.38
Total	518.21	686.26

Movement of provisions

₹ in Crores

Particulars	Provision for Warranties	Provision for Onerous Contracts
Balance as on Mar 31, 2023	10.38	764.65
Add: Provisions recognised during the year	2.00	-
Less: Amount utilised during the year	-	88.77
Less: Amount Reversed during the year	2.00	-
Balance as on Mar 31, 2024	10.38	675.88
Add: Provisions recognised during the year	2.00	-
Less: Amount utilised during the year	-	159.80
Less: Amount Reversed during the year	10.38	-
Balance as on Mar 31, 2025	2.00	516.08

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 were identified as being onerous i.e cost of production of the material/equipment to be supplied exceeds its contracted sale price and accordingly the company made provision for such contracts, being onerous contracts in its earlier financial statements. The provision is reversed upon contract performance in the year of such performance.

No Impairment losses were identified in respect of the units manufacturing these items since the units and/or specific components of PPE are not dedicated to such contracts and are utilised for multiple products and the carrying value of such PPE is not in excess of its realisable value.

Note 15 : Other current liabilities

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Advance from customers (Refer Note 1 Below)	1,588.11	1,510.11
Statutory dues	141.40	105.48
Payable to Government of India(Refer Note 2 Below)	17.89	77.66
Other liabilities	69.42	65.24
Total	1,816.82	1,758.49

Notes

1. Advance from customers includes advances against export in respect of which corporate guarantee for a sum equivalent USD 1,22,14,522 (~Rs.104.34 cr) has been issued by the company.
2. Includes balance of Renewal and Replacement Fund of Rs.Nil (PY- Rs.37.75 Crores), which was received from Government of India. The same was reclassified under 'Other Equity' during the Current Year and is disclosed separately in Note No.12.

Note 16 : Current Tax Asset / (Liability)

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Provision for Tax	-	-15.17
Advance Tax (TDS) (Net of Provision)	7.14	10.71
Total	7.14	-4.46

Note 17 : Revenue from operations

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Sale of Products	2,498.93	2,006.42
Sale of Services	3.75	3.39
Other Operating Income		
Disposal of Scrap and Surplus / Unserviceable Stores	28.25	31.92
Total	2,530.93	2,041.73

I. Disaggregation of Revenue from contracts with customers
Revenue based on Geography

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Domestic	2,493.35	2,002.67
Export	37.58	39.06
Total	2,530.93	2,041.73

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 indicators considered for this is transfer of significant risk and rewards to the customer based on Contract terms. Where a contract involves multiple performance obligations, 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 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.
 (g) 'Exports' of Rs. 37.58 crores refer to the Direct Exports made by the company. Sales to the tune of Rs. 72.71 crores, being sales to an Indian party on bill and hold basis for onward export, under a merchant export arrangement, wherein the company is the Principal Manufacturer, has been reported under Domestic Sales.

II. Reconciliation of revenue from operation with contract price

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Revenue from contract with customers as per the contract price	2,574.37	2,067.17
Less : Adjustment made to contract price on account of:		
a) Discounts and Rebates	-	-
b) Sales Return	43.44	25.44
Revenue from Operations	2,530.93	2,041.73

Note 18 : Other income

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Interest income on financial assets measured at amortized cost		
- Interest from Bank	88.08	72.33
- Other Interest Income	0.73	0.16
- Interest on Income Tax Refund	0.49	0.35
Dividend Income	-	0.42
Reversal of Provision for Onerous Contracts (Refer Ind AS Note 14)	159.80	88.77
Provision no Longer Required (net)	8.38	-
Custom Duty Drawback	1.16	0.06
Foreign Exchange Gain	1.25	1.41
Rent Income	7.56	7.47
Balances Written Back (refer note 1 below)	3.74	178.03
Profit on sale of Property, plant and equipment (Net)	1.44	0.70
Gain on Refund of NPS Contribution (refer note 2 below)	0.10	4.35
Income from Liquidated Damages	44.18	9.61
Miscellaneous income	9.31	16.06
Total	326.22	379.72

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 Mar 31, 2025	Year ended Mar 31, 2024
Inventories at the beginning of the year	1,226.28	1,049.00
Add : Purchases during the year	1,274.16	1,003.58
	2,400.44	2,052.58
Less : Inventories at the end of the year	1,574.76	1,126.28
Total	825.68	926.30

Note 20 : Changes in inventories of finished goods and work-in-progress

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Inventories at the end of the year		
Finished goods	133.05	232.05
Work-in-Progress	1,222.95	1,283.85
Scrap	16.50	17.13
	1,372.50	1,533.03
Inventories as at beginning 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
(Increase) / Decrease in Inventories	160.53	-172.43

Note 21 : Employee benefits expense

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Salaries and Wages	1,256.96	1,175.34
Contribution to provident and other funds (Refer Note 28)	64.79	53.62
Staff welfare and training expenses	2.48	2.47
Contract Labour	69.43	56.73
Provision of Gratuity	0.02	-
Total	1,393.68	1,288.16

Note 22a : Finance Cost

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Interest to Bank and others	0.19	1.01
Total	0.19	1.01

Note 22b : Depreciation and amortization expense

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Depreciation on Property, plant and equipment (Refer note 5)	136.03	132.73
Amortization of Intangible assets (Refer note 6)	3.88	1.98
Total	139.91	134.71

Note 23 : Other expenses

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Bank Charges	0.24	0.04
Power, fuel and Water Charges	87.59	83.16
Security Charges	74.62	73.59
Repairs :		
To Building	14.01	8.38
To others	1.92	11.03
Transportation Charges	9.63	4.40
Conveyance and Travelling expenses	10.68	8.60
Commission and Brokerage	9.74	0.45
Printing, stationery and communication	2.75	2.51
Rates and taxes	1.62	2.37
Computer and Software Expenses	2.82	1.87
Meeting, Conference and Exhibition Expenses	1.40	0.86
Legal and Professional charges	2.32	1.41
Balances Written Off	2.34	1.40
Inspection and Testing	7.26	3.61
Loss on Sale/Disposal of Assets	0.03	0.01
Corporate Social Responsibility (Refer Note 36)	0.26	0.10
Auditor's remuneration (Refer note (i) below)	0.27	0.30
Research & Development Expenses	5.47	6.48
Miscellaneous expenses	10.15	3.34
Claim and Compensation	2.04	-
Total	247.16	213.91



(i) Break up of Auditor's remuneration

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Payment to Auditors as		
Auditor	0.25	0.25
For taxation matters	0.02	0.02
For reimbursement of expenses	-	0.03
Total	0.27	0.30

Note 24 : Income tax

₹ in Crores

The major component of income tax expense is as follows:

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Statement of Profit and Loss		
-Current Tax	-	14.67
-Short/(Excess) provision of tax for earlier year	-15.17	-
-Deferred tax expense/(credit)	22.43	-5.12
Income tax expense/(credit) in the Statement of Profit and Loss	7.26	9.55
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 Mar 31, 2025	Year ended Mar 31, 2024
Accounting profit before tax	90.00	29.79
Tax Rate	25.168%	25.168%
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	22.65	7.50
Adjustment		
Exempt income/not liable to tax	-40.22	-22.34
Expenditure not deductible for tax/not liable to tax	41.73	35.45
Other Deductions	-55.40	-5.94
Carry Forward of Unabsorbed Depreciation	31.24	-
Total income tax expense/(credit)	-	14.67
Effective tax rate	NA	49.24%

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
	Mar 31, 2025	Mar 31, 2025	Mar 31, 2024	Mar 31, 2024
Depreciation for tax purposes	439.09	17.87	421.22	-27.46
Effect of Depreciation taken in Retained Earnings	-310.59			
Effect of Unabsorbed Depreciation for FY 23-24 taken in Retained Earnings	-36.41			
Effect of Disallowance u/s 43B taken in Retained Earnings	-1.08			
Impact of Unabsorbed Depreciation for the year	-35.66	-35.66	-	-
Impact of Provision for Onerous Contract	-129.88	40.22	-170.10	22.34
Deferred tax expense/(income)		22.43		-5.12
Net deferred tax liabilities/(Assets)	-74.53		251.12	
Reflected in the balance sheet as follows				
Deferred tax liabilities	128.50		421.22	
Deferred tax assets	-203.03		-170.10	
Deferred tax (Asset)/Liabilities (net)	-74.53		251.12	

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 which relate to income taxes levied by the same tax authority.

The company has filed applications u/s 119 of the income Tax Act, 1961, for revision of its Income tax Returns for AY 2022-23 and AY 2023-24, which are barred by limitation. The revision of ITRs, if allowed and made, shall result in carry forward of unabsorbed depreciation of Rs.502.56 cr, and the same shall also result in increase in Deferred Tax Asset of the company by Rs.126.48 cr. However, as of date, the application filed in respect of AY 2022-23 is pending with the Competent Authority, while the application for AY 2023-24 stands rejected. Accordingly the company, on consideration of prudence, has not recognised DTA to the tune of Rs. 126.48 cr.

Reconciliation of Deferred Tax Assets/(Liabilities), Net

₹ in Crores

Particulars	As At Mar 31, 2025	As At Mar 31, 2024
Opening balance	251.12	256.24
Deferred Tax Liability recognised during the year on recognition of Research & Development	-	-
Deferred Tax income/(expense) during the period recognised in retained earnings	-348.08	-
Deferred Tax income/(expense) during the period recognised in profit or loss	22.43	-5.12
Deferred Tax income/(expense) during the period recognised in OCI	-	-
Closing balance	-74.53	251.12

Note 25 : Contingent liabilities

₹ in Crores

Particulars	As At Mar 31, 2025	As At Mar 31, 2024
Contingent liabilities not provided for		
(i) Claims against Company not acknowledged as debts	122.91	33.68
(ii) Guarantees given	0.02	-
(iii) Disputed demands in respect of Excise and Customs duty	1.68	3.54

Note:

(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

Particulars	As At Mar 31, 2025	As At Mar 31, 2024
(a) Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	60.94	2.94
(b) Other commitments	-	-

Note 27 : Foreign Currency Exposures not hedged

Nature of exposure	Currency	As at Mar 31, 2025		As at Mar 31, 2024	
		FC In Mn	₹ in Crores	FC In Mn	₹ in Crores
Payable to creditors	USD	-	-	-	-
	EURO	-	-	0.05	4.87
	SEK	75.07	6.53	-	-

Note 28 : Disclosure pursuant to Employee benefits
A. Defined contribution plans:

Amount of ₹64.79 Crores (Previous year ₹53.61 Crores) is recognised as expenses and included in Note no. 21 "Employee benefit expense".

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
(i) Contribution to National Pension Scheme [Note (a)]	64.79	53.62
Total	6.79	53.62

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 pension liabilities 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 till December 31, 2025 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. Akhilesh Kumar Maurya Director (w.e.f. 14 Aug 2021)
2	Mr. Jai Gopal Mahajan Director (Finance cum CFO) (w.e.f. 30 Oct 2024)
3	Dr. Garima Bhagat Govt. Nominee Director (w.e.f. 10 Dec 2024)
4	Mr. Rajesh Gangadhar Choudhary Chairman and Managing Director (w.e.f. 14 Aug 2021 upto 15 Dec 2024)
5	Mr. Shambhu Nath Jasra Govt. Nominee Director (w.e.f. 10 Oct 2024 upto 10 Dec 2024)
6	Mr. Jayant Kumar Govt. Nominee Director (w.e.f. 27 Feb 2023 upto 10 Oct 2024)
7	Mr. Biswajit Pradhan Director (w.e.f. 10 Feb 2023 upto 30 Nov 2024)
8	Mr. Sushil Sinha Director (Finance cum CFO) (w.e.f. 01 Mar 2023 upto 30 Jun 2024)
9	Mr. Manish Kumar Singh Company Secretary (w.e.f. 22 Sep 2022)

(b) Disclosure in respect of Related Party Transactions :

₹ in Crores

Sr.	Particulars	Joint Venture		Key Management Personnel and relatives		Total	
		Year ended / as at		Year ended / as at		Year ended / as at	
		Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
(I)	Transactions during the year						
	Remuneration		-	1.41	1.71	1.41	1.71
	Leases	Refer note 1 below	Refer note 1 below				
	Sale of goods and services	1.39	(Rs. 14,139)			1.39	-
	Rent Received	0.79	0.66			0.79	0.66
(II)	Balances as at year end						
	Investments	4.25	4.25	-	-	4.25	4.25
	Advances for sales	109.67	83.23			109.67	83.23

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	Mar 31, 2025	Mar 31, 2024
Short-term employee benefits	1.39	1.71
Termination benefits provided	0.02	-
Total compensation paid to key management personnel	1.41	1.71

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 related entities.

However as required under Ind AS 24, following are the individually significant transactions :

Over 90% of the Company's Turnover, Trade Receivables and Customer's Advances is with respect to government and government related entities.

Note 30 : Earning per share:

Particulars		Year ended Mar 31, 2025	Year ended Mar 31, 2024
Earnings per share (Basic and Diluted)			
Profit attributable to ordinary equity holders	₹in Crores	82.74	20.24
Number of Shares Outstanding at the end of the year	No.	17,860,790,000	17,531,530,000
Weighted average number of equity shares for basic and Diluted EPS*	No.	17,604,598,658	17,333,862,219
Nominal value of equity shares	Rs.	10.00	10.00
Basic and Diluted earning per share	Rs.	0.047	0.012

* Refer Note No. 11.2

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.

4. The Company has entered into a Lease agreement with Kendriya Vidyalaya, whereby the Company has given plot of land of 5400sqm on token rent of Rs. 1/- per annum for 99 years dtd 28.04.1988 to dtd. 27.04.2087.

5. The Company has entered into a Lease agreement with Calcutta Electric Supply Corporation Limited, whereby the Company has given plot of land on token rent of Rs. 1/- per month ie. Rs. 12/- per annum.

All the above leases are considered as low value leases and hence no Right of Use Assets or Liability 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 Mar 31, 2025	As at Mar 31, 2025	Year ended Mar 31, 2024	Year ended Mar 31, 2024
Financial assets				
Investment at Cost	5.30	5.30	4.25	4.25
	5.30	5.30	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.

(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 Mar 31, 2025 and Mar 31, 2024

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 Mar 31, 2025 Assets measured at fair value	-	-	-	-
As at Mar 31, 2024 Assets measured at fair value	-	-	-	-

Quantitative disclosures fair value measurement hierarchy for liability As at Mar 31, 2025 and Mar 31, 2024

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 Mar 31, 2025 Liability measured at fair value	-	-	-	-
As at Mar 31, 2024 Liability 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
Mar 31, 2025	+2%	-	+2%	-	+2%	(0.13)
	-2%	-	-2%	-	-2%	0.13
Mar 31, 2024	+2%	-	+2%	(0.10)	+2%	-
	-2%	-	-2%	0.10	-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	Less than 1 year	1 year or more
Mar 31, 2025		
Trade payables	736.06	96.97
Other financial liabilities	190.74	-
Total	926.80	96.97
Mar 31, 2024		
Trade payables	266.11	57.53
Other financial liabilities	192.49	-
Total	458.60	57.53

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 Mar 31, 2025	As at Mar 31, 2024
Net debt (a)	-	-
Total Equity		
Equity share capital (Refer note 11)	17,860.79	17,531.53
Other equity (Refer note 12)	(12,718.02)	-13,144.62
Total Equity (b)	5,142.77	4,386.91
Net Debt to Equity Ratio (a/b)	-	-



Note 36: Disclosure in respect of Corporate Social Responsibility (CSR) Activities

Particulars	Year ended Mar 31, 2025
a) Gross amount required to be spent by the Company during the year	0.26
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	0.26
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	2024-25	2023-24	Variance (in %)	Remarks for variance more than 25%
1	Current Ratio (In times)	Current Assets	Current Liabilities	2.16	2.33	(7.41%)	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	1.61%	0.46%	248.71%	Increase in turnover and interest income have contributed to increase in profitability of the company.
5	Inventory turnover Ratio (In times)	Revenue from Operations	Average Inventories	0.90	0.81	12%	NA
6	Trade Receivables turnover Ratio (In times)	Revenue from Operations	Average Trade Receivables	1.83	2.19	-16%	NA
7	Trade Payables turnover Ratio (In times)	Purchase of Goods	Average Trade Payables	2.19	3.32	(34.15%)	Higher Purchases at year end in the ordinary course of business
8	Net capital turnover Ratio (In times)	Revenue from Operations	Working Capital	0.77	0.67	0.15	NA
9	Net profit Ratio (%)	Net Profit after Tax	Total Revenue	2.90%	0.84%	246.46%	Increase in turnover and interest income have contributed to increase in profitability of the company.
10	Return on Capital employed (%)	Profit before Interest, Exceptional Items and Tax	Total Capital Employed	4.06%	3.10%	31.24%	Increase in turnover and interest income have contributed to increase in profitability of the company.
11	Return on investment (%)			NA			

Note 38 : Adjustments in Retained Earnings

1. Note No.3 to these Financial Statements deals with the reasoning and description of the changes made to opening balances of 'Other Equity' as at 01.04.2024 by the company, in accordance with Ind-AS-8-Accounting Policies, Changes in Accounting Estimates and Errors.

2. The adjustments made to the Opening balance of 'Other Equity' are attributable to the following items:

a. Adjustment on account of change in Tax base of Property, Plant and Equipment, resulting in reversal of Deferred Tax Liabilities from earlier periods.

b. Adjustment on account of creation of Deferred tax asset on account of claim of unabsorbed depreciation of preceding year, which will be available for set off against future taxable income of the Company. The change is consequent to the change as per sl.no.(a) above.

c. Adjustment to carrying value of Property, Plant and Equipment.

d. Adjustment on account of prior period errors and omissions including:

i. Errors in classification of Revenue items as Non revenue items (and vice versa) in previous years' financial statements

ii. Non provisions of expenses of earlier years

The Impact of the above adjustments were as follows:

Reconciliation of Equity

₹ in Crores

Particulars	As at April 01, 2024
Equity under previous audited financial statements (A)	3,071.80
Impact of Change in Deferred Tax	348.08
Sub Total B	348.08
Balance(C = A + B)	3,419.88
Impact of rectification of Property, plant and equipment & Intangible assets (net)	27.87
Impact of rectification of Prior Period Errors (net)	4.70
Sub Total D	32.57
Equity as per Ind AS (E = C - D)	3,387.31

3. 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	-27.87
Deferred Tax Asset (net)	348.08
Increase in Assets	320.21
Liabilities - (Increase)/Decrease	₹ in Crores
Other Current Liabilities	-4.70
Decrease in Liabilities	-4.70
Net Impact on Retained Earnings	315.51

4. After giving the above adjustment, Retained Earnings as on April 01, 2024 will be as under:

₹ in Crores

Retained Earnings as per previous financial Statements	3,071.80
Add: Increase due to above adjustments	315.51
Restated Retained Earnings as on April 01, 2024	3,387.31

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 Company or its associates 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 : 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, 2025, no provision has been made during this period.

Note 41 :

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), over 90% of the Company's Turnover, Trade Receivables and Customer's 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 42 :

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 43 : 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 05, 2025, there were no subsequent events and transactions to be recognized or reported that are not already disclosed.

Note 44 : 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, 2025.

Signature to Accompanying note no. 1 to 44 forming part of Financial Statements.

In terms of our report attached

Sd/-

For B.C.Jain & Co.

Chartered Accountants

Firm Registration No. 001099C

For and on behalf of the board of directors of

Advanced Weapons & Equipment India Limited

Sd/-

Umesh Singh

Chairman cum Managing Director

DIN: 08373608

Sd/-

Ranjeet Singh

Partner

Membership No. 073488

Place: Kanpur

Date: 05.08.2025

Sd/-

Jai Gopal Mahajan

Director (Finance) and CFO

DIN: 10824241

Place: Kanpur

Date: 05.08.2025

Sd/-

Manish Kumar Singh

Company Secretary

Membership No. F12879

Place: Kanpur

Date: 05.08.2025

INDEPENDENT AUDITOR'S REPORT

To,

The Members of Advanced Weapons and Equipment India Limited

Report on the Audit of the Ind AS Consolidated Financial Statements

Adverse Opinion

We have audited the accompanying Consolidated Financial Statements of Advanced Weapons and Equipment India Limited and its joint venture which comprise the Consolidated Balance Sheet as at March 31, 2025 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 year then ended, and notes to the Consolidated Financial Statements, including a summary of material 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 Consolidated financial statements do not give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated State of affairs of the Company and its Joint Venture as at March 31st, 2025, their consolidated net profit (including other comprehensive income), their consolidated changes in equity and consolidated cash flows for the year 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. 889.54crores. During FY 2022-23& FY 2023-24 certain adjustments were made based on information available which resulted in reduction / increase in Assets / Liabilities amounting to Rs. 42.85 crore (Net) & Rs. 5.92 crore (Net)(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 in the FY 2023-24)

During the current year certain adjustments has been made in respect of discrepancies noticed on Physical Verification of Property, plant & equipment in respect of GSF Kolkata, that has resulted in reduction in asset amounting to Rs 26.22 crore (Net of Accumulated Depreciation) by way of making adjustment in opening balance of retained earning under "other equity" instead of Restating financials of previous financial years as per requirements of Ind AS 8 "Accounting policies, change in accounting estimates and errors".

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 its impact on statement of profit and loss for charging depreciation- 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 does not have 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. Hence the accounting of spares, standby equipment and servicing equipment is not in accordance with para 6 & 8 of Ind AS 16 - "Property Plant & Equipments".

The impact of the above in the financial statements of current year 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 B-voucher date in respect of Buildings. This is not in accordance with Para 55 of Ind AS 16- "Property, Plant and Equipment".

During the year following capitalization has been made in financial statements by way of transfer from Capital Work in Progress (CWIP).

Factory	Project Name	Date of Capitalisation	Amount (Rs. In crore)
OFC	Construction of new building for Heat Treatment Plant	28-02-2021	Rs.13.53
OFC	Construction of new building behind M.A. Section	08-06-2016	Rs.11.87
		TOTAL	Rs.25.40

The above works were completed and ready to use in earlier years but the same were not capitalized in previous years. Depreciation for the year does not include related depreciation for earlier years and impact of which on the Financial Statements is presently not quantifiable.

5- Physical Verification of Property Plant & Equipment:

During the year Physical Verification of Property Plant and Equipment (hereinafter referred to as "PPE") was carried out by the management at unit level. As per the Physical Verification Report of one of the unit of the Company Gun & Shell Factory, Kolkata it has been reported that the Building & Vehicles amounting to Rs.26.22 Crores (Net of Accumulated Depreciation) is not available and has been deleted from the Fixed Asset Register in the current year.

The above adjustment of deletions has not been made in the financial books as per requirements of Ind AS 8.

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 finding 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 Government of India was not based on fair valuation of physically available assets.

The impact of the above deficiency of Non-existing in case of GSF & 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 Work in Progress (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 is not in accordance with provisions of para 13 of Ind AS 2- “Inventories” which requires Fixed Overheads are 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 2 could not be verified by us. The impact of the non-compliance of principles as provided in Ind AS 2 cannot be quantified by us in absence of the desired information at this stage.

b. Inter Unit Inventory

We observed that inter unit transfers made during the year based on estimated cost instead of the actual cost. The company has not provided any basis for arriving at cost that has been taken into consideration for calculation of cost for inter unit transfer, hence we cannot vouch the correctness of cost at which inter unit transfers have been made. Due to above existence of unrealized profit or loss on the closing inventory lying with the transferee unit as at the end of the year can't be eliminated This has resulted in non-compliance with provisions of Ind AS 2 “Inventories”.

The impact of the above in the Standalone financial statements of current year is not quantifiable in absence of non- availability of the detailed working & information.

c. Stock Lying in Work in Progress (WIP) since Long

During our audit, we observed that units are carrying Stock under Head- Work in Progress which are carried forward since long, reasons/ justification for holding such items in WIP head could not explained to us. However, impact of the above on the Standalone financial statements of Current Year is not quantifiable in absence of non- availability of detailed working & justification/ information.

7- Provision towards “Onerous Contracts”:

During the previous financial year, the company had 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 Equity 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 the 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 the 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 provisions contained in para 13 of Ind AS 2 “Inventories” which requires Fixed Overheads are 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- Revenue Recognition on Sale of Products

Revenue from operations of the Company includes Revenue of Rs. 72.71 Crores from sale of products where condition attached to contract specifies that “the title and risk shall pass on from SELLER to BUYER once the SELLER delivers the goods i.e on CIF basis”. The above goods were not delivered till Balance Sheet date. Due to this Revenue from operations of the Company has been overstated by the above amount. The above recognition is not in line with requirements of Ind AS 115, “Revenue from Contracts with Customers”. Further, the Company has not provided any working or information in relation to arrive at the cost of goods sold. Hence, we are unable to comment upon the impact of profit or loss in statement of Profit & Loss on account of above Revenue recognition.

The Company has booked Commission Expenses and Transportation Expenses amounting to Rs. 9.24 Crores and Rs. 4.38 Crores respectively on above said revenue recognized. Due to this, Expenses of the Company for the year are overstated by Rs. 13.62 Crores.

9- Depreciation as per Income Tax Act and Deferred Tax:

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 in the Previous Financial Year. The Company has not made any adjustment on account of above error i.e increase in “Tax Base of Property, Plant & Equipment” in the previous financial years and may in turn the impact calculation of Deferred Tax.

The Company has increased the “Tax Base of Property, Plant & Equipment while filing the Income Tax return for the AY 2024-25, this adjustment on account of change in “Tax Base of Property, Plant & Equipment” resulted reversal of deferred tax liabilities of earlier years and creation of Deferred tax Assets on account of claim of unabsorbed depreciation for the previous year. The net impact of the above for Rs. 348.08 Crores have been made through adjustment made in the opening balance of retained earning under “other equity” instead of the Restatement of the previous financial years as per requirements of Ind AS 8 “Accounting policies, change in accounting estimates and errors”.

Further, the Company has filed application u/s 119 of the Income tax act 1961, for revision of its income tax return for the AY 2022-23 & 2023-24, which are barred by limitation. The revision of ITRs, if allowed and made, shall result in carry forward of unabsorbed depreciation of Rs. 502.56 Crores and the same shall also result in Increase of in Deferred tax assets by Rs. 126.48 crores. However, as of date, show cause notice has been issued by the Competent Authority for the application filed in respect AY 2022-23 and application for the AY 2023-24 has been rejected. Accordingly, the Company, as matter of prudence, has not recognized Deferred tax assets for Rs. 126.48 crores.

10- Confirmation of Balances of Trade Receivables

The management does not have a proper system in place for reconciliation of trade receivable balances on a periodic basis. These balances are subject to

confirmation and reconciliation from respective parties. Further, the accounting system does not provide Invoice wise list of trade receivables balances including advances from customer duly tallying with the general ledger balance. In the absence of Bill wise recording of receipts/outstandings from trade receivables and balance confirmations, proper basis relating to ageing analysis as disclosed in Note no. 8(b) of Financial Statements cannot be verified. It was further noticed that the Company has not ascertained or created any Expected Credit Loss (ECL) provision on trade receivables in accordance with Ind AS 109 "Financial Instruments". Pending such balance confirmations, reconciliation, basis for age wise analysis and non-calculation of provision for ECL, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025.

11- Confirmation of Balances of Trade Payables

The management does not have a proper system in place for reconciliation of trade payable balances on aperiodic basis. These balances are subject to confirmation and reconciliation from respective suppliers. Further, the accounting system does not provide Invoice wise list of trade payable balances including advances to supplier duly tallying with the general ledger balance. In the absence of Bill wise recording of payments/outstandings to trade payables and balance confirmations, the proper basis for ageing of creditors as disclosed in Note no. 13(a) of the Financial Statements cannot be verified. Pending such confirmations, reconciliation and basis for age wise analysis, the impact of consequential adjustments, if any, on the Financial Statements cannot be ascertained. Hence, we are unable to comment on completeness, accuracy and existence of these balances as at March 31, 2025

12- Reversal of Provision for Warranties:

The Company had recognized warranty provisions on account of performance guarantee and replacement/ repair of goods sold. During the year the Company has reversed an amount of Rs.10.38 crores of provisions made in earlier years. The Company has not provided to us any basis for the above reversal of Provisions. Hence, we are unable to comment on the correctness of such reversal in the accounts.

The profit for the year of the Company has been overstated by Rs. 8.38 (Net) Crores due to above

13- Utilization of Funds from Renewal & Replacement Fund

During our audit it has been noticed that the Company had received fund from Government of India, Ministry of Defense, DDP an amount of Rs. 37.75 Crores in earlier year. During the year it has been observed that the Company has utilized by debiting an amount of Rs. 9.40 Crores out of the amount lying under the fund. The above fund has been released for the purpose of instituting assistance whereby old & condemned Plant & Machinery could be replaced by funding their procurement through this fund, however, the Company has utilized the fund for the purpose of Repair & Maintenance of Plant & Machinery.

The profit for the year of the Company has been overstated by Rs. 9.40 Crores due to above.

14- 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.

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.

15- Non -compliance 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.

16- Non 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.

iii) Restatement of Financials as per requirements of Ind AS 8 as pointed out in point of “Basis for Adverse Opinion”

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 and its Joint Venture in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics . 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.

Information Other than the Consolidated Financial Statements and Auditor’s Report Thereon

The Company 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.

When we read the other information, 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 action, if required.

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

The 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 including other comprehensive income and consolidated Statement of Changes in Equity and consolidated cash flows of the Company 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 Company as aforesaid.

In preparing the consolidated financial statements, the Board of Directors of the Company and its Joint Venture are responsible for assessing the ability of the Company 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 Company or its Joint Venture or to cease operations, or has no realistic alternative but to do so.

The Board of Directors of the Company and its Joint Venture is responsible for overseeing the financial reporting process of the Company and 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 company 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.

Other Matters

- i. The consolidated financial statements also include the Company's share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 6.67 crores using equity method for the year ended March 31, 2025 as considered in the consolidated financial statements, in respect of one Joint Venture (Indo Russian Rifles Private Limited) whose financial statements/ financial information is unaudited. These unaudited financial statements / Financial information have been furnished to us by the Management, and our opinion on the consolidated financial statements, in so far 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.

- ii. The Consolidate Financial Statements of the Company for the year ended 31st March, 2024 were audited by predecessor auditor of the Company, where they had expressed, adverse opinion vide their revised report dated 27th September 2024 on such consolidated financial statements.

Our opinion is not modified in respect of above matter.

Report on other Legal and Regulatory Requirement

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 "1,""4" & "8" "Accounting Policies , Changes in Accounting Estimates & Errors; Disclosure requirement of Ind AS(s) as per para 16 of Basis for Adverse Opinion, the aforesaid Consolidated Ind As financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.

The 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. Audited financial statements of Joint Venture were not 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.

- e) With respect to the adequacy of internal financial controls with reference to Consolidated Financial Statements of the Group and the operating effectiveness of such controls, refer to our separate report in “Annexure B” to this report.
- f) 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, 2025 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 Company and its Joint Venture.
 - iv. (a) The respective managements of the Company and its Joint Venture have represented that, to the best of their knowledge and belief, 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 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
 - 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, 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. No Dividend has been declared and paid during the year by the Company & its Joint Venture
- vi. Based on our examination which included test checks, the company is using two software for accounting which is 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 throughout the year for all the relevant transactions.

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

Additionally, except where the audit trail (edit log) facility was not enabled in the previous year, the audit trail has been preserved by the Company as per the statutory requirement for record retention.

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.

Further, unaudited financials of Joint Venture has been incorporated in Consolidated Financial Statements, 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.

g) As per Notification No. GSR 463(E) dated 05th June 2015 issued by Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly, reporting in accordance with requirement of provisions of Section 197(16) of the Act is not applicable to the Company. 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.

Sd/-

For B.C. Jain & Co.
Chartered Accountants
FRN: 001099C

Sd/-

(CA Ranjeet Singh)
Partner
M. No. 073488
UDIN: 25073488BMTDJO7651
Place : Kanpur
Date: 05th August 2025



Annexure “A” to the Independent Auditor’s report on the Consolidated Financial Statements of Advanced Weapons and Equipment India Limited for the year ended 31 March 2025

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, 2025.

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 consolidating company. Accordingly, no comment in respect of the said clause has been included in this report.

Sd/-

For B.C. Jain & Co.

Chartered Accountants

FRN: 001099C

Sd/-

(CA Ranjeet Singh)

Partner

M. No. 073488

UDIN: 25073488BMTDJO7651

Place: Kanpur

Date: 05th August 2025

Annexure “B” to the Independent Auditor’s Report on the Consolidated Financial Statements of Advanced Weapons and Equipment India Limited

Referred to in paragraph 2(e) under “Report on other legal and regulatory requirements” of our report of even date on Consolidated Financial Statements for the year ended March 31, 2025

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”)

In connection with our audit of Consolidated financial statements of the Company as of and for the year ended on 31st March 2025, we have audited the internal financial controls with reference to Consolidated Financial Statements of the Company and its Joint Venture .

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the 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 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 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.

Basis of Qualified Opinion

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, 2025:

- 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) 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.
- d) Corporate Guarantee issued for Advance Receipt without approval of Board.
- e) Variation in Accounting of Inter unit transfers: The units of the Company have no uniformity in respect of the inter unit transfers, in one of the unit Goods &

Carriage Factory, Jabalpur, goods received under inter unit transfer have been accounted for on the basis of Material Inward Slip (MIS) instead of the Receipt Voucher (RV).

- f) Non Maintenance of Cash Book: This has come to our attention that during the year cash book has not been maintained by the Company in spite of cash deposits and withdrawals transactions.
- g) Double payment in respect of a single Invoice: This has been notice during our audit that in one of the unit of the Company, Ordnance Factory Kanpur, where payment of Rs. 78.93 Lacs have been paid twice in respect of a single invoice.
- h) Previous year Inter unit stock transfers lying unadjusted: This has come to our attention that inter unit transfers made during the previous year has not been regularized during the current year in various units.

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, 2025, 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, 2025 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

Qualified Opinion

In our opinion, the Company does not have adequate internal financial controls system over financial reporting at March 31, 2025, based on the internal financial controls 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 (ICAI).

Other Matters

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 consolidating company. Accordingly, no comment in respect of the Internal Financial Controls has been included in this report.

Sd/-

For B.C. Jain & Co.
Chartered Accountants
FRN: 001099C

Sd/-

(CA Ranjeet Singh)
Partner
M. No. 073488
UDIN: 25073488BMTDJO7651
Place: Kanpur
Date: 05th August 2025

Consolidated Balance Sheet

₹ in Crores

Particulars	Notes	As at Mar 31, 2025	As at Mar 31, 2024
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	6	1,847.61	1,854.07
(b) Capital work-in-progress	6	174.57	208.29
(c) Investment properties		-	-
(d) Intangible assets	7	32.41	11.90
(e) Intangible assets under development	7	51.62	35.26
(f) Right of use assets	-		-
(g) Financial assets			
(i) Investments	8 (a)	16.56	8.87
(ii) Loans	8 (c)	-	-
(iii) Other financial assets	8 (f)	109.44	127.38
(h) Deferred Tax Assets (net)		74.53	-
(i) Other non-current assets	9	51.66	3.00
Total non-current assets (A)		2,358.43	2,248.77
II. Current assets			
(a) Inventories	10	2,947.26	2,659.31
(b) Financial assets			
(i) Trade receivables	8 (b)	1,539.56	1,219.09
(ii) Cash and cash equivalents	8 (d)	260.77	610.10
(iii) Bank balance other than (ii) above	8 (e)	1,116.40	718.29
(iv) Loans	8 (c)	1.32	2.83
(v) Other financial assets	8 (f)	34.64	29.09
(c) Current tax assets (net)	16	7.14	-
(d) Other current assets	9	243.94	118.83
Total current assets (B)		6,151.03	5,357.54
III. Assets classified as held for sale (C)	6 (c)	6.97	7.44
Total Assets (A+B+C)		8,516.43	7,613.75
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	11	17,860.79	17,531.53
(b) Other equity	12	-12,706.74	-13,140.01
Total equity (A)		5,154.05	4,391.52
LIABILITIES			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings		-	-



Particulars	Notes	As at Mar 31, 2025	As at Mar 31, 2024
(ii) Lease liabilities	-	-	-
(iii) Other financial liabilities	13 (b)	-	-
(b) Long-term provisions	14	516.21	675.88
(c) Deferred tax liabilities (net)	24	-	251.12
Total non-current liabilities (B)		516.21	927.00
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	-	-	-
(ii) Lease liabilities	-	-	-
(iii) Trade payables	13 (a)		
- Total Outstanding dues of Micro Enterprises and Small Enterprises		28.01	7.72
- Total Outstanding dues other than Micro Enterprises and Small Enterprises		808.59	321.68
(iv) Other financial liabilities	13 (b)	190.74	192.49
(b) Short-term provisions	14	2.00	10.38
(c) Current tax liabilities	16	-	4.46
(d) Other current liabilities	15	1,816.83	1,758.50
Total current liabilities (C)		2,846.17	2,295.23
Total Equity and Liabilities (A+B+C)		8,516.43	7,613.75
Material Accounting policies	4		

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 & Equipment India Limited

Sd/-

For B.C.Jain & Co.

Chartered Accountants

Firm Registration No. 001099C

Sd/-

Umesh Singh

Chairman cum Managing Director

DIN: 08373608

Sd/-

Ranjeet Singh

Partner

Membership No. 073488

Place: Kanpur

Date: 05.08.2025

Sd/-

Jai Gopal Mahajan

Director (Finance) and CFO

DIN: 10824241

Place: Kanpur

Date: 05.08.2025

Sd/-

Manish Kumar Singh

Company Secretary

Membership No. F12879

Place: Kanpur

Date: 05.08.2025



Consolidated Statement of Profit and Loss

₹ in Crores

Particulars	Notes	Year ended Mar 31, 2025	Year ended Mar 31, 2024
I. Income			
(a) Revenue from operations	17	2,530.93	2,041.73
(b) Other income	18	326.22	379.72
Total income (I)		2,857.15	2,421.45
II. Expenses			
(a) Cost of raw materials and accessories consumed	19	825.68	926.30
(b) Purchase of stock-in-trade	-	-	-
(c) Changes in inventories of finished goods and work-in-progress	20	160.53	-172.43
(d) Employee benefits expense	21	1,393.68	1,288.16
(e) Finance costs	22a	0.19	1.01
(f) Depreciation and amortisation expense	22b	139.91	134.71
(g) Other expenses	23	247.16	213.91
Total expenses (II)		2,767.15	2,391.66
III. Profit/(Loss) before share of Profit/(Loss) of Joint Ventures, exceptional items and tax (I-II)		90.00	29.79
IV. Share of Profit of joint ventures accounted for using the equity method		6.65	0.05
V. Profit before exceptional items and tax (III+IV)		96.65	29.84
VI. Exceptional items		-	-
VII. Profit/(Loss) for the year (V-VI)		96.65	29.84
VIII. Tax expense	24		
(a) Current tax		-	14.67
(b) Short provision of tax for earlier year		-15.17	-
(c) Deferred tax (credit)/ charge		22.43	-5.12
Total tax expense (VIII)		7.26	9.55
IX. Profit/(Loss) for the year (VII-VIII)		89.39	20.29
X Other comprehensive income		0.02	-0.02
A. Share of Other Comprehensive Income of JV's accounted using equity method			
Total comprehensive income for the year, net of tax (VII+VIII)		0.02	-0.02
XI. Total comprehensive income for the year, net of tax (VII+VIII)		89.41	20.27
XII. Earnings per equity share	30		
Nominal value per share ₹10			
- Basic and Diluted		0.05	0.01
Material Accounting policies	4		

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

In terms of our report attached

Sd/-

For B.C.Jain & Co.

Chartered Accountants

Firm Registration No. 001099C

Sd/-

Ranjeet Singh

Partner

Membership No. 073488

Place: Kanpur

Date: 05.08.2025

Sd/-

Jai Gopal Mahajan

Director (Finance) and CFO

DIN: 10824241

Place: Kanpur

Date: 05.08.2025

For and on behalf of the board of directors of

Advanced Weapons & Equipment India Limited

Sd/-

Umesh Singh

Chairman cum Managing Director

DIN: 08373608

Sd/-

Manish Kumar Singh

Company Secretary

Membership No. F12879

Place: Kanpur

Date: 05.08.2025

Consolidated Statement of cash flows

₹ in Crores

Particulars	Year ended Mar 31, 2025		Year ended Mar 31, 2024	
A Cash Flow from Operating activities				
Profit Before taxation		96.65		29.84
Adjustments to reconcile profit after tax to net cash flows:				
Share of profit from Joint Venture	-6.65		-0.05	
Depreciation and Amortization expense	139.91		134.71	
Adjustment in Depreciation	0.66			
Interest Expense	0.19		1.01	
Interest Income	-89.30		-72.84	
Unrealised Foreign Exchange (Gain)/Loss	-		-0.45	
Dividend Income	-		-0.42	
Reversal of Provision for Onerous Contract	-159.80		-88.77	
Prior Period Expense debited to other equity	-4.70		-	
Expenses through renewal and replacement fund	-9.40		-	
Profit on Sale of Property, plant and equipment (net)	-1.41		-0.70	
		-130.50		-27.51
Operating Profit before Working Capital Changes		-33.85		2.33
Adjustments for changes in working capital :				
Changes in Inventories	-287.95		-248.58	
Changes in Trade Receivables	-320.47		-575.02	
Changes in Loans and Advances	1.51		0.15	
Changes in Other Financial Assets	18.70		-21.20	
Changes in Other Assets	-125.11		-0.68	
Changes in Trade Payables	507.20		50.15	
Changes in Other Financial Liabilities	-1.75		3.21	
Changes in Other Current Liabilities	96.20		514.61	
Changes in Provisions	-8.38		-	
Net Changes in Working Capital		-120.05		-277.36
Cash Generated from Operations		-153.90		-275.03
Direct Taxes (Paid)/Refund (Net)		3.57		-3.28
Net Cash Flow from Operating Activities (A)		-150.33		-278.31
B Cash Flow from Investing Activities				
Purchase of Property, plant and equipment and intangible assets	-164.15		-79.23	
Proceeds from Sale of Property, plant and equipment and intangible assets	0.88		3.97	
Capital Advance given	-48.66		0.92	
Investment in Communication (Defece) Testing Foundation	-1.05			
Changes in other bank balances not considered as cash and cash equivalents	-384.17		-144.86	
Dividend Income	-		0.42	
Interest Received	69.08	-528.07	73.70	-145.08
Net Cash Flow used in Investing Activities (B)		-528.07		-145.08



Particulars	Year ended Mar 31, 2025		Year ended Mar 31, 2024	
C Cash Flow from Financing Activities				
Proceeds from Issue of Share Capital	329.26		225.00	
Interest Expense	-0.19	329.07	-1.05	223.95
Net Cash Flow used in Financing Activities (C)		329.07		223.95
Net Increase/(Decrease) in cash and cash equivalents (A)+(B)+(C)		-349.33		-199.44
Cash and Cash equivalent at the beginning of the year		610.10		809.09
Add/(Less): Unrealised Foreign Exchange Gain/(Loss)		-		0.45
Cash and Cash equivalent at the end of the year		260.77		610.10

Reconciliation of cash and cash equivalents

Particulars	Year ended Mar 31, 2025		Year ended Mar 31, 2024	
Cash and cash equivalents comprise of:				
Cash on Hand		-		(15,750/-)
Cheques on hand		-		-
Balances with Banks*		260.77		610.10
Cash and cash equivalents		260.77		610.10

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 & Equipment India Limited

Sd/-

For B.C.Jain & Co.

Chartered Accountants

Firm Registration No. 001099C

Sd/-

Umesh Singh

Chairman cum Managing Director

DIN: 08373608

Sd/-

Ranjeet Singh

Partner

Membership No. 073488

Place: Kanpur

Date: 05.08.2025

Sd/-

Jai Gopal Mahajan

Director (Finance) and CFO

DIN: 10824241

Place: Kanpur

Date: 05.08.2025

Sd/-

Manish Kumar Singh

Company Secretary

Membership No. F12879

Place: Kanpur

Date: 05.08.2025



Consolidated Statement of changes in equity

for the year ended March 31, 2025

A. Equity share capital

Particulars	₹ in Crores
As at April 1, 2023	17,123.91
Add : Issued during the year	407.62
As at Mar 31, 2024	17,531.53
As at Mar 31, 2024	17,531.53
Add : Issued during the year	329.26
As at Mar 31, 2025	17,860.79

B. Other equity

Particulars	Reserves and Surplus				Share application money pending allotment	Total other equity
	Capital Reserve	Capital reserve on Business Re-organisation	Renewal & Replacement Relief Fund	Retained Earnings		
Balance as at April 1, 2023	4.25	-16,220.67	-	3,056.14	182.62	-12,977.66
Deferred Tax on Ind AS Implementation	-	-	-	-	-	-
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	-182.62
Total Comprehensive income for the year	4.25	-16,220.67	-	3,076.41	-	-13,140.01
Balance As at Mar 31, 2024	4.25	-16,220.67	-	3,076.41	-	-13,140.01
Balance as at April 1, 2024	4.25	-16,220.67	-	3,076.41	-	-13,140.01
Profit for the year	-	-	-	89.39	-	89.39
Other comprehensive income/(loss) for the year	-	-	-	0.02	-	0.02
Reclassification from Other Current Liabilities	-	-	37.75	-	-	37.75
Adjustments in Retained Earnings (refer note no. 38)	-	-	-	315.51	-	315.51
Utilised during the year	-	-	-9.40	-	-	-9.40
Addition during the year	-	-	-	-	-	-
Utilized towards Shares Issued during the year	-	-	-	-	-	-
Total Comprehensive income for the year	4.25	-16,220.67	28.35	3,481.33	-	-12,706.74
Balance As at Mar 31, 2025	4.25	-16,220.67	28.35	3,481.33	-	-12,706.74

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

In terms of our report attached

Sd/-

For B.C.Jain & Co.

Chartered Accountants
Firm Registration No. 001099C

Sd/-

Ranjeet Singh

Partner
Membership No. 073488

Place: Kanpur

Date: 05.08.2025

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

Sd/-

Umesh Singh

Chairman cum Managing Director
DIN: 08373608

Sd/-

Jai Gopal Mahajan

Director (Finance) and CFO
DIN: 10824241

Place: Kanpur

Date: 05.08.2025

Sd/-

Manish Kumar Singh

Company Secretary
Membership No. F12879

Place: Kanpur

Date: 05.08.2025

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note No.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 August 5, 2025.

Note No.2

Basis of Preparation

a) Statement of Compliance

These consolidated 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 Venture

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 Consolidated 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 (i.e. INR) 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.

Note No.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 provides that a prior period error shall be corrected by retrospective restatement except to the extent that it is impracticable to determine either the period-specific effects or the cumulative effect of the error.

The Standard also provides that

- a. when it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity shall restate the comparative information to correct the error prospectively from the earliest date practicable.
- b. The correction of a prior period error is to be excluded from profit or loss for the period in which the error is discovered. Any information presented about prior periods, including any historical summaries of financial data, is restated as far back as is practicable.

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.

Accordingly, on considerations of practicality, the opening balances of assets, liabilities and equity as at 01.04.2024 only have been restated in these Financial Statements and impact of all prior period errors/omissions have been excluded from the Statement of Profit and Loss for the year, since it is not practical to restate the previous periods reported. These include:

i. Restatement of Deferred Tax Assets/Liabilities:

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 Consolidated 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 was rectified in the previous year’s Financial Statements. However, no adjustment was made in respect of the change in the Tax base of the Property, Plant and Equipment as per the applicable tax laws and the resulted unabsorbed depreciation for the previous year. Thus the impact of such changes on the Net Deferred tax assets/Liabilities has been made in the manner stated above.

ii. Rectification of balance of Property, Plant and Equipment:

The company has rectified balances of its property, plant and equipment in respect of assets which were though acquired by the respective factory unit of the erstwhile OFB, (now part of the company by virtue of the scheme of reorganisation) and were thus part of the carrying value of the Property, Plant and Equipment of the Company’s Unit, was assigned for usage by another constituent factory. The carrying value of such property, plant and equipment has been derecognised in the current year, as per directions of the Competent Authority.

iii. Rectification of the material Prior period errors:

The company has identified several expenses/credits related to prior periods which remained unaccounted in those periods.

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

Note No.4

Material Accounting Policies

I. 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, if any.

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	30-60 years
II	Other than Factory Buildings	60 years	30-60 years
III	Roads (other than RCC & RCC)	5 & 10 years	10 Years
IV	Plant & Machinery	15 Years	10-20 Years
V	Furniture and Fixtures (Including Air Conditioners and office equipment)	10 years	3-10 Years
VI	Vehicles	8 Years	3-8 Years
VII	Computer (Hardware and Software)	3 & 6 Years	4-5 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

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.

II. 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.

III. 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.

IV. Non -Current Assets classified as 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.

V. 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.

VI. 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.

VII. Investments

a. Investments in Joint Venture

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.

b. Investment Property

- A property is considered as investment property only if the same is held for earning rentals and/or for capital appreciation or both. Properties held by the Company (directly or indirectly) which are used in the production or supply of goods or services for administrative purposes are not considered as Investment Property.
- The company holds properties other than factory land & buildings, administrative buildings which are used as residential quarters exclusively available for employees of the company. Such property held by the company for the purpose of facilitating the employees for which minimum license fees as per the norms of Central Government is charged are not considered as Investment property.

VIII. 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. 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 amortized 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 115

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 115, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 115 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 116

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.

IX. 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)

X. 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. No Impairment losses were identified in respect of the units manufacturing these items since the units and/or specific components of PPE are not dedicated to such contracts and are utilised for multiple products and the carrying value of such PPE is not in excess of its realisable value..

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.

XI. 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 overdraft as they are considered an integral part of the Company's cash management.

XII. 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 of 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.

XIII. Employee Benefits

The Government has decided that w e f. 1st October 2021, all the employees of OFB (Group A, B & C) belonging to the production units and also the identified non-production units (as per the structure set out in Annexure A) shall be transferred to the New DPSUs on 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, which has further been extended upto 31st December, 2025.

The employees on deemed deputation to the new DPSUs, 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.

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.

For the employees recruited after 01.01.2004, National Pension Scheme applicable to the Central Government employees is in vogue and the same may be adopted by the New DPSUs, including continuation of all special provisions applicable to Central Government employees under the National Pension System.

For all other employees of the company, the company does not have any structured Employee’s Gratuity Fund Scheme. However, the Company provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment in accordance with “The Payment of Gratuity Act, 1972”. The amount is based on the respective employee’s last drawn salary and the tenure of employment with the Company. The Company does not make any contributions and meets its gratuity liability from its own sources as and when the claims arise.

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.

XIV. 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 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 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.

XV. 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.

XVI. 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.

XVII. Cash Flow Statement

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

XVIII. Purchase of Products

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

XIX. Leases

a. Company as a lessee:

Contracts with third party, which give the company the right of use in respect of an Asset, are accounted in line with the provisions of Ind AS 116 – “Leases” if the recognition criteria as specified in the Accounting standard are met.

Lease payments associated with short term lease (term of twelve months or less) and lease in respect of low value assets are charged off as expenses on straight line basis over lease term or other systematic basis, as applicable.

At commencement date, the value of “right of use” is capitalised at the present value of outstanding lease payments plus any initial direct cost and estimated cost, if any, of dismantling and removing the underlying asset.

Liability for lease is created for an amount equivalent to the present value of outstanding lease payments. Subsequent measurement, if any, is made using cost model.

Each lease payment is allocated between the liability created and finance cost. The finance cost is charged to the statement of profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the company's incremental borrowing rate.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met

b. Company as a Lessor:

Lease are classified as finance or operating lease based on the recognition criteria specified in Ind AS 116 – Leases

i. Finance Lease

At commencement date, amount equivalent to the “net investment in the lease” is presented as a receivable. The implicit interest rate is used to measure the value of the “net investment in Lease”

Each lease payment is allocated between the Receivable created and finance income. The finance income is recognized in the statement of profit and loss over the lease period so as to reflect a constant periodic rate of return on the net investment in lease.

The asset is tested for de-recognition and impairment requirements as per Ind AS 109-Financial Instruments.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

ii. Operating Lease

The company recognises lease payments from operating leases as income on either a straight line basis or another systematic basis, if required.

Lease modifications, if any, are accounted as a separate lease if the recognition criteria specified in the standard are met.

A lease is classified at the inception date as a finance lease or operating lease.

XX. 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.

XXI. 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.

XXII. 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.

XXIII. 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, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company

Note No.5**Critical accounting Judgements and key source of estimation uncertainty**

The preparation of the Company’s consolidated 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.

I. 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.

II. 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.

III. Assets classified as 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.

IV. 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.

V. 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.

VI. 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 and losses associated with slow-moving/non-moving inventory items.

VII. 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.

VIII. 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.

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Proper disclosure for the same has been made in the financial statement.

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.

IX. 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.

Notes to the Consolidated Financial Statements

Note 6 : Property, plant and equipment

₹ in Crores

Particulars	Leasehold		Plant & Machinery		Furniture Office		Vehicles		Computers, Servers and Network		Total	CWIP
	Freehold land	(Refer Note 32 B)	Building	Machinery & fixture	Equipment	Equipment	Equipment	Equipment	Equipment	Network		
Gross Carrying Amount												
As at March 31, 2023	32.04	(₹3/-)	384.70	1,648.76	1.31	3.30	7.64	3.67	2,081.42	270.89		
Adjustments	-	-	-3.50	5.66	0.28	-2.45	-	0.01	0.00			
Additions	-	-	43.79	58.51	1.20	0.06	0.05	2.61	106.22	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	3.95			
Deductions	-	-	0.01	1.20	-	0.02	0.09	0.08	1.40	84.33		
As at March 31, 2024	32.04	(₹3/-)	425.38	1,708.06	2.79	0.89	7.60	6.20	2,182.96	208.29		
Additions			49.64	99.38	1.88	0.61	1.68	3.88	157.07	84.55		
Assets retired from active use			-	1.60	0.04	-	0.06	-	1.70			
Deductions			27.35	0.01	-	-	0.06	0.01	27.43	118.27		
As at March 31, 2025	32.04	(₹3/-)	447.67	1,805.83	4.63	1.50	9.16	10.07	2,310.90	174.57		
Accumulated Depreciation and Impairment												
As at March 31, 2023	-	-	12.88	180.33	0.17	0.28	2.32	0.55	196.53			
Adjustments	-	-	-	0.17	0.01	-0.19	-	-	-0.01			
Depreciation for the year 2023-24			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	-	-	-	-	1.00			
Deductions			0.04	1.02	-	-	-	-	1.06			
As at March 31, 2024	-	-	22.06	300.75	0.70	0.18	3.60	1.60	328.89			
Depreciation for the year 2024-25			9.37	123.15	0.37	0.49	1.19	1.43	136.00			
Adjustments through Retained Earnings			0.66	0.66	-	-	-	-	0.66			
Depreciation on Assets retired from Active use			-	1.02	0.04	-	0.06	-	1.12			
Deductions			1.10	-	-	-	0.04	-	1.14			
As at March 31, 2025	-	-	30.33	423.54	1.03	0.67	4.69	3.03	463.29			
Net Carrying Amount												
As at March 31, 2025	32.04	(₹3/-)	417.34	1,382.29	3.60	0.83	4.47	7.04	1,847.61	174.57		
As at March 31, 2024	32.04	(₹3/-)	403.32	1,407.31	2.09	0.71	4.00	4.60	1,854.07	208.29		

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).

Relevant line item in the Balance sheet	Description of item of property	Gross Value of property	Title deed held in 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, Ministry of Defence	Promoter	42 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 AWEL as one of the PSU. Registration is under process.
	Leasehold Land	(₹3/-)				

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 is not required.

Notes to the Consolidated Financial Statement

6(a) Capital work-in-progress ageing schedule:

As at March 31, 2025

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	67.55	1.33	6.62	99.07	174.57
Projects temporarily suspended	-	-	-	-	-
Total	67.55	1.33	6.62	99.07	174.57

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

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, 2025

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, 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	-	-	-	-	-

6(c) Break up of Assets classified as Held for Sale

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Plant & Machinery	6.82	7.36
Office Equipment	0.08	0.03
Vehicles	0.05	0.03
Computer, Servers & Network	0.02	0.02
Total	6.97	7.44

Notes to the Consolidated Financial Statement

Note 7 : Intangible assets

₹ in Crores

Particulars	Computer Software	Research & Development	Technical Know How	Total	Intangible assets under development
Gross Carrying Amount					
As at March 31, 2023	0.55	5.26	7.53	13.34	1.80
Additions	1.77	0.39	-	2.16	33.46
Deductions	-	-	-	-	-
As at March 31, 2024	2.32	5.65	7.53	15.50	35.26
Additions	8.12	13.63	2.69	24.44	26.74
Deductions	-	-	-	-	10.38
As at March 31, 2025	10.44	19.28	10.22	39.94	51.62
Accumulated Amortization					
As at March 31, 2023	0.19	0.53	0.90	1.62	-
Amortisation for the year	0.23	1.15	0.60	1.98	-
Deductions	-	-	-	-	-
As at March 31, 2024	0.42	1.68	1.50	3.60	-
Amortisation for the year	1.37	1.39	1.17	3.93	-
Deductions	-	-	-	-	-
As at March 31, 2025	1.79	3.07	2.67	7.53	-
Net Carrying Amount					
As at March 31, 2025	8.65	16.21	7.55	32.41	51.62
As at March 31, 2024	1.90	3.97	6.03	11.90	35.26

Notes:

1. Company has not revalued its Intagibles 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, 2025 is as follows:					
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	22.88	21.49	-	7.24	51.61
Projects temporarily suspended	-	-	-	-	-
Total	22.88	21.49	-	7.24	51.61

As at March 31, 2024 is as follows:

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

**Note 8 : Financial assets
8 (a) Investments**

₹ in Crores

Particulars	Face Value per share in Rs.	No. of Shares		As at	
		Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
Non-current investment					
(a) Investment in equity shares (fully paid up)					
Joint Venture - measured at Cost (Unquoted)					
Indo Russian Rifles Private Limited	100	425,000	425,000	15.54	8.87
Communication (Defence) Testing Foundation	1000	10,452	-	1.05	-
Total Investments				16.59	8.87
Aggregate amount of quoted investments				-	-
Aggregate amount of unquoted investments				16.59	8.87
Aggregate impairment in value of investment				-	-

8 (b) Trade receivables ~ Current

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Unsecured, considered good	1539.56	1219.09
Significant increase in Credit Risk	-	-
Credit Impaired	-	-
Total Trade receivables	1539.56	1219.09

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 200 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.

Ageing of Trade Receivables from due date of payments As at Mar 31, 2025 is as follows

₹ in Crores

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		More than 3 years
Undisputed Trade receivable - Considered Good	-	-	949.69	133.72	234.10	150.78	71.27	1,539.56
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	-	-	949.69	133.72	234.10	150.78	71.27	1,539.56

Ageing of Trade Receivables from due date of payments As at Mar 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		More than 3 years
Undisputed Trade receivable - Considered Good	-	-	837.07	132.47	193.69	49.99	5.87	1,219.09
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	-	-	837.07	132.47	193.69	49.99	5.87	1,219.09

Notes to be Consolidated Financial Statement

8 (c) Loans

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
(Unsecured, considered good unless otherwise stated)	-	-
Non-current	-	-
Current		
Loans to		
- Employees	1.32	2.83
	1.32	2.83
Total Loans	1.32	2.83

Notes:

1. No Loans are due from Directors or to firm/a 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

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Cash on hand	-	(15,750/-)
Balance with Banks		
In Current accounts	0.64	11.28
Deposit with bank having maturity less than 3 months	260.13	598.82
Total cash and cash equivalents	260.77	610.10

8 (e) Other bank balance

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Deposit with bank having maturity more than 3 months and less than 12 months*	1,116.40	718.29
Total other bank balances	1,116.40	718.29

* Includes Fixed Deposits of ₹78.40 Crores (Previous year ₹100 Crores) under lien with bank as Security for LC Facility.

* The Company has been sanctioned an Overdraft Limit of Rs. 150 crores. For this facility FDRs of Rs. 170 crores are under lien.

8 (f) Other financial assets

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
(Unsecured, considered good unless otherwise stated)		
Non-current		
Security deposits	22.51	26.51
Bank deposits with maturity of more than 12 months*	86.93	100.87
	109.44	127.38
Current		
Security deposits	6.19	1.36
Interest Accrued	27.90	7.68
Other Receivables	0.55	20.05
	34.64	29.09
Total other financial assets	144.08	156.47

* Under lien with bank as Security for LC Facility/ earmarked against EMD of ₹86.92 Crores (Previous year ₹102.87 Crores)

8 (g) Financial Instruments by category

₹ in Crores

Particulars	As at Mar 31, 2025				
	Cost	Fair value through Profit and Loss (FVTPL)	Fair value through Other Comprehensive Income (FVTOCI)	Amortised cost	Total
Investment	16.59	-	-	-	16.59
Trade receivables	-	-	-	1,539.56	1,539.56
Loans	-	-	-	1.32	1.32
Cash and cash equivalents	-	-	-	260.77	260.77
Other bank balances	-	-	-	1,116.40	1,116.40
Other financial assets	-	-	-	144.08	144.08
Total Financial assets	16.59	-	-	3,062.13	3,078.72

Particulars	As at Mar 31, 2024				
	Cost	Fair value through Profit and Loss (FVTPL)	Fair value through Other Comprehensive Income (FVTOCI)	Amortised cost	Total
Investment	8.87	-	-	-	8.87
Trade receivables	-	-	-	1,219.09	1,219.09
Loans	-	-	-	2.83	2.83
Cash and cash equivalents	-	-	-	610.10	610.10
Other bank balances	-	-	-	718.29	718.29
Other financial assets	-	-	-	156.47	156.47
Total Financial assets	8.87	-	-	2,706.78	2,715.65

Note 9 : Other assets

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
(Unsecured, considered good unless otherwise stated)		
Non-current		
Capital advances	51.66	3.00
Other non-Current Assets	-	-
	51.66	3.00
Current		
Advance to suppliers	115.45	49.38
Balance with Government Authorities (Refer note (i) below)	109.68	62.51
Advance to employees	5.30	5.22
Other Current Assets	13.51	1.72
	243.94	118.83
Total (A) + (B)	295.60	121.83

Notes :

- Balance with Government Authorities mainly consists of input credit available.
- No advances are due from directors or promoters of the Company either severally or jointly with any person.
- Other Current Assets include Rs.0.26Crores pertaining to Funds in Bank accounts of Industrial Canteen of the Company

Note 10 : Inventories (At lower of cost and net realisable value)

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Raw materials and components (Refer Note 1 Below)	1,574.76	1,126.28
Raw materials in transit	-	-
Work-in-progress	1,222.95	1,283.85
Finished goods	133.05	232.05
Scrap	16.50	17.13
Total	2,947.26	2,659.31

Notes :

- Raw Materials and Components include Inter-unit Stock In Transit of the company of Rs. 236.30 crores (PY - Rs. 125.39 crores).
- Inventory write downs are accounted, considering the nature of inventory, ageing and net realisable value. The value of such write down upto the year ended 31st March 2025 is ₹175.93 Crores (PY ₹58.55 Crores). The impact of such write downs are through the Statement of Profit and Loss.

Note 11 : Equity share capital:

Particulars	As at Mar 31, 2025		As at Mar 31, 2024	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
Authorised share capital				
Equity shares of ₹10 each	20,500,000,000	20,500.00	20,500,000,000	20,500.00
Issued, subscribed and paid-up share capital				
Equity shares of ₹10 each	17,860,790,000	17,860.79	17,531,530,000	17,531.53
Total	17,860,790,000	17,860.79	17,531,530,000	17,531.53

11.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period :

Particulars	As at Mar 31, 2025		As at Mar 31, 2024	
	No. of shares	Rs. in Crores	No. of shares	Rs. in Crores
At the beginning of the period				
Add: Issue of Share Capital in cash	17,531,530,000	17,531.53	17,123,910,000	17,123.91
Add: Issue of Share Capital non cash (Refer Note 10.2)	329,260,000	329.26	407,620,000	407.62
Outstanding at the end of the year	17,860,790,000	17,860.79	17,531,530,000	17,531.53

11.2. Issue of Equity Shares

The Company has issued 32,92,60,000 shares of ₹10/- each fully paid amounting to ₹3,29,26,00,000 to Government of India on 09.01.2025. 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 ₹16,22,06.7 Crores to the Government of India. The difference between the amount recorded as share capital issued and carrying 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 Mar 31, 2025		As at Mar 31, 2024	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Government of India (Including nominees)	17,860,790,000	100.00	17,531,530,000	100.00

11.5. Shareholding of Promoters

Name of the Promoter	As at Mar 31, 2025		As at Mar 31, 2024	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Government of India (Including nominees)	17,860,790,000	100.00	17,531,530,000	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 Mar 31, 2025	As at Mar 31, 2024
Capital reserve		
Balance as per last Financial Statements	4.25	4.25
Balance at the end of the year	4.25	4.25
Capital reserve on Business Reorganisation		
Balance as per last financial statements	-16,220.67	-16,220.67
Created during the year	-	-
Balance at the end of the year (Refer Note 10.2)	-16,220.67	-16,220.67
Share application money pending allotment		
Balance as per last Financial Statements	-	182.62
Addition during the year	-	-
Less: Utilized towards Shares Issued during the year	-	-182.62
Balance at the end of the year	-	-
Renewal & Replacement Relief Fund		
Balance as per last Financial Statements	-	-
Add: Reclassification from Other Current Liabilities	37.75	-
Less: Utilised During the year	-9.40	-
Balance at the end of the year	28.35	-
Retained earnings		
Balance as per last Financial Statements	3,076.43	3,056.14
Add: Adjustment of Opening DTA/DTL	348.08	-
Add: Prior Period Adjustments (Refer Note 38)	-32.57	-
Restated Balance	3,391.94	3,056.56
Add: Profit for the year	89.39	20.29
Balance at the end of the year	3,481.05	3,076.43
Other Components of Equity		
Fair Value through Other Comprehensive Income (FVOCI)		
Balance as per last financial statements	-0.02	-
Add : Share of Other Comprehensive Income of Joint venture	0.02	-0.02
Balance at the end of the year	-	-0.02
Total Other equity	-12,706.74	-13,140.01

The description of the nature and purpose of each reserve within equity is as follows:-

a. Capital reserve

Capital Reserve represents adjustments on initial 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 carrying value of net assets transferred to the Company.

c. Renewal and Replacement Relief Fund

Renewal and replacement fund represents the funds received from Government of India to be utilised towards capital works.

d. Retained Earnings

(a) Value of Net Assets (Assets minus Liabilities) as on 01.10.2021 of the respective Units which were reorganised and formed part of the corporatisation plan of the OFB. The same was adjusted for difference between carrying values as per PCFA and the respective Units. The value of such adjustments, resulting in decrease in total retained earnings is Rs.85.34 Crores (PY-Rs.85.34 crores).

(b) Adjustments on account of implementation of Indian Accounting Standards.

(c) Annual Net profit/Loss after Tax of the company post corporatisation.

Note 13 : Financial liabilities
13 (a) Trade payables

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Current		
- Total Outstanding dues of Micro Enterprises and Small Enterprises	28.01	7.72
- Total Outstanding dues other than Micro Enterprises and Small Enterprises	808.59	321.68
Total	836.60	329.40

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, 2025. This information has been determined to extent such parties have been identified on the basis of information available with the company.

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
(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	28.01	7.72
- 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, 2025 is as Follows:

₹ in Crores

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro and Small Enterprises	-	21.31	0.86	0.82	5.02	28.01
Others	-	714.75	57.77	10.71	21.79	805.02
Disputed dues - Micro and Small	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	3.56	-	-	-	-	3.56
Total	3.56	736.06	58.63	11.53	26.81	836.59

as at March 31, 2024 is as Follows:

₹ in Crores

Particulars	Outstanding for following periods from due date of payment					Total
	Not due	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	-	264.73	36.19	10.78	4.22	315.92
Disputed dues - Micro and Small	-	-	-	0.04	-	0.04
Disputed dues - Others	-	-	-	-	-	-
Unbilled dues	5.76	-	-	-	-	5.76
Total	5.76	266.11	38.33	12.44	6.76	329.40

13 (b) Other financial liabilities

₹ in Crores

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Non-current	-	-
Current		
Payable to employees	115.83	119.13
Security Deposits from customers and others	6.42	10.11
Accrued Committed Liabilities	19.24	29.78
Others	49.25	33.47
	190.74	192.49
Total	190.74	192.49

13 (c) Financial liabilities by category

₹ in Crores

Particulars	As at Mar 31, 2025		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	836.60	836.60
Other Financial Liabilities	-	190.74	190.74
Total Financial liabilities	-	1,027.34	1,027.34
Particulars	As at Mar 31, 2024		
	Fair value through Profit and Loss (FVTPL)	Amortised cost	Total
Trade payable	-	329.40	329.40
Other Financial Liabilities	-	192.49	192.49
Total Financial liabilities	-	521.89	521.89

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 Mar 31, 2025	As at Mar 31, 2024
Long-term		
Provision for Onerous Contracts	516.08	675.88
Provision for Gratuity	0.13	-
	516.21	675.88
Short-term		
Provision for Warranties	2.00	10.38
	2.00	10.38
Total	518.21	686.26

Movement of provisions

₹ in Crores

Particulars	Provision for Warranties	Provision for Onerous Contracts
Balance as on Mar 31, 2023	10.38	764.65
Add: Provisions recognised during the year	2.00	-
Less: Amount utilised during the year	-	88.77
Less: Amount Reversed during the year	2.00	-
Balance as on Mar 31, 2024	10.38	675.88
Add: Provisions recognised during the year	2.00	-
Less: Amount utilised during the year	-	159.80
Less: Amount Reversed during the year	10.38	-
Balance as on Mar 31, 2025	2.00	516.08

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 were identified as being onerous i.e cost of production of the material/equipment to be supplied exceeds its contracted sale price and accordingly the company made provision for such contracts, being onerous contracts in its earlier financial statements. The provision is reversed upon contract performance in the year of such performance.

No Impairment losses were identified in respect of the units manufacturing these items since the units and/or specific components of PPE are not dedicated to such contracts and are utilised for multiple products and the carrying value of such PPE is not in excess of its realisable value.

Note 15 : Other current liabilities

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Advance from customers (Refer Note 1 Below)	1,588.11	1,510.11
Statutory dues	141.40	105.48
Payable to Government of India(Refer Note 2 Below)	17.89	77.66
Other liabilities	69.42	65.25
Total	1,816.82	1,758.50

Notes

1. Advance from customers includes advances against export in respect of which corporate guarantee for a sum equivalent USD 1,22,14,522 (~Rs.104.34 cr) has been issued by the company.
2. Includes balance of Renewal and Replacement Fund of Rs.Nil (PY- Rs.37.75 Crores), which was received from Government of India. The same was reclassified under 'Other Equity' during the Current Year and is disclosed separately in Note No.12.

Note 16 : Current Tax Asset / (Liability)

Particulars	As at Mar 31, 2025	As at Mar 31, 2024
Provision for Tax	-	-15.17
Advance Tax (TDS) (Net of Provision)	7.14	10.71
Net Current Tax Asset/(Liability)	7.14	-4.46

Note 17 : Revenue from operations

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Sale of Products	2,498.93	2,006.42
Sale of Services	3.75	3.39
Other Operating Income		
Disposal of Scrap and Surplus / Unserviceable Stores	28.25	31.92
Total	2,530.93	2,041.73

I. Disaggregation of Revenue from contracts with customers
Revenue based on Geography

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Domestic	2,493.35	2,002.67
Export	37.58	39.06
Total	2,530.93	2,041.73

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 indicators considered for this is transfer of significant risk and rewards to the customer based on Contract terms. Where a contract involves multiple performance obligations, 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 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.
(g) 'Exports' of Rs. 37.58 crores refer to the Direct Exports made by the company. Sales to the tune of Rs. 72.71 crores, being sales to an Indian party on bill and hold basis for onward export, under a merchant export arrangement, wherein the company is the Principal Manufacturer, has been reported under Domestic Sales.

II. Reconciliation of revenue from operation with contract price

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Revenue from contract with customers as per the contract price	2,574.37	2,067.17
Less : Adjustment made to contract price on account of:		
a) Discounts and Rebates	-	-
b) Sales Return	43.44	25.44
Revenue from Operations	2,530.93	2,041.73

Note 18 : Other income

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Interest income on financial assets measured at amortized cost		
- Interest from Bank	88.08	72.33
- Other Interest Income	0.73	0.16
- Interest on Income Tax Refund	0.49	0.35
Dividend Income	-	0.42
Reversal of Provision for Onerous Contracts (Refer Ind AS Note 14)	159.80	88.77
Provision no Longer Required (net)	8.38	-
Custom Duty Drawback	1.16	0.06
Foreign Exchange Gain	1.25	1.41
Rent Income	7.56	7.47
Balances Written Back (refer note 1 below)	3.74	178.03
Profit on sale of Property, plant and equipment (Net)	1.44	0.70
Gain on Refund of NPS Contribution (refer note 2 below)	0.10	4.35
Income from Liquidated Damages	44.18	9.61
Miscellaneous income	9.31	16.06
Total	326.22	379.72

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 Mar 31, 2025	Year ended Mar 31, 2024
Inventories at the beginning of the year	1,126.28	1,049.00
Add : Purchases during the year	1,274.16	1,003.58
	2,400.44	2,052.58
Less : Inventories at the end of the year	1,574.76	1,126.28
Total	825.68	926.30



Note 20 : Changes in inventories of finished goods and work-in-progress

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Inventories at the end of the year		
Finished goods	133.05	232.05
Work-in-Progress	1,222.95	1,283.85
Scrap	16.50	17.13
	1,372.50	1,533.03
Inventories as at beginning 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
(Increase) / Decrease in Inventories	160.53	-172.43

Note 21 : Employee benefits expense

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Salaries and Wages	1,256.96	1,175.34
Contribution to provident and other funds (Refer Note 28)	64.79	53.62
Staff welfare and training expenses	2.48	2.47
Contract Labour	69.43	56.73
Provision of Gratuity	0.02	-
Total	1,393.68	1,288.16

Note 22a : Finance Cost

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Interest to Bank and others	0.19	1.01
Total	0.19	1.01

Note 22b : Depreciation and amortization expense

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Depreciation on Property, plant and equipment (Refer note 5)	136.03	132.73
Amortization of Intangible assets (Refer note 6)	3.88	1.98
Total	139.91	134.71

Note 23 : Other expenses

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Bank Charges	0.24	0.04
Power, fuel and Water Charges	87.59	83.16
Security Charges	74.62	73.59
Repairs :		
To Building	14.01	8.38
To others	1.92	11.03
Transportation Charges	9.63	4.40
Conveyance and Travelling expenses	10.68	8.60
Commission and Brokerage	9.74	0.45
Printing, stationery and communication	2.75	2.51
Rates and taxes	1.62	2.37
Computer and Software Expenses	2.82	1.87
Meeting, Conference and Exhibition Expenses	1.40	0.86
Legal and Professional charges	2.32	1.41
Balances Written Off	2.34	1.40
Inspection and Testing	7.26	3.61
Loss on Sale/Disposal of Assets	0.03	0.01
Corporate Social Responsibility (Refer Note 36)	0.26	0.10
Auditor's remuneration (Refer note (i) below)	0.27	0.30
Research & Development Expenses	5.47	6.48
Miscellaneous expenses	10.15	3.34
Claim and Compensation	2.04	-
Total	247.16	213.91



(i) Break up of Auditor's remuneration

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Payment to Auditors as		
Auditor	0.25	0.25
For taxation matters	0.02	0.02
For reimbursement of expenses	-	0.03
Total	0.27	0.30

Note 24 : Income tax

The major component of income tax expense is as follows:

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Statement of Profit and Loss		
-Current Tax	-	14.67
-Short/(Excess) provision of tax for earlier year	-15.17	-
-Deferred tax expense/(credit)	22.43	-5.12
Income tax expense/(credit) in the Statement of Profit and Loss	7.26	9.55
Statement of Other comprehensive income (OCI)		
-Current Tax	-	-0.02
-Deferred tax expense/(credit)	-	-
Income tax expense/(credit) recognised in OCI	-	-0.02

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate:

A. Current tax

₹ in Crores

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
Accounting profit before tax	96.65	29.84
Tax Rate	25.168%	25.168%
Current tax expenses on Profit before tax expenses at the enacted income tax rate in India	24.32	7.51
Adjustment		
Share of profit from Joint Venture	-1.67	-0.01
Exempt income/not liable to tax	-40.22	-22.34
Expenditure not deductible for tax/not liable to tax	41.73	35.45
Other Deductions	-55.40	-5.94
Carry Forward of Unabsorbed Depreciation	31.24	-
Total income tax expense/(credit)	-	14.67
Effective tax rate	NA	49.16%

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
	Mar 31, 2025	Mar 31, 2025	Mar 31, 2024	Mar 31, 2024
Depreciation for tax purposes	439.09	17.87	421.22	-27.46
Effect of Depreciation taken in Retained Earnings	-310.59			
Effect of Unabsorbed Depreciation for FY 23-24 taken in Retained Earnings	-36.41			
Effect of Disallowance u/s 43B taken in Retained Earnings	-1.08			
Impact of Unabsorbed Depreciation for the year	-35.66	-35.66	-	-
Impact of Provision for Onerous Contract	-129.88	40.22	-170.10	22.34
Deferred tax expense/(income)		22.43		-5.12
Net deferred tax liabilities/(Assets)	-74.53		251.12	
Reflected in the balance sheet as follows				
Deferred tax liabilities	128.50		421.22	
Deferred tax assets	-203.03		-170.10	
Deferred tax (Asset)/Liabilities (net)	-74.53		251.12	

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 which relate to income taxes levied by the same tax authority.

The company has filed applications u/s 119 of the income Tax Act, 1961, for revision of its Income tax Returns for AY 2022-23 and AY 2023-24, which are barred by limitation. The revision of ITRs, if allowed and made, shall result in carry forward of unabsorbed depreciation of Rs.502.56 cr, and the same shall also result in increase in Deferred Tax Asset of the company by Rs.126.48 cr. However, as of date, the application filed in respect of AY 2022-23 is pending with the Competent Authority, while the application for AY 2023-24 stands rejected. Accordingly the company, on consideration of prudence, has not recognised DTA to the tune of Rs. 126.48 cr.

Reconciliation of Deferred Tax Assets/(Liabilities), Net

₹ in Crores

Particulars	As At Mar 31, 2025	As At Mar 31, 2024
Opening balance	251.12	256.24
Deferred Tax Liability recognised during the year on recognition of Research & Development	-	-
Deferred Tax income/(expense) during the period recognised in retained earnings	-348.08	-
Deferred Tax income/(expense) during the period recognised in profit or loss	22.43	-5.12
Deferred Tax income/(expense) during the period recognised in OCI	-	-
Closing balance	-74.53	251.12

Note 25 : Contingent liabilities

₹ in Crores

Particulars	As At Mar 31, 2025	As At Mar 31, 2024
Contingent liabilities not provided for		
(i) Claims against Company not acknowledged as debts	122.91	33.68
(ii) Guarantees given	0.02	-
(iii) Disputed demands in respect of Excise and Customs duty	1.68	3.54

Note:

(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

Particulars	As At Mar 31, 2025	As At Mar 31, 2024
(a) Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	60.94	2.99
(b) Other commitments	-	-

Note 27 : Foreign Currency Exposures not hedged

Nature of exposure	Currency	As at Mar 31, 2025		As at Mar 31, 2024	
		FC In Mn	₹ in Crores	FC In Mn	₹ in Crores
Payable to creditors	USD	-	-	-	-
	EURO	-	-	0.05	4.87
	SEK	75.07	6.53	-	-

Note 28 : Disclosure pursuant to Employee benefits
A. Defined contribution plans:

Amount of ₹64.79 Crores (Previous year ₹53.61 Crores) is recognised as expenses and included in Note no. 21 "Employee benefit expense".

Particulars	Year ended Mar 31, 2025	Year ended Mar 31, 2024
(i) Contribution to National Pension Scheme [Note (a)]	64.79	53.62
Total	64.79	53.62

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 Pension liabilities 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 till December 31, 2025 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. Akhilesh Kumar Maurya Director (w.e.f. 14 Aug 2021)
2	Mr. Jai Gopal Mahajan Director (Finance cum CFO) (w.e.f. 30 Oct 2024)
3	Dr. Garima Bhagat Govt. Nominee Director (w.e.f. 10 Dec 2024)
4	Mr. Rajesh Gangadhar Choudhary Chairman and Managing Director (w.e.f. 14 Aug 2021 upto 15 Dec 2024)
5	Mr. Shambhu Nath Jasra Govt. Nominee Director (w.e.f. 10 Oct 2024 upto 10 Dec 2024)
6	Mr. Jayant Kumar Govt. Nominee Director (w.e.f. 27 Feb 2023 upto 10 Oct 2024)
7	Mr. Biswajit Pradhan Director (w.e.f. 10 Feb 2023 upto 30 Nov 2024)
8	Mr. Sushil Sinha Director (Finance cum CFO) (w.e.f. 01 Mar 2023 upto 30 Jun 2024)
9	Mr. Manish Kumar Singh Company Secretary (w.e.f. 22 Sep 2022)

(b) Disclosure in respect of Related Party Transactions :

₹ in Crores

Sr.	Particulars	Joint Venture		Key Management Personnel and relatives		Total	
		Year ended/as at		Year ended/as at		Year ended/as at	
		Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024	Mar 31, 2025	Mar 31, 2024
(I)	Transactions during the year						
	Remuneration		-	1.41	1.71	1.41	1.71
	Leases	Refer note 1 below	Refer note 1 below				
	Sale of goods and services	1.39	(Rs. 14,139)			1.39	-
	Rent Received	0.79	0.66			0.79	0.66
(II)	Balances as at year end						
	Investments	15.54	8.87	-	-	15.54	8.87
	Advances for sales	109.67	83.23			109.67	83.23

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	Mar 31, 2025	Mar 31, 2024
Short-term employee benefits	1.39	1.71
Termination benefits provided	0.02	-
Total compensation paid to key management personnel	1.41	1.71

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 related entities.

However as required under Ind AS 24, following are the individually significant transactions :

Over 90% of the Company's Turnover, Trade Receivables and Customer's Advances is with respect to government and government related entities.

Note 30 : Earning per share:

Particulars		Year ended Mar 31, 2025	Year ended Mar 31, 2024
Earnings per share (Basic and Diluted)			
Profit attributable to ordinary equity holders	₹ in Crores	89.39	20.29
Number of Shares Outstanding at the end of the year	No.	17,860,790,000	17,531,530,000
Weighted average number of equity shares for basic and Diluted EPS*	No.	17,604,598,658	17,333,862,219
Nominal value of equity shares	Rs.	10.00	10.00
Basic and Diluted earning per share	Rs.	0.051	0.012

* Refer Note No. 11.2

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.

4. The Company has entered into a Lease agreement with Kendriya Vidyalaya, whereby the Company has given plot of land of 5400sqm on token rent of Rs. 1/- per annum for 99 years dtd 28.04.1988 to dtd. 27.04.2087.

5. The Company has entered into a Lease agreement with Calcutta Electric Supply Corporation Limited, whereby the Company has given plot of land on token rent of Rs. 1/- per month ie. Rs. 12/- per annum.

All the above leases are considered as low value leases and hence no Right of Use Assets or Liability 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 Mar 31, 2025	As at Mar 31, 2025	Year ended Mar 31, 2024	Year ended Mar 31, 2024
Financial assets				
Investment at Cost	16.59	16.59	8.87	8.87
	16.59	16.56	8.87	8.87
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.

(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 Mar 31, 2025 and Mar 31, 2024

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 Mar 31, 2025 Assets measured at fair value	-	-	-	-
As at Mar 31, 2024 Assets measured at fair value	-	-	-	-

Quantitative disclosures fair value measurement hierarchy for liability As at Mar 31, 2025 and Mar 31, 2024

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 Mar 31, 2025 Liability measured at fair value	-	-	-	-
As at Mar 31, 2024 Liability 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
Mar 31, 2025	+2%	-	+2%	-	+2%	(0.13)
	-2%	-	-2%	-	-2%	0.13
Mar 31, 2024	+2%	-	+2%	(0.10)	+2%	-
	-2%	-	-2%	0.10	-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	Less than 1 year	1 year or more
Mar 31, 2025		
Trade payables	736.06	96.97
Other financial liabilities	190.74	-
Total	926.80	96.97
Mar 31, 2024		
Trade payables	266.11	57.53
Other financial liabilities	192.49	-
Total	458.60	57.53

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 Mar 31, 2025	As at Mar 31, 2024
Net debt (a)	-	-
Total Equity		
Equity share capital (Refer note 11)	17,860.79	17,531.53
Other equity (Refer note 12)	(12,706.74)	-13,140.01
Total Equity (b)	5,154.05	4,391.52
Net Debt to Equity Ratio (a/b)	-	-



Note 36: Disclosure in respect of Corporate Social Responsibility (CSR) Activities

Particulars	Year ended Mar 31, 2025
a) Gross amount required to be spent by the Company during the year	0.26
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	0.26
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	2024-25	2023-24	Variance (in %)	Remarks for variance more than 25%
1	Current Ratio (In times)	Current Assets	Current Liabilities	2.16	2.33	(7.41%)	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	1.73%	0.46%	275.38%	Increase in turnover and interest income have contributed to increase in profitability of the company.
5	Inventory turnover Ratio (In times)	Revenue from Operations	Average Inventories	0.90	0.81	12%	NA
6	Trade Receivables turnover Ratio (In times)	Revenue from Operations	Average Trade Receivables	1.83	2.19	-16%	NA
7	Trade Payables turnover Ratio (In times)	Purchase of Goods	Average Trade Payables	2.19	3.32	(34.15%)	Higher Purchases at year end in the ordinary course of business
8	Net capital turnover Ratio (In times)	Revenue from Operations	Working Capital	0.77	0.67	0.15	NA
9	Net profit Ratio (%)	Net Profit after Tax	Total Revenue	3.13%	0.84%	273.38%	Increase in turnover and interest income have contributed to increase in profitability of the company.
10	Return on Capital employed (%)	Profit before Interest, Exceptional Items and Tax	Total Capital Employed	4.17%	3.09%	34.84%	Increase in turnover and interest income have contributed to increase in profitability of the company.
11	Return on investment (%)			NA			

Note 38 : Adjustments in Retained Earnings

- Note No.3 to these Financial Statements deals with the reasoning and description of the changes made to opening balances of 'Other Equity' as at 01.04.2024 by the company, in accordance with Ind-AS-8-Accounting Policies, Changes in Accounting Estimates and Errors.
- The adjustments made to the Opening balance of 'Other Equity' are attributable to the following items:
 - Adjustment on account of change in Tax base of Property, Plant and Equipment, resulting in reversal of Deferred Tax Liabilities from earlier periods.
 - Adjustment on account of creation of Deferred tax asset on account of claim of unabsorbed depreciation of preceding year, which will be available for set off against future taxable income of the Company. The change is consequent to the change as per sl.no.(a) above.
 - Adjustment to carrying value of Property, Plant and Equipment.
 - Adjustment on account of prior period errors and omissions including:
 - Errors in classification of Revenue items as Non revenue items (and vice versa) in previous years' financial statements
 - Non provisions of expenses of earlier years

The Impact of the above adjustments were as follows:

Reconciliation of Equity

₹ in Crores

Particulars	As at April 01, 2024
Equity under previous audited financial statements (A)	3,076.43
Impact of Change in Deferred Tax	348.08
Sub Total B	348.08
Balance(C = A + B)	3,424.51
Impact of rectification of Property, plant and equipment & Intangible assets (net)	27.87
Impact of rectification of Prior Period Errors (net)	4.70
Sub Total D	32.57
Equity as per Ind AS (E = C - D)	3,391.94

3. 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	-27.87
Deferred Tax Asset (net)	348.08
Increase in Assets	320.21
Liabilities - (Increase)/Decrease	₹ in Crores
Other Current Liabilities	-4.70
Decrease in Liabilities	-4.70
Net Impact on Retained Earnings	315.51

4. After giving the above adjustment, Retained Earnings as on April 01, 2024 will be as under:

₹ in Crores

Retained Earnings as per previous financial Statements	3,076.43
Add: Increase due to above adjustments	315.51
Restated Retained Earnings as on April 01, 2024	3,391.94

Note 39 : Interest in Other Entity

SN	Name of Entity	Country of Incorporation	Activities	Proportion of Ownership of Interest	
				As at March 31, 2025	As at March 31, 2024
	Joint Venture				
1	Indo Russian Rifles Private Limited	India	Defence	42.50%	42.50%
2	Communication (Defence) Testing Foundation	India	Defence	10.00%	0.00%

(A) Group 's share in Contingent Liability of Joint Ventures

SN	Particulars	As at March 31, 2025	As at March 31, 2024
1	Disputed demands	-	-
2	Corporate gaurantee	133.82	87.68
3	Claims against the company not acknowleged as debts	-	-

(B) Group 's share in Capital commitmnets of Joint Ventures

SN	Particulars	As at March 31, 2025	As at March 31, 2024
1	Estimated amount of Contracts remaining to be executed on capital account and not provided for (Net of advances)	48.28	0.08

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, 2025							
	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	99.68%	5,137.46	92.56%	82.74	0.00%	-	92.54%	82.74
Total Add: Joint Ventures (Investments as per Equity method) Indo Russian Rifles Private Limited	99.68% 0.32%	5,137.46 16.59	92.56% 7.44%	82.74 6.65	0.00% 100.00%	- 0.02	92.54% 7.46%	82.74 6.67
Grand Total	100.00%	5,154.05	100.00%	89.39	100.00%	0.02	100.00%	89.41
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%	4,382.65	99.75%	20.24	0.00%	-	99.85%	20.24
Total Add: Joint Ventures (Investments as per Equity method) Indo Russian Rifles Private Limited	99.80% 0.20%	4,382.65 8.87	99.75% 0.25%	20.24 0.05	0.00% 100.00%	- -0.02	99.85% 0.15%	20.24 0.03
Grand Total	100.00%	4,391.52	100.00%	20.29	100.00%	-0.02	100.00%	20.27

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 Company or its associates 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 : 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, 2025, 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), over 90% of the Company's Turnover, Trade Receivables and Customer's 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 05, 2025, 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, 2025.



Signature to Accompanying note no. 1 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 & Equipment India Limited

Sd/-

For B.C.Jain & Co.

Chartered Accountants

Firm Registration No. 001099C

Sd/-

Umesh Singh

Chairman cum Managing Director

DIN: 08373608

Sd/-

Ranjeet Singh

Partner

Membership No. 073488

Place: Kanpur

Date: 05.08.2025

Sd/-

Jai Gopal Mahajan

Director (Finance) and CFO

DIN: 10824241

Place: Kanpur

Date: 05.08.2025

Sd/-

Manish Kumar Singh

Company Secretary

Membership No. F12879

Place: Kanpur

Date: 05.08.2025