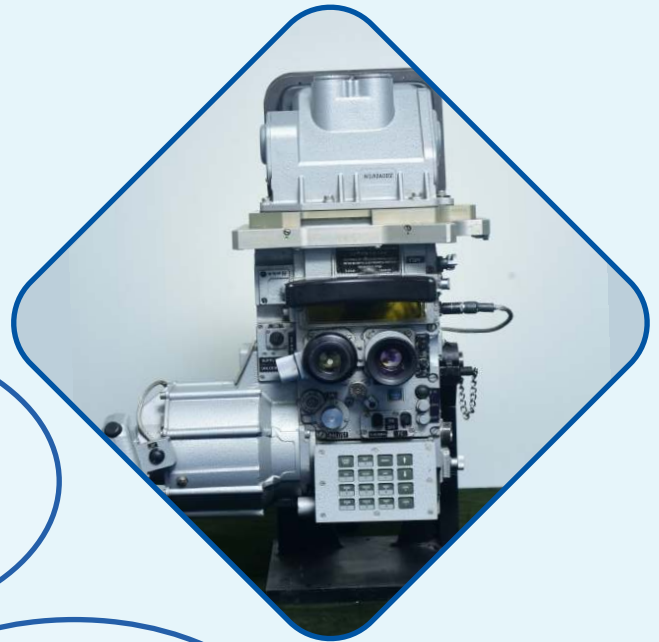
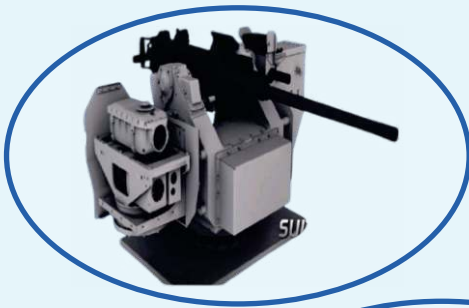


INDIA OPTEL LIMITED

(A Govt. of India Enterprise, Ministry of Defence)



3rd ANNUAL REPORT

2023-2024





3rd ANNUAL REPORT 2023-2024



The logo for India Optel Limited features a stylized circular emblem composed of two concentric arcs, one blue and one black, forming a partial circle.

INDIA OPTEL LIMITED

SOLDIER'S EYE



FORWARD LOOKING STATEMENTS

In this Annual Report, we have shared information and made forward looking statements to enable the Stakeholders to know our products portfolio, business logic and directions and thereby comprehend our prospects. Such statements that we make are based on our assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'believe', 'estimate', 'intend', 'plan', 'project' or words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward looking statements will be realised although we believe we have been prudent in our assumptions. The actual results may be affected because of uncertainties, risk and even inaccurate assumptions. If uncertainties or known or unknown risk materialise or if underlying assumptions prove inaccurate, actual results may vary materially from those anticipated, believe, estimated, intended, planned or projected. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future events or otherwise.

The members may send their comments or suggestions for improvements of the annual report by e-mail to cmd@indiaoptel.in.



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CHAIRMAN'S STATEMENT

Dear Members,

It is my privilege to welcome you all to the 3rd Annual General Meeting of India Optel Limited (IOL) for the Financial Year 2023-24. I thank each one of you for attending the meeting.

Financial Year 2023-24, marks a key milestone as IOL group of factories have achieved highest ever turnover of Rs. 1,380 Crore and made a net profit (Profit After Tax) of Rs. 233 Crore, despite facing supply chain disruption due to current geo- political situations.

Your company has adopted an upward path of growth since incorporation and it is proven for FY 2023-24 also; as your company has increased its turnover by 28% over the previous year. This growth is driven by the motivation, dedication and hard work of Team IOL towards achieving our strategic goals, meeting customer aspirations in terms of delivery, stringent quality standards, after sales support and making continual improvements in manufacturing.

I am happy to share that as on April 01, 2023, your company had order book worth Rs. 7,615 Crore and during FY 2023- 24, the company has secured orders worth Rs. 267 Crore through various RFPs and competitive tenders. Further, in FY 2024-25, company has secured orders worth Rs. 1050 Crore (till Aug-2024) and orders worth another Rs. 450 Crore are expected till Mar-2025. Your Company has further participated in various RFPs of approx. value of Rs. 1044 Crore for ensuring sustained work-load and growth in the coming years.

Product development, product improvement and diversification:

Product development, product improvement and diversification have always been the priority areas of your company.

During the year, your company has successfully delivered Thermal Imaging Fire Control System for Tank T-72 and Fusion technology based Driver's Night Sight (First time developed in India) for BMP-II

For bagging new products in the portfolio, your company has successfully developed Ex Import item Muzzle Bore Sight UPV-125 for T-90, Cable harnesses for Torpedo of Indian Navy, Telescopic Sight for Assault Rifle and Thermal Imager based Missile Sight for Night firing of BMP-II

I am glad to inform that your company has been nominated as nodal agency for implementing two upgrades of Tank T-90 namely Automatic Target Tracker (ATT) and Digital Ballistic Computer (DBC). RFP for 464 Nos. for indigenous manufacture of ATT & DBC is received from MOD. Further, 1193 Nos. of T-90 tanks are currently in service, which will also be upgraded with these upgrades in coming years.

Furthermore, RFP for indigenous manufacture of Gunner's Main Sight for MBT Arjun Mk-1A for 59 Nos with 100% option clause quantity is received from AVNL. The aforesaid projects indicate adequate order book for next 8-10 years.

As far as futuristic projects are concerned, your company has undertaken projects for 3rd Gen. Sighting Systems for new generation Armoured Fighting Vehicles (AFVs). Further, for indigenous manufacture of Inertial Navigation Systems, Artillery Gun Sighting Systems, Long Range Surveillance System, Drone Technology, AI Application in sights etc. many development projects have been undertaken.

These new items are going to ensure sustained work worth Rs. 40,000 Crore in near term of 6-8 years.

'Aatmanirbhar Bharat' Mission:

Aligned with the Government's vision of 'Aatmanirbhar Bharat,' IOL has undertaken the indigenization of ex-import components/sub-assemblies on a large scale through MAKE & IDEX programs of GoI, In-house R&D and in collaboration with MSMEs, Start-ups.

With sincere efforts in indigenization, your company has successfully indigenized 177 out of 189 items of PIL-1, 10 out of 47 items of PIL-3. For balance items indigenization is on advance stage. Further, IOL has offered 144 items -in PIL-5 on SRIJAN portal.

Defence Testing Infrastructure Scheme:

Under the GoI scheme namely Defence Testing Infrastructure Scheme, IOL, being lead member nominated by MOD for electro-optics domain, has successfully incorporated a section 8 company named LENS (Laboratory for Electro Optical Navigational Systems) Foundation with 35% stake. In another domain i.e. Electronic warfare, IOL has 20% stake.

Corporate Governance:

Your Company is committed to maintain 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. The Company has regularly complied with the Guidelines on Corporate Governance for CPSEs issued by DPE. Necessary disclosures have been made in this regard in the Corporate Governance Report. As per the Self-evaluation Annual Grading Report on Corporate Governance for FY 2023-24, the Company has achieved 'Very Good' grading.

Training:

IOL proudly operates 'Ordnance Factories Institute of Learning', a premier training facility dedicated to enhancing the skills of its own workforce, delegates from customers viz. Indian Army, Paramilitary forces, State Police Forces etc. in the fields of Electro-optics, Finance and HR management.

Acknowledgement:

I would like to express heartfelt gratitude of Board of Directors to the Government of India, Ministry of Defence, Department of Defence Production and our esteemed customers from Indian Armed Forces, Paramilitary Forces, State Police Forces, Defence PSUs along with Private Defence Industries for their continued support.

I also extend our sincere appreciation to DGQA, C&AG, Auditors, Bankers, Collaborators, suppliers and all valuable contributors for their inescapable role in success journey of IOL.

And finally I am deeply grateful to our Shareholders, fellow board members and dedicated & hard working team IOL for their trust, confidence and support. Your trust is highly valued and we remain committed to working tirelessly to uphold it.

In conclusion, I believe and assure that your company will set new horizons in the field of electro-optics, contributing to the security and self-reliance of our nation. Together, let us embark on this journey with renewed vigor and determination.

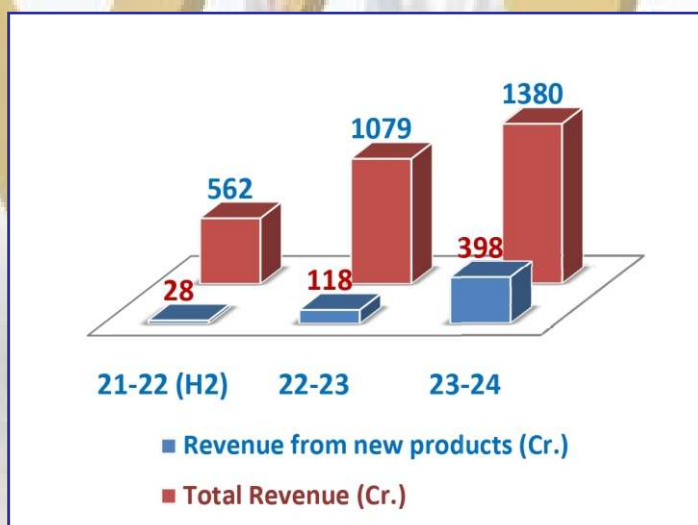
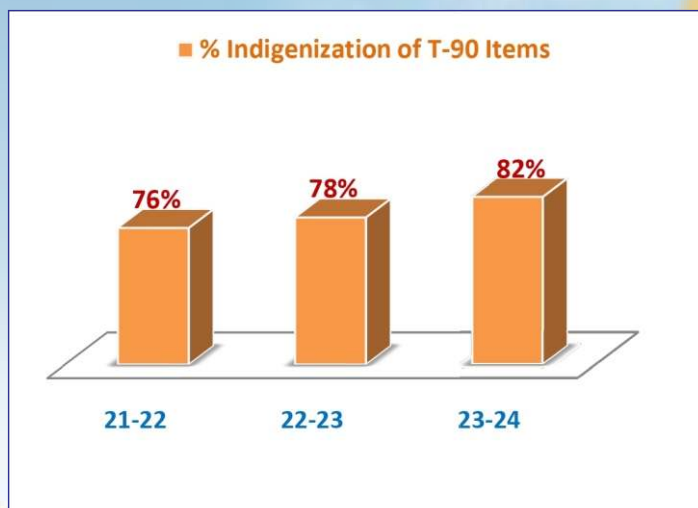
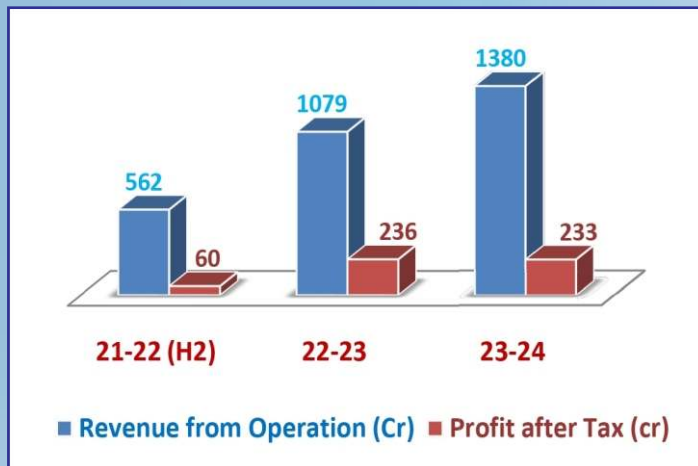
With best wishes....

Sd/-

(Girish Chandra Agnihotri)

Director (Operations) with Additional
Charge of CMD

"Year 2023-24 at a Glance"



BOARD OF DIRECTORS

❖ Shri Girish Chandra Agnihotri
Director (Operations) with additional charge of CMD

❖ Shri Tushar Tripathi
Director (Finance) & CFO

❖ Shri Satyabrata Mukherjee
Director (Human Resource)

❖ Shri Shalabh Tyagi
Part Time official Director (Government Nominee)

CORPORATE INFORMATION

Name of Company : INDIA OPTEL LIMITED
CIN : U31909UR2021GOI012802
Registered Address : OFILDD (ORDNANCE FACTORIES INSTITUTE OF LEARNING)
CAMPUS, RAIPUR, DEHRADUN-248008

- ❖ Shri Girish Chandra Agnihotri
Director (Operations) with Additional
Charge of CMD
- ❖ Shri Tushar Tripathi
Director (Finance) & CFO
- ❖ Ms Pooja Sharma
Company Secretary

- ❖ Shri Shalabh Tyagi
Part Time official Director
(Government Nominee)
- ❖ Shri Satyabrata Mukherjee
Director (Human Resource)
- ❖ Shri Pankaj Gupta
Chief Vigilance officer

Chief General Managers/General Managers at Headquarters:

1. Shri Randhir Kumar Sinha,
Chief General Manager, Corporate
Planning
2. Shri C S Thakur,
General Manager, Technical & CTO

Chief General Managers at Factories:

1. Shri Dushyant Kumar,
Chief General Manager, OFCD
2. Shri Vipul Kumar Sinha,
Chief General Manager, OLF
3. Shri Pankaj Kumar Goyal,
Chief General Manager, OFD

VISION, MISSION & OBJECTIVE

Vision



To become world-class enterprise in Opto-Electronics and Communication business.

Mission



To establish itself as a leading manufacturer in Opto-Electronics, Communication business and other chosen areas through quality, technology and innovation and emerge as a world class sophisticated, State-of-the-art, global enterprise.

Objectives



- ❖ **To be a company completely focused in providing state-of-the art products & solutions at competitive prices, satisfying customers need for quality, delivery, service and reliability.**
- ❖ **To generate profitable growth by leveraging internal resources.**
- ❖ **To be "Atma Nirbhar" by developing indigenous solutions.**
- ❖ **To give thrust on Innovation and Exports.**

IOL's History Timeline



IOL's History Timeline

HISTORY

India Optel Limited, a fully owned Government of India, Enterprise, under Department of Defence Production, Ministry of Defence has been incorporated to achieve self-reliance in the field of Opto-electronics solutions for Armed Forces, and Paramilitary Forces of Ministry of Home Affairs along with other customers.

It comprises of state of the art, three manufacturing units of erstwhile Ordnance Factory Board, with a rich experience in their respective area of businesses:

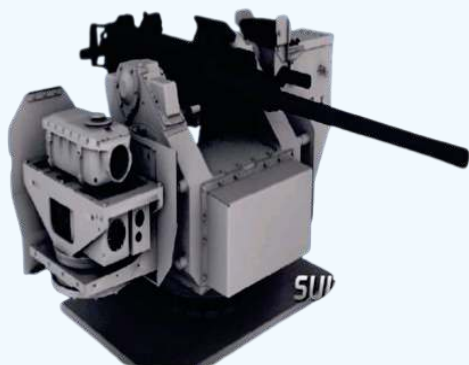
- Opto-Electronics Factory, Dehradun (OLF) was established on the 4th April 1988 with the technical collaboration from erstwhile USSR for production of hi-tech optical and Opto-Electronic instruments for tank T-72 and Infantry Combat Vehicle (ICV) BMP-II also known as SARATH. It is a leading systems integrator with state-of-the-art infrastructure, covering all aspects of mechanical, optical & electronic assemblies. It was created to fulfil the requirements of Indian Armed Forces in the field of complex Opto-Electronic devices and over a period of time it has developed a number of indigenous products and solutions for the Indian Armed Forces.
- Ordnance Factory, Dehradun popularly known as OF Dun was conceived in 1941, as a result of the decision to shift the Mathematical Instruments Office, from 15 Wood Street, Kolkata. The aim was to establish a factory that specialized in the production of military optical instruments. OF Dun was formally established during 1943 and is now a leading manufacturer of optical instruments and gears for Infantry Directorate of Indian army and paramilitary forces of MHA. This unit has also significant presence in Airfield Illumination Solutions which is already in use at several airfields.
- Ordnance Factory, Chandigarh (OFCD), was established in 1963 in collaboration with M/s Sumitomo Electric Inc, Japan to cater to the communication needs of India's armed forces. OFCD has a core competency in manufacturing in the areas of communication cables, airfield lighting cables, top grade spring steel wires, cable harnesses for armoured vehicles, and optical devices for armoured vehicles.

This new Entity has been entrusted with a responsibility to give renewed thrust to expand Electro-Optical solutions for "Aatma Nirbhar" Bharat in line with Government of India's vision. In other words "To become Eye of the Soldier".

OUR PRODUCTS



ORDNANCE FACTORY DEHRADUN



OPTIC POD (SRGC)



Binocular Drishiti 12x



Holographic Sight



HR Binocular 8x30



Sight Dial



Sight Unit Cased 102B



Assault Rifle



Zoom Telescope



Anti Material Rifle



Hand Held Thermal Imager



Passive Night Vision Monocular



MOD.PNS for 5.56 mm RIFLE (INSAS)



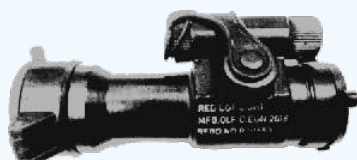
Passive Night Vision Goggle



Light Weight Passive Night Vision Bino



MOD. PNS 12.7 AD GUN



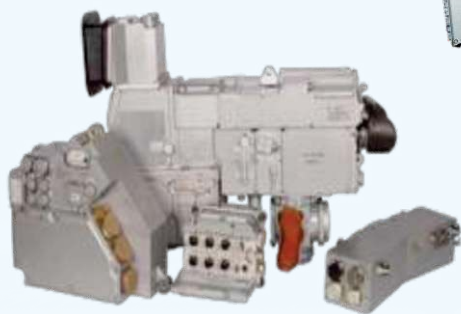
Red Dot Sight



Night Sight 84 mm Carl Gustav RCL



OPTO ELECTRONICS FACTORY



System 1A43



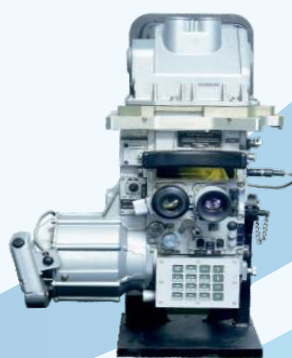
Thermal Sight TI-ESSA



Anti Aircraft Sight PZU-7



TVNE 4B M2



Commander Thermal Imager



Driver Night Sight



TANK T-72



**Commander Thermal Imager
for T-72 (MK-II)**



Laser Ranger Finder TPDK-1



TKN-3



**Driver Night Sight
TVNE 4B M1**



OPTO ELECTRONICS FACTORY



ICV BMP-II



Missile Sight 9SH



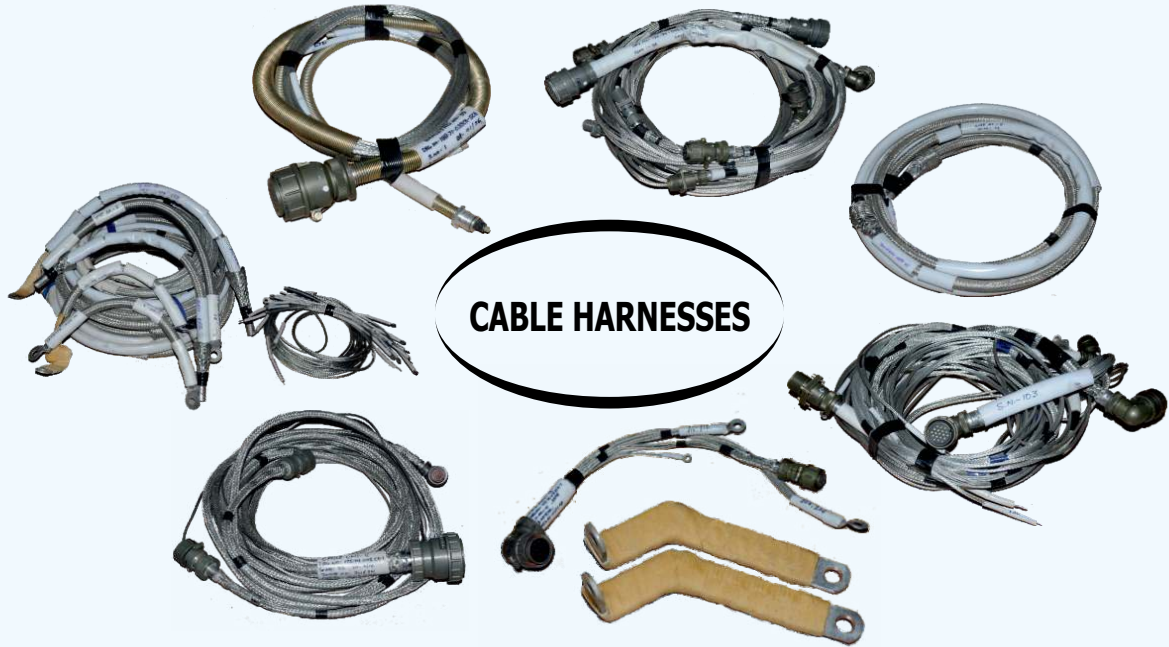
BPK-2-42-2



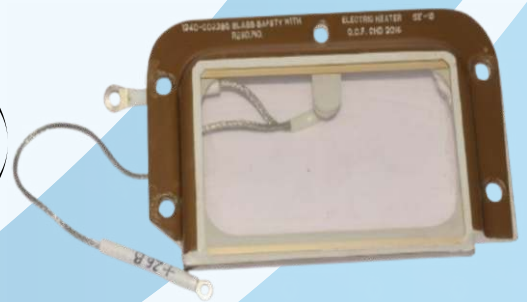
**Anti Air Craft Sight
IP3-3**



**Driver Night Sight
TVNE-1PA**



CABLE HARNESSES



PERISCOPES



OUR ESTEEMED CUSTOMERS

Services & DPSUs



Indian Army



Indian Air Force



Indian Navy



AVNL



AWEIL



MIL



DRDO



BDL

Ministry of Home Affairs



BSF



ITBP



CRPF



CISF



SSB



NSG

Private Sector & Export



Bharat Forge



L & T



TATA Group



Elbit System

Celebrating Freedom & Embracing Unity



HAR GHAR TIRANGA



एक पेड़ माँ के नाम



हिंदी राजभाषा



TRAINING



SAFETY WEEK



QUALITY MONTH



NATIONAL EXHIBITIONS



FOREIGN EXHIBITIONS



YOGA DAY



SWACHHTA ABHIYAN



VISITS



BOARD'S REPORT

To,
The Members of
India Optel Limited

Your Directors have the pleasure in presenting their Third Annual Report on the business and operations of the India Optel Limited ("the Company or "IOL") along with the Audited Financial Statements for the financial year ended March 31, 2024 together with the reports of Statutory Auditors and the Comptroller and Auditor General of India thereon.

1. BUSINESS OVERVIEW

- a. India Optel Limited ("IOL") is primarily engaged in the production of Opto-Electronics Systems for Services and MHA. IOL was incorporated on 14.08.2021 and it commenced business on 01.10.2021.
- b. IOL is headquartered at Dehradun with two manufacturing units at Dehradun (Ordnance Factory Dehradun and Opto Electronics Factory Dehradun) and one unit at Chandigarh (Ordnance Factory Chandigarh). In addition, IOL has 'Ordnance Factories Institute of Learning' for the training of its own manpower across all categories and for the training of personnel of its customers in operation and maintenance of the various equipment, made by IOL.
- c. IOL is mainly manufacturing Opto-Electronics systems and vision equipment's for the land-system platforms & weapons, like battle tanks T-90, T-72, Infantry Combat Vehicle BMP-II, Artillery Guns, Naval Guns and Small and Medium Caliber weapons with a clear emphasis on indigenization. Besides that, based on cable technology, IOL is also into communication business for catering to needs of Armed Forces.
- d. Products of IOL are multi technology complex Opto-electronics systems using thermal imaging technology, image intensification technology, plain day vision technology, day cameras based on CMOS technology and optronic/ telescopic sights mounted on customized gyro-stabilization systems and controlled using ballistic computers and missile information block/system.
- e. With Government of India's continuous endeavor to achieve Atma Nirbharta in Defence, increased indigenization and continual product up gradation, IOL Units have accelerated upgradation of products to meet changing Services requirements.
- f. EO/IR segment of products in India have several other indigenous manufacturers. IOL is successfully competing with other indigenous manufacturers in this segment for the orders of new items from Army and other Armed Forces for which IOL has collaborated with various Indian Industry partners and start-ups.

2. FINANCIAL SUMMARY OR HIGHLIGHTS/STATE OF THE COMPANY AFFAIRS:

(Rs. in Lakhs)

Particulars	Financial Year		
	2023-24	2022-23 (Restated)	2022-23 (Audited)
Total Income	1,49,996.49	1,15,057.60	1,15,057.60
Earning before Finance Costs, Depreciation and amortization Expenses and Taxes -(A)	36,944.20	30,806.38	34,746.23
Finance Charges-(B)	958.46	-	-
Depreciation & Amortization Expenses-(C)	3,074.40	3,156.88	3,156.88
Profit Before Tax [D=A-B-C]	32,911.34	27,649.50	31,589.36
Tax Expenses:			
a. Income Tax liability for earlier years	1,325.53	-	-
b. Current Tax	8,047.09	6,536.45	7,528.04
c. Deferred Tax	236.04	422.37	422.37
Profit For The Year	23,302.68	20,690.68	23,638.95
Other Comprehensive Income	-	-	-
Total Comprehensive Income for the year	23,302.68	20,690.68	23,638.95

3. **MAJOR HIGHLIGHTS OF FINANCIAL PERFORMANCE**

- The Revenue from operations for the financial year ended March 31, 2024 is Rs. 1,37,962.45 Lakhs
- The Profit before Tax is Rs. 32,911.34 Lakhs
- The Earning Per Share are:
Basic: Rs. 0.39 Per Share
Diluted: Rs. 0.39 Per Share

4. **KEY FINANCIAL RATIOS**

The key financial ratios of the Company has been provided here under:

Sl. No.	Ratio Analysis	For the year ended 31st March, 2024	For the year ended 31st March, 2023 (Restated)	For the year ended 31st March, 2023 (Audited)	Remarks
1	Current Ratio Current Assets/Current Liabilities	1.66	1.89	1.90	
2	Debt Equity Ratio Long-term borrowings/Shareholder's Equity	NA	NA	NA	The Company does not have any Long-term borrowings during the year 2021-22, 2022-23 & 2023-24. In absence of the same, ratio cannot be determined.
3	Debt Service Coverage Ratio Earnings available for debt services/Interest + Instalment	NA	NA	NA	
4	Return on Equity Ratio	2.65%	2.85%	3.25%	
5	Inventory Turnover Ratio	2.41	2.56	1.10	
6	Trade Receivables Turnover Ratio	2.46	3.51	3.51	
7	Trade Payables Turnover Ratio	4.17	4.91	4.90	
8	Net Capital Turnover Ratio	0.78	1.01	1.26	
9	Net Profit Ratio	16.89%	19.18%	21.92%	
10	Return on Capital employed	3.78%	3.17%	3.62%	
11	Return on Investment	NA	NA	NA	

5. **DIVIDEND AND RESERVE**

As per Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Government of India vide O.M. F.No. 4/27/2019-DIPAM-II-A (E) dated 13.06.2023, IOL is exempted for payment of dividend for FY 2021-22, FY 2022-23 and FY 2023-24. Hence, your Board of Directors is not recommending any dividend for the year ended March 31, 2024.

During the period under review, your Directors do not propose to transfer any amount to reserve. The Retained Earnings of the Company as on March 31, 2024 stood at Rs. 49,904.18 Lakhs. Further, Revaluation Reserve stood at Rs. 2,48,044.05 lakhs.

6. **BORROWINGS**

As on March 31, 2024, the short term borrowings of the Company stood to Rs 34,525.75 Lakhs.

7. **CAPITAL STRUCTURE**

During the Financial Year 2023-24, the Authorised Share Capital of the Company is Rs. 6,50,000 Lakhs. During the year, the paid up share capital of the Company has been increased from Rs. 5,77,647.06/- Lakhs to Rs. 5,90,561.06/- Lakhs on account of contribution of additional equity by the Government of India.

8. **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

As on March 31, 2024, the Board comprised four Directors viz Shri Girish Chandra Agnihotri [Director (Operations) with additional charge of CMD], Shri Tushar Tripathi (Director/Finance), Shri Satyabrata Mukherjee (Director/HR) and Shri Shalabh Tyagi (Government Nominee Director).

There were few changes in the Board of Directors of the Company during financial year 2023-24.

Appointments:

- Vide letter No. MoD ID No. PC-I to 1(5)/2021/OF/DP (Plg-V) Pt-III dated June 23, 2023 issued by MoD, additional charge of CMD of IOL was given to Shri Girish Chandra Agnihotri, Director (Operation) of the Company till the appointment of permanent CMD through regular process.
- Ms. Pooja Sharma has been appointed as Company Secretary w.e.f. March 12, 2024.

Cessation:

- Shri Sanjiv Kumar, Managing Director of the Company superannuated from the service w.e.f. May 31, 2023.
- Shri Abhishek Shukla has resigned from the position of Company Secretary w.e.f. January 20, 2024.

9. **EVALUATION OF BOARD'S PERFORMANCE**

Your Company is a Government Company. The Ministry of Corporate Affairs, vide Notification dated June 5, 2015, has exempted Government Companies from the provisions of Section 134(3)(p) of the Companies Act, 2013 read with Rule 8(4) of the Companies (Accounts) Rules, 2014, relating to evaluation of Board of Directors, in case the Directors are evaluated by the Ministry or department of the Central Government which is administratively in charge of the Company.

10. **OPERATIONAL PERFORMANCE**

a) **Initiatives for sustained performance**

IOL has undertaken the following major initiatives for sustained performance and growth of the company:

- i. IOL is working on the areas of strategic importance in the field of tank electronics. It is a complex high technology field utilizing technologies such as photonics, high end electronics for image processing, optics and coatings, precision mechanical systems, stabilization technology, sensors of various types (Image Intensifiers, IR detectors (IDDCA), CCD sensors) etc. Keeping in view the emerging requirements of the services, the type of products and upgrades desired, focus have been identified and IOL is working in these areas along with premier research institutions, start-ups, MSMEs and Indian Industry. Gunner's Fire Control Systems, Thermal Imaging Fire Control Systems, Digital Ballistic Computer, ATT, Holography based next generation weapon sights, Nano Drone Technology and support to Base Repair Depots for maintenance of Aircraft etc. are the focus areas. For each of these areas, IOL has devoted a team of technical experts and for their development IOL has joined hands with premier national academic institutions concurrently involving the Indian Defence Industry in the development of sub-systems thereof. In addition, for the completely green field projects like indigenization of Gunner's Main Sight for MBT Arjun Mk-1A, Automatic Target Tracker & Digital Ballistic Computer, New Generation sighting system for AFVs and their systems, IOL has joined hands together with reputed foreign OEMs for co-production / ToT.
- ii. Functional and feature requirement of the vision and control systems needed for the AFVs and soldiers has been getting upgraded continually to meet the new challenges faced on the field. Increasing requirement of detection, recognition and identification ranges need large format sensors and enhanced image processing algorithms and all these on a stabilized platform. Many of the related technologies and building blocks like IDDCA, stabilization techniques are restricted and India has to depend upon the foreign OEM from whom the original platforms and its ToT were obtained (in case of land systems, mainly Russians).

- iii. With the association of the Indian Industry and DRDO laboratories, IOL has been able to prototype, develop and manufacture the vision and control systems for the crew of AFVs, which are being used in service for the past five years. While DRI requirements of these are being continually upgraded, IOL has associated with the Indian Industry for indigenously designed alternates and upgrades for stabilization technology, ballistic computation and system control so that dependence on a single design is avoided and costs are also brought down.
- iv. For meeting the R&D challenges, IOL has established R&D centers in each of its three units working in the respective areas for prototyping and co-development as above.

Major items taken-up for prototyping and developing include:

- (i) Automatic Target Tracker & Digital Ballistic Computer for Tank T-90
 - (ii) Fusion technology based sight for driver of T-90
 - (iii) STIK (Simulation, Test & Interrogation Kit) for guided missile system validation before firing Missile from T-90 tank
 - (iv) Drone Teaming with AFVs (ADB's project)
 - (v) Nano Drone Technology (ARTPARK, IISc Bgllore)
 - (vi) Gunner's Main Sight Mark-1A for Arjun MBT Mk-1A (it is a fire control system)
 - (vii) LoROS (Long range Surveillance AI based)
- v. Further to it, IOL has actively sponsored iDEX/DIO challenges (Defence India Start-up Challenges) for the development of stabilization technology for AFVs and is sponsoring projects related to this field undertaken by the promising start-ups.
 - vi. In addition, for inducting the green field indigenous products in the upgrades of existing AFVs and Weapons, IOL has tied-up with FOEMs and Indian manufactures having a JV with FOEMs. This initiative has been feasible only with the Make in India initiative of the Government. For the Gunner's Main Sight and DBC & ATT, IOL has entered in the MOU with FOEMs for the Indigenous Co-production, meeting and exceeding the minimum specified requirements of % indigenous content in Make in India. In addition to these, IOL has already concluded co-production contract for manufacturing thermal imaging fire control system for T-72 tank with FOEM.

b) Execution of projects

IOL is committed to cater the requirements of Indian armed forces with state of the art Opto Electronics Sights, therefore IOL is continuously working on technological advancement and upgrade to achieve excellence in the area of high precision Opto-electronics & surveillance systems. Considering the same, IOL has executed the following projects.

- Developed Thermal Imaging Fire Control System for T- 72 Tank for adding Night capability to Tank T-72. Supplies have commenced in FY 23-24.
- Developed Fusion technology based Driver's Night Sight for BMP-II for the first time in India. Order received for 490 Nos. from Indian army and the order is under execution.
- Developed Telescopic sight for Assault rifle through In-House R&D. Secured order for 13482 Nos. against competitive bidding.
- Extending our arms other than conventional items IOL has successfully developed samples of Spool-A and Spool- B for Torpedo. Samples have been accepted by Indian Navy.
- Developed upgrade of Missile Sight of BMP-II through In-House R&D.
- Successfully indigenized Ex. Import item 'Muzzle Bore Sight UPV-125 for Tank T-90' through In-House R&D.

c) **MoU Performance**

For the FY 2023-24, DPE had set a turnover target of Rs. 1554 Crore. Against the set target, India Optel Limited has achieved turnover of Rs. 1,380 Crore in FY 23-24 despite facing supply chain disruption due to current geo-political situations.

d) **Order book Position**

- IOL had order book worth Rs. 7,615 Crores as on 01.04.2023.
- During FY 23-24, further orders of value Rs. 267 Crore were secured by IOL up to March 2024.
- In FY 24-25 (up to Aug-24), IOL has secured orders worth Rs. 1050 Crore, which includes Order for overhauling of T-72, BMP-II sights, Stabilized Remote Control Gun for Navy & newly developed UPV-125.
- Further orders worth approx. Rs. 450 Crore are expected in FY 24-25.

e) **Export**

- IOL has delivered 27 sets of Missile Sights against first export order received from UAE (End User: Belarus).
- IOL is focused on the efforts to export to friendly foreign nations using T-72, T-90 and BMP-II for export opportunities.

- IOL interacts with customer/ Government agencies/ DAs of various Indian embassies abroad to follow-up export leads. IOL is pursuing the export leads from Slovakia, France, Israel, EU, Qatar, Bangladesh, Armenia, Brazil, Latvia, Ireland, Bulgaria, Romania.
- IOL has submitted budgetary quotations and offers to Indian missions abroad for export promotion activities.
- IOL has distributed promotional materials like product catalogues, pamphlets to various Das.
- IOL has participated in India-Indonesia Defence Industry Seminar, Jakarta-Indonesia, Egypt Defence Expo & EUROSATORY 2024, Paris, which connected us with heads of global supply chain of major defence players and also created a platform to interact with potential foreign counterparts for possible business cooperation.
- Continuous interaction is being done with various delegations from OEM & foreign companies for technical discussion to explore export potential & offer solutions.
- IOL participates in B2B meetings organized by various chambers of commerce like FICCI, CII etc.

f) Aatmanirbhar Bharat– Indigenization and Make in India Initiative

- In pursuance of MoD's policy to promote & 'Atmanirbhar Bharat' Programs, India Optel Limited has undertaken the indigenization of ex-import components/sub-assemblies on a large scale. India Optel Limited has placed 54 Project sanction orders on Indian Manufacturers, under Make-II scheme of DAP-2020.
- In last five years IOL has developed in association with in-house R&D, DRDO and Indian Industry, the following items of indigenous design:
 - i. Commander's Thermal Imager Mark-II for T-72
 - ii. Commander's Thermal Imaging Sight cum Day Sight with Eye safe LRF for T-90 tank
 - iii. PNV Monocular
 - iv. Hand Held Thermal Imager
 - v. Telescopic Sight for Assault Rifle (4X)
 - vi. Telescopic Sight for LMG (5X)
 - vii. Thermal Imager for Assault rifle.
 - viii. Automatic control unit 9S51715.
 - ix. Voltage converter 9S831
 - x. MBS UPV-125
 - xi. Simulator Test & Interrogation Kit (STIK)
 - xii. TI Missile Sight.
 - xiii. Spool-A & Spool-B for Torpedo.

- IOL has taken necessary steps/measures for boosting production of Defence Equipments in the country. IOL has proactively sponsored four (04) innovative technology development projects under the aegis of IDEX (innovation of Defence Excellence) scheme of Department of Defence Production, Ministry of Defence. IOL has framed its own procedure for associating with start-ups & MSMEs for Technology Development by funding the projects, for further reducing dependence on foreign OEMs.
- With sincere efforts in indigenization, IOL has successfully indigenized all Opto Electronic sights / LRUs of Infantry combat vehicle BMP-II and T-72 tanks and the sighting system for T-90 tanks have also been 82% indigenized.
- IOL has 189 items in PIL 1 and 47 Items in PIL 3 published by Ministry of Defence. Out of total 236 items, IOL have already indigenized 187 items from PIL 1 & 3 and for the balance items, indigenization is at advance stage. Further, under PIL-5, IOL has published 144 items on SRIJAN Portal.

g) Infrastructure Modernization

- During F.Y. 23-24, expenditure to the tune of Rs. 68.48 Cr was made for modernization of infrastructure for electro optics manufacturing.
- NSEs / P&M worth Rs. 109.30 Cr were received and commissioned for Indigenous manufacture of TIFCS-418.
- IOL has planned Capital expenditure of Rs. 1505 Cr approx. in next 3 years, which includes NSEs/ P&M for Automatic Target Tracker (ATT) & Digital Ballistic Computer (DBC), Gunner's Main Sight for MBT Arjun Mk-1A, 3rd Gen Sighting System for AFV Sights and Inertial navigation system.

h) Intellectual Property Right (IPR) , Research & Development under Mission Raksha Gyan Shakti

With the development of indigenous technologies, IOL has filed 83 Intellectual Property Rights in different area of works like patents, design, software, copyright, manufacturing process etc., out of which 17 are granted.

No of IPR filed	No of IPRs granted	Nos of Staff trained
83	17	520
Details of important IP rights granted	<ul style="list-style-type: none"> ➤ Copyrights received for development of various softwares, documents, Gerber Data of PCBs. ➤ Design certificate received for Day camera housing of DNS and other fixtures. 	

i) Artificial Intelligence Initiatives

Following AI projects have been taken by IOL group of factories:

i. Development of Artificial intelligence enabled Manned-Unmanned Teaming-Tanks

The mechanized forces operate in varied terrains which exhibit different characteristics and require detailed reconnaissance of the area of operations. There is a need of an aerial platform/ Unmanned Aerial Vehicle (UAV) capable of operating by day/night and enabled with autonomous flight.

Further it should provide AI enabled analysis and detection of objects of interest/ targets. This can be achieved by having a micro-UAV capable of taking-off, autonomously operating and giving information of area ahead.

The UAV is proposed to relay information and be capable of operating in hostile environment. Ordnance Factory Chandigarh has taken up the project in association with IIT Ropar and the project is at advance stage.

ii Nano Drone Technologies for Narrow Space Intervention

With the advancement of really light-weight and low power consuming artificial intelligence and edge computing technologies, it has become more convenient to adopt these technologies to build really small intelligent robotic systems, of which the nano class of unmanned aerial vehicles holds a plethora of potential in terms of operations in constrained and complicated spaces, where these drones can seamlessly pass through and navigate.

Ordnance Factory Chandigarh has taken up the project in association with ARTPARK, IISc Bangalore and the project is at advance stage.

iii. Development of Artificial Intelligence (AI) enabled weapon sights and sights for various platforms

AI enabled weapon sight will facilitate the automatic recognition of enemy amid camouflaged surroundings during day and night. It will also assist in target tracking.

j) Implementation of Government Programs

- IOL has sponsored four (04) innovative technology development projects under the aegis of iDEX (Innovation for Defence Excellence) scheme of Department of Defence Production, Ministry of Defence.

- Collaborative development in association with Indian Defence Industry, DRDO (IRDE) and academic institutions like IITs are being given a further impetus by IOL through funding the technology development projects aimed at reducing the import dependence for the critical sub-systems.
- With the success achieved in major cases like Automatic Control Unit, Voltage Converter and Power Unit for T-90, IOL has gone ahead and placed 54 Project Sanction Orders on the Indian Industry to further enhance the collaboration.

k) Future Prospects/ Plan

- The Users / Services are looking for the upgrades of Ballistic Computer of T-90, provision of an automatic target tracker in T-90 and an indigenous 'Gunner's Main Sight' in MBT Arjun Mk-1A.
- IOL has already concluded a MoU with JSC Rosoboronexport Russia for indigenous manufacture of Digital Ballistic Computer and Automatic Target Tracker for tank T-90. RFP for Indigenous manufacture of 464 sets of Automatic Target Tracker (ATT) & Digital Ballistic Computer (DBC) is received from AHQ.
- For the 'Gunner's Main Sight' of MBT Arjun Mark-1A, IOL has finalised an exclusive MoU with the FOEM for indigenous manufacture under Make in India. Tender Enquiry for 59 Nos. with 100% option clause for Indigenous GMS-II for MBT Arjun is received from AVNL.
- Both the above are complex high technology items through which IOL will gain access to the technologies of gyro-stabilization and ballistic computation, providing a firm foothold in the field. These will constitute a firm revenue stream leading to the doubling of the order book at current price.
- Further, IOL has planned to indigenously manufacture 3rd generation sighting system for AFV Sights by selecting a technology partner.

l) Procurement through GeM

- During FY 2023-24, IOL has achieved procurement of Rs. 298.30 Crore through GeM.

m) Procurement through Micro, Small & Medium Enterprises (MSMEs)

- IOL has already an active eco-system in place for engaging with MSMEs as per policy guidelines of Government of India. IOL is proactive in technologically using robust emerging defence tech Start-up scenarios by hand holding them financially and offering them our state of the art testing facilities and field support for a Win-Win situation for both. IOL has formulated an Innovation Policy for B2B engagement with MSMEs and Start-ups, by funding the development cost, which will pave the way for development of critical technology and parts in association with them.

- During FY 2023-24, procurement from MSMEs is as under:

Procurement details	Amount (in cr)
Procurement of Goods & Services through MSEs	155.40
Procurement of Goods & Services through SC/ST MSEs	26.48
Procurement of Goods & Services through Women MSEs	3.81

n) Vendor Development

- 100% procurement is targeted through GeM portal.
- Ex Imports items have been uploaded on Srijan Portal for indigenization and Vendors are being developed through MAKE-II route.
- Total 9 problem statements have been uploaded under DISC 6.0 & DISC 10.0 of IDEX.
- For foreign vendors, a procedure for registering them with IOL is under finalization.

o) Contribution to DIO / iDEX

- IOL has submitted 08 problem statements under DISC 6.0 & DISC X of IDEX :
 - Development of Torque Generator Stator 800 for Gunner Sight of T-90.
 - Development of Torque Generator Stator 1000 for Gunner Sight of T-90.
 - Development of Gyro Chassis for Gunner Sight of T-90.
 - Development of Gyro Motor for TPDK-1.
 - Development of Eye safe Laser Ranger Finder.
 - Development of image processing Algorithm.
 - Development of Active Element of MIB.
 - Development of IDDCA.

p) Start-up India

- IOL is pursuing the goal of Aatmanirbhar Bharat with vigour and offered all the ex-Import items for indigenous development through Make-II, iDEX and B2B collaboration with Start-Up Industry.
- 54 Project Sanction Orders have been issued on Start-ups.

q) Quality Assurance & Safety

- Industry 4.0 and QA 4.0 are being implemented.
- Inspection of Army stores are carried out on FAI basis under PDI mode.

- ATPs are finalized on mutually agreed between IOL factories and DGQA establishment. IOL factories have formulated total 87 Nos. of ATPs.
- Any Product issued by IOL factories have to go through stringent quality checks i.e. Acceptance Test Procedures (ATP).

r) Quality Management Systems

- a. Quality Management System in accordance with IS/ISO 9001:2015, the licence issued by Bureau of Indian Standards is up to date for IOL group of factories.
- b. There has been no major accident during FY 2023-24.

11.FRAUD REPORTING

During the year under review, neither the Statutory Auditor nor the Secretarial Auditor has reported to the Audit Committee under Section 143(12) of the Companies Act, 2013, any instances of the fraud committed by the Company, its officers and employees, the details of which would need to be mentioned in the Board Report.

12.DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY

The Company is in the process of establishing Enterprise Risk Management (ERM) framework to comprehensively address the potential Risks which may be encountered by the Company in pursuit of its business objectives. The Company has tied up with Institute of Cost Accountants of India - Management Accounting and Research Foundation (ICMAI MARF) for consultancy services in this regard and is in the final stage to develop the Risk Management Manual, however the internal audit is in place to review the various risk mitigation activities.

13.PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

The Company has not given any loan/ provided any guarantee or security/ made any investment under Section 186 of the Companies Act, 2013 during the year ended March 31, 2024.

14.COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors hereby declare that, the provisions of Secretarial Standards-1 ("Board Meeting") and Secretarial Standards-2 ("General Meetings") issued by ICSI and notified by the Ministry of Corporate Affairs (MCA), under section 118(10) of the Companies Act, 2013, for all the Board and General Meetings of the Company held during the Financial Year 2023-24 have been duly complied with.

15. INFORMATION REGARDING EMPLOYEES REMUNERATION UNDER SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH AS PER RULE 5(2) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES 2014

Being a Government Company, the provisions of section 197 of the Companies Act, 2013 shall not apply in view of the gazette notification dated 5th June, 2015 issued by the Ministry of Corporate affairs, Government of India. The terms and conditions of Functional Directors is decided by the Government of India.

16. DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES

Your Company does not have any subsidiary(ies), joint venture(s) and associate company(ies).

17. DIRECTORS RETIRING BY ROTATION

As 100% paid up share capital is held by the Central Government, the provision of section 152 (6) (Retirement of Director by rotation) of the Companies Act, 2013 is not applicable to the Company.

18. INTERNAL CONTROL SYSTEM

Being the successor of erstwhile Central Government Organisation, Ordnance Factory Board, the Company has a well-defined procedure for procurement of inventory, fixed assets and for the sale of goods and services.

Prior to inception of the Company, the entire payment, accounting, internal audit and financial advice functions of the production and non-production units were looked after by the Principal Controller of Finance & Accounts (Factories) , Kolkata (on behalf of Controller General of Defence Accounts), duly assisted by the Controllers of Accounts located alongside the production units. Post corporatization, these functions have been taken over by the Company. In order to ensure accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements as per Ind AS that give a true and fair view and are free from any inadequacy, the Company has hired the services of professional chartered accountancy firms for financial accounting and taxation.

The management of the Company is committed towards conduct of its business in orderly and efficient manner. This includes 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. The management of the Company has tied up with Institute of Cost Accountants of India - Management Accounting and Research Foundation (ICMAI MARF) for consultancy services in this regard, and the company is in the final stage to develop the Finance & Accounts manual, Cost Management Manual, Internal Audit manual, Internal Finance control manual for adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services.

Further, the Company had appointed independent Chartered Accountancy firm for carrying out internal audit in FY 2023-24 to look into/review various internal financial control aspects.

19. DECLARATION BY INDEPENDENT DIRECTOR

The Company is waiting for induction of Independent Directors which is pending with administrative ministry i.e. Department of Defence Production, Ministry of Defence, Government of India. Hence, the declaration from Independent Directors will be taken as and when they are appointed by Ministry under Section 149(6) & Schedule IV of the Companies Act, 2013.

20. HUMAN RESOURCES

The Company believes that people are its most valuable assets. To this extent, the Company provides a fair and inclusive environment that promotes new ideas, respect for the individual and equal opportunity to succeed. Experience, merit and performance, leadership abilities, strategic vision, collaborative mindset, teamwork and result orientation are actively promoted.

HR Vision:

To develop and nurture the fullest potential of IOL's human resource and provide an enabling environment for its growth and well-being.

HR Mission:

1. To keep the optimal utilization & continued up-skilling of human resources as the center of all activities.
2. To create a motivated workforce driven by knowledge and organizational purpose.
3. To train manpower for continual competence and capacity-building.
4. To provide job satisfaction through work-place empowerment and career advancement.
5. To improve and enhance the quality of working environment of workforce.

Since inception of operation of IOL in October, 2021, the primary challenge was to manage the structural and cultural change from erstwhile OFB to a New Defence Company. Besides switching over from erstwhile OFB system to completely new system of commercial accounting / Company's Act and managing the changes with the assistance of a handful of IOFS officers, the major challenge was to motivate and retain the talent for meeting the strategic goals of the company, sustaining competitive advantages and financial success.

The management of the Company firmly believes that Human Resource are the core assets for the company and with the evolving role of HR as a business strategic partner, continuous effort has been made to line up various HR Policies with Vision and Mission statement of IOL. Following initiatives were taken by HR which would act as a catalyst for more employee engagement, cost competitiveness, higher retention as also enhanced organizational effectiveness and profitability.

i. Competency and Capacity Building to meet the challenges ahead

Training & Development has been a major area of focus and priority for IOL and its units. Regular training for skills up gradation are being conducted by OFILDD and the FTI's under the units. The efforts of the training institute of IOL, OFILDD, has been acknowledged by the Capacity Building Commission & it has been conferred the "Uttam" grading to the institute. The total training courses/programmes conducted in the year 2023-24 are 138. Trainings are conducted into three main area which are domain, functional & behavioral.

For the trainings both in house & outside faculties and agencies are engaged and also collaborative attempts with other reputed agencies are being made to give more outside and best practices exposure to our employees to enhance their skills and knowledge.

ii. Man Power Planning

In order to make optimum utilization of manpower, industrial employees/staffs/officers have been reallocated between the units (on temporary attachment basis) according to the workload. Further, short and medium term manpower planning has been worked out as per business plan of the company and in line with the industry benchmark. Optimum utilization of manpower as per their specific skillset is the purpose behind the process of human resource planning.

iii. Industrial Relations & Employee welfare Measures

Apex Level IR Mechanism Council takes place at HQ level with participation from the Unions and Association⁴s. Nominations and their agenda points is periodically requested from representatives of all the unions and associations to present their points of concern, grievances etc. Further Works Committee, LPC /Shop Floor Council Mechanism meetings are in place in the units and regular periodical meetings are conducted to maintain harmonious Industrial relations for IR Mechanism Meeting.

A comprehensive grievance redressal mechanism is in place in all the 04 units under IOL to ensure harmonious industrial relations. Further, junior club, senior club and community halls recreational facilities are available to the employees of IOL. Provisions like Industrial canteen, rest rooms etc. are in place as per provisions of Factories Act, 1948.

Besides, WWA & Cooperative Society etc. are also functional for welfare of the employees and their families.

Safety of employees is accorded the highest priority quality. Safety equipment and protective gears (wherever needed) are provided to all the concerned employees.

iv. Recognitions/ Awards

The Employees of IOL units are recognized on National day's i.e Republic Day & Independence Day etc for doing exemplary performance and for showing enthusiasm in discharge of their duties for overall growth of organization.

v. Engagement of Specialists

The Company has engaged 18 Persons on fixed term contract basis for specialised works in IOL made during the year 2023-2024 as per functional requirement of the Company.

vi. Promoting healthcare amongst Employees

Workshop on Awareness on Health and nutritional benefits of Millets conducted and Yoga sessions and Yoga quiz conducted for the employees of IOL.

vii. Women Empowerment & Prevention of Sexual Harassment of Women at workplace

Women employees are an important part of IOL therefore their empowerment, safety and their skill upgradation is a priority for IOL. For this a safe and good help working environment is being provided to the IOL woman employees and also they are trained on regular basis in OFILDD and FTIs.

Internal Complaint Committees to redress complaints regarding Sexual Harassment of women at workplace are in place and active in all the units of IOL. Training, Workshops, Seminars etc. are also conducted on regular basis at all units. In OLF one complain was received in the year 2023-24 and it was disposed of by ICC in time.

viii. Industrial Security

All three units of India Optel Limited are following Industrial Security Manual- 2020 issued by Intelligence Bureau, MHA for safeguarding all units. Each unit has one Security Officer who is responsible for the security of the Factory. He functions with the support of battalions of the Defence Security Corps (DSC) and also unarmed PSG guards hired through Directorate General Resettlement (DGR).

ix. Education and Skill Development

Focus on on-job training. Advance level programme on CNC Machines, Optics and Opto Electronics.

x.Estate management & environmental sustainability

The team of Estate Management and Estate Maintenance teams work on regular basis for cleaning, upkeep work, maintenance & beautification of estate quarters as well as the estate area on regular basis. For environmental sustainability tree plantation is done regularly, products having five star rating are proposed, installation of solar panels is being planned in the units of IOL as per order of Govt. For all these mentioned works an amount for Rs. 10,29,949.00 was spent.

xi.Minimization of litigation

SOP issued by DoO (C&S) Kolkata on 17-11-2022 is being followed by units. Timely actions are being taken on all Court cases; Court cases are being monitored closely by HOD/HOU and nodal officers. Factories are assisting the concerned DFU in preparation of documents and defending the cases. Contempt cases are also being monitored closely. In addition to above for minimizing litigation there is alternate dispute resolution such as arbitration to resolve dispute outside of formal court proceedings.

21.OFFICIAL LANGUAGE IMPLEMENTATION

IOL Corporate Headquarters and all its units have their own independent Official Language Cells, which ensure implementation of the Official Language under the Official Languages Act, 1963 and Official Languages Rules, 1976. Apart from this, Official Language Implementation Committee has been formed. Its meeting is held every quarter and the implementation of the official language is regularly monitored in the meeting. Quarterly Report of Headquarters is sent to R.I.O. Office, Ghaziabad and DDP/Ministry of Defence. Regular processes include organizing workshops, organizing Hindi Fortnight, publishing annual magazine, implementing incentive schemes etc. to increase the use of official language in daily government work at the headquarters and to spread awareness.

22.VISITS OF NATIONAL COMMISSION/PARLIAMENTARY/COMMITTEES

An inspection visit of the Parliamentary Official Language Committee was conducted for IOL, Hq & OFD on 06.05.2023. During this inspection, the committee expressed satisfaction over the work related to the implementation of the official language of the IOL, Hq & OFD. On all the assurances given by the committee, all the work was completed within the stipulated period and the report was sent to the Parliamentary Official Language Committee office.

23.IMPLEMENTATION OF RTI ACT, 2005

RTI Act, 2005 has duly been implemented in IOL Hq and all 04 units functioning under it. PIOs and APIOs are nominated and well-advertised at all units of IOL through the websites of all units of the company and also on the website of IOL. Time bound redressal of all the RTI application is ensured with commitment towards transparency in all official workings.

The details of RTIs received during 2023-24 are as follows:

No of RTI Applications received: 150

No of RTI Applications replied to within due time: 150

No of RTI Application remaining pending beyond due time: Nil

24.SANITATION & AZADI KA AMRIT MAHOTSAV

To accelerate the efforts under Swachh Bharat program and to focus more on cleanliness and hygiene, awareness programs were carried out while celebrating the azadi ka Amrit Mahotsav in the estate premises and the factory area. Under this campaign, the message of cleanliness and environment protection was given to the factory employees through circulars and message of sanitation was spread to the residents of the estate premises.

Efforts were made to create awareness through plantation of saplings, cleaning of public toilets, roads and residential drains, cleanliness pledge, cleanliness rally etc. were carried out. In this initiative an approximate amount of Rs. 65,79,000 was spent by IOL & its units.

25.SWACH BHARAT MISSION

Swachh Bharat Mission(SBM) is a nationwide campaign aimed at promoting cleanliness and sanitation in India. IOL inspired by motive behind the campaign carries out cleanliness of the factory and estate premises in full swing, collection and disposal of garbage and waste is being done on regular basis.

Along with this programs were organized to encourage the employees, officers and estate residents to plant more and more trees to keep the environment clean in the estate premises. Information and message about the importance of hygiene and cleanliness is being spread through competitions, banners, posters etc. In carrying out this program an amount of Rs. 1,68,21,866 was spent by IOL and its units.

26.INTEGRITY PACT

Integrity Pact (IP) is a statutory requirement for preventing corruption in public contracts and procurement actions. In this pact, an agreement is made between the purchaser and the bidder on a public contract binding conditions of ethical conduct with statutory obligations, which shall bring transparency in their dealings. This includes both buyer and bidder will not demand or offer bribe, not collude with competitors, etc. IOL has maintained absolute integrity, transparency, accountability, professionalism in all its commercial transactions. Integrity Pact is an integral part of all tenders/contracts, agreements valuing over Rs. 5 Crores. In tenders whose cost value is more than Rs. 5 Crores, IP clause has to be agreed by the bidder at the time of Quoting. Non-compliance, tantamount to rejection of the bid. Integrity Pact has to be signed by both the parties.

27. VIGIL MECHANISM

a) VIGILANCE ACTIVITIES

Vigilance Section performs number of Vigilance activities on monthly, quarterly, half yearly and annual basis to mitigate the probability of corruption and best use of public fund. Highlights on the same are as under:-

Every month Vigilance Section forwards five reports to MOD and CVC, point wise detail of these reports are as under :-

- i. Review of status of Probity among Government Servant
- ii. Review of mechanism to ensure probity among Government Servants
- iii. Status of Court cases
- iv. Inputs of monthly D.O. letter to the Cabinet Secretary
- v. Information regarding System Improvement and Annual Property Return

In addition to above five reports, there are four more reports which are forwarded to MOD and CVC on quarterly basis, point wise detail is as under :-

- i. Quarterly Progress Report of CVC
- ii. Action Plan on Anti- corruption Measures
- iii. Quarterly Progress Report in respect of ongoing/completed procurement contracts
- iv. List of Actionable Points

Data for above four quarterly report is collected through MIS portal from all 03 units, IOL Hqrs. and OFIL at the end of each quarter then verified and compiled for submission to MOD and CVC.

b) ANNUAL PROPERTY RETURN

At the end of each calendar year Annual Property return is submitted by all officers and employees by 31st January of following year. After that all Group-A officers AIPR is thoroughly analysed by Vigilance section and clarification is sought from all those officers whose details are observed unsatisfactory.

c) PREVENTIVE INVESTIGATION

In addition to above from the preventive point of view Vigilance section scrutinise all units case files pertaining to procurement of store, Civil Works, Labour Contracts, maintenance, cash purchases etc. on quarterly basis and after scrutiny of case files clarifications are sought from concerning units in time bound manner against the cases wherever lapses are observed and after receiving of their replies cases are put up before higher authorities and as per directives CTE of the case is done and then investigation if required is also done, wherever major lapses are observed. Advisories are issued time to time to enhance the working procedure and avoid repetition of lapses.

d) SYSTEM IMPROVEMENT MEASURES

For the purpose of system improvement, timely lectures are being delivered on procurement related important points to all concerning officers and staff and reminds them to adhere to laid down procedure and to follow the each and every step of procurement manual meticulously so that Public Fund is utilised properly for fruitful purposes.

e) OBSERVANCE OF VIGILANCE AWARENESS WEEK

As per CVC directives every year in the month of Oct-Nov Vigilance Awareness Week is observed to disseminate the importance of Vigilance. During this week every officer/staff took Integrity Pledge online / offline. Banners /Pamphlets are pasted at various public places and many other activities such as slogan on Vigilance, Essay, Quiz competition etc are conducted to make public aware and sensitize about the ill effects of corruption and why eradication of it is necessary for the development of our nation. This year theme was "Say no to Corruption; Commit to the Nation". On this occasion Public Interest Disclosure and protection of Informer, known as PIDPI policy was highlighted in which name of informer is not disclosed. PIDPI is the best policy to control over increasing corruption.

f) COMPLAINT AGAINST CORRUPTION

All units are directed to display notice board at various public places to aware public about not to pay bribe and complaint against such persons who ask for bribe. Name, designation, address and Contact number of concerning authorities to handle such complaints also displayed on notice boards.

g) WHISTLE BLOWER POLICY

There is also a provision of Whistle Blower in the Vigilance manual to making system corruption free and to collect information against corrupt elements in the system.

h) OVERVIEW ON SOME OTHER CORE ACTIVITIES OF VIGILANCE

- i. Making liaison with CBI, CVC, State Anti-Corruption agencies time to time.
- ii. Study of internal audit reports.
- iii. Study of existing procedure and practice prevailing in Factory and provide suitable advice, if necessary.
- iv. Making Agreed list and list of officers of doubtful integrity and sharing with CBI annually.
- v. Scrutiny of bills and inspection reports.
- vi. Identify sensitive areas in factories and monitoring of sensitive post as per prescribed guidelines of CVC.
- vii. Ensure periodical rotation of staff and officers working in sensitive postings.
- viii. Collects intelligence from own source from factory regarding misconducts/malpractices.
- ix. Keep eyes on each and every activity being performed in the organisation where public money is being utilised.

28. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

a) Conservation of energy

1. Step taken by the company to conserve energy

- Investment Grade Energy Audit done in all Units - by BEE.
- 100% use of LED bulbs implemented.
- BLDC fans and Inverter ACs are being introduced.
- Variable Frequency Drives (VFD) & IE3 motors are being introduced. 35 Nos VFD installed. The task will be completed by 2025-26.
- Utilization of only 5 star rating equipment being implemented.
- The power factor is maintained between 0.98 to 1.
- Each unit has a dedicated energy manager.
- IOL making action to move forward to have sustainable green buildings.

2. Step taken by company for utilization of alternative source of energy

- IOL is in the process of saturating the rooftop with Solar Plant to increase share of RE.
- Existing capacity of Solar Power Plants is 470 KW. Further 600 KW SPP is under execution and further SPP of 706 KW is under process of implementation.

b) Research & Development (R&D)/Technology Absorption

IOL has established R&D centres in each of its three units working in the respective areas for prototyping and co-development. Major items taken-up for prototyping and development include:

- (i) Automatic Target Tracker & Digital Ballistic Computer for Tank T-90
- (ii) Fusion technology based sight for driver of T-90
- (iii) STIK (Simulation, Test & Interrogation Kit) for guided missile system validation before firing Missile from T-90 tank
- (iv) Drone Teaming with AFVs (ADB's project)
- (v) Nano Drone Technology (ARTPARK, IISc Bglore)
- (vi) Gunner's Main Sight Mark-1A for Arjun MBT Mk-1A (it is a fire control system)
- (vii) LoROS (Long range Surveillance AI based)

Further to it, IOL has actively sponsored iDEX/DIO challenges (Defence India Start-up Challenges) for the development of stabilisation technology for AFVs and is sponsoring projects related to this field undertaken by the promising start-ups.

In addition, for inducting the green field indigenous products in the upgrades of existing AFVs and Weapons, IOL has tied-up with FOEMs and Indian manufacturers having a JV with FOEMs. This initiative has been feasible only with the Make In India initiative of the Government. For the Gunner's Main Sight and DBC & ATT, IOL has entered in the MoU with FOEMs for the Indigenous Co-production, meeting and exceeding the minimum specified requirements of % indigenous content Make In India. In addition to these, IOL has already concluded co-production contract for manufacturing thermal imaging fire control system for T-72 tank with FOEM.

IP Registration is being vigorously pursued and IOL has 83 IPR applications so far.

c) Foreign Exchange Earnings and Outgo

During the reporting period the Foreign Exchange Earnings and outgo was as under:

Foreign Exchange Earnings: Rs. 2,02,46,023/-

Foreign Exchange Outgo as under:

Total Accrual: Rs. 572,57,79,799/-

Payment made: Rs. 519,58,64,257/-

29. RELATED PARTY TRANSACTIONS

There were no contracts/arrangements/transactions entered by the Company under Section 188 of the Companies Act, 2013, during the financial year 2023-24 with Related Parties. However, Information pursuant to Section 134(3) (h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 is attached to this report as **Annexure-A**.

30. CORPORATE GOVERNANCE

Your Company is committed to maintain 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 May 2010 along with Certificate on Corporate Governance from the Practicing Company Secretary is annexed to this report as **Annexure-B**. As per the Self-evaluation Annual Grading Report on Corporate Governance for FY 2023-24, the Company has achieved 'Very Good' grading.

Code of Business Conduct and Ethics

All members of the Board and Senior Management have confirmed their compliance with the Code of Conduct for the year under review. A declaration signed by the Director with Additional Charge of CMD is appended to this report.

31. MANAGEMENT DISCUSSION AND ANALYSIS

Management's Discussion and Analysis Report for the year under review is presented in a separate section, forming part of the Annual Report as **Annexure-C**.

32. AUDITORS

a) Statutory Auditors

- (i) As your Company being a Government Company, as per provisions of Section 139(5) of Companies Act, 2013, Statutory Auditors of the Company were appointed by the Comptroller & Auditor General of India (C&AG). Accordingly, M/s DMA & Associates, Chartered Accountants, Dehradun (FRN 010129C) were appointed by C&AG as Statutory Auditors to audit the Financial Statements of your Company for the financial year 2023-24. The Independent Auditors Report for the financial year 2023-24 and Management Response to the Independent Audit Report is appended to the Annual Report.
- (ii) Post Statutory Audit, C&AG has conducted supplementary Audit. The "Nil" Comments certificate on the financial statement issued by C&AG for the year ended March 31, 2024 is appended to the Annual Report.

b) Secretarial Auditors

Pursuant to the provisions of Section 204(1) of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s VAP & Associates, Practicing Company Secretaries, (membership no-F8323) to undertake the Secretarial Audit of the Company for the year ended March 31, 2024. The Secretarial Audit Report issued by the Secretarial Auditor for the financial year 2023-24 is annexed as **Annexure -E** and forms part of Annual Report.

c) Cost Auditors

Your Company has appointed M/s. Charu Jindal & Co., Cost Accountants, (FRN: 103508) as Cost Auditors for conducting the Cost Audit of the Company for the year 2023-24. The Company maintains cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013, which are audited by Cost Auditors.

d) Internal Auditors

As per Section 138 of the Companies Act, 2013 the Company has appointed M/s N Kumar Gupta & Associates, Chartered Accountants (FRN. 003637C) as an internal auditor of the company for conducting internal audit for the FY 2023-24.

33.ANNUAL RETURN

Pursuant to section 92 of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company as on March 31, 2023 is available on the website of the Company at www.indiaoptel.in.

34.BOARD MEETINGS

During the Financial Year 2023-24, 9 (Nine) meetings of Board of Directors were held and the maximum interval between any two meetings was not more than 120 days. The details of meetings of the Board thereof held during the year are furnished in the Corporate Governance Report, which forms part of this Report.

35.BOARD COMMITTEE

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

As Independent Directors are yet to be appointed by Department of Defence Production, Ministry of Defence therefore, Company could not form any Statutory Committees due to absence of Independent directors in IOL Board.

36.OBLIGATION OF COMPANY UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has zero tolerance for sexual harassment at work place and is following the directives of Government of India on prevention, prohibition and redressal of sexual harassment at work place in line with the provisions of the Sexual Harassment of Women at Work place (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder for prevention and redressal of complaints of Sexual Harassment at work place.

The Company is committed to providing equal opportunities without regard to their race, caste, sex, religion, colour, nationality, disability etc. All women associates (permanent, temporary, contractual & trainees) as well as any women visiting the Company's office premises or women service providers are covered under this Policy. All employees are treated with dignity with a view to maintain a work environment free of sexual harassment whether physical, verbal or psychological.

Your Company has its own policy in line with The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 which was duly approved and adopted by Board of Directors of the Company.

One complaint pertaining to Sexual Harassment was received during the Financial Year 2023- 24 and was disposed of by ICC in time.

37. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company spent the entire CSR budget of Rs. 400.69 lakhs for the year, towards CSR contribution to PM CARES FUND in March 2024. As per requirement of Section 135 of the Companies Act, 2013 and Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report of your Company's CSR activities is enclosed at **Annexure-D** to this report.

38. MATERIAL CHANGES AFFECTING THE COMPANY

There have been no material changes and commitments affecting the financial position of the Company between the end of the financial year and date of this report. There has been no change in the nature of business of the Company.

39. GENERAL

Your Directors state that no disclosure or reporting is required in respect of the following items as there was no transaction on these items during the year under review:

- a) Details relating to deposits covered under Chapter V of the Companies Act, 2013;
- b) Issue of equity shares with differential right as to dividend, voting or otherwise;
- c) Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except Employees' Stock Options Plan referred to in this Report;
- d) No significant or material orders were passed by the Regulators or Courts or tribunals which impact the going concern status and Company's operation in future;
- e) No fraud has been reported by the Auditors to the Board.

40. PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

No application has been made under the Insolvency and Bankruptcy Code, hence the requirement to disclose the details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year is not applicable.

41. DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013, with respect to Director's Responsibility Statement, it is hereby confirmed:

- a) That in the preparation of the annual accounts, the applicable accounting standards read with requirements set out under Schedule III to the Companies Act, 2013 have been followed along with proper explanation relating to material departures;
- b) That the directors have 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 at the end of the financial year and of the profit or loss of the company for the year;

- c) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That the directors had prepared the annual accounts on a going concern basis; and;
- e) That the directors have devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

42.ACKNOWLEDGEMENTS

Your Directors place on record their gratitude and sincere appreciation for the invaluable guidance, cooperation and support received by the Company from Government of India, especially Ministry of Defence, Department of Defence Production.

The Board is extremely thankful to the Company's valued customers and business associates for their continued patronage. The Board also acknowledge with thanks the support and confidence reposed by shareholders in the Management of the Company.

The Directors are also thankful for the valuable advices and cooperation received from the Comptroller and Auditor General of India and Department of Public Enterprises.

The Directors gratefully acknowledge the wholehearted support and cooperation extended by the Company's vendors & subcontractors, Auditors, bankers and look forward to the continuance of this mutually supportive relationship in the future.

The Directors sincerely appreciate and acknowledge the committed services and unstinted efforts put in by the Company's employees at all levels for the continued progress and growth of the Company.

**For and on behalf of the Board of Directors
For INDIA OPTEL LIMITED**

Place: Dehradun

Date: 19/09/2024

**Sd/
Girish Chandra Agnihotri
Director (Operations)
with Additional Charge of CMD
DIN: 09282281**

**Sd/
Tushar Tripathi
Director(Finance)
DIN: 09657553**

FORM NO AOC -2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

Details of contracts or arrangements or transactions not at Arm's length basis.	No Related party transactions was made during the year 2023-24
Details of contracts or arrangements or transactions at Arm's length basis.	No Related party transactions was made during the year 2023-24

**For and on behalf of the Board of Directors
For INDIA OPTEL LIMITED**

Place: Dehradun

Date: 19/09/2024

**Sd/
Girish Chandra Agnihotri
Director (Operations)
with Additional Charge of CMD
DIN: 09282281**

**Sd/
Tushar Tripathi
Director(Finance)
DIN: 09657553**

REPORT ON CORPORATE GOVERNANCE

The Directors of your Company present the Report on Corporate Governance as follows:

COMPANY PHILOSOPHY ON CORPORATE GOVERNANCE

India Optel Limited defines Corporate Governance as an ethically driven business process that is committed to values aimed at enhancing an organisation's brand and reputation. The Company has a legacy of fair, transparent and ethical governance practices and it believes that good Corporate Governance is essential for achieving long-term corporate goals and enhancing stakeholders' value. Good corporate governance is a synonym for sound management, transparency and disclosure, encompassing good corporate practices, procedures, standards and implicit rules which propel a company to take sound decisions, thus maximising long term shareholder value without compromising on integrity, societal obligations, environment and regulatory compliances.

We are continuously nurturing and strengthening this framework through concerted and collective efforts of our people, under the guidance of our leadership team. Through this robust Corporate Governance mechanism that interlinks values, ethics and positive culture, the Company aims to achieve long-term sustainability.

BOARD OF DIRECTORS

Composition and Category of Board of Directors

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

As on March 31, 2024, the Board of Directors of your Company consisted of four Directors including the three functional Directors and One Government Nominee Director. The Nominee Directors are appointed in accordance with the order issued by DDP, MoD, Government of India.

Details of Board members during the period from April 01, 2023 to March 31, 2024 are given below:

S. No.	Name & Designation	Director Identification Number (DIN)	No of other directorship held	No of committee membership in other companies	
				As Chairman	As Member
Whole time Directors (Functional Directors):					
1.	Shri Girish Chandra Agnihotri, Director (Operations) with Additional Charge of CMD (Additional Charge of CMD was given w.e.f 23.06.2023)	09282281	Nil	Nil	Nil
2.	Shri Sanjiv Kumar, Chairman & Managing Director (Ceased to Chairman & Managing Director w.e.f 31.05.2023)	09282279	Nil	Nil	Nil
3.	Shri Tushar Tripathi, Director(Finance)	09657553	Nil	Nil	Nil
4.	Shri Satyabrata Mukherjee, Director (HR)	09282280	Nil	Nil	Nil
Part time Official & Government Nominee Director:					
5.	Shri Shalabh Tyagi, Director (Government Nominee Director)	10042888	4	Nil	Nil
*Part timeNon -official (Independent) Directors:					
-	-	-	-	-	-

*The IOL is waiting for induction of Independent Directors, which is pending with administrative ministry i.e. Department of Defence Production, Ministry of Defence, Government of India. The Company has been pursuing with its administrative ministry for filling up of vacant post of Independent Directors, which is under consideration.

During the Financial Year 2023-24:

Shri Sanjiv Kumar, Chairman and Managing Director of the Company was superannuated from the service w.e.f May 31, 2023.

Vide letter No. MoD ID No. PC-I to 1(5)/2021/OF/DP (Plg-V) Pt-III dated June 23, 2023 issued by MoD, additional charge of CMD of IOL was given to Shri Girish Chandra Agnihotri Director (Operations) of the Company till the appointment of permanent CMD through regular process.

DIRECTORS' SHAREHOLDING:

As on March 31, 2024, None of Director of the Company held any shares in the Company.

NUMBER OF BOARD MEETINGS:

Nine Meetings of the Board of Directors were held during the Financial Year 2023-2024 and the maximum time gap between any two consecutive meetings did not exceed one hundred and twenty days. The dates, on which the Board meetings were held, are as follows:

S. No.	Dates of Board Meetings	Board Strength	No. of Directors Present
1.	24/05/2023	5	5
2.	14/07/2023	4	3
3.	09/08/2023	4	3
4.	21/09/2023	4	4
5.	09/11/2023	4	3
6.	07/12/2023	4	4
7.	21/12/2023	4	3
8.	19/01/2024	4	2
9.	12/03/2024	4	3

The Agenda along with the supporting documents, explanatory notes and information are made available to the Board along with the notice of respective meetings in advance in order to enable them to make value addition and discharge their duties diligently during the meetings.

Details of attendance of the Directors at the Board Meetings and Annual General Meeting held during FY 2023-24 are furnished below:

Name of the Director	Attendance at meetings during FY 2023-24		Attendance at the last AGM held on 21.12.2023
	No. of Board Meeting held during respective tenure of Director	No. of Board Meetings attended	
Shri Sanjiv Kumar*	1	1	NA
Shri Girish Chandra Agnihotri	9	9	Yes
Shri Satyabrata Mukherjee	9	7	Yes
Shri Tushar Tripathi	9	9	Yes
Shri Shalabh Tyagi	9	4	Yes

*Ceased to be Chairman and Managing Director w.e.f. May 31, 2023.

COMMITTEE OF THE BOARD

Audit Committee

The IOL is waiting for induction of Independent Directors which is pending with administrative ministry i.e. Department of Defence Production, Ministry of Defence, Government of India. Hence, the Company could not constituted the Audit Committee due to absence of Independent Directors on Board during the FY 2023-24.

Nomination & Remuneration Committee

The IOL is waiting for induction of Independent Directors which is pending with administrative ministry i.e. Department of Defence Production, Ministry of Defence, Government of India. Hence, the Company could not constituted the Nomination & Remuneration Committee due to absence of Independent Directors on Board during the FY 2023-24.

Corporate Social Responsibility Committee

The IOL is waiting for induction of Independent Directors which is pending with administrative ministry i.e. Department of Defence Production, Ministry of Defence, Government of India. Hence, the Company could not constituted the Corporate Social Responsibility Committee due to absence of Independent Directors on Board during the FY 2023-24.

APPOINTMENT AND REMUNERATION OF DIRECTORS

IOL being a Central Government Public Sector Enterprise (CPSEs), the appointment of Chairman & Managing Director and Functional Directors of the Company is made by the Government of India, indicating the tenure, remuneration and other terms & conditions of appointment. As per the Articles of Association of the Company, the Directors of your Company are paid such remuneration as the President of India may determine from time to time.

Details of remuneration paid to CMD and Functional Directors for the year ended March 31, 2024 are given below:

Sr. No	Name of Directors	Total Compensation (Rs.in Lakhs)
1.	Shri Girish Chandra Agnihotri Director (Operation) with Additional Charge of CMD*	46.50
2.	Shri Sanjeev Kumar, Chairman and Managing Director **	7.50
3.	Shri Tushar Tripathi, Director (Finance)	46.74
4.	Shri Satyabrata Mukherjee, Director (Human Resource)	54.61

* Additional charge of CMD of IOL was given w.e.f June 23, 2023

** Ceased to be Chairman and Managing Director w.e.f May 31, 2023

Further, Part Time Official & Govt. Nominee Director is appointed by the President of India and he is not paid any remuneration or sitting fees.

Part-Time Non-Official (Independent) Directors are appointed by the President of India generally for a period of three years. They are not paid any remuneration except the sitting fees for attending meetings of the Board of Directors and Committees thereof. The IOL is waiting for induction of Independent Directors which is pending with administrative ministry i.e. Department of Defence Production, Ministry of Defence, Government of India.

The Company does not pay any commission to its Directors nor issued any stock options to its Directors. Further, there has been no other pecuniary relationship or transactions of the Part-Time Directors vis-à-vis the Company during the year under review.

DIRECTORS WITH MATERIALLY SIGNIFICANT, PECUNIARY OR BUSINESS RELATIONSHIP WITH THE COMPANY

As all the Directors are Government employees and they are functioning as per instruction and guidelines issued by Government of India, there are no transactions of material nature with Directors or their relatives and others, which may have potential conflict with the Company's interest.

There was no transaction which required to be entered in the register of contracts maintained under Section 189(1) and Rule 16(1) of the Companies Act, 2013.

EVALUATION CRITERIA

Since the Board level appointments are made by the President of India, evaluation of performance of directors is also done by the Government of India.

TRAINING OF BOARD MEMBERS

The Company is already having a policy for training of Board members duly approved by the Board of Directors of the Company.

AUDIT QUALIFICATIONS

There were certain audit observation/qualifications on the Company's Financial Statements for FY 2023-24 given by the Statutory Auditors. The detailed management reply form part of this Annual Report.

GENERAL BODY MEETINGS

Details of the Annual General Meeting ("AGM") held during the last three years are as follows:

Annual General Meeting:

Year	Date of AGM	Time	Location	Any Special resolution
2022-23	December 21, 2023	11:30 A.M.	Corporate HQ, India Optel Limited, Raipur, Dehradun - 248008	No
2021 -22	December 30, 2022 (Originally held) February 20, 2023 (Adjourned)	11:30 A.M . 04:00 P.M.	Corporate HQ, India Optel Limited, Raipur, Dehradun - 248008	No

Annual General Meeting of the current year:

Date	September 23, 2024
Time	02:30 PM
Venue	<u>Deemed Venue:</u> Registered Office of the Company at Corporate HQ, India Optel Limited, Raipur, Dehradun-248008.

Extra Ordinary General Meeting

During the period no Extra Ordinary General Meeting was held.

CODE OF BUSINESS CONDUCT AND ETHICS FOR BOARD MEMBERS AND SENIOR MANAGEMENT (CODE OF CONDUCT)

The Company is committed to conduct its business in accordance with the highest standards of business ethics and complying with applicable Laws, Rules and Regulations.

All members of the Board and Senior Management have confirmed their compliance with the Code of Conduct for the year under review. A declaration signed by the Director (Operation) with additional charge of CMD is appended to this report.

DISCLOSURES

- a) There were no cases of related party transactions that may have potential conflict with the interests of the Company at large. Transactions with related parties that were entered into during the financial year were in the ordinary course of business.
- b) The Company has complied with the provisions of the Companies Act, 2013 (except as otherwise stated in this report). No penalties/strictures were imposed on the Company by any Statutory Authority on any matter related to violation of any provisions of the Act/guidelines issued by Government, from the inception.
- c) The Company has a Whistle Blower Policy whereby employees can raise concerns to the competent authority in case they observe unethical and improper practices or any other wrongful conduct in the Company. The policy provides direct access to the Chairman, Audit Committee and necessary safeguards for protection of the whistle blower from reprisals or victimization.
- d) The Company has complied with the requirements of the DPE Guidelines on Corporate Governance (except as otherwise stated in this report).
- e) The Company has complied with Presidential Directives issued by the Central Government from inception.
- f) There were no items of expenditure debited in books of accounts, which are not for the purposes of the business.
- g) No expenses were incurred by the Company which are personal in nature and incurred for the Board of Directors and Top Management.

VIGIL MECHANISM (WHISTLE BLOWER) POLICY

The disclosures in relation to Vigil Mechanism (Whistle Blower) Policy aim mentioned in the Director's Report which form part of this Annual Report.

DETAILS OF TOTAL FEES PAID TO STATUTORY AUDITOR

The details of total fees for all services paid by the Company for the Financial Year 2023-24, to the Statutory Auditor and all entities in the network firm / network entity of which the Statutory Auditor is disclosed in the Financial Statement of the Company.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

The disclosures in relation to Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are mentioned in the Director's Report which form part of this Annual Report.

MEANS OF COMMUNICATION

Websites

The Company's website <http://www.indiaoptel.in> contains overview about the Company.

Designated Exclusive E-mail Id:

The Company has designated the following email id: cmd@indiaoptel.in

GENERAL SHAREHOLDER INFORMATION

➤ Company Registration details

The Company is registered with the Registrar of Companies, in the State of Uttarakhand, India. The Corporate Identification Number (CIN) allotted to the Company by Ministry of Corporate Affairs (MCA) is U31909UR2021GOI012802

➤ Registered Office

OFILDD (Ordnance Factories Institute of Learning) Campus, Raipur Dehradun-248008

➤ Units

Opto Electronics Factory (OLF), Dehradun

Ordnance Factory (OFD), Dehradun

Ordnance Factory (OFCd), Chandigarh

Ordnance Factories Institute of Learning (OFIL), Dehradun

➤ **DETAILS OF BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Director (Operations) with additional charge of CMD

Shri Girish Chandra Agnihotri

Director (Finance) & CFO

Shri Tushar Tripathi

Director (Human Resource)

Shri Satyabrata Mukherjee

Part Time official Director (Government Nominee)

Shri Shalabh Tyagi

Company Secretary

Ms Pooja Sharma

➤ **Financial Calendar**

The Company follows April to March as its Financial Year.

➤ **Subsidiary/Associate Companies**

During the year under review, there is no subsidiary/associate Company.

➤ **Statutory Auditors**

M/s DMA & Associates, Chartered Accountants
(FRN: 010129C)

➤ **Secretarial Auditors**

M/s VAP & Associates, Company Secretaries
(FRN : P2023UP098500)

➤ **Cost Auditors**

M/s Charu Jindal & Co., Cost Accountants
(FRN :103508)

➤ **Internal Auditors**

M/s N Kumar Gupta & Associates, Chartered Accountants
(FRN: 003637C)

DECLARATION

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

**For and on behalf of the Board of Directors
For INDIA OPTEL LIMITED**

Place: Dehradun

Date: 19/09/2024

**Sd/-
Girish Chandra Agnihotri
Director (Operations)
with Additional Charge of CMD
DIN: 09282281**

**Sd/-
Tushar Tripathi
Director(Finance)
DIN: 09657553**

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments

India is one of the significant importers of Defence equipment, though India's arms import have decreased in the recent years, as per the reports. Aim of the Government of India is to develop a self-reliant domestic industry with substantial participation from the private sector, MSMEs and start-ups as well.

Government of India has taken initiatives like the Make-In-India programme, creation of an eco-system for development of technologies through innovation (iDEX/DIO) by MSMEs/start-ups. With the support of the Government, the Indian industry is expected to deliver quality products, systems and services to the Defence forces. The Government of India aims to increase defence production to Rs. 3 trillion by 2029. The government has also set a target of exporting over Rs 50,000 Crore worth of defence equipment by 2029. The capital outlay pertaining to modernization and infrastructure development has been increased to Rs. 1.63 Lakh Crores.

To promote indigenous Defence manufacturing, the Government has undertaken initiatives like liberalisation of Industrial Licensing, development of Defence Corridors, funding for Innovation in Defence and Aerospace through iDEX/DIO, continuous updation of DPP, thrust on exports etc. Suomoto proposals can also be submitted under Make-II category.

In line with the above initiatives, IOL has evolved its own policy for engaging with DIPP registered start-ups/ MSMEs for development of technological capabilities and indigenisation. In addition, IOL is actively promoting projects and has issued Make-II development orders for 54 ex-import items and sponsored Nine iDEX challenges so far.

IOL has been indigenously developing various complex products / systems meeting the Indian defence requirements. IOL has been sourcing mainly from the indigenous sources. However, still we are dependent on the global semiconductor and sensor manufacturing companies and their distributors for supply of semiconductor components, embedded PCBs / sub-systems.

A select few companies in the world manufacture Sensors and Semiconductor ICs and the shortage of these ICs has impacted business across all sectors around the world including IOL after the onset of Russia-Ukraine disturbances.

In spite of the best efforts, IOL faced difficulties in delivering some of the products and systems, as per timelines, due to non-receipt of components, modules, assemblies etc., involving Semiconductor ICs. Segments of IOL like the Tank Electronics & Naval Electronics System comprising of the Optical pod was affected by the global semiconductor shortage.

IOL has taken actions like alternate sourcing/redesign and proactive sourcing to shorten the procurement cycle time and to manage the semiconductor shortage/delays.

Under these changing business scenarios, IOL is focussing on enhancing its interaction levels and building long-term relationships with emerging Strategic Partners, users and other key stakeholders in the Indian Defence industry.

Defence

Allocation in the Defence budget has increased by 13% in F.Y. 2023-24, keeping the threat perceptions along the borders. Importantly the capital outlay pertaining to modernization and infrastructure development has been increased to Rs. 1.63 Lakh crore; 57% rise since 2019-20.

In order to support Domestic defence industry, 75% of the capital procurement budget has been earmarked for domestic industry in 2023-24.

India aims to reduce dependence on imports and promote self-reliance in defence production. In 2014 Govt. of India launched Make in India Initiative to encourage Indigenous production and attract Foreign Investment. In pursuance of MoD's initiative, Department of Defence Production has notified more than 36,000 items (as part of five Positive Indigenisation lists) comprising of various Complex Defence Systems and equipment, to be procured only from Indigenous manufacturers, which include 380 items of IOL and IOL has successfully Indigenized 187 items and for balance items Indigenisation is at advance stage. IOL is committed to increase the pace of Indigenisation. Such progressive initiatives will give further boost to indigenisation with active participation of public and private sector for fulfilling the twin objectives of achieving self-reliance and promoting defence exports.

Non-Defence

Apart from its core Defence business, IOL has put in the efforts to increase its workshare in non-Defence areas like State Police Forces, MHA Forces and from private Defence Manufacturing Companies in India. Private Indigenous manufacturers procured large quantities of Electro-Optics and Weapon sights from IOL.

To focus on upcoming areas in Defence sector, IOL has ventured into manufacturing of thermal imaging sights for land systems and naval systems in association with Indian Industry and Upgradation & indigenisation of existing fire control systems and opto electronics systems for the Army and the Navy.

Thermal Imaging Sight Systems

Upgradation of Armoured Fighting Vehicle fleet of the services is directly linked to enhancing night-fighting capability to the tanks and infantry combat vehicle for the Commander, Gunner and the Driver. For addressing this requirement, IOL has established a state-of-the-art TI Sights capability and collaborated with Instrument Research & Development Establishment (a laboratory of DRDO) at Dehradun. Training of the technical manpower in this field along with active collaboration with IRDE and Indian Industry during the development of TI Sights has led to induction of various types of TI sights in the AFVs and continuous upgradation of existing systems. This segment offers a market of approx. Rs. 7,000 Crores. IOL has developed Fusion technology based (first time in India) Driver's Night Sight for BMP-II and T-90. Driver's Night Sight for BMP-II has been supplied in FY 2023-24.

Upgradation and Indigenisation

As a part of its modernisation plan, Indian Army needs upgradation of the legacy systems to State-of-the-Art opto-electronics systems. This segment of the market is expected to increase substantially which is estimated to be of Rs. 12,000 Crores. IOL is poised to meet the expectation of the Army by utilising indigenously available technologies through DRDO, Indian Industry and Academia and through ToT from FOEMs. To meet aspirations of Indian Armed Forces IOL will be supplying indigenously developed upgrades of Tank T-90 namely Automatic Target Tracker (ATT) and Digital Ballistic Computer (DBC) for which IOL has been nominated as Nodal Agency by DAC. IOL has signed MOUs with reputed Foreign OEMs in the fields of Electro-Optics for co-production/ToT of Defence Equipments (ATT&DBC with M/s RossoboronExport, INS (Inertial Navigation System) with M/s SAFRAN, GMS of MBT Arjun Mk-1A with M/s OIP, Belgium). Further, IOL has planned for Indigenous development of 3rd Generation Sighting systems for new Generation Armoured Fighting Vehicles by selecting a Technology partner.

SWOT analysis

Strengths

- Established and leading tank electronics player in India.
- Diverse technology domain expertise.
- State-of-the-art manufacturing facility and strong execution capability.
- Concerted efforts on generating IPRs across the technology domains.
- Growth-oriented & forward-looking organisation
- Strong Capability in Indigenisation and high indigenous content (100 % for T-72 and BMP-II and 82% for T-90 systems)
- Ability to design and deliver tech-intensive customised solutions for the customers.
- Strong in-house R&D for technology and new product development.
- Expert manpower with state-of-the-art production & testing facilities
- Excellent domain knowledge and core competencies in defence electronics.
- Strong relationship with the Armed forces, Defence R&D Labs and Government agencies.
- High level of Customer Satisfaction through Maintenance, Repair and Overhaul (MRO) facilities.
- Dedicated training centre in the field of Electro optics.

Weaknesses

- Gaps in some of the critical technology areas.
- Dependence on Cyclic Defence market.
- Time to Market - High.
- Dependence on foreign OEMs for certain critical technologies.

Opportunities

- Growing Defence and security needs.
- Government's emphasis on Make-In-India and Atmanirbhar Bharat for manufacture of Defence equipment.
- Growing Defence budget allocation towards modernisation, upgrade programmes and maintenance repair & Overhaul.
- Increased impetus on modernisation of central paramilitary and police forces.
- Withdrawal of OEMs from select Asian countries as a manufacturing base.
- Modernisation of CPMF, Police, Railways, Airports.
- Growing market for allied non-Defence areas.
- Positive list of Defence Indigenisation.

Threats

- Rapid changes in technology in Defence.
- Difficulty in sourcing of few critical and denied technologies, especially getting tied-up with a single OEM for building block components.
- Policy interventions facilitating the private sector.
- Manifold increase in competition from Indian private industry and foreign OEMs including their JVs in the Defence sector.

Major initiatives including strategy, goal, target to ensure sustained growth

IOL has taken the following major initiatives for sustained performance and growth of the company

- i. Technologies for emerging businesses:** IOL is working on areas of strategic importance in the field of tank electronics for the nation. It is a complex high technology field utilising technologies such as photonics, high end electronics for image processing, optics and coatings, precision mechanical systems, stabilisation technology, sensors of various types (Image Intensifiers, IR detectors (IDDCA), CCD sensors etc.). Keeping in view the emerging requirements of the Services, type of products and upgrades desired, focus areas have been identified and IOL is working in these areas along with premier research institutions, start-ups, MSMEs and Indian Industry. Gunner's Fire Control Systems, Thermal Imaging Fire Control Systems, Digital Ballistic Computer, ATT, Holography based next generation weapon sights and support to Base Repair Depots for maintenance of Aircraft etc. are the focus areas. For each of these areas, IOL has devoted a team of technical experts and for their development IOL has joined hands with premier national laboratories like IRDE (DRDO) and CSIO (CSIR) and academic institutions like IITs and IISc while concurrently involving the Indian Defence Industry in the development of sub-systems thereof. In addition, for the completely greenfield projects like indigenisation of gunner's main sight and its systems, IOL has joined hand together with reputed foreign OEMs for co-production/ ToT.

ii. R&D challenges and goals: Functional and feature requirement of the vision and control systems needed for the AFVs are getting upgraded continually to meet the new challenges faced on the field. Increased requirement of detection, recognition and identification ranges needs large format sensors and enhanced image processing algorithms – and all these on a stabilised platform. Many of the related technologies and building blocks like IDDCA, stabilisation techniques are restricted and India has to depend upon the foreign OEM from whom the original platforms and its ToT were obtained (in case of land systems, mainly Russian DEMs).

With the association of the Indian Industry and DRDO laboratories, IOL has been able to prototype, develop and manufacture the vision and control systems for the crew of AFVs, which are being used in Service for the past five years. While DRI requirements of these are being continually upgraded, IOL has associated with the Indian Industry for indigenously designed alternates and upgrades for stabilisation technology, ballistic computation and system control so that dependence on a single design is avoided and costs are also brought down.

For meeting the R&D challenges, IOL has established R&D centres in each of its three units working in the respective areas for prototyping and co-development as above. Major items taken-up for prototyping and development includes:

- (i) Automatic Target Tracker & Digital Ballistic Computer for Tank T-90
- (ii) Fusion technology based sight for driver of T-90
- (iii) STIK (Simulation, Test & Interrogation Kit) for guided missile system validation before firing Missile from T-90 tank
- (iv) Drone Teaming with AFVs (ADB's project)
- (v) Nano Drone Technology (ARTPARK, IISc Bgloure)
- (vi) Gunner's Main Sight Mark-1A for Arjun MBT Mk-1A (it is a fire control system)
- (vii) LoROS (Long range Surveillance AI based)

Further to it, IOL has actively sponsored iDEX/DIO challenges (Defence India Start-up Challenges) for the development of stabilisation technology for AFVs and is sponsoring projects related to this field undertaken by the promising start-ups.

In addition, for inducting the green field indigenous products in the upgrades of existing AFVs and Weapons, IOL has tied-up with FOEMs and Indian manufacturers for having a JV. This initiative has been feasible only with the Make in India initiative of the Government. For the gunner's main sight for MBT Arjun Mark -1A and DBC & ATT for tank T-90, IOL has entered in the MoU with FOEMs for the Indigenous Co-production, meeting the minimum specified requirements of Make in India. In addition to these, IOL has already concluded co-production contract for manufacturing thermal imaging fire control system for T-72 tank with FOEM.

IP Registration is being vigorously pursued and IOL has filed 83 IPR applications out of which 17 IPRs have been granted.

Specific measures on Risk Management, Cost Reduction and Indigenisation

i. Risk Management

The Company is in the process of establishing Enterprise Risk Management (ERM) framework to comprehensively address the potential Risks which may be encountered by the Company in pursuit of its business objectives. The Company has tied up with Institute of Cost Accountants of India - Management Accounting and Research Foundation (ICMAI MARF) for consultancy services in this regard and is in the final stage to develop the Risk Management Manual, however the internal audit is in place to review the various risk mitigation activities.

ii. Cost Reduction

Following specific measures have been adopted for the cost reduction:

- a. For the weapon mounted equipment manufactured by IOL, a thorough audit of the manufacturing estimates and processes has been carried out in order to bring down the input material consumption and to avoid redundant operations. Manufacturing process flow has been modified accordingly. IOL has been able to achieve competitive cost for these items based on material and labour cost reductions.
- b. Focus has been made on bringing down the electricity energy consumption. For the purpose energy efficient equipment (LED, BLDC fans and 5 star rating equipment) are being installed. Further, roof top solar power plants are being installed.
- c. Capacity utilisation has been enhanced by re-deployment of manpower from lower workload products to high workload products.

iii. Indigenisation

- a. Sighting systems and fire control systems supplied by IOL for Tank T-72, BMP-II ICV and all types of weapon sights are fully (100%) indigenised.
- b. Indigenous content in the sighting and EO/IR systems of Tank T-90 is 82% which is going to increase further with complete indigenisation of sub-systems like Electro-block and Ballistic Computers.
- c. IOL is pursuing the goal of Aatmanirbhar Bharat with vigour and offered the 380 items ex-Import for indigenous development through Make-II, iDEX and B2B collaboration with Industry.
- d. 177 items out of 189 items ex-Import published in 1st PIL (Positive Indigenisation List) in SRIJAN portal (srijandefence@gov.in) and 10 items out of 47 items ex-Import published in 3rd PIL have been indigenised by Indian Industry. Remaining 49 items are at advanced stage of indigenisation.
- e. IOL has offered further 144 items as part of the 5th Positive Indigenisation List of MoD on SRIJAN portal.

- f. With the development of indigenous technologies, IOL has filed 83 Intellectual Property Rights for patents, design, software, copyright. Out of which 17 IPR have been granted.

Internal Financial Control

Being the successor of erstwhile Central Government Organisation, Ordnance Factory Board, the Company has a well-defined procedure for procurement of inventory, fixed assets and for the sale of goods and services.

Prior to inception of the Company, the entire payment, accounting, internal audit and financial advice functions of the production and non-production units were looked after by the Principal Controller of Finance & Accounts (Factories) , Kolkata (on behalf of Controller General of Defence Accounts), duly assisted by the Controllers of Accounts located alongside the production units. Post corporatization, these functions have been taken over by the Company.

In order to ensure accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements as per Ind AS that give a true and fair view and are free from any inadequacy, the Company has hired the services of professional chartered accountancy firms for financial accounting and taxation.

The management of the Company is committed towards conduct of its business in orderly and efficient manner. This includes 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. The management of the Company has tied up with Institute of Cost Accountants of India - Management Accounting and Research Foundation (ICMAI MARF) for consultancy services in this regard, and the company is in the final stage to develop the Finance & Accounts manual, Cost Management Manual, Internal Audit manual, Internal Finance control manual for adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, the Company had appointed independent Chartered Accountancy firm for carrying out internal audit in FY 2023-24 to look into/review various internal financial control aspects.

**For and on behalf of the Board of Directors
For INDIA OPTEL LIMITED**

Place: Dehradun

Date: 19/09/2024

**Sd/
Girish Chandra Agnihotri
Director (Operations)
with Additional Charge of CMD
DIN: 09282281**

**Sd/
Tushar Tripathi
Director(Finance)
DIN: 09657553**

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

1. Brief outline on CSR Policy of the Company:

India Optel Limited is a Government Company under the administrative control of the Department of Defence production ("DDP"), Ministry of Defence ("MOD"). The composition of the Board of the Company is governed by the provisions of the Companies Act, 2013("Act") and DPE Guidelines. Being a Government Company and as per the Articles of Association of the Company, the power to appoint Directors vests with the President of India acting through DDP, MOD. As Independent Directors are yet to be appointed by DDP, MOD therefore, Company could not constitute CSR Committee and due to absence of CSR Committee, Company could not form CSR Policy.

However, to comply with the provision of Section 135(5) of the Act, Board of Directors has duly approved the transfer of required CSR amount of Rs. 400.69 lakhs for FY 2023-24 to "PM CARES FUND" a Fund specified in Schedule VII of the Act.

2. Provide the web-link(s) where Composition of CSR Committee, CSR Policy and CSR Projects approved by the board are disclosed on the website of the company.

CSR Committee : No CSR Committee could be constituted due to absence of Independent Directors which is yet to be appointed by Department of DDP, MOD.

CSR Policy : The CSR Policy of the Company is yet to be framed by the Company.

CSR Budget : The CSR budget for the FY 2023-24 is Rs.400.69 Lakhs.

3. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: NA

4. (Rs in Lakhs)

(a)	Average net profit of the Company as per sub section (5) of section 135:	20,034.62
(b)	Two percent of average net profit of the Company as per sub-section (5) of section 135:	400.69
(c)	Surplus arising out of the CSR projects or programs or activities of the previous Financial Years:	Nil
(d)	Amount required to be set off for the Financial Year, if any:	Nil
(e)	Total CSR obligation for the Financial Year [(b)+(c)-(d)]:	400.69

6. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6	7	8
SI No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs)	Amount Spent in the Financial Year (in Rs. Lakhs)	Amount transferred to a Fund specified under schedule VII as per second proviso to sub-section (5) of section 135, if any	Amount remaining to be spent in succeeding Financial Years (in Rs)	Deficiency, if any
					Amount (Rs in lakhs)	Date of Transfer	
1	2022-2023	Nil	Nil	Nil	169.59	25/04/2023	Nil

7. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: NO

If yes, enter the number of Capital assets created/ acquired: NA

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

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

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

8. Specify the reason(s), if the company has failed to spend two percent of the average net profit as per sub-section (5) of section 135. NA

**For and on behalf of the Board of Directors
For INDIA OPTEL LIMITED**

Place: Dehradun

Date: 19/09/2024

**Sd/-
Girish Chandra Agnihotri
Director (Operations)
with Additional Charge of CMD
DIN: 09282281**

**Sd/-
Tushar Tripathi
Director(Finance)
DIN: 09657553**

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2024

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To
The Members,
India Optel Limited
OFILDD (Ordnance Factories Institute of Learning) Campus,
Raipur, Dehradun - 248008.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **India Optel Limited (CIN U31909UR2021GOI012802)** (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

- A. Based on our 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 and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2024 (hereinafter called the 'Audit Period') has generally 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:
- B. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the Audit Period 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 there under; **(Not Applicable to the Company during the Audit period);**
 - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; **(Not Applicable to the Company during the Audit period);**
 - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; **(Not Applicable to the Company during the Audit period);**
 - (v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') **(Not Applicable to the Company during the Audit Period);**

Continuation Sheet

- (vi) Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by Department of Public Enterprises ('DPE Guidelines').
- (vii) We further report that, having regards to the compliance system prevailing in the Company, on examination of the relevant documents and records in pursuance thereof, on test check basis, the Company has generally complied with the specifically applicable laws to the Company as identified by the Management, including the Arms Act, 1959 and the Arms Rules, 2016, etc., to the extent of their applicability to company.
- C. We have also examined compliance with the applicable clauses of the following:
- (i) Secretarial Standards with regard to Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
 - (ii) Listing Agreements entered into by the Company with Stock Exchange(s). **(Not applicable to the Company during the audit period).**
- D. 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) *Composition of the Board was not in compliance with the provisions of Section 149 of the Act and Clause 3.1.4 of DPE Guidelines during the Audit period as there was no Independent Director on the Board of the Company.*
 - (ii) *Due to pending appointment of Independent Directors on the Board of the Company, Corporate Social Responsibility, Audit Committee and Remuneration Committee have not been constituted and does not fulfill the respective requirements of Sections 135, 177 and 178 of the Act.*
 - (iii) *The Company has not framed and approved the Risk Management Policy of the Company.*
- E. **We further report that**
- (i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors *except as mentioned in para D regarding appointment of Independent Director(s) on the Board of the Company as per the Act and DPE Guidelines.* The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
 - (ii) Notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent at least seven days in advance, *however, in some cases Notice and agenda papers were sent with shorter notice with the consent of the Board* 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.

Continuation Sheet

- (iii) All decisions at Board Meetings are carried out by majority as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that based on the information received and records maintained 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.

We further report that during the audit period, the Company had the following events which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines etc.:

- a) During the audit period the company has allotted 12,91,40,000 Equity Shares of Rs. 10/- each on account of contribution of additional equity by the Government of India.

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

For VAP & Associates
Company Secretaries
FRN: P2023UP098500
Peer Review No: 1083/2021

Digitally signed by
Parul Jain
Date: 2024.09.17
12:46:58 +05'30'

Parul Jain
Managing Partner
M. No. F8323
C.P. No. 13901
UDIN: F008323F001233536

Date: 17.09.2024
Place: Ghaziabad

Continuation Sheet

Annexure – 'A'

ANNEXURE TO SECRETARIAL AUDIT REPORT

To
**The Members,
India Optel Limited.**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial record. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test check basis.
4. Our Audit examination is restricted only upto legal compliances of the applicable laws to be done by the Company, we have not checked the practical aspects relating to the same.
5. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company as well as correctness of the values and figures reported in various disclosures and returns as required to be submitted by the Company under the specified laws, though we have relied to a certain extent on the information furnished in such returns.
6. The compliance by the Company of applicable financial laws such as direct and indirect tax laws has not been reviewed in this Audit since the same have been subject to review by statutory auditors and other designated professionals and the contents of this Report has to be read in conjunction with and not in isolation of the observations, if any, in the report(s) furnished/to be furnished by any other auditor(s)/agencies/authorities with respect to the Company.
7. Due to the inherent limitations of an audit including internal, financial, and operating controls, there is an unavoidable risk that some misstatements or material non compliances may not be detected, even though the audit is properly planned and performed in accordance with audit practices.
8. Wherever required, we have obtained the management representation about the compliance of laws, rules and regulations and happening of events, etc.
9. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For VAP & Associates
Company Secretaries
FRN: P2023UP098500
Peer Review No: 1083/2021**

Parul Jain
Digitally signed by Parul Jain
Date: 2024.09.17
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**Parul Jain
Managing Partner
M. No. F8323
C.P. No. 13901
UDIN: F008323F001233536**

**Date: 17.09.2024
Place: Ghaziabad**

PS VAP & ASSOCIATES
Company Secretaries

Head Office:
105, Charms Solitaire, Ahinsa Khand -2,
Indirapuram, Ghaziabad-201014, U.P.
Tel: +91-0120-4272409
M: +91-9910091070, 9711670085
E-mail: vapassociatespcs@gmail.com

CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE NORMS
(As per Clause 8.2.1 of the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010 issued by DPE)

To
The Members,
India Optel Limited
OFILDD (Ordnance Factories Institute of Learning) Campus,
Raipur, Dehradun - 248008.

We have examined the relevant books, records and statements in connection with compliance of the conditions of Corporate Governance of **India Optel Limited** ('Company') for the financial year ended 31st March, 2024, as stipulated in as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 issued by the Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India.

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as laid down in the guidelines. Our Certification is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has generally complied with the conditions of Corporate Governance norms as stipulated in DPE Guidelines, except the following:

1. *The composition of the Board was not in compliance with the provisions of Clause 3.1.4 of DPE Guidelines during the Audit period as there was no Independent Director on the Board of the Company.*
2. *Due to pending appointment of Independent Directors on the Board of the Company, Audit Committee and Remuneration Committee have not been constituted.*

As informed and explained by the Management of the Company, being a Government of India owned enterprise, all the Director level appointments are made by the Government of India.

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

For VAP & Associates
Company Secretaries
FRN: P2023UP098500
Peer Review No: 1083/2021

Parul Jain
Digitally signed by Parul Jain
Date: 2024.09.17
12:45:20 +05'30'

Parul Jain
Managing Partner
M. No. F8323
C.P. No. 13901
UDIN: F008323F001233571

Date: 17.09.2024
Place: Ghaziabad

DMA & ASSOCIATES

Chartered Accountants

Dehradun - New Delhi - Kanpur - Saharanpur



INDEPENDENT AUDITORS' REVISED REPORT

To
The Members of
India Optel Limited
Dehradun, Uttarakhand

Revised Report on the audit of the financial statements

Reason for Revision: The Comptroller & Auditor General of India had issued additional directions U/S 143(5) of the Companies Act, 2013 for inclusion of comments in reports of statutory auditors of the company. In order to include comments as required by the additional directions issued under Section 143(5) of the Companies Act, 2013 by the Comptroller & Auditor General of India, revision in our audit report dated 26/07/2024 was necessary. Accordingly, we have issued this revised report with updated "Annexure B" which supersedes our earlier report issued on 26/07/2024 on the Financial Statements of the company.

Original Audit Report dated 26/07/2024 with UDIN 24078742BKCRSR2618 stands revoked.

Qualified Opinion

We have audited the accompanying financial statements of India Optel Limited ("the Company"), which comprise the balance sheet as at March 31, 2024, and the Statement of Profit and Loss (including other comprehensive income), statement of changes in equity and the statement of cash flows for the period then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matters described in the basis for qualified opinion section of our report**, the aforesaid financial statements 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 31, 2024, its profit, changes in equity and other comprehensive income and its cash flows for the period ended on that date.

Basis for qualified opinion

We conducted our audit in accordance with the standards on auditing specified under section 143 (10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the code of ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the rules thereunder, 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 is sufficient and appropriate to provide a basis for our opinion.



8 - A, Bengali Mohalla, Karanpur, Dehradun, Uttarakhand - 248001
Telefax: +91-135-7960256 Email: contact@dma.net.in Web: www.dma.net.in

DMA & ASSOCIATES

Chartered Accountants

Dehradun - New Delhi - Kanpur - Saharanpur



Attention is drawn to following paragraphs:

1. Opening Balances / Legacy Issues

- A. The company adopted opening balances of assets and liabilities (except for few deviations) as on 01st October 2021 as per the data provided by PCFA (Principal Controller of Accounts Ordinance Factories, Kolkata). In light of information (or lack thereof) available with respective units/factories, some adjustments were made to these balances by the units over a period of two and half years

The management could not provide us a positive assurance as to whether the balances of current assets and current liabilities shown in the balance sheet after these adjustments are correctly and completely reported and that these do not require any further adjustments. The actual impact of future adjustments on the financial statements of the company will be based on future information and hence the same is not presently quantifiable in current statements.

- B. The company has transferred some of the carried over balances to "Government Suspense Accounts" in the name of "Sums Due to Government" / "Sums Due from Government", moreover certain payments were made / received by the company after its incorporation which pertained to the pre-incorporation period, these transactions have also been included in the "Government Suspense Accounts". Following is a summary of opening assets, liabilities and adjustments made therein over past years:

Rs. in Lakhs						Remarks
Name of the Ledger	Type of the Ledger	Opening Balance as on 01/10/2021	Payment made / received against opening balances	New Items added to the opening balances	Final Ledger Balance as on 31/03/2024	
Committed Accrued Liabilities	Liabilities as on 01/10/2021 payable by Government	1502.80	1546.97	50.39	6.22	Equity Shares have been issued against the amount received from Govt.
Sums Due to Government	Amount realized on behalf of Government	-	2371.35	2694.34	322.99	No amount paid to Govt. of India
Sums Due from Government	Amount paid on behalf of Government	-	1854.99	2138.32	283.33	No amount received from Govt. of India

These adjustments have been made without any approval or authorization of Central Government / Ministry of Defense. The financial impact of future approval (or denial) from the Central Government on the financial statements of the company will be based on future information and hence the same is not presently quantifiable in current statements.



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2. Statutory Compliances

A. Statutory Control Reconciliations

All Statutory Dues payable by company, including GST, GST TDS, Income Tax TDS & TDS Receivable are subject to reconciliation between books of accounts and Statutory Returns filed by the company. These reconciliations were not concluded at the time of our audit. The exact impact of these errors on the financial statements could not be quantified in absence of availability of reliable data.

B. MSMED Act, 2006

We further observed that in several cases, dues of MSMEs have been paid off without including interest payable on the same as per provisions made by the company last year. This unpaid interest liability is still outstanding in the books of the company while the management has no intention of paying off the same until a claim is made by the respective MSME. The management has not made any decision to either pay the interest to MSMEs as per provisions neither it has written back the amount of unpaid interest from its books of accounts.

C. GST Regulations:

- I. The company doesn't record complete invoices raised by the suppliers instead it modifies suppliers bills with the quantities actually received/accepted after quality control checks on the basis of RV. Debit/Credit Notes to the suppliers are kept out of the books since original invoice were modified, this results into mismatching of GST Input Tax Credit as often the suppliers are not even intimated about the deductions made from their bills. The company does not claim GST ITC in cases of such mismatches, this has resulted into short / delayed claim and hence revenue loss to the company. This also has resulted into mismatch between ledgers balances as per books and GST liability as per online GST Portal. Following GST ITC was available to the company but could not be claimed due to these mismatches during FY 2023-24:

OLF Dehradun –	10.52 Crores
OFD Dehradun –	1.65 Crores
OFCD Chandigarh –	0.32 Crores

- II. We observed that in case of import by OFD, GSTIN of OLF was erroneously mentioned by the supplier. Instead of getting the same rectified, the company went on to wrongfully claim GST ITC of Rs. 14.98 Lakhs in OLF without taking the same in books of accounts. Moreover, original BoE in respect of this import was not available on record.
- III. We observed that Ordnance Factory Chandigarh didn't charge GST on PSD Forfeited during the year but it reversed its entire forfeited amount in March 2024 and re-recorded the same by marking down the income by amount of GST payable on amount forfeited. This has resulted into delayed reporting and delayed payment of GST to the Government and may attract penal provisions of the GST Act, 2017.
- IV. We observed that deductions in respect of LD to be charged / recovered from suppliers are crystalised at the time of preparation of RV / TPC decision but the same is accounted for at the time of making payments to the suppliers. This results into delayed accounting of income and delayed payment of GST on such income.



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- V. *We observed that the company has made payments of Rs 12.39 Crores to Central Public Works Department towards advance for construction, however, the company didn't pay GST under reverse charge mechanism on this amount.*
- VI. *We observed that the company does not have any standard documentation policy / SOPs for availing GST ITC under the CGST Act, 2017.*
- VII. *We observed that the company is not claiming GST ITC on bank charges paid by it.*
- VIII. *There is no system in the company to reverse the GST Input Credit as required by GST regulations if the payment to suppliers is not released within a period of 180 days.*

The exact impact of these errors could not be quantified in absence of availability of reliable data.

D. Income Tax Act, 1961

- I. *We observed that company has not deducted income tax TDS from its employees at higher rate of 20% where PAN numbers were not linked to AADHAAR Numbers of the respective employees. We further observed that income tax department has already raised demands against the company in respect of this default which have yet not been paid by the company nor it has been provided for in books of accounts.*
 - II. *Deferred Tax Liability: The company has provided an amount of Rs. 15.85 Crores towards deferred tax liability in its profit & loss account for the year under audit, however, we observed that the company has not considered disallowances under the income tax act towards provisions (like Salaries paid without deduction of income tax at source, interest payable to MSMEs towards delayed payments, provision for warranties and loss of inventories) while calculating the liability. The exact impact of these errors could not be quantified in absence of availability of reliable data.*
 - III. *We observed that the company does not have any system to make statutory deductions of Income Tax TDS in respect of bills passed through contingent vouchers. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information.*
- E. *EPF Regulations: It was observed that OLF & OFD have deducted an amount of Rs. 11.12 Lakhs towards EPF, EDLI & ESI contributions of contractual employees but failed to remit the same to statutory authorities.*

3. Internal Control Issues

A. PPC Software

- I. *We observed that controls exercised by the management over its inventories are weak; inventory items were issued and consumed without recording the same in PPC software on several occasions. On perusal of stock verification report of external experts, we observed that inventory items worth Rs. 113.56 Crores & Rs. 1.04 Crores were missing from physical stocks since these were already consumed without recording the issue in PPC. The management could not provide quantifiable data of year wise consumption of these missing inventory items which could include pre-incorporation period as well.*

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- II. *Another major weakness in inventory controls is that the PPC software used by the company allows issue of inventory items without first checking available quantity in stocks and hence it allows negative balances of inventory items without issuing any prompts for such errors. We observed that inventory items were shown as issued and consumed even before they actually arrived in stores.*
- III. *We observed that the PPC software doesn't have any control checks to restrict completion of a particular work order without first ensuring issuance of all the raw materials required for manufacturing the items of finished goods. This has resulted into manufacturing of finished goods without recording consumption of raw materials used in process.*
- IV. *We observed that there is no facility in PPC Software to generate historical reports as the software maintains a dynamic database which gets updated with every transaction and historical values are over written.*
- V. *We observed that the PPC Software used by the company is customizable at the end of factories and that each factory carries out customization as per its own convenience and requirements. These customization are not discussed or authorized at company level and hence reports available at one factory may or may not be available at others and there is no system of standardization of the reports available in PPC Software.*
- VI. *We observed that PPC software does not allow recording of material purchases at a price lower than the rates mentioned on work order / supply order even if the supplier has charged a lesser rate. We further observed during our test checks that this has actually resulted into excess recording of purchases in the accounting software of the company, however total amount of such overstatement of purchases could not be quantified at the time of audit. This may also an impact on excess valuation of inventories recorded at a price higher than the actual purchase price of the same.*
- VII. *PPC Software does not differentiate between revenue and capital purchases, the company has to manually identify capital purchases in order to include capital items in the PPE. The process is manual and prone to manual errors.*
- VIII. *We observed that cost price as per PPC Software of certain items of finished goods were exceptionally low when compared to their Sales Price, the management failed to provide any reasonable explanation for the same:*

S No	Item Name	Quantity	Cost Price (Rs.)	Sales Price (Rs.)	Cost Price / Sales Price
1	WIRE	264.000	445.08	22,022.56	2.02%
2	BRAIDING NO. 31	288.000	900.62	15,786.58	5.70%
3	WIRE	260.000	598.76	22,022.56	2.72%
4	JUMPER	40.000	3,132.13	26,966.40	11.61%
5	CABLE NO. 9B	82.000	5,651.69	29,325.96	19.27%

B. Lease Deeds

We observed that the legally valid lease deed was not available on record in respect of premises leased out to State Bank of India at Raipur, Dehradun



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C. Avoidable Expenses Incurred

- I. *We observed that in case of import of technical literature by OLF, incorrect GST rate of 5% was mentioned in BoE # 4880137 dated 03/03/2023. In April 2023, DRI instructed the company to pay GST at correct rate of 18% and demanded differential GST amounting to Rs. 4.68 Crores with Interest of Rs. 25.38 Lakhs. The company has since paid both the amounts but charged interest amount only to expense while keeping differential GST amount as recoverable. In our opinion, in order to have a legitimate claim on recovery of differential GST, the company should have gotten BoE amended in April 2023 itself. Now since the time limit for amendment in BoE has expired, recovery of this differential amount of Rs. 4.68 Crores is highly doubtful and should have been expensed off.*
- II. *An amount of Rs. 29.40 Crores was received as advance against service agreement by OLF in the month of August 2023 from M/S AVNL (DPSU). The same was reported in GST Return R-1 for the month of September 2023 which resulted into interest liability of Rs. 7.86 Lakh on GST Amount (Rs 5.25 Crores) on the company.*
- III. *We observed that the company does not have a system to verify active GST registration status of its vendors at the time of making payments against their invoices. This has resulted into payment of GST to such vendors who don't have an active GST registration and who actually don't pay GST to the Government inspite of charging the same from company.*

4. Accounting Issues

A. Inventories

- I. *An inventory item worth Rs. 26.02 Crores was transferred from one Ledger Folio Code to another on 31/03/2023 without issuing CIV for the same. This resulted inclusion of the same inventory item in two different LF Codes and hence over valuation of inventories as on 31/03/2023. The management has recorded CIV for the same during current year and therefore, profit for the year is under stated by an amount of Rs. 26.02 Crores and profit for the year 2022-23 and inventories as on 31/03/2023 was overstated by the same amount. The management has restated the financial statements for FY 2022-23 to rectify the error.*
- II. *An amount of Rs. 15.36 Crores was included in Stock in Transit as on 31/03/2023 but the same was also included in inventories through RV dated 31/03/2023. Therefore inventory of the company as on 31/03/2023 and profit of the company for FY 2022-23 was overstated by an amount of Rs. 15.36 Crores. The management has restated the financial statements for FY 2022-23 to rectify this error.*
- III. *An inventory item worth Rs. 1.84 Crores was rejected by the OLF in 2022-23 but the same was still recorded as purchase in Tally software on the basis of BOE. The item was replaced by the supplier and finally accepted by the company in FY 2023-24. The management has restated the financial statements for FY 2022-23 to rectify this error.*
- IV. *We observed that the company has reversed purchase of Rs. 76.03 Lakhs from M/S Merlin Hawk Aerospace Private Limited due to double accounting of the same in FY 2022-23. The management has restated the financial statements for FY 2022-23 to rectify this error.*



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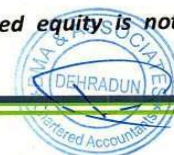
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- V. *The company has a policy to record rejections at full cost price without having any regard to the cost of repairs to be incurred on the same. This has resulted into overstatement of inventories and profits of the company. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information.*
- VI. *We observed that goods worth Rs. 14.36 Lakhs supplied by OLF to OFD were rejected and sent back to OLF during the year, however, instead of reversing the sales at OLF, OFD erroneously accounted for this transaction as purchase and included the inventory as "Stock in Transit" as on 31/03/2024 while the goods were lying at OFD as on 31/03/2024. Moreover, rejected goods have been valued at full purchase price without making any allowance for repairing / refurbishing expenses to be incurred on the same to remove the defects. Financial impact of this transaction could not be ascertained due to lack of availability of reliable information.*
- VII. *We observed that the management had identified obsolete and unusable inventory items worth Rs. 15.55 Crores and also had initiated process of auctioning the same. Management has written down the value of these items in closing inventory figures.*
- VIII. *The factory values its inventories on lower of cost and realisable value. However, market rate / realisable values were not available for most of the inventory items since all these are made to order items and an active market for these items actually does not exist. Management considers cost of these items as representing NRV and therefore values all such items at cost price only.*
- IX. *Non Moving and Slow Moving Inventory Items are identified by the management but these are also valued at lower of cost or normal realisable value as other fast moving items. No adjustment in realisable value is made due to obsolescence in these items. 5 year old inventory items are valued at NIL by OLF but not by OFD & OFCD. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information.*
- X. *We observed that Ordnance Factory Chandigarh had returned / rejected goods amounting to Rs. 2.63 Crores to Ordnance Factory Dehradun between 01/10/2021 & 31/03/2023. However, these inventories were not included in final valuation of inventories in either of the factories as on 31/03/2022 & 31/03/2023 resulting into understatement of inventories and profits of the company. The fact that these goods kept lying at factory premises for more than two years without making any entry in Tally and PPC Software shows how weak internal control systems of the company are.*
- XI. *In valuation of inventory, the Fixed Overhead is being allocated on the basis of actual production instead of normal capacity as the company does not have proper system to identify the normal production capacity of the plants for production of specific items by the various factories. This results in violation of para 13 of IndAS 2 – "Inventories" which requires FOH to be allocated based on the normal capacity of the production facilities.*
- XII. *Allocation of Fixed Overheads has been made on the basis of management estimates by each factory hence the compliance with Ind- AS could not be verified by us. The impact of the non-compliance with Ind-AS 2 can't be quantified by us in absence of the reliable information at this stage.*
- XIII. *The company is not recognising various items of spare parts, stand-by equipment and servicing equipment which are expected to be used during more than one period which is in violation of para 6 & 8 of IndAS 16 - "Property plant and Equipment".*

The impact of the same in financial statements of current period and on deemed equity is not quantifiable.



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B. Debit / Credit Notes

- I. *We observed that out of debit notes issued by Ordnance Factory Chandigarh to its suppliers towards purchase rejections during the year, Rs. 5.49 Crores pertained to the goods rejected / returned prior to 01/04/2023, out of these, debit notes amounting to Rs. 2.63 Crores pertained to goods rejected / returned to Ordnance Factory Dehradun. The management has restated its financial statement to the extent of Rs. 222.91 Lakhs only while no treatment was given to the rest of amount.*
- II. *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% from 01/10/2021 to 31/03/2024. However, the company has issued such pro rata credit notes only for the period from 01/04/2023 to 31/03/2024 and therefore reversal of profit element of 1.5% on all deemed contracts with other DPSUs for the period from 01/10/2021 to 31/03/2023 has not been done by the company. Therefore, net sales, profits and receivables of the company are overstated in the financial statements. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information.*
- III. *We observed that there is no system of timely issue of debit notes to suppliers towards purchase rejections, in case of Ordnance Factory Chandigarh, 355 debit notes were issued after passage of more than 90 days from date of rejections.*

C. Basic Book Keeping

- I. *The company has received an amount of Rs 1,415.01 Lakhs from PCAFYS during FY 2022-23, the company has classified this amount under current liabilities. However, No information / document was provided by the management to establish that it is in fact a liability and not income.*
- II. *Confirmation of Balances: The balances of company's debtors and creditors have not been confirmed by the parties. The impact of the non-confirmation of balance is not quantifiable in financial statements. We further observed that wherever differences were reported by the Debtors/Creditors in the confirmations, those differences were not acted upon by the company and as such these differences are unreconciled as on balance sheet date. The impact of the non-confirmation of balance is not quantifiable in financial statements.*
- III. *We observed that the company is recording its bank payments on the date of execution of transaction by the bank instead of recording the payments on the date of issuing the cheques as required by accrual system of accounting.*
- IV. *We observed that the company is making statutory deductions of Income Tax TDS from its suppliers on the date of making payments instead of earlier of payment and credit as required under respective sections of the income tax act.*
- V. *We observed that the company has charged amortization charges on its intangible assets used specifically for research & development purposes, however, the company has not transferred these amortization charges to research & development expenses but included in normal depreciation & amortization expenses.*

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- VI. *We observed that rental income of the company is not being accounted for as per accrual system of accounting in clear violation of its own stated accounting policies. This has resulted into understatement of rental income for the year under audit to extent these income were not realized in cash within the financial year. This has also resulted into delayed reporting and delayed payment of GST to the Government and may attract penal provisions of the CGST Act, 2017.*
- VII. *The company has a policy of making certain deductions from vendors payments on account of liquidated damages, shortages, rejections etc. However, we observed that in several cases these deductions were made from payments of vendors without actually passing accounting entries in books of account which has resulted into understatement of liquidated damages, overstatement of purchases and overstatement of creditors. The exact amount of overstatements could not be ascertained in absence of reliable information at the time of our audit.*
- VIII. *We observed that the company has shown all of its Sales as "Sale of Products" without segregating the service component on account of warranties, repairs etc in violation of Ind AS 115 - "Revenue from Contracts with Customers".*

D. Provisions

- I. *Provision for Warranties: During the year under audit, the company has made a provision of Rs. 28.15 Crores towards anticipated expenses on unexpired warranties. We are given to understand that the amount of provision has been derived @2% of Annual Sales, however the management was unable to provide us any scientific or logical basis for having arrived at this arbitrary figure of 2%. Moreover, this provision grossly ignores unexpired multi year warranties on sales made during earlier years.*
- II. *Expenses against Warranties: The company does not have proper systems to identify and accordingly account for expenses incurred against warranties given on its products. All such expenses are accounted for as normal material / wages / travelling expenses instead of identifying relevant warranty cost so as to provide a reasonable basis for making provision for unexpired warranties.*
- III. *Provision for Unpaid Salaries*

We were informed that the company has made a provision of Rs. 18.67 Crores towards salary payable for the month of March 2024. However, we observed that the salaries for the month of March 2024 were neither included in the respective employees' annual salaries for calculation of income tax liabilities of the employees nor were these reported in TDS Return 24Q of the company. This has resulted into under reporting of taxable salaries of all the employees and consequently loss to the Government in terms of short payment of TDS and individual income taxes.

We further observed that this provision of salaries was made without making applicable statutory deductions like PF, NPS etc this has resulted into under statement of statutory dues in the financial statements of the company.

We further observed that this provision of salaries was made without making deductions pertaining to income ledgers like license fees etc this has resulted into under statement of income and overstatement of liabilities in the financial statements of the company.



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- IV. *The company has not made provision towards bandwidth charges of ComNet 2.0 for the months of Feb & Mar 2024 which has resulted into overstatement of profit and understatement of liabilities as on 31/03/2024.*

The exact impact of this error could not be quantified in absence of availability of reliable data.

E. Disclosures

- I. *The company has restated its financial statements for the FY 2022-23 due to discovery of some material accounting errors occurred during FY 2022-23 and earlier. The company has not restated opening balance sheet as on 01/04/2022 as required by Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". The company has not made proper disclosures of reconciliations between original and restated figures as required by Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors".*
- II. *The company has not disclosed gross carrying amount of any fully depreciated property, plant and equipment that is still in use as required by Ind AS 16 - "Property, Plant & Equipments".*
- III. *The company has not disclosed the carrying amount of property, plant and equipment retired from active use and not classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations and Ind AS 16 - "Property, Plant & Equipments".*
- IV. *In respect of Provisions, the company has not disclosed additional provisions made, amount used and unused amount reversed during the period as required by Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets".*
- V. *In respect of Provisions, the company has not disclosed nature of obligation, expected timing of the outflows and indication of uncertainties, if any about the amount or timing of these outflows as required by Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets".*
- VI. *The company has not disclosed its capital commitments towards purchase of machineries as required by Division II to Schedule III of the Companies Act, 2013*
- VII. *The company has not disclosed internally generated intangible assets and other intangible assets separately as required by Ind AS 38 - "Intangible Assets".*
- VIII. *Aging schedules of Trade Payables have been disclosed from the appointed date instead of transaction dates.*
- IX. *The company has disclosed security deposits at historic values and NOT at fair values as required by IndAS 109 "Financial Instruments".*
- X. *The company has not disclosed nature and extent of risks arising from financial instruments as required by Para 31 & 32 of IndAS 107 "Financial Instruments: Disclosures".*
- XI. *The company has not made disclosures related to Contractual Assets, Contractual Liabilities & Revenue Recognised from Contracts as required by Para 116 of IndAS 115. "Revenue from Contracts with Customers".*

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F. Research & Development Expenses

Accounting of Intangible Assets meeting the definition as per Ind As 38 has not been done in compliance with Ind As 101 – “First Time Adoption” as the carrying value of Intangible Assets has not been brought in books as on 1st October 2021. In absence of related data of earlier years, the impact of the same in the current period financial statements cannot be commented upon.

The expenses capitalized during the period under audit as Intangible Assets are incomplete as proper bifurcation between research and development phases of the project was not available and expenses incurred on research phase have also been accounted for under capital work in progress in violation of IndAS 38.

The expenses capitalized during the period under audit as Intangible Assets are incomplete as proper documentation in respect of depreciation/repairs of PPE used in research and other overheads of research facilities are not available.

The impact of the deficiencies in financial statements is presently not quantifiable in absence of reliable data.

G. Prior Period Adjustments

- I. *We observed that purchase amounting to Rs. 1.70 Crores pertaining to FY 2021-22 was missed out from the books, the same was discovered during period under audit. The management has restated purchases of FY 2022-23 by Rs. 1.70 Crores instead of restating the opening statements as on 01/04/2022 as required by IndAS framework.*
- II. *We observed that during the year under audit, company has paid DA Arrears pertaining to FY 2022-23 amounting to Rs. 66.26 Lakhs to its employees. The company has charged this expense as current year's expense instead of restating its financial statements as required by IndAS framework.*

Key audit matters

Reporting of key audit matters as per SA 701, Key Audit Matters are not applicable to the Company as it is an unlisted company.

Information other than the financial statements and auditors' report thereon

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Business Responsibility Report but does not include the financial statements and our auditor's report thereon. 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 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 during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Management's responsibility for the financial statements

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

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

The board of directors is also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The balances of erstwhile ordnance factories as on 30/09/2021 were transferred from Ordnance Factory Board (OFB) to the newly formed DPSUs on the appointed date, i.e., 01/10/2021, as per Resolution No 7E of the Ministry of Defence dated October 01, 2021. We have been provided with certified Opening Balance Sheets of the Units. **We have relied upon original valuation done by external valuers and the Net Asset Value approved by the board on 25th Nov 2022 and revaluation report of external valuers dated 19/04/2023 as approved by the board on 24/05/2023 for the purposes of valuation of PPE as on 01/10/2021, 31/03/2023 & 31/03/2024.**

Our opinion is not modified in respect of this 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 we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "Annexure B", on the directions and sub-directions issued by the Comptroller and Auditor General of India.

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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;

(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;

(c) The balance sheet, the statement of profit and loss (including the statement of other comprehensive income) and the cash flow statement dealt with by this report are in agreement with the books of account;

(d) In our opinion, *IndAS 1 "Presentation of Financial Statements", IndAS 2 "Valuation of Inventories", IndAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", IndAS 12 "Income Tax", IndAS 16 "Property plant and Equipment", Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets", Ind AS 38 "Intangible Assets", Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations", IndAS 107 "Financial Instruments: Disclosures", IndAS 109 "Financial Instruments" and IndAS 115 "Revenue from Contracts with Customers", as referred to in Basis of Qualified Opinion Section of this report*, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended.;

(e) *The company being a Government Company has been exempted from provisions of Section 164(2) of the Act vide Notification dated 05th June 2015.*

(f) With respect to the adequacy of the internal financial controls with reference to these IndAS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C" to this report; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;

i. The Company has disclosed the impact of pending litigations as on 31st March, 2024 on its financial position in its standalone financial statements

– Refer Note 27 to the financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

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)

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or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries"), or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- b) The management has represented that, to the best of its knowledge and belief, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall,
- whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries"), or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The company has not declared any dividend during the year. Hence, this para is not applicable.
- (h) The reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is applicable from 1 April 2023.

Based on our examination which included test checks, except for the instances mentioned below, the Company has used two accounting software for maintaining its books of accounts namely, Tally Edit Log Version and PPC, a proprietary software developed inhouse by the Ordnance Factory Board and passed on to the company at the time of corporatisation.

Tally Software has features of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in it.

Further, for the periods where audit trail (edit log) facility was enabled and operated for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

Further, for the periods where audit trail (edit log) facility was enabled and operated for the respective accounting software, the audit trail has been preserved by the company as per the statutory requirements for record retention'.

PPC Software does not have features of recording audit trail (edit log) facility and therefore no such features were operational during the year.



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(i) The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

For DMA & Associates
Chartered Accountants
FRN: 010129C


CA. Deepak Kumar Ghanshani
(Partner)
M No.: 078742
UDIN : 24078742BKCRSX7650

Place: Dehradun
Date: 23/08/2024

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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 IndAS Financial Statements for the year ended March 31, 2024.

i.

a)

(A) *Except for the matters referred to "Basis for Qualified Opinion" Section of our report*, the company is maintaining proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment. The management has represented that they are in the process of digitalization of FAR Data which is not yet complete.

(B) *Except for the matters referred to in "Basis for Qualified Opinion" Section of our report*, the company is maintaining proper records of intangible assets.

b) *Property, Plant and Equipment were not physically verified by the management during the period under audit.* However, management has represented that they have got physical verification of assets done by external valuers during the course of audit.

c) The immovable properties as disclosed in Note 2 on Property, Plant & Equipment to the Standalone IndAS Financial Statements were handed over to the company by erstwhile Ordnance Factories, *these properties were held by the Ordnance Factories in the name of "General Manager – Ordnance Factory". The management has represented that these properties are yet to be transferred in the name of the company.* Details are given in Note 2.11 to the Financial Statements:

d) At the time of incorporation, all the assets were revalued at fair value for transfer to the company. Since then the Company has not revalued its Property, Plant and Equipment (including Right-of-use assets) or intangible assets during the year. Accordingly, the reporting under Clause 3(i)(d) of the Order is not applicable to the Company.

e) Based on the information and explanations furnished to us, no proceedings have been initiated on or are pending against the Company for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its standalone financial statements does not arise.

ii.

a) The physical verification of inventory was conducted by external consultants during the period under audit. The frequency of these verifications was once for two factories (OFD & OFCD) & twice for one factory (OLF). We are of the opinion that interval chosen by management does not commensurate with the size of operations of the company. The errors noticed in the verifications were not dealt with properly by the management, *para 3A of "Basis for Qualified Opinion" Section of our report may kindly be referred to for details.*

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- b) The company was sanctioned a Cash Credit Limit of Rs. 400 Crores by State Bank of India against hypothecation of Stocks and Book Debts in year 2021-22. The said working capital limit of Rs. 400 Crores was enhanced to Rs. 900 Crores during FY 2023-24 and an additional facility of Rs. 200 Crores was sanctioned by HDFC Bank. The management has represented that since it has not submitted any statement or returns after December 2023 to the lending banks. Returns submitted till December 2023 were in agreement with the books of accounts of the company.
- iii. According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not made any investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a to f) is not applicable to the company.
- iv. According to the information and explanation given to us and on the basis of our examination of the records of the company, the company has not granted any loans nor has it made any investments or given any guarantees or securities during the year to any of the parties in accordance with the provisions of Section 185 of the Companies Act 2013. The company is a PSU engaged in Defense Manufacturing, therefore, provisions of Sections 186 does not apply to it in terms of Notification # GSR 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs Government of India. Accordingly, the provisions of clause 3 (iv) is not applicable to the company.
- v. The Company has not accepted any deposits or amounts which are deemed to be deposits within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. However, the financial statements for the period does not include these cost records.
- vii.
- According to the information and explanations given to us and the records of the Company examined by us, in our opinion, The Company is generally regular in depositing undisputed statutory dues in respect 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. However, there have been a slight delay in a few cases.
 - According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues which are pending on account of dispute except as per details given below:



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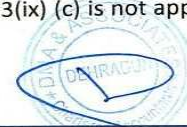


Name of Statute	Nature of dues	Amount in INR Lakhs	Period to which amount relates	Forum where dispute is pending	Remarks
CGST Act. 2017	GST RCM	63.28	2022-23	Hon'ble High Court, Uttarakhand	
---do---	---do---	159.72	2023-24	---do---	
CST Act 1956& Punjab Valve Added Tax Act, 2005	CST	179.17	2011-12	Additional Commissioner of Excise & Taxation department	25% of Total Demand has been deposited
---do---	VAT	1,535.73	2012-13		
---do---	---do---	1,273.03	2013-14	Punjab and Haryana High Court	
---do---	---do---	3,970.28	2014-15	Punjab and Haryana High Court	
---do---	---do---	1,866.63	2015-16	Under assessment with Excise & Taxation Department.	
---do---	---do---	2,343.91	2016-17		
---do---	---do---	427.68	2017-18		

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.

- According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted on repayment of any loans or other borrowings from any lender during the year..
- 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 Wilful Defaulter by any bank or financial institution or government or any government authority.
- According to the information and explanations given to us and on the basis of our audit procedures, no term loan has been taken by the company. Accordingly, the provisions of clause 3(ix) (c) is not applicable to the company.



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- d. According to the information and explanations given to us and on the basis of our audit procedures, no funds on short term basis have been raised by the company. Accordingly, the provisions of clause 3(ix) (d) is not applicable to the company.
 - e. According to the information and explanations given to us and on the basis of our audit procedures, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, the provisions of clause 3(ix) (e) is not applicable to the company.
 - f. According to the information and explanations given to us and on the basis of our audit procedures, company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, the provisions of clause 3(ix) (f) is not applicable to the company.
- x.
- a. No moneys have been raised by way of initial public offer or further public offer (including debt instruments) during the year by the company. Accordingly, the provisions of clause 3 (x)(a) of the order is not applicable to the company.
 - b. The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3 (x)(b) of the order is not applicable to the company.
- xi.
- a. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(a) of the order are not applicable to the company.
 - b. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of clause 3 (xi)(b) of the order are not applicable to the company.
 - c. As per the information and explanation given to us by the company no whistle blower complaints were received by the company during the year. Accordingly, the provisions of clause 3 (xi)(c) of the order are not applicable to the company.
- xii. According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

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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, but the details of the related party transactions have not been disclosed in the financial statements as required by the applicable Indian Accounting Standards. ***Para 3 E of "Basis for Qualified Opinion" Section of our report may kindly be referred to for details***

xiv.

- Based on information and explanations provided to us and our audit procedures, in our opinion, the Company does not have an internal audit system commensurate with the size and nature of its business as required u/s 138 of Companies Act, 2013.
- We have considered the internal audit reports of the Company wherever these were available. However, internal audit reports in respect of some of the units were not available at the time of our audit.

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.

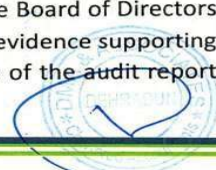
xvi.

- The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- According to the information and explanations provided to us during the course of audit, the Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

xvii. According to the information and explanations provided to us during the course of audit, company has not incurred cash losses in the financial year and in the immediately preceding financial year.

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

xix. According to the information and explanations provided to us during the course of audit and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans supported by Govt. of India and based on our examination of the evidence supporting the assumption, we are of the opinion that no material uncertainty exists as on the date of the audit report



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

xx.

- a. Yes, the company has transferred an amount of Rs. 4,00,69,238/- to "Prime Minister's National Relief Fund" on 30/03/2024 towards its liability for the year under audit.
- b. No.

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

For DMA & Associates
Chartered Accountants
FRN: 010129C


CA. Deepak Kumar Ghanshani
(Partner)
M No.: 078742
UDIN : 24078742BKCRSX7650

Place: Dehradun
Date: 23/08/2024

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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 IndAS Financial Statements for the year ended March 31, 2024.

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

S. No.	Direction u/s 143(5) of the Companies Act 2013	Auditor's reply on Action taken on the directions	Impact on Financials
1	<p>Whether the company has system in place to process all the accounting transactions through IT systems?</p> <p>If yes, the implications of processing of accounting transactions outside IT system on the integrity of accounts along with the financial implications, if any, may be stated.</p>	<p>The company is using various software for recording and processing of accounting transactions through IT system.</p> <p>Following software are being used by the company:</p> <p>Wage Package: For the processing of salary and other employee benefits PPC software : For recording of procurement and sale of goods and services</p> <p>For the purpose of accounting as per double entry system, the company has purchased Tally software and accounting has been done by hired consultants having experience of accounting in Tally.</p> <p>The accounting data maintained in Tally is freezed at the end of the financial year and any subsequent restatement required as per IndAS framework in previous year's accounting data is carried out in current year's data but the same restatement is disclosed in the previous year's column in the financial statements.</p> <p>Due to the varied accounting practices adopted by different units, various discrepancies were noticed in different units which were corrected based on audit observations pointed during the course of audits.</p>	<p>Not quantifiable for the reasons stated in auditors reply column.</p> <p>The financial impact of the restatements carried out in previous year's data is duly disclosed in financial statements by way of reconciliations.</p>

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2	<p>Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan?</p> <p>If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, the lender is a government company, then this direction is also applicable for statutory auditor of lending company).</p>	<p>No</p> <p>Not Applicable</p>	Nil
3	<p>Whether funds (grants/subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for /utilized as per its term and conditions?</p> <p>List the cases of deviation.</p>	<p>No funds have been received/ is receivable for specific schemes from Central/State Government or its agencies except for:</p> <p>An amount of Rs. 14.15 Crores which was received from PCAFYS, Kolkata during FY 2022-23. Against which no details were available during the course of audit. It was observed entire amount was remaining unspent as on balance sheet date.</p>	Nil
4	<p>Whether the migration of Assets and Liabilities on the date of transfer (appointed date) from erstwhile OFB which remained incomplete as of 31 March 2023 has been completed during financial year 2023-24?</p>	<p>The assets were handed over to the company by Government of India w.e.f., 01.10.2021 at a value which was ascertained by independent valuer. Further the assets were revalued by Independent valuer as on 31.03.2023. The valuer identified assets of Rs. 3717.13 Lacs which were missed out in valuation as on 01.10.2021 but pertained to pre-corporatisation period of the company. Further, one capital advance of Rs. 305.16 Lacs and deposits of Rs. 162.99 Lacs were identified as have been missed out of the transfer of assets. The company has issued equity shares of Rs. 4185.29 Lacs against these assets in FY 2024-25.</p> <p>The company received an amount of Rs. 140.44 Crores from Ministry of Defence against committed accrued liabilities identified post corporatization. The company has issued equity shares of Rs. 140.44 Crores to Government of India during FY 2022-23 & 2023-24.</p>	<p>Rs. 4185.29 Lacs</p> <p>Rs. 140.44 Crores</p>

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	<p>If there is any deviation, the nature of deviation and its impact on the Financial Statement may be stated.</p>	<p>As reported in our audit report dated 19/01/2023 for the FY 2021-22, and as is reported in para 1 B of "Basis for Qualified Opinion" Section of this report, the management could not provide a positive assurance as to whether the balances of assets and liabilities shown in the balance sheet after subsequent adjustments are correctly and completely reported and that these do not require any further adjustments.</p> <p>Our observations on deviations with the provisions of Indian Accounting Standards are reported in para 4 E "Basis for qualified opinion" section of our report.</p> <p>The impact of the future adjustments, if any, cannot be quantified at this stage in absence of related records with the company.</p>	<p>Not quantifiable for the reasons stated in auditors reply column</p>
5	<p>Whether the Company has carried out reconciliation exercise pertaining to the inter-company / intra-company balances at the year end? Whether the confirmations have been obtained from other DPSUs for balances due to/due from them at the year end? The reasons for unreconciled amount may be stated.</p>	<p>The Company has not reconciled the opening balances of the Assets and Liabilities of newly formed DPSU with the closing balances of the erstwhile ordnance factories as per Financial Statements prepared by the Principal Controller of Accounts (Fys) in the commercial format.</p> <p>The discrepancies observed between the factory records and PCFA records have been routed through suspense accounts which have been parked in Current Assets / Current Liabilities at the end of the Financial Year.</p> <p>These differences in various Assets and Liabilities are subject to correction / adjustments based on future information as reported in report of "Basis for Qualified Opinion" section of our report.</p> <p>The impact of the same could not be quantified in absence of the reasons of differences available at present.</p> <p>The company has carried out reconciliation exercise of inter-factory balances at the year end with other DPSUs but no confirmations were received from other DPSUs for balances due to / from them.</p> <p>Status of unconfirmed balances are reported in basis of qualified opinion section of our report.</p>	<p>Not quantifiable for the reasons stated in auditors reply column</p>

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		Impact of these unconfirmed balances on the standalone financial statements can't be ascertained / commented upon due to absence of required details at this stage.	
6	<p>Whether the Company has revised any of its accounting policies or adopted any new accounting policy in accordance with prudent Accounting principles and applicable IndAS?</p> <p>Whether the changes in accounting policies have been properly disclosed?</p> <p>Inconsistencies, if any, along with the impact of the same on the financial accounts may be stated.</p>	No, there has been no change in accounting policies of the company during the period covered by this report.	NIL
7	<p>Whether the provision for employee benefit liabilities and their valuation on the date of formation of DPSU have been made in accordance with the provision of Ind AS?</p> <p>Deviation, if any, may be stated.</p>	<p>With reference to the office memorandum no. No.1(5)/2021/OF/DP(Plg-V)/02, the Government had decided that all the employees of OFB (Group A, B & C) belonging to the production units and also the identified nonproduction units (as per the structure set out in Annexure A) 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, in accordance with Rule 37A of the Central Civil Services (Pension) Rules 1972.</p> <p>The pension liabilities of the retirees and existing employees will continue to be borne by the Government from the Ministry of Defence ("MoD") budget for Defence Pensions.</p> <p>Till such time the employees remain on deemed deputation to the new DPSUs, they shall continue to be subject to all the extant rules, regulations and orders as are applicable to the Central Government servants, including related to their pay scales, allowances, leave, medical facilities, career progression and other service conditions.</p> <p>Therefore, necessary provisioning for the salaries, allowances, medical facilities and other service conditions have been done in accordance with</p>	NIL

8 - A, Bengali Mohalla, Karanpur, Dehradun, Uttarakhand - 248001
Telefax: +91-135-7960256 Email: contact@dma.net.in Web: www.dma.net.in

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		applicable IndAS in the books of the company. There was no need for valuation on the date of financial statement with regard to IndAS 19 as all these expenses are being born by MOD, GOI itself.	
8	As per department of defence production, MoD, GoI Letter No I(5)/2021/OF/DP(Plg-V)/02 dated 24/09/2021, no provision of liability in respect of pension contribution towards employees on deemed deputation is required to be made in Financial Statements of DPSUs. Whereas Ministry of Defence Instructions on deemed contracts (Article 3.2) issued to DPSUs stipulates that nothing more than the contract price referred to in Article 1 shall be payable. Whether the contract price referred to Article 1 includes the cost element of pension contribution? If so, the efficacy of MoD instruction of 24/09/2021 vis a vis applicable provision of IndAS and its impact on Financial Statements of the DPSUs for the last two and half years ended 31 March 2024 may be stated.	<p>There is distinct possibility that at the time of cost fixation by the erstwhile OFB all the related costs including pension liabilities of employees would have been considered as cost component and accordingly included in contract prices. These contracts are getting renewed at the same cost with 6% or 7.5% additional profit element by the company. These renewals are also executed without giving any component breakup.</p> <p>Since breakup of cost components is not given in deemed contracts therefore we are unable to comment on whether or not the cost mentioned in deemed contracts includes pension contributions towards employees on deemed deputation.</p>	Not quantifiable for the reasons stated in auditors reply column
9	The company had issued Share Capital to Central Government of India on the basis of market value of land as mentioned in MoD, Department of Defence Estate, New Delhi Letter No 757/02/L/DE/PROJ/2021 dated 10/06/2022. Whether the market value of the land has been reflected in the financial statements of the DPSUs? If so, whether the issue of share capital on the basis of market value is in consonance with the Paragraph D7AA of the Ind AS ? If not, the impact on financial statements of the company as well as the appropriate method to be	<p>Para D7AA primarily refers to the situation where an existing company transitions into IndAS framework from Indian GAAP framework for the first time.</p> <p>However, in this case, the company was newly registered to takeover existing business of erstwhile Ordnance Factories which were operating under Ministry of Defence. The transferor and transferee were distinct legal entities.</p> <p>Since the company was newly registered, there was no carrying value of the assets for the company and whatever price was agreed to between the company and Ministry of Defence was considered as cost of the assets for the company. For determination of agreed prices of the assets taken over, valuation of all the</p>	Nil

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	<p>adopted by the company may be stated.</p>	<p>assets and liabilities was carried out by external valuers and same was adopted as cost price for the company.</p> <p>Share capital was issued by the company as consideration for net assets acquired by it on the basis of agreed price of the assets and liabilities taken over.</p> <p>Therefore, issue of share capital on the basis of market value does not contravene Paragraph D7AA of the Ind AS 101.</p>	
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For DMA & Associates
Chartered Accountants
FRN: 010129C



CA. Deepak Kumar Ghanshani
(Partner)
M No.: 078742
UDIN : 24078742BKCRSX7650

Place: Dehradun
Date: 23/08/2024

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Annexure C to the Independent Auditor's report

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

Report on Internal Financial Controls with reference to Standalone IndAS Financial Statements under Clause (i) of sub-section 3 of section 143 of The Companies Act, 2013 ("The Act")

We have audited the internal financial controls with reference to the Standalone IndAS Financial Statements of India Optel Limited ("the Company") as of March 31, 2024 in conjunction with our audit of the financial statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls with reference to Financial Statements 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 Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Standalone IndAS 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") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to Standalone IndAS Financial Statements. 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 internal financial controls with reference to Standalone IndAS 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 internal financial controls with reference to Standalone IndAS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Standalone IndAS financial statements included obtaining an understanding of internal financial controls with reference to Standalone IndAS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control

8 - A, Bengali Mohalla, Karanpur, Dehradun, Uttarakhand - 248001
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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 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 with reference to Standalone IndAS financial statements.

Meaning of Internal Financial Controls

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

In our opinion, the Company does not have adequate internal financial controls with reference to Standalone IndAS financial statements for the year ended March 31, 2024, based on the criteria for internal financial control with reference to Standalone IndAS Financial Statements 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 issued by the ICAI.

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

a. **Absent or inadequate Controls on significant accounting process –**

It was observed that adequate controls over creation & modification of accounting data maintained on Tally Software are not present. No systems has been designed for approval of accounting entries being made into the system. Neither there is any list of approved documents required for authorizing

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accounting entries into the accounting systems. Similarly, no process is detailed for making any modifications / alterations in the already recorded accounting transactions. It is possible to change the accounting data as many times as required without any approval from the management and without creation of any audit trail of recording or modifications in the recorded transactions.

The accounting process of the company has been outsourced to external consultants and very often accounting data is completed with a considerable amount of lag. Therefore, updated accounting ledgers of the creditors are generally not available to the management at the time of processing payments to its suppliers. This sometimes results into excess payments to the suppliers as "C&V Department" is generally not conversant with the statutory deductions like Income Tax TDS and GST TDS to be made from the suppliers' payments. Also, recoveries debited into suppliers account in respect of old adjustments are never recovered from current payments being made to them.

The board had authorised four of its General Managers / HODs as signatories to the bank accounts in the name of the company, however these officials delegated this important authority and related responsibilities to their junior officers without consent of the board. At the time of signing of this report all the bank accounts of the company were being operated by officers who were not authorised by the board. The same was ratified post facto by the Board of Directors.

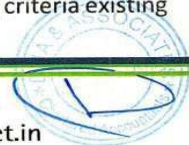
- b. **Inadequate documentation of the components of internal control** - It has been observed that the company does not have any practice of maintaining vouchers for the bills recorded in Tally software due to which it is not possible to trace whether a particular transaction has been recorded in tally or not.
- c. **Inadequate design of internal control over the preparation of the financial statements being audited** - The company has not maintained proper reconciliations of all the statutory dues such as income tax dues such as TDS and goods and service tax liability on month-on month basis with the PPC server.

The company does not reconcile the party balances (including branch offices) outstanding at year end with the PPC server to ensure that all the transactions are recorded in the head of respective parties and discrepancies, if any, can be corrected on timely basis. This has resulted into mismatching of party balances with their external confirmations due to lapse of recording of components of these bills.

- d. **Absent or inadequate controls over the safeguarding of assets** - The company does not have proper exhaustive records of all the items of Property, Plant and Equipment. There does not exist a proper control for conducting physical verification of these items showing substantive evidence-based process of physical verification, due to which the completeness and accuracy of the FAR cannot be vouched for.

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

In our opinion, except for the effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2024, based on "the internal control over financial reporting criteria existing



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Dehradun - New Delhi - Kanpur - Saharanpur



in the Company and updated during the period of our audit, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

For DMA & Associates
Chartered Accountants

FRN: 010129



CA. Deepak Kumar Ghanshani
(Partner)

M No.: 078742

UDIN : 24078742BKCRSX7650

Place: Dehradun

Date: 23/08/2024

INDIA OPTEL LIMITED
Raipur, Dehradun
CIN : U31909UR2021GOI012802
BALANCE SHEET AS AT 31ST MARCH, 2024

(Rs. in Lakhs)

Particular	Note No.	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
A ASSETS				
1 Non-Current Assets				
(a) Property, Plant & Equipment	2	765,347.19	765,228.20	518,889.23
(b) Capital work-in-progress	3	4,022.90	4.58	-
(c) Investment Property				
(d) Goodwill				
(e) Other Intangible assets	4	75.61	15.21	-
(f) Intangible assets under development	3(A)	2,445.90	605.49	123.53
(g) Biological Assets other than bearer plants				
(h) Financial Assets				
(i) Investments				
(ii) Trade receivables				
(iii) Loans				
(iv) Other financial assets	5	1,539.24	936.06	406.00
(i) Deferred Tax Assets (net)				
(j) Other Non-Current Assets	6	183.43	161.23	-
2 Current Assets				
(a) Inventories	7	66,215.12	48,110.10	36,011.37
(b) Financial Assets				
(i) Investments				
(ii) Trade receivables	8	67,087.77	45,045.13	16,353.54
(iii) Cash and Cash equivalents	9	8,472.56	25,125.44	35,925.91
(iv) Bank balances other than (iii) above	9(A)	153,336.42	98,168.30	-
(v) Loans				
(vi) Others	10	95.37	119.75	-
(c) Current Tax Assets (Net)				
(d) Other Current Assets	11	14,363.09	7,773.67	2,611.38
TOTAL ASSETS		1,083,184.61	991,293.16	610,320.96
B EQUITY AND LIABILITIES				
1 Equity				
(a) Equity Share capital	12	590,561.06	577,647.06	1.00
(b) Other Equity	13	302,133.52	291,144.84	581,177.97
2 Liabilities				
Non-Current Liabilities				
(a) Financial Liabilities				
(i) Borrowings				
(ii) Lease liabilities				
(iii) Trade Payables:-				
(A) Total outstanding of micro and small enterprises; and				
(B) Total outstanding of other than micro and small enterprises.				
(iv) Other financial liabilities				37.07
(b) Provisions	14	2,815.00	2,142.00	-
(c) Deferred tax liabilities (Net)	15	1,585.16	1,349.13	926.76
(d) Other non-current liabilities				
Current Liabilities:				
(a) Financial Liabilities				
(i) Borrowings	16	34,525.75	-	-
(ii) Lease liabilities				
(iii) Trade Payables:-	17			
(A) Total outstanding of micro and small enterprises; and		3,021.09	2,266.62	950.77
(B) Total outstanding of other than micro and small enterprises.		24,951.87	16,502.47	6,567.45
(iv) Other financial liabilities				
(b) Other current liabilities	18	112,030.23	90,302.98	15,556.50
(c) Provisions	19	11,560.92	9,938.06	5,103.45
(d) Current Tax Liabilities (Net)				
TOTAL EQUITY AND LIABILITIES		1,083,184.61	991,293.16	610,320.96
Material Accounting Policies	1			

The accompanying notes 1 to 29 form an integral part of the Financial Statements
As per our report of even date

For DMA & Associates
Chartered Accountants
FRN: 010129C

(Deepak Kumar Ghanshani)
Partner
M.No. 078742

Place: Dehradun
Date: 26.07.2024

UDIN: 24078742 BK CSR 2618

For and on behalf of the Board of Directors

(Girish Chandra Agnihotri)
Director with Additional charge of CFO
DIN-09282281

(Pooja Sharma)
Company Secretary
M.No. 59457

(Tushar Tripathi)
Director &
Chief Financial Officer
DIN-09657553

INDIA OPTEL LIMITED
Raipur, Dehradun
CIN : U31909UR2021GOI012802
STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2024

(Rs. in Lakhs)

Particular	Note No.	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
I Revenue from Operations	20	137,962.45	107,865.13	56,211.56
II Other Income	21	12,034.04	7,192.46	604.53
III Total Income (I + II)		149,996.49	115,057.60	56,816.09
IV Expenses				
Cost of Materials Consumed	22	80,369.83	49,593.63	26,956.80
Purchases of Stock-in-Trade		-	-	-
Changes in inventories of finished goods, stock-in trade and work-in-progress	23	(1,094.81)	2,850.64	6,041.08
Employee benefits expense	24	24,762.03	24,972.76	12,926.84
Finance costs	25	958.46	-	-
Depreciation and amortisation expense	2	3,074.40	3,156.88	1,524.69
Other expenses	26	9,015.23	6,834.19	1,440.95
Total Expenses (IV)		117,085.15	87,408.09	48,890.36
V Profit / (Loss) before exceptional items and tax (III - IV)		32,911.34	27,649.50	7,925.73
VI Exceptional items		-	-	-
VII Profit / (Loss) before tax (V - VI)		32,911.34	27,649.50	7,925.73
VIII Tax expense:	15			
Current Tax		8,047.09	6,536.45	1,381.22
Current Tax (Previous Year)		1,325.53	-	-
Deferred Tax		236.04	422.37	926.76
IX Profit / (Loss) for the period from continuing operations (VII - VIII)		23,302.68	20,690.68	5,617.76
X Profit / (Loss) from Discontinued operations		-	-	-
XI Tax expenses of Discontinued operations		-	-	-
XII Profit/ (Loss) from Discontinued operations (after tax) (X-XI)		-	-	-
XIII Profit/(loss) for the period (IX+XII)		23,302.68	20,690.68	5,617.76
XIV Other Comprehensive Income				
A. (i) Items that will not be reclassified to profit or loss		-	-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-
B. (i) Items that will be reclassified to profit or loss		-	-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-	-
XV Total Comprehensive Income for the period (XIII+XIV)		23,302.68	20,690.68	5,617.76
XVI Earnings per equity share (for continued operation):				
(a) Basic		0.39	0.36	56,177.54
(b) Diluted		0.39	0.35	0.10
XVII Earnings per equity share (for discontinued operation):				
(a) Basic		-	-	-
(b) Diluted		-	-	-
XVIII Earnings per equity share (for continued and discontinued operations):				
(a) Basic		0.39	0.36	56,177.54
(b) Diluted		0.39	0.35	0.10

The accompanying notes 1 to 29 form an integral part of the Financial Statements
As per our report of even date

For DMA & Associates
Chartered Accountants
FRN: 010129C

(Deepak Kumar Ghanshani)
Partner
M.No. 078742

Place: Dehradun
Date: 26.07.2024
UDIN: 24078742BKCRSR2618

For and on behalf of the Board of Directors

(Girish Chandra Agnihotri)
Director with Additional charge of CMD
DIN-09282281

(Pooja Sharma)
Company Secretary
M.No. 59457

(Tushar Tripathi)
Director &
Chief Financial Officer
DIN-09657553



INDIA OPTEL LIMITED
Raipur, Dehradun
CIN : U31909UR2021GOI012802
CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2024

SL No.	Particular	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
A.	INCOME FROM OPERATING ACTIVITIES			
	Net Profit before tax and extraordinary items	32,911.34	27,649.50	7,925.73
	Adjustments for:			
	Add-Depreciation	3,074.40	3,156.88	1,524.69
	Add- Interest paid on WCL	958.46	-	-
	Less: Profit/Loss on sale of Fixed assets	3.11	17.42	-
	Less-Interest on FDRs	7,777.51	5,779.82	143.56
	Operating Profit before Working Capital Changes	29,163.58	25,009.14	9,306.86
	Adjustments for changes in working capital:			
	(Increase)/Decrease in Trade Receivables	(22,042.64)	(28,691.59)	(16,197.57)
	(Increase)/Decrease in Inventories	(18,105.02)	(12,098.73)	11,500.97
	(Increase)/Decrease in Other Current Assets-Financial Asset	24.38	(119.75)	-
	(Increase)/Decrease in Other Current Assets	(6,589.42)	(5,162.29)	3,403.99
	Increase/(Decrease) in Other Non Current Assets	(22.20)	(161.23)	-
	Increase/(Decrease) in Borrowings	34,525.75	-	-
	Increase/(Decrease) in Trade Payables	9,203.87	11,436.33	4,951.57
	Increase/(Decrease) in Other Current Liabilities	21,727.25	74,746.48	10,783.40
	Increase/(Decrease) in Short-Term Provisions	1,622.86	4,649.15	5,103.45
	Increase/(Decrease) in Other Non Current Provision	673.00	2,142.00	-
	Less: Provision for Tax	9,372.62	6,536.45	1,381.22
	Net Cash From/used in Operating Activities (A)	40,808.79	65,213.06	27,471.46
B.	INCOME FROM INVESTING ACTIVITIES			
	Purchase of Fixed Assets	(3,230.43)	(1,234.78)	(125.72)
	Increase in Intangible assets under development	(1,840.41)	(481.96)	(123.53)
	Increase in Capital Work in Progress	(4,018.33)	-	-
	Increase in Intangible Assets	(35.13)	-	-
	Purchase of Software	(31.39)	(18.00)	-
	Profit/Loss on Sale of Fixed Assets	3.11	17.42	-
	Sale/Disposal of Fixed Assets	43.14	74.28	-
	Interest on FDR	7,777.51	5,779.82	143.56
	Net Cash From/used in Investing Activities (B)	(1,331.92)	4,136.77	(105.69)
C.	INCOME FROM FINANCING ACTIVITIES			
	Proceeds from Issue of Shares	600.00	-	-
	Interest paid on Bank Borrowings	(958.46)	-	-
	Allotment Equity Shares	-	5,803.00	1.00
	Increase in Other Non-current Liability-Financial Liabilities	-	(37.07)	37.07
	Increase in Other Non-current Assets-Financial Assets	(603.18)	(530.06)	(406.00)
	Share Application money pending for Allotment	-	-	8,928.07
	Share Application Money received	-	12,782.15	-
	Net Cash From/used in Financing Activities (C)	(961.64)	18,018.01	8,560.14
	Net Increase/ - Decrease in Cash & Cash Equivalents and Bank Balances (A + B + C)	38,515.23	87,367.84	35,925.91
	Cash & Cash Equivalents and Bank Balance at the beginning of the year	123,293.75	35,925.91	-
	Cash & Cash Equivalents and Bank Balance at end of the year	161,808.98	123,293.75	35,925.91

The accompanying notes 1 to 29 form an integral part of the Financial Statements

As per our report of even date

For DMA & Associates

Chartered Accountants

FRN: 010129C

(Deepak Kumar Ghanshani)

Partner

M.No. 078742

Place: Dehradun

Date: 26.07.2024

UDIN: 24078742 BKCRSR 2618

For and on behalf of the Board of Directors

(Girish Chandra Agnihotri)

Director with Additional Charge of CMD

DIN-09282281

(Pooja Sharma)

Company Secretary

M.No. 59457

(Tushar Tripathi)

Director &

Chief Financial Officer

DIN-09657553

INDIA OPTEL LIMITED
RAIPUR, DEHRADUN
CIN: U31909UR2021GOI012802

STATEMENT OF CHANGE IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2024

A: Equity Share Capital

Particulars	No. of Shares	Amount (Rs. in Lakhs)
Balance as at 01st April, 2023	5,776,460,600.00	577,647.06
Authorised Capital		
Equity Shares of Rs. 10/- each fully paid	6,500,000,000.00	650,000.00
Share issued during the year:		
Issued, Subscribed and Paid up Capital		
Equity Shares of Rs. 10/- each fully paid	129,140,000.00	12,914.00
Balance as at 31st March, 2024	5,905,600,600.00	590,561.06
Balance as at April, 2022	10,000	1.00
Authorised Capital		
Equity Shares of Rs. 10/- each fully paid	6,500,000,000.00	650,000.00
Issued, Subscribed and Paid up Capital		
Equity Shares of Rs. 10/- each fully paid	5,776,460,600.00	577,646.06
Balance as at 31st March, 2023	5,776,460,600.00	577,647.06
Balance as at April, 2021	-	-
Authorised Capital		
Equity Shares of Rs. 10/- each fully paid	5,500,000,000.00	550,000.00
Issued, Subscribed and Paid up Capital		
Equity Shares of Rs. 10/- each fully paid	10,000.00	1.00
Balance as at 31st March, 2022	10,000.00	1.00

The accompanying notes 1 to 29 form an integral part of the Financial Statements

As per our report of even date

For DMA & Associates

Chartered Accountants

FRN: 010129C

(Deepak Kumar Ghanshani)

Partner

M.No. 078742

Place: Dehradun

Date: 26.07.2024

UDIN: 24078742 BKCR SR 2618

For and on behalf of the Board of Directors

(Girish Chandra Agnihotri)

Director with Additional charge of CMD

DIN-09282281

(Pooja Sharma)

Company Secretary

M.No. 59457

(Tushar Tripathi)

Director & Chief Financial Officer

DIN-09657553



INDIA OPTEL LIMITED
Raipur, Dehradun

CIN: U31909UR2021GOI012802

STATEMENT OF CHANGE IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2024

B: Other Equity
Balance as at 31.03.2024

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Other Reserves for issuance of shares to GOI	Exchange differences on translating the financial statements of a foreign operation	Gain/(Loss) on Revaluation of PPE (Other Comprehensive Income)	Total
			Capital Total Reserve	Securities Premium	Retained Earnings						
Balance at the beginning of the current reporting period	12,314.00	-	-	-	26,308.43	-	-	4,185.29	-	248,337.12	291,144.84
Reserve Created for Shares to be issued due to Corporatization	-	-	-	-	-	-	-	-	-	-	-
Reserve Created for created due to Revaluation of PPE	-	-	-	-	-	-	-	-	-	-	-
Consideration payable for Equity Shares	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	-	-	-	-	-	-	-	-	-
Share Application Money	600.00	-	-	-	23,302.68	-	-	-	-	-	23,302.68
Allotment of Equity Shares to GOI	-12,914.00	-	-	-	-	-	-	-	-	-	600.00
Difference of depreciation between Cost model and Revaluation Model transferred to Revaluation Surplus	-	-	-	-	293.07	-	-	-	-	-293.07	-12,914.00
Balance at the end of the current reporting period	-	-	-	-	49,904.18	-	-	4,185.29	-	248,044.05	302,133.52
Figure for 2022-23 (Restated)	12,314.00	-	-	-	26,308.43	-	-	4,185.29	-	248,337.12	291,144.84
Figure for 2021-22 (Restated)	8,870.00	-	-	-	5,617.76	-	-	566,690.21	-	-	581,177.97

Balance as at 31.03.2023 (Restated)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Other Reserves for issuance of shares to GOI	Exchange differences on translating the financial statements of a foreign operation	Gain/(Loss) on Revaluation of PPE (Other Comprehensive Income)	Total
			Capital Total Reserve	Securities Premium	Retained Earnings						
Balance at the beginning of the current reporting period	8,870.00	-	-	-	5,617.75	-	-	566,690.21	-	-	581,177.96
Reserve Created for Shares to be issued due to Corporatization	-	-	-	-	-	-	-	468.15	-	-	468.15
Reserve Created for created due to Revaluation of PPE	-	-	-	-	-	-	-	-	-	-	-
Consideration payable for Equity Shares	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income for the current year	-	-	-	-	-	-	-	-	-	-	-
Share Application Money	18,117.00	-	-	-	20,690.68	-	-	-	-	-	20,690.68
Allotment of Equity Shares to GOI	-14,673.00	-	-	-	-	-	-	-562,973.06	-	-	18,117.00
Difference of depreciation between Cost model and Revaluation Model transferred to Revaluation Surplus	-	-	-	-	-	-	-	-	-	-	-577,646.06
Balance at the end of the current reporting period	12,314.00	-	-	-	26,308.43	-	-	4,185.29	-	248,337.12	291,144.84



B(2): Other Equity
Balance as at 31.03.2022 (Restated)

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves and Surplus			Debt Instruments through Other Comprehensive Income	Equity Instruments through Other Comprehensive Income	Other Reserves for issuance of shares to GOI	Exchange differences on translating the financial statements of a foreign operation	Gain/(Loss) on Revaluation of PPE (Other Comprehensive Income)	Total
			Capital Total Reserve	Securities Premium	Retained Earnings						
Balance at the beginning of the current reporting period	-	-	-	-	-	-	-	-	-	-	-
Reserve Created for Shares to be issued due to Corporatization	-	-	-	-	-	-	-	-	-	-	-
Reserve Created for created due to Revaluation of PPE	-	-	-	-	-	-	-	3,717.13	-	-	3,717.13
Consideration payable for Equity Shares	-	-	-	-	-	-	-	562,973.08	-	-	562,973.08
Total Comprehensive Income for the current year	-	-	-	-	5,617.76	-	-	-	-	-	5,617.76
Share Application Money	8,870.00	-	-	-	-	-	-	-	-	-	8,870.00
Allotment of Equity Shares to GOI	-	-	-	-	-	-	-	-	-	-	-
Difference of depreciation between Cost model and Revaluation Model transferred to Revaluation Surplus	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the current reporting period	8,870.00	-	-	-	5,617.76	-	-	566,690.21	-	-	581,177.97

The accompanying notes 1 to 23 form an integral part of the Financial Statements

For and on behalf of the Board of Directors

(Tushar Tripathi)
Director & Chief Financial Officer
DIN-09857553

(Girish Chandra Singhhotri)
Director with Additional charge of CMD
DIN-09282281



(Pooja Sharma)
Company Secretary
M.No. 59457



(Dhanraj Kumar Ghanshani)
Partner
M.No. 078742

Place: Dehradun
Date: 26.07.2024
UDIN: 24078742 BEC4522618

INDIA OPTEL LIMITED
RAIPUR, DEHRADUN
CIN: U31909UR2021GOI012802

Notes forming part of the Financial Statements
Note No. 1: Material Accounting Policies

Corporate Information:

In pursuance to the decision of the Union Cabinet on 16, June, 2021, the Government of India has decided to corporatise the function of 41 production unit (Ordnance Factorise) of Ordnance Factory Board ("OFB"), functioning under Department of Defence Production, Ministry of Defence ("DDP"). Accordingly, the Government of India has decided to transfer, with effect from 1st October, 2021 ("Appointed Date"), the management, control, operations and maintenance of these 41 units to 7 Government companies (wholly owned by the Government of India), collectively known as "New DPSUs".

Considering above the India Optel Limited has been incorporated as Government company (wholly owned by the Government of India) with limited liability by shares under the Companies Act, 2013 on 14th Day of August, 2021 having the registered office located in state of Uttarakhand at Dehradun and is having three manufacturing units, two located in Dehradun (namely OLF & OFD) and one located in Chandigarh (namely OFCD). The units of the company are engaged in manufacture of Fire Control Systems and Sights of Tank T-90, Thermal Imaging Fire Control system of Tank T-72, Sights of Tank T-72, Sights of BMP-II, Cables and Periscopes for armoured Forces, Paramilitary Forces, MHA, Defence Establishments etc.

Material Accounting Policies

1. Basis of Preparation:

The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP), comprises the mandatory Indian Accounting Standards (Ind AS) [as notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], as amended from time to time, to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied. The financial statements present a true and fair view of the entity's financial position, financial performance and cash flows.

2. Use of Estimates:

The preparation of the financial statements in conformity with GAAP requires that the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability and contingent assets as at the date of financial statements and the reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account of all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.



3. Basis of Measurement:

The financial statements have been prepared on a historical cost basis except for the following assets and liabilities which have been mentioned specifically hereafter.

4. Functional and Presentation Currency:

The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company.

5. Revenue Recognition:

A. Revenue from Supplies made to Customers:

The supplies made by the Company are to Armed Forces/Defence Establishments/Para Military Forces/Police etc. and the goods manufactured for the respective customer are subjected to inspection. Thus, once the manufactured goods are inspected and invoice there against is raised, revenue is recognised by the company against supplies made.

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 recognised 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.

Measurement: 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 realised from customer in line with contractual terms. In case where the contracts involve multiple performance obligations, the company allocates the transaction price to each performance obligation on the relative standalone selling price basis.

Bundled Contracts - In case of a Bundled contract, where separate consideration for provision of service or any other separately identifiable component is not stipulated, the Company applies the recognition criteria to separately identifiable components (sale of goods and services, etc.) of the transaction and allocates the revenue to those separate components based on stand-alone selling price.

Multiple Elements - In cases where the provision of service 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 provision of service, etc.) of the transaction and allocates the revenue to those separate components based on their stand-alone selling price.



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.

Significant financing component: Advances received towards provision of supply of goods/ services are not considered for determining significant financing component since the objective is to protect the interest of the contracting parties. In respect of other contracts, the existence of significant financing component is reviewed on a case to case basis.

Sale of scrap: Sale of scrap is recognise at the time of clearance/off take of goods or 30 days from the date of issue of delivery order (excluding the date of issue) by MSTC or within such time as may be prescribed in the delivery order whichever is earlier.

B. Other Income: Recognition of other income is as follows:

- i. **Interest Income:** Interest income is recognised using the effective interest rate method.
- ii. **Rental Income:** Rental income arising from rentals / 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.
- iii. **Other Income:** other income not specifically stated above is recognised on accrual basis.

6. Property, Plant and Equipment, Capital Work-in-Progress:

The company has been entrusted with the three manufacturing units of erstwhile Ordnance Factory Board at fair market value. Therefore, such assets which existed on the date of takeover of the said three manufacturing units, have been considered at fair market value initially and subsequently at FMV less Depreciation as per the schedule II of the Companies Act, 2013 and cumulative impairment losses, if any.

Property, plant and equipment acquired thereafter are initially measured at cost including testing and commissioning charges if any and subsequently at cost less accumulated depreciation and cumulative impairment losses, if any. Cost for this purpose includes all attributable costs for bringing the asset to its location and condition. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met.

The cost of property, plant and equipment not ready for their intended use as at each reporting date is disclosed as capital work-in-progress. Capital work-in-progress (if any) comprises supply-cum-erection contracts; the value of capital supplies received at site and accepted, capital goods in transit and under inspection.

At Revaluation model, the assets are revalued amount substituted for historical costs of fixed assets, the method adopted to compute the revalued amounts as per Independent valuer report, fixed assets are stated at revalued amounts at end of every financial year.



After recognizing an asset, PPE whose fair value could be reliably measured should be carried at the revalued amount, being the fair value at revaluation date and reduced by successively accumulated depreciation and successive accumulated impairment losses (if any).

(a) Revaluations must be made with adequate regularity for ensuring that carrying amount doesn't differ substantially from that which would be determined if fair value at end of the reporting period is used.

(b) In case an item of PPE is revalued, whole class of such PPE to which such asset belongs should be revalued.

(c) In case the carrying amount of an asset increases due to revaluation, such increase should be credited to other comprehensive income and should be accumulated in equity. However, such increase should be recognized in P/L statement to the extent of reversal of a revaluation decrease of similar asset recognized previously in the P/L statement

(d) In case the carrying amount of an asset is decreased due to revaluation, such decrease should be recognized in the P/L statement. However, such decrease should be debited to other comprehensive income to the extent of credit balances available in revaluation surplus with respect to such similar asset

Estimated useful lives of the assets are as follows:

<u>Type of assets</u>	<u>Useful lives</u>
Buildings-RCC Structure	60 years
Buildings-Others	3 to 30 years
Roads etc.	5 years
Plant and Equipment's	15 years
Plant and Equipment's (Computers)	3 years
Plant and Equipment's (Server)	6 years
Furniture and Fixtures	10 years
Office Equipment's	5 years
Office IT Equipment's	5 years
Motor Cars	8 years
Desktop & Laptops	3 years
Server & Networks	6 years

7. Intangible Assets, Intangible Asset under Development:

The intangible assets acquired for use and resulting in significant future economic benefits, is recognised as an Intangible Asset in the books of account when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the reporting date are classified as Intangible Assets under Development. Cost of Developmental work which is completed, wherever eligible, is recognised as an Intangible Asset. Cost of Developmental work under progress, wherever eligible, is classified as Intangible Assets under Development. Intangible Asset under Development includes amount funded by the company to external agencies towards developmental project(s) and expenditure incurred by the company towards material cost, employee cost and other direct expenditure. Intangible assets are initially measured at cost and subsequently at cost less accumulated amortisation and cumulative impairment losses, if any. An intangible asset is derecognised on disposal or when no future economic benefits are expected from their use or disposal.



Gains or losses on derecognition of intangible assets, if any, are recognised in the statement of profit and loss.

8. Depreciation / Amortisation

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. The Company, based on technical assessments, depreciates certain items of building, plant and equipment and other asset classes over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Where cost of a part of the asset is significant to total cost of the asset and estimated useful life of that part is different from the estimated useful life of the remaining asset, estimated useful life of that significant part is determined separately and the significant part depreciated on straight-line basis over its estimated useful life.

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

Intangible assets are amortised over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The residual values, useful lives and amortisation methods, are reviewed at each financial year end and adjusted prospectively, if appropriate.

9. Disposal of Property, Plant and Equipment (if any):

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the property, plant and equipment (calculated as the difference between the net disposal proceeds, if any, and the carrying amount of the property, plant and equipment) is included in the statement of profit and loss when the property, plant and equipment is derecognised.

10. Research and Development Expenditure

(i) Expenditure on Research activity (if any) is recognised as an expense in the period when it is incurred.

(ii) Development expenditure (if any), (other than on specific development - cum sales contracts and Developmental projects initiated at customer's request), is charged off as expenditure when incurred. Developmental expenditure on development - cum - sale contracts and on Developmental projects initiated at customer's request are treated at par with other sales contracts. Development expenditure incurred in respect of Joint development projects which are not fully compensated by the development partner are carried forward where the company is nominated as a production agency and future economic benefits are expected. Developmental projects are reviewed periodically and the




amount carried forward, if any, is charged off in the event of the project being declared closed by the customer / end user without any commitment to place order.

(iii) Expenditure incurred (if any) towards other developmental activity (including joint developmental activity in collaboration with external agencies) where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in Ind AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

(iv) Expenditure incurred (if any) on Developmental projects for participating in No Cost No Commitment (NCNC) trials, are carried forward till conclusion of the trials and will be amortised over the orders to be received. In case customer order is immediately not forthcoming:

- the amount is capitalised if further economic benefit is expected from its use, or
- the amount is charged off in the event of the project being closed by the company.

11: Expenditure on Technical Know-How (if any):

Expenditure incurred on technical know-how (if any) is charged off to Statement of Profit and Loss on incurrence unless it qualifies for recognition as an Intangible Asset either separately on its own or in combination with other assets / expenses.

12. Investment Property (if any):

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

13. Impairment of Non-Financial Assets (if any):

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.

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 in determining fair value less costs of disposal.

14. Leases

Company as a Lessee:-

Contracts with third party (if any), 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 terms leases and Leases 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 and presented as part of property, plant and equipment. Subsequent measurement of right-of-use asset is made using Cost model. Liability for lease is created for an amount equivalent to the present value of outstanding lease payments and presented as Borrowing. 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

Company as a lessor:

Leases are classified as operating lease or a finance lease based on the recognition criteria specified in Ind AS 116 - Leases.

a) Finance Lease (if any):

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 recognised 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.

b) Operating lease (if any):

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.

15. Borrowing Costs (if any):

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to general borrowings outstanding, other than specific borrowings.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of



funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

16. Government Grants (if any):

Grants from Government are measured at fair value and initially recognised as Deferred Income. The amount lying in Deferred Income on account of acquisition of Fixed Asset is transferred to the credit of Statement of Profit and Loss in proportion to the depreciation charged on the respective assets to the extent attributable to Government Grants utilised for the acquisition. The amount lying in Deferred Income on account of Revenue Expenses is transferred to the credit of Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the government grant received.

17. Investments in Joint Venture and Associates (if any):

The Company accounts for its interests in associates and joint ventures in the separate financial statements at cost.

18. Inventories

All inventories of the Company other than disposable scrap are valued at lower of cost or net realisable value.

Disposable scrap is valued at estimated net realisable value.

Cost of materials is ascertained by using the weighted average cost formula.

Cost of Work - in - progress and finished goods include Materials, Direct Labour and appropriate overheads.

Adequate provision is made for inventory which are more than five years old which may not be required for further use.

19. Income Taxes: Income tax comprises of current and deferred tax.

(i) Current Income Tax (if any):

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity respectively and not in the statement of profit and loss.

(ii) Deferred Tax (if any):

Deferred tax is provided using the Balance Sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed



at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

20. Provision for Warranties (if any):

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.

21. Foreign currency transactions and translation (if any):

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency by using the closing exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the dates of the initial transactions.

22. Employee Benefits:

(i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short-term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Profit-sharing, incentives and bonuses and (d) Non-monetary benefits such as medical care, subsidised transport, canteen facilities etc., which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

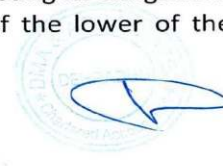
(ii) Further in terms of Office Memorandum No. 1(5)/2023/EGoM/OF/DP(M&P) dated 08.08.2023, all the employees of the units are on deemed deputation for a period up to 30th September'2024. Further as per the said office memorandum the retirement benefits shall be taken care by the Govt of India, therefore, once the employees opt to continue with India Optel Ltd and further course of action with regard to employees is finalised, accounting policy shall be finalised accordingly.

23. Provisions & Contingent Liabilities:

A. Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of profit and loss net of any reimbursement.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the



expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

B. Contingent Liabilities/Assets

Contingent Liabilities/Assets to the extent the Management is aware, are disclosed by way of notes to the financial statements.

24. Cash Flow Statement

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

25. Fair value Measurement (if applicable):

The Company measures financial instruments, such as derivatives and other items (if any) in its financial statements at fair value at each reporting date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

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.

26. Financial Assets

(i) Initial Recognition and Measurement

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

(ii) Subsequent Measurement

For purposes of subsequent measurement, financial assets (if any) are classified in four categories:

- Debt instruments measured at amortised cost



- Debt instruments measured at fair value through other comprehensive income (FVTOCI),
- Debt instruments, derivatives and equity instruments measured at fair value through profit or loss (FVTPL),
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

(iii) Derecognition

A financial asset or part of a financial asset is derecognised when the rights to receive cash flows from the asset have expired.

(iv) Trade and Other Receivables

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

27. Forward Contracts (if any):

The Company uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

28. Embedded Derivative (if any):

The embedded derivative, if required, is separated from host contract and measured at fair value.

29. Cash and Cash Equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

Bank overdrafts, if any, are classified as borrowings under current liabilities in the balance sheet.

30. Impairment of Financial Assets (if any):

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. Impairment loss allowance (or reversal) is recognised as expense / income in the statement of profit and loss.

31. Financial Liabilities

(i) Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, at fair value through profit or loss as loans, borrowings, payables, or derivatives, as appropriate. Loans, borrowings and payables, etc. (if any) are stated net of transaction costs that are directly attributable to them.

(ii) Subsequent Measurement: 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 designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined in Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

(iii) Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method (EIR). Gains and losses are recognised as profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) Trade and Other Payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

32. Reclassification of Financial Instruments (if any):

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. If the Company reclassifies financial assets, it applies the reclassification prospectively.

33. Offsetting of Financial Instruments (if any):

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.

34. Cash Dividend and Non-Cash distribution to Equity Holders:

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

35. Errors and Estimates:

The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements or on account of Government Orders/ Policies applicable to the Company from time to time. Changes in accounting policies are applied retrospectively, unless it is impracticable to apply. A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to statement of profit and loss is applied prospectively in the period(s) of change. Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

36. Earnings Per Share:

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

37. Events after the Reporting Period (if any):

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 authorisation 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.

38. Operating Segments:

As the Company is engaged in defence production, exemption was granted from applicability of Accounting standard on Segment reporting under Sec 129 of Companies Act 2013 vide Notification G.S.R. 802(E) dated 23rd February 2018 of Ministry of Corporate Affairs.



39. Current versus non-current classification.

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is: -

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- held primarily for the purpose of trading, - expected to be realised 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 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 is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

As per our report of even date.

For DMA & Associates
Chartered Accountants
FRN-010129C



Deepak Kumar Ghanshani
Partner
M.No.078742

Place : Dehradun
Date : 26.07.2024

For and on behalf of the Board of Directors



(Girish Chandra Agnihotri)
Director with Additional charge of
CMD
DIN-09282281



(Tushar Tripathi)
Director &
Chief Financial Officer
DIN-09657553



(Pooja Sharma)
Company Secretary
M.No. 59457



INDIA OPTEL LIMITED
Raipur, Dehradun
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Notes forming part of the Financial Statements
Note No. 2: Property, Plant & Equipment

Particulars	Gross Block				Depreciation		Net Block	
	As at 01st April, 2023	New Assets purchased during the year 2023-24	Assets Disposed Off	Reclassification of Assets during the year	As at 31st March, 2024	As at 01st April, 2023	As at 31st March, 2024	As at 31st March, 2023
Land	7,25,551.50	-	-	-	7,25,551.50	-	7,25,551.50	7,25,551.50
Buildings	21,858.70	66.05	-1.98	-	21,922.77	697.24	20,773.34	21,161.46
Roads	2,292.20	237.75	-	-	2,529.95	464.06	1,729.73	1,828.14
Plant and Equipments	18,924.65	2,669.09	-36.67	-22.44	21,557.06	3,229.22	16,330.85	15,695.43
Furniture and Fixtures	475.58	58.46	-	-	534.04	175.76	294.52	299.82
Vehicles	356.85	9.72	-4.46	-	362.12	117.74	174.00	239.12
Office Equipments	306.95	79.21	-0.04	10.77	386.13	121.41	173.36	185.55
Desktop & Laptops	195.24	103.80	-	11.67	299.03	48.82	235.74	146.42
Server & Networks	225.73	6.34	-	-	232.07	104.96	85.64	120.77
Total	7,70,187.40	3,230.43	-43.14	-	7,73,374.68	4,959.20	8,027.49	7,55,228.20

Note No. 2A: Property, Plant & Equipment-Cost Model

Particulars	Gross Block				Depreciation		Net Block	
	As at 01st April, 2023	New Assets purchased during the year 2023-24	Assets Disposed Off/Transfer Assets	Reclassification of Assets during the year	As at 31st March, 2024	As at 01st April, 2023	As at 31st March, 2024	As at 31st March, 2023
Land	4,78,040.29	-	-	-	4,78,040.29	-	4,78,040.29	4,78,040.29
Buildings	21,503.80	66.05	-5.49	-	21,564.36	675.56	20,450.86	20,828.24
Roads	2,103.26	237.75	-	-	2,341.01	425.24	1,623.12	1,678.02
Plant and Equipment	18,728.30	2,669.09	-7.21	-22.44	21,367.74	3,169.96	16,371.96	15,558.34
Furniture and Fixtures	360.82	58.46	-	-	419.28	133.18	223.52	227.65
Vehicles	291.10	9.72	-2.10	-	298.73	96.11	142.85	195.00
Office equipment	214.00	79.21	-0.04	10.77	303.94	76.77	189.12	137.22
Desktop & Laptop	177.96	103.80	-	11.67	293.43	40.29	241.05	137.67
Server & Networks	150.30	6.34	-	-	156.64	61.66	63.40	88.64
Total	5,21,569.85	3,230.43	-14.84	-	5,24,785.43	4,678.77	5,17,331.44	5,16,891.08

Relevant Disclosures to IND AS 16

- The company has adopted policy for measurement of assets on revaluation model as on 31.03.2023
- The assets have been measured on the basis of revaluation model as on 31.03.2023 by independent registered valuer. Gain on revaluation of assets is recognised in Other Comprehensive Income in Reserve & Surplus as per IND AS-16.
- The depreciation has been applied as per straight line method based on useful life of the assets as per Companies Act' 2013.
- There are no restrictions on the use of any of the property, plant & equipment. Further, no items as appearing under property, plant & equipment are pledged as security with any bank/financial institutions.
- In absence of any construction of property, plant & equipment, no amount of expenditure has been capitalised during the period.
- In case of certain assets, which pertain prior to corporatisation but date of purchase was not available for determining useful life as per the companies act,2013, depreciation was charged on the basis of estimated remaining useful life provided by the independent valuer.
- The mutation of the land in favour of the Company is under process.
- The assets have been measured on the basis of revaluation as on 31.03.2023 however gross carrying value of the assets was not adjusted in accordance with Para 35 of Ind AS 16 i.e. gross carrying value is adjusted in a manner that is consistent with revaluation of the carrying amount of the asset. Therefore in compliance of Para 35, the gross carrying value and accumulated depreciation is restated proportionately to the percentage of the surplus to carrying value due to revaluation model adopted.



9. The company has a capital commitment for Rs. 743.00 Lakhs for the construction of office at New Delhi.
10. The effect of difference in depreciation charged as per cost model and depreciation charged as per revaluation model has not made in the FY 2022-23 in accordance with Para 41 of Ind AS 16 therefore the correct treatment given in current financial year through restatement of previous year figures. The effect of such difference was appropriately transfer from revaluation surplus to retained earning in other equity.

11. Properties not held in name of company

Relevant Line item in the Balance sheet	Description of item of property	Gross Carrying Value (As per Revaluation Model)	Area of land in acre	Title Deeds held in the name of	Whether Title Deeds holder is promoter, director or a relative of promoter/director or employee	Property held since which date	Reason for not being held in the name of company
Land	Plot No. 183, Industrial Area, Phase-I, Chandigarh	1,21,191.77	40.00	Ministry of Defence	No	01-10-2021	Transferred From Gov of India to Newly Formed DPSU -IOL. The Conveyance of the Title Deeds in favour of the company is under Process
Land	Sector-29	7,195.92	2.00	Ministry of Defence	No	01-10-2021	Do-----
Land	Sector-29 A	33,029.29	9.18	DGOF	No	01-10-2021	Do-----
Land	Sector-29	29,927.85	8.32	DGOF	No	01-10-2021	Do-----
	Sub-Total (A)	1,91,344.83	59.50		No	01-10-2021	Do-----
Land	East of River Dhulani	3,18,824.99	291.80	Ordnance Factory, Dehradun	No	01-10-2021	Do-----
Land	East of River Dhulani	1,081.73	0.99	Ordnance Factory, Dehradun	No	01-10-2021	Do-----
Land	Pumping Station & Reservoir	11,746.01	10.75	Ordnance Factory, Dehradun	No	01-10-2021	Do-----
Land	West of River Dhulani	74,169.23	67.88	Ordnance Factory, Dehradun	No	01-10-2021	Do-----
Land		1,01,452.76	92.85	Ordnance Factory, Dehradun	No	01-10-2021	Do-----
Land	Saddle over Hill	4,829.52	4.42	Ordnance Factory, Dehradun	No	01-10-2021	Do-----
Land	Addl. Land acquired in Raipur	21,896.75	20.04	Ordnance Factory, Dehradun	No	01-10-2021	Do-----
Land	Mussoorie Holiday Home, Mussoorie	205.68	0.19	The President of India	No	01-10-2021	Do-----
	Sub Total B	5,34,206.66	488.92		No	01-10-2021	
	Total Land (A+B)	7,25,551.50	548.42				
Building	OFD	12,625.54	1,65,512 Sq. Mtr	As per the land Title	No	01-10-2021	Do-----
Building	OLF	7,729.40	1,02,446 Sq. Mtr.	Do-----	No	01-10-2021	Do-----
Building	OFCD	1,567.83	31,599 Sq. Mtr.	Do-----	No	01-10-2021	Do-----
	Total Building	21,922.77					



INDIA OPTEL LIMITED
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Note No. 2A: Property, Plant & Equipment-Cost Model

Particulars	Gross Block			Depreciation		Net Block	
	As at 01st April, 2022	Addition during the year	Adjustment during the year	As at 01st April, 2022	During the year 2023	As at 31st March, 2023 (Cost Model)	As at 31st March, 2022
Land	4,78,040.29	-	-	-	-	4,78,040.29	4,78,040.29
Buildings	21,539.25	-	-35.45	238.09	437.47	20,828.24	21,301.16
Roads	2,103.26	-	-	141.75	283.49	1,678.02	1,961.52
Plant and Equipment	17,572.83	1,204.40	-36.86	978.33	2,191.63	15,558.34	16,594.50
Furniture and Fixtures	359.00	1.83	-	44.36	88.82	227.65	314.64
Vehicles	291.10	-	-	32.80	63.31	195.00	258.30
Office equipment	186.11	15.90	-0.09	28.67	48.10	137.22	157.44
Desktop & Laptop	175.16	4.69	-1.88	32.00	8.29	137.67	143.16
Server & Networks	146.91	3.39	-	28.69	32.97	88.64	118.22
Total	5,20,413.92	1,230.20	(74.28)	1,524.69	3,154.08	5,16,891.08	5,18,889.23



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Notes forming part of the Financial Statements
Note No. 2: Property, Plant & Equipment

Particulars	Gross Block			Depreciation			Net Block	
	As at 01st October, 2021	Addition during the year	Reclassification of Assets	As at 31st March 2022	As at 01st October, 2021	During the year	As at 31st March 2022	As at 31st March, 2021
Land	-	4,78,040.29	-	4,78,040.29	-	-	4,78,040.29	-
Buildings	-	21,539.25	-	21,539.25	-	238.09	21,301.16	-
Roads	-	2,103.26	-	2,103.26	-	141.75	1,961.52	-
Plant and Machinery	-	17,573.19	-0.36	17,572.83	-	978.33	16,594.50	-
Furniture and Fixtures	-	359.00	-	359.00	-	44.36	314.64	-
Vehicles	-	291.10	-	291.10	-	32.80	258.30	-
Office equipment	-	187.13	-1.02	186.11	-	28.67	157.44	-
Desktop & Laptops	-	173.77	1.39	175.16	-	32.00	143.16	-
Server & Networks	-	146.91	-	146.91	-	28.69	118.22	-
Total	-	5,20,413.92	-	5,20,413.92	-	1,524.69	5,18,889.23	-



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Notes forming part of the Financial Statements
Note No. 2: Property, Plant & Equipment-Revaluation Model

Particulars	Gross Block				Depreciation			Net Block	
	As at 01st April, 2022	Addition during the year	Adjustment during the year	Adjustment due to Revaluation of Assets	As at 31st March, 2023	As at 01st April, 2022	During the year	Adjustment due to Revaluation of Assets	As at 31st March, 2023
Land	4,78,040.29	-	-	2,47,511.20	7,25,551.50	-	-	-	7,25,551.50
Buildings	21,539.25	-	(35.45)	354.90	21,858.70	238.09	437.47	21.68	21,161.46
Roads	2,103.26	-	-	188.94	2,292.20	141.75	283.49	38.82	1,828.14
Plant and Equipment	17,572.83	1,204.40	(36.86)	184.27	18,924.65	978.33	2,191.63	59.26	15,695.43
Furniture and Fixtures	359.00	1.83	-	114.76	475.58	44.36	88.82	42.59	299.82
Vehicles	291.10	-	-	65.75	356.85	32.80	63.31	21.63	239.12
Office equipment	186.11	15.90	(0.09)	105.03	306.95	28.67	48.10	44.63	185.55
Desktop & Laptop	175.16	4.69	(1.88)	17.27	195.24	32.00	8.29	8.53	146.42
Server & Networks	146.91	3.39	-	75.42	225.73	28.69	32.97	43.30	120.77
Total	5,20,413.92	1,230.20	(74.28)	2,48,617.55	7,70,187.40	1,524.69	3,154.08	280.43	7,65,228.20
									5,18,889.23



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Notes forming part of the Financial Statements

Note No. 3: Capital Work in Progress & Intangible Assets Under Development

(Rs. in Lakhs)

Particulars	At the beginning of the year	Addition during the year	Adjustment during the year	Capitalisation during the year	At the end of the year
Capital Work In Progress					
Plants & Equipments	4.58	2,308.86	-	5.60	2,307.83
Building & Other Civil Works	-	1,715.07	-	-	1,715.07
Water Supply, Sewerage & Drainage	-	-	-	-	-
Roads, Bridges & Culverts	-	-	-	-	-
Total	4.58	4,023.93	-	5.60	4,022.90
Figure for 2022-23 (Restated)	-	4.58	-	-	4.58
Figure for 2021-22 (Restated)	-	-	-	-	-
3(A): Intangible Assets Under Development					
- Intangible Assets Under Development	605.49	1,840.41	-	-	2,445.90
Total	605.49	1,840.41	-	-	2,445.90
Figure for 2022-23 (Restated)	123.53	481.96	-	-	605.49
Figure for 2021-22 (Restated)	-	123.53	-	-	123.53

For Capital-work-in progress and For Intangible assets under development, following ageing schedule shall be given:

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Capital Work in Progress					
Projects in progress	4,022.90	-	-	-	4,022.90
Projects temporarily suspended					
Intangible assets under development					
Projects in progress	1,840.41	605.49	-	-	2,445.90
Projects temporarily suspended					

Note

- OFCD has undertaken research and development activity with regard to development of "thermal imaging sight of 7.62 mm to Medium Machine Gun." The total expenditure incurred during financial year 2023-24 has been considered under the head intangible assets under development. Once the R&D activity is complete and the end result is positive, the expenditure incurred shall be capitalised and written off accordingly. In case the end result is negative, the entire expenditure incurred shall be expensed off in the year in which the final call is taken by the management in this regard.
- OLF has undertaken research and development activity with regard to development of Night Vision Sights. The total expenditure incurred during the period financial year 2023-24 has been considered under the head intangible assets under development. Once the R&D activity is complete and the end result is positive, the expenditure incurred shall be capitalised and written off accordingly. In case the end result is negative, the entire expenditure incurred shall be expensed off in the year in which the final call is taken by the management in this regard.
- OFD has undertaken research and development activity with regard to development of **Night Vision Sights, Thermal Imager sights, Optical Quadrant, Periscope Battery Command, Zoom Telescope & Parameters Monocular**. The total expenditure incurred during the period financial year 2023-24 has been considered under the head intangible assets under development. Once the R&D activity is complete and the end result is positive, the expenditure incurred shall be capitalised and written off accordingly. In case the end result is negative, the entire expenditure incurred shall be expensed off in the year in which the final call is taken by the management in this regard.



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Notes forming part of the Financial Statements
Note No.4: Other Intangible Assets

Particulars	Gross Block			Amortisation		Net Block	
	As at 01st April, 2023	Addition during the year	Sales/Adjustment during the year	As at 31st March, 2024	As at 01st April, 2023	Dep as on 31st March, 2024	As at 31st March, 2023
Anslys Zemax Optics Software	18.00	-	-	18.00	2.79	8.79	15.21
Software for R&D	-	31.39	-	31.39	-	0.11	-
Intangible Assets (R&D)	-	35.13	-	35.13	-	-	-
Total	18.00	66.52	-	84.52	2.79	8.91	15.21
Figure for 2022-23 (Restated)	18.00	-	-	18.00	2.79	8.79	15.21
Figure for 2021-22 (Restated)	-	-	-	-	-	-	-

Note:

In the FY 2023-24, two projects namely "5X Telesight atags (project no OFD/R&D/039" & "Day sight telescope for assault rifle (project no OFD/R&D/061" have been successfully completed on 07/02/2024 & 18/01/2024 respectively, the cost incurred in these projects being Rs. 12,71,324/- & Rs. 22,41,505/- respectively. These amounts have been capitalized as Intangible Assets. Since these two projects have completed near end of the year, management could not estimate the useful life at the end of the reporting period.



INDIA OPTEL LIMITED
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Notes forming part of the Financial Statements

Note No. 5: Non Current Financial Assets

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Accrued Interest of FDR	45.17	31.38	6.00
APBG A/c No. - 41974860485	795.77	-	-
PWBG A/c No. - 41974859185	187.80	-	-
FDR with Banks	507.97	902.16	400.00
PBG-National Security Guard	2.53	2.53	-
Total	1,539.24	936.06	406.00

Note

1. Bank Deposit is given as a Security for participation by the company in Ministry of Defence
2. Fixed Deposit having maturity period of more than 12 months are classified as Non-Current Financial Assets.



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Notes forming part of the Financial Statements

Note No. 6: Other Non Current Assets

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Electricity Security Deposit	183.43	161.23	-
Total	183.43	161.23	-

Note

Electricity security deposit to Uttarakhand Power Corporation Limited/Chandigarh Department was paid before corporatization of India Optel Limited (IOL) and now the electricity connection transferred in the name of IOL against which fresh equity share to be issued in the name of President of India against security deposit. These deposits are lying with UPCL for more than 12 months.



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Notes forming part of the Financial Statements

Note No. 7: Inventories

	(Rs. in Lakhs)		
Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Raw Material	-	28,349.32	19,222.01
Components	4,190.76	4,595.03	7,669.73
Work-in-progress	10,249.17	6,836.99	7,516.23
Store in Transit	6,860.48	5,450.65	-
Finished Goods	568.75	1,051.68	148.38
Store-in-hand	46,013.66	1,835.39	1,491.25
Less: Inventory Written Off	1,667.71	8.96	36.24
Total	66,215.12	48,110.10	36,011.37

Note

- (a) The company has adopted weighted average rate method for valuation of inventories.
- (b) inventory has been valued at cost or net realizable value whichever is less. However, some of the inventory items are valued at cost because the market rate/realisable values are not available for these inventory items since all these are made for ordered items and an active market for these items actually does not exist.
- (c) There is a charge created on the Stock and Trade Receivables of the Company in favour of State Bank of India and HDFC Bank for Working Capital Demand Loan. The date of Charges creation are 26.02.2024 & 15.03.2024 and the amount of charge created is Rs. 1,100/- Crores.
- (d) Store in hand of OLF and OFD was classified as Raw Materials separately in F.Y. 2022-23 hence the same reclassified now as Store in Hand

Note for Restatement

- Stock in hand as on 31.03.2023 was overvalued by Rs. 4,138.78 Lakhs, therefore inventory have been restated as on 31.03.2023.
- Due to rejection of supplied goods to OFCd in the year 2021-22 & 2022-23, Sales of Rs. 222.91 Lakhs has been reversed and Finished Goods of Rs. 62.65 Lakhs has been restated in OFD.

3. Reconciliation of Restated Figures in F.Y. 2022-23

Closing Balance of Inventory as on 31.03.2023 (Audited)	52,186.23
Less: Raw material restated in OLF due to over booked in last year	-4,138.78
Add: Finished goods in OFD now recorded at NRV against sales reversal with OFCd	62.65
Closing Balance of Inventory as on 31.03.2023 (Restated)	48,110.10



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Notes forming part of the Financial Statements

Note No. 8: Trade Receivables

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Secured, considered good	67,087.77	45,045.13	16,353.54
Unsecured, considered good			
Trade Receivables which have significant increase in Credit Risk;			
Trade Receivables - Credit impaired			
Less: Provision for Credit risk			
Other Trade receivables			
Secured, considered good			
Unsecured, considered good			
Trade Receivables which have significant increase in Credit Risk;			
Trade Receivables - credit impaired			
Less: Provision for Credit risk			
Total	67,087.77	45,045.13	16,353.54

For trade receivables outstanding, following ageing schedule shall be given:

Trade Receivables ageing schedule

(Rs. in Lakhs)

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 Months	6 - 12 Months	1 - 2 Years	2 - 3 Years	More than 3 Years	
(i) Undisputed Trade receivables — considered good	36,927.12	28,345.54	1,502.14	312.96	0.00	67,087.77
(ii) Undisputed Trade Receivables — which have significant increase in credit risk		-				-
(iii) Undisputed Trade Receivables — credit impaired		-				-
(iv) Disputed Trade Receivables—considered good		-				-
(v) Disputed Trade Receivables — which have significant increase in credit risk		-				-
(vi) Disputed Trade Receivables — credit impaired		-				-

Notes

1 Initial Measurement

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that Those assets may be impaired, they are reviewed for impairment.

During the period company has supplied the Goods to Indian Army, Airforce and other Defence Public Sector Undertakings as per the contract conditions of partial advance payments. No any risk of default is envisaged in balance outstanding with any of these entities of Government of India.

2 Related Party Disclosure

Please refer Note No 28(4) of the Notes to accounts

3. Impairment of Asset

In accordance to Ind AS 109, The company applies the expected Credit Loss (ECL) Model for measurement and recognition for impairment loss on financial assets with credit risk exposure.

a. Time barred dues from government/Government companies /Government departments are generally not considered increase of credit risk of such financial asset.

where dues are disputed in legal proceedings provision is made if decision is given against the company even if same is taken up for appeal to higher authorities /courts.

c. Dues outstanding for significant period of time are reviewed and provision is made on case to case basis.

5. Charge over Trade Receivables

There is a charge created on the Stock and Trade Receivables of the Company in favour of State Bank of India and HDFC Bank for Working Capital Demand Loan. The date of Charges creation are 26.02.2024 & 15.03.2024 and the amount of charge created is Rs. 1,100/- Crores.

6. Ageing of Trade Receivables has been done form Transaction Dates



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Notes forming part of the Financial Statements

Note No. 9: Cash & Cash Equivalents

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
SBI Bank A/c-040354178618	7,352.73	142.89	25,511.49
Cash in hand	0.16	1.38	-
Cheques on Hand	-	1.08	-
GM OCF ACCOUNT - GST	-	-	7.59
SBI A/c No. 10304626382 (PF)	-	0.52	-
HDFC Bank A/c No. - 30637	7.09	-	-
Imprest Account	0.25	0.25	-
SBI A/c No. - 10304803089 (Canteen)	0.01	0.40	-
SBI A/c No. - 40465615779	9.35	6.36	-
SBI A/c No. 1269	-	-	-
SBI Bank A/c No. - 2354 (Canteen)	3.19	2.95	-
SBI Bank A/c No. - 8898	123.84	221.17	-
SBI Bank A/c-42505378556	2.98	-	-
SBI MOD A/c	33.27	132.42	-
SBI Sweep A/c	726.65	20,808.07	-
STATE BANK OF INDIA 2343	5.48	3.67	-
SBI A/c No. - 40637060366	70.98	0.12	-
State Bank of India-Current Account	15.33	0.11	-
Balance OFCd Bank	-	-	38.37
UCO Bank A/c No. - 9192	36.30	3,644.61	101.60
UCO Sweep A/c	1.17	156.70	-
Accrued Interest on Autosweep	83.78	2.74	-
Accrued Interest on FDR	-	-	123.22
Fixed Deposits with Bank	-	-	10,143.63
Total	8,472.56	25,125.44	35,925.91

Note 09 (A) Bank Balances other than above

Other than Bank Balances			
Accrued Interest on Autosweep	-	-	-
Accrued Interest on FDR	4,526.60	3,745.67	-
Fixed Deposits with Bank	1,48,809.82	94,422.63	-
Total	1,53,336.42	98,168.30	-

Note:

- Short Deposit under Sweep Account and Interest Accrued thereon has been Classified as Cash and Cash Equivalents.
- Fixed Deposits having maturity period between 3 months to 12 months is classified as Bank balance other than cash and cash equivalents.
- Fixed Deposits in UCO Bank for Rs. 20,506.73 Lakhs is pledged with Bank against Overdraft facility taken from UCO Bank.

Note for Restatement:

- Accrued Interest on Autosweep for Rs. 2.74 Lakhs was classified under Bank Balances other than above, now reclassified under Cash & Cash Equivalents as on 31.03.2023.



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Note No. 10: Current Financial Assets

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Accrued Interest on EMD	0.70	0.02	-
Accrued Interest on FDR	4.95	0.18	-
Performance Bank Guarantee	89.72	5.00	-
Security Deposit with Departments	-	114.55	-
Festival Advances	-	-	-
Total	95.37	119.75	-

Note:

1. Bank Deposit is given as a Security for participation by the company in Ministry of Defence Tender
2. Security deposits having maturity period within 12 months are classified as Other Current Financial Assets



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Notes forming part of the Financial Statements

Note No. 11: Other Current Assets

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Advance for Stores	-	-	567.03
Advance Tax	7,142.00	4,902.85	1,053.00
Advance for Purchases	3,681.99	836.35	39.31
Advance to CPWD	149.03	-	-
Amount Deposited in Court	6.28	6.28	-
Custom Duty	467.86	-	-
Children Education Allowance	-	-	0.41
Foreign Exchange	43.04	232.34	50.71
GST E-Cash Ledger	0.04	0.07	1.10
Income Tax Demand A.Y. 2021-22	0.37	-	-
E-Custom Wallet	1.06	-	-
Electricity Bill Adjustments	-	-	0.05
Employee Fund	-	-	1.51
Licence Fees, Water & Electricity Recove	-	-	0.05
GST Receivable	1,262.89	268.51	73.42
GST Transitional ITC	-	-	30.12
GST TDS Receivable	202.87	7.16	-
PCA Bills Receivable	-	-	0.06
Prepaid Expenses	19.64	2.88	1.22
Prepaid Insurance	-	1.66	1.56
NPS Recoverable	0.05	-	24.64
Security Deposit	-	0.05	-
Self Assessment Tax	96.86	96.86	-
Staff Advances	108.32	66.95	7.67
Recovery from Customer	0.15	-	-
Sums Due from Government	283.33	330.35	735.16
Work in Progress (Training Exp.)	-	-	2.38
TDS & TCS Receivable	897.31	1,021.36	21.98
Total.	14,363.09	7,773.67	2,611.38



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Notes forming part of the Financial Statements
Note No. 12: Equity Share Capital

Particulars	(Rs. in Lakhs)		
	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Authorised Capital 650,00,00,000 Equity Shares of Rs. 10/- each	6,50,000.00	6,50,000.00	5,50,000.00
Issued, Subscribed and Paid up Capital 590,56,10,600 Equity Shares of Rs. 10/- each fully paid 577,64,60,600 Equity Shares of Rs. 10/- each fully paid 10,000 Equity Shares of Rs. 10/- each fully paid	5,90,561.06	5,77,647.06	1.00
Total	5,90,561.06	5,77,647.06	1.00

(A) Reconciliation of the number of Shares outstanding

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Balance as at 01, April	5,77,64,70,600.00	5,94,14,53,535.00	10,000.00
Share issued during the year	12,91,40,000.00	60,00,000.00	8,87,00,000.00
Buy back of Shares during the year			
Bonus issue during the year			
Consideration payable to Govt.-Pending Allotment	-	-	5,66,69,02,073.00
Balance as at 31st March,	5,90,56,10,600.00	5,94,74,53,535.00	5,75,56,12,073.00

(B) Details of shares held by each shareholder holding more than 5% shares

Particulars	As at 31st March 2024		As at 31st March, 2023		As at 01st April, 2022	
	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares	Number of shares held	% holding of equity shares
Government of India	5,90,56,10,600	100%	5,77,64,70,600	100%	10,000	100%



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Notes forming part of the Financial Statements

Note No. 13: Other Equity

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Other Equity			
(A) General Reserve			
-Capital Reserve	-	-	-
(B) Capital Redemption Reserve			
			-
(C) Retained Earnings			
Balance at the beginning of year	26,308.43	5,617.75	5,617.75
Add: Profit/loss for the year	23,302.68	20,690.68	5,617.76
Add: Other Comprehensive Income	293.07		
Less: Transfer to General Reserve			
Balance at the end of year	49,904.18	26,308.43	11,235.51
(D) Revaluation Reserve	2,48,044.05	2,48,337.12	-
(D) Share Application Money Pending Allotment	-	12,314.00	8,870.00
(E) Consideration Payable to Government -Pending Allotment	4,185.29	4,185.29	5,66,690.21
Total	3,02,133.52	2,91,144.84	5,86,795.72

Note

The company has a revaluation surplus for Rs. 2,48,044.05 Lakhs which is not available for distribution to shareholders as per section 123 of Companies Act. 2013.

Note for Restatement

Profit for the year F.Y. 2022-23 (Audited)	23,638.95
Add: Increase in inventories of finished goods, stock-in trade and work-in-progress due to rejection of supplied made by OFD to OFCD for the FY 2023-24 hence the same was added in finished goods Inventory	62.65
Less: Increase in Cost of Materials Consumed	4,002.51
Add: Decrease in tax expense	991.59
Profit for the year F.Y. 2022-23 (restated)	20,690.68



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Notes forming part of the Financial Statements
Note No. 14: Provision (Non Current Liabilities)

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Provision for Warranty	2,815.00	2,142.00	-
Total	2,815.00	2,142.00	-

Note:

Provision for warranty has been estimated at the rate 2% on value of issue in FY 2023-24 which is as per the industry norms.



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Notes forming part of the Financial Statements

Note No. 15: Deferred Tax Assets / Liabilities

(Rs. in Lakhs)

Particulars	As at 31 March, 2024		As at 31 March, 2023 (Restated)		As at 01st April, 2022 (Restated)
Deferred Tax Assets -(A)	-	-	-	-	-
Deferred Tax Liabilities:	-	-	-	-	-
Opening Balance	-	1,349.13	-	926.76	-
Total reversible timing difference in books maintained as per Companies Act, 2013- (B)	-	-	-	-	-
Depreciation as per Companies Act, 2013	3,074.40	-	3,154.08	-	1,524.69
Total reversible timing difference in books maintained as per Income Tax Act, 1961 - (C)	-	-	-	-	-
Depreciation as per Income Tax Act, 1961	4,012.25	-	4,832.30	-	4,707.23
Net reversible timing difference (D=C-B)	937.84	-	1,678.22	-	3,182.54
DTL Created during the year	-	-	-	-	-
Deferred Tax Liabilities -(E=D*25.17%)	-	236.04	-	422.37	926.76
Net Deferred Tax (Assets)/Liabilities (E-A)		1,585.16		1,349.13	926.76

Reconciliation of Tax Expenses (income) and the Accounting Profit multiplied by India's domestic tax rate

(Rs. in Lakhs)

Particulars	As at 31 March, 2024	As at 31 March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Accounting Profit before Income Tax (A)	32,911.34	27,649.50	7,925.72
Add: Expenditure Disallowance as per Income Tax Act, 1961			
Income tax at India's statutory income tax rate of 25.17% effectively* (B=A x 25.17%)	8,283.13	6,958.83	2,307.97
Adjustments:			
Add: Tax expenses on depreciation as per Companies Act, 2013 (C)	773.77	793.82	443.99
Less: Tax income on depreciation as per Income Tax Act, 1961 (D)	1,009.80	1,216.19	1,370.75
Deferred Tax Liability at effective tax rate (F=B-E)	236.04	422.37	926.76
Current Income Tax payable at effective tax rate (E=B+C-D)	8,047.09	6,536.45	1,381.22
Total Income Tax at effective tax rate (F+E)	8,283.13	6,958.83	2,307.97

*Calculation of Effective Tax Rate	2023-24	2022-23	2021-22
Income Tax Rate	22.00%	22.00%	25.00%
Surcharge @10% on Income Tax	2.20%	2.20%	3.00%
Education Cess @4% on Income Tax and Surcharge	0.97%	0.97%	1.12%
Total	25.17%	25.17%	29.12%



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Notes forming part of the Financial Statements

Note No. 16: Borrowings

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
<u>Secured</u>			
UCO Overdraft A/c	21.61	-	-
Working Capital Loan A/c	34,496.14	-	-
<u>Unsecured</u>			
SBI (Credit Card)	8.00	-	-
Total	34,525.75	-	-

Note for Restatement

1. The company has been sanctioned the Working Capital Demand Loan facilities from State Bank of India and HDFC Bank for Rs. 900.00 Crores and Rs. 200.00 Crores respectively. At the year end, company has drawn the WCL for Rs. 344.96 Crores and balance available of Rs. 555.04 Crores and Rs. 200.00 Crores respectively to meet the future requirement of working capital.
2. There is a charge created on the Stock and Trade Receivables of the Company in favour of State Bank of India and HDFC Bank for Working Capital Demand Loan. The date of Charges creation is 26.02.2024 & 15.03.2024 and the amount of charge created is Rs, 1,100/- Crores.
3. The company has also been sanctioned overdraft facility of 95% from UCO Bank against the FDRs at UCO Bank. At the year end, capmany has drawn the OD for Rs. 21.61 Lakhs and balance available for Rs. 19,459.78 Lakhs to meet the future requirement of working capital.
4. The company is availing credit card facilities from SBI having limit of Rs. 15.00 Lakhs, out of which Rs. 7.00 Lakhs is undrawn at the year end.



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Note No. 17: Trade Payables

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Dues to micro and small enterprises	3,021.09	2,266.62	950.77
Dues to creditors other than micro and small enterprises	24,951.87	16,502.47	6,567.45
Total	27,972.96	18,769.09	7,518.22

The detail of amounts outstanding to micro and small enterprises based on information with the company is as under:

Particulars	As on 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
(a) Total Principal amount due outstanding as at end of year			
(b) Principal amount overdue more than 45 days			
(c) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;			
(d) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;			
(e) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	143.12	61.00	61.00
(f) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.			

For trade payables due for payment, following ageing schedule shall be given:

Particulars	Outstanding for following periods from due date of payment				
	Less than 1 year	1-2 Years	2-3 Years	More than 3 years	Total
(i) MSME	2,884.26	128.05	4.99	-	3,017.30
(ii) Others	24,588.11	99.93	267.61	-	24,955.66
(iii) Disputed dues — MSME					
(iv) Disputed dues - Others					
Total	27,472.37	227.99	272.60	-	27,972.96

Note for Restatement

1. Net Purchase of Previous Year for Rs. 136.28 Lakh was excess recorded in OLF, now restated as on 31.03.2023.

2. Reconciliation of Restated Figures in F.Y. 2022-23

Trade payables during the year FY 2022-23 (Audited)

18,905.36

Add: Domestic purchase in OLF during prior period was not recorded hence purchase restated in FY 2022-23

100.55

Less: Foreign purchase in OLF during prior period excess recorded hence purchase restated in FY 2022-23

-236.83

Trade payables during the year FY 2022-23 (Restated)

18,769.09

Note:

1. Micro & Small Enterprises (MSE)

The Information under MSMED Act 2006 of amounts outstanding to micro and small enterprises has been disclosed to the extent such vendors have been identified by the company.

2. Ageing of Trade Payable has been done from Transaction Dates



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Note No. 18: Other Current Liability

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Accrued Liability towards Contract Labour	-	39.21	-
Advance From CSD	3.08	3.52	-
Advance from Customers	1,06,449.09	85,977.91	10,628.23
Committed Accrued Liability	6.22	368.20	796.67
Employee Related Liability	4.31	8.99	38.65
Funds Within Organisation	0.21	-	-
Car Advance & Interest	-	-	0.12
Computer Advance & Interest	-	-	0.10
Festival Advance Payable	-	-	0.11
Government Related Liabilities	-	4.41	17.51
GST Payable	3,475.44	1,396.73	1,952.87
RCM Payable	-	0.49	-
GST TDS Payable	97.22	64.51	29.82
Labour Cess	0.12	2.37	0.39
Leave Encashment Payable	19.49	19.49	24.52
Leave Travel Concession Payable	1.44	-	-
Loans & Advances - Others	8.67	8.67	133.95
Medical Expense Payable	1.18	-	-
Payable to Govt.	-	14.12	-
Retention Money	6.20	1.15	1.15
Received from Govt.	-	-	1,110.80
Recovery Payable to Govt.	-	-	17.75
RR fund received from PCAFYS Kolkata	1,415.00	1,415.01	-
Security Deposits	13.12	11.61	-
Statutory Dues	6.96	92.02	0.80
Employee fund received from filed Unit	173.36	-	-
Sum Due to Government	322.99	857.57	785.68
Travelling Expense Payable	0.23	-	-
TDS & TCS Payable	25.90	17.00	17.38
Total	1,12,030.23	90,302.98	15,556.50

Note:

In terms of Office Memorandum dated 24.09.2021, erstwhile units of OFB namely OFD, OLF & OFCD were transferred to the company w.e.f. 01.10.2021. That all the Assets and Liabilities pertaining to the said units were transferred to the company as they existed on 01.10.2021. The management of the company, after takeover of all the assets and liabilities, identified actual value of liabilities and assets. That wherever differences were observed, the same were transferred to Account "Sums due to Govt". The management shall in consultation with the higher authorities of OFB/MOD finally decide the appropriation of the same. Further the said balances as they appeared in respective Financials of respective units have been considered in financials of the company.

Note for Restatement

Accrued Liability towards Contract Labour for Rs 18.48 Lakhs in OLF was shown under the Committed Accrued Liability, now regrouped under the group Accrued Liability towards Contract Labour as on 31.03.2023



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Notes forming part of the Financial Statements

Note No. 19: Provisions (Current Liabilities)

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Salary Payable	2,156.72	1,966.73	2,072.48
Admin Charges Payable	0.41	1.01	-
DSC Payable	642.74	224.54	613.37
Employee Contribution Of Pf Payable	-	12.11	-
Employee Contribution To Esic Payable	0.89	0.76	-
Employer Esic Payable	3.28	3.28	-
Employer PF Payable	-	12.11	-
Honorarium Payable	-	0.18	-
Outstanding Medical Expenses	-	-	4.54
Provision For AMC Charges	9.82	14.67	2.88
Provision For Audit Fee	20.77	18.00	9.00
Provision for Award Payable	36.80	-	-
Provision For Children Education Allowance	471.02	452.04	340.19
Provision for DSC Salary	430.11	-	-
Provision For Civil Works	85.37	58.37	13.68
Provision For Communication Charges	0.44	0.42	0.75
Provision For Contract Labour	89.68	50.02	67.61
Provision for Corporate Social Responsibility	-	169.59	-
Provision For DA Arrear	-	44.41	49.92
Provision For Electricity & Water Charges	111.84	88.47	81.66
Provision For Water Charges	-	17.11	10.35
Provision For Hired Vehicle Expenses	15.19	2.80	4.51
Provision for Income Tax	7,055.50	6,486.96	1,381.22
Provision For Legal & Professional Fee	23.12	9.92	0.32
Provision For MSME Interest	143.12	61.00	-
Provision For Other Expenses	10.43	1.24	0.94
Provision For PPC Software Rent	-	13.19	-
Provision For Production Linked Bonus	231.85	227.79	98.82
Provision For Repair & Maintenance	17.71	-	-
Provision For Tax Audit Fee	1.35	1.09	0.90
Provision For Telephone Expenses	0.67	0.22	-
Provision For Training Expenses	-	-	2.35
Provision for Purchase	-	-	347.97
Provision for Gem Portal Charges	2.09	-	-
Total	11,560.92	9,938.06	5,103.45

Note

1. Provision on salary and provision on electricity charges was shown under head Other Current Liability. Now it is regrouped under the head Current Liability Provision.
2. Provision made for salary and electricity expense was shown under head Other Current Liability. Now it is regrouped under the head Current Liability Provision.

Note for Restatement

1. Due to decrease in Restated Profit for the year 2022-23, provision for Income Tax has been reduced for Rs. 991.59 Lakhs.

2. Reconciliation of Restated Figures in F.Y. 2022-23

Provision for Income Tax during the year FY 2022-23 (Audited)

Profit before tax as per Audited
Profit before tax as per Restated
Decrease in Profit

31,589.36
27,649.50
3,939.86

7,478.55

Provision for Income Tax during the year FY 2022-23 (Restated)

991.59
6,486.96



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Notes forming part of the Financial Statements

Note No. 20: Revenue From Operations

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Revenue from Operations			
Sale of Products			
- General Sales of Goods	1,23,494.07	1,08,719.51	56,895.14
Sale of Services			
- General Sales of Services	17,661.57	2,205.10	0.81
Less: Inter Unit Sales			
- Inter Unit Sales to OLF, Dehradun	2,213.78	2,120.93	648.49
- Inter Unit Sales to OFCD, Chandigarh	510.90	691.75	8.08
- Inter Unit Sales to OFD, Dehradun	468.52	246.80	27.82
Total	3,193.19	3,059.48	684.39
Net Revenue from Operations	1,37,962.45	1,07,865.13	56,211.56

Note

- The Company is engaged in manufacture of defence items viz., Observation Vision Devices, Weapon Sights, Sights for Armoured Fighting Vehicles, Night Sights etc. The agreements with customers towards supplies of aforementioned items shall be on Ex-works basis. Further the payment terms are that purchase orders are received and accepted with advance and remaining amount of consideration is received after dispatch.
- Company recognise the Revenue as per conditions mentioned in point no 5 of Company's material accounting policies.

Note for Restated Figures

Due to rejection of supplied goods to OFCd in the year 2021-22 & 2022-23, Sales of Rs. 222.91 Lakhs has been reversed and restated.

4. Reconciliation of Restated Figures in F.Y. 2022-23

Net Revenue from Operations during the year FY 2022-23 (Audited)	1,07,865.13
Less: Rejection of supplied made by OFD to OFCd for the FY 2022-23 hence sales reversed in OFD	-222.91
Add: Rejection of supplied made by OFD to OFCd for the FY 2022-23 hence purchase reversed in OFC	222.91
Cost of Material Consumed during the year FY 2022-23 (Restated)	1,07,865.13



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Notes forming part of the Financial Statements

Note No. 21: Other Income

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Annual Fee Refunded	8.15	-	-
Balances Written Back	0.02	3.74	-
Discount Received	1.46	170.46	-
Electricity & Water Charges Recovered	72.93	119.56	-
Event Booking Charges	0.56	2.62	-
Foreign Exchange Gain	351.46	94.52	49.33
Freight Income	30.20	24.27	10.47
Government Subsidy	0.28	6.77	-
Income From Canteen	51.77	42.47	-
Income From Staff Quarters	101.02	97.42	50.39
Inhouse Testing Charge	-	0.04	-
Interest & Penalty	3.36	1.62	-
Interest on Auto Sweep A/c	174.00	59.31	-
Interest on Fixed Deposits	7,777.40	5,779.68	143.56
Interest on Fixed Deposits - Canteen	0.11	0.13	-
Interest on Bank Guarantee	0.28	-	-
Interest on Electricity Security Deposit	9.91	5.75	-
Interest on Saving Bank (Canteen)	0.21	0.13	-
Liquidity Damages	891.35	333.58	148.83
Miscellaneous Receipts	0.19	0.07	13.67
Other General Income	0.00	38.16	-
PBG/SD/FDR Forfeited	40.75	0.19	2.24
PDI Charges	0.82	-	-
Prior Period Item	0.11	-	-
Profit on Sale of Assets	3.11	29.70	-
Receipt From Betterment Fund	2.96	-	-
Recovery For Child Care Leave	-	2.51	-
Recovery From Staff	67.63	0.89	-
Recovery from Vendors	6.38	-	-
Rental Income	81.61	67.37	18.99
Reversal of Provision	2,093.30	11.05	-
Scrap Sales	260.11	297.41	166.13
Tender Fees	-	1.07	-
Vendor Registration Fees	2.59	1.97	0.92
Total	12,034.04	7,192.46	604.53



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Notes forming part of the Financial Statements

Note No. 22: Cost of Material Consumed

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Opening Stock of Raw Material:			
Stores	30,175.75	20,677.02	25,527.13
Stock in Transit	5,450.65		
Add: Purchases	1,00,573.24	67,602.48	22,181.29
Add: Goods Dispatched But Not Billed	-	-	609.79
Less: Inter Unit Purchase			-
- Inter Unit Purchase from OLF, Dehradun	613.88	268.88	28.70
- Inter Unit Purchase from OFCD, Chandigarh	268.17	940.03	265.45
- Inter Unit Purchase from OFD, Dehradun	2,311.15	1,850.57	390.24
	3,193.19	3,059.48	684.39
Less: Closing Stock of Raw Material:			
Stores	46,013.66	30,184.71	20,713.26
Stock in Transit	6,860.48	5,450.65	-
Less :			
Inventory Written off	237.53	8.96	36.24
Total Closing Stock	52,636.61	35,626.40	20,677.02
Total Cost of Material Consumed	80,369.83	49,593.63	26,956.80

Note:

1. In terms of office memorandum dated 24.09.2021, erstwhile units of OFB namely OFD, OLF & OFCD were transferred to the company w.e.f. 01.10.2021. These units have been subjected to Audit by respective Auditors appointed by CAG. Thus the financials of the said units were audited by respective auditors for the period 01.10.2021 to 31.03.2022 and since the said units were in possession of inventories on 01.10.2021, therefore financials have been prepared and audited by considering opening inventory as on 01.10.2021 and closing inventory as on 31.03.2022 and as such changes in inventory have been considered in respective financials and consolidated effect of the same has been considered in financials of the company as a whole.

Note for Restatement

1. Net Purchase of Previous Year for Rs. 136.28 Lakh was excess recorded in OLF, now restated as on 31.03.2023.
2. Stock in hand as on 31.03.2023 was overvalued by 4,138 Lakhs, therefore inventory have been restated as on 31.03.2023
3. Due to rejection of supplied goods to OFCd in the year 2021-22 & 2022-23, Purchase of Rs. 222.91 Lakhs has been reversed and restated.

4. Reconciliation of Restated Figures in F.Y. 2022-23

Cost of Material Consumed during the year FY 2022-23 (Audited)	45,591.12
Add: Domestic purchase in FY 2021-22 was not recorded hence purchase restated in OLF as on 31.03.2023	164.99
Less: Domestic purchase recorded twice in FY 2022-23 hence purchase restated in OLF	-64.43
Less: Foreign purchase in prior period excess recorded hence purchase restated in OLF	-236.83
Less: Rejection of supplied made by OFD to OFCd for the FY 2022-23 hence purchase reversed in OFCd	-222.91
Add: Rejection of supplied made by OFD to OFCd for the FY 2022-23 hence sales reversed in OFD	222.91
Add: Raw material restated in OLF due to over booked in last year hence closing inventory reversed	4,138.78
Cost of Material Consumed during the year FY 2022-23 (Restated)	49,593.63

5. Domestic purchase pertaining to prior corporatisation for Rs. 15.92 Lakhs recorded in Sum Due to Govt. Account in F.Y. 2023-24.



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Notes forming part of the Financial Statements

Note No. 23: Change In Inventories

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Opening Stock:			
Finished Goods	1,051.68	148.38	1,039.38
Work-in-progress	6,836.99	7,516.23	12,595.20
Components	4,595.03	7,669.73	7,740.84
			-
Closing Stock:			
Finished Goods	568.75	1,051.68	148.38
Work-in-progress	10,249.17	6,836.99	7,516.23
Components	4,190.76	4,595.03	7,669.73
Less :			
Inventory Written off	1,430.17	-	-
Total	(1,094.81)	2,850.64	6,041.08

Note for Restatement

1. Due to rejection of supplied goods to OFCd in the year 2021-22 & 2022-23, Sales of Rs. 222.91 Lakhs has been reversed and restated 62.65 lakhs in Finished Goods at NRV value.

2. Reconciliation of Restated Figures in F.Y. 2022-23

Change in Inventory during the year FY 2022-23 (Audited) **2,913.29**

Less: Rejection of supplied made by OFCd to OFD for the FY 2023-24 hence the same was added in finished goods Inventory 62.65

Change in Inventory during the year FY 2022-23 (Restated) **2,850.64**



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Notes forming part of the Financial Statements

Note No. 24: Employee Benefit Expense

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Salaries, Wages, Allowances & Benefits	23,028.70	23,602.58	12,614.58
Brief Case Reimbursement	23.38	-	-
Children Education Allowance	500.27	432.37	120.79
Leave Encashment	81.03	59.53	10.65
Leave Travel Concession	117.48	155.84	
Medical Reimbursement	635.96	477.44	125.87
Newspaper Reimbursement	20.76	-	
Prize & Rewards	118.61	-	
Production Linked Bonus	235.48	244.99	54.95
Rent Reimbursement	0.39	-	
Total	24,762.03	24,972.76	12,926.84

Note:

1. Compensation paid to Key Managerial Personnel during the period

Sr. No.	Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
1	Girish Chandra Agnihotri	46.50	42.76	20.58
2	Sanjeev Kumar(CMD)	7.50	42.76	19.97
3	Tushar Tripathi, Director (Finance)	46.74	28.24	-
4	Ajay Kumar Pradyot, Director (Finance)	-	5.88	17.27
5	Satyabrata Mukherjee, Director(Human Resource)	54.61	41.69	17.58
6	Abhishek Shukla (Company Secretary)	11.57	7.75	-
7	Pooja Sharma (Company Secretary)	2.69	-	-
	Total	169.61	169.08	75.40

2. During the year 2023-24, company has paid the NPS (14% of Basic Pay+DA) for Rs. 1267.52 Lakhs as Employer Contribution and recognised as an expenses.



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Notes forming part of the Financial Statements

Note No. 25: Finance Cost

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Account Keeping Charges	0.03	-	-
Bank Guarantee Charges	19.40	-	-
Interest on Overdraft A/c	162.18	-	-
Interest on Working Capital Loan A/c	776.85	-	-
Total	958.46	-	-



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Notes forming part of the Financial Statements

Note No. 26: Other Expense

(Rs. in Lakhs)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
AMC Charges	5.24	-	-
Annual Fees	3.94	25.78	-
Bank Charges	6.44	10.06	6.03
Business Promotion Expenses	47.79	79.47	2.08
BIS License Fee	-	-	0.05
Business Support Expenses	-	-	-
Canteen Expenses	53.40	43.21	-
Commission	2.97	5.46	2.70
Communication Charges	31.43	25.65	20.58
Consumables	-	0.20	-
Corporate Social Responsibility (Refer Note 26-A)	400.69	169.59	-
Cost Audit Fees	1.73	-	-
Course Fee To External Agency	14.54	23.86	-
DSC Expenses	256.13	952.17	-
DSC Salary	923.17	-	187.12
Electricity & Water Charges	1,066.00	1,136.12	-
Employees Dues	4.35	-	-
Exhibition Expenses	1.42	-	-
Event & Celebration Expenses	16.32	9.51	1.49
Factory Expenses	83.86	-	-
Fooding & Refreshment Expense	5.19	-	-
Foreign Exchange Charges	56.46	32.66	-
Foreign Exchange Loss	0.60	4.88	-
Fees & Taxes	-	-	0.68
Freight Charges	132.55	57.82	22.18
Gem Transaction Charges	57.13	-	-
Gifts & Momentous	0.22	-	-
Grant & Donation	8.50	1.50	-
Honorarium	4.61	2.58	-
Housekeeping & Hospitality Expenses	4.06	-	-
Hospitality Expenses	-	2.51	-
Housekeeping Expense	-	35.13	-
Inspection Charges	6.11	0.01	-
Insurance	4.80	2.84	1.22
Interest & Penalty - Custom Duty	30.37	-	-
Interest & Penalty - GST/IT/TDS & TCS	2.42	6.42	1.07
Interest & Penalty - Others	16.82	-	-
Interest/Late Fee On Income Tax	-	108.75	-
Interest on MSME	82.11	61.00	-
Interest on Ground Rent	-	0.67	-
Internal Audit Fees	1.60	-	-
IT Support Services	5.00	9.88	-
Labour Charges	1,022.04	669.41	304.48
Liquidity Damages Refund	66.63	-	-
Lease Rent	2.02	1.30	-
Legal & Professional Fee	67.58	47.22	32.03
Loss on Sale of Assets	-	12.28	-
Lunch Expenses	-	1.32	-
Meeting & Exhibition Expenses	24.39	-	-
Membership & Subscription Charges	7.55	-	-
MIS Pending Exp.	-	-	1.90
Office Expenses	16.79	9.47	1.69
Other General Expenses	0.39	112.38	53.02
Permanent Duty Moves	-	23.13	-
Power & Fuel	229.00	5.82	536.67

Printing, Stationary & Periodicals	31.82	15.81	17.46
Packing & Forwarding Charges	-	-	0.18
Recruitment Expenses	22.78	0.04	-
Repair & Maintenance - Buildings	584.64	345.31	59.70
Repair & Maintenance - IT	48.84	87.79	9.43
Repair & Maintenance - Electrical	9.17	112.61	0.89
Repair & Maintenance - Plant & machinery	157.85	15.53	22.56
Repair & Maintenance - Furniture	0.24	-	-
Repair & Maintenance - Others	-	1.92	-
Repair & Maintenance - Vehicle	5.25	7.34	1.28
Research & Development Expense	5.55	-	6.90
Security Services	31.56	-	-
Service Charges	6.36	-	-
Software Expenses - PPC	56.63	-	-
Software Expenses - Tally	1.90	-	2.08
Staff Welfare	-	43.24	8.61
Statutory Audit Fees	20.00	23.71	10.00
Tax Audit Fees	1.50	-	-
Temporary Duty Moves	-	60.72	-
Testing Charges	5.05	23.60	0.46
Training Expenses	75.14	3.62	2.49
Travelling And Conveyance	355.72	176.65	110.20
Uniform Expenses	5.89	-	-
Warranty Cost - Expense	2,815.00	2,142.00	-
Water Charges	-	76.72	12.02
Website Development Charges	-	-	1.70
Written off Excess GST Input	-	7.56	-
Total	9,015.23	6,834.19	1,440.95
Payment to Auditors			
Statutory Audit Fees	20.00	23.71	10.00
Total	20.00	23.71	10.00



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Notes forming part of the Financial Statements
Note No. 26(A): Corporate Social Responsibility

Particulars	(Rs. in Lakhs)		
	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
a) Gross amount required to be spent by the company during the year	400.69	169.59	-
b) Amount Spent during the year	-	-	-
i) Construction/Acquisition of any asset	-	-	-
ii) Contribution to various Trusts/NGOs/Societies/Agencies and Utilization thereon	570.28	-	-
iii) Expenditure for Administrative Overhead for CSR	-	-	-
c) Amount unspent during the year	-	169.59	-
d) Total previous years shortfall	-169.59	-	-
e) Reason for shortfall (Refer Note below)			
f) Details of related party transactions			
Name	-	-	-
Relationship	-	-	-
Amount	-	-	-
g) Movement of CSR Provision			
Balance as per financial statements	169.59	-	-
Add: Provision made during the year	400.69	169.59	-
Less: Utilized during the year	570.28	-	-
Balance at the end of the year	0.00	169.59	-

Note:

Company has transeferred an amount of Rs. 400.69 Lakhs to "PM Care Fund" on 15.03.2024 towards expenditure incurred on Corporate Social Responsibility (CSR) for the year 2023-24.




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Notes forming part of the Financial Statements

Note No. 27: Contingent Liabilities

- 1 IOL has filed a writ petition no WPMB127/2024 before the Hon'ble High Court against GST-RCM liability on payment made to CPWD. This is the present obligation of the company but not recognized in the financial statements because the case is pending before the Hon'ble High Court. Detail of GST-RCM liability is as follows:

S.NO.	Financial Year	AMOUNT PAID TO CPWD (Rs. in Lakhs)	AMOUNT OF GST-RCM (Rs. in Lakhs)
I	2022-23	351.55	63.28
II	2023-24	887.32	159.72
	TOTAL		223.00

- 2 VAT/CST Assessments for the FY 2011-12 to 2017-18 (Upto June) has been decided against the Ordnance Cable Factory, Chandigarh by the Excise and Taxation Department Chandigarh. However the company has filed Writ Petition (wrt.) before the Punjab & Haryana High Court and challenged the order passed by the Chandigarh excise department. This is the present obligation of the company but is not recognised in the Financial Statements because the amount of the obligation cannot be measured with sufficient reliability. Details of cases against VAT & CST for financial year 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17 & 2017-18 are as Follows :-

Sr.No	Financial Year	Value of Case/Order Received (Rs. In Lakhs)	Status
1	2011-12	179.17	
2	2012-13	1,535.73	Appeal Filed at Excise & Taxation Department on Dt 21/04/2021. 25% of Order/Case value i.e. Rs. 38393311/- (for VAT) and Rs. 4479239/- (for CST) has been submitted With Appeal. Hearing before add. Commissioner done on Dt 03/08/2022. Outcome of hearing awaited. Next hearing to be held 17.07.2024
3	2013-14	1,273.03	Writ Filed in Punjab & Haryana High court Chandigarh on Dt. 28/06/2021 and order passed for re-assessment on or before 19/07/2021 therefore OFCd has requested one month time from Excise & Taxation Department. Re-assessment done by new Govt. Counsel on Dt. 27/09/2021. OFCd has received rectified order on Dt. 02/09/2022.
4	2014-15	3,970.28	OFCd received order on Dt. 18/07/2022 by hand vide Memo no. 7906, Dt 18/07/2022 when Officers visited Excise & Taxation Department. The Govt. Counsel has represented case on Dt. 26/07/2022. OFCd has received further Notice on Dt. 02/09/2022.
5	2015-16	1,866.63	
6	2016-17	2,343.91	* Under assessment with Excise & Taxation Deptt. However the amount shown against 2015-16, 2016-17 & 2017-18 is calculated based on the calculations of Previous order i. e. 2014-15. The values are approximate.
7	2017-18	427.68	
	Total	11,596.44	

3. Legal suits

Sr. No.	Particular of the Pending Cases	Amount (Rs. In Lakhs)	Remarks	Nutshell of Case
i	Milki Ram Versus Fortis Hospital & ORS. (Consumer Court, SAS, Mohali vide notice No. DCDRF/SASNAGAR/15/4864 DATED 10-09-2015)	2.32	Subject outcomes of the cases	Disallowed amount @2,31,675/- against reimbursement of medical claim along with other relief of litigation Expenses + compensation against mental agony and harassment + other relief as per outcomes of the case.
ii	Vikas Dagar Versus DDO & ORS (case filed by applicant in Jan 2022 but the incidence happened from 2011-2019) (District Court Chandigarh vide CIS No. CS/158/2022)	20.00	Subject outcomes of the cases	Compensation @ RS . 5,00,000/- + Litigation Expenses + other relief as per outcome of the cases. Out of above RS. 20,00,000/- for defendant No. 1 (i.e., DDO (C & S) Kolkata) & defendant No. 2 (I. e. OFCd). Rest are belongs to private defendants No. 3 & 5.
iii	Defence workers union Vs UOI & Others OA/060/1158/2021 at CAT, Chandigarh	60.00	(Expected by HRM Section)	To claim OT by Inclusion of Various Allowances i. e. HRA, CCA/TA and SFA w.e.f. 01-01-2006 while calculating OTA + Other benefits with all attendant arrears.
	Total	146.23		

- 4 There are some pending cases against the company which are lying undecided in various courts and thus an approximate amount of Rs. 50.77 Lakhs is foreseen as a Contingent Liability. Details are as under:-

S.NO.	PARTICULARS	APPROX. AMOUNT (Rs. in Lakhs)	REMARKS
i	M/s Goyal Builders	12.47	The application was filed against appointment of sole arbitrator by Hon'ble High Court of Uttarakhand.
ii	M/s V.S Enterprises	22.15	Dispute between Ordnance Factory, Dehradun and the contractor regarding civil construction
iii	M/s V.S Enterprises	16.15	Dispute between Ordnance Factory, Dehradun and the contractor regarding civil construction
	TOTAL	50.77	



5 The details of pending court cases other than the service matters are given below:-

Sl	Court Case Number	Court / Bench	Remarks
i	WP No. 22929 of 2021 (TASL Vs UOI & Ors.)	HC Bangalore Karnataka	The W.P. has been filed by the firm requesting to quash the letter dtd. 22.11.21 issued by OLF against the termination of the contract & to consider the request for extension of time made by petitioner. The firm has also requested the court directing the respondents to continue performance of the contract dtd. 12.11.2008 & to direct the respondents to pay the petitioner an outstanding amount of Rs 3.48 Crores. In this regard it is stated that the original delivery period of the contract for development of the prototypes was 22 months and for supply of 50 nos of units was 28 months from the contract effective date NOVEMBER 12, 2008 with a provision of advance payment of the 15% of the contract value amounting Rs. 1,63,80,000/- (Rs. 1.638 Crores) against Bank Guarantee which had already been paid to the firm. Further the firm has submitted FDR amounting Rs. 2,18,40,000/- in favour of India Optel Limited, equivalent to the amount of Advance Bank Guarantee and Performance Bank Guarantee. Moreover, this money is blocked and cannot be utilized by India Optel Limited as its realization is subject to outcomes of Writ Petition. The next date is awaited in the matter.
ii	AO No. 184 of 2015 (UOI & Ors Vs Jeevan Das Gupta)	HC Nainital Uttarakhand	The matter pertains to Non performance of work allotted to Civil Contract. This appeal has been preferred against the order dtd. 15.04.2014 of district court D.Dun passed in Arbitration case no.87 of 2009(GM, OLF Vs Jeevan Das Gupta) arising out of A.A.No.17 of 2007. Sh. Jeevan Das Gupta has won an Arbitration Award as per judgment given by District Court Dehradun. The total amount of the award is Rs.12,55,236/-. Appeal has been filed at High Court against the order dated 15.04.2014 of District court in AA 87 of 2009 by the factory. In the Appeal Hon'ble High Court has passed order dtd. 16.11.2015, directing "meanwhile the ongoing execution proceedings remain stayed if the appellant deposit 50% of the modified award amount". As per directive of Hon'ble High Court factory has deposited 50% of the award amount (i.e. Rs.6,27,618/-) and information of the same has been provided to the Hon'ble Distt. Court through Govt. Counsel. Respondent had filed a money withdrawal application which was dismissed by Hon'ble Court vide order dtd.13.07.2016. The next date is awaited in the matter.
iii	AA No. 100 of 2021 (Saraswati Dynamics Pvt Ltd Vs UOI & Ors)	District Commercial Court Dehradun	Arbitration matter. As per supply order no. OLF/MM_2/S-1106011509/11 dtd. 29/03/2012, the total amount is Rs. 3,22,99,149/-. OLF consequently after the expiry of delivery period redeemed the balance advance payment of unsupplied quantity of 03 nos. by exchange / encashment of the Bank Guarantee and also deducted an amount Rs. 3,07,318/- towards the interest from 11.05.2012 to 01.03.2013 @ 10.5% PA for unutilized advance amount of Rs 36,33,655/- (out of total advance amount of Rs 48,44,873/-) held by the firm. The firm has prayed for to set aside the award dtd. 31.08.21 passed by the respondent no. 2 i.e. Smt. Sharmishtha Koul Sharma, Jt. GM/OFD (now GM/HR, IOL Hqrs.) in the dispute between the parties wherein all the claims made by the firm has been rejected. Last date of hearing was fixed on 23.03.2024. Next date is awaited.
iv	ARBAP No. 18 of 2021 (M/s Goel Builders Vs Uoi & Ors)	HC Nainital Uttarakhand	M/S Goyal Builders, Dehradun has approached Hon'ble High Court of Uttarakhand vide Arbitration Application No. 18 of 2021 for the appointment of a sole arbitrator for adjudication of the disputes between the parties as per the agreement between the parties. High Court vide Order dtd. 31/03/2023 has disposed off the Arbitration application and appointed Sh. Shobhit Saharia, Advocate, High Court of Uttarakhand to act as the sole Arbitrator to adjudicate the disputes between the parties, under the aforesaid Agreement/Contract. The firm has claimed for the loss on working capital, compensation and amount invested in various activities performed like arranging the materials for execution of work, payment of final bill, mobilization & demobilization of resources etc. alongwith 18% interest. As per OLF Work Order No. OLF/EO/CIVIL/CAP/IR/15/2010-11 dtd. 04/12/2010 total amount is Rs. 15,44,965/-. Now, High Court vide Order dtd. 29/09/2023 has appointed Sh. Vipul Sharma, Advocate, High Court of Uttarakhand to act as the sole Arbitrator to adjudicate the dispute between the parties. Matter is currently in process of arbitration proceedings by the Sole arbitrator. Next hearing is fixed on 19.04.2024.



6 The details of pending court cases regarding the service matters are given below:-

Sl No	Applicant/ Petitioner / Plaintiff / Party	Rank of the Employee/Party	Type of Case /Matter related	Respondent/ Defendant/ Opposite Party	Case No/Title with filing date (OA/WP/Contempt/SLP)	Court (SC/HC/CAT/ DC/CC / MC/RC/CF/ FC)	Bench
1	GM/OFD	Contractor	Arbitration execution	Ms United Elevators	01 of 2024	District Court	Dehradun
3	Surat Singh	Contractor	Arbitration	UOI & Ors	Arb. App 06 of 2024	High Court	Nainital
5	Mahendra Jakhmola	Union Leader CITU	removal of contractual labours	GM OFD	ID no 14/2022	CGIT	Lucknow
6	Ashok Kumar	Ex-Nerrickrated Sweeper	Regularisation of services	OFDUN & Another	ID No. 32/2011/231	CGIT	New Delhi
7	Kashi Ram Daheria	Ex-JWM	Increment of 30th June for Pension fix on retirement.	UOI & Ors	OA 1156 of 2023	CAT	jabalpur
8	Deepak kumar sharma & 17 ors	IEs	LDCE Recruitment	UOI & Ors	OA 1186 of 2024	CAT	New Delhi
9	Chunni Lal	Ex-IE s	Disciplinary Matter	UOI & Ors	OA 1376 of 2018	CAT	Allahabad
10	Govind Ram Dhondiyal & Ors	IEs	Pay Fixation	UOI & Ors	OA 21 of 2015	CAT	Allahabad Nainital bench
11	Devi Dutt Joshi & another	IEs	Promotion	UOI & Ors	OA 248 of 2022	CAT-PB	New Delhi
12	Pankaj Sharma	ex-durwan	Disciplinary Matter	UOI & Ors	OA 3251 of 2023	CAT-PB	Nainital
13	Sudesh Kumar	IEs	Promotion	UOI & Ors	OA 3968 of 2015	CAT-PB	New Delhi
14	Bhrahm Prakash Pandey	Ex-OS	Disciplinary	UOI & Ors	OA 434 of 2022	CAT	Allahabad
15	Mohammad Zahid Siddique	IEs	Promotion	UOI & Ors	OA 511 of 2022	CAT-PB	New Delhi
16	Govind Prasad	IEs	Promotion	UOI & Ors	OA 640 of 2016	CAT-PB	New Delhi
17	UOI & Ors	IEs	Pay Fixation	Govind Ram Dhondiyal & Ors	WP 17 of 2016	High Court	Nainital
18	UOI & Ors	Durwan	Upgradation of pay scale	Om Prakash & ors	WP 3367 of 2016	High Court	New Delhi
19	Rekha Devi	Wife of Ex-Labour	Family Pension	UOI & Ors	WP 3690 of 2018	High Court	Nainital
20	GM/OFD	Ex-Nerrickrated Sweeper	Regularisation of services	Kishan Lal	WP 4353 of 2014	High Court	New Delhi
21	UOI & Ors	IEs	LDCE Recruitment	Govind Prasad	WP 8714 of 2023	High Court	New Delhi
22	UOI & Ors	IEs	Upgradation of pay scale	B.N Dwivedi & Ors	WP 9503 of 2019	High Court	New Delhi
23	UOI & Ors	IEs	Upgradation of pay scale	S.B Singh & Ors	WP 9661 of 2023	High Court	New Delhi

*Foot note (Annexure-I) :- As it is uncertain that India Optel Limited will lose the case or not and the liability amount is also unknown, so the contingent liability can't be recorded in the books and is mentioned in the footnotes.



Note 28: General Notes:

Statement of Compliances:

The financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) [as notified under the section 133 of Companies Act, 2013 (the "Act") read with Rule 3 of Companies (Indian Accounting Standards) Rules, 2015) and other relevant provisions of the Act.

28(1) Impairment Loss- Exceptional Items

The Company tests for impairment when there is an indication of impairment. An impairment loss is recognized if the recoverable amount i.e. lower than the carrying value. There was no impairment loss in the company.

28(2) Earnings per share

(i) For continuing operations:

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Profit after Tax (Rs. in Lakhs)	23,302.68	20,690.68	5617.76
Basic:			
Number of shares outstanding at the end of the year	5,90,56,00,600	5,77,64,70,600	10,000
The weighted average number of equity shares	5,90,56,00,600	5,77,64,70,600	10,000
Earnings per share (INR)	0.39	0.36	56,177.54
Diluted:			
Effect of potential equity shares on employee stock options outstanding	Nil	Nil	Nil
The weighted average number of equity shares outstanding	5,94,74,53,535	5,94,14,53,535	5,75,56,12,073
Earnings per share (INR)	0.39	0.35	0.10

Note: EPS is calculated based on profits excluding the other comprehensive income.

(ii) **For discontinuing operations:** There are no discontinuing operations.

(iii) **For continuing and discontinuing operations:** Refer to the table (i)

28(3) Expenditure relating to Research and Development:

Expenditure relating to Research and Development including product improvement financed by the Company during the year charged to natural heads of account:

Particulars	March 31, 2024	March 31, 2023
Being in the nature of Revenue expenditure	5.55	216.61
Being in the nature of Capital expenditure (CWIP)	1,906.93	481.96





India Optel Limited

28(4) Related party transactions:

1. Transaction with Key managerial personnel

Name	Designation
G.C. Agnihotri*	Chairman & Managing Director (Officiating)*
Sanjiv Kumar**	Chairman & Managing Director (Retired)**
Satyabrata Mukherjee	Director (Human Resource)
Tushar Tripathi	Director (Finance)
Abhishek Shukla***	Company Secretary (Left)
Pooja Sharma****	Company Secretary

*G.C. Agnihotri has taken charge as CMD as on 23.06.2023

**Sanjiv Kumar has been retired as on 31.05.2023

***Abhishek Shukla has been left as on 20.01.2024

****Pooja Sharma has been joined on 07.02.2024

(₹ in Lakh)

S. No.	Key Management personal compensation	Short Term benefits	Post employment benefit	Other long-term benefits	Termination Benefits	Share based Payments
01	Girish Chandra Agnihotri	46.50	Nil	Nil	Nil	Nil
02	Sanjeev Kumar (CMD)	7.50	Nil	Nil	Nil	Nil
03	Tushar Tripathi, Director (Finance)	46.74	Nil	Nil	Nil	Nil
04	Satyabrata Mukherjee, Director (Human Resource)	54.61	Nil	Nil	Nil	Nil
05	Abhishek Shukla (Company Secretary)	11.57	Nil	Nil	Nil	Nil
06	Pooja Sharma (Company Secretary)	2.69	Nil	Nil	Nil	Nil
	Total	169.61				

2. Transaction with Government and Government Related Entities by the Parent Company

As India Optel Limited is a government entity under the Ministry of Defence (MoD), the company has utilized the exemption available under Ind AS 24.

28(5) Confirmation of Balances:

Letters requesting Confirmation of Balances have been sent in respect of Debtors, Creditors, Claims Receivable, and Materials with Contractors/Sub-Contractors, Advances, Deposits and others. Based on the replies wherever received, reconciliations/provisions/adjustments are made as considered necessary.

28(6) Charges registered:

Company has registered floating charge with State Bank of India & HDFC Bank to the extent of ₹1,100 Crores on Inventories & Book Debts.

28 (7) Operating Cycle:

Considering the nature of business activities, the operating cycle has been assumed to have a duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Ind AS 1 'Presentation of Financial Statements' and Schedule III to the Companies Act, 2013.



28 (8) Segment information:

As the Company is engaged in defence production, exemption was granted from applicability of accounting standard on Segment reporting under Sec 129 of Companies Act 2013 vide Notification dated 23rd February 2018 of Ministry of Corporate Affairs.

28 (9) Foreign Exchange Exposure:

Pursuant to the announcement of ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2024 (As at 31 March, 2024 are shown in brackets) given below:

Currency	Payables		Receivables		Contingent Liability	
	Foreign Currency	Indian Rupee Equivalent (Rs. in Lakhs)	Foreign Currency	Indian Rupee Equivalent	Foreign Currency	Indian Rupee Equivalent
2023-24						
USD	2,42,32,284.21	20,355.12	-	-	-	-
Total (Rs.)		20,355.12	-	-	-	-
2022-23						
USD	1,21,15,473.38	9,961.34				
Total (Rs.)		9,961.34				

28 (10) Disclosures under Ind AS 115: Revenue from Contracts with Customers:

Break up of revenue recognized against contracts with customers

(₹ in Lakh)

Particulars	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
Sale of Products	1,20,320.04	1,05,660.03	56,210.75
Sale of Services	17,661.57	2,205.10	0.81
Total	1,37,981.61	1,07,865.13	56,211.56

Advance received from customer are classified as contract liability and progressively adjusted on completion of performance obligation. Balance amount receivable after adjusting advance is classified as Trade Receivable.

28 (12) Significant Events after the Reporting Period

There were no significant adjusting events that occurred subsequent to the reporting period other than the events disclosed in the relevant notes.

28 (13) Previous year comparative

Previous year's numbers have been regrouped/reclassified, wherever necessary, to conform to current year classification.

28 (14) Approval of Financial Statements

The Financial Statements were approved for issue by the Board of Directors on July 26, 2024.



28 (15) Key Financial Ratios:

						(₹ in Lakhs)		
Sl. No.	Ratio Analysis	Numerator	(Amount in Rs.)	Denominator	(Amount in Rs.)	As at 31st March, 2024	As at 31st March, 2023 (Restated)	As at 01st April, 2022 (Restated)
1	Current Ratio	Current Assets		Current Liabilities		1.66	1.89	3.23
	Current Assets/Current Liabilities	2023-24	3,09,421.31	2023-24	1,86,089.86			
		2022-23 (Restated)	2,24,342.39	2022-23 (Restated)	1,19,010.13			
		2021-22 (Restated)	90,902.19	2021-22 (Restated)	28,178.16			
2	Debt Equity Ratio	Long-term borrowings		Shareholder's Equity		N/A	N/A	N/A
	-Long-term borrowings/ Shareholder's Equity	2023-24	-	2023-24	8,92,694.58			
		2022-23 (Restated)	-	2022-23 (Restated)	8,68,791.90			
		2021-22 (Restated)	-	2021-22 (Restated)	5,81,178.96			
3	Debt Service Coverage Ratio	Earnings available for debt services		Debt Service = Interest + Installment		N/A	N/A	N/A
	-Earnings available for debt services/ Interest + Instalment	2023-24	-	2023-24	-			
		2022-23 (Restated)	-	2022-23 (Restated)	-			
		2021-22 (Restated)	-	2021-22 (Restated)	-			
4	Return on Equity Ratio	Profit for the period		Avg. Shareholders' Equity		2.65%	2.85%	1.93%
		2023-24	23,302.68	2023-24	8,80,743.24			
		2022-23 (Restated)	20,690.68	2022-23 (Restated)	7,24,916.04			
		2021-22 (Restated)	5,617.76	2021-22 (Restated)	2,90,598.48			
5	Inventory Turnover Ratio	Revenue from Operations		Average Inventory		2.41	2.56	3.12
		2023-24	1,37,962.45	2023-24	57,162.61			
		2022-23 (Restated)	1,07,865.13	2022-23 (Restated)	42,060.73			
		2021-22 (Restated)	56,211.56	2021-22 (Restated)	18,005.68			



6	Trade Receivables Turnover Ratio	Revenue from Operations		Average Trade Receivables		2.46	3.51	6.87
		2023-24	1,37,962.45	2023-24	56,066.45			
		2022-23 (Restated)	1,07,865.13	2021-22 (Restated)	30,699.33			
		2021-22 (Restated)	56,211.56	2021-22 (Restated)	8,176.77			
7	Trade Payables Turnover Ratio	Total Purchases		Average Trade Payables		4.17	4.91	5.72
		2023-24	97,380.05	2023-24	23,371.03			
		2022-23 (Restated)	64,543.00	2022-23 (Restated)	13,143.66			
		2021-22 (Restated)	21,496.90	2021-22 (Restated)	3,759.11			
8	Net Capital Turnover Ratio	Revenue from Operations		Average Working Capital		0.78	1.01	1.79
		2023-24	1,37,962.45	2023-24	1,75,997.58			
		2022-23 (Restated)	1,07,865.13	2022-23 (Restated)	84,028.15			
		2021-22 (Restated)	56,211.56	2021-22 (Restated)	31,362.02			
9	Net Profit Ratio	Net Profit		Revenue from Operations		16.89%	19.18%	9.99%
		2023-24	23,302.68	2023-24	1,37,962.45			
		2022-23 (Restated)	20,690.68	2022-23 (Restated)	56,211.56			
		2021-22 (Restated)	5,617.75	2021-22 (Restated)	56,211.56			
10	Return on Capital employed	EBIT		Capital Employed		3.78%	3.17%	1.36%
		2023-24	33,869.80	2023-24	8,97,094.75			
		2022-23 (Restated)	27,649.50	2022-23 (Restated)	8,72,283.03			
		2021-22 (Restated)	7,925.72	2021-22 (Restated)	5,82,142.79			
11	Return on Investment	Return/Profit/Earnings		Investment		NA	NA	NA
		2023-24	23,302.68	2023-24				
		2022-23 (Restated)	20,690.68	2022-23 (Restated)				
		2021-22 (Restated)	5,617.75	2021-22 (Restated)				

- I. There are no proceedings initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made there under.
- II. Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.





India Optel Limited

III. Company has no charges or satisfaction yet to be registered with ROC beyond the statutory period.

28 (16) There are no transaction which are not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961.

28 (17) Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

Material Accounting Policies and accompanying Notes form an integral part of the Financial Statements.

As per our report of even date.

For DMA & Associates
Chartered Accountants
FRN-010129C

Deepak Kumar Ghanshani

Partner
M.No.078742



For and on behalf of the Board of Directors

(Girish Chandra Agnihotri)
Director with Additional
charge of CMD

DIN-09282281

(Tushar Tripathi)
Director &
Chief Financial Officer

DIN-09657553

Place : Dehradun
Date : 26.07.2024

(Pooja Sharma)
Company Secretary
M.No. 59457



INDIA OPTEL LIMITED
RAIPUR, DEHRADUN
CIN: U31909UR2021GOI012802

Notes forming part of the Financial Statements

Note No. 29: Reconciliation of Financial Statements line items which are retrospectively restated

(Rs. in Lakhs)

A. Reconciliation of restated items of Balance Sheet as at 31st, March 2023

Particulars	Note No.	Previously Reported	Adjustments	As Restated
Inventory	7	52,186.23	-4,076.14	48,110.09
Others		9,43,183.07	-	9,43,183.07
Total Assets		9,95,369.30	-4,076.14	9,91,293.16
Trade Payables	17	16,638.75	-136.27	16,502.47
Provisions	19	10,929.64	-991.59	9,938.06
Other Equity	13	2,94,093.12	-2,948.28	2,91,144.84
Others		6,73,707.80	-	6,73,707.79
Total Equity & Liability		9,95,369.30	-4,076.14	9,91,293.16

B. Reconciliation of restated items of Statement of Profit & Loss account for the year ended 31st, March 2023

Particulars	Note No.	Previously Reported	Adjustments	As Restated
Cost of Material Consumed	22	45,591.12	-4,002.51	49,593.63
Changes in inventories of finished goods, stock-in trade and work-in-progress	23	2,913.29	62.65	2,850.64
Current Tax		7,528.03	991.58	6,536.45
Profit for the year		23,638.95	-2,948.28	20,690.68
Earning Per Share (Basic)		0.41	-0.05	0.36
Earning Per Share (Diluted)		0.40	-0.05	0.35

C. Reconciliation of items of Cash Flows for the year ended 31st, March 2023

Particulars	Note No.	Previously Reported	Adjustments	As Restated
Net Profit after tax		23,638.95	-2,948.28	20,690.68
Tax expense		7,950.40	-991.58	6,958.82
Operating Profit before working capital changes		31,589.36	-3,939.86	27,649.50



PREAMBLE TO THE MANAGEMENT RESPONSE TO INDEPENDENT AUDITOR'S REPORT

- Consequent upon the decision of formation of India Optel Limited as a 100% DPSU, the new entity has started its operations with effect from 01.10.2021.
- Prior to inception of the Company, the entire payment, accounting, internal audit and financial advice functions of the production and non-production units were looked after by the Principal Controller of Finance & Accounts (Factories), Kolkata (on behalf of Controller General of Defence Accounts), duly assisted by the Controllers of Accounts located alongside the production units.
- After corporatisation, all accounting functions of CGDA officials was completely handed over to DPSU' and CGDA officials were transferred out of the physical location of all the three factories to other location of CGDA leading to complete disconnect & discontinuity. So, Finance & Accounting was managed by DPSU manpower of non-financial background employees by retraining them in Finance & Accounts.
- There were various transition issues & apprehension faced by new entity after corporatization. Prior to corporatization factory unit were having PPC package in place to record the material receipt, consumption, expenses, payments, sales, valuation of inventories etc. The earlier system in vogue during the period of OFB has been continued by the company post corporatization also. It has taken some time for familiarization & to acquire proficiency to work in the system.
- In order to ensure accuracy and completeness of the accounting records, relevant to the preparation and presentation of financial statements as per Ind AS, the Company has hired the services of professional chartered accountancy firms for financial accounting and taxation.

MANAGEMENT RESPONSE TO THE INDEPENDENT AUDITOR'S REPORT

Qualifications in Main Audit Report

Sr. No.	Auditors Remarks	Management Response to the Independent Auditor's Report
1.	<i>Opening Balances/Legacy Issues</i>	
A	<p>The company adopted opening balances of assets and liabilities (except for few deviations) as on 01st October 2021 as per the data provided by PCFA (Principal Controller of Accounts Ordinance Factories, Kolkata). In light of information (or lack thereof) available with respective units/factories, some adjustments were made to these balances by the units over a period of two and half years.</p> <p>The management could not provide us a positive assurance as to whether the balances of current assets and current liabilities shown in the balance sheet after these adjustments are correctly and completely reported and that these do not require any further adjustments. The actual impact of future adjustments on the financial statements of the company will be based on future information and hence the same is not presently quantifiable in current statements.</p>	<p>The opening balances of Current Assets and Current Liabilities were adopted from DAD Accounts as on 01.10.2021 and these balances were provided to respective units for their observations and comments. That the respective units duly corroborated the same with their records and identify some of these balances were non-existent during the course of business.</p> <p>The management has taken cognizance of these non-existent balances & identify such matter as legacy issues. These identified non-existent balances have been transferred to the "Sums Due to Govt. Account/Sums Due from Govt. Account".</p> <p>Further, during the F.Y. 2021-22 (Oct-March), F.Y. 2022-23 & F.Y. 2023-24, the management have identified various items of current assets & current liabilities which were not accounted in the erstwhile OFB Commercial Accounts, as on 01/10/2021. The balances of these identified current assets & current liabilities pertaining to OFB have also been transferred to "Sums Due to Government/Sums Due from Government Account" in books of accounts.</p>
B	<p>Units have transferred some of the carried over balances to "Government Suspense Accounts" in the name of "Sums Due to Government" / "Sums Due from Government", moreover certain payments were made / received by the company after its incorporation which pertained to the pre-incorporation period; these transactions have also been included in the "Government Suspense Accounts". These adjustments have been made without any approval or authorization of Central Government / Ministry of Defense. The financial impact of future approval (or denial) from the Central Government on the financial statements of the company will be based on future information and hence the same is not presently quantifiable in current statements.</p>	<p>After the above adjustments, the balance in Sums Due to Govt. Account is Rs. 322.99 Lakhs and Sums Due from Govt. Accounts is Rs. 283.33 Lakhs stand as on 31.03.2024.</p> <p>The management is continuously making efforts to reconcile all its current assets and liabilities through third party confirmations from Sundry Debtors/Creditors and is hopeful that these accounts will be fully reconciled in due course.</p> <p>Since all these balances pertain to the period before corporatization of the factories, the management has intimated this adjustment to the Central Government/Ministry of Defence on 23.05.2023 and again on 13.06.2024 for perusal & approval for further next course of action to work out the modus operandi to settle the balances exist in the head of Sums Due to Govt/Sums Due from Govt. Account.</p>

2	Statutory Compliances Issues	
A.	Statutory Control Reconciliations	
	<p>All Statutory Dues payable by company, including GST, GST TDS, and Income Tax TDS & TDS Receivable are subject to reconciliation between books of accounts and Statutory Returns filed by the company. These reconciliations were not concluded at the time of our audit. The exact impact of these errors on the financial statements could not be quantified in absence of availability of reliable data.</p>	<p>It is submitted that all the statutory reconciliations are being maintained by the company. These reconciliations were provided to a large extent during the audit.</p> <p>However, the audit observation has been taken note of and shortcoming, if any will be properly addressed in F.Y. 2024-25.</p>
B.	MSMED Act, 2006	
	<p>We further observed that in several cases, dues of MSMEs have been paid off without including interest payable on the same as per provisions made by the company last year. This unpaid interest liability is still outstanding in the books of the company while the management has no intention of paying off the same until a claim is made by the respective MSME. The management has not made any decision to either pay the interest to MSMEs as per provisions neither it has written back the amount of unpaid interest from its books of accounts.</p>	<p>As per the section 16 of MSMED Act 2006, interest on delayed payment to be made where the payment made or outstanding to MSME vendors beyond the prescribed period of 45 days. Accordingly, the provision for interest on against delayed payment to MSME, has been recognized in the books of accounts.</p> <p>It is intimated that the reason for delay in payment to various MSME vendors is primarily due to non-submission/delayed submission of documents required for released of payments within time. Further, none of the MSME vendors has claimed any interest from the company till 31.03.2024.</p> <p>However, the audit observation has been noted and this issue will be duly addressed in current financial year 2024-25.</p>
C	GST Regulations	
i.	<p>The company doesn't record complete invoices raised by the suppliers instead it modifies suppliers bills with the quantities actually received/accepted after quality control checks on the basis of RV. Debit/Credit Notes to the suppliers are kept out of the books since original invoice were modified, this results into mismatching of GST Input Tax Credit as often the suppliers are not even intimated about the deductions made from their bills. The company does not claim GST ITC in cases of such mismatches, this has resulted into short / delayed claim and hence revenue loss to the company. This also has resulted into mismatch between ledgers balances as per books and GST liability as per online GST Portal. Following GST ITC was available to the company but could not be claimed due to these mismatches during FY 2023-24:</p> <p>OLF Dehradun – 10.52 Crores OFD Dehradun – 1.65 Crores OFCD Chandigarh – 0.32 Crores</p>	<p>The system of issuing Debit/Credit Notes has been implemented in all the factories to account for the corrections such as short supplies, poor quality, etc. It is submitted that all the purchases have been recorded in the books on the basis of Receipt Voucher (RV) which reflects the value of purchase invoice less value of debit/credit note.</p> <p>Further, none of the invoice has been modified by the vendor instead all corrections due to various reasons such as short supplies, poor quality, etc. have been incorporated through Debit Notes. The detail of rejections has been intimated to the vendors for uploading credit note in GST portal.</p> <p>It is also intimated that ITC recorded in books on the basis of RV whereas the ITC claimed in GSTR-3B after matching with GSTR-2B. There is always a time gap of ITC claimed in GSTR-3B and Books. The ITC in the books include amounts that are not yet reflected in GSTR-2B due to the delay in the suppliers uploading their invoices. Hence, the ITC</p>

		<p>claimed in GSTR-3B is often less than the ITC recorded in the books at any given point of time, leading to the observed difference.</p> <p>However, the audit observation has been taken note of and it is assured that pending ITC available in portal will be claimed by the due date of GST Annual Return for F.Y. 2023-24.</p>
ii.	<p>We observed that in case of import by OFD, GSTIN of OLF was erroneously mentioned by the supplier. Instead of getting the same rectified, the company went on to wrongfully claim GST ITC of Rs. 14.98 Lakhs in OLF without taking the same in books of accounts. Moreover, original BoE in respect of this import was not available on record.</p>	<p>The audit observation has been noted and it is submitted that this error has been intimated to the vendors and continuous communication made for corrections in the Bill of Entry as required by law.</p> <p>During the year 2023-24, GST ITC on this Bill of Entry has been recognized in the books of OFD. Once the Bill of Entry rectified in Portal, then the GST ITC will be reversed by OLF in Portal and OFD will claim the ITC in their GST return in current financial year 2024-25.</p>
iii.	<p>We observed that Ordnance Factory Chandigarh didn't charge GST on PSD Forfeited during the year but it reversed its entire forfeited amount in March 2024 and re-recorded the same by marking down the income by amount of GST payable on amount forfeited. This has resulted into delayed reporting and delayed payment of GST to the Government and may attract penal provisions of the GST Act, 2017.</p>	<p>The audit observation has been considered and the factories has been instructed to implement the system of issuing GST Invoice at the time of forfeiting the PSD.</p> <p>Further, any interest liability on account of delayed payment of GST will be calculated and provided in the books of current year 2024-25.</p>
iv.	<p>Deductions in respect of LD to be charged / recovered from suppliers are crystallized at the time of preparation of RV/TPC decision but the same is accounted for at the time of making payments to the suppliers. This results into delayed accounting of income and delayed payment of GST on such income.</p>	<p>The audit observation has been noted and it is submitted that the system of issuing GST invoices on monthly and case to case basis against liquidated damages has been started in the units.</p>
v.	<p>We observed that the company has made payments of Rs 12.39 Crores to Central Public Works Department towards advance for construction; however, the company didn't pay GST under reverse charge mechanism on this amount.</p>	<p>It is intimated that estimate issued by the CPWD to IOL for the execution of work contract includes the value paid to the contractor plus the GST charged thereon. If IOL pays the GST on the value charged by CPWD under Reverse Charge Mechanism (RCM), then this will lead to double taxation under GST. Firstly, on the value charged by the contractors and then GST paid by IOL under RCM on the value which includes GST. Hence, the burden of paying double GST is to be borne by IOL which is against the spirit of the statute.</p> <p>Therefore, for the clarification/opinion in this regard, an application for advance ruling was filed to GST Department on 29.04.2023. In response, GST department has issued the ruling on 01.08.2023 and stated that GST should be charged under the RCM</p>

		<p>on the services received from CPWD.</p> <p>Against the advance ruling, IOL had filed an appeal before the appellate authority of GST on 09.09.2023 to seek further clarification/opinion in this regard. The appellate authority had issued the judgement on 08.12.2023 that GST should be charged under the RCM on the services received from CPWD.</p> <p>As in this transaction, IOL shall be saddled with double GST, therefore, a writ petition no WPMB127/2024 dated 23.04.2024 has been filed before the Hon'ble High Court and the case is pending before the court.</p> <p>After the judgement of Hon'ble High Court, this issue will be addressed accordingly.</p>
vi.	We observed that the company does not have any standard documentation policy/SOPs for availing GST ITC under the CGST Act, 2017.	<p>It is submitted that the company claims the ITC in GSTR-3B as per the value of ITC recorded in books of accounts. ITC is recorded in books on the basis of Receipt Voucher ((invoice value less debit note value) and the same is claimed after matching with GSTR-2B.</p> <p>However, the audit observation has been noted and a SoP for availing GST ITC has been prepared & issued to the Units for implementation.</p>
vii.	We observed that the company is not claiming GST ITC on bank charges paid by it.	The audit observation has been noted and it is assured that any available GST ITC on bank charges will be claimed by the due date of GST Annual Return for F.Y. 2023-24.
viii.	There is no system in the company to reverse the GST Input Credit as required by GST regulations if the payment to suppliers is not released within a period of 180 days.	The audit observation has been taken note of and will be properly addressed in F.Y. 2024-25.
D	Income Tax Act, 1961	
i.	We observed that company has not deducted income tax TDS from its employees at higher rate of 20% where PAN numbers were not linked to AADHAAR Numbers of the respective employees. We further observed that income tax department has already raised demands against the company in respect of this default which have yet not been paid by the company nor has it been provided for in books of accounts.	<p>The management has already taken cognizance of the same and deposited the demand of TDS raised by the Income Tax Department. Further, the management has facilitated these employees to link their PAN with Aadhar Number and filing of income tax returns.</p> <p>However, the audit observation has been noted and same shall be taken care in F.Y. 2024-25.</p>
ii.	Deferred Tax Liability: The company has provided an amount of Rs. 15.85 Crores towards deferred tax liability in its profit & loss account for the year under audit, however, we observed that the company has not considered disallowances under the income tax act towards provisions (like Salaries paid without deduction of income tax at source, interest payable to MSMEs towards delayed	It is intimated that the actual income tax liability of the company including deferred tax liability will be ascertained after the completion of Tax Audit. On the basis of Tax Audit Report, the disallowed/ineligible expenditure will be determined and accordingly, deferred tax liability will be adjusted in the books of accounts in current financial year 2024-25.

	payments, provision for warranties and loss of inventories) while calculating the liability. The exact impact of these errors could not be quantified in absence of availability of reliable data.	However, the audit observation has been noted and it is assured that ineligible expenditure, if any will duly be considered during the calculation of deferred tax liability for current financial year 2024-25.
iii.	We observed that company does not have any system to make statutory deductions of Income Tax TDS in respect of bills passed through contingent vouchers. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information.	The company has made the compliance of all statutory deduction against the bills passed or expenditure incurred during the year. However, the audit observation has been taken note of and shortcoming, if any will be properly addressed in F.Y. 2024-25.
E	EPF Regulations	
i.	OLF & OFD have deducted an amount of Rs. 11.12 Lakhs towards EPF, EDLI & ESI contributions of contractual employees but failed to remit the same to statutory authorities.	The payment liability of EPF, EDLI & ESI are not of the factories as the concerned persons are not the employees of the company. These employees are hired in factories through outsourcing agency which has made the default in contract. However, the OLF & OFD have recognized the above liability in books and will take appropriate action to settle this liability.
3	Internal Control Issues	
A	PPC Software	
i.	We observed that controls exercised by the management over its inventories are weak; inventory items were issued and consumed without recording the same in PPC software on several occasions. On perusal of stock verification report of external experts, we observed that inventory items worth Rs. 113.56 Crores & Rs. 1.04 Crores were missing from physical stocks since these were already consumed without recording the issue in PPC. The management could not provide quantifiable data of year wise consumption of these missing inventory items which could include pre-incorporation period as well.	It is intimated that all the factory units are having PPC package in place before corporatization. All the entries in earlier packages continued to be undertaken even after the corporatization i.e. 01.10.2021. PPC software are being used by Units for maintaining bin cards of items, receipt vouchers of the items, Inspection notes of end product, P-vouchers for items manufactured and invoices raised for product sale. Each and every transaction stands duly recorded in PPC Software.
ii.	Another major weakness in inventory controls is that the PPC software used by the company allows issue of inventory items without first checking available quantity in stocks and hence it allows negative balances of inventory items without issuing any prompts for such errors. We observed that inventory items were shown as issued and consumed even before they actually arrived in stores.	However, in urgency of supply of goods to the customer, there were few instances where inventory items were issued & consumed before recording in PPC software. These cases were exceptional & done with the approval of CGM of the factory and the data related to inventory items consumed i.e. bin card; receipt voucher, inspection note etc. were immediately updated in PPC software.
iii.	PPC software doesn't have any control checks to restrict completion of a particular work order without first ensuring issuance of all the raw materials required for manufacturing the items of finished goods. This has resulted into manufacturing of finished goods without recording consumption of raw materials used in process.	It is also submitted that inventory items of Rs. 113.56 Crores & Rs. 1.04 Crores have been updated in PPC as well as Books of Account for the year 2023-24. However, the audit observation has been noted and same shall be taken care in F.Y. 2024-25.

iv.	There is no facility in PPC Software to generate historical reports as the software maintains a dynamic database which gets updated with every transaction and historical values are over written.	The management has started to capture the historical data from PPC Package on regular basis and maintaining this historical data to facilitate the books of accounts & various audits.
v.	PPC Software used by the company is customizable at the end of factories and that each factory carries out customization as per its own convenience and requirements. These customizations are not discussed or authorized at company level and hence reports available at one factory may or may not be available at others and there is no system of standardization of the reports available in PPC Software.	The audit observation has been noted and it is submitted that the management is planning to develop a centralized database system in PPC that will help in generating uniform & standard reports across all the Units.
vi.	PPC software does not allow recording of material purchases at a price lower than the rates mentioned on work order/supply order even if the supplier has charged a lesser rate. We further observed during our test checks that this has actually resulted into excess recording of purchases in the accounting software of the company, however total amount of such overstatement of purchases could not be quantified at the time of audit. This may also have an impact on excess valuation of inventories recorded at a price higher than the actual purchase price of the same.	The audit observation has been noted and it is submitted that for ensuring the correct recording of purchases in PPC, a SoP has been prepared and issued to the factories for implementation.
vii.	PPC Software does not differentiate between revenue and capital purchases, the company has to manually identify capital purchases in order to include capital items in the PPE. The process is manual and prone to manual errors.	The audit observation has been noted and it is intimated that a SoP for the identification of new purchases as Capital Item and inclusion of the same in Fixed Assets Register, has been prepared and issued to the factories for implementation. After the implementation of SoP, a separate series of voucher will be created to recognize the capital items.
viii.	Cost price as per PPC Software of certain items of finished goods was exceptionally low when compared to their Sales Price, the management failed to provide any reasonable explanation for the same.	The issue reported in this para pertains to OFCd, Chandigarh. In OFCd, few items are having very low production cost, however the selling price of these items are much higher compare to cost of production. As this type of abnormal variation are only on few items, therefore, overall turnover not get impacted from this variation.
B	<u>Lease Deeds:</u> Legally valid lease deed was not available on record in respect of premises leased out to State Bank of India at Raipur, Dehradun.	The observation has been considered and it is intimated that the existing lease deed in respect of premises leased out to SBI was expired. The process for execution of new lease deed has been initiated and the same will be executed soon.
C	<u>Avoidable Expenses Incurred</u>	
i.	In case of import of technical literature by OLF, incorrect GST rate of 5% was mentioned in BoE # 4880137 dated 03/03/2023. In April 2023, DRI	The audit observation has been appreciated and would like to place the followings: • OLF had entered into an agreement for

	<p>instructed the company to pay GST at correct rate of 18% and demanded differential GST amounting to Rs. 4.68 Crores with Interest of Rs. 25.38 Lakhs. The company has since paid both the amounts but charged interest amount only to expense while keeping differential GST amount as recoverable. In our opinion, in order to have a legitimate claim on recovery of differential GST, the company should have gotten BoE amended in April 2023 itself. Now since the time limit for amendment in BoE has expired, recovery of this differential amount of Rs. 4.68 Crores is highly doubtful and should have been expensed off.</p>	<p>modernization of sighting systems with M/s Beltech Optronics, Belarus. In terms of the said agreement, Engineering Support Package was also to be supplied from Belarus.</p> <ul style="list-style-type: none"> • OLF had imported Engineering Support Package Part from Belarus against BOE No. 4880137 dated 03/03/2023. The said imported item was declared item under HSN 49019900 and IGST as applicable was deposited and got the materials released. • However, a notice was issued by the Directorate of Revenue Intelligence (DRI), Mangalore, wherein it was stated that the item imported by OLF was classifiable under HSN 49119990 and the DRI Mangalore directed to deposit the differential amount of IGST with interest. • In response to the notice, OLF had deposited the differential IGST amount for Rs. 4.68 Crores with Interest of Rs. 25.38 Lakhs. • Later on, OLF has obtained legal consultation in this regard and it was opined that OLF has correctly classified the items imported under HSN 49019900 and were not classifiable under HSN 49119990. it was further opined that a refund claim against such deposition should be filed. • In view of the above, an application has been filed with the GST Department on 20th May, 2024 and with the Custom Department on 01.07.2024 to claim the refund of IGST. • After the judgement of statutory authorities, this issue will be addressed accordingly in the books of accounts.
ii.	<p>An amount of Rs. 29.40 Crores was received as advance against service agreement by OLF in the month of August 2023 from M/S AVNL (DPSU). The same was reported in GST Return R-1 for the month of September 2023 which resulted into interest liability of Rs. 7.86 Lakh on GST Amount (Rs 5.25 Crores) on the company.</p>	<p>The audit observation has been noted for future compliance.</p>
iii.	<p>Company does not have a system to verify active GST registration status of its vendors at the time of making payments against their invoices. This has resulted into payment of GST to such vendors who don't have an active GST registration and who actually don't pay GST to the Government in spite of charging the same from company.</p>	<p>The audit observation has been noted and it is submitted that the management is planning to develop an online program in all units to track the vendor who don't have an active GST registration so that the same can be verify at the time of making payment.</p>
4	Accounting Issues	
A	Inventories	
i.	<p>An inventory item worth Rs. 26.02 Crores was transferred from one Ledger Folio Code to another on 31/03/2023 without issuing CIV for the same.</p>	<p>The error has already been rectified by restatement of financials for the year 2022-23.</p>

	This resulted inclusion of the same inventory item in two different LF Codes and hence over valuation of inventories as on 31/03/2023. The management has recorded CIV for the same during current year and therefore, profit for the year is under stated by an amount of Rs. 26.02 Crores and profit for the year 2022-23 and inventories as on 31/03/2023 was overstated by the same amount. The management has restated the financial statements for F.Y. 2022-23 to rectify the error.	
ii.	An amount of Rs. 15.36 Crores was included in Stock in Transit as on 31/03/2023 but the same was also included in inventories through RV dated 31/03/2023. Therefore, inventory of the company as on 31/03/2023 and profit of the company for F.Y. 2022-23 was overstated by an amount of Rs. 15.36 Crores. The management has restated the financial statements for F.Y. 2022-23 to rectify this error.	The error has already been rectified by restatement of financials for the year 2022-23.
iii.	An inventory item worth Rs. 1.84 Crores was rejected by the OLF in 2022-23 but the same was still recorded as purchase in Tally software on the basis of BOE. The item was replaced by the supplier and finally accepted by the company in F.Y. 2023-24. The management has restated the financial statements for FY 2022-23 to rectify this error.	The error has already been rectified by restatement of financials for the year 2022-23.
iv.	Company has reversed purchase of Rs. 76.03 Lakhs from M/s Merlin Hawk Aerospace Private Limited due to double accounting of the same in F.Y. 2022-23. The management has restated the financial statements for F.Y. 2022-23 to rectify this error.	The error has already been rectified by restatement of financials for the year 2022-23.
v.	The company has a policy to record rejections at full cost price without having any regard to the cost of repairs to be incurred on the same. This has resulted into overstatement of inventories and profits of the company. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information.	It is submitted that rejections made by OFCd amounting to Rs. 2.82 Crores to Ordnance Factory Dehradun has been recorded at NRV for Rs. 79.45 Lakhs after taking into account the estimated cost of repair. In respect of other rejections occurred during the year, the estimated cost of repair was not ascertainable at the end of reporting period. Therefore, that rejected inventory has been valued at lower of cost and NRV without considering the repair cost. However, the audit observation has been noted for future compliance.
vi.	Goods worth Rs. 14.36 Lakhs supplied by OLF to OFD were rejected and sent back to OLF during the year, however, instead of reversing the sales at OLF, OFD erroneously accounted for this	The audit observation has been appreciated and would like to place the followings: 1. It is submitted that the company is required to prepare the consolidated financial statements where

	<p>transaction as purchase and included the inventory as "Stock in Transit" as on 31/03/2024 while the goods were lying at OFD as on 31/03/2024. Moreover, rejected goods have been valued at full purchase price without making any allowance for repairing/refurbishing expenses to be incurred on the same to remove the defects. Financial impact of this transaction could not be ascertained due to lack of availability of reliable information.</p>	<p>all units of the company will be regarded as a single whole unit and value of interunit sale and interunit purchase needs to be matched at the year end. To match the interunit sale/purchase and interunit balances, buying units were required to consider the goods sold by selling units as 'Stock-in-Transit' and increase the inventory as on 31.03.2024 in the system.</p> <p>As the goods amounting to Rs. 14.36 lakhs were supplied by OLF but the same were sent back for rectification, therefore, the inventory shown as 'Stock-in-Transit' in OFD at full value of purchase price for Rs. 14.36 Lakhs. After the rectification, Receipt Voucher will be generated by OFD and 'Stock in Transit' will be eliminated in the current financial year 2024-25.</p> <p>2. Since the goods was sent back to OLF for rectification, therefore OFD is not required to recognized any repairing/refurbishing expenses. Moreover, all the three factories have made a sufficient provision towards anticipated expenses on unexpired warranties.</p>
vii.	<p>The management has identified obsolete and unusable inventory items worth Rs. 15.55 Crores and also had initiated process of auctioning the same. Management has written down the value of these items in closing inventory figures.</p>	<p>As per the accounting policy of the company, '<i>Adequate provision is to be made for inventory which are more than five years old which may not be required for further use.</i>'</p> <p>Accordingly, the management carried out assessment for obsolescence in 5 years old Non-Moving and Slow-Moving Inventory during the reporting period. The management identified some of its inventories obsolete & unusable, therefore, the inventory value of Rs. 15.55 Crores has been written off in the books of accounts for the year 2023-24.</p>
viii.	<p>The factory values its inventories on lower of cost and realizable value. However, market rate/realizable values were not available for most of the inventory items since all these are made to order items and an active market for these items actually does not exist. Management considers cost of these items as representing NRV and therefore values all such items at cost price only.</p>	<p>The disclosure in this regard has duly made by management in Note No.07 (Inventories) of Financial Statements.</p> <p>However, the audit observation has been noted and it is assured that compliance of IND AS-2 regarding valuation of inventory will be continued.</p>
ix.	<p>Non-Moving and Slow-Moving Inventory Items are identified by the management but these are also valued at lower of cost or normal realizable value as other fast-moving items. No adjustment in realizable value is made due to obsolescence in these items. 5-year-old inventory items are valued at NIL by OLF but not by OFD & OFCD. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information.</p>	<p>As a matter of prudent accounting practices, the management carried out assessment for obsolescence in 5 years old Non-Moving and Slow-Moving Inventory during the reporting period. The management identified some of its inventories obsolete and the inventory value of Rs. 1,667.71 Lakhs has been written off in the books of accounts for the year 2023-24.</p> <p>However, the audit observation has been noted for future compliance.</p>

x.	<p>Ordnance Factory Chandigarh had returned/ rejected goods amounting to Rs. 2.63 Crores to Ordnance Factory Dehradun between 01/10/2021 & 31/03/2023. However, these inventories were not included in final valuation of inventories in either of the factories as on 31/03/2022 & 31/03/2023 resulting into understatement of inventories and profits of the company. The fact that these goods kept lying at factory premises for more than two years without making any entry in Tally and PPC Software shows how weak internal control systems of the company are.</p>	<p>This error has already been rectified by restatement of finished goods value in financials for the year 2022-23.</p> <p>However, the audit observation has been considered and an instruction has been issued to the factories to take necessary action on this issue so that such instances does not occur in future.</p>
xi.	<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. This results in violation of para 13 of IndAS 2 – “Inventories” which requires FOH to be allocated based on the normal capacity of the production facilities.</p>	<p>It is submitted that valuation of inventory is being done as per the IND AS-2.</p> <p>Company has identified normal capacity of each production unit in terms of Standard Man-hours. Being a multi production unit and multi technology product, there is no other parameter except Standard Man-Hours is available to measure the capacity of the unit.</p>
xii.	<p>Allocation of Fixed Overheads has been made on the basis of management estimates by each factory hence the compliance with Ind- AS could not be verified by us. The impact of the non-compliance with Ind-AS 2 can't be quantified by us in absence of the reliable information at this stage.</p>	<p>As per Para 13 of the said IND AS: “The actual level of production may be used if it approximates normal capacity”. That since the actual level of production of the company approximates normal capacity, therefore, fixed overheads have been correctly allocated.</p> <p>It is assured that compliance of IND AS-2 will be continued.</p>
xiii.	<p>The company is not recognizing various items of spare parts, stand-by equipment and servicing equipment which are expected to be used during more than one period which is in violation of para 6 & 8 of IndAS 16 - “Property plant and Equipment”.</p>	<p>It is submitted that during the financial years 2021-22 & 2022-23, the physical verification and valuation of PPEs including spare parts, stand-by equipment & servicing equipment which are expected to be used more than period, were got done by registered valuers and the value of the same have been incorporated in the books of accounts.</p> <p>However, the audit observation has been taken note of and shortcoming, if any will be properly addressed in F.Y. 2024-25.</p>
B. Debit/Credit Notes		
i.	<p>Debit notes issued by Ordnance Factory Chandigarh to its suppliers towards purchase rejections during the year, Rs. 5.49 Crores pertained to the goods rejected/returned prior to 01/04/2023, out of these, debit notes amounting to Rs. 2.63 Crores pertained to goods rejected/returned to Ordnance Factory Dehradun. The management has restated its financial statement to the extent of Rs. 222.91 Lakhs only while no treatment was given to the rest of amount.</p>	<p>It is submitted that OFCd has rejected the total material of Rs. 282.71 lakhs (Rs. 222.91 lakhs pertaining to the period 2022-23 & Rs. 59.80 lakhs pertaining to 2023-24) which has been recorded by restatement of financials for the year 2022-23.</p> <p>Further, remaining rejected goods amounting to Rs. 266.29 Lakhs (Rs. 549.00 Lakhs – Rs. 282.71 Lakhs) pertaining to various suppliers, has been recognized in the financials of 2023-24.</p>

ii.	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 that it had charged profit element of 7.5% from 01/10/2021 to 31/03/2024. However, the company has issued such pro rata credit notes only for the period from 01/04/2023 to 31/03/2024 and therefore reversal of profit element of 1.5% on all deemed contracts with other DPSUs for the period from 01/10/2021 to 31/03/2023 has not been done by the company. Therefore, net sales, profits and receivables of the company are overstated in the financial statements. The impact of this error on financial statements could not be quantified due to lack of availability of reliable information.	The audit observation has been noted and it is assured that it will be re-examined & accordingly accounted for in the books of current financial year 2024-25.
iii.	There is no system of timely issue of debit notes to suppliers towards purchase rejections, in case of Ordnance Factory Chandigarh, 355 debit notes were issued after passage of more than 90 days from date of rejections.	The audit observation has been considered and it is intimated that a SoP regarding issue of Debit Notes has been prepared & issued to the factories for implementation.
C. Basic Book Keeping		
i.	The company has received an amount of Rs 1,415.01 Lakhs from PCAFYS during FY 2022-23, the company has classified this amount under current liabilities. However, No information/document was provided by the management to establish that it is in fact a liability and not income.	<p>During the F.Y. 2022-23, DoO (C&S) Kolkata, had disbursed the Renewal & Replacement Fund (RR Fund) for Rs. 1415.00 Lakhs, however the explicit information was not received for accounting treatment of the RR fund.</p> <p>It is intimated that this matter has been taken up with the DoO (C&S), Kolkata and NDCD, New Delhi vide letters dated 02.11.2023, 14.02.2024 & again on 13.08.2024. However, the direction for the accounting treatment is still awaited. Therefore, the amount of Rs. 1,415.00 Lakhs has been shown under the 'Other Current Liability' in Financial Statements.</p> <p>It is assured that whatever the direction will be received from MoD, it will be incorporated in the financials for current year 2024-25.</p>
ii.	Confirmation of Balances: The balances of company's debtors and creditors have not been confirmed by the parties. The impact of the non-confirmation of balance is not quantifiable in financial statements. We further observed that wherever differences were reported by the Debtors/Creditors in the confirmations, those differences were not acted upon by the company and as such these differences are un-reconciled as on balance sheet date. The impact of the non-confirmation of balance is not quantifiable in financial statements.	The management has sent communications for confirmation of Debtors/Creditors to all the parties; however, these parties are yet to respond. The balance confirmation is an ongoing process and management will initiate a fresh round of communications for obtaining balance confirmations from all the parties in F.Y. 2024-25.

iii.	Company is recording its bank payments on the date of execution of transaction by the bank instead of recording the payments on the date of issuing the cheques as required by accrual system of accounting.	The audit observation has been noted and an advisory has been issued to units to record the payment transactions on the date of issuing the cheques.
iv.	Company is making statutory deductions of Income Tax TDS from its suppliers on the date of making payments instead of earlier of payment and credit as required under respective sections of the income tax act.	The system of making statutory deduction of TDS on earlier of Receipt Voucher (RV) and payment, has been started in the Units. The same will be duly complied in the current financial year 2024-25.
v.	The company has charged amortization charges on its intangible assets used specifically for research & development purposes; however, the company has not transferred these amortization charges to research & development expenses but included in normal depreciation & amortization expenses.	The audit observation has been noted and it is assured that it will be re-examined & accordingly accounted for in the books of current year 2024-25.
vi.	Rental income of the company is not being accounted for as per accrual system of accounting in clear violation of its own stated accounting policies. This has resulted into understatement of rental income for the year under audit to extent these incomes were not realized in cash within the financial year. This has also resulted into delayed reporting and delayed payment of GST to the Government and may attract penal provisions of the CGST Act, 2017.	It is submitted that all the invoices against the rental income received have been generated and accounted for in the books of accounts for the year 2023-24. However, the audit observation has been noted and rental income will be recognized on due basis in current financial year 2024-25.
vii.	The company has a policy of making certain deductions from vendors payments on account of liquidated damages, shortages, rejections etc. However, in several cases these deductions were made from payments of vendors without actually passing accounting entries in books of account which has resulted into understatement of liquidated damages, overstatement of purchases and overstatement of creditors. The exact amount of overstatements could not be ascertained in absence of reliable information at the time of our audit	The system of issuing Debit/Credit Note and invoices against liquidated damages on case-to-case basis have been implemented in the units. The same has been duly incorporated in the books of accounts as well as in GST Portal. However, the audit observation has been taken note of and shortcoming, if any will be properly addressed in F.Y. 2024-25.
viii.	The company has shown all of its Sales as "Sale of Products" without segregating the service component on account of warranties, repairs etc. in violation of Ind AS 115 - "Revenue from Contracts with Customers".	The rate whereon deemed contracts were executed with IOL did not include any sum towards warranties and thus the company has (in absence of any inclusion in the consideration towards warranties) declared all supplies as sales of products. However, the audit observation has been noted and if any sum towards warranties will include in Deemed Contract, then it will separately show in accordance with IndAS-115.

D.	Provisions	
i.	<p>Provision for Warranties: During the year under audit, the company has made a provision of Rs. 28.15 Crores towards anticipated expenses on unexpired warranties. We are given to understand that the amount of provision has been derived @2% of Annual Sales, however the management was unable to provide us any scientific or logical basis for having arrived at this arbitrary figure of 2%. Moreover, this provision grossly ignores unexpired multiyear warranties on sales made during earlier years.</p>	<p>The past trend of expenditure incurred towards the liability of warranty was not ascertainable at the end of the reporting period, hence it has been decided to make the provision for warranty on estimation basis i.e. 2% of Revenue from Operation for the reporting period.</p> <p>This is also in line with the company's accounting policy with regard to performance guarantee and replacement/ repair of goods sold that where a trend is not ascertainable, provision for warranty be made based on the best estimates of management.</p> <p>However, it is assured that the provision of warranty will be re-examined on the basis of actual expenditure incurred against the warranty and will be accounted for accordingly in current financial year 2024-25.</p>
ii.	<p>Expenses against Warranties: The company does not have proper systems to identify and accordingly account for expenses incurred against warranties given on its products. All such expenses are accounted for as normal material / wages / travelling expenses instead of identifying relevant warranty cost so as to provide a reasonable basis for making provision for unexpired warranties.</p>	<p>The observation is duly appreciated and it is submitted that management has instructed the Units to ensure all warranty related expenditure are booked in relevant code head of warranty. The same will be accounted for in the books of F.Y. 2024-25. On the basis of actual expenditure incurred against the warranty, the provision of warranty will be re-assessed in current financial year 2024-25.</p>
iii.	<p>Provision for Unpaid Salaries:</p> <p>The company has made a provision of Rs. 18.67 Crores towards salary payable for the month of March 2024. However, the salaries for the month of March 2024 were neither included in the respective employees' annual salaries for calculation of income tax liabilities of the employees nor were these reported in TDS Return 24Q of the company. This has resulted into under reporting of taxable salaries of all the employees and consequently loss to the Government in terms of short payment of TDS and individual income taxes.</p> <p>We further observed that this provision of salaries was made without making applicable statutory deductions like PF, NPS etc this has resulted into understatement of statutory dues in the financial statements of the company.</p> <p>We further observed that this provision of salaries was made without making deductions pertaining to income ledgers like license fees etc. this has resulted into under statement of income and overstatement of liabilities in the financial statements of the company</p>	<p>Before corporatization, factories were following Government system of salary disbursements in which Salary of March month was paid in April and accordingly the same was considered for tax calculations of next years. The salary for the month of March 2021 was considered in tax calculations for the FY 2021-22 on the same pattern. After corporatization, the company is required to maintain its books on Accrual System and therefore provision for salary for the Month of March 2024 was required to be made. However, this was resulting into a unique anomaly wherein each employee was getting taxed for 13 months' salary in the F.Y. 2023-24 starting from March 23 to March 24. Therefore, Salary for the month of March 2024 was not included in tax calculations of the employees.</p> <p>As per Govt. OM No. 1(5)/2021/OF/DP (Plg-V)/02/dt 24/09/2021, the employees of the company were on deemed deputation during the period and were subjected to extant rules regulation and order as applicable to Central Government servants.</p> <p>It is submitted that Salary payment of Government employees is governed by the rule 64 of The Central</p>

		<p>Government Account (Receipts and Payments) Rules, 1983. As per Rule 64, Salary of Government employees for the month of March is paid in the month of April. Due to this provision, Salary calculation of Government employee will continue to be calculated for from March to Feb. as earlier without any change till the employee are on deemed deputation.</p> <p>As per the provisions of section 192 (1) of Income Tax Act, 1961 as specified in Para No. [C] 3 supra it is clear that TDS on salary is required to be deducted at the time of payment of salary to the employees. Unlike the provisions of TDS, pertaining to payments other than Salary where obligation to deduct tax arises only at the time of credit or payment whichever is earlier, the responsibility to deduct tax from salaries rises only at the time of payment. Thus, in view of the clear provisions of section 192 (1) of Income Tax Act, 1961, TDS on salary is required to be deducted at the time of making payment to the employees. In the present case salary for the month of March of Government employees on deemed deputation was governed by Rule-64 and payment of Salary for the month of March, 2024 was done on April, 2024. As such TDS as per Section 192 (1) was required to be deducted in April 2024 only.</p> <p>Further, the deduction of applicable statutory dues like PF, NPS etc. for the month of March, 2024 was also done at the time of payment of salary to employees i.e. in the month of April, 2024.</p>
iv.	The company has not made provision towards bandwidth charges of ComNet 2.0 for the months of Feb. & March 2024 which has resulted into overstatement of profit and understatement of liabilities as on 31/03/2024. The exact impact of this error could not be quantified in absence of availability of reliable data	<p>The provisions for expenses have been recognized on the basis of information available at the time of finalization of books. As the provision by definition is an estimate and the same could not be measured with 100% accuracy.</p> <p>However, the audit observation has been noted and it is assured that differential amount of expenditure, if any will be incorporated in the financials of current year 2024-25.</p>
E	Disclosures	
i.	The company has restated its financial statements for the F.Y. 2022-23 due to discovery of some material accounting errors occurred during F.Y. 2022-23 and earlier. The company has not restated opening balance sheet as on 01/04/2022 as required by Ind AS 8 - "Accounting Policies, Changes in Accounting Estimates and Errors". The company has not made proper disclosures of	<p>Para 44 of IndAS-8 states that '<i>when it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity shall restate the opening balances of assets, liabilities and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).</i>'</p>

	reconciliations between original and restated figures as required by Ind AS 8 – “Accounting Policies, Changes in Accounting Estimates and Errors”.	<p>In view of the above, the financial statements of F.Y. 2022-23 and opening balances as on 01.04.2022 have been restated in the Financial Statements.</p> <p>It is further submitted that disclosure of reconciliation between original and restated figures has duly made under Note No. 29 which is the form part of Financial Statements.</p> <p>However, the audit observation has been noted for future compliance.</p>
II.	The company has not disclosed gross carrying amount of any fully depreciated property, plant and equipment that is still in use as required by Ind AS 16 – “Property, Plant & Equipments”.	The audit observation has been noted and it is assured that it will be re-examined & disclosed in the financials of current year 2024-25.
III.	The company has not disclosed the carrying amount of property, plant and equipment retired from active use and not classified as held for sale in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations and Ind AS 16 – “Property, Plant & Equipments”	The audit observation has been noted and it is assured that it will be re-examined & disclosed in the financials of current year 2024-25.
IV.	In respect of Provisions, the company has not disclosed additional provisions made, amount used and unused amount reversed during the period as required by Ind AS 37 – “Provisions, Contingent Liabilities and Contingent Assets”.	The audit observation has been noted and it is assured that it will be re-examined & disclosed in the financials of current year 2024-25.
V.	In respect of Provisions, the company has not disclosed additional provisions made, amount used, nature of obligation, expected timing of the outflows and indication of uncertainties & unused amount reversed during the period as required by Ind AS 37 – “Provisions, Contingent Liabilities and Contingent Assets”.	The audit observation has been noted and it is assured that it will be re-examined & disclosed in the financials of current year 2024-25.
VI.	The company has not disclosed its capital commitments towards purchase of machineries as required by Division II to Schedule III of the Companies Act, 2013.	<p>It is submitted that as on 31.03.2024, the company has a capital commitment towards the construction of office at New Delhi. The disclosure regarding the same has been made under Note No-2 of Financial Statements.</p> <p>However, the audit observation has been noted for future compliance.</p>
VII.	The company has not disclosed internally generated intangible assets and other intangible assets separately as required by Ind AS 38 – “Intangible Assets”	<p>It is submitted that disclosure regarding internally generated intangible assets and their gross carrying amount & estimated useful life, have been made under the Note No. 4 of Financial Statements.</p> <p>However, the audit observation has been taken note of and shortcoming, if any will be properly addressed in F.Y. 2024-25.</p>

VIII.	Aging schedules of Trade Payables have been disclosed from the appointed date instead of transaction dates.	The management has implemented the system to work out the ageing schedules of Trade Payables from the transaction dates. It is assured that ageing schedules from the F.Y. 2024-25 onwards will be disclosed from the transaction dates.
IX.	The company has disclosed security deposits at historic values and NOT at fair values as required by IndAS 109 "Financial Instruments".	It is submitted that value of security deposits shown in the financial statements represent the interest-bearing security given to electricity department and the performance bank guarantee given in the form of FDRs. The interest accrued (time value of money) on these securities have duly accounted for in the books of accounts and shown with the security deposits in the financial statements in accordance with Ind AS-109.
X.	The company has not disclosed nature and extent of risks arising from financial instruments as required by Para 31 & 32 of IndAS 107 "Financial Instruments: Disclosures".	The audit observation has been taken note of and it is assured that it will be re-examined and disclosed in the financial of current year 2024-25.
XI.	The company has not made disclosures related to Contractual Assets, Contractual Liabilities & Revenue Recognized from Contracts as required by Para 116 of IndAS 115 "Revenue from Contracts with Customers".	The audit observation has been taken note of and it is assured that it will be re-examined and disclosed in the financials of current year 2024-25.
F. Research & Development Expenses		
	<p>Accounting of Intangible Assets meeting the definition as per Ind As 38 has not been done in compliance with Ind As 101 – "First Time Adoption" as the carrying value of Intangible Assets has not been brought in books as on 1st October 2021. In absence of related data of earlier years, the impact of the same in the current period financial statements cannot be commented upon.</p> <p>The expenses capitalized during the period under audit as Intangible Assets are incomplete as proper bifurcation between research and development phases of the project was not available and expenses incurred on research phase have also been accounted for under capital work in progress in violation of IndAS 38.</p> <p>The expenses capitalized during the period under audit as Intangible Assets are incomplete as proper documentation in respect of depreciation/repairs of PPE used in research and other overheads of research facilities are not available.</p> <p>The impact of the deficiencies in financial statements is presently not quantifiable in absence of reliable data.</p>	<p>It is submitted that no intangible assets of any significant value were transferred to the company by erstwhile ordnance factories at the time of corporatization.</p> <p>Post corporatization, IOL has undertaken research and development activity on various projects i.e., Night Vision Sight, Thermal Imaging Sight etc. which are under process. The expenditure capitalized during the period incurred on the development phase of these projects. IOL has already received the order to supply the Night Vision Sight and for other projects requirement from the market have been received. Therefore, the expenditure on R&D has been capitalized under the head intangible assets under development.</p> <p>However, the audit observation has been noted and it is assured that compliance of IND AS-38 will be continued.</p>

G	Prior Period Adjustments	
i.	Purchase amounting to Rs. 1.70 Crores pertaining to F.Y. 2021-22 was missed out from the books, the same was discovered during period under audit. The management has restated purchases of F.Y. 2022-23 by Rs. 1.70 Crores instead of restating the opening statements as on 01/04/2022 as required by IndAS framework.	The audit observation has been noted for the future compliance.
ii.	During the year under audit, company has paid DA Arrears pertaining to F.Y. 2022-23 amounting to Rs. 66.26 Lakhs to its employees. The company has charged this expense as current year's expense instead of restating its financial statements as required by IndAS framework	<p>Para 42 of IndAS-8 states that '<i>an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery.</i>'</p> <p>Further as per Para 5 of IndAS-8, '<i>Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.</i>'</p> <p>In view of the above, DA arrears paid to employees during the financial year 2023-24 has not been considered as item for restatement.</p> <p>However, the audit observation has been noted and it is assured that compliance of IndAS will be continued.</p>

S No	Auditors Remarks	Management Response
a.	Absent or inadequate Controls on significant accounting process	
	<p>It was observed that adequate controls over creation & modification of accounting data maintained on Tally Software are not present. No systems have been designed for approval of accounting entries being made into the system. Neither there is any list of approved documents required for authorizing accounting entries into the accounting systems.</p> <p>Similarly, no process is detailed for making any modifications / alterations in the already recorded accounting transactions. It is possible to change the accounting data as many times as required without any approval from the management and without creation of any audit trail of recording or modifications in the recorded transactions.</p>	<p>Prior to corporatization factory unit were having PPC package in place. Material Insured Slip (MIS), Receipt Voucher (RVs), Certified Receipt Voucher (CRVs) etc. pertaining to purchase, sales, GST, expenses, salaries etc. were taken care by the unit officials only and Accounts Department used to undertake statutory compliances pertaining to TDS, release of payments and preparation of financials.</p> <p>Then the systems in vogue continued post corporatization also and the aspects taken care by the then accounts were also taken care by the unit officials in assistance with the outside hired professionals.</p> <p>All the entries in earlier packages continued to be undertaken even after 01.10.2021. So far as entries in Tally software are concerned, the said software has only been used to replicate the actual transactions in a better format only. Each and every transaction stands duly recorded in PPC Software being used by the respective units. Further purchase, sale, payments, expenses are subjected to three stage checks in all the units. Further the entire entries in tally software have been made on the basis of documents prepared by us which are named Debit Voucher (DV), Journal Voucher (JV), and Credit Voucher (CV) etc. which are duly available in respective units. Thus, the company has proper documentation of transactions entered in Tally.</p> <p>Further, a SoP to establish the controls over modification/alteration of the accounting entries maintained in Tally Software, has been prepared and implemented.</p> <p>The company has made a fresh contract with the firm of Chartered Accountants to maintain the Books of Accounts, preparation of Quarterly Financial Statements and Compliance of various Statutory Dues like GST & TDS for F.Y. 2024-25.</p> <p>It is pertinent to mention that the Tally ERP system is a new system for the company and it has taken some time for familiarization and to acquire proficiency to work in the new system. In the initial stages there could have been a few instances of traceability. However, with passage of time this issue stands addressed.</p>
	<p>The accounting process of the company has been outsourced to external consultants and very often accounting data is completed with a considerable amount of lag. Therefore, updated accounting ledgers of the creditors are generally not available to the management at the time of processing payments to its suppliers. This sometimes results into excess payments to the suppliers as "C&V Department" is generally not conversant with the statutory deductions like Income Tax TDS and GST TDS to be made from the suppliers' payments. Also, recoveries debited into suppliers account in respect of old adjustments are never recovered from current payments being made to them.</p>	

		Further, to strengthen the internal system, qualified professionals have been hired on Fixed Term Contract Basis.
	The board had authorized four of its General Managers/HODs as signatories to the bank accounts in the name of the company, however these officials delegated this important authority and related responsibilities to their junior officers without consent of the board. At the time of signing of this report all the bank accounts of the company were being operated by officers who were not authorised by the board. The same was ratified post facto by the Board of Directors.	The instance has already been ratified by the board of directors.
b.	Inadequate documentation of the components of internal control	
	It has been observed that company does not have any practice of maintaining vouchers for the bills recorded in Tally software due to which it is not possible to trace whether a particular transaction has been recorded in tally or not.	The company has started to maintain the Tally vouchers for the bills recorded in Tally software and this practice will be continued in current financial year 2024-25.
c	Inadequate design of internal control over the preparation of the financial statements being audited	
	<p>The company has not maintained proper reconciliations of all the statutory dues such as income tax dues such as TDS and goods and service tax liability on month-on month basis with the PPC server.</p> <p>The company does not reconcile the party balances (including branch offices) outstanding at year end with the PPC server to ensure that all the transactions are recorded in the head of respective parties and discrepancies, if any, can be corrected on timely basis. This has resulted into mismatching of party balances with their external confirmations due to lapse of recording of components of these bills.</p>	<p>The company and its units have made all-out effort to maintain all the statutory compliances for which reconciliation is necessary. These reconciliations were provided to a large extent during the audit.</p> <p>However, the audit observation has been noted and it is intimated that the company has made a fresh contract with the firm of Chartered Accountants to maintain the Books of Accounts, preparation of Quarterly Financial Statements for next one year. Statutory reconciliations have been made compulsory mandate for the firm.</p> <p>Further, the management has sent communications for confirmation of Debtors/Creditors to all the parties; however, these parties were yet to respond. The balance confirmation is an ongoing process and management will initiate a fresh round of communications for obtaining balance confirmations from all the parties in F.Y. 2024-25.</p>
d	Absent or inadequate controls over the safeguarding of assets	
	The company does not have proper exhaustive records of all the items of Property, Plant and Equipment. There does not exist a proper control for conducting physical verification of these items showing substantive evidence-	The units namely OFD, OFCD & OLF were transferred to IOL on as is where basis w.e.f. 01.10.2021 and at the time of takeover of the said units, IOL had hired a registered valuer for valuation of PPE. The said party duly conducted physical

	<p>based process of physical verification, due to which the completeness and accuracy of the FAR cannot be vouched for.</p>	<p>verification of PPEs and provided valuation report to the management. Further, during the year 2022-23, physical verification and valuation of all fixed assets have again done by the registered valuer.</p> <p>Based on the valuation reports submitted by the valuers, IOL has prepared a comprehensive fixed assets register in accordance with the Schedule II of the Companies Act, 2013.</p> <p>However, the audit observation has been noted. The management has considered the aspect of physical verification of assets positively and shall be complying in due course.</p>
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Comments of Comptroller and Auditor General of India



सत्यमेव जयते

No/58/T-459/IOL/Accounts/2024-25 Dated 17th September 2024

Confidential/Speed Post

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

To,
The Chairman & Managing Director
M/s India Optel Limited
Dehra Dun

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


Sir

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

Receipt of this letter may kindly be acknowledged.

Encl :- As stated.

Yours faithfully,


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

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


**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143 (6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF M/s INDIA OPTEL LIMITED DEHRADUN FOR THE YEAR
ENDED 31 MARCH 2024**

The preparation of Financial Statement of M/s India Optel Limited, Dehradun for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under Section 139 (7) of the Act is responsible for expressing opinion on these Financial Statements under Section 143 of the Act based on independent audit in accordance with the Standards on Auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Revised Audit Report Dated 23 August 2024 which supersedes their earlier Audit Report dated 26 July 2024.

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

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditor's report under section 143 (6) (b) of the Act.

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



17/09/2024

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

**Place: - Kolkata-1
Dated: 17 September 2024**



रक्षा उत्पादन विभाग
DEPARTMENT OF
DEFENCE PRODUCTION



ORDNANCE FACTORY INSTITUTE OF LEARNING
DEHRADUN



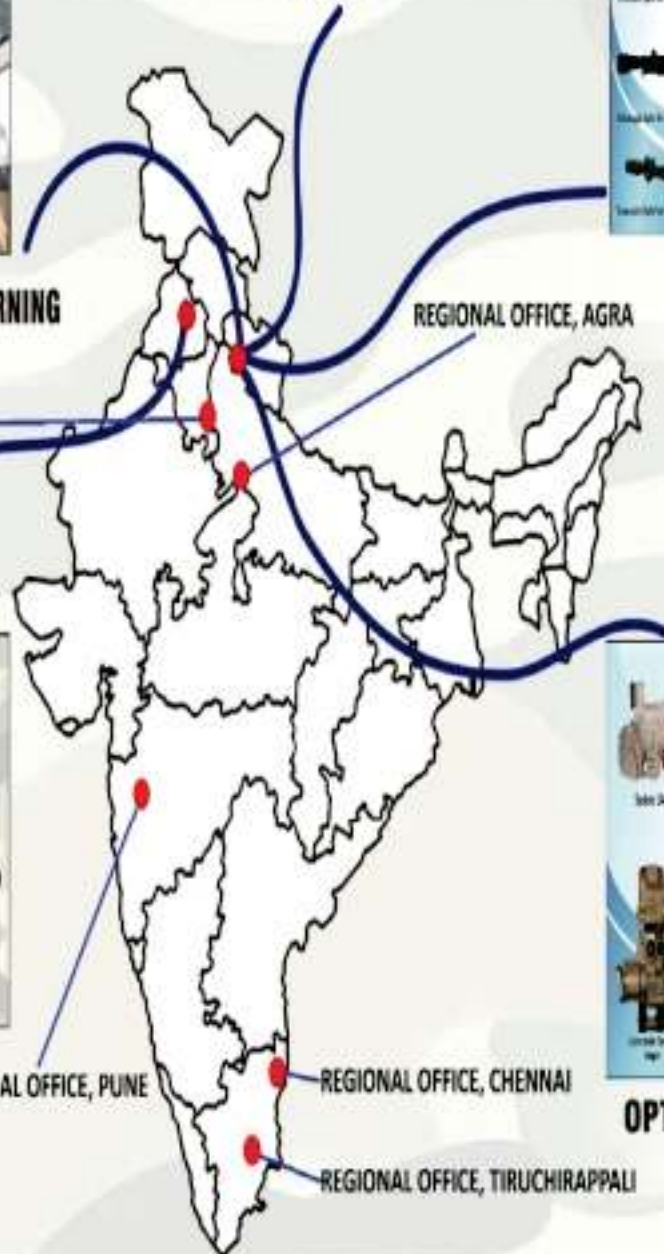
INDIA OPTEL LIMITED HEAD QUARTERS
DEHRADUN



ORDNANCE FACTORY
DEHRADUN

REGIONAL OFFICE, NEW DELHI

REGIONAL OFFICE, AGRA



REGIONAL OFFICE, PUNE

REGIONAL OFFICE, CHENNAI

REGIONAL OFFICE, TIRUCHIRAPPALI



ORDNANCE FACTORY
CHANDIGARH



OPTO ELECTRONICS FACTORY
DEHRADUN

INDIA OPTEL LIMITED , DEHRADUN



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A FULLY OWNED GOVERNMENT OF INDIA ENTERPRISE UNDER
DEPARTMENT OF DEFENCE PRODUCTION (MINISTRY OF DEFENCE)