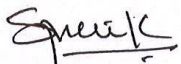


**PAPER TO BE LAID ON THE TABLE OF THE
LOK SABHA/RAJYA SABHA**

AUTHENTICATED


(SHRIPAD NAIK)
RAKSHA RAJYA MANTRI

(Shripad Naik)
Raksha Rajya Mantri
Ministry of Defence, Govt. of India
New Delhi

**REVIEW OF THE GOVERNMENT ON THE ANNUAL REPORT 2019-20 AND ON THE
WORKING OF AND AFFAIRS OF MAZAGON DOCK SHIPBUILDERS LIMITED
(MDL), MUMBAI.**

Mazagon Dock Shipbuilders Limited (MDL), a Public Sector Undertaking under the administrative control of Ministry of Defence, Department of Defence Production, is a leading Shipyard in India having expertise in building warships and submarines.

During the financial year 2019-20, the Company has achieved Revenue from Operations of Rs. 4977.65 Cr as compared to Rs.4613.95 Cr. in FY 2018-19. The operating profit for the FY 2019-20 is Rs. 190.01 Cr. as compared to Rs. 187.30 Cr. in the FY 2018-19.

During the FY 2019-20, Second Scorpene Submarine of P-75, Khanderi was delivered to Indian Navy on 19th September, 2019. The third ship of Project – 15B 'Imphal', fourth Scorpene class Submarine 'Vela' and first ship of P-17A were also launched by MDL. Tug 'Andaman' and tug 'Nicobar' were commissioned successfully.

Under Government's "Make in India" initiative, MDL has been able to indigenise some of the critical equipment/ items required for Warship and Submarines. The major items indigenized till date include Sonar Dome, SICADS, Bridge Window Glass, MCT-Glands, Remote Controlled Valves, Helo Landing Grid, Honeycomb Filters, Pressure Reducing Station, NBC Filters, Asbestos Free & High Temperature Gaskets, Flame/Control/Smoke Dampers for HVAC System, Chladon Gas for MFFS, Main Batteries, Air-Conditioning Plants and Battery Loading Trolley for Scorpene Submarines. Further, Indigenisation of Magazine Fire Fighting System for ships, Refrigeration Plants for submarines, RSS Screen for ships, Polychropene Rubber bands for submarines, Bunks for crew of submarine etc. are presently in progress.

For the first time, MDL has ventured into the area of Artificial Intelligence (AI) and the product developed is AI enabled weld inspection tool with computerized radiography to replace the manual radiography. An AI enabled Remotely Operated Vehicle (ROV) is another project and this AI ROV can detect and classify underwater images, thus making the inspections quick and safe. An innovation cell has been constituted to foster a culture of innovation in the Company across the board.

MDL has successfully provided skill training to 40 youths in digital marketing in Mumbai through Seva Mandal Education Society. MDL has continued its project of vocational training to youths in motor driving (LMV) trade. The project not only provides training to youths but also facilitated their placements in reputed organizations. MDL has successfully completed the construction of state-of-the-art Vocational Training Centre (VTC) at Anandvan (Chandrapur) for skill training of PWD youths.

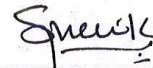
MDL has undertaken activities for creating awareness about the plastic waste management in surrounding community. Centralised Shramdan by all employees, led by CMD and Directors is carried out at regular intervals. Construction of a community toilet block at adjacent Jai Bhim Nagar has been completed. Beautification of boundary wall and road dividers below adjacent eastern freeway has been undertaken. MDL has also supplied garbage bins to Nhava Gram Panchayat so as ensure waste management in an effective manner in the gram panchayat.

MDL has spent Rs. 15.63 Cr. towards CSR activities during the FY 2019-20. The company is committed to all its stakeholders to conduct business in an economically, socially and environmentally sustainable manner as part of its CSR & Sustainability policy.

MDL has obtained first position in the 16th National Awards for Excellence in Cost Management – 2018 of the Institute of Cost Accountants of India. MDL has also been awarded certificate of appreciation for CSR initiatives to support ITI Chikaldhara (Amravati District) and ITI Shenave (Thane District) on World Youth Skill Day.

The Government is in agreement with Annual Report of Mazagon Dock Shipbuilders Limited for the year 2019-20.

Authenticated



(SHRIPAD NAIK)
RAKSHA RAJYA MANTRI

(Shripad Naik)
Raksha Rajya Mantri
Ministry of Defence, Govt. of India
New Delhi



माझगांव डॉक शिपबिल्डर्स लिमिटेड MAZAGON DOCK SHIPBUILDERS LIMITED



SHIPBUILDERS TO THE NATION

वार्षिक रिपोर्ट
Annual Report
2019-20



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

Vision

MDL shall strive to be a progressive and profitable shipyard building World Class Warships and Submarines using State-of-the-Art Technology.

Mission

To deliver quality ships in time within budgeted costs and be a World leader in Warship building.

Objectives

- i. To achieve 20% Post Tax return on equity in line with DPE's guidelines with improved order position and profitability.
- ii. To progressively reduce overhead expenditure and operational costs.
- iii. To attain technological leadership in warship and submarines construction through in house R&D activities and partnership with academic institutions.
- iv. To enhance the productivity level through improved internal processes through benchmarking and innovative practices.
- v. To take initiatives for growth by undertaking capacity augmentation, technological up-gradation and modernisation of facilities.
- vi. To upgrade capabilities of employees as per HRM guidelines issued by DPE.
- vii. To maintain consistent quality and to maintain high degree of Customer Satisfaction.
- viii. To undertake Corporate Social Responsibility and Sustainability projects as per guidelines.
- ix. To enhance indigenisation process in line with 'Make in India' policy.
- x. To adhere project time lines to deliver quality ships and submarines in time.



Mazagon Dock Shipbuilders Limited

(Formerly known as Mazagon Dock Limited)

Papers to be Laid on the table of Lok Sabha / Rajya Sabha

Authenticated

Raksha Rajya Mantri



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Chairman's Statement

Dear Shareholders,

I welcome you all to the eighty seventh Annual General Meeting of your Company. The nation continues to cope with the global pandemic, concurrently and we need to evolve strategy for a phased un-locking towards operation of the Company, despite prolonged Covid-19 situation. A marked slowdown is witnessed in manufacturing and trade, and heightened geo-political tensions as the world is bracing itself for growing insularity and economic uncertainty. In the wake of the simmering tensions along our northern border and the evolving geo-political development, the Government of India through our Hon'ble Prime Minister's call for 'Aatma Nirbhar Bharat' has resonated across the country to minimise our external dependencies and enhance self-reliance.

The period leading up to the lockdown and the subsequent stoppage of all economic activity from 25th March, 2020 has adversely affected your Company's operations in the last 10-15 days of FY 2019-20 as well as the Q1 FY 2020-21. The lockdown was gradually lifted from 14th April, 2020, with the initial resumption of operations being conducted under restrictions imposed by local authorities. All safety measures are being practiced diligently as per guidelines laid down by the Govt. All, employees, who are being diagnosed with Covid-19, are being provided with immediate necessary medical assistance according to the case in a focused manner. In accordance with Govt. directive, the Company paid all the employees with full pay during complete lockdown. During lockdown period, Maharashtra State Road Transport Corporation (MSRTC) buses were arranged, to transport employees required for essential and critical activities. The Company also focused on continuing and expediting critical project related procurement and progressed through 'Work from Home' initiatives. This enabled conclusion of many commercial orders on small vendors, payment to MSMEs effectively.

PERFORMANCE IN FY 20

The Directors' Report and Annual Accounts of the Company for the financial year 2019-20 had been circulated to you. It gives me immense pleasure to



VAdm Narayan Prasad, AVSM, NM, IN (Retd)
Chairman & Managing Director

report that, during FY19-20 we have retained our strategic intent to be a progressive, technologically advanced and profitable shipyard that is at par with global standards. In spite of losing around 10 days of the Financial Year 2019-20 to Covid-19 pandemic, the Company's performance in terms of revenue, margins as well as operations has been encouraging. Revenue from Operations increased from Rs.4613.95 crore in FY 2018-19 to Rs.4977.65 crore in FY 2019-20 i.e. increase on YOY basis by 7.88%. The Operating Profit for the FY 2019-20 is Rs.190.01 crore, as compared to Rs.187.30 crore in FY 2018-19. Profit after Tax for the year FY 2019-20 is Rs.415.02 crore as against Rs.517.28 crore for FY 2018-19. The decline in PAT is primarily on account of lower "Other Income" and a one-time hit of Rs.160.73 crore on account of migration to lower Income Tax regime during 2019-20.

The Company has been consistently making profit and distributing dividend for past more than 10 years. As per Government directive, Company has undertaken 10% Buy-back of shares and paid Rs.277.88 crore (excluding Taxes) during FY 2019-20. Further total dividend of Rs.207.51 crore (excluding Taxes) for FY 2019-20 comprises of final dividend of Rs.46.17



crore and interim dividend paid of Rs.161.34 crore for FY 2019-20.

Processes like the Integrated Construction (IC) methodology for the P17A shipbuilding project was implemented wherein the conventional shipbuilding process is re-engineered with a different Build Strategy, Detailed Design, procurement process and inspection sequencing thereby fully leveraging the modernized infrastructure that has been exclusively created for the purpose.

Product Data Management (PDM)/Product Lifecycle Management (PLM) is being implemented on a live project. PDM/PLM serves as an information management system to foster seamless collaboration between various disciplines associated with the production of the ship including planning, design, production, procurement, maintenance and Quality Assurance. Thus, we have been able to demonstrate our technological capabilities a mark above what we have been doing traditionally.

During the period under review your Company achieved various significant events and won six accolades in the form of recognition and awards, detailed in the Directors' Report, thereby demonstrating the varied competencies of the Company.

Performance against MoU

During the year, your Company had signed Memorandum of Undertaking (MoU) with Ministry of Defence, Government of India MoD for the financial year 2019-20. The MoU outlines targets and various performance parameters for the Company.

The revenue from operations was targeted at Rs 4700 crore. Significant milestones are required to be achieved under Project 75 (submarines) and shipbuilding projects of 15B and 17A. Your Company performed well during the last fiscal year.

HUMAN RESOURCES

Your Company has been stressing on the human resource development for updating the competencies of our personnel through exposure to various Learning & Development programs organized by Institutes of National Importance and through sponsoring function-based Seminar / Conferences / workshops. In FY 2019-20, three 'Customized Management Development' programs were

organised at Indian Institute of Management. Flagship program of Government of India like 'Intellectual Property Rights' were conducted for employees to drive a culture of innovation in the organisation. As part of encouraging higher education, six executives have been sent to DIAT Pune for M. Tech course for the academic year 2019-2021.

A total of 82 external training programs and 121 in-house training were conducted in the FY 2019-20 attended by 281 and 3070 executives respectively. 125 In-house training programs were conducted for non-executives wherein 2638 non-executives have been trained to keep abreast with the pace of transformation that is happening world over.

A robust Performance Management System (PMS) provides avenues for fulfilling career growth aspirations of individuals.

INDIGENISATION EFFORTS

Your Company has been able to successfully indigenise some of the critical equipment/items required for Warships and Submarines. Indigenization continues to be one of the prime initiatives of the Company keeping in line with the clarion call of Hon'ble Prime Minister of India for self-reliance through "Make in India".

During the year the major items indigenized till date include Sonar Dome, SICADS, Bridge Window Glass, MCT-Glands, Remote Controlled Valves, Helo Landing Grid, Honeycomb Filters, Pressure Reducing Station, NBC Filters, Asbestos Free & High Temperature Gaskets, Flame/Control/Smoke Dampers for HVAC System, Chladon Gas for MFFS, Main Batteries, Air-Conditioning Plants and Battery Loading Trolley for Scorpene Submarines. Further, indigenization of Magazine Fire Fighting System for ships, Refrigeration Plants for submarines, RSS Screen for ships, polychropene rubber bands for submarines, bunks for crew for submarine, etc. are presently in progress.

RESEARCH & DEVELOPMENT

Your Company has adopted the R & D Policy approved by the Board on 24 June 2013. The R&D efforts are aimed at developing in-house practices and capabilities that can reduce build periods of warships and submarines imbibing 'Industry best practices'



customized and adopted for the key processes of warship building. The in-house projects as well as projects in collaboration with academic institutions of repute like Welding Research Institute, Trichy, IISc Bangalore and NID are all aimed at solving the unique issues faced by the Company during the detailed design and integration of complex systems into a front-line Naval platform. The specialist groups functioning under GM(Design) contributes consistently in the areas of structural analysis, ergonomics & HFE, noise & vibration Control, RCS management, propulsion system integration, materials and HVAC.

For the first time, your Company has ventured into the area of Artificial Intelligence (AI), and the product developed through the first Project is AI enabled weld inspection tool with computerized radiography to replace manual radiography (RT). The second project fruitfully concluded by developing an AI enabled robotic weld inspection tool employing phased array technic, and this can replace computerized radiography in consultation with the Indian Navy. An AI enabled Remotely Operated Vehicle (ROV) is the third project and this AI ROV can detect and classify underwater images, thus making the inspections quick and safe. Thus, your Company has executed three major R&D projects, through industry-academia participation with IIT Madras, Chennai through their incubated start-ups belonging to the Tamil Nadu Corridor and the products were launched and displayed during Defexpo 2020 at Lucknow.

An innovation cell has been constituted to foster a culture of innovation in the Company across the board. Incentivising of ideas has been institutionalized wherein any worthwhile and implementable ideas emanating from any employee in the organization will be suitably rewarded. Innovation champions have been identified in the various domains of Company's functions.

EXPORTS

In accordance with the Government of India impetus for defence exports, an International Marketing team headed by an executive in the rank of General Manager functioning under Director (Shipbuilding) was constituted in the previous year. An export plan/strategy wherein target countries, product/service

portfolios have been identified and articulated. The team is associating themselves with the MEA desks for export initiatives and is in liaison with Defence and Naval attaches and also Indian Missions abroad for exploring export opportunities. Your Company has a rich legacy in contributing to the defence needs of our country and exported 243 vessels since 1960.

The defence needs in the international market continues to rise though the commercial shipbuilding sector world-wide is passing through a down turn. Your Company has been in dialogue with various Indian Embassies/High Commissions abroad to expand its product outreach to prospective customers. Your Company commenced participating aggressively in the global tenders issued by various countries and are in dialogue with foreign navies to fulfil their requirements. In addition to constructing vessels, MDL is also ready to provide the services like design of warships and commercial ships, transfer of technology and imparting training in construction of large warships, auxiliary boats and ferries, handholding to the Customer's Shipyard for construction and first line repairs of warships and auxiliary vessels and training the technical teams from customer's side in the field of setting to work of systems and ship trials.

REPAIRS AND REFITS

Your Company has re-started refit and repairs of warships, submarines and plans to enter commercial ship refit in near future. Complete refit & modernization of four SSK submarines, present construction of Scorpene class submarines and medium refit & life certification of IN Submarine has forged MDL's position as the only Indian shipyard to build & provide Life Cycle Support for conventional submarines. Medium Refit cum Life Certification (MRLC) of IN Submarine is currently in progress. There is a likelihood of IN placing balance SSK submarines refit orders on MDL post completion of IN Submarine.

Your Company also intends to undertake infrastructure development and become part of global supply chain for products. Further, MDL has also appointed management representatives



for canvassing MDL's rich legacy in construction of Naval and Non-Naval vessels and promoting MDL's products in the global market. The management representative will also facilitate expansion and growth of MDL business in near future. MDL's strategic positioning on the west coast of the country provides proximity to the main sea routes criss-crossing the Arabian Sea and Indian Ocean with accessibility to Europe and Middle East. Tie-ups with other small shipyards in the country are in place to mitigate capacity shortfalls, if any.

SWACHH BHARAT INITIATIVE

Your Company has been able to make positive impact in creating mass awareness movement in and around MDL and bring about lasting behavior change in the society through participation of employees at all levels as well as the people from the surrounding area, adhering to the Prime Minister's Swachh Baharat Abhiyaan. Accordingly, your Company, has organized Swachhata Hi Seva Campaign, celebrated on 7th December, 2019 as a special Day for plugging (picking of litter while jogging) and observed Swachhata Pakhwada. The Abhiyaan is underway at three levels i) within the Shipyard, ii) adjacent areas and iii) rural areas.

CORPORATE GOVERNANCE

Your Company is complying with the Guidelines on Corporate Governance for CPSEs issued by the Department of Public Enterprises (DPE). Necessary disclosures have been made in this regard in the Corporate Governance Report.

GREEN INITIATIVES

Your Company in alignment with the Government of India's policy to increase the quantum of renewable energy and to reduce energy consumption, undertook various projects. The Installation of Solar Power Plant, changing of conventional lights into LED lights, procurement of energy efficient welding machines etc. are some of the areas where your Company had focused.

Your Company has installed 1.85 MWp Roof Top Solar Photovoltaic Power Plants on the workshop roofs / building terrace at MDL in accordance with the commitment to the Ministry of Defence.

CORPORATE SOCIAL RESPONSIBILITY

Your Company has executed various projects as part of its CSR initiatives mainly in sectors of Education, Health & Sanitation, Skill Development and Village Development. The executed projects are in line with schedule VII of the Companies Act. Your Company has spent Rs.15.63 crores towards CSR activities during FY 2019-20. A sum of Rs.5.34 crore remains unspent as several projects/programs mainly due to delay in the execution of some projects by the implementing agencies. The Company is committed to all its stakeholders to conduct business in an economically, socially and environmentally sustainable manner as part of its CSR & Sustainability policy.

Your Company has received the "Certificate of Appreciation" from Government of Maharashtra for supporting the Industrial Training Institute (ITI) at Chikaldhara, Amravati. The certificate was presented to MDL in the august presence of Hon'ble Governor of Maharashtra in June 2019.

FUTURE OUTLOOK

To meet the Company's requirement of Graving Dry Dock (GDD) capable to build various naval platforms in future viz. NGD, NGC, NGF & for ship/submarine repair the Company has already been exploring various options viz:

- i. Acquiring adjacent MbPT land for creation of Dry Dock and ancillary facilities for building next generation warships and for ship/submarine repair.
- ii. To develop greenfield shipyard at MDL owned land at Nhava Yard over an area of 40 acres, which would be based around a ship lift and wet basin/dry dock on this facility would also aim for construction of commercial ships.

Your Company is currently undertaking capital expenditure by way of construction of a submarine launch facility, for the newly built Submarine Assembly Workshop. This would enable creation of capacity and launching of two independent lines of submarines.

Medium Refit cum Life Certification (MRLC) of IN Submarine is currently in progress. There is a likelihood of IN placing balance SSK submarines refit orders on MDL post completion of IN Submarine as



medium refit & life certification of IN Submarine has forged MDL's position as the only Indian shipyard to build & provide Life Cycle Support for conventional submarines.

The skilled workforce of MDL and vendors are ready to take on new challenges in submarine construction. Post infrastructure augmentation through a modernisation project, MDL submarine building capacity and knowledge has been enhanced substantially to cater for two parallel submarine construction lines and construction of non-conventional submarines as per requirement of Indian Navy.

Your Company is also looking to diversify in the field of underwater equipment and platform, marine equipment and platform, heavy engineering equipment, offshore platform etc. For this, a dedicated team has been formed in the submarine division to give boost to the diversification programme and utilize the available spare capacity.

A road map for exports have been drawn-up, targets countries have been identified and agents have been appointed in some of the territories where export potential exist. Efforts are on for pursuing exports with various countries following both the G2G route wherein the Gol have opened Lines of Credit with funding typically extended by EXIM bank as well as the B2B route with sovereign guarantee of the recipient nation.

CONCLUDING REMARKS

MDL has been and shall always remain committed towards "self-reliance in defence preparedness" by producing State-of-the-Art combat platforms thereby adding teeth to the Indian Naval fleet and Coast Guard, and to play a pivotal role in the maritime defence of our great nation. The Board of Directors joins me in gratefully acknowledging the valuable guidance from the Ministry of Defence (DDP) in shaping and framing the policies as well as helping us in implementing them and express our sincere gratitude to all the stakeholders. I am grateful to the Board of Directors for their unwavering support and guidance, in maintaining the corporate image of your Company.

I take this opportunity to place on record our appreciation of the patronage, support and high

standard of professional acumen of the Indian Navy and other clients. On behalf of the Board of Directors, I acknowledge and appreciate the excellent commitment and efforts and continuous contribution of all the employees of MDL, who have enabled your Company to maintain its path of progress.

Your Company recognizes that reforming, transforming and performing is the need of the hour and in this regard we along-with all the stakeholders are committed to put our best foot forward and seize every opportunity to play a critical role in shaping the maritime defence of our Country and endeavour to constantly, enhance our human skills and innovate and transform as required to meet the challenges of the future.

Jai Hind!

Sd/-

VAdm. Narayan Prasad, AVSM, NM, IN (Retd)

Chairman & Managing Director



Board of Directors



VAdm Narayan Prasad, AVSM, NM, IN (Retd)
Chairman and Managing Director



**Shri V. L. Kantha Rao, IAS
AS(DP), MOD**
Part-time Official
(Government) Director



**Cmde T V Thomas, NM,
IN (Retd)**
Director (Corporate Planning
& Personnel)



**RAdm A K Saxena, NM,
IN (Retd)**
Director (Shipbuilding)



**Cdr Jasbir Singh
IN (Retd)**
Director (Submarine &
Heavy Engineering)



Shri Sanjeev Singhal
Director (Finance)



Shri Devi Prasad Pande
Part-time Non-Official
(Independent) Director



Prof B Kamaiah
Part-time Non-Official
(Independent) Director



Dr. M J Jeevannavar
Part-time Non-Official
(Independent) Director



Board of Directors

VAdm Narayan Prasad, AVSM, NM, IN (Retd) (From 30.12.2019)
Chairman and Managing Director

Government Nominee Director*:

Shri V L Kantha Rao, IAS (From 16.03.2020)
Additional Secretary (Defence Production), Ministry of Defence

Functional Directors :

Cmde T.V. Thomas NM, IN(Retd) (From 02.11.2017)

RAdm Anil Kumar Saxena NM, IN(Retd) (From 21.03.2018)

Cdr Jasbir Singh, IN (Retd) (From 01.11.2019)

Shri Sanjeev Singhal (From 08.01.2020)

Independent Directors:

Shri Devi Prasad Pande (From 13.09.2017)

Prof. B. Kamaiah (From 10.10.2017)

Dr. Mailareshwar Jeevannavar (From 09.03.2018)

Cmde Rakesh Anand, IN (Retd) (till 30.11.2019)
Chairman and Managing Director

Shri Barun Mitra, IAS (till 16.03.2020)
Ex-Additional Secretary (Defence Producton) Ministry of Defence

Capt Rajiv Lath, IN (Retd) (till 31.10.2019)
Shri Sanjiv Sharma (till 31.10.2019)

Prof S L Bapat (till 27.11.2019)
Mrs. Usha Sankar (till 27.11.2019)
VAdm Sanjeev Bhasin, PVSM, AVSM, VSM, IN(Retd) (till 07.01.2020)

COMPANY SECRETARY

Mrs. VIJAYALAKSHMI K KUMAR

BANKERS

STATE BANK OF INDIA
CANARA BANK

AUDITORS

M/s. JCR & Co.
CHARTERED ACCOUNTANTS

REGISTERED OFFICE

Dockyard Road
Mumbai – 400 010



Financial Highlights

REVENUE FROM OPERATIONS (₹ in crore)

FY 15-16	4141.83
FY 16-17	3529.74
FY 17-18	4409.59
FY 18-19	4613.95
FY 19-20	4977.65

PROFIT BEFORE TAX (₹ in crore)

FY 15-16	925.59
FY 16-17	847.72
FY 17-18	696.37
FY 18-19	825.01
FY 19-20	779.01

GROSS MARGIN (EBIDTA) (₹ in crore)

FY 15-16	925.42
FY 16-17	891.01
FY 17-18	750.43
FY 18-19	898.41
FY 19-20	856.96

NET WORTH (₹ in crore)

FY 15-16	2846.23
FY 16-17	2608.78
FY 17-18	2422.40
FY 18-19	2792.22
FY 19-20	2590.93

GROSS BLOCK (₹ in crore)

FY 15-16	594.20
FY 16-17	844.54
FY 17-18	763.35
FY 18-19	1006.60
FY 19-20	1113.00

EQUITY SHARE CAPITAL (₹ in crore)

FY 15-16	199.20
FY 16-17	249.00
FY 17-18	224.10
FY 18-19	224.10
FY 19-20	201.69



Ten Years At A Glance

(₹ in crore)

Particulars	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
(A) FINANCIAL POSITION :										
1 Equity Share Capital	201.69	224.10	224.10	249.00	199.20	199.20	199.20	199.20	199.20	199.20
2 Preference Share Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
3 Other Equity	2389.24	2568.12	2198.30	2359.78	2647.03	2260.65	1894.04	1615.09	1319.37	940.82
4 Net Worth	2590.93	2792.22	2422.40	2608.78	2846.23	2459.85	2093.24	1814.29	1518.57	1140.02
5 Gross Block	1113.00	1006.60	763.35	844.54	594.20	493.37	375.20	312.79	314.81	301.87
6 Net Fixed Assets (Net Block)	848.35	810.29	646.37	546.27	344.58	265.81	176.12	126.03	123.36	114.78
7 Capital Employed	2590.93	2792.22	2422.40	2608.78	2846.23	2459.85	2093.24	1814.29	1518.57	1140.02
8 Working Capital	1627.49	1853.72	1937.32	2522.63	2188.39	1937.62	1597.39	1312.26	1362.71	722.28
(B) OPERATING RESULTS :										
1 Revenue from Operations	4977.65	4613.95	4409.59	3529.74	4141.83	3618.91	2886.72	2331.39	2538.40	2611.41
2 Value Added	1351.62	1253.62	1358.26	1228.50	1287.99	1338.47	1358.30	1217.14	1157.61	960.65
3 Gross Margin (EBIDTA)	856.96	898.41	750.43	891.01	925.42	776.33	606.03	631.17	731.56	378.77
4 Gross Profit	788.27	834.08	700.22	851.62	893.92	745.47	587.80	616.53	718.42	366.21
5 Profit before tax and exceptional items	779.01	825.01	696.37	847.72	925.59	746.00	587.57	638.89	691.78	366.05
6 Provision for Tax	351.67	307.73	256.57	314.23	319.51	254.41	189.96	226.17	197.47	122.53
7 Profit for the year	415.02	517.28	439.80	533.49	637.82	491.59	397.61	412.72	494.31	243.52
8 Total Comprehensive Income	397.91	501.80	400.61	525.12	637.82	491.59	397.61	412.72	494.31	243.52
(C) APPROPRIATION :										
1 Dividend-Equity Shares (Declared)	207.51	155.82	180.00	165.41	199.20	100.00	100.00	100.00	99.60	49.80
2 Tax on Dividend	44.64	20.56	49.96	40.55	20.36	19.99	17.00	17.00	16.16	8.21
(D) RATIOS :										
1 Gross Profit : Capital Employed	0.304	0.299	0.289	0.326	0.314	0.303	0.281	0.340	0.473	0.321
1 Total Comprehensive Income : Net Worth	0.154	0.180	0.165	0.201	0.224	0.200	0.190	0.227	0.326	0.214
2 Gross Margin : Gross Block	0.770	0.893	0.983	1.055	1.557	1.574	1.615	2.018	2.324	1.255
3 Profit Before Tax : Revenue from Operations	0.157	0.179	0.158	0.240	0.223	0.206	0.204	0.274	0.273	0.140
4 Revenue from Operations : Gross Block	4.472	4.584	5.777	4.179	6.970	7.335	7.694	7.454	8.063	8.651
5 Value Added : Revenue from Operations	0.272	0.272	0.308	0.348	0.311	0.370	0.471	0.522	0.456	0.368
6 Current Ratio	1.099	1.114	1.125	1.169	1.072	1.069	1.062	1.056	1.061	1.034
No. of Employees :	6622	6933	8790	8655	8945	9131	8640	8670	8325	8090
Gross Margin per employee	0.129	0.130	0.085	0.103	0.103	0.085	0.070	0.073	0.088	0.047

Note- From FY 2010-11 to 2017-18 figures are as per published financial statement and figures mentioned in FY 2018-19 are as per restated financial statement.



Notice

NOTICE is hereby given that the Eighty Seventh Annual General Meeting of Mazgaon Dock Shipbuilders Limited ("Company") will be held at a shorter notice, through Video Conferencing, on Friday, the 25 September, 2020 at 1200 hours from the Registered office of the Company at Dockyard Road, Mazgaon, Mumbai-400 010 in accordance with the applicable provisions of the Companies Act, 2013 read with MCA General Circular No. 20/2020, 14/2020 and 17/2020 dated 5th May, 2020, 8th April, 2020 and 13th April, 2020 respectively, to transact the following businesses:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt:
 - (a) the Audited Standalone Financial Statements of the Company for the Financial year ended 31st March, 2020, the reports of the Board of Directors' and Auditors' thereon; and
 - (b) the Audited Consolidated Financial Statement of the Company for the financial year ended 31st March, 2020 and the report of the Auditors' thereon.
- (2) To declare dividend on equity shares.
- (3) To authorise the Board of Directors to fix remuneration of Statutory auditors of the Company for the financial year 2020-2021 in compliance with the orders and directions of appointment by the Comptroller and Auditor-General of India.

SPECIAL BUSINESS:

- (4) To ratify the remuneration payable to the Cost auditor appointed by the Board of Directors of the Company for the financial year 2020-21 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors Rules), 2014 and other applicable provisions

of the Companies Act, 2013, the remuneration of Rs.2,25,000/- (Rupees two lakhs and twenty five thousand only) excluding applicable taxes payable to M/s.ABK & Associates., Mumbai, Cost Accountants, for conducting cost audit of the Company for the financial year 2020-21, as approved by the Board of Directors of the Company be and is hereby ratified."

- (5) To appoint Shri V. L. Kantha Rao, AS(DP) (DIN:06419253), as Government Nominee Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152(2) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Shri V. L. Kantha Rao (DIN:06419253), Additional Secretary (Defence Production), Ministry of Defence, who was appointed as a Government Nominee Director of the Company by the Board with effect from 16 Mar 2020, as per Government of India, Ministry of Defence letter No. 8(32)/2019-D (Coord/DDP) dated 16 March 2020, be and is hereby appointed as Government Nominee Director of the Company on same terms & conditions as determined by the Govt. of India"

- (6) To appoint VAdm Narayan Prasad, AVSM, NM, IN (Retd) (DIN: 08644492), as Chairman and Managing Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152(2) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, VAdm Narayan Prasad, AVSM, NM, IN (Retd) (DIN: 08644492) who was appointed as the Chairman and Managing Director of the Company by the Board with effect from 30 Dec 2019, as per Government of India, Ministry of Defence letter No. 4/1(3)/2018/D(NS) dated 29 Nov 2019, be and is hereby appointed



as Chairman and Managing Director of the Company on same terms & conditions as determined by the Govt. of India”

- (7) To appoint Cdr. Jasbir Singh IN(Retd) (DIN:08556592), as Director (Submarine & Heavy Engineering) of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152(2) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Cdr. Jasbir Singh IN(Retd)(DIN:08556592), who was appointed as Director (Submarine & Heavy Engineering), of the Company by the Board with effect from 01 Nov 2019, as per Government of India, Ministry of Defence letter No.4/1(2)/2018/D(NS) dated 26 Aug 2019, be and is hereby appointed as Director (Submarine & Heavy Engineering) of the Company on same terms & conditions as determined by the Govt. of India”.

- (8) To appoint Shri Sanjeev Singhal (DIN: 07642358), as Director (Finance) of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152(2) and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Shri Sanjeev Singhal (DIN: 07642358), who was appointed as Director (Finance) by the Board with effect from 08 Jan 2020, as per Government of India, Ministry of Defence, letter 4/1(1)/2018/D(NS) dated 27 Nov 2019, be and is hereby appointed as Director (Finance) of the Company on same terms & conditions as determined by the Govt. of India”.

BY ORDER OF THE BOARD
Mazagon Dock Shipbuilders Limited

Sd/-
(Vijayalakshmi Kumar)
COMPANY SECRETARY

Dockyard Road
Mumbai 400 010

Dated: 11 September 2020

Notes:

- (a) The Explanatory Statement setting out material facts concerning each item of Special Businesses to be transacted at the General Meeting pursuant to Section 102 of the Companies Act, 2013 is annexed herewith and forms part of the Notice.
- (b) In view of the COVID 19 pandemic, the Ministry of Corporate Affairs vide its Circular dated 5th May, 2020 read with Circulars dated 8th April, 2020 and 13th April, 2020 (collectively referred to as 'Circulars'), has introduced certain measures enabling companies to convene their Annual General Meetings (AGM) through Video Conferencing (VC) or Other Audio Visual Means (OAVM) and also send notice of the Meeting and other correspondences related thereto, through electronic mode. In compliance with the said requirements of the MCA Circulars, electronic copy of the Notice along with the Annual Report for the financial year ended 31st March, 2020 consisting of financial statements including Board's Report, Auditors' Report and other documents required to be attached therewith (Collectively referred to as Notice) have been sent to those members whose email ids are registered with the Company or the Registrar and Share Transfer Agent or the Depository Participants(s) through electronic means and physical copies have also been sent to members at their address to enable them to participate in the meeting.
- (c) In terms of the aforesaid Circulars, the businesses set out in the Notice will be transacted by the members through the voting system provided during the meeting while participating through VC facility.
- (d) The members are requested to follow the following instructions in order to participate in the Meeting through VC mechanism:
- The login-id and password for joining the meeting will be separately provided;
 - The facility for joining the Meeting shall be kept open 15 minutes before the time scheduled to start the meeting and 15 minutes after the expiry of the said scheduled time.



- c. Members who hold shares in dematerialised form are requested to furnish their Client ID and DP ID Nos. and members who hold shares in physical form are requested to furnish their folio number for easy identification of attendance at the Meeting;
- (e) In view of the MCA Circulars, no proxy shall be appointed by the members. **Accordingly, the facility for appointment of proxies will not be available for the AGM and hence the proxy form and attendance slip are not annexed to the Notice.**
- (f) As the Annual General Meeting is scheduled at a shorter notice, we request the members to kindly send us the executed consent for holding the AGM at a shorter notice as per the format attached to the notice as required under section 101 of the Companies Act, 2013.
- (g) Also, kindly send a copy of the representation of President of India, pursuant to section 112 of the Companies Act 2013, authorizing his representative to attend and vote at the Meeting through VC, at the registered office of the Company.
- (h) Voting rights of the members (for voting system provided in the Meeting itself shall be in proportion to shares of the paid-up equity share capital of the Company). A person, whose name is recorded in the Register of Members or in the Register of Beneficial owners maintained by the depositories as on the cut-off date shall only be entitled to avail the facility of voting system provided in the Meeting.
- (i) Final Dividend on Equity Shares as recommended by the Board of Directors for the Financial Year 2019-20, if approved at the meeting will be payable to those eligible members whose names appeared in the Register of Members and as Beneficial Owners for shares held in demat form on 25 September 2020 (being the record date).
- (j) The Register of Directors' Shareholding maintained under Section 170 and Register of Contracts, maintained under Section

189 of the Companies Act, 2013 will be available for inspection by the members at the meeting.

- (k) The Comments of the Comptroller and Auditor General of India under Section 143 of the Companies Act, 2013 on the Accounts of the Company is included in the Annual Report.
- (l) Members will be able to attend the AGM through VC/OAVM for which the relevant user id and password will be shared before the AGM.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to special business mentioned in the accompanying notice.

Item No. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. ABK Associates., Mumbai, Cost Accountants, at a remuneration of Rs. 2,25,000/- (Rupees two lakhs and twenty-five thousand only) excluding applicable Service Tax payable to conduct the Cost Audit of the Company for the financial year 2020-2021.

In accordance with the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit & Auditors Rules), 2014, the remuneration payable to the Cost Auditor has to be ratified by the members of the Company.

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval.

Item No. 5

Shri V. L. Kantha Rao, (DIN:06419253), Additional Secretary (Defence Production), Ministry of Defence, was appointed as a Government Nominee Director, by the President of India vide MoD letter No.8(32)/2019-D (Coord/DDP) dated 16 March 2020 in place of Shri Barun Mitra.



Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Shri V. L. Kantha Rao, as Government Nominee Director on same terms and conditions as determined by Government of India. Shri V. L. Kantha Rao is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Shri V. L. Kantha Rao was appointed as a Government Nominee Director on 16 March 2020. He is currently the Additional Secretary (Defence Production) in the Ministry of Defence, Government of India. He holds degrees in engineering and MBA. He is an Indian Administrative Service officer of 1992 batch with over 28 years of administrative experience in wide array of fields like elections, industry, e-governance and finance. Previously, he was associated with the Government of Madhya Pradesh as the chief electoral officer, the Government of India in the Ministry of Commerce and Industry and Information Technology and Industry Commissioner and Principal Secretary, MSME for the Government of Madhya Pradesh.

Other particulars as per Reg. 36(3) of SEBI (LODR) Regulations, 2015 are provided as under:

- Disclosure of relationship between directors inter se: Nil
- Directorship held in other listed Companies: Nil
- Membership/Chairmanship in other listed Companies: Nil
- Shareholding in Mazagon Dock Shipbuilders Limited: Nil

None of the Directors, Key Managerial Personnel of the Company or their relatives except Shri. V. L. Kantha Rao, is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval.

Item No. 6

VAdm Narayan Prasad, AVSM, NM, IN (Retd) (DIN: 08644492) was appointed as the Chairman and Managing Director of the Company vide Ministry of Defence letter No. 4/1(3)/2018/D(NS) dated 29 Nov 2019 in place of Cmde. Rakesh Anand, IN (Retd).

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of VAdm Narayan Prasad, AVSM, NM, IN (Retd) (DIN: 08644492) as the Chairman and Managing Director, on same terms and conditions as determined by Government of India. VAdm Narayan Prasad, AVSM, NM, IN (Retd) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

VAdm Narayan Prasad, AVSM, NM, IN (Retd) assumed charge as the Chairman and Managing Director w.e.f 30 Dec 2019. An alumnus of Sainik School Tilaiya National Defence Academy, he holds a bachelor's degree in science from Jawaharlal Nehru University, a bachelor's degree in technology (mechanical engineering) from Jawaharlal Nehru University (Naval College of Engineering, INS Shivaji, Lonavala) and a master's degree of engineering in mechanical engineering (marine) from University of Pune and a master's degree in philosophy (defence and strategic studies) from University of Mumbai. Previously, he has served in the Indian Navy for over 36 years and has held several assignments afloat and onboard such as INS Rana, INS Ranjit and INS Talwar and chief staff officer (technical)/ headquarter eastern naval command, admiral superintendent of Naval Dockyard, Vishakapatnam, assistant chief of material (nuclear systems maintenance). He has also served the post of Director General of naval project at Visakhapatnam. He has also been awarded Ati Vishisht Seva Medal and Nav Sena Medal for his service to the Indian Navy.

Other particulars as per Reg. 36(3) of SEBI (LODR) Regulations, 2015 are provided as under:

- Disclosure of relationship between directors inter se: Nil
- Directorship held in other listed Companies: Nil
- Membership/Chairmanship in other listed Companies: Nil
- Shareholding in Mazagon Dock Shipbuilders Limited: Nil



None of the Directors, Key Managerial Personnel of the Company or their relatives except VAdm Narayan Prasad, AVSM, NM, IN (Retd), is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval.

Item No. 7

Cdr. Jasbir Singh IN (Retd) (DIN: 08556592) was appointed as the Director (Submarine & Heavy Engineering), by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter 4/1(2)/2018/D(NS) dated 26 Aug 2019.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Cdr. Jasbir Singh IN (Retd) (DIN: 08556592) as the Director (Submarine & Heavy Engineering), on same terms and conditions as determined by Government of India. Cdr. Jasbir Singh IN (Retd) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Cdr. Jasbir Singh IN (Retd) assumed charge as the Director (Submarine & Heavy Engineering) w.e.f 01 Nov 2019. An alumnus of National Defence Academy with experience of over 32 years. He holds a bachelor's degree in science from Jawaharlal Nehru University (National Defence Academy, Pune), a bachelor's degree in technology (mechanical engineering) from Jawaharlal Nehru University, New Delhi. He also holds a masters in business administration from the Faculty of Management Studies, New Delhi. He has completed M. tech in modeling and simulation from the Institute of Armament Technology, Pune and a basic engineering course in INS Shivaji, Lonavala from the Naval College of Engineering. Previously, he has served in the Indian Navy for over 22 years and has received various commendations from the flag officer commander in chief, Eastern Naval Command as well as Western Naval Command. He has served as a naval engineer oversees, project co-ordinating officer.

Other particulars as per Reg. 36(3) of SEBI (LODR) Regulations, 2015 are provided as under:

- Disclosure of relationship between directors inter se: Nil
- Directorship held in other listed Companies: Nil
- Membership/Chairmanship in other listed Companies: Nil
- Shareholding in Mazagon Dock Shipbuilders Limited: Nil

None of the Directors, Key Managerial Personnel of the Company or their relatives except Cdr. Jasbir Singh IN (Retd), is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval.

Item No. 8

Shri. Sanjeev Singhal (DIN: 07642358) was appointed as the Director (Finance), by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter 4/1(1)/2018/D(NS) dated 27 Nov 2019.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Shri. Sanjeev Singhal (DIN: 07642358) as the Director (Finance), on same terms and conditions as determined by Government of India. Shri. Sanjeev Singhal is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Shri. Sanjeev Singhal assumed charge as the Director (Finance) w.e.f 08 Jan 2020. He holds a Bachelor's degree in commerce (honours course) from University of Delhi. He is also a costs accountant from the Institute of Costs Accountants of India. He has over 32 years of experience in finance and accounting. Previously, he was associated with Mishra Dhatu Nigam Limited as a director (finance) and with Steel Authority of India Limited in the finance and accounts department.

Other particulars as per Reg. 36(3) of SEBI (LODR) Regulations, 2015 are provided as under:



- Disclosure of relationship between directors inter se: Nil
- Directorship held in other listed Companies: Nil
- Membership/Chairmanship in other listed Companies: Nil
- Shareholding in Mazagon Dock Shipbuilders Limited: Nil

None of the Directors, Key Managerial Personnel of the Company or their relatives except Shri. Sanjeev Singhal, is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval.

BY ORDER OF THE BOARD
Mazagon Dock Shipbuilders Limited

Sd/-
(Vijayalakshmi Kumar)
COMPANY SECRETARY

Dockyard Road
Mumbai 400 010

Dated: 11 September 2020

Directors' Report

Dear Members,

Your Directors have the pleasure to present the 87th Annual Report together with the audited financial statements of the Company for the year ended 31 Mar 2020 and reports of the Statutory Auditors' and the Auditor General of India thereon.

Important Events:

1. The third Ship of Project 15B 'Imphal' was launched by Smt.Reena Lanba, wife of Chief Guest, Admiral Sunil Lanba, PVSM, AVSM, ADC, Chief of Naval Staff, on 20 April 2019.



2. The Fourth Scorpene class submarine 'Vela' was launched by Smt. Veena Ajay Kumar, wife of Dr. Ajay Kumar, IAS, Secretary (Defence Production) on 06 May 2019.



3. Keel of second ship of Project -17A was laid by Dr. Ajay Kumar, IAS Secretary (Defence Production) on 07 May 2019.
4. Tug 'Andaman' & Tug 'Nicobar' were commissioned by Dr. Ajay Kumar, IAS Secretary (Defence Production) on 07 May 2019.



5. Nhava Yard and workshop were inaugurated by Dr. Ajay Kumar, IAS Secretary (Defence Production) on 07 May 2019.
6. Second Scorpene Submarine of P-75, 'Khanderi' was delivered to the Indian Navy on 19 Sep 2019 and commissioned on 28 Sep 2019 by Shri. Rajnath Singh, Hon'ble Raksha Mantri.



7. Keel of fourth Ship of Project P15B was laid on 07 Nov 2019 at SSPL Bharuch by RAdm. A.K.Saxena, NM,IN (Retd) Director Shipbuilding, MDL.
8. The first ship of Project P17A, was launched on 28 Sep 2019 at the hands of Smt Savitri Singh, wife of Shri Rajnath Singh, Hon'ble Raksha Mantri.
9. Production of the fourth Ship of Project P17A, was commenced by VADM. S R Sarma AVSM, VSM CWP&A on 22 Jan 2020.





1. Financial Review

1.1 Financial Results and Performance Highlights:

(Rs. in crore)

	2019-20	2018-19
Revenue from operations	4977.65	4613.95
Profit before Tax (Before Exceptional Items)	779.01	825.01
Profit for the year	415.02	517.28
Gross Block	1113.00	1006.60
Net Block	848.35	810.29
Working Capital	1627.49	1853.72
Net Worth	2590.93	2792.22
Finance Cost	9.26	9.07

During the year under review, the Company achieved the Revenue from Operations of Rs. 4977.65 crore as compared to the previous year Rs.4613.95 crore. The Profit before tax and exceptional items is Rs.779.01 crore for 2019-20 as against Rs.825.01 crore in the previous year.

Income Distribution for the year 2019-20 as against previous year is summarised as under:-

INCOME DISTRIBUTION	%	
	2019-20	2018-19
Cost of materials consumed	51.47	60.27
Employee benefit expenses	14.24	13.13
Finance costs	0.17	0.17
Depreciation and amortization expenses	1.23	1.22
Sub-Contracting charges	13.37	3.35
Power & Fuel	0.30	0.37
Expenses related to Projects	2.04	1.54
Other Expenses	2.49	3.50
Provisions	0.69	0.74
Exceptional Items	0.22	0
Tax Expense	6.32	5.86
Other Comprehensive Income	0.31	0.29
Total Comprehensive Income	7.15	9.56
Total	100	100

1.2 Consolidated Financial Statement:

The audited standalone and consolidated financial statements for financial year 2019-20 shall be laid before the Annual General Meeting for approval of the Members of the Company.

The consolidated financial statements of the Company and its associate Company Goa Shipyard Ltd (GSL) prepared pursuant to provisions of section 129(3) of the Companies Act, 2013 and applicable accounting standards together with the Auditors' Report forms part of this Report.

In accordance to Section 129(3)(1) of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014, a statement containing salient features of the financial statement of the associate Company is attached to the financial statements in Form AOC-1 (Appendix 1).

1.3 Capital Structure:

The Authorised Equity Share Capital of the Company as on 31 Mar 2020 stood at Rs. 323.72 crore comprising of 323720000 (Thirty two crore thirty seven lakh twenty thousand) Equity shares of Rs. 10 each in view of the sub division of the face value of the share from Rs. 100 per share to Rs. 10 per share during the previous year 2017-18.

The Paid-up Equity Share Capital as on 31 Mar 2020 is Rs. 201.69 crore comprising of 20,16,90,000 (Twenty crore sixteen lakh ninety thousand) shares of Rs. 10 each in view of the Buy-back of 2,24,10,000 Equity Share of Rs 10/- each during the year. During the year there was no increase in the Authorised or Paid up Share Capital.

1.4 Proposal for Initial Public Offer:

The Ministry of Defence (Department of Defence Production) vide letter dated 05 Aug 2019 approved the disinvestment of 12.50% of the equity shares of the Company by an Initial Public Offering of shares at a price to be determined through a book building process.



1.5 Dividend:

The Interim dividends of Rs. 8.00 per equity share (79.99%), amounting to Rs. 161.34 crore was paid in the year 2019-20 (excluding dividend distribution tax of Rs. 33.17 crore) as approved by the Board of Directors in their meetings held on 26 Nov 2019 and 28 Jan 2020. The Board of Directors recommended a Final Dividend of Rs. 46.17 crore which is 22.89% of the paid up share capital. The total Dividend declared for F.Y. 2019-20 is Rs. 207.51 crore, which is 102.88 % of the paid up share capital including the interim dividend amounting to Rs. 161.34 crore.

1.6 Contribution to Central Exchequer:

Your Company's contribution during 2019- 20 to the Central Exchequer by way of income tax, dividend and tax on dividend, GST, IGST on imports and custom duty was Rs.825.79 crore.

1.7 Buy-back of Equity Shares:

In accordance with the guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises dated 27 May 2016, the Company completed its second Buy-back of 2,24,10,000 Equity Shares of Rs. 10/- each being 10% of the paid-up Equity Shares for a payment of Rs. 277.88 crore (excluding tax of Rs. 59.52 cr) on 19 Mar 2020 to Government of India as the Shareholder towards Buy-back of shares of the Company. The Company's first buy-back was completed in FY 2017-18.

1.8 Public Deposits:

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the balance sheet.

1.9 Loans, Guarantees or Investments:

Your Company has not given any loans, guarantees or made any investments under section 186 of the Companies Act, 2013.

2. Review of Operations:

Your Company recorded a Revenue of Rs. 4977.65 crore for 2019-20 as against Rs. 4613.95 crore of the previous year.

At present MDL is handling two Shipbuilding projects for Indian Navy, four ships of P15B & four ships of P17A. P15B ships are potent combatants which are contemporary and state of the art platforms

First and Second ships of this series were launched on 20 Apr 2015 and 17 Sep 2016. Production of third ship commenced on 26 Jul 2016 and its keel was laid on 19 May 2017 and was launched on 20 April 2019. Production of fourth Ship commenced on 19 Jul 2018 and its keel was laid on 07 Nov 2019.

PMT-15B was to suggest an alternate plan so that Yard meets the contractual timelines with available infrastructure resources and constructs the ship by 'Mega block outsourcing methodology' with maximum pre-launch outfitting. Accordingly, PMT-P15B came up with a solution of fabricating and erecting unit/blocks in-house at MDL as well as through outsourcing at contractor's premises simultaneously. This erected hull structure at contractor's premises will be transported to MDL and then will be integrated with other blocks that will be built at MDL and the ship will be launched. In line with the above methodology, MDL has placed order on M/s SSPL, Bharuch for mega block outsourcing for last two P 15B ships.

Post announcement of lockdown by the state/ central government, the yard was operating with limited workforce where project personnel are called on special duty to perform essential project activities. Following activities were undertaken after announcement of lockdown:

- Manning of the ship 24 X 7;
- Preservation / keep alive for all equipment installed onboard the ship;



- Monsoon protection related all major activities;
- Completion of project activities pertaining to account closure of FY 2019-20.

Your Company had reached to its optimum utilisation of marine infrastructure and to further increase production, MDL has augmented new method of mega block outsourcing where units/blocks are being constructed simultaneously at two different geographical locations and brought to MDL and joined together.

Production of first ship had commenced on 16 Feb 2017 and keel was laid on 28 Dec 2017. Production of second and third ships were commenced on 27 Feb 2018 and 31 Jan 2019. Keel of second ship was laid on 09 May 2019. The infrastructure of the yard has been modernised for realizing 'Integrated Construction Methodology' in line with global best practices for warship building.

The P75 Scorpene Submarines under construction at the East Yard are state-of-the art conventional submarines in collaboration with Naval Group (NG), France. First Scorpene Submarine of P75 'INS Kalvari' was delivered by MDL to Indian Navy on 21 Sep 2017 which was commissioned into Indian Navy on 14 Dec 2017. Second boat 'Khanderi' was launched in Jan 2017 and is delivered in Sept 2019. Third boat was launched in Jan 2018 and is undergoing extensive sea trials. Fourth boat was launched on 07 May 2019. Fifth and sixth boats are in different stages of outfitting. The progress since March 2020 has been severely impacted due to lock down imposed because of Covid-19.

2.1 Capital Projects and their progress

- Your Company has undertaken construction of a new state-of-art Security Complex at the main entrance. This G+two storey building will be equipped with latest security equipment, gadgets, access control etc.

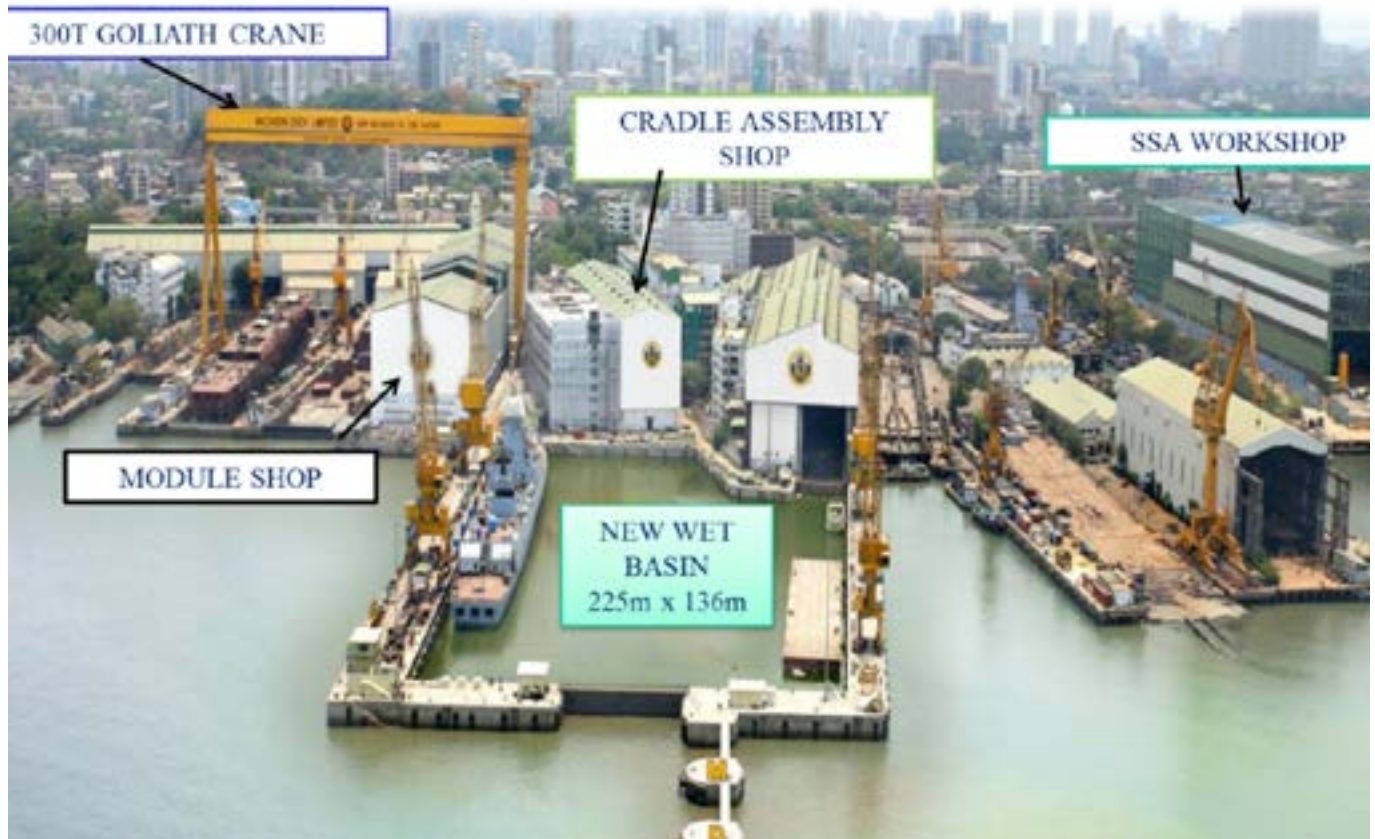
This Complex will be the centralised hub for key MDL departments such as Security, PRO, Safety, Fire, Estate, HSE for effective coordination.

- Your Company has undertaken the work of Submarine Launch Facility to facilitate load out/launch of fully constructed submarine in the Submarine Assembly Workshop at Alcock Yard. The project is expected to be completed by May 2021.
- Your Company is committed towards upgradation /modernisation of existing facilities from time to time, the company has decided to replace age old existing 12 nos. LL cranes by new cranes in a phased manner. In first phase replacement of 03 LL cranes at South Yard has been initiated. Company has also initiated the work of replacement of age old Caisson Gate of East Yard Dry dock by new Caisson gate.

On completion of this project productivity and safety at work will improve.

- Your Company is committed towards upliftment of under privileged sections of society and towards this a skill development hub is being created with an Apprentice Training School (ATS) along with residential accommodation for security staff and associated development work at Gavhan village, Navi Mumbai.
- Your Company is committed towards fire safety of Yard and has initiated the work of installation of the state-of-the-art Fire Fighting System of Anik Chembur yard which will enable to protect the valuable material stored at Anik Chembur Yard.

Company has also replaced piped services of Mumbai Yard towards fire safety.



Aerial View of Mazdock Modernisation Project

2.2 Mazdock Modernisation Project:

Your Company has successfully put in to use its infrastructure under Mazdock Modernisation Project (MMP) comprising of a new Wet Basin, Heavy Duty Goliath Crane, Module Workshop, Cradle Assembly Shop, Store Building and associated ancillary structures.

Submarine Section Assembly (SSA) workshop, an eco-friendly green concept building has already been completed and put into use.

i) Other infrastructure project

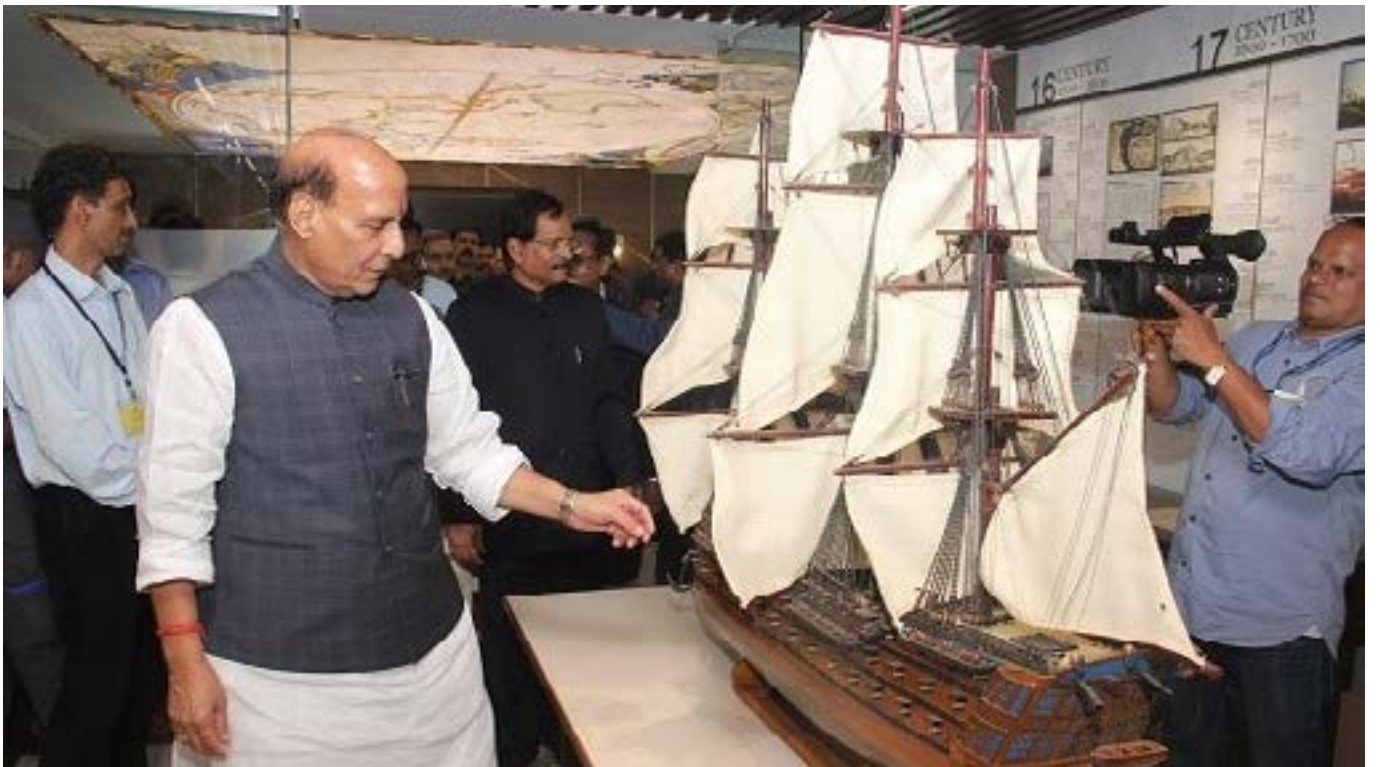
Your Company is exploring the possibility for setting up a green field shipyard at its Nhava Yard in phased manner. The proposed shipyard is planned to be equipped with a dry-dock to accommodate larger ships and all other facilities viz. workshops, cranes, basin etc. Such a facility will also facilitate launching of submarines under P-75 I programme.



New Store Building And Cradle Assembly Shop



Modernisation of Mazdock House



Visit of RM to MDL Heritage Gallery "Dharohar"

ii) Other projects

Recently, Your Company has commissioned with state of art infrastructure viz. a new Auditorium "Sagarika" with sitting capacity of 180 persons for imparting training to our employees.



Sagarika Auditorium

2.3 Performance against MOUs:

During the year, your Company had signed Memorandum of Undertaking (MoU) with Ministry of Defence, Government of India MoD for the financial year 2019-20. The MoU outlines targets and various performance parameters for the Company. The revenue from operations was targeted at Rs 4,750 crore. Significant milestones are required to be achieved under Project 75 (Scorpene class submarines) and shipbuilding projects of 15B and 17A.

It is a great honour to report that your Company had performed remarkably well during the last fiscal year. In particular, the achievement vis-à-vis the MoU targets set with the Ministry of Defence during the year is rated as "Very Good" (provisional). During the year, your Company achieved a Profit Before Tax (PBT) before exceptional items of Rs. 779.01 crore, and the Revenue from Operation of Rs. 4977.65 crore.

2.4 Research & Development

The R&D policy of the Company was approved by the Board in June 2013 and a committee

was formed to drive the implementation of the R&D policy, in accordance with the guidelines issued (September 2011) by the DPE on R&D. The R&D team is headed by Director (Shipbuilding) and General Manager (Design) is one of the members in the team. MDL is recognised as 'In-house R&D unit' by Department of Scientific and Industrial Research (DSIR), Ministry of Science and Technology from 30 Jan 2017.

Your Company has executed three major R&D projects, through industry-academia participation with IIT Madras, Chennai through their incubated start-ups belonging to the Tamil Nadu Corridor. For the first time, your Company has ventured into the area of Artificial Intelligence (AI) also through these projects. The product developed through the first Project, AI enabled weld inspection tool with computerized radiography to replace manual radiography (RT), has been launched during the Defexpo 2020 at Lucknow. The second project fruitfully concluded by developing an AI enabled robotic weld inspection tool employing phased array technic, and this can replace computerized radiography in consultation with the Indian Navy. The product was at display during Defexpo 2020. An AI enabled Remotely Operated Vehicle (ROV) is the third project which was also displayed during DEFEXPO 2020. This AI ROV can detect and classify underwater images, thus making the inspections quick and safe.



MDL at DEFEXPO 2020

The in-house projects as well as projects in collaboration with academic institutions of repute like Welding Research Institute, Trichy,



IISc Bangalore and NID are all aimed at solving the unique issues faced by the Yard during the detailed design and integration of complex systems into a front line Naval platform. The specialists groups functioning under GM(Design) contributes consistently in the areas of structural analysis, ergonomics & HFE, noise & vibration Control, RCS management, propulsion system integration, materials and HVAC.

Your Company has spent approximately 1.7% of the revenue expenditures as expenditure towards R&D during the FY year 2019-20. The various projects undertaken under R&D have been elaborated in Appendix 'F'.

2.5 Quality Concepts

1) 5s (Work Place Management System)

Your Company is committed to progressively implement 5S all over the yard. Till date 22 workshops/offices/stores had implemented 5S-Workplace Management System.

5S internal audits are carried out on quarterly basis in the above mentioned 22 workshops/offices/stores. In addition, Certification, 1st surveillance and 2nd surveillance audits are conducted in a span of one year by external agency to assess the effectiveness of 5S implemented in these 22 workshops/offices/stores.

2) Quality Week- 2020

Your Company has observed Quality Week from 17 to 20 March 2020. During the quality week, slogan, essay and online quiz competitions were conducted to create awareness on quality amongst employees. Model exhibition was conducted on 17 and 18 March 2020. Quality circle teams displayed the QC Models presented by them at various conventions.

Fifty Quality Slogan Display Boards were distributed to various workshops/offices/stores to create awareness.

3) Quality Circles

There are 34 Quality Circle teams existing in MDL. The teams are solving their work related problems and are participating in Chapter, National and International Conventions as under:

- i. 11 Quality Circle teams of Submarine division had participated in Chapter convention of Quality Concept (CCQC-19) hosted by M/S Quality Circle Forum of India, Mumbai Chapter in Sep 2019, wherein all 11 QC teams won Gold Award.
- ii. 05 Quality Circle teams of Submarine division had participated in National Convention of Quality Concept (NCQC-19) hosted by M/s Quality Circle Forum of India held at Varanasi in Sep 2019, wherein 04 QC teams won Par Excellence Award.

4) National Convention on Quality Concepts (NCQC)

10 QC teams participated in National Convention on Quality Concepts (NCQC-2019) held at IIT-BHU, Varanasi in Dec 2019. 07 QC teams won Par Excellence (highest) award 02 QC teams won Excellent Award and 01 QC team won the Distinguished Award.

2.6 Quality Management System

Shipbuilding Section

Your Company is committed to implement Quality Management Systems (QMS) as per ISO 9001:2015 standard. 58 Lead Auditors and 74 Internal Auditors were trained for conducting Internal Audits (twice in a year) for sustenance of QMS in Shipbuilding Division. The 2nd Surveillance Audit of Shipbuilding Division was conducted on 25 and 26 Feb 2020 by M/s IRQS audit team. 'Certificate of Approval' has been recommended to Shipbuilding Division as per the ISO 9001:2015 Standard.

Submarine Section

1. First Surveillance Audit for Submarine Division as per QMS ISO 9001:2015 was



conducted and successfully completed with 'NIL' (Non-conformity) by Indian Register Quality Systems (IRQS) on 25 & 26 April 2019 with the scope of "Design, Development, Construction, Refit, Test & Trials of Submarines."

2. M/s IRQS certified that Submarine Division of Mazagon Dock Shipbuilders Ltd has been assessed and found conforming to the requirements of standard ISO 9001:2015 and had awarded the "Certificate of Approval" on 30 May 2018 with expiry date 29 May 2021 as per ISO 9001:2015 QMS Standard.

2.7 Information Technology

- Your Company has completed following activities of the SAP implementation:
 - i. SAP-HANA has been stabilised, post migration;
 - ii. SAP Dashboards are developed and implemented for Project physical & financial progress and Material Management;
 - iii. SAP reports development is under progress;
 - iv. Development of additional SAP Dashboards is under progress.
- Your Company used remote script in LAN for audit of PCs in LAN as a latest know how on IT.
- MoD guidelines relating to Information Security are complied with by the Company.
- Achievements of IT in your company were are follows:
 - i. Separate LAN for internet including Networking, Complete setup of Active Directory and DHCP (Dynamic Host Configuration Protocol), a protocol that provides quick, automatic, and central management for the distribution of IP addresses within a network.
- Your Company set and achieved following targets for 2019-20:
 - i. Separate Network for INTERNET & INTRANET;

- ii. Dynamic Host Configuration Protocol (DHCP) for Intranet;
 - iii. Point to Point lease line connections from Railtel, including internet within MDL;
 - iv. Streamline Network Access Control policy was implemented last year with necessary Configuration changes.
- Other Achievements:
 - i. Cyber Security Policy were reviewed and revised to include Encryption & VPN policy;
 - ii. Cyber Security Framework prepared after carrying out the risk assessment of IT assets;
 - iii. Cyber Crisis Management Plan prepared with respect to Cyber Security incidents and its mitigation plan are formulated;
 - iv. Standard Operation Procedures with respect to Information Technology are prepared and published.

2.8 Procurement from MSMEs

Your Company is complying with Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012. Accordingly, out of the total annual procurement, 25 % procurement is to be made from MSEs. During the FY 2019- 20, your Company has achieved 39.18% procurement from MSEs.

During the FY 2019-20, your Company had conducted two vendor development programs, out of which one were exclusively for MSEs. Your Company had also arranged supplier meet (Buyer-Seller) during the year. To further enhance the vendor base, your Company had participated in nine national level programs conducted by MSME-Development Institute (DI) across India.

2.9 Marketing initiatives

During the financial Year 2019-20, MDL participated in Defexpo 2020, Lucknow, India and four international exhibitions for marketing and business promotions. The exhibitions



immensely helped in showcasing MDL's capabilities and technical strength in warship building and submarine construction. The exhibitions were successful in projecting the image and capabilities of India in the defence production sector in general and warship/submarine building capabilities in particular.

During the Defexpo 2020, MDL conducted a half day seminar on the theme "Digital Transformation in Ship Design and Construction". The seminar was inaugurated by Hon'ble Raksha Rajya Mantri Shri Shripad Yesso Naik. MDL signed seven MoUs and launched three products at BANDHAN event in the presence of Hon'ble Raksha Mantri Shri. Rajnath Singh and Uttar Pradesh Chief Minister Shri. Yogi Adityanath. Your Company contributed to the India Pavilion with the display of AI enabled Remotely Operated Vehicle (ROV) developed in partnership with IIT Madras and Theme of Journey of Transformation/Evolution of Frigates on digital display.

Your Company had conducted two vendor development meets and participated in twelve vendor meets across the country for vendor registration. During the meets, MDL displayed posters and backdrops on requirement of our indigenisation items and also issued booklet on MDL's indigenisation programme. Your Company's efforts were noted and appreciated by the local/indigenous material suppliers.

2.10 Exports

Your Company has a rich legacy in contributing to the defence needs of our country and exported 243 vessels since 1960. The last export order was delivered in 2014 and now intends to revamp their presence in the export market. Highly competitive markets, changing technology, stringent quality criteria, increased expectations of the customer and low pricing of the products from North –East Asian countries are the realities.

The commercial shipbuilding sector world-wide is passing through a down turn and MDL is deeply aware of the situation. Nevertheless, the defence needs in the international market continues to rise. MDL has certain unique strengths and skill

sets that have been painstakingly developed in the past eight decades and are adapted in the complex activities of weapon integration sensors for high tech defence platforms. This gives a cutting edge for MDL against their competitors and MDL is all set to cash-in this scenario. MDL has also been in dialogue with various Indian Embassies/High Commissions abroad to expand its product outreach to prospective customers.

Your Company commenced participating aggressively in the global tenders issued by various countries and are in dialogue with foreign navies to fulfil their requirements. In addition to constructing vessels, MDL is also ready to provide the services like design of warships and commercial ships, transfer of technology and imparting training in construction of large warships, auxiliary boats and ferries, handholding to the Customer's Shipyard for construction and first line repairs of warships and auxiliary vessels and training the technical teams from customer's side in the field of setting to work of systems and ship trials.

Your Company has re-started refit and repairs of warships, submarines and plans to enter commercial ship refit in near future. Your Company also intends to undertake infrastructure development and become part of global supply chain for products. Further, MDL has also appointed management representatives for canvassing MDL's rich legacy in construction of Naval and Non-Naval vessels and promoting MDL's products in the global market. The management representative will also facilitate expansion and growth of MDL business in near future. MDL's strategic positioning on the west coast of the country provides proximity to the main sea routes criss-crossing the Arabian Sea and Indian Ocean with accessibility to Europe and Middle East. Tie-ups with other small shipyards in the country are in place to mitigate capacity shortfalls, if any.

2.11 Health Safety & Environment Management System

Your Company is committed to implementation and compliance of "Occupational Health & Safety



Assessment Series" (OHSAS) – 18001:2007 and "Environment Management System (EMS)" – ISO 14001:2004.

The above standards together are referred to as standards for "Health, Safety & Environment" & abbreviated as HSE Standards. These standards lay the very foundation of MDL's "Health, Safety and Environment Management System (HSEMS)".

MDL has promulgated its own policy on HSE Management System. Implementation of OHSAS and EMS standards are in progress.

MDL under its HSEMS implementation uses "Environment Aspect Impact Analysis" (EAIA) to analyse the impact of production activities on environment and subsequent preventive measures to mitigate/reduce the impact on environment by following operation control procedures(OCP). This helped MDL in achieving reduction of air & noise pollution levels. Testing of air, water and noise is being conducted at regular intervals.

MDL has been conferred with "Certificate of Registration" for its integrated Health, Safety & Environment Management System (HSEMS) in compliance with ISO 14001:2015 and OHSAS 18001:2007 w.e.f. Apr 2019. The Certificate is issued by M/s KBS Certification, a firm accredited by Joint Accreditation System of Australia and New Zealand (JAS-ANZ), a member of the International Accreditation Forum (IAF).

MDL having qualified the above standards, has joined the exclusive club of companies, committed to sustainable development by continual improvement in performance towards Health, Safety and Environment in their operations/ processes. This qualification fortifies MDL's credibility in all its functioning and future business prospects.

3. Human Resource Development

Your Company has been putting emphasis on the overall growth & development of Human Resources and is committed to continue its

relentless efforts in updating the competencies of its executives through exposure to various learning and development programs organised by Institutes of National Importance and through sponsoring function based seminar/ conferences / workshops. Besides, in order to ensure smooth supply of skillsets for Company's requirement and shipbuilding industry, various training programs were conducted for employees.

In FY 2019-20, three 'Customized Management Development' programs were organised at Indian Institute of Management. The programs were customised for MDL by IIM, Indore & IIM, Kozhikode keeping in view the current and future scenario for MDL, the level of executives and their requirements pertaining to managerial competencies. A total of 90 executives benefited from the programs.

Regular in-house training programs were organised on various topics like ISO, Lead & Internal auditors, Presentation Skills, Preventive Vigilance & Commercial Procedures in MDL, etc. for executives. Special in-house training programs was also organised on topics like 'Stress Free Living', 'Managerial Excellence', 'Cyber Security Awareness', 'Mentoring', 'Business Communication & Etiquettes', 'High Impact Presentation Skills', 'Emotional Quotient', etc.

A special program on 'Leadership Excellence' was conducted in-house for lady executives. A special program on 'Communication Skills with special focus on interviews' was conducted for Boat Apprentices. A 'Business Communication' course was conducted for twenty executives by a British Council affiliated faculty. The executives were assessed and will be certified by Cambridge University on clearing the assessment. Flagship program of Government of India like 'Intellectual Property Rights' were conducted for employees to drive a culture of innovation in the organisation. In order to spread awareness on health, wellness and environment, training on First Aid, Safety, Firefighting, Retirement Planning, etc. was organized during the FY 2019-20.



49th National Safety Day/Week campaign

As part of encouraging higher education, six executives have been sent to DIAT Pune for M. Tech course for the academic year 2019-2021.

Some important events like observance of productivity week, safety week, vigilance awareness week, rajbhasa divas were also celebrated in order to spread awareness amongst executives and non-executives.

A total of 82 external training programs and 121 In-House training were conducted in the FY 2019-20 attended by 281 and 3070 executives respectively.

125 In-house training programs were conducted for non-executives wherein 2638 non-executives have been trained.

The Performance Management System (PMS) already in place for executives, which provide meaningful inputs for individual development vis-a-vis taking care of their promotional aspiration as well.

3.1 Welfare Activities

Your Company values its human resources the most. To keep their morale high, apart from statutory welfare measures, your company extends several other welfare activities.

i) Life Insurance Coverage:

Your Company has arranged various Group Savings Linked Insurance Schemes, which provide financial assistance in case of untimely death (accidental/illness) of an employee while on duty. Besides, Group Personal Accident Insurance Scheme has

also been in place, which provides 24 hours' coverage for compensation in the event of an accident of an employee resulting in death or permanent / partial disability.

ii) Medical Scheme:

All the serving employees, including their dependent family members, are covered under the Medical scheme. Hospitalization claims of around Rs. 27.96 Crore were disbursed towards treatment to the employees and their dependent family members during the FY 2019-20.

iii) Other Welfare Activities:

Your Company also provides number of welfare measures viz., onsite dispensary and occupational health centre, hospitalization, wellness centre, onsite gym and club, uniform, monsoon gears, thoroughly subsidized canteen facility, scholarship to unemployed wards of employees etc.

iv) Post-Retirement Medical Scheme (PRMS):

In order to provide medical facilities to the retired employees and their spouses, MDL has Post-Retirement Medical Scheme in place. The same is being regulated through Group Medclaim policy taken from an Insurance Company. MDL has an annual basic sum insured coverage to the extent of Rs. 2.00, 3.00 & 4.00 Lakh and an additional top-up of 4.00, 6.00 & 8.00 lakh for self and spouse in case of executives. There is also a provision for reimbursing additional hospitalization expenses involving critical diseases. In addition, Executives are also entitled to outpatient/ domiciliary medical expenses to the tune of Rs.15000/-, 20000/- & 25000/- every year. In case of non-executives, annual basic sum coverage of Rs. 2.00 lakh and voluntary sum insured for Rs. 1.00 lakh for self & spouse (each) is also extended. Also, introduction of MDL Post-Retirement Medical Benefit Scheme for employees retired before 01 Jan '07 (executives) & 01 Jan '06 (non-executives).



3.1.5 Executives' Superannuation (Pension) Scheme:

Your Company has introduced a defined contributory superannuation pension benefit scheme to the executives w.e.f. 01 Jan 2007. The Company contributes 7% of basic pay + DA towards the corpus of the pension scheme for each eligible executive of the Company w.e.f. 01 Jan 2007. MDL has also introduced similar scheme for non-executives and Company contributes 5% of basic pay + DA towards the corpus of the pension scheme for each eligible non-executive of the Company w.e.f. 01 Apr 2012.

3.2 Manpower and Reservation of Posts for SCs/STs:

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

Total manpower strength as on 31 Mar 2020 is 6622 (including functional directors) out of which the number of persons on temporary rolls was 2508. Of the total strength, 103 are ex-servicemen, 904 are of Schedule Caste and 500 are of scheduled tribes. The percentage of scheduled caste and scheduled tribes in respect of employees was at 13.65% and 7.55% respectively.

Number of persons on temporary rolls as on 31 Mar 2020 is 2508, out of which 373 belong to scheduled caste and 250 belong to the scheduled tribes category.

Details of the statement showing position regarding representation of schedule castes and schedule tribes in various categories of post on 01 Jan 2019 and 01 Jan 2020 is annexed at Appendix 'A'

3.3 Employment of Women:

As per the recommendation No.51, Para (ii)(a) of the National Commission for Women (NCW) in its Annual Report for the year 1995-96, the employment position of women as on 31 Mar 2020 is given below as directed by the Ministry of Defence, vide their letter Nos. 39(6)/99/D(B&C), dated 27 Aug 1999.

I. Executives

Grade	No. of Employees	Women	Percentage
0	1	0	0
I	58	9	15.52
II	156	12	7.69
III	91	10	11
IV	362	18	5
V	204	7	3.43
VI	107	11	10.28
VII	43	3	7
VIII	17	-	0
IX	4	-	0
CVO on deputation	1	-	0
Functional Directors	4	-	0
CMD	1	-	0
Total	1049	70	6.67

II. Non-Executives

Grade	No. of Employees	Women	Percentage
WG-0	0	0	0
WG-1	23	0	0
WG-2	362	0	0
WG-3	82	0	0
WG-4	132	0	0
WG-5	2386	51	2.14
WG-6	1148	26	2.26
WG-7	89	0	0
WG-8	557	0	0
WG-9	103	0	0
WG-10	45	0	0
WG-3A	34	0	0
WG-4A	124	0	0
Total	5085	77	1.51



3.4 Persons with Disabilities (PWD) As On 31 Mar 2020:

The total number of physically challenged employees as on 31 Mar 2020 was 112 and its percentage to total employees works out to 1.69%.

	HI	LD	VI	Total
Group-A	8	14	8	30
Group-B	0	0	0	0
Group-C	1	9	0	10
Group-D	6	61	5	72
Total	15	74	13	112

HI- Hearing Impaired, LD- Locomotive Disability, VI- Visually Impaired.

3.5 Industrial Relations

Industrial relation scenario during this period was cordial and harmonious. There were no man-hours lost on account of Industrial conflict. In the absence of a recognized Union, efforts were made to resolve issues of mutual concern through deliberations with the Unions on the Bargaining Council and other unions.

MDL Management and Maharashtra General Kamgar Union (MGKU) have entered into a settlement for absorption of canteen workers and staff in Mazagon Dock Shipbuilders Limited w.e.f 11th Sep 2019 under Section 2(p), read with Section 18(3) of the Industrial Disputes Act 1947 and Rule 58 of Industrial Disputes (Central) Rules 1957, in presence of conciliation officer and assistant labour Commissioner (C), Mumbai. Total 75 canteen workers and staff have been absorbed in MDL in different Grade.

3.6 Reservation of Posts

Your company has been observing all the Government directives and instructions issued from time to time on reservation of posts for SCs / STs / OBCs. All the rosters of SC / ST / OBC / PWD are maintained, which is inspected by the respective Liaison Officer from time to time and perused by the SC/ST Unions also. Detailed statistics regarding the total number of employees, number of women employees,

recruitment made during the calendar year 2019 and the representation of SCs / STs / Ex-servicemen as on 01 Jan 2020 are given at Appendices A, B & C to this Report.

3.7 Grievance Redressal Committees for SCs/STs:

Weaker sections of the society are given adequate protection in the form of just and equitable treatment at the hands of employer. To ensure the same, a separate "Grievance Redressal Cell" has been constituted for SC / ST employees. A quarterly meeting of representatives of SC/ST is held with Director (CP&P) wherein grievances related to SC/ST are discussed and resolved.

3.8 Prohibition of Sexual Harassment of Women at Workplace

An Internal Complaint Committee (ICC) has been in place to deal with and redress complaints on sexual harassment in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redress) Act, 2013.

03(three) complaints were received during the fiscal year and 02 (two) complaints were disposed off and 01(one) is under process.

3.9 Public Grievance Committee

- a) Your Company constituted a Public Grievance Committee headed by an executive of the rank of Executive Director. The Committee examined and disposed grievances based on their merit.
- b) CPGRAMS (Central Public Grievance Redress and Monitoring System): An executive of the rank of General Manager has been appointed as nodal officer to deal with redressal of grievances registered on CPGRAMS Portal from the Department of Administrative Reforms & Public Grievances and ensures settlement of online grievances with proper feedback.

4. Indigenization & Make in India

MDL, having set-up a dedicated 'Department of Indigenization' in Nov 2015, to provide focused impetus to the Hon'ble Prime Minister's "Make-in-India" initiative and has been successfully able to partner with the Indian industry to



undertake indigenization/import substitution of various equipment/items which have been imported since long.

As on date, MDL has been able to successfully indigenize some of the critical equipment/items required for warships and submarines. The major items indigenized till date include Sonar Dome, SICADS, Bridge Window Glass, MCT-Glands, Remote Controlled Valves, Helo Landing Grid, Honeycomb Filters, Pressure Reducing Station, NBC Filters, Asbestos Free & High Temperature Gaskets, Flame/Control/Smoke Dampers for HVAC System, Chladon

Gas for MFFS, Main Batteries, Air-Conditioning Plants and Battery Loading Trolley for Scorpene Submarines.

The procurement of the above indigenized items from the Indian industry would result in substantial savings in foreign exchange to the exchequer.

Further, indigenization of Magazine Fire Fighting System for ships, Refrigeration Plants for submarines, RSS Screen for ships, polychropene rubber bands for submarines, bunks for crew for submarine, etc. are presently in progress.

5. Awards and Recognitions:

S. No	Awarding Authority	Awards For
1	The Institute of Cost Accountants of India	First Position in the 16th National Awards for Excellence in Cost Management – 2018 of the Institute of Cost Accountants of India in the category Manufacturing – Public – Large
2	SODET (Society of Defence Technologists)	Bronze in SODET Award for Technology development & Innovations (2017-18) for “Technology Innovation to establish the procedure for Final Alignment of Propulsion Shaft line in dry-dock considering the effect of hull deflection at Design Loading Conditions”. This award has been announced but it is yet to be received.
3	INDIA CSR PROJECT OF THE YEAR AWARD 2019 (Healthcare)	For the Project- Vision Restoration of 11000 Persons through Free Cataract Surgeries in Thane and Raigad District, the award was presented in an event organized in New Delhi on 1st April, 2019
4	Skill Development & Entrepreneurship Department, Govt. of Maharashtra	Certificate of Appreciation for CSR Initiatives to support ITI Chikaldhara (Amravati District) and ITI Shenave (Thane District) received on World Youth Skill Day i.e. 15th July 2019 in Mumbai.
5	Union of Japanese Scientists and Engineers (JUSE)	Two Quality Control Circle teams “Rainbow” from SB-Welding and “Bhaskar” from P&A Shop-SY participated in the International Convention on Quality Control Circles (ICQCC-19) held at Tokyo from 23 – 26 Sep 2019. Rainbow’ QCC team won Gold (highest) award and ‘Bhaskar’ QCC team won Silver award.
6	M/s Quality Circle Forum of India (QCFI), Mumbai	Twenty three MDL Quality Circle teams participated in Chapter Convention on Quality Concepts (CCQC-19) held at Thakur College of Engineering & Technology, Kandivali (E), Mumbai on 21 Sep 2019. All QC teams won GOLD (highest) Awards.

6. Official Language Implementation

Your Company has been adhering to the directives issued by the Govt. of India from time to time for extensive use of Hindi for official purposes. MDL has been following all the directives issued by Rajbhasha Vibhag,



Gruh Mantralaya, Government of India from time to time for progressive use of Hindi for official purposes. MDL's efforts towards progressive use of Official Language are detailed below:

- a. Quarterly Departmental Official Language Implementation Committee meetings are chaired by the Chairman & Managing Director and Sub-Committees under the Chairmanship of the respective Directors.
- b. All the Formats / Manuals of MDL are made bilingual.
- c. Hindi books worth of Rs. 45,000/- have been purchased during the FY 2019-20.
- d. Six digital boards have been installed at conspicuous places displaying 'Aaj ka Shabd' and 'Aaj Ka Suvichar' to develop the awareness among the employees.
- e. Many cash prizes are given on writing and Typing Hindi letters.
- f. Three prizes of Rs.3000/-, Rs.2000/- and Rs.1000/- for writing Article for Jaltarang Patrika.
- g. Employees have been given prize on passing 'Praveen', 'Pragya' and 'Parangat' examinations respectively Rs. 10,000/-, Rs. 12,000/- and Rs. 15,000/-
- h. Unicode is installed on all the PCs. All the executives and staff have been trained to type Hindi on Computer.
- i. MDL awarded 1st Prize for Raj bhasha Patrika 'Jal Tarang' and 11th Prize for Rajbhasha Implementation on 05th July 2019 by Mumbai PSU TOLIC.
- j. MDL Rajbhasha Patrika 'Jal Tarang' awarded best Hindi Magazine by Aashirwaad Sahitya Sansthan on 20th September 2019.
- k. 'Hindi Diwas' was celebrated on 13 Sep '19. Smt. Sunita Yadav, Ex. Deputy Director (Implementation), Hindi Shikshan Yojana, Navi Mumbai was invited as a Chief Guest on the occasion of Hindi Diwas. "Hindi Pakhwada" having seven competitions was celebrated from 04th September to 30th September 2019.

- l. 'Jal Tarang' was awarded 1st Prize for Hindi Magazine by SCOPE on 03rd Aug., 2019 in New Delhi.
- m. MDL was awarded with Certificate by Mumbai PSU TOLIC for arranging Utkrushth Hindi Sangoshthi.
- n. Hindi correspondence is at 96% and Hindi Tippani is at 90%.

7. Vigilance Activities

Vigilance is an integral managerial function. Vigilance department takes appropriate action to carry out preventive, participative and punitive vigilance in Mazagon Dock Shipbuilders Limited (MDL). It promotes transparency, Integrity, fairness, accountability in various activities including all commercial procurement functions, recruitment, outsourcing activities etc. Vigilance department suggests systemic improvements based on the investigation of the complaints/spotchecks/CTE type examination and also ensures that integrity is maintained in all functions of the organisation.

1. CTE Type Examination:

As a part of preventive vigilance, CTE type intensive examination of purchase/subcontracts/outsourcing orders are taken to verify compliance to prescribed procedures and statutory norms/regulations. During the period 01st April 2019 to 31st March 2020, 03 such CTE type examinations have been carried out by vigilance department.

2. Complaints:

During the period 01st April 2019 to 31st March 2020, vigilance department received 41 complaints. Investigation of 10 complaints were pending from 2018-19. Investigation has been completed for 32 complaints and is in progress for the rest as on 31st March 2020.

3. Spot check/Surprise Checks:

Surprise/spot checks are also being conducted by vigilance department. During the period 01st April 2019 to 31st March 2020, 15 nos surprise/spot checks have been conducted and suggestions/corrective measures were recommended for systemic improvements.



4. Disciplinary Proceedings:

The pending disciplinary proceedings against delinquent executives are being closely monitored by vigilance department.

5. Vigilance Clearances:

Timely vigilance clearances were issued for personnel/officials proceeding on foreign tours and official duty abroad, separation(resignation/retirement), DPC(Promotion), Board Level PESB Recruitment and attending interview/forwarding application.

6. Preventive Vigilance:

Eleven systemic improvements in the area of procurement and four systemic improvements in other administrative functions of the organisation were suggested to management as an initiative for preventive vigilance and the same were accepted and promulgated by management.

7. Vigilance Awareness Week Activities:

- (i) Vigilance Awareness Week-2019 (VAW 2019) was observed in MDL from 28 Oct to 02 Nov 2019. CMD, MDL inaugurated VAW-2019 by garlanding the portrait of Sardar Vallabh Bhai Patel and then administered the Integrity Pledge to Directors, EDs, GMs and senior executives. Vigilance Department's in-house journal 'SUCHARITA' Vol. XXII, was released by CMD on the occasion. The objective of 'SUCHARITA' is to enhance the awareness of its readers on Integrity, Transparency and Accountability by stimulating the thoughts of readers.
- (ii) The following activities were carried out as a part of observance of Vigilance Awareness Week 2019.
 - (a) Slogan, poster & essay competitions on vigilance related topics in Hindi, Marathi & English language were conducted among MDL employees to enhance vigilance awareness.
 - (b) Online quiz conducted on MDL intranet portal during vigilance awareness week 2019 among the MDL Employees.

- (c) Skit (play) was conducted in various locations of MDL yard to enhance the vigilance awareness among the MDL employees.
- (d) Debate competition was conducted on 01 Oct 2019 at St. Mary's School, Mumbai on the theme "Integrity- A way of life".
- (e) Short skits by group of students on corruption theme was conducted on 03 Oct 2019 at Nutan Madhyamik Vidyalaya, Kharade village, Shahapur.
- (f) Elocution Competition was conducted on 03 Oct 2019 at Govt. I.T.I College, Shahapur, Thane Dist.
- (g) Elocution Contest was conducted on 05 Oct 2019 on the Theme "Integrity-A Way of Life" at Grant Medical College. Integrity Pledge was administered & students were informed about ill-effects of corruption.
- (h) Essay competition was conducted on 17 Oct 2019 at Sir Jacob Sassoon School on the theme of vigilance awareness week 2019.
 - (i) A talk on "Conscious decision making, the executive salvation" was conducted to MDL Executives on 01 Nov 2019 by eminent speaker Shri Raghu Nandan Prasad, IRSS, Principal Chief Materials Manager(Retd), Indian Railways.
 - (j) Motivational Talk on Integrity was delivered to the students & Integrity Pledge was administered on 04 Nov 2019 at apprentice training School(ATS), MDL. CVO administered the Integrity Pledge to the students and teachers.
 - (k) An interactive session between CVO and MDL executives was organised on 04 Nov 2019, where various case studies depicting nature of irregularities were also discussed.
 - (l) A "Vendors / Suppliers Meet" was conducted on 08 Nov 2019. CMD, Directors, CVO, Senior Executives and other executives of the commercial departments of the organisation besides a host of vendors /



suppliers in which various issues raised by vendors/suppliers were discussed. CVO addressed the Vendors/suppliers during the meet.

- (m) Sensitising program was conducted on 14 Nov 2019 at ZP School, Kharade village, Shahpur, Thane, for school children, school staff, Gram panchayat members and villagers of Kharade on the topic "Integrity- A way of Life". Integrity Pledge was administered in Marathi to all the Gram Panchayat Members & the villagers of Kharade and they were made aware of the ill-effects of corruption & the role of CVC.
- (n) Sensitising program for CISF MDL unit was conducted on 23 Nov 2019 by MDL Vigilance Executives.
- (o) A two days training program on "disciplinary/vigilance procedure" was conducted for MDL executives on 06 Dec 2019 & 07 Dec 2019 by Shri Sandip Mukherjee, Deputy Secretary, GOI.

CMD, MDL awarded certificates on 20 Dec 2019 to the winners of various competitions organised for MDL employees and their family members during VAW 2019.

8. Governance & Sustainability

8.1 Corporate Governance

The Corporate Governance Report for the year under review as stipulated under the Guidelines forms part of the Annual Report along with the Certificate from the Practicing Company Secretary, confirming compliance of conditions of Corporate Governance is placed at Appendix 'D'.

Your Company is complying with the Guidelines on Corporate Governance for CPSEs 2010 issued by the Department of Public Enterprises (DPE). Necessary disclosures have been made in this regard in the Corporate Governance Report.

8.2 Implementation of RTI Act, 2005

Under the Right to Information (RTI) Act, 2005, to facilitate provision of information to the citizens requesting for the same, your Company

has evolved necessary structure by designating officers as Assistant Public Information Officer, Public Information Officer and Appellate Authority for the purpose of implementation of the Right to Information Act in the Company. During the year, the Company received 123 applications & 16 First appeals and 03 second appeals before Central Information Commission. The information / replies sought for were duly furnished. Quarterly and Annual Return for the year to be submitted online to Central Information Commission (CIC) had been duly filed and uploaded in RTI - MIS updation system. The Transparency Audit Report in compliance with Section 4 of RTI ACT was duly submitted on new software launched by CIC.

8.3 Meetings of the Board

During the financial year ended on 31 Mar 2020, eight meetings of the Board of Directors of the Company were held. These were on 03 April 2019, 17 June 2019, 24 July 2019, 05 Aug 2019, 09 Sep 2019, 19 Oct 2019, 26 Nov 2019 and 28 Jan 2020.

8.4 Appointment, Remuneration and Performance Evaluation of Board, Board Sub-committees and individual Directors

According to the Ministry of Corporate Affairs, Government of India's Notification No F No. 1/2/2014-CL.V dated 5th June 2015 the requirement for framing policy on Directors' appointment and remuneration including criteria for determining qualifications, evaluation etc., is not required as your Company is a Government Company.

The appointment, tenure and remuneration of Directors (Functional Directors including the CMD) are determined by Government of India through Public Enterprises Selection Board (PESB), indicating the terms and conditions of appointment, including the period of appointment, the scale of pay and other entitlements as your Company is a Central Government Public Sector Enterprise.

The Ministry of Defence appoints the Government Nominee Directors and they are not entitled to any remuneration/sitting fees.



The non-executive Independent Directors are appointed by the Government of India and they are entitled to sitting fees for attending the Board/Committee meetings as prescribed by the Board in adherence with the statutory rules and regulations.

8.5 Changes in the Board

The following changes took place in the directorship of the Company during the year under review:-

Shri V. L Kantha Rao, AS (DP) was appointed as the Government Nominee Director w.e.f. 16 March 2020 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 16 March 2020.

VAdm. Narayan Prasad, AVSM, NM, IN (Retd) was appointed as the Chairman & Managing Director w.e.f 30 Dec 2019 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 29 Nov 2019.

Cdr. Jasbir Singh, IN (Retd) was appointed as the Director (Submarine & Heavy Engineering) w.e.f 01 Nov 2019 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 26 Aug 2019.

Shri. Sanjeev Singhal was appointed as the Director (Finance) w.e.f 08 Jan 2020 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 27 Nov 2019.

Shri.Barun Mitra, ex-AS (DP) was appointed as the Government Nominee Director w.e.f. 17 July 2018 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 17 July, 2018. He ceased to be a Director w.e.f 16 March 2020. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by Shri Barun Mitra during his tenure.

Cmde. Rakesh Anand, IN (Retd), ex-CMD was appointed as the Chairman & Managing Director w.e.f. 01 Jan 2017 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 11 Nov 2016. He superannuated on 30 Nov 2019, the Board placed on record its

appreciation for the valuable support, contribution and guidance provided by Cmde. Rakesh Anand, IN (Retd) during his tenure.

Capt. Rajiv Lath, IN (Retd), was appointed as the Director (Submarine & Heavy Engineering) w.e.f. 19 Sept 2013 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 24 Jan 2014. He superannuated on 31 Oct 2019, the Board placed on record its appreciation for the valuable support, contribution and guidance provided by Capt. Rajiv Lath, IN (Retd) during his tenure.

Shri.Sanjiv Sharma, was appointed as the Director (Finance) w.e.f. 01 June 2015 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 29 Feb 2016. He superannuated on 31 Oct 2019, the Board placed on record its appreciation for the valuable support, contribution and guidance provided by Shri. Sanjiv Sharma during his tenure.

Shri.S.L. Bapat was re-appointed as Independent Director (Part Time Non- Official) pursuant to appointment letter dated 23 Nov 2018 for a further period of one year and ceased to be a Director w.e.f 27 Nov 2019. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by Shri. S. L Bapat during his tenure.

Smt. Usha Sankar was re-appointed as Independent Director (Part Time Non- Official) pursuant to appointment letter dated 23 Nov 2018 for a further period of one year and ceased to be a Director w.e.f 27 Nov 2019. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by Smt. Usha Sankar during her tenure.

Vadm. Sanjeev Bhasin IN (Retd) was re-appointed as Independent Director (Part Time Non- Official) pursuant to appointment letter dated 23 Nov 2018 for a further period of one year and ceased to be a Director w.e.f 7 Jan 2020. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by Vadm. Sanjeev Bhasin IN (Retd) during his tenure.

8.6 Constitution of Audit Committee

The Board has constituted Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013 and the Rules made thereunder. The Committee acts in accordance with the terms of reference as approved by the Board. The composition and other details are disclosed in the Corporate Governance Report.

All recommendations made by the Audit Committee were accepted by the Board.

8.7 Declaration Given by the Independent Directors

All Independent Directors of your Company have given declaration of Independence as specified under section 149(6) of the Companies Act, 2013.

8.8 Corporate Social Responsibility

The Company is committed to all its stakeholders to conduct business in an economically, socially and environmentally sustainable manner as part of its CSR & Sustainability policy.

Your Company is committed to undertake various programs for integrating social and business goals in a sustainable manner through inclusive growth so as to make a positive impact for the society at large. Your Company has adopted Corporate Social Responsibility & Sustainability Policy in compliance with Section 135 of the Companies Act 2013 and Rules framed there under.

The CSR Budget of your company for the FY 2019-20 was Rs.15.19 crore (2% of average profit of the previous three financial years as per section 198 of Companies Act – 2013). In addition, a sum of Rs.5.78 crore were carried forward from the last financial year. Out of this, your Company has spent Rs.15.63 crores towards CSR activities during FY 2019-20. A sum of Rs.5.34 crore remains unspent as several projects/programs mainly due to delay in the execution of some projects by the implementing agencies.

Your Company has received the "Certificate of Appreciation" from Government of Maharashtra for supporting the Industrial Training Institute (ITI) at Chikaldhara, Amravati. The certificate

was presented to MDL in the august presence of Hon'ble Governor of Maharashtra in June 2019.

Your Company has executed various projects as part of its CSR initiatives mainly in sectors of Education, Health & Sanitation, Skill Development and Village Development. The executed projects are in line with schedule VII of the Companies Act. The details of the major projects executed in FY 2019-20 are as under:-

- a) **Education Sector:** In line with guidelines from DPE on Aspirational District Transformation Program (ADTP), your Company has provided food to 865 tribal students studying at Jeevanshalas (Residential Schools) of Nandurbar district (one of the Aspirational districts in Maharashtra) from Dec 2019 to March 2020.

MDL has continued its support for Tribal Girls' Residential School at Kharade Gram Panchayat, Shahpur. With MDL's support, the school has successfully been running since last five years and thereby providing quality school education to girl students of Kathkari community of Shahpur block, Thane. "MDL Super 10" project has stepped in its 2nd successful year and this year also 10 students from Shahpur area has been supported to get quality education at Bhonsala Military School, Nagpur.



Sponsoring of 10 Students every year to study in Bhonsala Military School in Nagpur under CSR

Your Company has also commenced a unique project to support children of Ambedkar nagar slum (near Colaba,



Mumbai). Under this project, children were involved in playing football and thereby also impart them life skills and remedial coaching.

- b) **Village Development:** Your Company has continued its support for Kharade Gram Panchayat under Model Village Development project and several new initiatives were taken in this year including up-scaling of Sanitary Pad manufacturing and Mushroom Cultivation. MDL has installed play equipment at two Zila Parishad schools and provided trainings to women members of the village on Panchayati Raj Institutions.

Further, for the drought prone Marathwada region, your Company has continued its support for environment & livelihood development project at Parner village of Beed district. After organising the farmers of the region into a Farmers' Producer Organization (FPO), your Company has constructed shed for the FPO. The FPC, once fully operational, would help farmers in getting better price of their farm produce.

- c) **Health & Sanitation:** Under ADTP, your Company has joined hands with District Administration, Nandurbar to transform 100 Anganwadis into Model Anganwadis in the district. The commercial procedure for procurement of items under this project was successfully completed by District Administration, Nandurbar and the project would be completed by next year. MDL has successfully provided support for 4000 dialysis sessions to patients belonging to economically weaker sections in nearby slums of Sion, Govandi and Mankhurd areas of Mumbai.

MDL had continued its project of supporting & counseling to more than 37000 cancer patients at nine Regional Cancer Centres in 5 different States/UTs. Further, MDL had continued its support for 250 odd mentally deficient children adults at Children's Home in Mankhurd, Mumbai.

In line with the Swachh Bharat Mission of Govt. of India, your Company has completed construction of community Toilet Block at Jai Bheem Nagar, Mumbai. This project would provide sanitation facilities like male & female lavatories and bathrooms to eighty odd households in the slum. Further, keeping its commitment to keep the surrounding area clean, your Company has continued the clean-ship of peripheral wards around MDL in this year also.

- d) **Skill Development:** Your Company has successfully provided skill training to 40 youths in digital marketing in Mumbai through Seva Mandal Education Society. MDL has continued its project of vocational training to youths in motor driving (LMV) trade. The project not only provides training to youths but also ensured their placements in reputed organizations.

MDL has successfully completed its flagship project i.e. construction of state-of-the-art Vocational Training Centre (VTC) at Anandvan (Chandrapur) for skill training of PWD youths.

Your Company has continued its support for ITI, Chikaladhara (Amravati district) through organization of industrial visits, soft skill training, installation of water filters and scholarship to students. MDL is also supporting training of apprentices through the in-house Apprentice Training School (ATS).



Industrial Visit of Students of National Skill Training Institute (NSTI) Sion Mumbai to ATS & MDL

- e) **Disaster Management:** Keeping MDL's commitment to help fellow citizen during the time of calamities/ disasters, MDL

has supported flood victims of Satara, Sangli, Kolhapur and Konkan region. Under this project, MDL has provided ration kits, medicines and other essential relief material to flood affected families. Your Company has also contributed Rs.200 lakhs to PM CARES Fund and Rs.120 Lakhs to CM Relief Fund in March'20 as part of its commitment to address COVID-19 outbreak.



MDL Flood Relief Team including doctors and executives who visited Kolhapur, Sangli, Satara and Konkan Region for supporting the affected people by providing ration, medicines, stationary etc.



Felicitation by Lions Club of Pune to MDL CSR Team for significant contribution in drought prone Beed District of Maharashtra

- f) **Sports Development:** MDL has provided 14 wheelchairs to Wheelchair Basketball Federation of India. With this support, the men's and women's National teams of Wheelchair Basketball were able to participate for the qualifying matches of Para-Olympics.

The CSR committee has certified that the implementation and monitoring of the CSR projects being executed are in accordance with the CSR objectives and policy of the company.

The Annual Report on CSR contains the requisite details as specified in the Companies Act, 2013 and is placed at Annexure -E.



Distribution of Wheelchair to Indian Women Wheelchair Basketball Team in Chennai under CSR.

8.9 Environment and Pollution Control:

Your Company has taken various initiatives towards sustainable development and energy conservation in the year under report. In alignment with the Government of India's policy to increase the quantum of renewable energy and to reduce energy consumption various projects were undertaken by your company. The Installation of Solar Power Plant, changing of conventional lights into LED lights, procurement of energy efficient welding machines etc. are some of the areas where your Company had focused.

- i) By maintaining the power factor above 0.997, the distribution losses of the distribution company M/s BEST is reduced and the incentive is passed on to MDL. The approximate annual incentive for maintaining power factor is Rs. 7.5 Lakh.
- ii) MDL is committed to reduce the consumption of energy generated by fossil fuel and to increase the generation of renewable energy to the maximum possible extent. MDL has already installed 1.85MWp solar power plant. Annual energy generation from 1.85 MWp SPV power plants is approximately 24 Lakh units per year which is 12% of total consumption.
- iii) Replaced two nos. very old transformers by energy efficient level IE3 transformers of capacity 1000 KVA each.



- iv) Procured 50 Nos. LED flood lights fittings for Temporary Lighting Cell. By installing these 50 nos. LED fittings, approx. 14000 units of energy can be saved annually.
- v) Procurement of 2000 Nos. LED office light fittings & 200 Nos. LED flood light fittings are under process.

To improve ambience of surroundings in east yard, vertical gardens have been created at various place and additional garden were created near gate.

118 nos. of 400Watt HPMV light fittings were installed on the platforms of EOT Cranes & LL Cranes in East Yard and Alcock Yard. All light fittings above 400 Watt have been replaced with 200 watt LED light fitting and 2000 Nos of 28 Watt T5 Type tube light fittings have been replaced by 18 Watt LED light fittings in offices, CAS shop, Pipe Shop and Alcock Yard by which approx. 13080 units is being saved per month.

Information required under Section 134(3) (m) of the Companies Act 2013, pertaining to Conservation of Energy, Technology Absorption is given in Appendix 'F' to this Report.

8.10 Swachh Bharat Initiatives

Your Company, adhering to the Prime Minister's Swachh Bharat Abhiyaan, has been able to make positive impact in creating mass awareness movement in and around MDL and bring about lasting behavior change in the society through participation of employees at all levels as well as the people from the surrounding area.

As a part of the Abhiyaan, your Company has organized Swachhata Hi Seva Campaign, celebrated 7th December, as a special Day for plogging (picking of litter while jogging) and observed Swachhata Pakhwada. The Abhiyaan is underway at three levels i) within the Shipyard, ii) adjacent areas and iii) rural areas.

a) Activities Within MDL Premises:-

Your Company has created awareness about cleanliness amongst employees through display of posters, signage, boards, standees etc. cleanliness within premises is ensured by appointing Block

In-charges. Celebration of 7th December, as a special Day for plogging (picking of litter while jogging) has been organised. Swachhata Hi Seva Campaign organised to generate liking for cleanliness amongst employees. Removal of e-waste, heavy debris, repairs of drainage lines continue to be a regular activity. Your company has appointed Facility Management Services for professionalism in the cleanliness of the yard.

b) Activities outside MDL Premises:-

Your Company has engaged a cleanliness-specific agency for carrying out daily cleaning of adopted 4.5 km roads surrounding MDL. Created awareness about plastic waste management in surrounding community. Centralised Shramdan by all employees, led by CMD and Directors is carried out at regular intervals. Construction of a community toilet block at adjacent Jai Bhim Nagar has been completed. Beautification of boundary wall and road dividers below adjacent eastern freeway has been undertaken. MDL has also supplied garbage bins to Nhava Gram Panchayat so as ensure waste management in an effective manner in the gram panchayat.

c) Activities in Rural/ Other Areas:

In line with the Swachh Bharat Abhiyaan of Government of India, your Company had commenced a mega project in FY 2018-19 in Sanitation sector i.e. Mechanization of five Municipal Councils/ Urban Local Bodies (ULBs) of Nandurbar district (one of the Aspirational districts of Maharashtra) for waste management. Under this project, MDL had supplied machines & equipment like vacuum emptier machines, auto tipper, road sweeper machines, drain cleaning machines, mobile toilets etc. to respective municipal councils for proper waste management. While 70% of the project had completed last year, the remaining activities of the project is completed in FY 2019-20.



Plastic Waste Collection drive at Nhava Village



Tree Plantation in Residential Complex



Display of posters & Banners in the complex for spreading awareness about cleanliness among the employees



Celebration 7th December, as a special Day for Plogging (picking of litter while jogging)



Cleanliness drive in residential complex and Awareness about segregation of organic and recyclable waste



Creating awareness on Plastic Waste Management in different workshops & Offices of MDL by playing swachhta Skit "Swachhata- Sant. Gadgebaba se Mahatma Gandhi tak"



8.11 Vigil Mechanism

The Company has a vigil mechanism named Whistle Blowers Policy establishing a mechanism for the Directors and Employees to report genuine concerns regarding the affairs of the Company to the Audit Committee in accordance with provisions of Section 177(9) of the Companies Act, 2013 read with Rule (7) of the Companies (Meetings of the Board & its Powers) Rules, 2014 and DPE Guidelines for CPSEs. The Whistle Blowers Policy is disclosed in the Company website.

The Company being a CPSE, Central Vigilance Commission guidelines are applicable, which provides adequate safeguards against victimization of employees.

8.12 Particulars of Contracts or Arrangements with Related Parties

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties that were entered into during the financial year were in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee and the Board for approval, if required. 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 in form AOC 2 (Appendix 2).

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

8.13 Particulars of Employees and Related Disclosures

None of the employees of the Company was in receipt of remuneration in excess of limits prescribed under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the financial year under review.

Disclosure pertaining to remuneration and other details as required under section 197(12) read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report (Appendix D).

8.14 Extract of Annual Return

The extract of Annual Return in the form No. MGT9 in terms of Section 92(3) of the Companies Act 2013 and Rule No.12 (i) of the Companies (Management & Administration) Rules 2014 has been appended as Appendix 'G' to this report.

8.15 Directors' Responsibility Statement

As required under Section 134(3) (c) and 134(5) of the Companies Act, 2013 the Directors' Responsibility Statement is given as under, that:-

- In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors had prepared the Annual Accounts on a going concern basis;
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

8.16 Statutory Auditors and their Report

The Comptroller and Auditor General of India under Companies Act 2013, appointed M/s. JCR & Co., Chartered Accountants Mumbai, as the Statutory Auditors of the Company for the



year 2019-20. The Auditors have certified the Accounts and their Report is placed as a part of Annual Report.

The notes on the financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. During the year under review, no fraud has been reported by the Auditors under section 143(12) of the Companies Act, 2013 read with Rule 13 of the Companies (Audit and Auditors) Amendment Rules, 2015.

8.17 Comments of the Comptroller & Auditor General of India

The Comments of the Comptroller and Auditor General of India under Section 143 of the Companies Act 2013 have been received and placed as a part of Annual Report.

8.18 Cost Auditors

M/s. ABK & Associates., Mumbai., were appointed as Cost Auditors for conducting cost Audit of the Company under section 148 of the Companies Act, 2013 for the year 2019-20 and accordingly such accounts and records are made and maintained.

8.19 Secretarial Auditors

M/s Ragini Chokshi & Co., Practicing Company Secretaries, Mumbai were appointed to conduct Secretarial Audit of the Company for the financial year 2019-2020. The Secretarial Audit Report is annexed to the Directors' Report as Appendix 3 and forms part of this report.

8.20 Adequacy of Internal Financial Controls with Reference to The Financial Statements

The Company has an Internal Audit Department, which monitors compliances of Company's procedures, and policies with well defined annual audit program and significant audit observations are reported to the Audit Committee of Board of Directors. The Internal Audit function is headed at the level of Addl. General Manager who is reporting directly to the Chairman & Managing Director.

The implementation of SAP/ERP system has helped to strengthen the Internal Control

Systems with its in built checks and balances at various level of operations and it has set up disaster recovery site at distant locations.

The system of Internal Control comprises well defined organisation structures, pre-identified authority level and procedure issued by management covering all vital and important areas of activities which includes Purchase, stock verification, Inventory consumption, Fixed Assets, Cash & Bank management & Treasury, Payroll, HR, Risk Management, Statutory Compliance and all other activities involved in financial statement closing process.

Internal audit of specific areas of the Company's operations has been outsourced to Chartered Accountant firm. In addition to outsourced audit activities, other audit activities are carried out by in-house Internal Audit department. Audit reports given by Internal Auditors were reviewed by Audit Committee and necessary directives were issued. The Company had initiated suitable actions on the said directives.

9. Management Discussion & Analysis Report

Management Discussion and Analysis Report required under the Government (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), is attached to this Report as Appendix 'H'.

10. Future Outlook

Your Company has envisaged following measures of future outlook for the capacity utilization of the submarines section.

i. Infrastructure

- a) MDL has long been looking for a Graving Dry Dock (GDD) capable to build various naval platforms in future viz. NGD, NGC, NGF & for ship/submarine repair.

To meet the above requirement MDL has already been exploring various options viz:

- i) Acquiring adjacent MbPT land for creation of Dry Dock and ancillary facilities for building



next generation warships and for ship/submarine repair.

- ii) To develop greenfield shipyard at MDL owned land at Nhava Yard over an area of 40 acres, which would be based around a ship lift and wet basin/dry dock on this facility would also aim for construction of commercial ships.
- b) MDL is currently undertaking capital expenditure by way of construction of a submarine launch facility, for the newly built Submarine Assembly Workshop. This would enable creation of capacity and launching of two independent lines of submarines.

ii. Project 75 (I):

MDL has been shortlisted for future submarine project P 75 I. RFP from MoD is awaited.

iii. MRLC of SSK submarines

Construction of two SSK submarines, complete refit & modernization of four SSK submarines, present construction of Scorpene class submarines and medium refit & life certification of IN Submarine has forged MDL's position as the only Indian shipyard to build & provide Life Cycle Support for conventional submarines

Medium Refit cum Life Certification (MRLC) of IN Submarine is currently in progress. There is a likelihood of IN placing balance SSK submarines refit orders on MDL post completion of IN Submarine.

iv. Parallel lines for Submarine Construction

MDL has augmented necessary infrastructure for submarine construction through a modernisation project. Presently, high level of skill has been developed in MDL for submarine construction and at the same time local vendors have been developed for complex and high quality fabrication jobs. The skilled workforce of MDL and vendors are ready to take on new challenges in submarine construction. Post infrastructure augmentation, MDL

submarine building capacity has been enhanced substantially to cater for two parallel submarine construction lines.

v. Construction of Non-Conventional Submarines

With sound knowledge in various aspects of submarine construction & trials and with augmentation of submarine construction facilities, MDL is ready to take on construction of non-conventional submarines as per requirements of Indian Navy.

vi. Diversification.

MDL is also looking to diversify in the field of underwater equipment and platform, marine equipment and platform, heavy engineering equipment, offshore platform etc. For this a dedicated team has been formed in the submarine division to give boost to the diversification programme and utilize the available spare capacity.

vii. Exports:

- a) Your Company has a rich legacy of building close to 800 ships since inception, a broad spectrum of exports carried out in the past comprising of more than 250 vessels, the impeccable quality of the products delivered that has been internationally acclaimed are all being leveraged in a concerted manner for exports. MDL's export portfolio covers a wide gamut of products comprising of new builds for civilian and military end-use, repairs of commercial vessels and refits of war vessels. Customized service portfolios wherein MDL can pitch-in as a Know-How Provider for specific needs of developing nations are also in the offer.
- b) Your Company intends to revamp its presence in the export market. MDL has been in dialogue with various Indian Embassies/High Commissions abroad to expand its product outreach to prospective customers. MDL also commenced participating



aggressively in the global tenders issued by various countries and are in dialogue with foreign navies to fulfil their requirements. The defence needs in the international market continues to rise. MDL has certain unique strengths and skill sets that have been painstakingly developed in the past eight decades and are adapted in the complex activities of weapon integration sensors for high tech defence platforms. This gives a cutting edge for MDL against their competitors and MDL is all set to cash-in this scenario. MDL has also appointed management representatives for canvassing MDL's rich legacy in construction of Naval and Non-Naval vessels and promoting MDL's products in the global market. The management representative will also facilitate expansion and growth of MDL business in near future.

- c) In addition to constructing vessels, MDL is also ready to provide the services like design of warships and commercial ships, transfer of technology and imparting training in construction of large warships, auxiliary boats and ferries, handholding to the Customer's Shipyard for construction and first line repairs of Warships and auxiliary vessels and Training the technical teams from customer's side in the field of Setting to work of systems and Ship trials. MDL also has facilities & capacity for fabrication of Pressure hull subsections. Export of Pressure Hull sections to any other country manufacturing / procuring Scorpene class Submarines is being explored.
- d) Your Company's strategic positioning on the west coast of the country provides proximity to the main sea routes crisscrossing the Arabian Sea and Indian Ocean with accessibility to Europe and Middle East. Tie-ups with

other small shipyards in the country are in place. MDL has aligned itself with the new thrust on Defence exports. In this regard an international marketing team is functioning under Director (Shipbuilding). A road map for exports have been drawn-up, targets countries have been identified and agents have been appointed in some of the territories where export potential exist. Efforts are on for pursuing exports with various countries following both the G2G route wherein the GoI have opened Lines of Credit with funding typically extended by EXIM bank as well as the B2B route with sovereign guarantee of the recipient nation.

Acknowledgements

Your Directors wish to place on record their gratitude and sincere appreciation for the assistance, co-operation and guidance received by the Company from various Ministries of the Government of India especially the Ministry of Defence, Department of Defence Production, the Indian Navy, Greater Mumbai Municipal Corporation, Mumbai Port Trust, Principal Controller of Defence Accounts (Navy), the Departments of Customs, Income Tax, Excise, Service Tax and Sales Tax.

Your Directors also place on record their appreciation for the assistance extended by the Company's Bankers Viz. State Bank of India and Canara Bank, the valuable advice rendered and co-operation extended by the Statutory Auditors, M/s. JCR & Co., Mumbai, and the officers of the Principal Director of Commercial Audit and Ex-Officio Member of the Audit Board, Bengaluru. The Directors also express their gratitude to the clients, who have extended patronage to the Company. Your Directors also appreciate and acknowledge the devoted efforts put in by the Company's employees at all levels.

For and on behalf of the Board

Sd/-

VAdm. Narayan Prasad, AVSM, NM, IN (Retd)

Chairman & Managing Director

DIN:08644492

Place: Mumbai

Date: 15 July, 2020



APPENDIX 'A' TO THE DIRECTORS' REPORT

STATEMENT SHOWING POSITION REGARDING REPRESENTATION OF SCHEDULE CASTES AND SCHEDULE TRIBES IN VARIOUS CATEGORIES OF POST ON 01ST JANUARY 2019 AND 1ST JANUARY 2020.

Classification of Posts / services	As on 01st January 2019			As on 01st January 2020		
	Total Strength	Schedule Caste	Schedule Tribe	Total Strength	Schedule Caste	Schedule Tribe
Permanent:						
Group "A"	1087*	202	66	1052*	197	70
Group "B"	0	0	0	0	0	0
* Includes Board level executives						
Group "C"	359	32	7	296	35	8
Group "D"(Excluding Safaiwala)	3026	313	184	2808	298	174
Group "D" Safaiwala	8	7	0	5	4	0
Temporary:						
Group "A"	0	0	0	0	0	0
Group "B"	0	0	0	0	0	0
Group "C"	0	0	0	0	0	0
Group "D"(Excluding Safaiwala)	0	0	0	0	0	0
Group "D" Safaiwala	0	0	0	0	0	0
Group D (Apprentice Under Act)	539	46	26	509	79	32
Fixed Term Contract for Two Years:						
Group "A"	7	0	1	0	0	0
Group "B"	0	0	0	0	0	0
Group "C"	168	17	18	88	14	9
Group "D"(Excluding Safaiwala)	2288	368	240	1690	265	192
Group "D" Safaiwala	0	0	0	0	0	0



APPENDIX 'B' TO THE DIRECTORS' REPORT

PARTICULARS OF RECRUITMENT MADE DURING THE CALENDAR YEAR 2019. THE NUMBER FILLED BY SC'S / ST'S REASON FOR SHORTFALL AND STEPS TAKEN TO IMPROVE THE POSITION

Classification of Posts / services	Total Number of posts Advertised	Schedule Caste		Schedule Tribes		Reason for shortfall and steps taken to improve the position
		Notified	Filled	Notified	Filled	
Permanent:						
Group "A"	14	01	0	05	0	Selected but yet to join & Insufficient candidates
Group "B"	1	0	0	0	0	
Group "C"	21	2	2	1	1	Joining of candidates to continue in the year 2020
Group "D" (Excluding Safaiwala)	6	0	0	0	0	
Group "D" Safaiwala	0	0	0	0	0	
Fixed Term Contract for Two Years:						
Group "A"	0	0	0	0	0	
Group "B"	0	0	0	0	0	
Group "C"	132	12	7	09	3	Joining of candidates to continue in the year 2020
Group "D"(Excluding Safaiwala)	2305	215	122	194	129	Joining of candidates to continue in the year 2020
Group "D" Safaiwala	0	0	0	0	0	



APPENDIX 'C' TO THE DIRECTORS' REPORT

STATEMENT SHOWING REPRESENTATION OF EX-SERVICEMEN IN GROUP 'C' & 'D' AND NUMBER OF WOMEN EMPLOYEES AS ON 01ST JANUARY 2020

Classification of Posts / services	Total Strength	Ex-service men		Women Employees	
		No	%	No	%
Permanent					
Group "A"	1052	100	9.50	70	6.65
Group "B"	0	0	0	0	0
Group "C"	296	0	0	30	10.14
Group "D" (Excluding Safaiwala)	2808	5	0.17	33	1.18
Group "D" Safaiwala	5	0	0	0	0
Fixed Term Contract for Two Years					
Group "A"	0	0	0	0	0
Group "B"	0	0	0	0	0
Group "C"	88	0	0	19	21.59
Group "D" (Excluding Safaiwala)	1690	5	0.29	30	1.78
Group "D" Safaiwala	0	0	0	0	0



APPENDIX 'D' TO DIRECTORS' REPORT

CORPORATE GOVERNANCE

1.1 PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's work culture has enabled it to achieve sustainable growth on its journey to continued success, thereby maximizing shareholders returns, optimizing the utilization of resources towards the corporate goal, increasing the value of the Organization, strengthening its relationships with employees, shareholders, creditors, and practicing highest degree of professionalism and integrity within the Organization.

Your Company has methodically followed the core principles of Corporate Governance, which have been the order of its governance model, with the Board of Directors and the Committees of the Board at the apex level, and the Management structure at the operational level. The Board and its Committees guide, support and complement the Management team, which endeavours to achieve the set objectives and enhancing stakeholder value.

Your Company has instituted and upheld good governance system and procedures by ensuring timely disclosure of all material facts, event and information to the management, strengthening interpersonal relationship among employees and the management, strengthening communication between Board and its Committees, securing compliance with all applicable laws to secure the interest of the stakeholders, bankers, creditors, employees and other persons dealing with the Company.

1.2 COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors of the company as on 31 Mar 2020 consisted of Chairman & Managing Director (CMD), four functional directors, one Government Nominee Director and three part- time non-official directors. The Directors as on 31Mar 2020 were as under:

WHOLE TIME DIRECTORS

VAdm Narayan Prasad, AVSM, NM, IN (Retd)	-	Chairman & Managing Director
Cmde T V Thomas, IN (Retd)	-	Director (Corporate Planning & Personnel)
RAdm Anil K Saxena, IN (Retd)	-	Director(Shipbuilding)
Cdr. Jasbir Singh, IN (Retd)	-	Director (Submarine & Heavy Engineering)
Shri Sanjeev Singhal	-	Director (Finance)

PART-TIME OFFICIAL(GOVERNMENT)DIRECTOR:

Shri V. L. Kantha Rao, IAS Additional Secretary (Defence Production), Ministry of Defence

INDEPENDENT DIRECTORS (PART-TIME NON OFFICIAL DIRECTORS):

Shri Devi Prasad Pande

Prof Kamaiah Bandi

Dr. M. J. Jeevanavar

1.3 ATTENDANCE OF DIRECTORS IN THE MEETINGS OF BOARD AND SHAREHOLDERS

During the financial year ended 31 Mar 2020, eight meetings of the Board of Directors of the Company were held. These were on 03 April 2019, 17 June 2019, 24 July 2019, 05 Aug 2019, 09 Sep 2019, 19 Oct



2019, 26 Nov 2019 and 28 Jan 2020. The Annual General Meeting for FY 2018-19 was held on 19 July 2019. Details of attendance of the Directors at the Board Meetings & Annual General Meeting during 2019-20 are given below:

Sl.	Directors	Meetings held during respective tenure of Director	No. of Board Meetings Attended	Attendance in the last AGM
a.	Cmde Rakesh Anand IN (Retd)	7	7	Yes
b.	VAdm Narayan Prasad, AVSM, NM, IN (Retd)	1	1	NA
c.	Capt Rajiv Lath IN (Retd)	6	5	Yes
d.	Shri Sanjiv Sharma	6	6	Yes
e.	Cmde T V Thomas IN (Retd)	8	8	Yes
f.	RAdm Anil K Saxena IN (Retd)	8	6	Yes
g.	Cdr. Jasbir Singh, IN (Retd)	2	2	NA
h.	Shri Sanjeev Singhal	1	1	NA
i.	Shri Barun Mitra, IAS	8	3	Yes
j.	Shri V. L. Kantha Rao,	0	0	NA
k.	Prof S.L. Bapat	7	6	Yes
l.	Smt. Usha Sankar	7	6	Yes
m.	VAdm Sanjeev Bhasin IN (Retd)	7	2	No
n.	Shri Devi Prasad Pande	8	8	Yes
o.	Prof Kamaiah Bandi	8	6	No
p.	Dr. M. J. Jeevannavar	8	2	No

1.4 SUB-COMMITTEES OF BOARD OF DIRECTORS

AUDIT COMMITTEE

The Audit Committee consisted of following Directors as on 31 Mar 2020:

Shri Devi Prasad Pande	-	Chairman
Prof Kamaiah Bandi	-	Member
Cmde T V Thomas IN (Retd)	-	Member

During the financial year ending 31 Mar 2020, the Audit Committee met six times i.e on 03 April 2019, 17 June 2019, 24 July 2019, 05 Aug 2019, 26 Nov 2019 and 28 Jan 2020. The attendance of Chairman and Members of the Audit Committee in these meetings was as follows: -

Sl.	Name	Number of meetings held during the tenure of the respective member	Number of meetings attended
a.	Shri Devi Prasad Pande	1	1
b.	Smt. Usha Sankar	5	4
c.	Prof. S.L. Bapat	5	4
d.	Cmde T. V. Thomas IN (Retd)	6	6
e.	Prof Kamaiah Bandi	6	6



The terms of reference to the Audit Committee, inter-alia, include the following:-

- (a) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) recommendation to the Board for fixation of remuneration to the auditors;
- (c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - (i) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgement by management;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions;
 - (vii) modified opinion(s) in the draft audit report.
- (e) reviewing, with the management, the quarterly/half yearly financial statements before submission to the Board for approval;
- (f) reviewing with the management, the statement of uses/application of funds raised through an issue (i.e. public issue, rights issue, preferential issue etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus, notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in these matters;
- (g) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (h) approval or any subsequently modification of transactions of the Company with related parties;
- (i) scrutiny of inter-corporate loans and investments;
- (j) valuation of undertakings or assets of the Company wherever it is necessary;
- (k) evaluation of internal financial controls and risk management systems;
- (l) reviewing with the management, performance of Internal Auditors, adequacy of the internal control systems;
- (m) appointment and removal of internal auditors and determining the scope of internal audit in consultation with the internal auditors;
- (n) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (o) discussion with internal auditors of any significant findings and follow up there on;



- (p) review the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
 - (q) review observations of statutory, internal & government auditors and provide recommendations based on the same;
 - (r) to review the follow up action on the audit observations of the C&AG audit;
 - (s) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
 - (t) to look into the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders (in case of non-payment of declared dividend and creditors);
 - (u) to review the functioning of the whistle blower mechanism;
 - (v) approval of appointment of chief financial officer after assessing the qualifications, experience and background etc., of the candidate;
 - (w) review and monitor the auditor's independence and performance and effectiveness of audit process;
 - (x) examination of the financial statements and auditor's report thereon;
 - (y) Carrying out any other function or matter that may be referred to the Audit Committee by the Board from time to time.
 - (z) Reviewing the utilisation of loans and/or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crores or 10% of the asset size of the subsidiary, which ever is lower including existing loans/advances/investments existing as on the date of coming into force of this provision.
- A. The Audit Committee shall mandatorily review the following information:
- (a) management discussion and analysis of financial condition and results of operations;
 - (b) statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
 - (c) management letters/letters of internal control weaknesses issued by the statutory auditors;
 - (d) internal audit reports relating to internal control weakness;
 - (e) the appointment and removal of the Chief Internal Auditor, shall be subject to review of the Audit Committee;
 - (f) statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - b. annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.



1.5 Internal audit of specific areas of the Company's operations has been outsourced to two Chartered Accountant firms, in addition to the in-house Internal Audit department. Audit reports given by Internal Auditors were reviewed by Audit Committee and necessary directives were issued. The Company had initiated suitable actions on the said directions.

1.6 PROCUREMENT SUB COMMITTEE(PSC)

The Procurement Sub Committee consisted following Directors as on 31 Mar 2020

VAdm. Narayan Prasad, IN (Retd)	-	Chairman
Cmde T V Thomas, IN (Retd)	-	Member
RAdm Anil K Saxena, IN (Retd)	-	Member
Cdr. Jasbir Singh, IN (Retd)	-	Member
Shri. Sanjeev Singhal	-	Member
Shri. Devi Prasad Pande	-	Member

The Procurement Sub-Committee (PSC) of the Board of Directors reviews and approves the procurement proposals as per the powers delegated by the Board.

During the year PSC had 7 meetings. The minutes of the meetings of PSC are placed before the Board for information.

1.7 NOMINATION AND REMUNERATION COMMITTEE

The HR and Remuneration Committee was renamed as Nomination and Remuneration Committee and consisted of following Directors as on 31 Mar 2020.

Prof Kamaiah Bandi	-	Chairman
Shri Devi Prasad Pande	-	Member
Dr. M. J. Jeevanavar	-	Member

The terms of reference of the Nomination and Remuneration Committee shall include the following:

1. To identify persons who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;
2. To recommend to the Board a policy, relating to the remuneration for the key managerial personnel and other employees;
3. To recommend on the annual bonus/ performance pay/variable pay pool and policy for its distribution across the executives;
4. Formulation and modification of schemes for providing perks and allowances for executives;
5. Any new scheme of compensation to executives and non-executives as the case may be;
6. Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:
 - (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as and when the same come into force; or
 - (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003; and



7. Perform such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration committee.
 8. Recommend to the board, all remuneration, in whatever form, payable to senior management.
- During the year, the Nomination and Remuneration Committee had 4 meetings. The minutes of the meetings the Committee are placed before the Board for information.

1.8 INVESTMENT COMMITTEE

A Sub Committee of Board of Directors for investment of company's short term surplus funds was constituted by the Board and the following Directors were the members of the committee as of 31 Mar 2020.

VAdm. Narayan Prasad, IN (Retd)	-	Chairman and Managing Director
Cdr. Jasbir Singh, IN (Retd)	-	Director (Submarine & Heavy Engineering)
Shri Sanjeev Singhal	-	Director (Finance) & Chief Financial Officer

The Committee has been delegated powers to invest short term surplus funds as per DPE guidelines and within the limits prescribed by the Board.

1.9 COMMITTEE ON CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABLE DEVELOPMENT(SD)

Our CSR Committee was constituted by a resolution of our Board dated 20 Feb 2013, in compliance with DPE guidelines on CSR and sustainability for CPSUs and Section 135 of the Companies Act and was last reconstituted on 28 Jan 2020. The CSR Committee currently consists of:

Name	Position in the Committee	Designation
Shri. Devi Prasad Pande	Chairman	Independent Director (Part Time Non-Official)
Dr. M. J. Jeevannavar	Member	Independent Director (Part Time Non-Official)
Cmde T. V. Thomas IN (Retd)	Member	Director (Corporate Planning and Personnel)
Radm Anil K. Saxena IN (Retd)	Member	Director (Shipbuilding)

The scope and terms of reference of the CSR Committee are guided by the requirements of Section 135 of the Companies Act and the guidelines issued by the Department of Public Enterprises.

Scope and terms of reference:

1. To recommend the amount of expenditure to be incurred on the activities referred under Schedule VII of the Companies Act, 2013; and
2. To monitor the Corporate Social Responsibility Policy of our Company from time to time.

1.10 Stakeholders Relationship Committee

Our Stakeholders Relationship Committee was constituted by a resolution of our Board dated 05 Dec 2017, in compliance with Section 178 of the Companies Act. The Stakeholders Relationship Committee currently consists of:

Name	Position in the Committee	Designation
VAdm. Narayan Prasad, IN (Retd)	Chairman	Chairman & Managing Director
Cmde. T.V.Thomas, IN (Retd)	Member	Director (Corporate Planning and Personnel)
Shri. Sanjeev Singhal	Member	Director (Finance) and Chief Financial Officer



The terms of reference of the Stakeholders Relationship Committee consists of the following:

- (a) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.,
- (b) Review of measures taken for effective exercise of voting rights of shareholders.
- (c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar and Transfer Agent.
- (d) Review of the various measures and initiatives taken by the Company for reducing the unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

1.11 IPO committee

Our IPO committee was constituted for considering matters related to the on going IPO of the Company. The IPO committee currently consists of:

Name	Position in the Committee	Designation
VAdm. Narayan Prasad, IN (Retd)	Chairman	Chairman & Managing Director
RAdm. Anil K Saxena, IN (Retd)	Member	Director (Shipbuilding)
Shri. Sanjeev Singhal	Member	Director (Finance) and Chief Financial Officer

1.12 ANNUAL GENERAL MEETINGS

Details of last three Annual General Meetings are as follows:

FY	Place of Meeting	Date and time
2016-17	Registered Office of the Company at Dockyard Road, Mumbai-400 010	22 Sep 2017 at 1130 hrs
2017-18	Registered Office of the Company at Dockyard Road, Mumbai-400 010	25 Sep 2018 at 1200 hrs
2018-19	Registered Office of the Company at Dockyard Road, Mumbai-400 010	19 July 2019 at 1200 hrs

1.13 CODE OF BUSINESS CONDUCT AND ETHICS

The Board of Directors of your company has laid down a Code of Business Conduct & Ethics for all Board Members and Senior Management of the Company. The Board Members and Senior Management Executives have affirmed the compliance with the Code of Business Conduct and Ethics.

1.14 WHISTLE BLOWER POLICY

The company has framed Whistle Blower Policy and the same has been approved by the Board. The policy has been promulgated. The CMD affirms that it has not denied any employee access to the Audit Committee and it has provided protection to the Whistle Blower from any adverse action.

1.15 RISK MANAGEMENT POLICY

The Guidelines on Corporate Governance for CPSEs (Central Public Sector Enterprises) issued by DPE (May 2010) have recommended that the CPSUs should ensure that risk management is undertaken as a part of normal business practice and not as a separate task at set times. A standing committee for Enterprise Risk Management (RMC) was constituted (August 2013) to ensure integration and alignment of the risk management system with corporate and operational objectives of the company. The risk



management plan formulated by the RMC encompassed Risk Management framework, policy, strategy, structure, risk assessment (risk identification, analysis, measurement and evaluation), risk treatment, monitoring and review, risk categories, risk reporting, compliance, training, implementation plan etc. the plan indicated the timelines for the implementation and has allocated key roles and responsibilities for risk management spanning all levels of the enterprise.

In compliance, the departments are maintaining risk register and are monitoring the occurrences of the risk identified in the risk register. As per ERM policy, Standing Committee reports to Internal Audit and Board of Directors annually about the Risk Management status.

1.16 REMUNERATION OF DIRECTORS

MDL being a Central Government Public Sector Undertaking, the appointment, tenure and remuneration of Directors of the Company is decided by the Government of India. Part-time Non- official (Independent) Directors are paid only sitting fees for attending meetings of the Board of Directors and Committees thereof. The Independent Directors are paid sitting fees of Rs. 20,000/- per meeting of the Board and Rs. 15,000/- per meeting of a committee attended by them with effect from 28 Jan 2020. The company does not pay any commission to its Directors.

Part-time official(Government) Directors are not paid sitting fees or any other remuneration.

1.17 DEMATERIALISATION OF SHARES

The Company has entered into agreements with The National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialisation of the Equity Shares of the Company. The Equity Shares of the Company are admitted in the depository systems of the NSDL & CDSL.

1.18 REGISTRAR AND SHARE TRANSFER AGENTS:

The Company has appointed the following Registrar & Transfer Agents for servicing the Equity Shares of the Company:

Alankit Assignments Limited

Add: Alankit Heights, IE/13 Jhandelwala Extension,

New Delhi – 110055

Tel: +911- 4245 1952/54

Fax: +911-4154 3474

1.19 DISCLOSURE

There were no cases of non-compliance of applicable laws by the company and no penalties/ strictures were imposed on the company by a Statutory Authority on any matter related to any guidelines issued by any Government during the last three years.

The company has complied with Presidential Directives issued by the Central Government.

There were no items of expenditure debited in books of Accounts, which are not for the purpose of the business.

The expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management were NIL.

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



1.20 DECLARATION

As provided under the guidelines on Corporate Governance for CPSEs 2010 issued by Department of Public Enterprises, Government of India, it is hereby declared that all Board Members and Senior Management Executives had affirmed compliance with the code of conduct for Directors and Senior Management Executives of Mazagon Dock Shipbuilders Limited, for the year ended 31 Mar 2020.

Place: Mumbai
Date: 15 July, 2020

Sd/-
VAdm Narayan Prasad, AVSM, NM, IN (Retd)
Chairman & Managing Director
DIN: 08644492



Ragini Chokshi & Co.
Company Secretaries

Tel. : 022-2283 1120
022-2283 1134

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com
web: csraginichokshi.com

To
The Members
Mazagon Dock Shipbuilders Limited
Dockyard Road, Mumbai 400 010

Date : _____

I have examined the compliance of conditions of corporate governance by Mazagon Dock Shipbuilders Limited (CIN: U35100MH1934GOI002079), for the year ended on 31 Mar '2020, as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) 2010.

I have obtained all the necessary information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

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

On the basis of my examination of the records produced, explanations and information furnished, I certify that the Company has complied with all the conditions of the corporate governance as stipulated in the Guidelines on Corporate Governance for CPSEs, 2020.

This certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.



For Ragini Chokshi & Co.
(Company Secretaries)

Makarand Patwardhan
(Partner)

C.P.NO. 9031

ACS NO. 11872

UDIN: A011872B000457900

Place: Mumbai
Date: 15/07/2020



Appendix 'E' TO DIRECTORS' REPORT

FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

- 1) A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

Mazagon Dock Shipbuilders Limited (MDL) is committed to take up various developmental Projects / Programs as part of its Corporate Social Responsibility and Sustainability initiatives in order to improve the quality of life of underprivileged and downtrodden sections of the Society and other stakeholders with an attempt to make a meaningful difference in people's lives and contribute towards sustainability of Society and Nation building. The details of Projects / Activities being undertaken / are undertaken is uploaded on MDL website. Similarly, MDL's CSR & Sustainability policy is also available on MDL's website www.mazagondock.in.

- 2) The composition of the CSR Board Level Committee:

Shri Devi Prasad Pande, Independent Director	:	Chairman
Cmde T V Thomas, NM (Retd), Director (CP&P)	:	Member
RAdm A K Saxena, IN (Retd), Director (Shipbuilding)	:	Member
Dr. M. J. Jeevanavar, Independent Director	:	Member

- 3) Average Net Profit of the Company for last three financial years.

(Rs. in Lakhs)

FY	2016-17	2017-18	2018-19
PAT	54899	43993	51940
PAT for CSR	83386	66607	77968

Average Net Profit: Rs.75987 Lakhs

- 4) Prescribed CSR Expenditure (2% of the amount as in Item 3 above): Rs.1519.00 Lakhs



5) Details of CSR spent during the financial year:

- Total amount to be spent for the financial year (2019-20): Rs.2097.25 Lakhs (i.e. Rs.1519.00 Lakhs as CSR Budget for FY 2019-20 +Rs.578.25 Lakhs as carry forward from last FY)
- Amount unspent, if any: Rs.534.62 lakhs
- Manner in which the amount spent during the financial year is detailed below.

FY 2019-20								
(All figures in Rs. Lakhs)								
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (budgeted) project or program wise	Amount Spent of project or programs Sub heads		Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs	Overheads		
1	Adoption of Tribal Girls School (Shahpur)	Education	Local/ Maharashtra/ Thane	43.27	43.27	2.06	196.24	ABM Samaj Prabodhan Sanstha
2	Support to Mentally Deficient Children (MDC)	Health	Local/ Maharashtra/ Mumbai	23.81	22.32	1.06	104.74	The Children's Aid Society
3	Village Development activities in villages near NIRDESH, Kozikode	Village Development	Other/ Kerala/ Kozikode	5.00	4.41	0.21	30.35	National Institute of Research & Development in Defence Shipbuilding
4	Renovation of GTB hospital, Sewree	Health	Local/ Maharashtra/ Mumbai	80.00	59.14	2.81	75.66	Municipal Council of Greater Mumbai
5	Support & Counselling to Cancer Patients	Health	Other/ Mumbai, Raigad, Nagpur & Wardha districts of Maharashtra, Ahmedabad district of Gujarat, Jaipur & Bikaner districts of Rajasthan, Kolkata district of West Bengal, Pudu-cherry district of Pudu-cherry	40.10	39.07	1.86	130.20	Sanjeevani Life Beyond Cancer
6	Construction of Toilet at Jai Bhim Nagar	Sanitation	Local/ Maharashtra/ Mumbai	10.00	2.31	0.11	45.41	Directly by MDL
7	Cleanship around MDL & Other Swachh Bharat Activities	Sanitation	Local/ Maharashtra/ Mumbai	35.00	28.67	1.36	226.87	Directly by MDL
8	Support to Govt ITI Chikhaldhara in Amravati district	Skill Development	Other/ Maharashtra/ Amravati	25.00	23.19	1.10	57.52	DVET, GoMH
9	Construction of Vocational Training Centre for PWD youths in Anandvan	Skill Development	Other/Maharashtra/ Chandrapur	219.00	121.61	5.78	402.59	Maharogi Sewa Samiti
10	300 Apprenticeship trained under CSR	Skill Development	Local/ Maharashtra/ Mumbai	310.00	309.85	14.72	1377.28	Directly by MDL
11	Village Adoption for overall Development (kharade) Phase II	Village Development	Local/ Maharashtra/ Thane	79.00	46.55	2.21	205.25	Karve Institute of Social Service (KINSS), Pune
12	Developing Environment and Livelihood Generation I Beed	Village Development	Other/Maharashtra/ Beed	41.62	36.78	1.75	125.82	Karve Institute of Social Service (KINSS), Pune
13	Water Pipeline at Nisan Pada in Kharade Gram Panchayat	Village Development	Local/ Maharashtra/ Thane	3.42	2.77	0.13	5.80	Karve Institute of Social Service (KINSS), Pune



FY 2019-20								
(All figures in Rs. Lakhs)								
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (budgeted) project or program wise	Amount Spent of project or programs Sub heads		Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs	Overheads		
14	Quality Health & Sanitation In Kharade GP	Health	Local/ Maharashtra/ Thane	7.12	7.82	0.37	29.24	Karve Institute of Social Service (KINSS), Pune
15	Mushroom Cultivation with 45 families in Kharade GP	Livelihood	Local/ Maharashtra/ Thane	7.00	5.63	0.27	23.66	Karve Institute of Social Service (KINSS), Pune
16	Organization of conference on Rural Development & CSR at Pune in June 2019	Education	Local/ Maharashtra/ Pune	5.00	3.35	0.16	3.51	Karve Institute of Social Service (KINSS), Pune
17	Creating 20 Child Friendly village (3 yrs)	Education	Other/ Rajasthan, Alwar	61.42	51.09	2.43	136.97	Bal Ashram Trust (Rajasthan)
18	Prevention of Transmission of HIV from Mother to Child	Health	Other/ Maharashtra/ Kolhapur	10.00	9.23	0.44	30.31	LOTUS Medical Foundation Kolhapur
19	Super 10 (Sponsoring of 10 Students from Kharade Area to BMS Nagpur)	Education	Local/ Maharashtra/ Thane	29.00	28.88	1.37	43.92	CHME's Bhonsala Military School (BMS), Nagpur
20	Training of Youths in Driving Trade (LMV level)	Skill Development	Local/ Maharashtra/ Thane, Raigad & Mumbai	71.28	47.11	2.24	108.42	Lok Bharti Skilling Solutions Pvt Ltd and Don Bosco Tech Society
21	Goat Farming Project at Kharade Phase 2	Livelihood	Local/ Maharashtra/ Thane	8.00	7.34	0.35	41.39	ESHEIN AGRO LIVESTOCK PVT LTD
22	Construction of 30 SDCs at Nashik & Dhule	Skill Development	Other/ Maharashtra/ Nashik and Dhule	121.00	119.81	5.69	313.45	Borse Brothers & Namrata Construction
23	Supply of Garbage bins, Construction of School Toilet Block and other works under Swachh Bharat at Nahva	Sanitation	Local/ Maharashtra/ Raigad	4.00	1.55	0.07	1.63	Directly by MDL
24	Support to Dialysis Patients at Lion Tarachand Bapa Hospital, Sion (Phase I & II)	Health	Local/ Maharashtra/ Mumbai	38.00	35.25	1.67	36.93	Lion Tarachand Bapa Hospital & Research Centre
25	Assistive Aids to 450-500 PWDs in Nandurbar district	Health	Other/Maharashtra/ Nandurbar	50.00	12.50	0.59	13.09	ALIMCO
26	Support for surgery of 10 Children with Congenital Heart Disease in Nandurbar district	Health	Other/Maharashtra/ Nandurbar	30.00	14.05	0.67	14.71	Balaji Hospital
27	Mechanization of five ULBs at Nandurbar	Health	Other/Maharashtra/ Nandurbar	60.00	53.84	2.56	172.17	District Administration, Nandurbar
28	Seed Distribution Project with Farmers at Beed	Livelihood	Other/Maharashtra/ Beed	49.68	49.68	2.36	52.04	District Administration, Beed
29	Support for Flood victims of Kolhapur, Sangli & Satara districts	Health	Other/Maharashtra/ Satara, Sangli, Kolhapur and Konkan	24.00	20.60	0.98	21.58	Directly by MDL



FY 2019-20								
(All figures in Rs. Lakhs)								
Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (budgeted) project or program wise	Amount Spent of project or programs Sub heads		Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs	Overheads		
30	Life Skills, Remedial Classes and Education of Slum Children through Football at Ambetkar Nagar, Mumbai	Education	Local/ Maharashtra/ Mumbai	2.50	2.50	0.12	2.62	Oscar Foundation
31	Support to Wheelchair Basketball Federation of India by supply of 14 wheelchairs	Sports	Other/ Pan India	4.90	4.90	0.23	5.13	Wheelchair Basketball Federation of India
32	Food for 07 Jeevanshalas & 01 Hostel at Dhadgaon & Akkalkuwa talukas in Nandurbar	Nutrition	Other/Maharashtra/ Nandurbar	35.00	25.42	1.21	26.62	Narmada Nav Nirman Abhiyan
33	Food for Education project at Mazagoan, Mumbai	Nutrition	Local/ Maharashtra/ Mumbai	0.45	0.21	0.01	0.22	Ratna Nidhi Charitable Trust
34	Skill Training of 40 youths in digital marketing in Mumbai	Skill Training	Local/ Maharashtra/ Mumbai	2.64	2.64	0.13	2.77	SEVA MANDAL EDUCATION SOCIETY
35	Support to Deaf & Mute Institute at Mazgoan, Mumbai	Health	Local/ Maharashtra/ Mumbai	3.90	3.90	0.19	4.09	Deaf & Mute Institute, Mumbai
36	Support to elderly patients at J J Hospital Mumbai	Health	Local/ Maharashtra/ Mumbai	1.20	0.91	0.04	0.95	J J Dharamshala
37	Snakebite Management in Nandurbar	Health	Other/Maharashtra/ Nandurbar	4.15	2.69	0.13	2.82	Consultant
38	Repair works at ABM School in Kharade GP, Shahpur	Education	Local/ Maharashtra/ Mumbai	5.50	4.73	0.22	4.95	ABM Samaj Prabodhan Sanstha
39	Support to Acworth Municipal Hospital for Leprosy, Wadala.	Health	Local/ Maharashtra/ Mumbai	4.95	4.57	0.22	4.78	Acworth Municipal Hospital for Leprosy
40	Support to Rochiram Thadhani High School for Hearing Handicapped	Education	Local/ Maharashtra/ Mumbai	2.15	1.66	0.08	1.74	Chembur Colony Yuvak Mandal
41	Career Counselling at EMRS, Nandurbar	Education	Other/Maharashtra/ Nandurbar	1.40	1.40	0.07	1.47	Consultant
42	Contribution to PM CARES Fund (COVID-19)	Health	Other/ Pan India	200.00	200.00	9.50	209.50	PM CARES FUND
43	Renovation of OPD at Laxmi Trust Eye Hospital, Panvel	Health	Local/ Maharashtra/ Mumbai	0.19	0.19	0.01	111.46	Laxmi Charitable Trust
44	Support to Tata Memorial Hospital for Procurement of Cytocam Monitor	Health	Local/ Maharashtra/ Mumbai	31.00	27.87	1.32	29.19	Tata Memorial Hospital, Mumbai
45	Awareness generation on water conservation through students of Jai Hind College	Education	Local/ Maharashtra/ Mumbai	0.50	0.50	0.02	0.52	SIND EDUCATIONISTS ASSOCIATION
Total					1491.76	70.87		



- 6) In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

The total amount budgeted for CSR could not be consumed, as following major projects earmarked for the financial year 2019-20 couldn't commence due to the reasons stated below:

(Rs. In Lakhs)

Sr. No.	Project	Amount Budgeted (in Rs Lakhs)	Reasons
1	Transformation of 100 Anganwadi Centres in Nandurbar	150.00	Despite approval by MDL, the commercial procedure by district administration could not be completed due to subsequent
2	Support to five PHCs in Nandurbar	100.00	model code of conduct of Lok Sabha, Vidhan Sabha and Zila Parishad elections during the year.
3	Supply of digital X-Ray Machines at five Hospitals in Nandurbar	40.00	Technical Specifications/ Approvals were not received from District Health Department, Nandurbar.
4	Assistive Aids to 450-500 PWDs in Nandurbar district	50.00	Manufacturing of aids completed in FY 2019-20. But distribution of assistive aids was not permitted in March'20.
5	Construction of VTC at Aanandvan (Chandrapur)	219.00	A major part of budget could not be booked due to disagreements between NGO and Civil Contractor. Utilization Certificate not received though work was completed in March'20.
6	Construction of Girls' School building in Kharade Gram Panchayat, Thane.	39.00	Work could not be started due to long delay in land acquisition.
7	Up-gradation of Eklavya Model Residential School, Nandurbar	100.00	The work plan could not be finalized due to delay in coordination with different Govt. agencies.
Total		698.00	

- 7) A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the company.

MDL is committed to abide by the provisions of the Section 135 of the Companies Act – 2013 and rules framed there-under and the guidelines issued by Department of Public Enterprises (DPE) from time to time in implementing the programs/ projects under CSR.



APPENDIX 'F' TO THE DIRECTORS' REPORT

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

1. CONSERVATION OF ENERGY

Expenditure incurred by your Company towards Sustainable Development and Energy Conservation projects for the FY 2019 -20 was as under:

A.Sustainable Development Projects					
Sr. No.	Item Description	Qty	Order No.	Order Date	Order Value (Rs)
1 *	NIL				
B. Energy Conservation Projects					
1	Procurement of 110V LED flood lights fittings for Temporary Lighting Cell	1set (50Nos.)	3020001972	24.01.2020	2,19,324
2	Procurement of LED flood lights for Goliath Crane	20 Nos.	3010007281	19.09.2019	2,35,200
3	Procurement of LED flood lights	4 Nos.	3010007285	20.09.2019	28,179
4	Procurement of Inverter based SMAW Welding Machine	75 Nos.	3020001948	14.11.2019	38,85,150
5	Procurement of Inverter based AC/DC TIG Welding Machine	05 Nos.	3020001873	14.12.2018	14,48,450
6	Procurement of Inverter based MIG/MAG Welding Machine	25 Nos.	3020001942	25.10.2019	25,07,500

* MDL had given commitment to the Ministry of Defence to install 1.85 MWp Roof Top Solar Photovoltaic Power Plants on the workshop roofs / building terrace at MDL. Status as on F.Y. 2019-20: Cumulative completed is 1.85 MWp.

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

- In 2019, MDL has commissioned three projects with IIT Madras, Chennai for developing three Artificial Intelligence enabled products. The first product AI enabled Radiography inspection is based on Computed radiography which can replace imaging plates and provides immediate results, post inspection. The second product AI enabled Ultrasonic Non-destructive inspection uses ultrasound in phased array mode, providing high resolution digital images. This product is a safe alternative to the Radiographic inspections of welds. The third product AI enabled Remotely Operated Vehicles (ROV) that can carry out functionalities of underwater imaging, underwater thickness measurement of Ship's hull and underwater cleaning of Ship's hull. The AI enablement of these three products trains the neural network which improves the reliability and efficiency and eliminates human errors resulting in fast and accurate results. MDL had launched these products during Defexpo held at Lucknow in Feb 2020.
- MDL has established an innovative shaft alignment procedure where in the propeller shaft line assembly is completed in the dry dock itself. In the conventional shaft alignment method, the time required to achieve alignment condition was more than a year which is the waiting time for shaft alignment activity. In the improvised alignment procedure, shaft line axis is derived using shaft designer software by simulating alignment condition with the estimated weight distribution and hull deflection values. The Plummer blocks and thrust bearing are loaded as per the calculations. This procedure would yield huge monetary benefits to the Yard and compress the built period of the vessel which in turn would enable the yard to meet the delivery schedule of the vessel.
- MDL has developed in-house capabilities in adapting to two niche performance prediction methods in warship design viz. CFD analysis and RCS prediction. MDL formerly used to approach external agencies for carrying out CFD analysis for resistance prediction of in-house developed hull forms. However, for responding to Indian Navy's requirement for a Next Generation naval vessel, MDL had carried out CFD analysis in Star CCM+ software for calculating vessel resistance for power prediction by full scale geometric modelling of the hull form and generating fluid domain and simulation of different speeds. The computational electromagnetics software FEKO was used for the prediction of RCS of the above vessel. Based on the results obtained, the super structure and funnel geometry of the vessel was fine tuned to ensure that the values are within the acceptable limits. With the above efforts MDL is moving towards establishing a self-reliant design department for design of complex platforms.



Appendix 'G' TO DIRECTORS' REPORT

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i. CIN	U35100MH1934GOI002079
ii. Registration Date	26th FEBRUARY 1934
iii. Name of the Company	MAZAGON DOCK SHIPBUILDERS LIMITED
iv. Category/Sub-Category of the Company	Public Company limited by shares
v. Address of the Registered office and contact details	DOCKYARD ROAD, MUMBAI-400 010. Tel No: 022 23762000 Fax No : 022 23726293
vi. Whether listed company	No
vii. Name, Address and Contact details of Registrar and Transfer Agent, If any	ALANKIT ASSIGNMENTS LIMITED, 205-208 ANARKALI COMPLEX JHANDEWALAN EXTENSION NEW DELHI 110055 India

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products /services	NIC Code of the Product/ service	% to total turnover of the Company
1.	SHIPBUILDING	89061000	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and Address Of The Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	Goa Shipyard Limited	U63032GA1967GOI000077	Associate	47.21%	Section 2(6)



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of total Equity)

I Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Dem at	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt	224099940	60	224100000	100	201689940	60	201690000	100	-10 %
c) State govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total(A)(1):-	224099940	60	224100000	100	201689940	60	201690000	100	-10 %
2) Foreign									
g) NRIs-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
j) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
k) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total(A)(2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total(B)(1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Non Institutions									
a) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Indian									
(ii) Overseas									
b) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (Specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding (B)=(B)(1)+ (B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	224099940	60	224100000	100	201689940	60	201690000	100	-10 %



ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares**	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares**	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	President of India	224099940	99.99	-	201689940	99.99	-	Nil
2.	Vijayendra*	10		-	10		-	Nil
3.	Rakesh Anand*	10		-	0		-	Negligible
4.	Narayan Prasad*	0			10			Negligible
5.	Ashwani Kumar*	10		-	10		-	Nil
6.	Ajay Kumar*	10		-	0		-	Negligible
7.	Subhash Chandra	0			10			Negligible
8.	Barun Mitra*	10		-	10			Nil
9.	Sharda Prasad*	10		-	10			Nil
Total		224100000	100		201690000	100	-	Nil

* held as nominee shareholders of the President of India.

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. no	Shareholding at the beginning of the year		Cumulative Shareholding during the year		
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
	At the beginning of the year	224100000	100	224100000	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	Buyback approved on 28.01.2020 and amount paid on 19.03.2020	22410000	(10)	22410000	(10)
	At the End of the year	201690000	100	201690000	100



iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters, and Holders of GDRs and ADRs)

Sr. no	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	Nil	Nil	Nil	Nil
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
At the End of the year	Nil	Nil	Nil	Nil

v. Shareholding of Directors and KMP

Sr. no	Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1. Cmde Rakesh Anand, ex CMD*					
At the beginning of the year		10	Negligible	10	Negligible
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):					Shares transferred on 28.01.2020
At the End of the year		0	Nil	0	Nil
2. VAdm Narayan Prasad, CMD*					
At the beginning of the year		0	Nil	0	Nil
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):					Shares transferred on 28.01.2020
Transferred from Cmde Rakesh Anand, ex CMD on 28.01.2020		10	Negligible	10	Negligible
At the End of the year		10	Negligible	10	Negligible



Sr. no	Directors	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
3.	Shri. Barun Mitra, AS (DP) MOD*				
	At the beginning of the year	10	Negligible	10	Negligible
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Nil	Nil	Nil	Nil
	At the End of the year	10	Negligible	10	Negligible
	Key Managerial Personnel	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

*held as nominee shareholders of the President of India

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not				
Total(i+ii+iii)	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>



	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
- Addition				
- Reduction				
Net Change	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Indebtedness at the end of the financial year	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
i) Principal Amount				
ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Rs. In Lakhs)

Sr No	Particulars of Remuneration	NARAYAN PRASAD	SANJEEV SINGHAL	JASBIR SINGH	RAKESH ANAND	RAJIV LATH	SANJIV SHARMA	THOMAS THOPPIL VERGHESE	ANIL KUMAR SAXENA
		CMD	D(F)	D(S&HE)	Ex CMD	Ex D(S&HE)	Ex D(F)	D(CP&P)	D(S)
	Period	30.12.19-31.03.20	08.01.20-31.03.20	01.11.19-31.03.20	01.04.19-30.11.19	01.04.19-31.10.19	01.04.19-31.10.19	01.04.19-31.03.20	01.04.19-31.03.20
1	Gross Salary								
	(a) Salary as per provisions contained in sec.17(1) of Income Tax Act 1961	9.26	7.59	22.10	77.17	58.88	62.78	60.80	57.08
	(b) Value of perquisites u/s 17(2) of Income Tax Act 1961	1.54	0.98	3.07	13.60	10.05	11.40	9.43	8.65
	(C) Profits in lieu of salary under section 17(3) of Income Tax Act 1961	-	-	-	-	-	-	-	-
2	Stock Options	-	-	-	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-	-	-	-
4	Commission	-	-	-	-	-	-	-	-
	as % of profit	-	-	-	-	-	-	-	-
	other specify	-	-	-	-	-	-	-	-
5	Other, please specify	-	-	-	-	-	-	-	-
	(a) Retirement Benefit	-	-	-	14.09	19.37	20.00	-	-
	(b) Other Benefits (net of perquisite value)	0.18	0.15	0.47	1.62	1.22	1.32	1.30	1.21
		10.98	8.72	25.64	106.48	89.52	95.50	71.53	66.94



B. Remuneration to other directors:

(Rs. In Lakhs)

Sl. No.	Particulars of Remuneration	S. L. Bapat	Usha Sankar	Sanjiv Bhasin	Devi Prasad Pande	Kamaiah Bandi	Mailareshwar Jeevannavar	Total
	Directors	2.65	1.75	0.80	2.05	2.10	0.45	9.80
	• Fee for attending board committee meetings							
	• Commission							
	• Others, please specify							
	Total(1)	2.65	1.75	0.80	2.05	2.10	0.45	9.80
	Other Non-Executive Directors	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	• Fee for attending board committee meetings							
	• Commission							
	• Others, please specify							
	Total(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total(B)=(1+2)	2.65	1.75	0.80	2.05	2.10	0.45	9.80
	Total Managerial Remuneration	2.65	1.75	0.80	2.05	2.10	0.45	9.80
	Overall Ceiling as per the Act Exempted as per the MCA Notification No. 463(E) dated 05.06.2015							

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(Rs. In Lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CFO Sanjiv Sharma	CFO Sanjeev Singhal	CS Vijayalakshmi Kumar	
1.	Gross salary	NIL	NIL	20.09	20.09
	(a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961				
	(b)Value of perquisites u/s 17(2)Income-tax Act,1961				
	(c)Profits in lieu of salary under section 17(3)Income-tax Act,1961				
2.	Stock Option			-	-
3.	Sweat Equity			-	-
4.	Commission - as %of profit -others, specify...			-	-
5.	Others ,please specify			-	-
6.	Total	Nil	Nil	20.09	20.09



VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There are no instances of imposition of penalties, punishment or compounding of offences on the company / it's Directors or its KMP. Hence, there is no information to be disclosed / furnished in this regard.

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other officers in default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil



APPENDIX 'H' TO DIRECTORS' REPORT

Forward looking statements

Statements in this management discussion and analysis of financial condition and results of operations of the company describing the company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Forward looking statements are based on certain assumptions and expectations of future events. The company cannot guarantee that these assumptions and expectations are accurate or will be realised. The company assumes no responsibility to publicly amend, modify or revise forward looking statements on the basis of any subsequent developments, information or events. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's operations include government's strategy relating to acquisition of naval platforms, changes in government regulations, tax laws, economic developments within the country and such other factors globally.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2019-20

(A) Industry Structure and Developments, Strengths, Weaknesses, Opportunities and Threats, Major initiatives undertaken and planned to ensure sustained Performance and Growth:

1. About 90% of India's trade by volume and 70% by value is transported over the seas. India being a maritime nation sits astride a large number of busy international shipping lanes that crisscross the Indian Ocean. Mercantile trade constitutes a substantial portion of India's GDP, and is likely to increase in the future. Maintenance of a secure maritime environment, which enables unhindered pursuit of economic activities is therefore, essential for the overall economic development and security of the country.

The environment in India's maritime neighborhood is dynamic with increased instabilities, deepening geopolitical and ethnic

faultiness, growing military capabilities and wide range of security challenges. These pose a combination of conventional and sub-conventional threats emanating to India from the seas.

In line with the government's vision of 'Make in India', Indian Navy has prepared a guideline document, titled 'Indian Naval Indigenisation Plan (INIP), 2015-2030,' to enunciate the need for developing various advanced systems for its platforms. This plan states that the domestic industry can play a vital role in meeting the sophisticated needs of the armed forces through cost-effective utilisation of its know-how and existing infrastructure, in pursuance of the government's vision of 'Make in India'.

The Indian Navy is the key enabler and guarantor of the country's maritime sovereignty and myriad use-of-sea activities in conjunction with the Indian Coast Guard and other Central and State agencies. It's fleet consists of aircraft carriers, amphibious transport dock, landing ship tanks, destroyers, frigates, nuclear-powered attack submarine, conventionally powered attack submarines, corvettes, mine countermeasure vessels (MCMVs), large offshore patrol vessels, fleet tankers and various auxiliary vessels and small patrol boats.

Traditionally, even as naval ancillary components have been acquired from outside India, the actual shipbuilding activity has been carried out indigenously. However, over the years, the government has focused on greater indigenisation of even defence equipment. Naval shipbuilding is characterised by value addition of 65% during construction of ships, which is contributed by ancillary industries such as steel producers, main engine builders, and equipment suppliers. Growth of the domestic shipbuilding sector, which imports 45% of its input requirement, can provide a major trigger for large-scale indigenisation of heavy-engineering products and ancillaries.



Your Company is a defence public sector undertaking shipyard a wholly-owned 'Mini-ratna', Government of India (GoI) company and is operating under the administrative control of the Ministry of Defence, Department of Defence Production. Your Company is India's only shipyard to have built destroyers and conventional submarines for the Indian Navy and also one of the initial shipyards to manufacture Corvettes (Veer and Khukri Class) in India.

Your Company's current operations include shipbuilding, submarine and heavy engineering and the building and repair of naval ships for the Ministry of Defence for use by the Indian Navy. Your company makes concerted efforts to maintain growth by securing orders from their major customer, the Indian navy apart from exploring possibilities of export orders. Your company has played a vital role in fulfilling aspirations of the Indian navy as major contributor to the Indian defence shipbuilding and submarine construction requirements. Your company has a rich legacy of building wide variety of high-tech warships and has adopted the motto "Building Quality Ships On Time". A modern infrastructure, highly skilled workforce, a group of dedicated engineers has collectively transferred the yard into a center of excellence.

Shipbuilding Industry has its unique set of distinctions and is multidisciplinary in nature. With the embryonic threat perception, defence technology as such is very dynamic and to keep pace with the technological developments world over is indeed one of the major challenges of defence warship building segment.

(B) SWOT ANALYSIS

2. STRENGTHS

- Your Company is the only public sector defence shipyard constructing conventional submarines and destroyers for the Indian Navy.
- The world class infrastructure and facilities such as the ISO 9001:2015 certified shipbuilding and submarines and heavy engineering divisions, the completed Mazdock Modernization Project and the

Shore Integration Facility, available at our shipyard combined with our vast expertise are capable of serving the requirements of the Ministry of Defence.

- A dedicated department of indigenization was set up in November 2015 to boost the "Make In India" campaign. Your company has successfully indigenised certain equipment such as sonar dome, ship installed chemical agent detection system, bridge window glass, main batteries for Scorpene submarines, multiple cable transit glands and remotecontrolled valves with various companies with no cost no commitment basis. Thus your Company, endeavors to increase the quantum of indigenized components for warships and submarines in order to give an impetus to the GoI's "Make in India" campaign.
- Your Shipyard has a rich legacy of building close to 800 ships since inception, and a broad spectrum of exports carried out in the past comprising of more than 250 vessels. Your Company has delivered cargo ships, passenger ships, supply vessels, multipurpose support vessels, water tankers, tugs, dredgers, fishing trawlers, barges and border outposts for various customers in India as well as abroad.
- Our customers such as the Indian Navy, the Indian Coast Guard and our vendors are based in Mumbai, and this results in closer co-ordination and greater efficiencies. Further, a majority of our sub-contractors are based in and around Mumbai, which provides us with an ease of access to labour. The shipyard is thus strategically located on the west coast of India, on the sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route and is headquartered in Mumbai which is also the headquarters of the Western Naval Command of the Indian Navy.
- Your Company has an experienced senior management team in the industry and a large pool of experienced naval architects,



engineers and draftsmen. Enhanced maturity in design and equipment availability at the time of commencement of production giving an impetus to the pace of construction.

3. WEAKNESSES

- The manufacturing processes for our products are highly complex, require technically advanced and costly equipment and hazardous materials and involve risks, including breakdown, failure or substandard performance of equipment, improper installation or operation of equipment, environmental hazards and industrial hazards which could result in damages and litigation.
- Dependency on suppliers for timely delivery of raw materials, equipment and components and non-adherence to the agreed timelines may adversely affect our delivery timelines.
- Warship building industry is highly capital intensive with the requirement of highly skilled workforce and involves integration of high technology, weapon-sensor platforms to meet the strategic mission requirements of the Navy.
- The general down turns in the commercial shipbuilding industry, cutting edge price competition presented by some of the developing nations continues to be ground realities that impede export volumes. Frontline war vessels and submarines, considering their complexity have a long gestation period for functional design, detailed design, construction and delivery.

4. OPPORTUNITIES

- The shipbuilding policy 2015, aims to provide financial assistance to shipbuilders and grant infrastructure status for the industry. The government has set aside Rs. 40 billion to implement the scheme over 10 years. The Financial Assistance Policy of 2015 coupled with exemption from customs

and central excise duties on all raw material and parts for use in the manufacture of ships/vessels/tugs, pusher crafts etc. shall reduce the cost of manufacturing ships in India, thus improving the competitiveness of Indian shipbuilders.

- With the government's emphasis on developing water transportation facilities in the country and improving the existing coastal movement, and it is expected to increase the existing capital and maintenance dredging requirements for major and minor ports in India and therefore the requirement of dredgers is expected to rise substantially.
- Requirement for tugs and other port crafts are also expected to be substantial, further boosting the domestic non-cargo order book with the improvement in vessel traffic at Indian ports.
- Your Company can facilitate the 'Make In India' initiative promulgated by the GoI, for some of the critical ship-borne systems/equipment in close liaison with OEMs.
- The Government of India (GOI) in order to encourage indigenisation of defence procurement, introduced a strategic partnership model under DPP 2016 (the "DPP Strategic Partnership Model") in 2017 under which the GoI seeks to identify a few Indian private companies as 'strategic partners' who would enter into collaboration arrangements with a few shortlisted foreign original equipment manufacturers ("OEMs") to initially manufacture fighter aircrafts, helicopters, submarines and armoured fighting vehicles / main battle tanks
- Your shipyard is also exploring the possibilities of developing a greenfield shipyard at Nhava, Navi Mumbai with a shiplift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of 40 acres in a phased manner.
- Your Company as the lead shipyard for construction of frontline warships and



submarines could be highly potential contender to build warships and submarines envisaged to meet Indian Navy's acquisition plan.

- The defence needs in the international market continues to rise. Your Company has unique strengths and skill sets that have been meticulously developed in the past eight decades and are adapted in the complex activities of weapon integration sensors for export of high tech defence platforms.
- Artificial Intelligence (AI) presents opportunities to complement and supplement human intelligence and enrich the way people live and work. AI is a key component of the Ind 4.0 revolution is poised to disrupt our world

5. THREATS

- The global economic gloom dented demand for shipping, thus lowering demand for new ships. A fall in the price of crude oil resulted in a challenging business environment for global shipbuilders, as international oil companies reduced capital expenditure and delayed or cancelled orders for drill ships and offshore production facilities. These factors, along with considerable overcapacity, resulted in a recession in the industry.
- The strategic partnership model under DPP 2016 (the "DPP Strategic Partnership Model") policies introduced in 2017, under which the Gov identified a few Indian private companies as strategic partners who would tie up with shortlisted foreign OEMs to manufacture military platforms and equipment, have raised the level of competition and we cannot assure you that we will be as competitive under the new policy or that we will continue to be awarded contracts by our customers.
- Government of India (GOI) changing regulations and policies and competitive landscape may impact our operations by our ability to formulate and adjust business

strategies in accordance with market demand.

- Imposition of liquidated damages and invocation of performance bank guarantees/ indemnity bonds by our customers
- There is stiff competition from various private sector shipyards in the international markets such as China, Japan and South Korea who based on their stronger market positions, competitive labour cost, government supports and larger production capacities, these shipyards may compete vigorously on price, however we believe that customers consider, among other things, the technical capabilities, quality and efficiency of vessels constructed by us.
- We are dependent on foreign suppliers for weapons and propulsions systems to be fitted on the warships and the submarines. Frozen design which ensures design and procurement maturities become inevitable for honouring contractual timelines and price-lines and it may not be commercially viable to continue with telescopic designing of warship.
- The spread of COVID 19 pandemic since December 2019, has impacted many local economies, businesses in many countries are being forced to cease or limit operations for a long or indefinite periods. Measures taken by the Company to contain the spread of the virus, including social distancing and closure of the facilities has triggered disruption to the operation of the Company.

(C) BUSINESS RISKS AND CONCERNS

6. Your Company has developed an appropriate risk management framework to strategize, monitor, identify, assess and mitigate risks that may potentially impact the Company's performance and barriers to success. The risks that may affect the Company include:
 - Equipment costs constitute 50-55% of shipbuilding cost. Indian shipbuilders



import 65-70% of equipment, due to absence of manufacturing equipment in the country. This increases the cost of ships. Labour is another major cost, accounting for about 10-15% of total cost. Lower labour cost compared with China, South Korea and Japan can improve competitiveness along with greater indigenization of the Company.

- Non-availability of critical imported raw material in the international market coupled with exchange rate fluctuation and volatile prices play adversely on the competitive edge of the Company.
- Delay in the deliveries may materially and adversely affect our reputation, operations and financial condition and unsatisfactory quality of work performed by subcontractors could result in a negative impact on our business, reputation, financial condition and results of operations.
- The waterfront of our Company is prone to siltation and involves constant maintenance of dredging to maintain the water depth. Unforeseen environmental costs could affect our future earnings as well as the affordability of our products and services.
- The changing policy framework governing defence procurement and manufacturing in India may result in our Company no longer being given such orders.
- Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and cash flows.
- The outbreak of COVID 19 since December 2019, and related global responses have caused material disruptions to businesses around the world, leading to global economic slowdown. While government and central banks have reacted with revival policies and monetary interventions designed to stabilize economic conditions, the duration and extent of the COVID 19 outbreak, as well as the effectiveness of government measures, remains unclear

at this time and this has an impact on the operations of our Company as well.

7. CORPORATE INITIATIVES FOR ENSURING SUSTAINED PERFORMANCE AND GROWTH :

- Your Company has restarted refit and repairs of warships, submarines and plans to enter commercial ship refits in near future. To generate revenue from ship repair stream, MDL aim to increase ship repair/refit business activities in the coming years.
- Your Company is also looking to diversify in the field of underwater equipment and platform, Marine equipment, heavy engineering equipment, offshore platform etc. For this in addition to Design and marketing team, additional project team is formed in East Yard (submarine division) and a separate marketing manual is also in the process of approval to give boost to our diversification programme.
- Your Company has been shortlisted for new submarine project P 75 I.
- Your Company continue to modernise the equipment and infrastructure to keep pace with emerging shipbuilding process and technologies.
- Export has been identified as a thrust area and dedicated efforts are on to enter the highly competitive market. Indigenisation of equipment and systems have also been given priority in tune with GOI initiatives for self-reliance.
- Medium Refit cum Life Certification (MRLC) of IN Submarine is currently in progress. It has been indicated by IN that balance SSK submarines will also follow for MRLC after completion of IN Submarine.

8. INFORMATION TECHNOLOGY

The company has institutionalized SAP / ERP to support its operations. The details are provided in the Directors' Report.

9. MARKETING AND BUSINESS DEVELOPMENT

The company has participated in various Naval/ Defence related exhibitions in India as well as



abroad in order to project its capability and to assimilate the product range. The details are provided in the Directors' Report.

10. HUMAN RESOURCE INITIATIVES

Your company has taken a number of initiatives on the HRM front.

- As a Trust Building HR initiative, two days training on "Employee Wellness and Investment Guidance" is being held at regular intervals for the benefit of retiring employees.
- A comprehensive Training Policy for employees was promulgated in Sep '19.
- MDL CDA Rules 2017 has been compiled and issued notification.
- Generation of Online Appointment Letter, PEME Report, Attendance and Assessment Sheet.
- Organized and Celebrate of Rashtriya Ekta Diwas, Mini Marathon, Short Play, Different Competitions etc.
- Observation and Celebration of Constitution Day and International Yoga Day.
- Annual Appraisal Process including moderation of APR scores, intimation of APR Marks to executives was carried out completely through online mode.
- An updated HR manual is under preparation and is expected to be ready by September 2020.
- Implementation of revised modalities regarding payment of Performance Related Pay to Executives as per 3rd IDA pay revision guidelines.
- Implementation of SMS facility for mass communication to all employees.

11. SKILL INDIA INITIATIVES:

Your company in line with the Skill India Mission of Government of India, MDL has set up an ambitious target for Skill Development Projects. MDL has adopted three pronged approach to attain the same:

(a) Through the Company run Apprentice Training School:

Your Company trains 625 Apprentices in various designated trades at the Apprentice Training School. This, not only, provides skilled manpower to MDL but also to other industries.

(b) Through adoption of Industrial Training Institute:

Your Company has taken huge strides in the field of skill training with adoption of ITIs/ VTCs along with training of Apprentices and skill training through third party agencies. Your Company has continued to support Govt. run Industrial Training Institute (ITI) at Chikaldhara (Amrawati district) and approximately 300 students are benefitted. At ITI, Chikaldhara (Amrawati district) MDL has augmented the infrastructure of the institute while MDL has also supported the tribal students through organization of regular industrial visits to MDL and monthly scholarship to students.

(c) Skill development through Vocational Training Centers:

Your company has completed the construction of state-of-the-art Vocational Training Centre (VTC) at Anandvan (Chandrapur) for skill training of PWD youths.

This institute would be able to provide training to more than 150 students at any point of time.

12. RESEARCH & DEVELOPMENT

During the year under review your Company achieved the following progress in Research and Development as detailed in Annexure F:

- Your Company has commissioned three projects with IIT Madras, Chennai for developing three Artificial Intelligence enabled products. The AI enablement of these products trains the neural network which improves the reliability and efficiency and eliminates human errors resulting



in fast and accurate results. MDL had launched these products during Defexpo held at Lucknow in Feb 2020.

- Your Company established an innovative shaft alignment procedure where in the propeller shaft line assembly is completed in the dry dock itself which would enable the yard to meet the delivery schedule of the vessel.
- Your Company has developed in-house capabilities in adapting to two niche performance prediction methods in warship design viz. CFD analysis and RCS prediction. Thus MDL is moving towards establishing a self-reliant design department for design of complex platforms.

13. INTERNAL CONTROL SYSTEM

The Company has an Internal control system commensurate with the nature and size of business which monitors efficient use and safeguarding of resources, compliance with statutes, policies and procedure and maintains

accuracy of recording transactions and reporting the same to the Audit Committee and Board. The system of Internal Control comprises well defined organization structures, pre-identified authority level and procedure issued by management covering all vital and important areas of activities which includes Purchase, Inventory consumption, Fixed Assets, Cash & Bank management and Treasury, Payroll, Statutory Compliance, Personnel & all other activities involved in financial statement closing process.

The Internal Audit function is headed at the level of Addl. General Manager who is reporting directly to the Chairman & Managing Director. Internal audit of specific areas of the Company's operations has been outsourced to Chartered Accountant firm.

The implementation of SAP/ERP system has helped to strengthen the Internal Control Systems with its in-built checks and balances at various level of operations.



Appendix 1

Form AOC-I

(₹ in lakhs)

Part 'A' Subsidiaries		
Sl.No	Particulars	
1	Name of the Subsidiary	MDL has no subsidiaries
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	NA
4	Share Capital	NA
5	Reserve & Surplus	NA
6	Total Asset	NA
7	Total Liabilities	NA
8	Investment	NA
9	Turnover	NA
10	Profit Before taxation	NA
11	Provision for taxation	NA
12	Profit after taxation	NA
13	Proposed Dividend	NA
14	%of Shareholding	NA
1	Name of subsidiaries which are yet to commence operations	NA
2	Names of subsidiaries which have been liquidated or sold during the year	NA
Part 'B' Associates & Joint Ventures		
Sl. NO	Name of Associates	GSL
1	Latest audited Balance Sheet Date	31 March 2020
2	Shares of Associates held by the company on the year end	
	Numbers	54957600
	Amount of Investment in Associates	600
	Extend of Holding %	47.21%
3	Description of how there is significant influence	Voting Rights



Appendix 2

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the companies Act, 2013 and Rule 8(2) of the companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/agreements entered into by the company with related parties referred to in sub-section (1) of section 188 of the companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts of arrangements or transaction not at arm's length basis

(a) Name (s) of the related party and nature of relationship	: Not Applicable
(b) Nature of contracts /agreements/transactions	: Not Applicable
(c) Duration of the contracts/agreements/transaction	: Not Applicable
(d) Salient terms of the contracts or agreements or transaction including the value, if any	: Not Applicable
(e) Justification for entering into such contracts or arrangements or transactions	: Not Applicable
(f) Date (s) of approval by the Board	: Not Applicable
(g) Amount paid as advances, if any	: Not Applicable
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	: Not Applicable

2. Details of material contract or arrangements or transaction at arm's length basis

2.1

(a) Name (s) of the related party and nature of relationship	: Indian Navy
(b) Nature of contracts /agreements/transactions	: Various Naval vessel construction and repair
(c) Duration of the contracts/agreements/transaction	: various
(d) Salient terms of the contracts or agreements or transaction including the value, if any :-	: Not Applicable
(e) Date (s) of approval by the Board	: Not Applicable
(f) Amount paid as advances, if any	: Not Applicable

2.2

(a) Name (s) of the related party and nature of relationship	: Goa Shipyard Limited
(b) Nature of contracts /agreements/transactions	: Supply of material
(c) Duration of the contracts/agreements/transaction	: 10 months
(d) Salient terms of the contracts or agreements or transaction including the value, if any	: Not Applicable
(e) Date (s) of approval by the Board	: Not Applicable
(f) Amount paid as advances, if any	: Not Applicable



Tel 022-2283 1120
022-2283 1134



Ragini Chokshi & Co.
Company Secretaries

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Web: csraginichokshi.com

Form No. MR – 3

Secretarial Audit Report

For the financial year ended March 31, 2020

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

To,
The Members
MAZAGON DOCK SHIPBUILDERS LIMITED
Dockyard road,
Mumbai – 400010

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAZAGON DOCK SHIPBUILDERS LIMITED (CIN: U35100MH1934GOI002079)** (hereinafter called “the Company”) for the year ended on March 31, 2020. 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.

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, agents 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 March 31, 2020 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:





We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period)**;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period)**;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not applicable to the Company during the Audit Period)**;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period)**;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period)**;
 - g. The Securities and Exchange Board of India (Delisting of equity shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
 - h. The Securities and Exchange Board of India (Buyback of Securities Regulations, 1998; **(Not applicable to the Company during the Audit Period)**;
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.





We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Factories Act, 1948
2. Industrial Disputes Act, 1947
3. Environment Protection Act, 1986
4. Water (Prevention and Control of pollution) Act, 1981
5. Air (Prevention and Control of pollution) Act, 1974
6. Hazardous Waste (Management and handling) Rules, 1989
7. Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010
8. Guidelines on Corporate Social Responsibility and sustainability for Central Public Sector Enterprises.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India.
2. The Securities and Exchange Board of India (Listing obligations and Disclosure Requirement) Regulation 2015; **(Not applicable to the Company during the Audit Period);**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except appointment of a woman Director, which is awaited from the Government of India. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

Majority decision is carried through while the dissenting members' views, if any are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the company had following specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc and the Company has complied with Companies Act and other Secretarial requirements.





1. Shri V. L Kantha Rao, AS (DP) was appointed as the Government Nominee Director w.e.f. 16 March 2020 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 16 March 2020.
2. VAdm Narayan Prasad, IN (Retd) was appointed as the Chairman & Managing Director w.e.f 30 Dec 2019 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 29 Nov 2019.
3. Cdr. Jasbir Singh, IN (Retd) was appointed as the Director (Submarine & Heavy Engineering) w.e.f 01 Nov 2019 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 26 Aug 2019.
4. Shri Sanjeev Singhal was appointed as the Director (Finance) w.e.f 08 Jan 2020 pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 27 Nov 2019.
5. Shri Barun Mitra, ex-AS (DP) ceased to be a Director w.e.f 16 March 2020 pursuant to letter from Department of Defence Production, Ministry of Defence dated 16 March 2020.
6. Cmde. Rakesh Anand, IN (Retd), ex-CMD superannuated on 30 Nov 2019 and ceased to be a Director, pursuant to the appointment letter from Department of Defence Production, Ministry of Defence dated 11 Nov 2016.
7. Capt. Rajiv Lath, IN (Retd), ex-(Submarine & Heavy Engineering) superannuated on 31 Oct 2019 and ceased to be a Director pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 24 Jan 2014.
8. Shri Sanjiv Sharma, ex-Director (Finance) superannuated on 31 Oct 2019 and ceased to be a Director pursuant to appointment letter from Department of Defence Production, Ministry of Defence dated 29 Feb 2016.
9. Shri S L Bapat, Smt Usha Sankar and Vadm Sanjeev Bhasin, Independent Directors ceased to be a Director w.e.f 27 Nov, 2019, 27 Nov, 2019 and 06 Jan, 2020 respectively.
10. Company has filed Draft Offer Document with SEBI for proposed Initial Public Offer/Offer for sale by promoter of the Company on August 06, 2019.
11. Company has carried a Buy-back of its 2,24,10,000 Equity Shares of Rs. 10/- each during the period under review.
12. Company declared 1st Interim Dividend in F.Y. 2019-20 in the Board Meeting held on 26th of November, 2019 amounting to Rs. 100 crore which is 44.62 % on Equity Capital of Rs. 224.10 cr.





13. Company declared 2nd Interim Dividend in F.Y. 2019-20 in the Board Meeting held on 28th of January 2020, amounting to Rs. 61.34 crore which is 27.37 % on Equity Capital of Rs. 224.10 cr.



For Ragini Chokshi & Co.
(Company Secretaries)

Makarand Patwardhan
(Partner)

C.P.NO. 9031

ACS NO. 11872

UDIN: A011872B000457768

Place: Mumbai
Date: 15-07-2020



INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Mazagon Dock Shipbuilders Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to the following matters in the notes to the Standalone Ind AS financial statements:

1. Registration formalities and Renewals of Leasehold are pending in respect of certain properties. (Refer Note 2 Point no. (ii, vii, viii))
2. In respect to the balances due from / to Indian Navy (Refer Note 36 Point no. 2)
3. Balance of Advance to Vendors and balance outstanding in Trade Payables are subject to confirmation. (Refer Note 36 Point no. 1)
4. The company has opted for reduced rate of income tax by electing the non reversible option U/s 115BAA of Income tax Act, 1961. This has resulted in one time effect on PAT by Rs.160.73 crores due to reduction in deferred tax assets. (Refer Note 53)

Our opinion is not modified in respect of these matters.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, Overall Business Operations, Management and Corporate Governance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance / conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other Information is materially inconsistent with



the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, then we will communicate the matter to those charged with governance.

Other Matters

The opinion expressed in the present report includes the information, facts and inputs made available to us through electronic means by the Company's Management and relied upon by us because the COVID-19 induced restrictions on physical movements.

The Company has adequate resources to continue in operational existence for the foreseeable future. But going forward the uncertainties resulting from COVID-19 will result into delay in completion of projects and may increase the exceptional losses.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Standalone 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, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were

operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the Board of Directors 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 the Board of Directors 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure I**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by the directions issued by the office of the Comptroller & Auditor General of India under Section 143(5) of the Act, we give in "**Annexure II**", a statement on the matters referred to in those directions.
3. As required by Section 143(3) of the Act, based on our audit 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 Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The provisions of Section 164(2) of the Companies Act, 2013 are not applicable to the Government Company.



- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure III**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:
- In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended 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 on its financial position in its standalone financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-
FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date: 15/07/2020
Place: Mumbai
UDIN: 20160688AAAACI9522

Annexure – I

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mazagon Dock Shipbuilders Limited of even date)

- i. In respect of the Company's Fixed Assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - The Title deeds of the immovable properties are held in the name of the Company except for the following-

Sr.No.	Plot No.	Location	Type of Property	Area (Sq. Mtrs.)	Remarks
1	Plot No. 355 PH-I	Dockyard Road, Mumbai	Leasehold	6240.14	Lease renewal of the plots is under consideration of MBPT. Awaiting formulation of Land Policy.
2	Plot No. 355 PH-II	Dockyard Road, Mumbai	Leasehold	1960.93	
3	Extension	Dockyard Road, Mumbai	Leasehold	3746.00	
4	Additional Water Area for further extension of slipway to 20 Mtr.	Dockyard Road, Mumbai	Leasehold	1850.00	
5	JN- 4 Type Sector 10	Vashi, Navi Mumbai	Quarters	61.20	Deed of Apartments & its registration is under process.

- ii. In respect of the Company's Inventory:
- As per the information and explanations given to us, the Inventory (except those held with third parties) has been physically verified by the management and the external auditor during the year at reasonable intervals except in March due to Covid pandemic.
 - The discrepancies between the physical inventory and the book records noticed on physical verification were not material and have been properly dealt with in the books of accounts.
- iii. The Company has not granted any loan or given any guarantee or provided any security to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
- iv. The Company has not granted any loan, given any guarantee or provided any security covered under Section 185 of the Act. Section 186 of the Act relating to investments, loans granted, guarantees given and security provided is not applicable to the Company being a Government Company engaged in Defence production.



- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2020 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under Section 148(1) of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2020 for a period of more than six months from the date they became payable.
 - There were no undisputed amounts payable in respect of Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
 - Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2020 on account of dispute are given below:

Name of the Statute	Period	Amount (Rs. In Lakhs)	Forum where dispute is pending
Central Excise Act, 1944	FY 2001-02 to FY 2003-04 and FY 2007-08	226.8	CESTAT, Mumbai
	FY 2000-01	15	Additional Commissioner, Mumbai
BST Act, 1959	FY 1980-81 to FY 2004-05		Maharashtra Sales Tax Tribunal, Mumbai
MVAT Act, 2002	FY 2005-06 to FY 2013-14	1,15,099.24	Jt. Commissioner of Sales Tax
Karnataka Sales Tax Act	FY 1989-90, FY 1990-91, FY 1992-93, FY 1995-96 to FY 1996-97	316.40	Karnataka Sales Tax Appellate Tribunal
Service Tax	FY 2001-02 to FY 2003-04	4,235.53	Bombay High Court
Custom Duty	FY 2007-08	8	Assistant Commissioner of Customs

- viii. The Company has taken Short Term Loans or borrowings from banks against the Fixed Deposits.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.



- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year 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. According to the information given to us and as per the records examined by us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M/s. JCR &Co.
Chartered Accountants
FRN- 105270W

Sd/-
FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date: 15/07/2020
Place: Mumbai
UDIN: 20160688AAAACI9522



Annexure – II

TO THE INDEPENDENT AUDITOR'S REPORT

As referred to in Paragraph 2 under 'Report on Other Legal and Regulatory Requirements' in our Auditor's Report of even date and as required by the directions issued by the Office of the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013, we give below our comments on the matters referred therein:

- 1. Whether the Company has System in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.**
 - According to the information and explanations given to us and based on the records of the Company examined by us, the Company has ERP system in place to process all the transactions through IT System. All the processes and transactions are mapped through ERP.
- 2. Whether there is restructuring of an existing loan or cases of waiver/ write off of debt/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.**
 - According to the information and explanations given to us and based on the records of the Company examined by us, there were no cases of waiver/ write off of debt/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan in FY 2019-20.
- 3. Whether funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.**
 - According to the information and explanations given to us and based on the records of the Company examined by us, there were no cases of any funds received by the Company during FY 2019-20 from Central/State governments under any schemes.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-
FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date: 15/07/2020
Place: Mumbai
UDIN: 20160688AAAACI9522



Annexure – III

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mazagon Dock Shipbuilders Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause

(i) Of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAZAGON DOCK SHIPBUILDERS LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards

on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-
FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date: 15/07/2020
Place: Mumbai
UDIN: 20160688AAAAC19522



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAZAGON DOCK SHIPBUILDERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of financial statements (Standalone Financial Statement) of Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 15 July 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2020. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

(Santosh Kumar, IA&AS)
Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bangalore.

Bangalore
Date: 07 September 2020.



BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019 (Restated)	As at 1st April, 2018 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	2	83,122	78,731	67,691
Capital work-in-progress	3	7,996	8,877	8,538
Other intangible assets	2	1,713	2,298	2,841
		92,831	89,906	79,070
Financial assets				
Investments	4	600	600	600
Trade receivable	5	1,562	1,578	1,593
Loans	6	689	666	894
Other financial assets	7	15,345	14,352	340
Deferred tax assets (net)	8	41,165	58,198	55,217
Non-current tax assets (net)		22,594	19,338	20,672
Other non-current assets	9	65,175	49,902	31,965
Total non-current assets		239,961	234,540	190,351
Current assets				
Inventories	10	462,270	379,030	378,597
Financial assets				
Trade receivables	11	145,878	147,289	111,338
Cash and cash equivalents	12	48,328	72,968	37,356
Bank balances other than cash and cash equivalents	13	531,500	674,000	681,600
Loans	14	211	429	91
Other financial assets	15	17,811	22,130	11,054
Contract assets		5,547	90,131	73,794
Assets held for sale		22	205	1
Other current assets	16	597,256	421,602	410,550
Total current assets		1,808,823	1,807,784	1,704,381
TOTAL ASSETS		2,048,784	2,042,324	1,894,732
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	17	20,169	22,410	22,410
Other equity		238,924	256,812	218,688
Total equity		259,093	279,222	241,098
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Trade payables	18	1,563	1,578	1,593
Other financial liabilities	19	3,600	3,552	3,727
Other long-term liabilities	20	16,947	15,784	15,974
Long-term provisions	21	121,507	119,776	120,639
Total non-current liabilities		143,617	140,690	141,933
Current liabilities				
Financial liabilities				
Trade payables				
i. total outstanding dues of micro and small enterprises		2,007	1,868	1,342
ii. total outstanding dues other than (i) above	22	475,072	289,857	237,765
Other financial liabilities	23	13,646	23,670	25,787
Contract liability		1,138,311	1,294,994	1,233,808
Other current liabilities	24	4,363	2,206	988
Short-term provisions	25	12,675	9,817	12,011
Total current liabilities		1,646,074	1,622,412	1,511,701
Total liabilities		1,789,691	1,763,102	1,653,634
TOTAL EQUITY AND LIABILITIES		2,048,784	2,042,324	1,894,732
Significant accounting policies and notes to the financial statements 1 to 58				

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 15th July, 2020

For and on behalf of the Board of Directors

Sd/-

VAdm Narayan Prasad, AVSM, NM, IN (Retd)
Chairman and Managing Director

Sd/-

Sanjeev Singhal
Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar
Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakhs)

Particulars	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
INCOME			
Revenue from operations	26	497,765	461,395
Other income	27	58,900	63,771
Total income		556,665	525,166
EXPENSES			
Cost of materials consumed	28	250,319	255,712
Procurement of base and depot spares		36,223	60,805
Employee benefit expenses	29	79,292	68,947
Finance costs	30	926	907
Depreciation and amortization expenses		6,869	6,433
Sub-contract		74,409	17,590
Power and fuel		1,652	1,926
Other expenses - project related	31	11,370	8,102
Other expenses	32	13,840	18,354
Provisions	33	3,864	3,889
Total expenses		478,764	442,665
Profit before tax but before exceptional items		77,901	82,501
Exceptional items		1,232	-
Profit before tax but after exceptional items		76,669	82,501
Tax expense			
Current tax		18,043	33,211
Deferred tax (credit) / charge		17,032	(2,981)
Adjustment of tax relating to earlier years		92	543
Profit for the year		41,502	51,728
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plan		(2,287)	(2,379)
Income tax effect		576	831
Total comprehensive income for the year		39,791	50,180
Earning per share			
Basic and Diluted		18.58	23.08
Significant accounting policies and notes to the financial statements	1 to 58		

As per our report of even date

JCR & CoChartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner

Membership No. 160688

Mumbai 15th July, 2020

For and on behalf of the Board of Directors

Sd/-

VAdm Narayan Prasad, AVSM, NM, IN (Retd)
Chairman and Managing Director

Sd/-

Sanjeev Singhal
Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar
Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
A	Cash flow from operating activities		
	Profit before tax but after exceptional items	76,669	82,501
	Adjustments for :		
	(+) Non cash expenditure and non operating expenses		
	Depreciation / amortization	7,108	6,433
	Finance cost	926	907
	Amortization of prepaid rentals	15	15
	(-) Non operating income		
	Profit / Loss on sale of fixed assets	203	18
	Interest income	(52,778)	(54,115)
	Dividend received	(3,133)	(4,700)
	Amortization gain on deferred deposits of vendors	(14)	(13)
	Amortization of deferred revenue (customer funded assets)	(738)	(737)
	Interest Income on deferred payment liability to foreign supplier	(374)	(377)
	Interest Income on deferred deposit with MbPT	(19)	(18)
	Operating profit before working capital changes	27,865	29,914
	Movement in working capital		
	Decrease / (Increase) in Inventories	(83,240)	(433)
	Decrease / (Increase) in Trade receivables and loans and advances	2,015	(35,651)
	Decrease / (Increase) Other current and non current assets	39,569	(63,404)
	(Decrease) / Increase in Trade payables and provisions	187,219	46,757
	(Decrease) / Increase in Other current and non current liabilities	(162,167)	60,930
	Cash flow from operations	11,261	38,113
	Direct tax paid (net of refunds)	(20,815)	(31,589)
	Net cash from (used in) operating activities (A)	(9,554)	6,524
B	Cash flow from investing activities		
	Purchase of property, plant and equipment (net of adjustments)	(10,950)	(17,183)
	Capital work in progress	881	(339)
	Proceeds from sale of property, plant and equipment	17	27
	Capital advance	(101)	579
	Interest received	52,778	54,115
	Dividend received	3,133	4,700
	Principal portion of lease payments	(386)	(237)
	Net cash from / (used in) investing activities (B)	45,372	41,662



C	Cash flow from financing activities		
	Buy back of equity share capital	(27,788)	-
	Payment of buy back tax	(5,952)	-
	Dividend paid (including dividend distribution tax thereon)	(26,180)	(12,056)
	Finance costs - Lease	(504)	(497)
	Finance costs - Others	(34)	(21)
	Net cash from / (used in) financing activities (C)	(60,458)	(12,574)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(24,640)	35,612
	Cash and cash equivalents at the beginning of the period	72,968	37,356
	Cash and cash equivalents at the end of the period	48,328	72,968

Note: Figure in bracket indicate outflow

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
	Components of cash and cash equivalents:		
	Balances with banks:-		
-	In Current accounts		
	i) In India	990	3,205
	ii) Outside India	87	71
-	In cash credit accounts	-	2
-	In flexi deposit accounts	47,251	69,690
	Total	48,328	72,968

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 15th July, 2020

For and on behalf of the Board of Directors

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Chairman and Managing Director

Sd/-

Sanjeev Singhal

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(A) Equity share capital

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019	1st April, 2018
Opening balance	22,410	22,410	24,900
Changes in equity share capital during the period			
Buy Back of Equity Shares	(2,241)	-	(2,490)
Closing balance	20,169	22,410	22,410

(B) Other equity

For the year ended 31st March, 2020

Particulars	Retained Earnings	General Reserve	Capital Reserve	Indi-genisation Fund	Capital Redemption Reserve	Other Comprehensive Income (OCI)	Total Other Equity
Balance as at 1st April, 2019	33,020	219,032	5	-	9,882	(5,127)	256,812
Profit / (loss) for the year	41,502						41,502
Other comprehensive income / (loss) for the year						(1,711)	(1,711)
Indigenisation Fund	(1,039)			1,039			-
Buyback of shares at premium		(25,547)					(25,547)
Transfer from general reserve to capital redemption reserve		(2,241)			2,241		-
Tax on buyback	(5,952)						(5,952)
Dividends							
Interim	(16,134)						(16,134)
Final	(5,582)						(5,582)
Tax on dividends	(4,464)						(4,464)
Transfer to General Reserve	(40,000)	40,000					-
Balance as at 31st March, 2020	1,351	231,244	5	1,039	12,123	(6,838)	238,924

For the year ended 31st March, 2019

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Other Comprehensive Income (OCI)	Total Other Equity
Balance as at 1st April, 2018	(6,652)	219,032	5	9,882	(3,579)	218,688
Profit / (loss) for the year	51,728					51,728
Remeasurement of defined employee benefit plan (net of tax)					(1,548)	(1,548)
Dividends						
Interim	(10,000)					(10,000)
Final						-
Tax on dividends	(2,056)					(2,056)
Balance as at 31st March, 2019	33,020	219,032	5	9,882	(5,127)	256,812



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

Capital reserve: The capital reserve was created till 1974 on the realized profit on sale of fixed asset.

Capital redemption reserve: These reserves are created out of redemption of 7% redeemable cumulative preference shares and buyback of equity shares.

Other Comprehensive Income: These reserves are created on account of actuarial valuation of defined employee benefit plan.

Buy-back: The Company has completed 10% Buy back of Equity Shares (No. of shares - 2,24,10,000 of ₹ 10 each) for ₹ 27788 lakhs and ₹ 5952 lakhs tax thereon total amounting to ₹ 33740 lakhs in March 2020.

Indigenisation Fund: These fund is created as per Indigenisation policy for providing support for future indigenisation.

Dividend: The Board has recommended the final dividend for FY 2019-20 of ₹ 4617 lakhs. This proposed dividend is subject to the approval of shareholders in ensuing Annual General Meeting.

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 15th July, 2020

For and on behalf of the Board of Directors

Sd/-

VAdm Narayan Prasad, AVSM, NM, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjeev Singhal

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



Note 1: Statement of Significant Accounting Policies

1) Corporate information:

The Company is a Government Company domiciled and incorporated in India. The registered office of the Company is located at Dockyard Road, Mumbai.

The Company is principally engaged in building and repairing of ships, submarines, various types of vessels and related engineering products for its customers.

2) Significant accounting policies:

2.1 Basis of preparation:

These financial statements have been prepared in compliance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 Summary of significant accounting policies:

a) Use of estimates:

The preparation of Financial Statements in accordance with Ind AS requires use of estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realised may differ from these estimates. Accounting estimates could change from period to period. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known / materialized.

Estimates and assumptions are required in particular for:

i. Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized:

Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed

in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support.

ii. Recognition and measurement of defined benefit obligations:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

iii. Recognition of deferred tax assets:

A deferred tax asset is recognised for all the deductible temporary differences and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the unused tax losses can be utilized. The management assumes that taxable profits will be available while recognising deferred tax assets.

iv. Recognition and measurement of other provisions:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may vary.

v. Discounting of long-term financial liabilities

All financial liabilities are measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortised cost, interest is accrued using the effective interest method.



- vi. Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue from contracts with customers'. The estimates are revised periodically.

b) Current versus non-current classification:

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

i. An asset is treated as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii. Held primarily for the purpose of trading
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalents 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.

ii. A liability is treated as current when it is:

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

All other liabilities are treated as non - current.

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

c) Property, plant and equipment:

- i. Property, plant and equipment, including capital work-in-progress are stated at cost, net of accumulated depreciation

and accumulated impairment losses, if any. Capital works executed internally are valued at prime cost plus appropriate overheads.

- Cost means cost of acquisition, inclusive of inward freight, duties, taxes and other incidental expenses incurred in relation to acquisition of such assets. It also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised.
- When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.
- When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.
- Spares purchased along with PPE are capitalised.
- The present value of the expected cost for 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.
- Unserviceable tangible assets are valued at the net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value. For IT hardware assets, i.e. end user devices such as desktops, laptops, etc. residual value is considered as nil.



- 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The Company has elected to measure all its Property Plant & Equipment, on the date of transition i.e. 1st April 2015, at deemed cost being the carrying value of the assets in accordance with previous GAAP.

Funds received from customers for acquisition or construction of property, plant and equipment from 1st April, 2015, are recognised as deferred revenue, which is amortised equally over the useful lives of the assets.

ii. Depreciation:

- (a) Depreciation is calculated on a straight-line basis, based on the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful lives are estimated on technical assessment by technical experts, past trends and management estimates:

Asset class	Description	Years
Plant & Machinery	Wet basin	60
Plant & Machinery	Goliath crane (300 ton capacity)	30

- (b) Loose tools costing over ₹ 5000 is written off evenly over a period of five years commencing from the year of purchase.
- (c) Additions to assets individually costing ₹ 5000 or less are depreciated at 100%.
- (d) Spares purchased along-with the main asset are depreciated over the estimated useful life of that asset.

- (e) In respect of additions / extensions forming an integral part of the existing assets, depreciation has been provided over residual life of the respective assets.
- (f) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (g) Depreciation on property, plant and equipment commences when the assets are ready for intended use
- (h) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life of the assets.
- (i) The residual value of all the assets have been considered at 5% of the original cost of the respective assets, except for computer and related hardware assets, where the residual value is considered to be nil.
- (j) When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

d) Intangible assets:

Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment, if any. Amortisation is done over their estimated useful life of five years on straight line basis from the date they are available for intended use.

e) Impairment of assets:

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less cost of disposal and its value in use. Where it is not possible to estimate the recoverable amount of an individual



asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Investment in associate:

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control over those policies.

Company has investment in equity shares of its associate and it is measured at cost. Provision for Impairment loss on such investment is made only when there is a diminution in value of the investment which is other than temporary.

Exemption availed under Ind AS 101: On transition to Ind AS, Company has elected to continue with the carrying value of its investments in its associate as at April 1, 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

g) Foreign currency transactions:

The financial statements are prepared in Indian Rupees being the functional currency.

- Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing on the date of the transaction.
- Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the reporting date.
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

h) Borrowing costs:

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. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowings of funds and includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

i) Inventory valuation

- i. Raw materials and stores and general spares are valued at weighted average cost.
- ii. Equipment for specific projects are valued at cost.
- iii. Stock-in-transit is valued at cost.
- iv. Cost of inventories comprises of purchase cost, conversion and other cost incurred in bringing them to the present location and condition.
- v. Provision for obsolescence will be made for raw materials, stores and spares not moved for over 3 years. For Project specific material, obsolescence is provided to the items for which shelf life is expired.
- vi. Scrap is valued at estimated net realizable value.
- vii. Work in progress and finished goods other than construction contracts & ship repair contracts have been valued at lower of cost and net realisable value.

j) Revenue recognition

i. Ship construction & repair contracts

Revenue from Ship Construction / repair Contracts shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.



The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met-

- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs
- (b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced or
- (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

When the control of the produced good and rendered services is transferred over time to the customer, revenue is recognised over time (i.e. under the percentage of completion method).

For the application of the overtime method (PoC method), the measure of the progress towards complete satisfaction of a performance obligations is based on inputs (i.e. cost incurred).

Fixed Price Contract:

Revenues from construction contracts with customers are recognized over time using input method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When the outcome of a construction / repair contract cannot be reliably estimated, contract revenue is recognized only to the extent of contract cost incurred that are likely to be recoverable.

Cost Plus Contract:

In case of Cost plus contracts, contract revenue is recognized on the basis of cost incurred plus profit margin applicable on the contract, when such cost can be estimated reliably.

Additional revenue, in respect of contracts completed in earlier years, is accounted for as contract revenue in the year in which such revenue materializes.

Contract Asset:

The company's right to consideration in exchange for goods or services that the company has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Contract Liability:

The company's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer

Revenue from supply of Base & Depot (B&D) spares:

Revenue from supply of B&D spares is to be recognised based on satisfaction of performance obligation satisfied at a point in time based on proof of receipts of goods from Naval stores.

Revenue for contract is yet to be finalized or under revision

Revenue is recognised based on agreed prices with customer. In certain cases, where the prices are yet to be agreed upon/ determined /revised the revenue is recognised on estimation basis. Upon the agreement with customer, differential revenue, if any, is recognised on the revision of contract amount.

ii. Dividend income

Dividend income from investments is recognized when the Company's right to receive payment has been established.

iii. Interest income

For all debt instruments, interest income is recorded using the effective interest rate



(EIR). Interest income is included in finance income in the statement of profit and loss.

iv. Insurance claims:

Amounts due against insurance claims are accounted for on accrual basis; in respect of claims which are yet to be finally settled at the end of reporting date by the underwriter, credits are reckoned, based on the company's estimate of the realisable value.

k) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets:

i. Classification:

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

ii. Initial recognition and measurement:

All financial assets are recognised initially at fair value plus, 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.

iii. Financial assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are

subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the Statement of profit and loss. This category generally applies to trade and other receivables.

iv. Financial assets measured at fair value through other comprehensive income (FVTOCI):

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

v. Financial assets measured at fair value through profit or loss (FVTPL):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

vi. Investment in equity instruments:

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income.

vii. Investment in debt instruments:

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

viii. Impairment of financial asset:

In accordance with Ind AS 109, the Company applies Expected Credit



Loss (ECL) model for measurement and recognition of impairment loss of all the financial assets that are debt instrument and trade receivable.

ix. **Derecognition of financial assets:**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities:

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

i. **Classification, initial recognition and measurement**

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective rate of interest.

ii. **Subsequent measurement**

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. In each financial year, the unwinding of discount pertaining to financial liabilities is recorded as finance cost in the statement of profit and loss.

iii. **De-recognition of financial liability**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

iv. **Retentions**

Retention amount payable / receivable under the terms of the contracts with the vendors / customers are retained towards performance obligation under the normal terms of trade and do not constitute financial arrangement and hence are not amortised.

v. **Security deposit**

Security Deposits obtained from vendors below ₹ 1 lakh individually are not amortised as the same is not considered material.

l) **Leases**

In March 2019 the Ministry of Corporate Affairs notified the new standard Ind AS 116 which replaces the Ind AS 17 "Leases", Appendix A of Ind AS 17 "Operating Leases—Incentives", Appendix B of Ind AS 17 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". and Appendix C of Ind AS 17 "Determining Whether an Arrangement Contains a Lease".

Ind AS 116 introduces a uniform lessee accounting model. Applying that model, a lessee is required to recognise a right-of-use asset representing the lessee's right to use the underlying asset and a financial liability representing the lessee's obligation to make future lease payments.

There are exemptions for short-term leases and leases of low-value assets. Lessor accounting remains comparable to that provided by the existing leases standard and hence lessors will continue to classify their leases as operating leases or finance leases.



The Company adopted the new standard Ind AS 116 for accounting period beginning on or after April 1, 2019 using retrospective method and therefore the cumulative effect of adopting Ind AS 116 has been recognised as an adjustment to the opening balance of retained earnings with restatement of comparative information.

Identifying a lease

Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

The previous determination pursuant to Ind AS 17 and Appendix C of Ind AS 17 of Determining Whether an Arrangement Contains a Lease" is maintained for existing contracts.

i. As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on assessment of whether the risks and rewards incidental to ownership of the underlying asset were transferred. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most of its leases. Leases which were classified as operating lessees under Ind AS 17 are now recognised on the balance sheet. Lease term includes Non-cancellable period (which includes the period covered by the option to terminate the lease, if only a lessor has right to terminate a lease), periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Lease term begins at the commencement date and include any rent free period. Termination options held by the lessor are not considered when determining the lease term.

Extension and termination options are taken into account on recognition of the lease liability if the Company is reasonably certain that these options will be exercised in the future.

As a general rule, the Company recognizes non-lease components such as services separately from lease payments. Non-lease components are identified and accounted for separately from the lease component in accordance with other Ind AS.

When applying Ind AS 116 for the first time, the Company has used the following practical expedients for leases previously classified as operating leases under Ind AS 17:

- To apply a single discount rate to a portfolio of leases with reasonably similar characteristics,
- The right-of-use to the leased asset has generally been measured at the amount of the lease liability, using the discount rate at the commencement of lease. Where accrued lease liabilities existed, the right-of-use asset has been adjusted by the amount of the accrued lease liability under Ind AS 116. At initial application of Ind AS 116, the measurement of the right-of-use does not include initial direct costs. In some cases, the value of right-of-use assets may differ from the value of the liabilities due to offsetting against existing provisions or as a result of valuation allowances. - Initial direct costs have been excluded from the measurement of the right-of-use asset for all leases entered into or changed before April 1, 2018.
- Not to apply the new recognition requirements to short-term leases and to leases of low value assets as soon as the new standard is effective.
- The definition of a lease in accordance with Ind AS 17 and Appendix C to Ind AS 17 will continue to be applied to leases entered or changed before April 1, 2018, and as a result the Company has not reassessed whether a contract is or contains a lease on transition.
- Leases with a determined lease term of less than 12 months remaining from April 1, 2018 have been treated as short term.

Availing exemption by the Company

Furthermore, the Company has also elected to make use of the following exemptions provided by Ind AS 116:

- a) Leases with a determined lease term of 12 months or less from the commencement of the



lease will be treated as short term and therefore not included in the right-of-use asset or lease liability. Instead, lease costs will be recognised on a straight line basis across the life of the lease.

- b) Leases for which the underlying asset is of low value when new will be exempt from the requirements to value a right-of-use asset and lease liability. Instead, lease costs will be recognised on a straight line basis across the life of the lease. To apply this exemption, a threshold of Rs.1,00,000/- has been utilised to define "low value".

The Company's operating leases mainly relate to real estate assets, company cars and equipment. The most significant impact identified by the Company relates to its operating leases of real estate assets (such as land, warehouses, storage facilities and offices).

For leases that were classified as finance leases under Ind AS 17, the Company did not change the carrying amount of the right-of-use asset and the lease liability as of March 31,2019, measured under Ind AS 17.

ii. As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

m) Employee benefits

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

ii. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

iii. Post-employment obligations

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and post-retirement medical scheme for non executives; and
- (b) defined contribution plans such as provident fund, pension and post-retirement medical scheme for executives.

Gratuity

Gratuity Fund, a defined benefit scheme, is administered through duly constituted independent Trust and yearly contributions based on actuarial valuation are charged to revenue. Any additional provision as may be required is provided for on the basis of actuarial valuation as per Ind AS 19 on Employee Benefits.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.



The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Post-retirement medical scheme

The post-retirement medical scheme to the non executives employees is a defined benefit plan and is determined based on actuarial valuation as per Ind AS 19 on Employee Benefits using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

The post-retirement medical scheme liability towards executives is recognised on accrual basis and charged to statement of profit and loss, which is a contribution plan.

Provident fund and Pension

Retirement benefits in the form of Provident fund and Family pension funds are defined contribution plans and the contribution is charged to Statement of Profit and Loss of the year when the contributions to the

respective funds are due in accordance with the relevant statute.

Defined contribution to Superannuation Pension Scheme is charged to statement of Profit & Loss at the applicable contribution rate as per approved Pension scheme.

n) Dividend to equity shareholders

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

o) Provision for current & deferred tax

Income tax expense represents the sum of current tax, deferred tax and adjustments for tax provisions of previous years. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current income tax:

Current tax comprises of the expected tax payable on the taxable income for the year. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax:

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and



credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- Entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- Deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

p) Provision for doubtful debts and loans and advances:

Provision is made in the accounts for doubtful debts, loans and advances in cases where the management considers the debts, loans and advances to be doubtful of recovery.

q) Warranty provision:

Provision for warranty related costs are recognised when the product is sold or services are rendered to the customer in terms of the contract. Initial recognition is based on the historical experience and management estimates. The initial estimate of warranty related costs are revised periodically.

r) Provision, contingent liabilities and contingent assets:

A provision is recognised if as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.



Note 2 - Property, Plant and Equipment (₹ in lakhs)

Sr. No. Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as on 01-04-19	Additions	Adjustments	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Adjustments	Disposal	Balance 31-03-20	As on 31-03-19
A Assets Owned by MDL											
1 Freehold Land	9,695	1,077	-	-	10,772	-	-	-	-	-	10,772
2 Buildings: i) Factory Building	2,786	3,096	-	40	5,842	288	190	-	38	440	5,402
ii) Office and Staff Quarters											
a) RCC	2,662	145	-	8	2,799	242	232	-	6	468	2,331
b) Non RCC	789	640	-	-	1,429	55	50	-	-	105	1,324
iii) Others (Temporary structure)	13	89	-	-	102	10	20	-	-	30	72
3 Road	673	-	-	-	673	484	126	-	-	610	63
4 Plant and Equipment	22,612	2,181	-	21	24,772	3,465	1,627	-	20	5,072	19,700
5 Furniture and Fixtures	1,609	147	-	59	1,697	612	171	-	44	739	958
6 Vehicles	1,920	22	-	-	1,942	885	252	-	-	1,137	805
7 Office Equipment	1,962	1,694	-	102	3,554	707	559	-	95	1,171	2,383
8 Computers and Data Processing Units											
i) Desktops, Laptops etc.	623	123	-	30	716	173	286	-	30	429	287
ii) Server and Network	3,823	404	-	33	4,194	1,008	682	-	25	1,665	2,529
9 Loose Tools	532	88	-	4	616	333	81	-	4	410	206
10 Ship - Launches and Boats	4,936	-	-	-	4,936	87	172	-	-	259	4,677
11 Electrical Installation and Equipments	1,842	460	-	13	2,289	631	193	-	12	812	1,477
12 Right to use asset - Leasehold land	8,719	-	-	-	8,719	3,114	290	-	-	3,404	5,315
13 Right to use asset - Vehicles	29	420	-	-	449	1	105	-	-	106	343
Sub-total	65,225	10,586	-	310	75,501	12,095	5,036	-	274	16,857	58,644
Previous Year's Figures	50,213	16,581	-	1,569	65,225	9,163	4,254	-	1,322	12,095	53,130
											41,047

Note: Vessels under the head "Launches and Boats" costing ₹ 4936 lakhs (2019 - ₹ 4936 lakhs) out of which ₹ 4936 lakhs (2019 - ₹ 4936 lakhs) are registered in the name of CMD of the Company to comply with the requirement of Indian Coastal Act, 1838 / Indian Vessels Act, 1917.



B Jointly Funded Assets (₹ in lakhs)

	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	Cost as on 01-04-19	Additions	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Balance 31-03-20	As on 31-03-19
1 Buildings: i) Factory Building	18,203	-	-	18,203	1,739	580	2,319	15,884
ii) Office and Staff Quarters	-	-	-	-	-	-	-	-
a) RCC	1,621	25	-	1,646	59	29	88	1,558
b) Non RCC	-	-	-	-	-	-	-	-
2 Roads	133	-	-	133	52	25	77	56
3 Plant and Equipment	6,715	-	-	6,715	1,222	308	1,530	5,185
4 Electrical Installation and Equipments	649	-	-	649	129	62	191	458
5 Furniture and Fixtures	216	-	-	216	45	20	65	151
6 Office Equipment	153	-	-	153	63	28	91	62
7 Computers and Data Processing Units								
i) Server and Network	338	-	-	338	172	57	229	109
8 Ship - Launches and Boats	1,143	-	-	1,143	89	39	128	1,015
Sub-total	29,171	25	-	29,196	3,570	1,148	4,718	25,601
Previous Year's Figures	29,068	113	-	29,171	2,425	1,148	3	26,645
Total Tangibles Assets (A+B)	94,396	10,611	310	104,697	15,665	6,184	274	83,122
Previous Year's Figures	79,281	16,694	-	94,396	11,588	5,402	1,325	67,691

Intangible Assets (₹ in lakhs)

Sr. No. Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	Cost as on 01-04-19	Additions	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Balance 31-03-20	As on 31-03-19
A Assets Owned by MDL								
1 Computer Software/SAP-ERP	794	171	-	965	562	162	724	232
2 Other than SAP-ERP	4,289	168	-	4,457	2,292	726	3,018	1,997
Sub Total	5,083	339	-	5,422	2,854	888	3,742	2,229
Previous Year's Figures	4,594	489	-	5,083	1,859	995	2,854	2,735



B Jointly Funded Assets (₹ in lakhs)

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as on 01-04-19	Additions	Adjustments	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Adjustments	Disposal	Balance 31-03-20	As on 31-03-19
1	Computer Software/SAP-ERP	1,000	-	-	1,000	1,000	-	-	-	1,000	-
2	Other than SAP-ERP	181	-	-	181	112	36	-	-	148	33
	Sub Total	1,181	-	-	1,181	1,112	36	-	-	1,148	33
	Previous Year's Figures	1,181	-	-	1,181	1,076	36	-	-	1,112	69
	Total Intangible Assets (A+B)	6,264	339	-	6,603	3,966	924	-	-	4,890	2,298
	Previous Year's Figures	5,775	489	-	6,264	2,935	1,031	-	-	3,966	2,298
	Total Assets (i+ii)	100,660	10,950	-	310	111,300	7,108	-	274	26,465	84,835
	Previous Year's Figures	85,056	17,183	-	1,579	100,660	6,433	-	1,325	19,631	70,532

- (i) Depreciation of ₹ 239 lakhs pertaining to lockdown period due to Covid - 19 pandemic is regrouped under Covid expenses.
- (ii) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 14 lakhs (previous year: ₹ 14 lakhs)
- (iii) Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the Company in September 2010 for setting up National Institute of Warship/ Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the Company under the control of Ministry of Defence, Department of Defence Production. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.
- (iv) Depreciation has been charged on single shift basis during the period except for wet basin on which depreciation has been charged on double shift basis.
- (v) No provision for impairment of assets has been considered necessary during the period as required under Indian Accounting Standard - 36.
- (vi) As envisaged under the Schedule II to the Companies Act 2013, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers, data processing units and loose tools where no residual value is retained.
- (vii) Lease agreements have not been executed in the cases of:-
 1. Certain Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. However MDL continues to occupy the land and is paying rent according to the terms and conditions of the contract. The lease period is assumed to be 29 years from the date of expiry of the leases.
 2. The company is in possession of approx. 10 acre land belonging to CIDCO which ONGC ceded to MDL during the year 1984 for the cost of ₹ 20 lakhs. MDL is having permanently tenancy rights to co-terminus with the leasehold right of ONGC with the CIDCO land in their possession.
- (viii) Some of the leases for plots taken on leasehold basis from MbPT have expired and are under renewal. MbPT has proposed the renewal of expired leases of four plots for a period of 30 years by an upfront payment of around ₹ 272.14 lakhs plus applicable taxes towards the lease premium and ₹ 4.183 lakhs plus applicable taxes towards the arrears of rent for the period from Fiscal 2006 onwards. This proposal of lease renewal also provides the option of annual payment of lease rent for a period of 10 years amounting to approximately 1944 lakhs per annum plus applicable taxes. MDL has contested MbPT proposal and has recognised estimated reasonable lease rent in financial statements.
- (ix) The Company has implemented Ind AS 116 "Leases" from 01st April, 2019 with retrospective method and created "Right to use asset - Land" amounting to Rs. 8719 lakhs, "Right to use asset - Vehicles" amounting to ₹ 29 lakhs as on 01/04/2019. Leases that were accounted for as operating lease in accordance with Ind AS 17 Leases, are recognised at the present value retrospectively and discounted using lessee's incremental borrowing rate as on the date of inception of lease. As a result of implementing standard, for FY 2019-20, there is increase in Finance cost by ₹ 504 lakhs, increase in depreciation and amortization expenses by ₹ 395 lakhs and decrease in other expenses by Rs. 7.62 lakhs. Opening Networth as on 01/04/2018 is reduced to the tune of ₹ 1490 lakhs (net of tax).

(x) Assets jointly funded by MDL and Indian Navy (₹ in lakhs)

Sr. No.	Particulars	Office and Factory Building	Electric Installations & Equipment	Plant and Equipment	CDPU	Temporary Structure	Ships, Launches & Boats	Office Equipment	Furniture and Fixtures	Intangible assets	Roads	Total as on 31-03-2020	Total as on 31-03-19
1	Total Cost upto 31.03.2020	34,078	649	65,211	345	96	1,142	166	241	1,418	133	103,479	103,454
2	Less: Funded By Navy	25,509	628	61,346	345	96	983	158	241	1,181	-	90,487	90,462
3	Funded By MDL	8,569	21	3,865	-	-	159	8	-	237	133	12,992	12,992
	Previous Year's Figures	8,569	21	3,865	-	-	159	8	-	237	133	12,992	12,992



Note 2 - Property, Plant and Equipment (₹ in lakhs)

Sr. No. Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as on 01-04-18	Additions	Adjustments	Disposal	Balance 31-03-19	Opening 01-04-18	For the year	Adjustments	Disposal	Balance 31-03-19	As on 31.03.2019
A Assets Owned by MDL											
1 Freehold Land	4,695	5,000	-	-	9,695	-	-	-	-	-	9,695
2 Buildings: i) Factory Building	1,772	1,018	-	4	2,786	188	103	-	3	288	2,498
ii) Office and Staff Quarters											
a) RCC	1,897	766	-	1	2,662	137	106	-	1	242	2,420
b) Non RCC	715	102	-	28	789	48	33	-	26	55	734
iii) Others (Temporary structure)	9	4	-	-	13	9	1	-	-	10	3
3 Road	673	-	-	-	673	358	126	-	-	484	189
4 Plant and Equipment	20,790	2,010	-	188	22,612	2,101	1,517	-	153	3,465	19,147
5 Furniture and Fixtures	1,438	187	-	16	1,609	459	160	-	7	612	997
6 Vehicles	1,924	24	-	28	1,920	656	255	-	26	885	1,035
7 Office Equipment	1,910	738	-	686	1,962	867	341	-	501	707	1,255
8 Computers and Data Processing Units											
i) Desktops, Laptops etc.	554	468	-	399	623	205	367	-	399	173	450
ii) Server and Network	2,847	1,187	-	211	3,823	549	657	-	198	1,008	2,815
9 Loose Tools	380	160	-	8	532	270	71	-	8	333	199
10 Ship - Launches and Boats	436	4,500	-	-	4,936	46	41	-	-	87	4,849
11 Electrical Installation and Equipments	1,454	388	-	-	1,842	446	185	-	-	631	1,211
12 Right to use asset - Leasehold land	8,719	-	-	-	8,719	2,824	290	-	-	3,114	5,605
13 Right to use asset - Vehicles	-	29	-	-	29	-	1	-	-	1	28
Sub-total	50,213	16,581	-	1,569	65,225	9,163	4,254	-	1,322	12,095	53,130
Previous Year's Figures	34,630	16,023	-	440	50,213	6,275	3,279	-	391	9,163	41,047

Note: Vessels under the head "Launches and Boats" costing ₹ 4936 lakhs (Previous year - ₹ 436 lakhs) out of which ₹ 4936 lakhs (Previous year - ₹ 302 lakhs) are registered in the name of CMD of the Company to comply with the requirement of Indian Costal Act, 1838 / Indian Vessels Act, 1917.



B Jointly Funded Assets (₹ in lakhs)

	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK		
	Cost as on 01-04-18	Additions	Disposal	Balance 31-03-19	Opening For the year 01-04-18	Adjustments	Disposal	Balance As on 31-03-19	As on 31-03-18
1 Buildings: i) Factory Building	18,149	54	-	18,203	1,159	580	-	1,739	16,464
ii) Office and Staff Quarters									
a) RCC	1,621	-	-	1,621	31	28	-	59	1,562
b) Non RCC	-	-	-	-	-	-	-	-	-
2 Roads	133	-	-	133	27	25	-	52	81
3 Plant and Equipment	6,656	59	-	6,715	914	308	-	1,222	5,493
4 Electrical Installation and Equipments	649	-	-	649	67	62	-	129	520
5 Furniture and Fixtures	226	-	10	216	27	21	3	45	171
6 Office Equipment	153	-	-	153	35	28	-	63	90
7 Computers and Data Processing Units									
i) Server and Network	338	-	-	338	115	57	-	172	166
8 Ship - Launches and Boats	1,143	-	-	1,143	50	39	-	89	1,054
Sub-total	29,068	113	10	29,171	2,425	1,148	3	3,570	26,645
Previous Year's Figures	27,338	1,730	-	29,068	1,288	1,137	-	2,425	26,645
Total Tangibles Assets (A+B)	79,281	16,694	1,579	94,396	11,588	5,402	1,325	15,665	78,731
Previous Year's Figures	61,968	17,753	440	79,281	7,563	4,416	391	11,588	67,691

Intangible Assets (₹ in lakhs)

Sr. No. Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK		
	Cost as on 01-04-18	Additions	Disposal	Balance 31-03-19	Opening For the year 01-04-18	Adjustments	Disposal	Balance As on 31-03-19	As on 31-03-18
A Assets Owned by MDL									
1 Computer Software/SAP-ERP	794	-	-	794	400	162	-	562	394
2 Other than SAP-ERP	3,800	489	-	4,289	1,459	833	-	2,292	1,997
Sub Total	4,594	489	-	5,083	1,859	995	-	2,854	2,735
Previous Year's Figures	3,112	1,542	60	4,594	1,119	796	56	1,859	2,735



B Jointly Funded Assets (₹ in lakhs)

	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	Cost as on 01-04-18	Additions	Adjustments Disposal	Balance 31-03-19	Opening 01-04-18	For the year	Balance 31-03-19	As on 31-03-18
1 Computer Software/SAP-ERP	1,000	-	-	1,000	1,000	-	1,000	-
2 Other than SAP-ERP	181	-	-	181	76	36	112	69
Sub Total	1,181	-	-	1,181	1,076	36	1,112	69
Previous Year's Figures	1,181	-	-	1,181	1,039	36	1,075	106
Total Intangible Assets (A+B)	5,775	489	-	6,264	2,935	1,031	3,966	2,298
Previous Year's Figures	4,293	1,542	60	5,775	2,158	832	2,934	2,841
Total Assets (i+ii)	85,056	17,183	-	1,579	14,523	6,433	1,325	19,631
Previous Year's Figures	66,261	19,295	500	85,056	9,721	5,248	447	14,523

- (i) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 14 lakhs (previous year: ₹ 14 lakhs)
- (ii) Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the Company in September 2010 for setting up National Institute of Warship/ Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the Company under the control of Ministry of Defence, Department of Defence Production. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.
- (iii) Depreciation has been charged on single shift basis during the period except for wet basin on which depreciation has been charged on double shift basis.
- (iv) No provision for impairment of assets has been considered necessary during the period as required under Indian Accounting Standard - 36.
- (v) As envisaged under the Schedule II to the Companies Act 2013, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers, data processing units and loose tools where no residual value is retained.
- (vi) Lease agreements have not been executed in the cases of-
 1. Certain Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. However MDL continues to occupy the land and is paying rent according to the terms and conditions of the contract. The lease period is assumed to be 29 years from the date of expiry of the leases.
 2. The company is in possession of approx. 10 acre land belonging to CIDCO which ONGC ceded to MDL during the year 1984 for the cost of Rs. 20 lakhs. MDL is having permanently tenancy rights to co-terminus with the leasehold right of ONGC with the CIDCO land in their possession.

(vii) Assets jointly funded by MDL and Indian Navy (₹ in lakhs)

Sr. No.	Particulars	Office and Factory Building	Electric Installations & Equipment	Plant and Equipment	CDPU	Temporary Structure	Ships, Launches & Boats	Office Equipment	Furniture and Fixtures	Intangible assets	Roads	Total as on 31-03-2019	Total as on 31-03-18
1	Total Cost upto 31.03.2019	34,053	649	65,211	345	96	1,142	166	241	1,418	133	103,454	103,341
2	Less: Funded By Navy	25,484	628	61,346	345	96	983	158	241	1,181	-	90,462	90,349
3	Funded By MDL	8,569	21	3,865	-	-	159	8	-	237	133	12,992	12,992
	Previous Year's Figures	8,569	21	3,865	-	-	159	8	-	237	133	12,992	11,492



3 Capital work-in-progress

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Capital work-in-progress						
1. Own resources						
A. Tangible assets						
Opening balance	8,836		8,399		8,388	
Add: Expenditure during the period	9,310		16,988		11,828	
Less: Capitalisation during the period	10,166	7,980	16,551	8,836	11,817	8,399
B. Intangible assets under development						
Opening balance	-		-			
Add: Expenditure during the period	339		489		1,542	
Less: Capitalisation/adjustments during the period	339	-	489	-	1,542	-
2. Funded by Indian Navy						
Submarine facilities upgradation project						
Opening balance	41		139		1,455	
Add: Expenditure/adjustments during the period	-		16		413	
Less: Capitalisation/adjustments during the period	25	16	114	41	1,729	139
	7,996		8,877		8,538	

4 Non-current investments

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Investments in equity instruments (At cost, unquoted)						
In associate						
Equity shares of Goa Shipyard Limited	600		600		600	
5,49,57,600 Equity shares of ₹ 5 each fully paid up (in Previous year - 5,49,57,600 Equity shares of ₹ 5 each fully paid up)						
	600		600		600	



5 Trade receivables - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good)			
Deferred debts	1,953	1,969	1,984
Less: Amount receivable within 12 months	391	391	391
	1,562	1,578	1,593

6 Loans - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good)			
Security deposits:			
Security deposits with Mumbai Port Trust	361	343	324
Other deposits	328	323	570
	689	666	894

7 Other financial assets - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Fixed deposits with bank with maturity over 12 months	340	340	340
(The above deposits are under lien with Mumbai Port Trust)			
Leave encashment fund	15,005	14,012	-
	15,345	14,352	340

8 Deferred tax assets (net)

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Deferred tax assets / (liabilities)			
Deferred tax assets			
Provisions	48,181	68,540	65,115
Others	- 48,181	779 69,319	800 65,915
Deferred tax liabilities			
Service tax	-	(1,457)	(1,456)
Depreciation	(7,016) (7,016)	(9,664) (11,121)	(9,242) (10,698)
Deferred tax assets (net)	41,165	58,198	55,217



9 Other non-current assets

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Capital advances		207		106		685
Deposits with custom and excise authorities		20		24		24
Other receivables - considered good		11		9		19
Other receivables - considered doubtful		2,791		2,791		2,795
Less: Allowance for doubtful receivables		2,791	11	2,791	9	2,795
Advances paid to vendors - considered doubtful		62		62		62
Less: Allowance for doubtful advances		62	-	62	-	62
VAT / sales tax receivable		10,887		12,504		11,574
GST input tax credit						
Services		8,846		10,186		7,439
Materials		44,874	53,720	26,756	36,942	11,671
Export incentive receivable						
Considered good		193		193		371
Considered doubtful		107		107		107
		300		300		478
Less: Allowance for doubtful receivables		107	193	107	193	107
Prepaid expenses						
Prepaid deposits (MbPT)		76		92		107
Less: amortisation / unwinding of prepaid deposits		15		15		15
Less: current		15	46	15	62	15
Others			91		62	105
		65,175		49,902		31,965



10 Inventories

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Raw materials						
Material in stores	12,404		15,245		16,791	
Less: Provision for obsolescence	94	12,311	111	15,134	81	16,710
Stores and spares						
Material in stores	2,127		2,051		1,745	
Less: Provision for obsolescence	97	2,030	107	1,944	111	1,634
Equipment for specific projects						
Material in stores/site	368,167		357,945		329,527	
Less: Provision for obsolescence	-		-		155	
	368,167		357,945		329,372	
Stock in transit	79,685		2,217		9,475	
Materials pending inspection	-	447,852	1,714	361,876	21,317	360,164
Scrap		77		76		89
		462,270		379,030		378,597

Note:

- Inventory costing ₹ 160 lakhs (Previous year: 2383 lakhs) is held with other vendors.
- Inventory costing ₹ 576 lakhs (Previous year: Rs. 576 lakhs) is held at customer's store.
- The Company has provided obsolescence provision on the average of three years percentage due to lockdown situation. The cumulative provision is ₹ 191 lakhs (Previous year: ₹ 218 lakhs)
- As on 31st March, 2020, Inventory held on behalf of Navy is ₹ 4074 lakhs (Previous year - ₹ 4074 lakhs) which is excluded from above inventory.

11 Trade receivables - current

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
(Unsecured)						
Against sale and repair of ships and submarines						
Considered good	140,845		135,810		101,223	
Considered doubtful	13,405		18,031		16,002	
	154,250		153,841		117,225	
Less: Loss allowance	13,405	140,845	18,031	135,810	16,002	101,223
Against B&D Spares						
Considered good	5,033		11,479		10,115	
Considered doubtful	3,226		758		758	
	8,259		12,237		10,873	
Less: Loss allowance	3,226	5,033	758	11,479	758	10,115
		145,878		147,289		111,338



Breakup of Trade receivables

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Trade receivables considered good - secured	-	-	-
Trade receivables considered good - unsecured	145,878	147,289	111,338
Trade receivables considered doubtful - secured	-	-	-
Trade receivables considered doubtful - unsecured	16,631	18,789	16,760
Trade receivables which have significant increase in credit risk	-	-	-
Trade receivables - credit impaired	-	-	-
Total	162,509	166,078	128,098
Loss allowance	16,631	18,789	16,760
Total trade receivables (current)	145,878	147,289	111,338

12 Cash and cash equivalents

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Cash and cash equivalents			
Balances with banks:-			
- In current accounts			
i. In India	990	3,205	164
ii. Outside India	87	71	97
	1,077	3,276	261
- In cash credit accounts	-	2	-
- In flexi deposit accounts	47,251	69,690	37,095
	48,328	72,968	37,356

13 Bank balance other than cash and cash equivalents

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
In fixed deposit accounts - more than 3 months but not more than 12 months maturity	531,500	674,000	681,600
	531,500	674,000	681,600



14 Loans - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good)			
Employee related	148	385	91
Others	63	44	-
	211	429	91

15 Other financial assets - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Insurance claims receivable	510	606	510
Interest accrued on deposits and advances	16,270	18,935	10,487
Other receivables	1,031	2,589	57
	17,811	22,130	11,054

16 Other current assets

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good, unless otherwise specified)			
Advances			
Advances paid to vendors	596,916	419,342	409,028
Travel advance to employees	25	12	34
Others	26	25	177
Prepaid expenses			
Prepaid deposits (MbPT)	15	15	15
Others	274	2,208	1,296
	597,256	421,602	410,550

17 Share Capital

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Authorized share capital			
32,37,20,000 (Previous year - 32,37,20,000 equity shares of ₹ 10 each) equity shares of ₹ 10 each	32,372	32,372	32,372
	32,372	32,372	32,372
Issued, subscribed and fully paid-up shares			
20,16,90,000 (Previous year - 22,41,00,000 equity shares of ₹ 10 each) equity shares of ₹ 10 each.	20,169	22,410	22,410
	20,169	22,410	22,410



Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
	No. of shares	Percentage holding	No. of shares	Percentage holding	No. of shares	Percentage holding
Details of shareholding more than 5% shares in the Company						
Shareholder						
President of India and his nominees	201,690,000	100%	224,100,000	100%	224,100,000	100%

18 Trade payables - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Deferred payment liability to a foreign supplier	1,954	1,969	1,984
Less: Amount payable within 12 months	391	391	391
	1,563	1,578	1,593

19 Other financial liabilities - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Security and other deposits	116	102	68
Lease Liability	3,484	3,450	3,659
	3,600	3,552	3,727

20 Other long-term liabilities

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Funds received from customer for infrastructure projects	91,055		90,511		89,497	
Add: Received during the period	1,914		544		1,014	
Less: Transferred to fixed assets for capitalisation	72,352		72,352		72,352	
Less: Amortisation of deferred revenue	3,672	16,945	2,935	15,768	2,199	15,960
Deferred deposits		2		16		14
		16,947		15,784		15,974



21 Provisions - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Employee benefits			
Post retirement benefit schemes			
Medical	7,115	5,810	7,153
Gift card	542	617	79
Leave salary encashment	11,169	10,272	10,538
Welfare expenses	-	399	346
Other provisions			
Provision for liquidated damages	102,415	102,415	102,415
Others	266	263	108
	121,507	119,776	120,639

22 Trade payables - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Other vendors	474,681	289,466	237,374
Deferred payment liability to a foreign supplier	391	391	391
	475,072	289,857	237,765

23 Others financial liabilities - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Retention money payable	812	668	495
Liquidated damages payable	2,514	4,090	1,690
Interest payable on advances received from customer	2,276	2,646	814
Employee related	7,555	10,593	22,034
Others	46	5,047	50
Security and other deposits	443	626	704
	13,646	23,670	25,787

24 Other current liabilities

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Statutory dues	4,348	2,192	978
Deferred deposits	15	14	10
	4,363	2,206	988



25 Provisions - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Employee benefits			
Post retirement benefit			
Medical	492	362	293
Gift card	86	80	9
Leave salary encashment	4,013	4,215	4,514
Gratuity	5,733	2,609	3,762
Welfare expenses	-	97	152
Other provisions			
Guarantee repairs	1,925	2,028	2,855
Custom duty	426	426	426
	12,675	9,817	12,011

26 Revenue from operations

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Contract revenue		
Ship construction	442,240	395,262
Sale of goods		
Sale of base and depot spares	38,891	65,194
Sale of Services		
Ship Repair	15,893	313
Other operating revenue		
Miscellaneous sale	118	-
Sale of scrap and stores	534	626
Sale of services (others)	89	-
	497,765	461,395

Contract Revenue Recognition with Respect to Projects / Vessels in WIP:

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
The amount of contract revenue recognised as revenue for the period	442,240	395,262
Aggregate amount of cost incurred and recognised profits (less recognised losses, if any)	2,173,311	2,129,368
The amount of advances received (gross)	3,391,235	3,418,320
The amount of retentions by customers	63,680	34,623

- The Company is engaged in the production of defence equipment and was exempted from 'Segment Reporting' vide notification S.O. 802(E) dtd. 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 115.
- The Company has delivered one submarine in September, 2019. The total sale value of the submarine is ₹ 413212 lakhs of which amount of ₹ 13495 lakhs is recognised in the contract revenue for the year ended 31st March, 2020. Sale Value of ₹ 978 lakhs pertaining to Shipbuilding activity is included in Contract Revenue For the year ended 31st March, 2020. Balance amount pertains to accretion to Work in Progress inventory.



27 Other Income

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)	
Interest from				
Deposits with banks	53,681		55,118	
Less: Interest liability to customer on advances	2,276		2,646	
	51,405		52,472	
On income tax refund	-		1,410	
Other interest	1,373	52,778	233	54,115
Dividend from Goa Shipyard Ltd.		3,133		4,700
Liabilities / provisions no longer required written back		156		1,899
Provision for obsolete stock reversed		27		-
Insurance claims		-		108
Liquidated damages recovered				
Capital		430		73
Others		670		302
Miscellaneous income / recoveries		377		1,399
Amortisation gain on deferred deposits of vendors		14		13
Unwinding of lease charges - Land		48		28
Unwinding of lease charges - Vehicles		127		2
Amortisation of deferred revenue (customer funded assets)		738		737
Interest Income on deferred payment liability to foreign supplier		374		377
Interest Income on deferred deposit with MbPT		19		18
Foreign exchange variation (net)				
Income	24		-	
Less: Loss	(15)	9	-	-
		58,900		63,771



28 Cost of materials consumed

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Opening stock		
Raw materials, stores and spares	17,296	18,534
Equipment for specific projects	357,945	329,527
Stock-in-transit and materials pending inspection	3,930	30,792
	379,171	378,854
Add: Purchases	335,402	258,438
	714,573	637,292
Less: Closing stock		
Raw materials, stores and spares	14,531	17,296
Equipment for specific projects	368,167	357,945
Stock-in-transit and materials pending inspection	79,685	3,930
	252,191	258,121
Less: Reduction in Value-included in Other Expenses		
Less: Provision for obsolete stock	(27)	26
Less: Stores and spares consumption included in repairs and maintenance	-	1
Less: Stores and spares consumption included in other expenses	1,899	2,382
	250,319	255,712

29 Employee benefit expenses

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Salaries, wages, allowances and bonus	60,090	51,550
Pension	1,927	1,939
Contribution to provident fund	4,296	4,876
Contribution to employees state insurance scheme	36	381
Workmen and staff welfare expenses	7,706	4,590
Gratuity	1,212	2,355
Encashment of privilege leave	4,025	3,256
	79,292	68,947

The total Employee benefit expenses incurred amounting to Rs. 993 lakhs towards employee benefits for the lockdown period are disclosed as exceptional item in the statement of Profit and loss for FY 2019-20.



30 Finance cost

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Interest cost on deferred deposits of vendors	14	12
Interest cost on deferred payment liability to foreign supplier	374	377
Interest cost on lease	504	497
Others	34	21
	926	907

31 Other expenses - Projects related

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Technician fees and other expenses	3,196	2,528
Advising team fees and other expenses	1,454	1,733
Facility hire	704	1,482
Rent	-	84
Bank charges and guarantee commission	328	-
Travelling expenses	125	72
Sea trial, launching and commissioning expenses	243	31
Legal, professional and consultant fees	4,999	862
Training expenses	-	1,043
Miscellaneous expenses	321	267
	11,370	8,102



32 Other expenses

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Repairs and maintenance:		
Buildings	238	1,871
Plant and machinery	396	1,915
Steam launches and boats, motor cars, lorries, etc.	1,037	1,008
Less: Work done internally and other expenditure which has been included in other heads of expenses	(83)	(2,399)
	1,588	2,395
Facility hire	641	600
Water expenses	164	235
Rent	10	1
Insurance	649	379
Rates and taxes	667	857
Bank charges and guarantee commission	19	6
Printing and stationery	65	76
Travelling expenses	716	610
Business promotion expenses	861	557
Sea trial, launching and commissioning expenses	30	5
Corporate membership expenses	15	32
Changes in inventory of scrap	-	13
Foreign exchange variation (net)	-	7
Miscellaneous expenses	597	4,242
Donation	120	-
Audit fees	9	8
Vehicle hire charges	80	34
Legal, professional and consultant fees	115	408
Books and periodicals	71	66
Postage, telegrams and phones	144	113
Training expenses	152	143
CISF and security board expenses	3,402	2,725
Directors fees and expenses	11	9
Provision for obsolete stock	-	26
Consumption of stores and spares etc.	1,899	2,382
Other interest	34	45
Amortisation / unwinding of prepaid deposits (MbPT)	15	15
Corporate social responsibility expenses	1,563	2,347
Sale / scrapping of fixed assets (net)	203	18
	13,840	18,354

Foreign Exchange gain for period ended 31st March, 2020 is ₹ 156 lakhs and foreign exchange gain for previous year is ₹ 2569 lakhs on raw materials and project specific equipments has been considered in cost of material consumed.

Expenditure on Research and Development and allied expenses aggregating to ₹ 9177 lakhs (Previous year - ₹ 8540 lakhs) is reflected under respective various heads in the above note.



33 Provisions

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Doubtful debts / receivable	2,468	3,889
Others	1,396	-
	3,864	3,889

34 Business Segment Reporting

- The Company is engaged in the production of defence equipment and was exempted from 'Segment Reporting' vide notification S.O. 802(E) dtd. 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 108.
- For management purposes, the Company is organized into two major segments – Shipbuilding (New Construction and Ship Repairs) and Submarine.
- There are no geographical segments within the business segments.

35 Contingent Liabilities and Commitments:

(₹ in lakhs)

Sr no.	Particulars	31st March 2020	31st March 2019
35.1	Amounts for which Company may be contingently liable:		
(i)	Estimated amount of contracts remaining to be executed on capital account.	1,355	7,847
(ii)	b) Estimated amount of liquidated damages on contracts under execution.	110,045	110,045
(iii)	Position of non-fund based limits utilized for:		
	(a) Letters of credit	102,594	76,899
	(b) Guarantees and counter guarantees	726	1,883
(iv)	Indemnity Bonds issued by the Company to customers for various contracts.	4,271,370	5,076,633
(v)	Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	467	467

35.2 Claims against the Company pending under litigation not acknowledged as debts in respect of claims made by:

(₹ in lakhs)

Sr no.	Particulars	31st March 2020	31st March 2019
(i)	Suppliers and sub-contractors	830	498
(ii)	Others	2,384	5,832
(iii)	Interest on (i) and (ii) above	352	12,948
		3,566	19,277



35.3 Amounts paid / payable by Company and reimbursable by Customers in the matters under dispute pending at various Assessment / Appellate Authorities relating to:

(₹ in lakhs)

Sr no.	Particulars	31st March 2020	31st March 2019
(i)	Sales Tax *	115,416	115,150
(ii)	Excise Duty		
	(a) On Vendors	197	190
	(b) On MDL	30	29
		227	219
		115,643	115,369

* Against the above claim, part payments of ₹ 681 lakhs (Previous year - ₹ 676 lakhs) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 197 lakhs inclusive of interest and penalty (Previous year - ₹ 192 lakhs) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. The Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

35.4 Appeals against disputed tax demands pending before Adjudicating / Appellate Authorities not provided for in matters relating to:

Sr no.	Particulars	31st March 2020	31st March 2019
(i)	Excise Duty	15	15
(ii)	Service Tax* (including interest and penalties)	4,236	7,067
		4,251	7,082

* Includes ₹ 2928 Lakhs (Previous year - ₹ 2928 lakhs) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2012-13.

35.5 Appeals pending against disputed demands pending before Adjudicating / Appellate authorities

Particulars	31st March 2020	31st March 2019
Custom Duty	8	8

36.1 Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.

36.2 Balances due to / from Indian Navy included in current assets / current liabilities are subject to reconciliation and confirmation. Consequent adjustments thereof, if any, will be given effect to in the books of account in the year of completion of the reconciliation process.

37 Normal Operating Cycle

1. The classification of current and non-current balances of assets and liabilities are made in accordance with the normal operating cycle defined as follows -

The Normal Operating Cycle in respect of different business activities is defined as under-

- In case of ship / submarine building and ship/submarine repair and refit activities, normal operating cycle is considered as the time period from the effective date of the Contract/Letter of Intent (LOI) to the date of expiry of guarantee period.
- In case of other business activities, normal operating cycle will be the time period from the effective date of the contract/order to the date of expiry of guarantee period.



38 Employee Benefits

38.1 Various benefits provided to employees are classified as under:-

(₹ in lakhs)

(I) Defined Contribution Plans	31st March, 2020	31st March, 2019
(a) Provident Fund		
(b) State Defined Contribution Plans		
(i) Employers' Contribution to Employees' State Insurance		
(ii) Employers' Contribution to Employees' Pension Scheme, 1995.		
(iii) Employers' Contribution to Employees' Deposit Linked Insurance Scheme.		
During the year, the Company has recognized the following amounts in the Profit and Loss Account:-		
1. Employers' Contribution to Provident Fund	4,208	4,742
2. Employers' Contribution to Employees' State Insurance	36	381
3. Employers' Contribution to EPS (Employees' Pension Scheme)	1927	1,939
4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme	87	134

Retirement benefits in the form of Provident Fund and Pension are defined contribution schemes and the contribution is charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

(II) Defined Benefit Plans

(₹ in lakhs)

Contribution to Gratuity Fund (Funded Scheme)	31st March, 2020	31st March, 2019
Actuarial valuation was performed by an insurer in respect of the aforesaid Defined Benefit Plans based on the following assumptions:-		
1 Discount Rate (per annum)	6.50%	7.50%
2 Rate of increase in compensation levels	7.00%	7.00%

Gratuity liability is a defined benefit obligation and is provided for, on the basis of an actuarial valuation on projected net credit method made at the end of each financial year. The Gratuity Fund is invested in a Group Gratuity-cum-Life Assurance cash accumulation policy by an insurer. The investment return earned on the policy comprises interest declared by an insurer having regard to its investment earnings. It is known that insurer's overall portfolio of assets is well diversified and as such, the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by an insurer on such policies have been higher than Government Bond yields.

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019
Opening Balance	27,785	25,999
Add : Credit from Company	460	5,000
Less : Amount paid towards claims	(6,429)	(5,035)
Add : Interest credited	1,811	1,821
Closing Balance	23,627	27,785
Present value of past service benefit	27,864	28,716

The actuarial liability excludes the fixed term employees, for which separate provision exists.



38.2 Actuarial valuation of liability towards Gratuity

Defined Benefit Plans Gratuity - as per actuarial valuation

The Ind AS-19 stipulates that the rate used to discount post-employment benefit obligation (both funded & non-funded) shall be determined by reference to market yields at the end of reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligation.

In the computation of gratuity liability, Projected Unit Credit Method is used.

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019
i) Assumptions		
a) Discount Rate	6.50%	7.50%
b) Salary Escalation	7.00%	7.00%
c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March	6.50%	7.00%
d) Expected average remaining working lives of employees (years)	14	14
ii) Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	28,716	28,072
Add: Transfer of canteen liability	380	-
	29,096	28,072
Interest cost	1774	2,105
Current service cost	1,409	1,349
Benefits paid	(6,429)	(5,035)
Actuarial (gain) / loss on obligations	2,014	2,224
Present value of obligations as at end of year	27,864	28,716
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	27,785	25,999
Expected return on plan assets	1,811	1,821
Contributions	460	5,000
Benefits paid	(6,429)	(5,035)
Actuarial (gain) / loss on plan assets	-	-
Fair value of plan assets at the end of year	23,627	27,785
iv) Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	27,785	25,999
Actual return on plan assets	1,811	1,821
Contributions	460	5,000
Benefits paid	(6,429)	(5,035)
Fair value of plan assets at the end of year	23,627	27,785
Funded status	(4,238)	(931)
Excess of Actual over estimated return on plan assets	-	-



Particulars	31st March, 2020	31st March, 2019
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	2,287	2,353
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	2,287	2,353
Actuarial (gain) / loss recognised in the year	2,287	2,353
Un-recognised actuarial (gains) / losses at the end of year	-	-
vi) The amounts to be recognized in the balance sheet		
Present value of obligations as at the end of year	27,864	28,716
Fair value of plan assets as at the end of the year	23,627	27,785
Funded status	(4,238)	(931)
Net Asset / (Liability) recognized in balance sheet	(4,238)	(931)
vii) Expenses recognized in statement of Profit and Loss		
Current service cost	1,409	1,349
Interest cost	70	156
Expenses recognized in statement of profit and loss	1,479	1,505
viii) Expenses recognized in Other Comprehensive Income		
Actuarial (gain) / loss recognised in the year	2,287	2,353
ix) Current/Non-current Liability		
Current Liability	8,745	9,344
Non-current Liability	19,119	19,372
Present Value of the Defined Gratuity Benefit Obligation	27,864	28,716

Sensitivity of Gratuity Benefit Liability to Key Assumptions

Key assumptions for determination of the Defined Benefit Obligation are Discount Rate (i.e Interest Rate) and Salary Growth rate

Impact on Defined Benefit Obligation

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is decreased to 6.00% (Previous year - 7.00%)	638		570	
	2.29%		1.99%	
if Discount rate is increased to 7.00% (Previous year - 8.00%)		597		538
		2.14%		1.87%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is increased to 7.50% (Previous year - 7.50%)	385		385	
	1.38%		1.34%	
if Discount rate is decreased to 6.50% (Previous year - 6.50%)		363		367
		1.30%		1.28%



38.3 Actuarial valuation of liability towards Leave Encashment

Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2020

The Ind AS-19 stipulates that the rate used to discount post-employment benefit obligation (both funded & non-funded) shall be determined by reference to market yields at the end of reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligation.

In the computation of leave encashment benefit liability, Projected Unit Credit Method is used. (₹ in lakhs)

i) Assumptions	31st March, 2020	31st March, 2019
Discount rate	6.50%	7.50%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives of employees (years)	14	14
ii) Table showing changes in present value of obligations		
Present value of obligation as at the beginning of the year	14,039	13,937
Add : Liability Transfer from Canteen Employees	99	-
	14,138	13,937
Interest cost	1,053	1,045
Current service cost	826	102
Benefits paid	(2,251)	(2,790)
Actuarial (gain) / loss on obligations	1,258	1,744
Present value of obligation as at the end of the year	15,024	14,039
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	14,012	-
Expected return on plan assets	1,010	10
Contributions	2,234	14,002
Benefits paid	(2,251)	-
Fair value of plan assets at the end of the year	15,005	14,012
iv) Tables showing fair value of plan assets		
Fair value of plan asset at the beginning of the year	14,012	-
Actual return on plan assets	1,010	-
Contributions / (withdrawals)	2,234	-
Benefits paid	(2,251)	14,012
Fair value of plan asset at the end of the year	15,005	-
Funded status	19	(27)
Excess of actual over estimated return on plan assets		-
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	1,258	1,744
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	1,258	1,744
Actuarial (gain) / loss recognised in the year	1,258	1,744
Un-recognised actuarial (gains) / losses at the end of year	-	-



i) Assumptions	31st March, 2020	31st March, 2019
vi) The amounts to be recognized in the balance sheet		
Present value of obligation as at the end of the year	15,024	14,039
Fair value of plan assets as at end of the year	15,005	14,012
Funded status	(19)	(27)
Unrecognized actuarial (gains) / losses	-	-
Net asset / (liability) recognized in balance sheet	(19)	(27)
vii) Expenses recognized in statement of profit and loss		
Current service cost	826	102
Interest cost	1,053	1,045
Actuarial (gain) / loss recognised in the year	1,258	1,744
Expenses recognized in the statement of profit and loss	3,136	2,892
viii) Current/Non-current Liability		
Current Liability	3,854	3,766
Non-current Liability	11,169	10,272
Present Value of the Defined Leave Encashment Benefit Obligation	15,024	14,039

Sensitivity of Leave Encashment Benefit Liability to key Assumptions

Key assumptions for determination of the Defined Benefit Obligation are Discount Rate (i.e Interest Rate) and Salary Growth rate

Impact on Defined Benefit Obligation

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is decreased to 6.00% (Previous year - 7.00%)	524		411	
	3.49%		2.93%	
if Discount rate is increased to 7.00% (Previous year - 8.50%)		484		383
		3.22%		2.73%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is increased to 7.50% (Previous year - 7.50%)	519		411	
	3.45%		2.93%	
if Discount rate is decreased to 6.50% (Previous year - 6.50%)		484		386
		3.22%		2.75%



39 PROVISIONS MADE, UTILISED, WRITTEN BACK :

(₹ in lakhs)

	31st March, 2020	31st March, 2019
a) Provision for Custom Duty Demand:		
Opening Balance	426	426
Additions	-	-
Utilised/Adjusted	-	-
Closing Balance	426	426
b) Provision for Liquidated Damages:		
Opening Balance	102,372	102,372
Additions	-	-
Utilised/Adjusted	-	-
Closing Balance	102,372	102,372
c) Provision for Guarantee Repairs:		
Opening Balance	2,002	2,830
Additions	-	-
Utilised/Adjusted	103	828
Closing Balance	1,899	2,002
d) Other Provisions:		
Opening Balance	107	107
Additions	-	-
Utilised/Adjusted	-	-
Closing Balance	107	107

As per provisions of Ind AS 115, the Liquidated Damages (LD) amount is required to be recognised as reduction from the revenue. Accordingly, amount of liquidated damages is recognised as reduction from revenue of respective projects for FY 2019-20 as against recognition as provision till FY 2018-19. Consequently, financial statements for FY 2018-19 & FY 2017-18 have been restated. During FY 2016-17 to FY 2018-19, total provision (Net of Write Back) in financial statements is ₹ 10080 lakhs which is adjusted in opening balance of reserve / Income as the case may be. The reduction in revenue on account of restatement for FY 2019-20, FY 2018-19 and FY 2017-18 are ₹ 3359 lakhs, ₹ 3520 lakhs and ₹ 1762 lakhs respectively.

40 Details of dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as on 31st March, 2020 based on available information with the Company are as under:

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019
Principal amount due and remaining unpaid	91	160
Interest due on above and the unpaid interest	4	7
Interest paid	-	-
Payment made beyond the appointed day during the year	1,012	2,310
Interest accrued and remaining unpaid on above	50	103
Amount of further interest remaining due and payable in succeeding years		



41 Other Expenses include:

(₹ in lakhs)

	31st March, 2020	31st March, 2019
Remuneration to the Statutory Auditors		
i) Audit fees	9	8
ii) Out of pocket expenses	-	-
iii) Tax audit fees	1	1
	10	9

42 The Company has entered into Joint Venture with Reliance Defence and Engineering Limited and formed a Joint Venture company "Mazagon Dock Pipavav Defence Pvt. Ltd." incorporated in Mumbai, India during FY 2012-13. The Company's share in equity share capital of joint venture is 50%. Though company has subscribed 1,00,000 equity shares of ₹ 10 each, the same has not been paid. During FY 2017-18 both JV partners have passed resolution in their respective Board to wind up the Joint Venture. The company has filed application with the Registrar of Company, Mumbai for striking off a Joint Venture company Mazagon Dock Pipavav Defence Pvt. Ltd on 24th November 2018 the same is approved by MCA vide issuing notice under Form No.7 dated 04.12.2019. Accordingly, Joint Venture company Mazagon Dock Pipavav Defence Pvt. Ltd is dissolved.

43 Russian (USSR) deferred State Credit

An intergovernmental agreement between Russian Federation and Government of India was reached for reconstructing of Russian Deferred State Credit in Rouble in connection with procurement of equipment for certain ships built and delivered by the company to India Navy in earlier years. The deferred payment liability (non-interest bearing) of ₹ 9628 Lakhs, payable over 45 years from 1992-93, in equal annual installments of ₹ 214 Lakhs was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹ 391 lakhs (Previous year - ₹ 391 lakhs) includes yearly installment of ₹ 214 (Previous year - ₹ 214 lakhs) and ₹ 177 lakhs (Previous year - ₹ 177 lakhs) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR as on 31st March 2020. These payments are reimbursable by Indian Navy. Accordingly, ₹ 6652 lakhs (amortised costs of ₹ 1952 lakhs) held at foreign supplier deferred credit as on 31st March 2020.

44 Pursuant to notification S.O. 2437(E) dated 4th September, 2015, following information on the exemption granted under section 129 of the Companies Act, 2013 has not been disclosed in the financial statements.

- i) Goods purchased under broad heads
- ii) Value of import on CIF basis
- iii) Expenditure on foreign currency
- iv) Total value of imported raw material
- v) Earning in foreign currency



45 Related Party Disclosure

i) Key Managerial Personnel

(₹ in lakhs)

Particulars	Remuneration*	
	31st March, 2020	31st March, 2019
Cmde. Rakesh Anand (Retd) (Upto 30.11.2019) Chairman and Managing Director	106	59
Vice Admiral Narayan Prasad (Retd) (From 30.12.2019) Chairman and Managing Director	11	-
Capt Rajiv Lath (Retd) (Upto 31.10.2019) Director (Submarine & Heavy Engineering)	90	54
Cdr Jasbir Singh** (From 01.11.2019) Director (Submarine & Heavy Engineering)	18	-
Shri Sanjiv Sharma (Upto 31.10.2019) Director (Finance)	95	57
Shri Sanjeev Singhal (From 08.01.2020) Director (Finance)	9	-
Cmde T V Thomas (Retd) (From 02.11.2017) Director (Corporate Planning & Personnel)	72	48
RAdm A K Saxena (Retd) (From 21.03.2018) Director (Ship Building)	67	47

* As per Statement of Profit and Loss Account.

** Excluding payment of Rs. 8 lakh related to earlier capacity.

Besides the remuneration indicated above, the Chairman and Managing Director and four Functional Directors are allowed to use Company's Car for private purposes upto 1000 kms per month, for which charges were collected at the rates prescribed by Government of India.

ii) Other Related Parties

Apart from transaction reported above, the company has transactions with other government related entities which includes but not limited to the following;

a) Ministry of Defence

(₹ in lakhs)

Particulars	Year ended	Revenue from related party	Amounts receivable / (payable) by related parties
Ministry of Defence	31st March, 2020	497,024	162,509
	31st March, 2019	460,769	166,078

b) Goa Shipyard Ltd.

Particulars	Year ended	Dividend
Goa Shipyard Ltd.***	31st March, 2020	3,133
	31st March, 2019	4,700

***Other transaction includes rent, sales & amount receivable are not significant in nature.

The transactions are conducted in the ordinary course of the company business.



46 Earnings per share (EPS)

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019
Earning Per Share (EPS) - Basic and Diluted		
Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in lakhs)	41,502	51,728
None		
Net Profit / (Loss) for calculation of basic EPS (₹ in lakhs)	41,502	51,728
Weighted average number of equity shares for calculating basic EPS	224,100,000	224,100,000
Buyback of shares during FY 2019-20	22,410,000	-
Weighted average number of equity shares for calculating basic EPS	223,363,233	224,100,000
EPS (₹) - Basic (A/B)	18.58	23.08
Restated Net Profit / (Loss) for calculation of diluted EPS (₹ in lakhs)	41,502	51,728
Weighted average number of equity shares	223,363,233	224,100,000
Effect of dilution:	-	-
Weighted average number of equity shares for calculating diluted EPS	223,363,233	224,100,000
EPS (₹) - Diluted (D/E)	18.58	23.08

47 Statement of Income tax expense and accounting

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019
A Profit Before Tax as per Statement of Profit & Loss	76,669	82,501
B Tax at statutory rate (%)	25.17%	34.944%
C Tax expenses at statutory rate	19,296	28,829
Prior year tax		543
	19,296	29,372
Adjustment for permanent difference		
1 Expenses disallowed/Income allowed	1,569	4,868
2 Income exempt under Income Tax Act	(3,562)	(4,772)
3 Others	(3,234)	(799)
D Total Permanent Difference	(5,228)	(703)
Adjustment for timing difference		
1 Difference between book depreciation and income tax depreciation	187	(203)
2 Provision for anticipated losses and gains	(10,106)	4,011
3 Disallowances under Sec 43B	3,450	(2,384)
4 Others	6,717	11,819
E Total timing difference	248	13,243
F Net Adjustments	(4,979)	12,539
G=F*B Tax expenses/(Savings) thereon	(1,253)	4,382
H Current Tax (C+G)	18,043	33,211
Current Tax as per Books	18,043	33,211
I Short (excess provision for earlier year)	92	543
J Deferred Tax charge /(Credit)	17,032	(2,981)
K Total Tax expenses (H+I+J)	35,167	30,773



48 Fair Value Measurement

Financial Instruments by Category

(₹ in lakhs)

Particulars	31st March 2020			31st March 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Security Deposits	-	-	361	-	-	343
Russian Deferred Debit	-	-	1954	-	-	1970
Financial Liabilities						
Russian Deferred Credit	-	-	1954	-	-	1970
Security Deposits	-	-	116	-	-	102

Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

- recognised and measured at fair value
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of input used in determining fair value, the company has classified the financial instruments in three levels prescribed under the Ind AS.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets and liabilities measured at amortised cost

(₹ in lakhs)

Particulars	Fair value Hierarchy	31st March 2020		31st March 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Security deposits	Level 3	451	361	376	343
Russian Deferred Debit	Level 3	6652	1954	7043	1970
Financial liabilities					
Russian Deferred Credit	Level 3	6652	1954	7043	1970
Security Deposits	Level 3	136	116	134	102



49 Financial risk management

a) Credit Risk

Credit Risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

i) Trade Receivables and contract asset

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying no credit terms. Outstanding customer receivables are regularly monitored. Trade receivables are primarily from Navy (being department of Govt. of India), hence the credit risk is considered low. Further the Company receives advance against orders which also mitigates the credit risk.

ii) Financial Instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Management in accordance with the company's investment policy. Investment of surplus funds are made only in accordance with the Department of Public Enterprises(DPE) guidelines on investemnt of surplus funds, with the approved banks and within credit limits assigned to each bank. The limits applicable to single bank and public / private sectors as per the DPE guidelines minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to repay the principal and interest.

b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, if any.

c) Market Risk

i) Foreign currency risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk since it imports components from foriegn vendors. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). In most of the Contracts, the gains / losses from forex exchange fluctuations are passed on / borne by the customer of the Company. Therefore, the foreign exchange risk and sensitivity of the Company is Nil.

ii) Foreign Currency Risk Exposure



The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:

Particulars	CAD	EUR	GBP	NOK	SEK	USD
Financial Liabilities						
31st March 2020	-	15,256	98	8	1	30,647
31st March 2019	2	12,964	17	4	1	7,863

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

Particulars	Impact on Profit Before Tax	
	31st March 2020	31st March 2019
CAD Sensitivity*		
INR/CAD increases by 5%	-	(0)
INR/CAD decreases by 5%	-	0
EUR Sensitivity*		
INR/EUR increases by 5%	763	648
INR/EUR decreases by 5%	(763)	(648)
GBP Sensitivity*		
INR/GBP increases by 5%	5	1
INR/GBP decreases by 5%	(5)	(1)
NOK Sensitivity*		
INR/NOK increases by 5%	0	0
INR/NOK decreases by 5%	(0)	(0)
SEK Sensitivity*		
INR/SEK increases by 5%	0	0
INR/SEK decreases by 5%	(0)	(0)
USD Sensitivity*		
INR/USD increases by 5%	1,532	393
INR/USD decreases by 5%	(1,532)	(393)

* Holding all other variables constant



50 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to

- maximise the shareholder value while providing stable capital structure that facilitate considered risk taking and pursuit of business growth
- safeguard the company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and business opportunities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

51 Expenditure on Corporate Social Responsibilities (CSR) Activities

The various heads under which the CSR expenditure was incurred during the period is detailed as follows:

(₹ in lakhs)

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	2019-20	2018-19
Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.	372	837
Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled.	824	1,121
Clause (iv)	Ensuring environment sustainability, ecological balance, protection of flora & fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air & water.	-	34
Clause (vi)	Measures for the benefit of armed forces veterans, war widows and their dependents	-	5
Clause (vii)	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;	5	30
Clause (ix)	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government	200	40
Clause (x)	Rural development projects;	91	178
	Total	1,492	2,245



(₹ in lakhs)

Particulars	2019-20	2018-19
Amount required to be spent by the Company during the period	1,519	1,613
Amount spent during the period (incl. Administration Expenses)	1,563	2,347

52 Restatement Adjustments to Audited Ind AS Financial Statements

(₹ in lakhs)

Sr no.	Particulars	31st March, 2019
A	Net profit as per audited financial statements	51,940
B	Adjustments to net profit as per audited financial statements	
	Restatements	
a.	Due to prior period items	
	Increase/(Decrease) in Income	
b.	Material adjustments relating to previous years	
	Increase/(Decrease) in Income	
	Increase in unwinding of lease due to adoption of Ind AS 116	30
	Decrease in Revenue from Operations	(3,520)
	Decrease in provisions written back	(297)
	(Increase)/Decrease in Expenses	
	Increase in finance cost due to adoption of Ind AS 116	(497)
	Increase in depreciation due to adoption of Ind AS 116	(291)
	Decrease in amortization of prepaid rent due to adoption of Ind AS 116	114
	Decrease in Provision for Liquidated Damages	3,589
	Decrease in Rent due to adoption of Ind AS 116	705
C	Total adjustments	(167)
D	Restated profit / (loss) before tax adjustments (A-C)	51,773
E	Tax impact of adjustments	
a.	On restatement adjustments-income/(expense)	(24)
b.	On Ind AS adjustments	(21)
F	Restated profit / (loss) after tax	51,728

53 Ministry of Finance announced amendment in the form of reduced tax rate vide Taxation Laws (Amendment) Ordinance 2019 by inserting a new section 115BAA in the Income Tax Act, 1961. The amendments would be applicable from the FY 2019-20. As per the new section, the domestic Company may exercise the option of payment of tax at reduced rate of 25.17% (including surcharge and cess) subject to the condition that the company will not avail certain deductions/exemptions. The company has opted for the reduced rate of income tax. This is resulted in one time effect of on PAT of by Rs.16073 lakhs due to reduction in deferred tax assets .

54 The delays in the completion of the projects due to pandemic situation will be taken up with the customer for revising the delivery schedule. The total expenses incurred amounting to Rs. 993 lakhs towards employee benefits and Rs. 239 lakhs towards depreciation for the lockdown period from 22nd to 31st March 2020 are disclosed as exceptional item in the statement of Profit and loss for FY 2019-20. The Company doesn't foresee any change in the orders under execution due pandemic.



- 55** MDL maintains independent PF Trust for employees. In FY 2019-20, MDSL employee PF trust has recognised capital loss of Rs.1394 lakhs against the investment made in previous years. As per the terms & condition provided under employee PF scheme 1952, employer shall be liable to bear the loss of the trust. Consequently, provision of Rs. 1394 lakhs is recognised in accounts of FY 2019-20.
- 56** As per contract with customer for ships, Material Overheads (MOH) on variable cost components shall be charged to the vessel. However, payment will be made as per supplementary contract which is yet to be signed. Pending signing of the supplementary contract, the Company has recognised MOH of ₹ 4581 lakhs (Previous year ₹ 2504 lakhs) and profit there on of ₹ 344 lakhs (Previous year ₹ 189 lakhs) in the Statement of Profit and Loss.
- 57** Lease agreements have not been executed in the cases of Certain Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. However, MDL continues to occupy the land and is paying rent according to the terms and conditions of the contract. The lease period is assumed to be 29 years from the date of expiry of the leases.
- 58** In the preparation of these Ind AS Financial Statements, figures for the previous year have been regrouped / reclassified, wherever considered necessary to conform to current year presentation.

As per our report of even date

JCR & Co

Chartered Accountants

Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner

Membership No. 160688

Mumbai 15th July, 2020

For and on behalf of the Board of Directors

Sd/-

VAdm Narayan Prasad, AVSM, NM, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjeev Singhal

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated financial statements of Mazagon Dock Shipbuilders Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated financial statements.

Emphasis of Matter

We draw attention to the following matters in the notes to the Consolidated Ind AS financial statements:

1. Registration formalities and Renewals of Leasehold are pending in respect of certain properties. (Refer Note 2 Point no. (ii, vii, viii))
2. In respect to the balances due from / to Indian Navy (Refer Note 36 Point no. 2)
3. Balance of Advance to Vendors and balance outstanding in Trade Payables are subject to confirmation. (Refer Note 36 Point no. 1)
4. The company has opted for reduced rate of income tax by electing the non-reversible option U/s 115BAA of Income Tax Act, 1961. This has resulted in one-time effect on PAT by Rs.160.73 crores due to reduction in deferred tax assets. (Refer Note 52)

Our opinion is not modified in respect of these matters.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, Overall Business Operations, Management and Corporate Governance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance / conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information



identified above and, in doing so, consider whether the other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Annual report, if we conclude that there is a material misstatement therein, then we will communicate the matter to those charged with governance.

Other Matters

1. The Consolidated Ind AS Financial Statements include the Company's share of Net Profit (including other comprehensive income) of Rs. 9144 Lakhs for the year ended 31st March, 2020, as considered in the Consolidated Ind AS Financial Statements in respect of its Associate, whose Financial Statements have not been audited by us. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amount and disclosure included in respect of this associate and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of the other auditor.
2. Our opinion on the Consolidated Ind AS Financial Statements and our audit report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and report of the other auditor.

The opinion expressed in the present report includes the information, facts and inputs made available to us through electronic means by the Company's Management and relied upon by us because the COVID-19 induced restrictions on physical movements.

The Company has adequate resources to continue in operational existence for the foreseeable future. But going forward the uncertainties resulting from COVID-19 will result into delay in completion of projects and may increase the exceptional losses.

Our opinion is not modified in respect of this matter.

Management's Responsibility for the Consolidated 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 Consolidated financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated financial statements, the Board of Directors 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 the Board of Directors 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 Consolidated Financial Statements

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

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

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

Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or

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

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

Materiality is the magnitude of misstatements in the Consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid Consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) The provisions of Section 164(2) of the Companies Act, 2013 are not applicable to the Government Company.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure I**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors

- during the year is in accordance with the provisions of section 197 of the Act.
- h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
- The Company has disclosed the impact of pending litigations on its financial position in its Consolidated financial statements.
 - The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-
FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date: 27/08/2020
Place: Mumbai
UDIN: 20160688AAAACY6230



Annexure – I

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mazagon Dock Shipbuilders Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause

(i) Of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **MAZAGON DOCK SHIPBUILDERS LIMITED** ("the Company") as of March 31, 2020 in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company 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 Institute of Chartered Accountants of India and the Standards

on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, 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.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-
FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date: 27/08/2020
Place: Mumbai
UDIN: 20160688AAAACY6230



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAZAGON DOCK SHIPBUILDERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2020.

The preparation of Consolidated Financial Statements of Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 August 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2020. We conducted a supplementary audit of the financial statements of Mazagon Dock Shipbuilders Limited, Mumbai and its associate, Goa Shipyard Limited, Goa, but did not conduct supplementary audit of the Financial Statements of its Joint Venture, Mazagon Dock Pipavav Defence Private Limited, Mumbai for the year ended on that date. Further, section 139(5) and 143 (6)(a) of the Act are not applicable to Mazagon Dock Pipavav Defence Private Limited, Mumbai being private entity, for appointment of their Statutory Auditor nor for conduct of Supplementary Audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditors nor conducted the supplementary audit of this company. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

(Santosh Kumar, IA&AS)
Pr. Director of Commercial Audit
& Ex-Officio Member Audit Board, Bangalore

Place: Bangalore
Date: 08 September 2020



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019 (Restated)	As at 1st April, 2018 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	2	83,122	78,731	67,691
Capital work-in-progress	3	7,996	8,877	8,538
Other intangible assets	2	1,713	2,298	2,841
		92,831	89,906	79,070
Financial assets				
Investments	4	48,418	43,067	42,915
Trade receivable	5	1,562	1,578	1,593
Loans	6	689	666	894
Other financial assets	7	15,345	14,352	340
Deferred tax assets (net)	8	41,165	58,198	55,217
Non-current tax assets (net)		22,594	19,338	20,672
Other non-current assets	9	65,175	49,902	31,965
Total non-current assets		287,780	277,007	232,666
Current assets				
Inventories	10	462,270	379,030	378,597
Financial assets				
Trade receivables	11	145,878	147,289	111,338
Cash and cash equivalents	12	48,328	72,968	37,356
Bank balances other than cash and cash equivalents	13	531,500	674,000	681,600
Loans	14	211	429	91
Other financial assets	15	17,811	22,130	11,054
Contract assets		5,547	90,131	73,794
Assets held for sale		22	205	1
Other current assets	16	597,256	421,602	410,550
Total current assets		1,808,824	1,807,784	1,704,381
TOTAL ASSETS		2,096,603	2,084,791	1,937,047
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	17	20,169	22,410	22,410
Other equity		286,743	299,279	261,003
Total equity		306,912	321,689	283,413
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Trade payables	18	1,563	1,578	1,593
Other financial liabilities	19	3,600	3,552	3,727
Other long-term liabilities	20	16,947	15,784	15,974
Long-term provisions	21	121,507	119,776	120,639
Total non-current liabilities		143,617	140,690	141,933
Current liabilities				
Financial liabilities				
Trade payables				
i. total outstanding dues of micro and small enterprises		2,007	1,868	1,342
ii. total outstanding dues other than (i) above	22	475,072	289,857	237,765
Other financial liabilities	23	13,646	23,670	25,787
Contract liability		1,138,311	1,294,994	1,233,808
Other current liabilities	24	4,363	2,206	988
Short-term provisions	25	12,675	9,817	12,011
Total current liabilities		1,646,074	1,622,412	1,511,701
Total liabilities		1,789,691	1,763,102	1,653,634
TOTAL EQUITY AND LIABILITIES		2,096,603	2,084,791	1,937,047
Significant accounting policies and notes to the financial statements	1 to 58			

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 27th August, 2020

For and on behalf of the Board of Directors

Sd/-

VAdm Narayan Prasad, AVSM, NM, IN (Retd)
Chairman and Managing Director

Sd/-

Sanjeev Singhal
Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar
Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakhs)

Particulars	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
INCOME			
Revenue from operations	26	497,765	461,395
Other income	27	55,767	59,071
Total income		553,532	520,466
EXPENSES			
Cost of materials consumed	28	250,318	255,712
Procurement of base and depot spares		36,223	60,805
Employee benefit expenses	29	79,292	68,947
Finance costs	30	926	907
Depreciation and amortization expenses		6,869	6,433
Sub-contract		74,409	17,590
Power and fuel		1,652	1,926
Other expenses - project related	31	11,370	8,102
Other expenses	32	13,840	18,354
Provisions	33	3,864	3,889
Total expenses		478,763	442,665
Profit before tax but before exceptional items		74,769	77,801
Exceptional items		1,232	-
Profit before tax but after exceptional items		73,537	77,801
Tax expense			
Current tax		18,043	33,211
Deferred tax (credit) / charge		17,032	(2,981)
Adjustment of tax relating to earlier years		92	543
		38,370	47,028
Share of Net Profit/(loss) of associate		9,337	6,209
Profit for the year		47,707	53,237
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plan		(2,287)	(2,379)
Income tax effect		576	831
Remeasurement of post employment benefit obligation of associate		(193)	(392)
Total comprehensive income for the year		45,803	51,297
Earning per share			
Basic and Diluted		21.36	23.76
Significant accounting policies and notes to the financial statements	1 to 58		

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 27th August, 2020

For and on behalf of the Board of Directors

Sd/-

VAdm Narayan Prasad, AVSM, NM, IN (Retd)
Chairman and Managing Director

Sd/-

Sanjeev Singhal
Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar
Company Secretary



CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
A	Cash flow from operating activities		
	Profit before tax but after exceptional items	73,537	77,801
	Adjustments for :		
	(+) Non cash expenditure and non operating expenses		
	Depreciation / amortization	7,108	6,433
	Finance cost	926	907
	Amortization of prepaid rentals	15	15
	(-) Non operating income		
	Profit / Loss on sale of fixed assets	203	18
	Interest income	(52,778)	(54,115)
	Amortization gain on deferred deposits of vendors	(14)	(13)
	Amortization of deferred revenue (customer funded assets)	(738)	(737)
	Interest Income on deferred payment liability to foreign supplier	(374)	(377)
	Interest Income on deferred deposit with MbPT	(19)	(18)
	Operating profit before working capital changes	27,865	29,914
	Movement in working capital		
	Decrease / (Increase) in Inventories	(83,240)	(433)
	Decrease / (Increase) in Trade receivables and loans and advances	2,015	(35,651)
	Decrease / (Increase) Other current and non current assets	39,569	(63,404)
	(Decrease) / Increase in Trade payables and provisions	187,219	46,757
	(Decrease) / Increase in Other current and non current liabilities	(162,167)	60,930
	Cash flow from operations	11,261	38,113
	Direct tax paid (net of refunds)	(20,815)	(31,589)
	Net cash from (used in) operating activities (A)	(9,554)	6,524
B	Cash flow from investing activities		
	Purchase of property, plant and equipment (net of adjustments)	(10,950)	(17,183)
	Capital work in progress	881	(339)
	Proceeds from sale of property, plant and equipment	17	27
	Capital advance	(101)	579
	Interest received	52,778	54,115
	Dividend received	3,133	4,700
	Principal portion of lease payments	(386)	(237)
	Net cash from / (used in) investing activities (B)	45,372	41,662



Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
C	Cash flow from financing activities		
	Buy back of equity share capital	(27,788)	-
	Payment of buy back tax	(5,952)	-
	Dividend paid (including dividend distribution tax thereon)	(26,180)	(12,056)
	Finance costs - Lease	(504)	(497)
	Finance costs - Others	(34)	(21)
	Net cash from / (used in) financing activities (C)	(60,458)	(12,574)
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	(24,640)	35,612
	Cash and cash equivalents at the beginning of the period	72,968	37,356
	Cash and cash equivalents at the end of the period	48,328	72,968

Note: Figure in bracket indicate outflow

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
	Components of cash and cash equivalents:		
	Balances with banks:-		
	- In Current accounts		
	i) In India	990	3,205
	ii) Outside India	87	71
	- In cash credit accounts	-	2
	- In flexi deposit accounts	47,251	69,690
	Total	48,328	72,968

As per our report of even date

JCR & Co

Chartered Accountants

Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner

Membership No. 160688

Mumbai 27th August, 2020

For and on behalf of the Board of Directors

Sd/-

VAdm Narayan Prasad, AVSM, NM, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjeev Singhal

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in lakhs)

(A) Equity share capital

Particulars	31st March, 2020	31st March, 2019	1st April, 2018
Opening balance	22,410	22,410	24,900
Changes in equity share capital during the period			
Buy Back of Equity Shares	(2,241)	-	(2,490)
Closing balance	20,169	22,410	22,410

(B) Other equity

For the year ended 31st March, 2020

Particulars	Retained Earnings	General Reserve	Capital Reserve	Indigenisation Fund	Capital Redemption Reserve	Other Comprehensive Income (OCI)	Total Other Equity
Balance as at 1st April, 2019	74,714	219,805	5	-	9,882	(5,127)	299,279
Profit / (loss) for the year	38,370						38,370
Share of change in reserves of associate	8,484						8,484
Remeasurement of defined employee benefit plan (net of tax)						(1,711)	(1,711)
Indigenisation Fund	(1,039)			1,039			-
Buyback of shares at premium		(25,547)					(25,547)
Transfer from general reserve to capital redemption reserve		(2,241)			2,241		-
Tax on buyback	(5,952)						(5,952)
Dividends							
Interim	(16,134)						(16,134)
Final	(5,582)						(5,582)
Tax on dividends	(4,464)						(4,464)
Transfer to General Reserve	(40,000)	40,000					-
Balance as at 31st March, 2020	48,398	232,017	5	1,039	12,123	(6,838)	286,743



For the year ended 31st March, 2019

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Other Comprehensive Income (OCI)	Total Other Equity
Balance as at 1st April, 2018	34,890	219,805	5	9,882	(3,579)	261,003
Profit / (loss) for the year	47,028					47,028
Share of change in reserves of associate	4,852					4,852
Remeasurement of defined employee benefit plan (net of tax)					(1,548)	(1,548)
Dividends						
Interim	(10,000)					(10,000)
Final						-
Tax on dividends	(2,056)					(2,056)
Balance as at 31st March, 2019	74,714	219,805	5	9,882	(5,127)	299,279

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

Capital reserve: The capital reserve was created till 1974 on the realized profit on sale of fixed asset.

Capital redemption reserve: These reserves are created out of redemption of 7% redeemable cumulative preference shares and buyback of equity shares.

Other Comprehensive Income: These reserves are created on account of actuarial valuation of defined employee benefit plan.

Buy-back: The Company has completed 10% Buy back of Equity Shares (No. of shares - 2,24,10,000 of ₹ 10 each) for ₹ 27788 lakhs and ₹ 5952 lakhs tax thereon total amounting to ₹ 33740 lakhs in March 2020.

Indigenisation Fund: These fund is created as per Indigenisation policy for providing support for future indigenisation.

Dividend: The Board has recommended the final dividend for FY 2019-20 of ₹ 4617 lakhs. This proposed dividend is subject to the approval of shareholders in ensuing Annual General Meeting.

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 27th August, 2020

For and on behalf of the Board of Directors

Sd/-

VAdm Narayan Prasad, AVSM, NM, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjeev Singhal

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



Note 1: Statement of Significant Accounting Policies

1) Principles of Consolidation

The consolidated financial Statements consist of Mazagon Dock Shipbuilders Limited ("The Company") and its associate company. The Consolidated Financial Statements are prepared on the following basis:

Investments in associates where the Company holds more than 20% of equity are accounted for using equity method as per Indian Accounting Standard (Ind AS) 28- "Investments in Associates and Joint Ventures".

The consolidated financial statements are prepared using uniform accounting policies and are presented to the extent possible in the same manner as the Company's separate financial statement except where adjustment for the differences are immaterial/ impractical.

The goodwill/capital reserve arising on acquisition of Associate is included in the carrying amount of the investment and disclosed separately. The carrying amount of the investment in associates is adjusted by the share of net profits / losses in the Consolidated Balance Sheet.

2) Corporate information:

The Company is a Government Company domiciled and incorporated in India. The registered office of the Company is located at Dockyard Road, Mumbai.

The Company is principally engaged in building and repairing of ships, submarines, various types of vessels and related engineering products for its customers.

3) Significant accounting policies:

3.1 Basis of preparation:

These financial statements have been prepared in compliance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

3.2 Summary of significant accounting policies:

a) Use of estimates:

The preparation of Financial Statements in accordance with Ind AS requires use of

estimates and assumptions for some items, which might have an effect on their recognition and measurement in the Balance Sheet and Statement of Profit and Loss. The actual amounts realized may differ from these estimates. Accounting estimates could change from period to period. Appropriate changes in estimates are made as the management becomes aware of changes in circumstances surrounding the estimates. Differences between the actual results and estimates are recognised in the period in which the results are known / materialized.

Estimates and assumptions are required in particular for:

i. Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized:

Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support.

ii. Recognition and measurement of defined benefit obligations:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

iii. Recognition of deferred tax assets:

A deferred tax asset is recognised for all the deductible temporary differences and



any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the unused tax losses can be utilized. The management assumes that taxable profits will be available while recognising deferred tax assets.

iv Recognition and measurement of other provisions:

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may vary.

v. Discounting of long-term financial liabilities

All financial liabilities are measured at fair value on initial recognition. In case of financial liabilities, which are required to be subsequently measured at amortized cost, interest is accrued using the effective interest method.

- vi.** Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue from contracts with customers'. The estimates are revised periodically.

b) Current versus non-current classification:

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

i. An asset is treated as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii. Held primarily for the purpose of trading
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalents 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.

ii. A liability is treated as current when it is:

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

All other liabilities are treated as non-current.

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

c) Property, plant and equipment:

- i. Property, plant and equipment, including capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital works executed internally are valued at prime cost plus appropriate overheads.
 - Cost means cost of acquisition, inclusive of inward freight, duties, taxes and other incidental expenses incurred in relation to acquisition of such assets. It also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised.
 - When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates



them separately based on their specific useful lives.

- When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.
- Spares purchased along with PPE are capitalised.
- The present value of the expected cost for 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.
- Unserviceable tangible assets are valued at the net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value. For IT hardware assets, i.e. end user devices such as desktops, laptops, etc. residual value is considered as nil.
- 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 de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

The Company has elected to measure all its Property Plant & Equipment, on the date of transition i.e. 1st April 2015, at deemed cost being the carrying value of the assets in accordance with previous GAAP.

Funds received from customers for acquisition or construction of property, plant and equipment from 1st April, 2015,

are recognised as deferred revenue, which is amortised equally over the useful lives of the assets.

ii. Depreciation:

- (a) Depreciation is calculated on a straight-line basis, based on the useful lives specified in Schedule II to the Companies Act, 2013 except for the following items, where useful lives are estimated on technical assessment by technical experts, past trends and management estimates:

Asset class	Description	Years
Plant & Machinery	Wet basin	60
Plant & Machinery	Goliath crane (300 ton capacity)	30

- (b) Loose tools costing over ₹ 5000 is written off evenly over a period of five years commencing from the year of purchase.
- (c) Additions to assets individually costing ₹ 5000 or less are depreciated at 100%.
- (d) Spares purchased along-with the main asset are depreciated over the estimated useful life of that asset.
- (e) In respect of additions / extensions forming an integral part of the existing assets, depreciation has been provided over residual life of the respective assets.
- (f) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (g) Depreciation on property, plant and equipment commences when the assets are ready for intended use
- (h) In respect of assets whose useful life has been revised, the unamortised



depreciable amount has been charged over the revised remaining useful life of the assets.

- (i) The residual value of all the assets have been considered at 5% of the original cost of the respective assets, except for computer and related hardware assets, where the residual value is considered to be nil.
- (j) When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

d) Intangible assets:

Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment, if any. Amortisation is done over their estimated useful life of five years on straight line basis from the date they are available for intended use.

e) Impairment of assets:

At each balance sheet date, the Company assesses whether there is any indication that any property, plant and equipment and intangible assets may be impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine the extent of impairment, if any. An asset's recoverable amount is the higher of the asset's or cash-generating unit's fair value less cost of disposal and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

f) Investment in associate:

An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but it is not control over those policies.

Company has investment in equity shares of its associate and it is measured at cost. Provision for impairment loss on such investment is made

only when there is a diminution in value of the investment which is other than temporary.

Exemption availed under Ind AS 101: On transition to Ind AS, Company has elected to continue with the carrying value of its investments in its associate as at April 1, 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

g) Foreign currency transactions:

The financial statements are prepared in Indian Rupees being the functional currency.

- Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing on the date of the transaction.
- Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the reporting date.
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

h) Borrowing costs:

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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowings of funds and includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

i) Inventory valuation

- i. Raw materials and stores and general spares are valued at weighted average cost.



- ii. Equipment for specific projects are valued at cost.
- iii. Stock-in-transit is valued at cost.
- iv. Cost of inventories comprises of purchase cost, conversion and other cost incurred in bringing them to the present location and condition.
- v. Provision for obsolescence will be made for raw materials, stores and spares not moved for over 3 years. For Project specific material, obsolescence is provided to the items for which shelf life is expired.
- vi. Scrap is valued at estimated net realizable value.
- vii. Work in progress and finished goods other than construction contracts & ship repair contracts have been valued at lower of cost and net realizable value.

j) Revenue recognition

i. Ship construction & repair contracts

Revenue from Ship Construction / repair Contracts shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met-

- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs
- (b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced or
- (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has

an enforceable right to payment for performance completed to date.

When the control of the produced good and rendered services is transferred over time to the customer, revenue is recognised over time (i.e. under the percentage of completion method).

For the application of the overtime method (PoC method), the measure of the progress towards complete satisfaction of a performance obligations is based on inputs (i.e. cost incurred).

Fixed Price Contract:

Revenues from construction contracts with customers are recognized over time using input method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

When the outcome of a construction / repair contract cannot be reliably estimated, contract revenue is recognized only to the extent of contract cost incurred that are likely to be recoverable.

Cost Plus Contract:

In case of Cost plus contracts, contract revenue is recognized on the basis of cost incurred plus profit margin applicable on the contract, when such cost can be estimated reliably.

Additional revenue, in respect of contracts completed in earlier years, is accounted for as contract revenue in the year in which such revenue materializes.

Contract Asset:

The company's right to consideration in exchange for goods or services that the company has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).



Contract Liability:

The company's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer

Revenue from supply of Base & Depot (B&D) spares:

Revenue from supply of B&D spares is to be recognised based on satisfaction of performance obligation satisfied at a point in time based on proof of receipts of goods from Naval stores.

Revenue for contract is yet to be finalized or under revision

Revenue is recognised based on agreed prices with customer. In certain cases, where the prices are yet to be agreed upon/ determined /revised the revenue is recognised on estimation basis. Upon the agreement with customer, differential revenue, if any, is recognised on the revision of contract amount.

ii. **Dividend income**

Dividend income from investments is recognized when the Company's right to receive payment has been established.

iii. **Interest income**

For all debt instruments, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

iv. **Insurance claims:**

Amounts due against insurance claims are accounted for on accrual basis; in respect of claims which are yet to be finally settled at the end of reporting date by the underwriter, credits are reckoned, based on the company's estimate of the realisable value.

k) Financial Assets:

i. **Classification:**

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive

income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

ii. **Initial recognition and measurement:**

All financial assets are recognised initially at fair value plus, 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.

iii. **Financial assets measured at amortized cost:**

Financial assets are measured at amortized cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the Statement of profit and loss. This category generally applies to trade and other receivables.

iv. **Financial assets measured at fair value through other comprehensive income (FVTOCI):**

Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

v. **Financial assets measured at fair value through profit or loss (FVTPL):**

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

vi. **Investment in equity instruments:**

Equity instruments which are held for trading are classified as at FVTPL. All other



equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income.

vii. **Investment in debt instruments:**

A debt instrument is measured at amortized cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

viii. **Impairment of financial asset:**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss of all the financial assets that are debt instrument and trade receivable.

ix. **Derecognition of financial assets:**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities:

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

i. **Classification, initial recognition and measurement**

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable to the issue of financial liabilities. Financial liabilities are classified as subsequently measured at amortized cost. Amortised cost is calculated

by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate (EIR). Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Profit and Loss over the period of the borrowings using the effective rate of interest.

ii. **Subsequent measurement**

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. In each financial year, the unwinding of discount pertaining to financial liabilities is recorded as finance cost in the statement of profit and loss.

iii. **De-recognition of financial liability**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

iv. **Retentions**

Retention amount payable / receivable under the terms of the contracts with the vendors / customers are retained towards performance obligation under the normal terms of trade and do not constitute financial arrangement and hence are not amortised.

v. **Security deposit**

Security Deposits obtained from vendors below ₹ 1 lakh individually are not amortised as the same is not considered material.

l) **Leases**

In March 2019 the Ministry of Corporate Affairs notified the new standard Ind AS 116 which replaces the Ind AS 17 "Leases", Appendix A



of Ind AS 17 “Operating Leases—Incentives”, Appendix B of Ind AS 17 “Evaluating the Substance of Transactions Involving the Legal Form of a Lease”. and Appendix C of Ind AS 17 “Determining Whether an Arrangement Contains a Lease”.

Ind AS 116 introduces a uniform lessee accounting model. Applying that model, a lessee is required to recognise a right-of-use asset representing the lessee’s right to use the underlying asset and a financial liability representing the lessee’s obligation to make future lease payments.

There are exemptions for short-term leases and leases of low-value assets. Lessor accounting remains comparable to that provided by the existing leases standard and hence lessors will continue to classify their leases as operating leases or finance leases.

The Company adopted the new standard Ind AS 116 for accounting period beginning on or after April 1, 2019 using retrospective method and therefore the cumulative effect of adopting Ind AS 116 has been recognised as an adjustment to the opening balance of retained earnings with restatement of comparative information.

Identifying a lease

Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration.

The previous determination pursuant to Ind AS 17 and Appendix C of Ind AS 17 of Determining Whether an Arrangement Contains a Lease” is maintained for existing contracts.

i. As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on assessment of whether the risks and rewards incidental to ownership of the underlying asset were transferred. Under Ind AS 116, the Company recognises

right-of-use assets and lease liabilities for most of its leases. Leases which were classified as operating lessees under Ind AS 17 are now recognised on the balance sheet. Lease term includes Non-cancellable period (which includes the period covered by the option to terminate the lease, if only a lessor has right to terminate a lease), periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Lease term begins at the commencement date and include any rent free period. Termination options held by the lessor are not considered when determining the lease term.

Extension and termination options are taken into account on recognition of the lease liability if the Company is reasonably certain that these options will be exercised in the future.

As a general rule, the Company recognizes non-lease components such as services separately from lease payments. Non-lease components are identified and accounted for separately from the lease component in accordance with other Ind AS.

When applying Ind AS 116 for the first time, the Company has used the following practical expedients for leases previously classified as operating leases under Ind AS 17:

- To apply a single discount rate to a portfolio of leases with reasonably similar characteristics,
- The right-of-use to the leased asset has generally been measured at the amount of the lease liability, using the discount rate at the commencement of lease. Where accrued lease liabilities existed, the right-of-use asset has been adjusted by the amount of the accrued lease liability under Ind AS 116. At initial application of Ind AS 116,



the measurement of the right-of-use does not include initial direct costs. In some cases, the value of right-of-use assets may differ from the value of the liabilities due to offsetting against existing provisions or as a result of valuation allowances. - Initial direct costs have been excluded from the measurement of the right-of-use asset for all leases entered into or changed before April 1,2018..

- Not to apply the new recognition requirements to short-term leases and to leases of low value assets as soon as the new standard is effective.
- The definition of a lease in accordance with Ind AS 17 and Appendix C to Ind AS 17 will continue to be applied to leases entered or changed before April 1,2018, and as a result the Company has not reassessed whether a contract is or contains a lease on transition.
- Leases with a determined lease term of less than 12 months remaining from April 1,2018 have been treated as short term.

Availing exemption by the Company

Furthermore, the Company has also elected to make use of the following exemptions provided by Ind AS 116:

- a) Leases with a determined lease term of 12 months or less from the commencement of the lease will be treated as short term and therefore not included in the right-of-use asset or lease liability. Instead, lease costs will be recognised on a straight line basis across the life of the lease.
- b) Leases for which the underlying asset is of low value when new will be exempt from the requirements to value a right-of-use asset and lease liability. Instead, lease costs will be recognised on a straight line basis across the life of the lease. To apply this exemption,

a threshold of Rs.1,00,000/- has been utilised to define “low value”.

The Company’s operating leases mainly relate to real estate assets, company cars and equipment. The most significant impact identified by the Company relates to its operating leases of real estate assets (such as land, warehouses, storage facilities and offices).

For leases that were classified as finance leases under Ind AS 17, the Company did not change the carrying amount of the right-of-use asset and the lease liability as of March 31,2019, measured under Ind AS 17.

ii. **As a lessor**

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

m) **Employee benefits**

i. **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

ii. **Other long-term employee benefit obligations**

The liabilities for earned leave and sick leave that are not expected to be settled wholly within 12 months are measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the



reporting period using the projected unit credit method. The benefits are discounted using the Government Securities (G-Sec) at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in the Statement of Profit and Loss.

iii. **Post-employment obligations**

The Company operates the following post-employment schemes:

- (a) defined benefit plans such as gratuity and post-retirement medical scheme for non executives; and
- (b) defined contribution plans such as provident fund, pension and post-retirement medical scheme for executives.

Gratuity

Gratuity Fund, a defined benefit scheme, is administered through duly constituted independent Trust and yearly contributions based on actuarial valuation are charged to revenue. Any additional provision as may be required is provided for on the basis of actuarial valuation as per Ind AS 19 on Employee Benefits.

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

Remeasurement gains and losses arising from experience adjustments and changes in

actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Post-retirement medical scheme

The post-retirement medical scheme to the non executives employees is a defined benefit plan and is determined based on actuarial valuation as per Ind AS 19 on Employee Benefits using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

The post-retirement medical scheme liability towards executives is recognised on accrual basis and charged to statement of profit and loss, which is a contribution plan.

Provident fund and Pension

Retirement benefits in the form of Provident fund and Family pension funds are defined contribution plans and the contribution is charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due in accordance with the relevant statute.

Defined contribution to Superannuation Pension Scheme is charged to statement of Profit & Loss at the applicable contribution rate as per approved Pension scheme.

n) **Dividend to equity shareholders**

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.



o) Provision for current & deferred tax

Income tax expense represents the sum of current tax, deferred tax and adjustments for tax provisions of previous years. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current income tax:

Current tax comprises of the expected tax payable on the taxable income for the year. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

- has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax:

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- Entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- Deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

p) Provision for doubtful debts and loans and advances:

Provision is made in the accounts for doubtful debts, loans and advances in cases where the management considers the debts, loans and advances to be doubtful of recovery.

q) Warranty provision:

Provision for warranty related costs are recognised when the product is sold or services are rendered to the customer in terms of the contract. Initial recognition is based on the historical experience and management estimates. The initial estimate of warranty related costs are revised periodically.

r) Provision, contingent liabilities and contingent assets:

A provision is recognised if as a result of a past event the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Contingent Liabilities are not recognised but are disclosed in the notes. Contingent Assets are not recognised but disclosed in the Financial Statements when economic inflow is probable.



(₹ in lakhs)

Note 2 - Property, Plant and Equipment

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
		Cost as on 01-04-19	Additions	Adjustments Disposal	Balance 31-03-20	Opening 01-04-19	For the period Adjustments Disposal	Balance 31-03-20	As on 31-03-19
A	Assets Owned by MDL								
1	Freehold Land	9,695	1,077	-	10,772	-	-	-	10,772
2	Buildings: i) Factory Building	2,786	3,096	- 40	5,842	288	190	440	5,402
	ii) Office and Staff Quarters								
	a) RCC	2,662	1,45	- 8	2,799	242	232	468	2,331
	b) Non RCC	789	640	-	1,429	55	50	105	1,324
	iii) Others (Temporary structure)	13	89	-	102	10	20	30	72
3	Road	673	-	-	673	484	126	610	63
4	Plant and Equipment	22,612	2,181	- 21	24,772	3,465	1,627	5,072	19,700
5	Furniture and Fixtures	1,609	147	- 59	1,697	612	171	739	958
6	Vehicles	1,920	22	-	1,942	885	252	1,137	805
7	Office Equipment	1,962	1,694	- 102	3,554	707	559	1,171	2,383
8	Computers and Data Processing Units								
	i) Desktops, Laptops etc.	623	123	- 30	716	173	286	429	287
	ii) Server and Network	3,823	404	- 33	4,194	1,008	682	1,665	2,529
9	Loose Tools	532	88	- 4	616	333	81	410	206
10	Ship - Launches and Boats	4,936	-	-	4,936	87	172	259	4,677
11	Electrical Installation and Equipments	1,842	460	- 13	2,289	631	193	812	1,477
12	Right to use asset - Leasehold land	8,719	-	-	8,719	3,114	290	3,404	5,315
13	Right to use asset - Vehicles	29	420	-	449	1	105	106	343
	Sub-total	65,225	10,586	- 310	75,501	12,095	5,036	16,857	58,644
	Previous Year's Figures	50,213	16,581	- 1,569	65,225	9,163	4,254	12,095	53,130

Note: Vessels under the head "Launches and Boats" costing ₹ 4936 lakhs (2019 - ₹ 4936 lakhs) out of which ₹ 4936 lakhs (2019 - ₹ 4936 lakhs) are registered in the name of CMD of the Company to comply with the requirement of Indian Costal Act, 1838 / Indian Vessels Act, 1917.



B Jointly Funded Assets (₹ in lakhs)

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
	Cost as on 01-04-19	Additions	Adjustments	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Adjustments	Disposal	Balance 31-03-20	As on 31-03-19	
1 Buildings: i) Factory Building	18,203	-	-	-	18,203	1,739	580	-	-	2,319	15,884	16,464
ii) Office and Staff Quarters	-	-	-	-	-	-	-	-	-	-	-	-
a) RCC	1,621	25	-	-	1,646	59	29	-	-	88	1,558	1,562
b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	-
2 Roads	133	-	-	-	133	52	25	-	-	77	56	81
3 Plant and Equipment	6,715	-	-	-	6,715	1,222	308	-	-	1,530	5,185	5,493
4 Electrical Installation and Equipments	649	-	-	-	649	129	62	-	-	191	458	520
5 Furniture and Fixtures	216	-	-	-	216	45	20	-	-	65	151	171
6 Office Equipment	153	-	-	-	153	63	28	-	-	91	62	90
7 Computers and Data Processing Units	-	-	-	-	-	-	-	-	-	-	-	-
i) Server and Network	338	-	-	-	338	172	57	-	-	229	109	166
8 Ship - Launches and Boats	1,143	-	-	-	1,143	89	39	-	-	128	1,015	1,054
Sub-total	29,171	25	-	-	29,196	3,570	1,148	-	-	4,718	24,478	25,601
Previous Year's Figures	29,068	113	-	10	29,171	2,425	1,148	-	3	3,570	25,601	26,645
Total Tangibles Assets (A+B)	94,396	10,611	-	310	104,697	15,665	6,184	-	274	21,575	83,122	78,731
Previous Year's Figures	79,281	16,694	-	1,579	94,396	11,588	5,402	-	1,325	15,665	78,731	67,691

Intangible Assets (₹ in lakhs)

Sr. No. Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
	Cost as on 01-04-19	Additions	Adjustments	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Adjustments	Disposal	Balance 31-03-20	As on 31-03-19	
A Assets Owned by MDL												
1 Computer Software/SAP-ERP	794	171	-	-	965	562	162	-	-	724	241	232
2 Other than SAP-ERP	4,289	168	-	-	4,457	2,292	726	-	-	3,018	1,439	1,997
Sub Total	5,083	339	-	-	5,422	2,854	888	-	-	3,742	1,680	2,229
Previous Year's Figures	4,594	489	-	-	5,083	1,859	995	-	-	2,854	2,229	2,735



B Jointly Funded Assets

(₹ in lakhs)

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
	Cost as on 01-04-19	Additions	Adjustments	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Adjustments	Disposal	Balance 31-03-20	As on 31-03-19
1 Computer Software/SAP-ERP	1,000	-	-	-	1,000	1,000	-	-	-	1,000	-
2 Other than SAP-ERP	181	-	-	-	181	112	36	-	-	148	33
Sub Total	1,181	-	-	-	1,181	1,112	36	-	-	1,148	33
Previous Year's Figures	1,181	-	-	-	1,181	1,076	36	-	-	1,112	69
Total Intangible Assets (A+B)	6,264	339	-	-	6,603	3,966	924	-	-	4,890	2,298
Previous Year's Figures	5,775	489	-	-	6,264	2,935	1,031	-	-	3,966	2,298
Total Assets (i-ii)	100,660	10,950	-	310	111,300	19,631	7,108	-	274	26,465	81,029
Previous Year's Figures	85,056	17,183	-	1,579	100,660	14,523	6,433	-	1,325	19,631	81,029

(i) Depreciation of ₹ 239 lakhs pertaining to lockdown period due to Covid - 19 pandemic is regrouped under Covid expenses.

(ii) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 14 lakhs (previous year: ₹ 14 lakhs)

(iii) Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the Company in September 2010 for setting up National Institute of Warship/ Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the Company under the control of Ministry of Defence, Department of Defence Production. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.

(iv) Depreciation has been charged on single shift basis during the period except for wet basin on which depreciation has been charged on double shift basis.

(v) No provision for impairment of assets has been considered necessary during the period as required under Indian Accounting Standard - 36.

(vi) As envisaged under the Schedule II to the Companies Act 2013, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers, data processing units and loose tools where no residual value is retained.

(vii) Lease agreements have not been executed in the cases of:-

1. Certain Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. However MDL continues to occupy the land and is paying rent according to the terms and conditions of the contract. The lease period is assumed to be 29 years from the date of expiry of the leases.

2. The company is in possession of approx. 10 acre land belonging to CIDCO which ONGC ceded to MDL during the year 1984 for the cost of ₹ 20 lakhs. MDL is having permanently tenancy rights to co-terminus with the leasehold right of ONGC with the CIDCO land in their possession.

(viii) Some of the leases for plots taken on leasehold basis from MbPT have expired and are under renewal. MbPT has proposed the renewal of expired leases of four plots for a period of 30 years by an upfront payment of around ₹ 27214 lakhs plus applicable taxes towards the lease premium and ₹ 4183 lakhs plus applicable taxes towards the arrears of rent for the period from Fiscal 2006 onwards. This proposal of lease renewal also provides the option of annual payment of lease rent for a period of 10 years amounting to approximately 1944 lakhs per annum plus applicable taxes. MDL has contested MbPT proposal and has recognised estimated reasonable lease rent in financial statements.

(ix) The Company has implemented Ind AS 116 "Leases" from 01st April, 2019 with retrospective method and created "Right to use asset - Land" amounting to Rs. 8719 lakhs, "Right to use asset - Vehicles" amounting to ₹ 29 lakhs as on 01/04/2019. Leases that were accounted for as operating lease in accordance with Ind AS 17 Leases, are recognised at the present value retrospectively and discounted using lessee's incremental borrowing rate as on the date of inception of lease. As a result of implementing standard, for FY 2019-20, there is increase in Finance cost by ₹ 504 lakhs, increase in depreciation and amortization expenses by ₹ 395 lakhs and decrease in other expenses by Rs. 762 lakhs. Opening Networth as on 01/04/2018 is reduced to the tune of ₹ 1490 lakhs (net of tax).

(x) Assets jointly funded by MDL and Indian Navy

(₹ in lakhs)

Sr. No.	Particulars	Office and Factory Building	Electric Installations & Equipment	Plant and Equipment	CDPU	Temporary Structure	Ships, Launches & Boats	Office Equipment	Furniture and Fixtures	Intangible assets	Roads	Total as on 31-03-2020	Total as on 31-03-19
1	Total Cost upto 31.03.2020	34,078	649	65,211	345	96	1,142	166	241	1,418	133	103,479	103,454
2	Less: Funded By Navy	25,509	628	61,346	345	96	983	158	241	1,181	-	90,487	90,462
3	Funded By MDL	8,569	21	3,865	-	-	159	8	-	237	133	12,992	12,992
	Previous Year's Figures	8,569	21	3,865	-	-	159	8	-	237	133	12,992	12,992



Note 2 - Property, Plant and Equipment

(₹ in lakhs)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK		
		Cost as on 01-04-18	Additions	Adjustments	Disposal	Balance 31-03-19	Opening 01-04-18	For the year	Adjustments	Disposal	Balance 31-03-19	As on 31-03-18
A	Assets Owned by MDL											
1	Freehold Land	4,695	5,000	-	-	9,695	-	-	-	-	9,695	4,695
2	Buildings: i) Factory Building	1,772	1,018	-	4	2,786	188	103	-	3	288	2,498
	ii) Office and Staff Quarters											1,584
	a) RCC	1,897	766	-	1	2,662	137	106	-	1	242	2,420
	b) Non RCC	715	102	-	28	789	48	33	-	26	55	734
	iii) Others (Temporary structure)	9	4	-	-	13	9	1	-	-	10	3
3	Road	673	-	-	-	673	358	126	-	-	484	189
4	Plant and Equipment	20,790	2,010	-	188	22,612	2,101	1,517	-	153	3,465	19,147
5	Furniture and Fixtures	1,438	187	-	16	1,609	459	160	-	7	612	997
6	Vehicles	1,924	24	-	28	1,920	656	255	-	26	885	1,035
7	Office Equipment	1,910	738	-	686	1,962	867	341	-	501	707	1,255
8	Computers and Data Processing Units											1,043
	i) Desktops, Laptops etc.	554	468	-	399	623	205	367	-	399	173	450
	ii) Server and Network	2,847	1,187	-	211	3,823	549	657	-	198	1,008	2,815
9	Loose Tools	380	160	-	8	532	270	71	-	8	333	199
10	Ship - Launches and Boats	436	4,500	-	-	4,936	46	41	-	-	87	4,849
11	Electrical Installation and Equipments	1,454	388	-	-	1,842	446	185	-	-	631	1,211
12	Right to use asset - Leasehold land	8,719	-	-	-	8,719	2,824	290	-	-	3,114	5,605
13	Right to use asset - Vehicles	-	29	-	-	29	-	1	-	-	1	28
	Sub-total	50,213	16,581	-	1,569	65,225	9,163	4,254	-	1,322	12,095	53,130
	Previous Year's Figures	34,630	16,023	-	440	50,213	6,275	3,279	-	391	9,163	41,047

Note: Vessels under the head "Launches and Boats" costing ₹ 4936 lakhs (2018 - ₹ 436 lakhs) out of which ₹ 4936 lakhs (2018 - ₹ 302 lakhs) are registered in the name of CMD of the Company to comply with the requirement of Indian Coastal Act, 1938 / Indian Vessels Act, 1917.



B Jointly Funded Assets (₹ in lakhs)

	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
	Cost as on 01-04-18	Additions	Adjustments	Disposal	Balance 31-03-19	Opening 01-04-18	For the year	Adjustments	Disposal	Balance 31-03-19	As on 31-03-18	
1 Buildings: i) Factory Building	18,149	54	-	-	18,203	1,159	580	-	-	1,739	16,464	16,989
ii) Office and Staff Quarters												
a) RCC	1,621	-	-	-	1,621	31	28	-	-	59	1,562	1,591
b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	-
2 Roads	133	-	-	-	133	27	25	-	-	52	81	106
3 Plant and Equipment	6,656	59	-	-	6,715	914	308	-	-	1,222	5,493	5,743
4 Electrical Installation and Equipments	649	-	-	-	649	67	62	-	-	129	520	583
5 Furniture and Fixtures	226	-	-	10	216	27	21	-	3	45	171	199
6 Office Equipment	153	-	-	-	153	35	28	-	-	63	90	118
7 Computers and Data Processing Units												
i) Server and Network	338	-	-	-	338	115	57	-	-	172	166	223
8 Ship - Launches and Boats	1,143	-	-	-	1,143	50	39	-	-	89	1,054	1,093
Sub-total	29,068	113	-	10	29,171	2,425	1,148	-	3	3,570	25,601	26,645
Previous Year's Figures	27,338	1,730	-	-	29,068	1,288	1,137	-	-	2,425	26,645	26,050
Total Tangibles Assets (A+B)	79,281	16,694	-	1,579	94,396	11,588	5,402	-	1,325	15,665	78,731	67,691
Previous Year's Figures	61,968	17,753	-	440	79,281	7,563	4,416	-	391	11,588	67,691	54,405

Intangible Assets (₹ in lakhs)

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
		Cost as on 01-04-18	Additions	Adjustments	Disposal	Balance 31-03-19	Opening 01-04-18	For the year	Adjustments	Disposal	Balance 31-03-19	As on 31-03-18	
A	Assets Owned by MDL												
1	Computer Software/SAP-ERP	794	-	-	-	794	400	162	-	-	562	232	394
2	Other than SAP-ERP	3,800	489	-	-	4,289	1,459	833	-	-	2,292	1,997	2,341
	Sub Total	4,594	489	-	-	5,083	1,859	995	-	-	2,854	2,229	2,735
	Previous Year's Figures	3,112	1,542	-	60	4,594	1,119	796	-	56	1,859	2,735	1,993



B Jointly Funded Assets

(₹ in lakhs)

	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK	
	Cost as on 01-04-18	Additions	Adjustments Disposal	Balance 31-03-19	Opening 01-04-18	For the year	Balance 31-03-19	As on 31-03-18
1 Computer Software/SAP-ERP	1,000	-	-	1,000	1,000	-	1,000	-
2 Other than SAP-ERP	181	-	-	181	76	36	112	69
Sub Total	1,181	-	-	1,181	1,076	36	1,112	69
Previous Year's Figures	1,181	-	-	1,181	1,039	36	1,075	106
Total Intangible Assets (A+B)	5,775	489	-	6,264	2,935	1,031	3,966	2,298
Previous Year's Figures	4,293	1,542	-	5,775	2,158	832	2,934	2,841
Total Assets (i+ii)	85,056	17,183	-	1,579	100,660	6,433	19,631	81,029
Previous Year's Figures	66,261	19,295	-	500	9,721	5,248	14,523	70,532

- (i) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 14 lakhs (previous year: ₹ 14 lakhs)
- (ii) Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the Company in September 2010 for setting up National Institute of Warship/ Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the Company under the control of Ministry of Defence, Department of Defence Production. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.
- (iii) Depreciation has been charged on single shift basis during the period except for wet basin on which depreciation has been charged on double shift basis.
- (iv) No provision for impairment of assets has been considered necessary during the period as required under Indian Accounting Standard - 36.
- (v) As envisaged under the Schedule II to the Companies Act 2013, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers, data processing units and loose tools where no residual value is retained.
- (vi) Lease agreements have not been executed in the cases of:-
 1. Certain Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. However MDL continues to occupy the land and is paying rent according to the terms and conditions of the contract. The lease period is assumed to be 29 years from the date of expiry of the leases.
 2. The company is in possession of approx. 10 acre land belonging to CIDCO which ONGC ceded to MDL during the year 1984 for the cost of Rs. 20 lakhs. MDL is having permanently tenancy rights to co-terminus with the leasehold right of ONGC with the CIDCO land in their possession.

(vii) Assets jointly funded by MDL and Indian Navy

(₹ in lakhs)

Sr. No.	Particulars	Office and Factory Building	Electric Installations & Equipment	Plant and Equipment	CDPU Equipment	Temporary Structure	Ships, Launches & Boats	Office Equipment	Furniture and Fixtures	Intangible assets	Roads	Total as on 31-03-2019	Total as on 31-03-18
1	Total Cost upto 31.03.2019	34,053	649	65,211	345	96	1,142	166	241	1,418	133	103,454	103,341
2	Less: Funded By Navy	25,484	628	61,346	345	96	983	158	241	1,181	-	90,462	90,349
3	Funded By MDL	8,569	21	3,865	-	-	159	8	-	237	133	12,992	12,992
	Previous Year's Figures	8,569	21	3,865	-	-	159	8	-	237	133	12,992	11,492



3 Capital work-in-progress

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Capital work-in-progress						
1. Own resources						
A. Tangible assets						
Opening balance	8,836		8,399		8,388	
Add: Expenditure during the period	9,310		16,988		11,828	
Less: Capitalisation during the period	10,166	7,980	16,551	8,836	11,817	8,399
B. Intangible assets under development						
Opening balance	-		-			
Add: Expenditure during the period	339		489		1,542	
Less: Capitalisation/adjustments during the period	339	-	489	-	1,542	-
2. Funded by Indian Navy						
Submarine facilities upgradation project						
Opening balance	41		139		1,455	
Add: Expenditure/adjustments during the period	-		16		413	
Less: Capitalisation/adjustments during the period	25	16	114	41	1,729	139
		7,996		8,877		8,538

4 Non-current investments

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Investments in equity instruments (Unquoted)						
In associate						
Equity shares of Goa Shipyard Limited	48,418		43,067		42,915	
5,49,57,600 Equity shares of ₹ 5 each fully paid up (in Previous year - 5,49,57,600 Equity shares of ₹ 5 each fully paid up)						
		48,418		43,067		42,915



5 Trade receivables - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good)			
Deferred debts	1,953	1,969	1,984
Less: Amount receivable within 12 months	391	391	391
	1,562	1,578	1,593

6 Loans - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good)			
Security deposits:			
Security deposits with Mumbai Port Trust	361	343	324
Other deposits	328	323	570
	689	666	894

7 Other financial assets - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Fixed deposits with bank with maturity over 12 months	340	340	340
(The above deposits are under lien with Mumbai Port Trust)			
Leave encashment fund	15,005	14,012	-
	15,345	14,352	340

8 Deferred tax assets (net)

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Deferred tax assets / (liabilities)			
Deferred tax assets			
Provisions	48,181	68,540	65,115
Others	- 48,181	779 69,319	800 65,915
Deferred tax liabilities			
Service tax	-	(1,457)	(1,456)
Depreciation	(7,016) (7,016)	(9,664) (11,121)	(9,242) (10,698)
Deferred tax assets (net)	41,165	58,198	55,217



9 Other non-current assets

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Capital advances		207		106		685
Deposits with custom and excise authorities		20		24		24
Other receivables - considered good		11		9		19
Other receivables - considered doubtful		2,791		2,791		2,795
Less: Allowance for doubtful receivables	2,791	11	2,791	9	2,795	19
Advances paid to vendors - considered doubtful		62		62		62
Less: Allowance for doubtful advances	62	-	62	-	62	-
VAT / sales tax receivable		10,887		12,504		11,574
GST input tax credit						
Services		8,846		10,186		7,439
Materials		44,874	53,720	26,756	36,942	11,671
Export incentive receivable						
Considered good		193		193		371
Considered doubtful		107		107		107
		300		300		478
Less: Allowance for doubtful receivables		107	193	107	193	107
371						
Prepaid expenses						
Prepaid deposits (MbPT)		76		92		107
Less: amortisation / unwinding of prepaid deposits		15		15		15
Less: current		15	46	15	62	15
77						
Others		91		62		105
		65,175		49,902		31,965



10 Inventories

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Raw materials						
Material in stores	12,404		15,245		16,791	
Less: Provision for obsolescence	94	12,311	111	15,134	81	16,710
Stores and spares						
Material in stores	2,127		2,051		1,745	
Less: Provision for obsolescence	97	2,030	107	1,944	111	1,634
Equipment for specific projects						
Material in stores/site	368,167		357,945		329,527	
Less: Provision for obsolescence	-		-		155	
	368,167		357,945		329,372	
Stock in transit	79,685		2,217		9,475	
Materials pending inspection	-	447,852	1,714	361,876	21,317	360,164
Scrap		77		76		89
		462,270		379,030		378,597

Note:

- Inventory costing ₹ 160 lakhs (Previous year: 2383 lakhs) is held with other vendors.
- Inventory costing ₹ 576 lakhs (Previous year: Rs. 576 lakhs) is held at customer's store.
- The Company has provided obsolescence provision on the average of three years percentage due to lockdown situation. The cumulative provision is ₹ 191 lakhs (Previous year: ₹ 218 lakhs)
- As on 31st March, 2020, Inventory held on behalf of Navy is ₹ 4074 lakhs (Previous year - ₹ 4074 lakhs) which is excluded from above inventory.

11 Trade receivables - current

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
(Unsecured)						
Against sale and repair of ships and submarines						
Considered good	140,845		135,810		101,223	
Considered doubtful	13,405		18,031		16,002	
	154,250		153,841		117,225	
Less: Loss allowance	13,405	140,845	18,031	135,810	16,002	101,223
Against B&D Spares						
Considered good	5,033		11,479		10,115	
Considered doubtful	3,226		758		758	
	8,259		12,237		10,873	
Less: Loss allowance	3,226	5,033	758	11,479	758	10,115
		145,878		147,289		111,338



Breakup of Trade receivables

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Trade receivables considered good - secured	-	-	-
Trade receivables considered good - unsecured	145,878	147,289	111,338
Trade receivables considered doubtful - secured	-	-	-
Trade receivables considered doubtful - unsecured	16,631	18,789	16,760
Trade receivables which have significant increase in credit risk	-	-	-
Trade receivables - credit impaired	-	-	-
Total	162,509	166,078	128,098
Loss allowance	16,631	18,789	16,760
Total trade receivables (current)	145,878	147,289	111,338

12 Cash and cash equivalents

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Cash and cash equivalents			
Balances with banks:-			
- In current accounts			
i. In India	990	3,205	164
ii. Outside India	87 1,077	71 3,276	97 261
- In cash credit accounts	-	2	-
- In flexi deposit accounts	47,251	69,690	37,095
	48,328	72,968	37,356

13 Bank balance other than cash and cash equivalents

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
In fixed deposit accounts - more than 3 months but not more than 12 months maturity	531,500	674,000	681,600
	531,500	674,000	681,600



14 Loans - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good)			
Employee related	148	385	91
Others	63	44	-
	211	429	91

15 Other financial assets - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Insurance claims receivable	510	606	510
Interest accrued on deposits and advances	16,270	18,935	10,487
Other receivables	1,031	2,589	57
	17,811	22,130	11,054

16 Other current assets

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good, unless otherwise specified)			
Advances			
Advances paid to vendors	596,916	419,342	409,028
Travel advance to employees	25	12	34
Others	26	25	177
Prepaid expenses			
Prepaid deposits (MbPT)	15	15	15
Others	274	2,208	1,296
	597,256	421,602	410,550

17 Share Capital

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Authorized share capital			
32,37,20,000 (Previous year - 32,37,20,000 equity shares of ₹ 10 each) equity shares of ₹ 10 each	32,372	32,372	32,372
	32,372	32,372	32,372
Issued, subscribed and fully paid-up shares			
20,16,90,000 (Previous year - 22,41,00,000 equity shares of ₹ 10 each) equity shares of ₹ 10 each.	20,169	22,410	22,410
	20,169	22,410	22,410



Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
	No. of shares	Percentage holding	No. of shares	Percentage holding	No. of shares	Percentage holding
Details of shareholding more than 5% shares in the Company						
Shareholder						
President of India and his nominees	201,690,000	100%	224,100,000	100%	224,100,000	100%

18 Trade payables - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Deferred payment liability to a foreign supplier	1,954	1,969	1,984
Less: Amount payable within 12 months	391	391	391
	1,563	1,578	1,593

19 Other financial liabilities - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Security and other deposits	116	102	68
Lease Liability	3,484	3,450	3,659
	3,600	3,552	3,727

20 Other long-term liabilities

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Funds received from customer for infrastructure projects	91,055		90,511		89,497	
Add: Received during the period	1,914		544		1,014	
Less: Transferred to fixed assets for capitalisation	72,352		72,352		72,352	
Less: Amortisation of deferred revenue	3,672	16,945	2,935	15,768	2,199	15,960
Deferred deposits		2		16		14
		16,947		15,784		15,974



21 Provisions - non-current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Employee benefits			
Post retirement benefit schemes			
Medical	7,115	5,810	7,153
Gift card	542	617	79
Leave salary encashment	11,169	10,272	10,538
Welfare expenses	-	399	346
Other provisions			
Provision for liquidated damages	102,415	102,415	102,415
Others	266	263	108
	121,507	119,776	120,639

22 Trade payables - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Other vendors	474,681	289,466	237,374
Deferred payment liability to a foreign supplier	391	391	391
	475,072	289,857	237,765

23 Others financial liabilities - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Retention money payable	812	668	495
Liquidated damages payable	2,514	4,090	1,690
Interest payable on advances received from customer	2,276	2,646	814
Employee related	7,555	10,593	22,034
Others	46	5,047	50
Security and other deposits	443	626	704
	13,646	23,670	25,787

24 Other current liabilities

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Statutory dues	4,348	2,192	978
Deferred deposits	15	14	10
	4,363	2,206	988



25 Provisions - current

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Employee benefits			
Post retirement benefit			
Medical	492	362	293
Gift card	86	80	9
Leave salary encashment	4,013	4,215	4,514
Gratuity	5,733	2,609	3,762
Welfare expenses	-	97	152
Other provisions			
Guarantee repairs	1,925	2,028	2,855
Custom duty	426	426	426
	12,675	9,817	12,011

26 Revenue from operations

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Contract revenue		
Ship construction	442,240	395,262
Sale of goods		
Sale of base and depot spares	38,891	65,194
Sale of Services		
Ship Repair	15,893	313
Other operating revenue		
Miscellaneous sale	118	-
Sale of scrap and stores	534	626
Sale of services (others)	89	-
	497,765	461,395

Contract Revenue Recognition with Respect to Projects / Vessels in WIP:

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
The amount of contract revenue recognised as revenue for the period	442,240	395,262
Aggregate amount of cost incurred and recognised profits (less recognised losses, if any)	2,173,311	2,129,368
The amount of advances received (gross)	3,391,235	3,418,320
The amount of retentions by customers	63,680	34,623

1. The Company is engaged in the production of defence equipment and was exempted from 'Segment Reporting' vide notification S.O. 802(E) dtd. 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 115.
2. The Company has delivered one submarine in September, 2019. The total sale value of the submarine is ₹ 413212 lakhs of which amount of ₹ 13495 lakhs is recognised in the contract revenue for the year ended 31st March, 2020. Sale Value of ₹ 978 lakhs pertaining to Shipbuilding activity is included in Contract Revenue For the year ended 31st March, 2020. Balance amount pertains to accretion to Work in Progress inventory.



27 Other Income

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019 (Restated)	
Interest from				
Deposits with banks	53,681		55,118	
Less: Interest liability to customer on advances	2,276		2,646	
	51,405		52,472	
On income tax refund	-		1,410	
Other interest	1,373	52,778	233	54,115
Liabilities / provisions no longer required written back		156		1,899
Provision for obsolete stock reversed		27		-
Insurance claims		-		108
Liquidated damages recovered				
Capital		430		73
Others		670		302
Miscellaneous income / recoveries		377		1,399
Amortisation gain on deferred deposits of vendors		14		13
Unwinding of lease charges - Land		48		28
Unwinding of lease charges - Vehicles		127		2
Amortisation of deferred revenue (customer funded assets)		738		737
Interest Income on deferred payment liability to foreign supplier		374		377
Interest Income on deferred deposit with MbPT		19		18
Foreign exchange variation (net)				
Income	24		-	
Less: Loss	(15)	9	-	-
		55,767		59,071



28 Cost of materials consumed

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Opening stock		
Raw materials, stores and spares	17,296	18,534
Equipment for specific projects	357,945	329,527
Stock-in-transit and materials pending inspection	3,930	30,792
	379,171	378,854
Add: Purchases	335,402	258,438
	714,573	637,292
Less: Closing stock		
Raw materials, stores and spares	14,531	17,296
Equipment for specific projects	368,167	357,945
Stock-in-transit and materials pending inspection	79,685	3,930
	252,190	258,121
Less: Reduction in Value-included in Other Expenses		
Less: Provision for obsolete stock	(27)	26
Less: Stores and spares consumption included in repairs and maintenance	-	1
Less: Stores and spares consumption included in other expenses	1,899	2,382
	250,318	255,712

29 Employee benefit expenses

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Salaries, wages, allowances and bonus	60,090	51,550
Pension	1,927	1,939
Contribution to provident fund	4,296	4,876
Contribution to employees state insurance scheme	36	381
Workmen and staff welfare expenses	7,706	4,590
Gratuity	1,212	2,355
Encashment of privilege leave	4,025	3,256
	79,292	68,947

The total Employee benefit expenses incurred amounting to Rs. 993 lakhs towards employee benefits for the lockdown period are disclosed as exceptional item in the statement of Profit and loss for FY 2019-20.



30 Finance cost

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Interest cost on deferred deposits of vendors	14	12
Interest cost on deferred payment liability to foreign supplier	374	377
Interest cost on lease	504	497
Others	34	21
	926	907

31 Other expenses - Projects related

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Technician fees and other expenses	3,196	2,528
Advising team fees and other expenses	1,454	1,733
Facility hire	704	1,482
Rent	-	84
Bank charges and guarantee commission	328	-
Travelling expenses	125	72
Sea trial, launching and commissioning expenses	243	31
Legal, professional and consultant fees	4,999	862
Training expenses	-	1,043
Miscellaneous expenses	321	267
	11,370	8,102

32 Other expenses

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Repairs and maintenance:		
Buildings	238	1,871
Plant and machinery	396	1,915
Steam launches and boats, motor cars, lorries, etc.	1,037	1,008
Less: Work done internally and other expenditure which has been included in other heads of expenses	(83)	(2,399)
	1,588	2,395
Facility hire	641	600
Water expenses	164	235
Rent	10	1
Insurance	649	379
Rates and taxes	667	857



Particulars	31st March, 2020	31st March, 2019 (Restated)
Bank charges and guarantee commission	19	6
Printing and stationery	65	76
Travelling expenses	716	610
Business promotion expenses	861	557
Sea trial, launching and commissioning expenses	30	5
Corporate membership expenses	15	32
Changes in inventory of scrap	-	13
Foreign exchange variation (net)	-	7
Miscellaneous expenses	597	4,242
Donation	120	-
Audit fees	9	8
Vehicle hire charges	80	34
Legal, professional and consultant fees	115	408
Books and periodicals	71	66
Postage, telegrams and phones	144	113
Training expenses	152	143
CISF and security board expenses	3,402	2,725
Directors fees and expenses	11	9
Provision for obsolete stock	-	26
Consumption of stores and spares etc.	1,899	2,382
Other interest	34	45
Amortisation / unwinding of prepaid deposits (MbPT)	15	15
Corporate social responsibility expenses	1,563	2,347
Sale / scrapping of fixed assets (net)	203	18
	13,840	18,354

Foreign Exchange gain for period ended 31st March, 2020 is ₹ 156 lakhs and foreign exchange gain for previous year is ₹ 2569 lakhs on raw materials and project specific equipments has been considered in cost of material consumed.

Expenditure on Research and Development and allied expenses aggregating to ₹ 9177 lakhs (Previous year - ₹ 8540 lakhs) is reflected under respective various heads in the above note.



33 Provisions

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019 (Restated)
Doubtful debts / receivable	2,468	3,889
Others	1,396	-
	3,864	3,889

34 Business Segment Reporting

(₹ in lakhs)

- The Company is engaged in the production of defence equipment and was exempted from 'Segment Reporting' vide notification S.O. 802(E) dtd. 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 108.
- For management purposes, the Company is organized into two major segments – Shipbuilding (New Construction and Ship Repairs) and Submarine.
- There are no geographical segments within the business segments.

35 Contingent Liabilities and Commitments:

(₹ in lakhs)

Sr no.	Particulars	31st March 2020	31st March 2019
35.1	Amounts for which Company may be contingently liable:		
(i)	Estimated amount of contracts remaining to be executed on capital account.	1,355	7,847
(ii)	b) Estimated amount of liquidated damages on contracts under execution.	110,045	110,045
(iii)	Position of non-fund based limits utilized for:		
	(a) Letters of credit	102,594	76,899
	(b) Guarantees and counter guarantees	726	1,883
(iv)	Indemnity Bonds issued by the Company to customers for various contracts.	4,271,370	5,076,633
(v)	Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	467	467

35.2 Claims against the Company pending under litigation not acknowledged as debts in respect of claims made by:

Sr no.	Particulars	31st March 2020	31st March 2019
(i)	Suppliers and sub-contractors	830	498
(ii)	Others	2,384	5,832
(iii)	Interest on (i) and (ii) above	352	12,948
		3,566	19,277



35.3 Amounts paid / payable by Company and reimbursable by Customers in the matters under dispute pending at various Assessment / Appellate Authorities relating to:

(₹ in lakhs)

Sr no.	Particulars	31st March 2020	31st March 2019
(i)	Sales Tax *	115,416	115,150
(ii)	Excise Duty		
	(a) On Vendors	197	190
	(b) On MDL	30	29
		227	219
		115,643	115,369

* Against the above claim, part payments of ₹ 681 lakhs (Previous year - ₹ 676 lakhs) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 197 lakhs inclusive of interest and penalty (Previous year - ₹ 192 lakhs) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. The Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

35.4 Appeals against disputed tax demands pending before Adjudicating / Appellate Authorities not provided for in matters relating to:

Sr no.	Particulars	31st March 2020	31st March 2019
(i)	Excise Duty	15	15
(ii)	Service Tax* (including interest and penalties)	4,236	7,067
		4,251	7,082

* Includes ₹ 2928 Lakhs (Previous year - ₹ 2928 lakhs) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2012-13.

35.5 Appeals pending against disputed demands pending before Adjudicating / Appellate authorities

Particulars	31st March 2020	31st March 2019
Custom Duty	8	8

36.1 Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.

36.2 Balances due to / from Indian Navy included in current assets / current liabilities are subject to reconciliation and confirmation. Consequent adjustments thereof, if any, will be given effect to in the books of account in the year of completion of the reconciliation process.

37 Normal Operating Cycle

1. The classification of current and non-current balances of assets and liabilities are made in accordance with the normal operating cycle defined as follows -

The Normal Operating Cycle in respect of different business activities is defined as under-

- In case of ship / submarine building and ship/submarine repair and refit activities, normal operating cycle is considered as the time period from the effective date of the Contract/Letter of Intent (LOI) to the date of expiry of guarantee period.
- In case of other business activities, normal operating cycle will be the time period from the effective date of the contract/order to the date of expiry of guarantee period.



38 Employee Benefits

38.1 Various benefits provided to employees are classified as under:-

(₹ in lakhs)

(I) Defined Contribution Plans	31st March, 2020	31st March, 2019
(a) Provident Fund		
(b) State Defined Contribution Plans		
(i) Employers' Contribution to Employees' State Insurance		
(ii) Employers' Contribution to Employees' Pension Scheme, 1995.		
(iii) Employers' Contribution to Employees' Deposit Linked Insurance Scheme.		
During the year, the Company has recognized the following amounts in the Profit and Loss Account:-		
1. Employers' Contribution to Provident Fund	4,208	4,742
2. Employers' Contribution to Employees' State Insurance	36	381
3. Employers' Contribution to EPS (Employees' Pension Scheme)	1927	1,939
4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme	87	134

Retirement benefits in the form of Provident Fund and Pension are defined contribution schemes and the contribution is charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

(II) Defined Benefit Plans

(₹ in lakhs)

Contribution to Gratuity Fund (Funded Scheme)	31st March, 2020	31st March, 2019
Actuarial valuation was performed by an insurer in respect of the aforesaid Defined Benefit Plans based on the following assumptions:-		
1 Discount Rate (per annum)	6.50%	7.50%
2 Rate of increase in compensation levels	7.00%	7.00%

Gratuity liability is a defined benefit obligation and is provided for, on the basis of an actuarial valuation on projected net credit method made at the end of each financial year. The Gratuity Fund is invested in a Group Gratuity-cum-Life Assurance cash accumulation policy by an insurer. The investment return earned on the policy comprises interest declared by an insurer having regard to its investment earnings. It is known that insurer's overall portfolio of assets is well diversified and as such, the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by an insurer on such policies have been higher than Government Bond yields.

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019
Opening Balance	27,785	25,999
Add : Credit from Company	460	5,000
Less : Amount paid towards claims	(6,429)	(5,035)
Add : Interest credited	1,811	1,821
Closing Balance	23,627	27,785
Present value of past service benefit	27,864	28,716

The actuarial liability excludes the fixed term employees, for which separate provision exists.

38.2 Actuarial valuation of liability towards Gratuity

Defined Benefit Plans Gratuity - as per actuarial valuation

The Ind AS-19 stipulates that the rate used to discount post-employment benefit obligation (both funded & non-funded) shall be determined by reference to market yields at the end of reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligation.

In the computation of gratuity liability, Projected Unit Credit Method is used.

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019
i) Assumptions		
a) Discount Rate	6.50%	7.50%
b) Salary Escalation	7.00%	7.00%
c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March	6.50%	7.00%
d) Expected average remaining working lives of employees (years)	14	14
ii) Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	28,716	28,072
Add: Transfer of canteen liability	380	-
	29,096	28,072
Interest cost	1774	2,105
Current service cost	1,409	1,349
Benefits paid	(6,429)	(5,035)
Actuarial (gain) / loss on obligations	2,014	2,224
Present value of obligations as at end of year	27,864.41	28,716
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	27,785	25,999
Expected return on plan assets	1,811	1,821
Contributions	460	5,000
Benefits paid	(6,429)	(5,035)
Actuarial (gain) / loss on plan assets	-	-
Fair value of plan assets at the end of year	23,627	27,785
iv) Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	27,785	25,999
Actual return on plan assets	1,811	1,821
Contributions	460	5,000
Benefits paid	(6,429)	(5,035)
Fair value of plan assets at the end of year	23,627	27,785
Funded status	(4,238)	(931)
Excess of Actual over estimated return on plan assets	-	-



Particulars	31st March, 2020	31st March, 2019
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	2,287	2,353
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	2,287	2,353
Actuarial (gain) / loss recognised in the year	2,287	2,353
Un-recognised actuarial (gains) / losses at the end of year	-	-
vi) The amounts to be recognized in the balance sheet		
Present value of obligations as at the end of year	27,864	28,716
Fair value of plan assets as at the end of the year	23,627	27,785
Funded status	(4,238)	(931)
Net Asset / (Liability) recognized in balance sheet	(4,238)	(931)
vii) Expenses recognized in statement of Profit and Loss		
Current service cost	1,409	1,349
Interest cost	70	156
Expected return on plan assets	(1,811)	(1,821)
Expenses recognized in statement of profit and loss	1,479	1,505
viii) Expenses recognized in Other Comprehensive Income		
Actuarial (gain) / loss recognised in the year	2,287	2,353
ix) Current/Non-current Liability		
Current Liability	8,745.16	9,344
Non-current Liability	19,119.25	19,372
Present Value of the Defined Gratuity Benefit Obligation	27,864.41	28,716

Sensitivity of Gratuity Benefit Liability to key Assumptions

Key assumptions for determination of the Defined Benefit Obligation are Discount Rate (i.e Interest Rate) and Salary Growth rate

Impact on Defined Benefit Obligation

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is decreased to 6.00% (Previous year - 7.00%)	638		570	
	2.29%		1.99%	
if Discount rate is increased to 7.00% (Previous year - 8.00%)		597		538
		2.14%		1.87%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is increased to 7.50% (Previous year - 7.50%)	385		385	
	1.38%		1.34%	
if Discount rate is decreased to 6.50% (Previous year - 6.50%)		363		367
		1.30%		1.28%

38.3 Actuarial valuation of liability towards Leave Encashment

Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2020

The Ind AS-19 stipulates that the rate used to discount post-employment benefit obligation (both funded & non-funded) shall be determined by reference to market yields at the end of reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligation.

In the computation of leave encashment benefit liability, Projected Unit Credit Method is used. (₹ in lakhs)

i) Assumptions	31st March, 2020	31st March, 2019
Discount rate	6.50%	7.50%
Rate of increase in compensation levels	7.00%	7.00%
Expected average remaining working lives of employees (years)	14	14
ii) Table showing changes in present value of obligations		
Present value of obligation as at the beginning of the year	14,039	13,937
Add : Liability Transfer from Canteen Employees	99	-
	14,138	13,937
Interest cost	1,053	1,045
Current service cost	826	102
Benefits paid	(2,251)	(2,790)
Actuarial (gain) / loss on obligations	1,258	1,744
Present value of obligation as at the end of the year	15,024	14,039
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	14,012	-
Expected return on plan assets	1,010	10
Contributions	2,234	14,002
Benefits paid	(2,251)	-
Fair value of plan assets at the end of the year	15,005	14,012
iv) Tables showing fair value of plan assets		
Fair value of plan asset at the beginning of the year	14,012	-
Actual return on plan assets	1,010	-
Contributions / (withdrawals)	2,234	-
Benefits paid	(2,251)	14,012
Fair value of plan asset at the end of the year	15,005	-
Funded status	19	(27)
Excess of actual over estimated return on plan assets		-
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	1,258	1,744
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	1,258	1,744
Actuarial (gain) / loss recognised in the year	1,258	1,744
Un-recognised actuarial (gains) / losses at the end of year	-	-



vi) The amounts to be recognized in the balance sheet		
Present value of obligation as at the end of the year	15,024	14,039
Fair value of plan assets as at end of the year	15,005	14,012
Funded status	(19)	(27)
Unrecognized actuarial (gains) / losses	-	-
Net asset / (liability) recognized in balance sheet	(19)	(27)
vii) Expenses recognized in statement of profit and loss		
Current service cost	826	102
Interest cost	1,053	1,045
Actuarial (gain) / loss recognised in the year	1,258	1,744
Expenses recognized in the statement of profit and loss	3,136	2,892
viii) Current/Non-current Liability		
Current Liability	3,854	3,766
Non-current Liability	11,169	10,272
Present Value of the Defined Leave Encashment Benefit Obligation	15,024	14,039

Sensitivity of Leave Encashment Benefit Liability to key Assumptions

Key assumptions for determination of the Defined Benefit Obligation are Discount Rate (i.e Interest Rate) and Salary Growth rate

Impact on Defined Benefit Obligation

(₹ in lakhs)

Particulars	31st March, 2020		31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is decreased to 6.00% (Previous year - 7.00%)	524		411	
	3.49%		2.93%	
if Discount rate is increased to 7.00% (Previous year - 8.50%)		484		383
		3.22%		2.73%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is increased to 7.50% (Previous year - 7.50%)	519		411	
	3.45%		2.93%	
if Discount rate is decreased to 6.50% (Previous year - 6.50%)		484		386
		3.22%		2.75%



39 PROVISIONS MADE, UTILISED, WRITTEN BACK :

(₹ in lakhs)

	31st March, 2020	31st March, 2019
a) Provision for Custom Duty Demand:		
Opening Balance	426	426
Additions	-	-
Utilised/Adjusted	-	-
Closing Balance	426	426
b) Provision for Liquidated Damages:		
Opening Balance	102,372	102,372
Additions	-	-
Utilised/Adjusted	-	-
Closing Balance	102,372	102,372
c) Provision for Guarantee Repairs:		
Opening Balance	2,002	2,830
Additions	-	-
Utilised/Adjusted	103	828
Closing Balance	1,899	2,002
d) Other Provisions:		
Opening Balance	107	107
Additions	-	-
Utilised/Adjusted	-	-
Closing Balance	107	107

As per provisions of Ind AS 115, the Liquidated Damages (LD) amount is required to be recognised as reduction from the revenue. Accordingly, amount of liquidated damages is recognised as reduction from revenue of respective projects for FY 2019-20 as against recognition as provision till FY 2018-19. Consequently, financial statements for FY 2018-19 & FY 2017-18 have been restated. During FY 2016-17 to FY 2018-19, total provision (Net of Write Back) in financial statements is ₹ 10080 lakhs which is adjusted in opening balance of reserve / Income as the case may be. The reduction in revenue on account of restatement for FY 2019-20, FY 2018-19 and FY 2017-18 are ₹ 3359 lakhs, ₹ 3520 lakhs and ₹ 1762 lakhs respectively.

40 Details of dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as on 31st March, 2020 based on available information with the Company are as under:

Particulars	31st March, 2020	31st March, 2019
Principal amount due and remaining unpaid	91	160
Interest due on above and the unpaid interest	4	7
Interest paid	-	-
Payment made beyond the appointed day during the year	1,012	2,310
Interest accrued and remaining unpaid on above	50	103
Amount of further interest remaining due and payable in succeeding years		



41 Other Expenses include:

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019
Remuneration to the Statutory Auditors		
i) Audit fees	9	8
ii) Out of pocket expenses	-	-
iii) Tax audit fees	1	1
	10	9

42 The Company has entered into Joint Venture with Reliance Defence and Engineering Limited and formed a Joint Venture company "Mazagon Dock Pipavav Defence Pvt. Ltd." incorporated in Mumbai, India during FY 2012-13. The Company's share in equity share capital of joint venture is 50%. Though company has subscribed 1,00,000 equity shares of ₹ 10 each, the same has not been paid. During FY 2017-18 both JV partners have passed resolution in their respective Board to wind up the Joint Venture. The company has filed application with the Registrar of Company, Mumbai for striking off a Joint Venture company Mazagon Dock Pipavav Defence Pvt. Ltd on 24th November 2018 the same is approved by MCA vide issuing notice under Form No.7 dated 04.12.2019. Accordingly, Joint Venture company Mazagon Dock Pipavav Defence Pvt. Ltd is dissolved.

43 Russian (USSR) deferred State Credit

An intergovernmental agreement between Russian Federation and Government of India was reached for reconstructing of Russian Deferred State Credit in Rouble in connection with procurement of equipment for certain ships built and delivered by the company to India Navy in earlier years. The deferred payment liability (non-interest bearing) of ₹ 9628 Lakhs, payable over 45 years from 1992-93, in equal annual installments of ₹ 214 Lakhs was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹ 391 lakhs (Previous year - ₹ 391 lakhs) includes yearly installment of ₹ 214 (Previous year - ₹ 214 lakhs) and ₹ 177 lakhs (Previous year - ₹ 177 lakhs) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR as on 31st March 2020. These payments are reimbursable by Indian Navy. Accordingly, ₹ 6652 lakhs (amortised costs of ₹ 1952 lakhs) held at foreign supplier deferred credit as on 31st March 2020.

44 Pursuant to notification S.O. 2437(E) dated 4th September, 2015, following information on the exemption granted under section 129 of the Companies Act, 2013 has not been disclosed in the financial statements.

- Goods purchased under broad heads
- Value of import on CIF basis
- Expenditure on foreign currency
- Total value of imported raw material
- Earning in foreign currency



45 Related Party Disclosure

i) Key Managerial Personnel

(₹ in lakhs)

Particulars	Remuneration*	
	31st March, 2020	31st March, 2019
Cmde. Rakesh Anand (Retd) (Upto 30.11.2019) Chairman and Managing Director	106	59
Vice Admiral Narayan Prasad (Retd) (From 30.12.2019) Chairman and Managing Director	11	-
Capt Rajiv Lath (Retd) (Upto 31.10.2019) Director (Submarine & Heavy Engineering)	90	54
Cdr Jasbir Singh** (From 01.11.2019) Director (Submarine & Heavy Engineering)	18	-
Shri Sanjiv Sharma (Upto 31.10.2019) Director (Finance)	95	57
Shri Sanjeev Singhal (From 08.01.2020) Director (Finance)	9	-
Cmde T V Thomas (Retd) (From 02.11.2017) Director (Corporate Planning & Personnel)	72	48
RAdm A K Saxena (Retd) (From 21.03.2018) Director (Ship Building)	67	47

* As per Statement of Profit and Loss Account.

** Excluding payment of Rs. 8 lakh related to earlier capacity.

Besides the remuneration indicated above, the Chairman and Managing Director and four Functional Directors are allowed to use Company's Car for private purposes upto 1000 kms per month, for which charges were collected at the rates prescribed by Government of India.

ii) Other Related Parties

Apart from transaction reported above, the company has transactions with other government related entities which includes but not limited to the following;

a) Ministry of Defence

(₹ in lakhs)

Particulars	Year ended	Revenue from related party	Amounts receivable / (payable) by related parties
Ministry of Defence	31st March, 2020	497,024	162,509
	31st March, 2019	460,769	166,078

b) Transaction with Goa Shipyard Limited which includes rent, sales & amount receivable are not significant in nature.

c) The transactions are conducted in the ordinary course of the company business.



46 Earnings per share (EPS)

(₹ in lakhs)

Particulars	31st March, 2020	31st March, 2019
Earning Per Share (EPS) - Basic and Diluted		
Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in lakhs)	47,706	53,237
None		
A Net Profit / (Loss) for calculation of basic EPS (₹ in lakhs)	47,706	53,237
Weighted average number of equity shares for calculating basic EPS	224,100,000	224,100,000
Buyback of shares during FY 2019-20	22,410,000	-
B Weighted average number of equity shares for calculating basic EPS	223,363,233	224,100,000
C EPS (₹) - Basic (A/B)	21.36	23.76
D Restated Net Profit / (Loss) for calculation of diluted EPS (₹ in lakhs)	47,706	53,237
Weighted average number of equity shares	223,363,233	224,100,000
Effect of dilution:	-	-
E Weighted average number of equity shares for calculating diluted EPS	223,363,233	224,100,000
F EPS (₹) - Diluted (D/E)	21.36	23.76

47 Fair Value Measurement

Financial Instruments by Category

(₹ in lakhs)

Particulars	31st March 2020			31st March 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Security Deposits	-	-	361	-	-	343
Russian Deferred Debit	-	-	1954	-	-	1970
Financial Liabilities						
Russian Deferred Credit	-	-	1954	-	-	1970
Security Deposits	-	-	116	-	-	102

Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

(a) recognised and measured at fair value

(b) measured at amortised cost and for which fair values are disclosed in the financial statements.



To provide an indication about the reliability of input used in determining fair value, the company has classified the financial instruments in three levels prescribed under the Ind AS.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets and liabilities measured at amortised cost

(₹ in lakhs)

Particulars	Fair value Hierarchy	31st March 2020		31st March 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Security deposits	Level 3	451	361	376	343
Russian Deferred Debit	Level 3	6652	1954	7043	1970
Financial liabilities					
Russian Deferred Credit	Level 3	6652	1954	7043	1970
Security Deposits	Level 3	136	116	134	102

48 Financial risk management

a) Credit Risk

Credit Risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

i) Trade Receivables and contract asset

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying no credit terms. Outstanding customer receivables are regularly monitored. Trade receivables are primarily from Navy (being department of Govt. of India), hence the credit risk is considered low. Further the Company receives advance against orders which also mitigates the credit risk.

ii) Financial Instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Management in accordance with the company's investment policy. Investment of surplus funds are made only in accordance with the Department of Public Enterprises(DPE) guidelines on investment of surplus funds, with the approved banks and within credit limits assigned to each bank. The limits applicable to single bank and public / private sectors as per the DPE guidelines minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to repay the principal and interest.



b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, if any.

c) Market Risk

i) Foreign currency risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk since it imports components from foreign vendors. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). In most of the Contracts, the gains / losses from forex exchange fluctuations are passed on / borne by the customer of the Company. Therefore, the foreign exchange risk and sensitivity of the Company is Nil.

ii) Foreign Currency Risk Exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:

(₹ in lakhs)

Particulars	CAD	EUR	GBP	NOK	SEK	USD
Financial Liabilities						
31st March 2020	-	15,256	98	8	1	30,647
31st March 2019	2	12,964	17	4	1	7,863



Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

Particulars	Impact on Profit Before Tax	
	31st March 2020	31st March 2019
CAD Sensitivity*		
INR/CAD increases by 5%	-	(0)
INR/CAD decreases by 5%	-	0
EUR Sensitivity*		
INR/EUR increases by 5%	763	648
INR/EUR decreases by 5%	(763)	(648)
GBP Sensitivity*		
INR/GBP increases by 5%	5	1
INR/GBP decreases by 5%	(5)	(1)
NOK Sensitivity*		
INR/NOK increases by 5%	0	0
INR/NOK decreases by 5%	(0)	(0)
SEK Sensitivity*		
INR/SEK increases by 5%	0	0
INR/SEK decreases by 5%	(0)	(0)
USD Sensitivity*		
INR/USD increases by 5%	1,532	393
INR/USD decreases by 5%	(1,532)	(393)

* Holding all other variables constant

49 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to

- maximise the shareholder value while providing stable capital structure that facilitate considered risk taking and pursuit of business growth
- safeguard the company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and business opportunities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.



50 Expenditure on Corporate Social Responsibilities (CSR) Activities

(₹ in lakhs)

The various heads under which the CSR expenditure was incurred during the period is detailed as follows:

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	2019-20	2018-19
Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.	372	837
Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled.	824	1,121
Clause (iv)	Ensuring environment sustainability, ecological balance, protection of flora & fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air & water.	-	34
Clause (vi)	Measures for the benefit of armed forces veterans, war widows and their dependents	-	5
Clause (vii)	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;	5	30
Clause (ix)	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government	200	40
Clause (x)	Rural development projects;	91	178
Total		1,492	2,245

Particulars	2019-20	2018-19
Amount required to be spent by the Company during the period	1,519	1,613
Amount spent during the period (incl. Administration Expenses)	1,563	2,347



51 Restatement Adjustments to Audited Ind AS Financial Statements

(₹ in lakhs)

Sr no.	Particulars	31st March, 2019
A	Net profit as per audited financial statements	53,449
B	Adjustments to net profit as per audited financial statements	
	Restatements	
a.	Due to prior period items	
	Increase/(Decrease) in Income	
b.	Material adjustments relating to previous years	
	Increase/(Decrease) in Income	
	Increase in unwinding of lease due to adoption of Ind AS 116	30
	Decrease in Revenue from Operations	(3,520)
	Decrease in provisions written back	(297)
	(Increase)/Decrease in Expenses	
	Increase in finance cost due to adoption of Ind AS 116	(497)
	Increase in depreciation due to adoption of Ind AS 116	(291)
	Decrease in amortization of prepaid rent due to adoption of Ind AS 116	114
	Decrease in Provision for Liquidated Damages	3,589
	Decrease in Rent due to adoption of Ind AS 116	705
C	Total adjustments	(167)
D	Restated profit / (loss) before tax adjustments (A-C)	53,282
E	Tax impact of adjustments	
a.	On restatement adjustments-income/(expense)	(24)
b.	On Ind AS adjustments	(21)
F	Restated profit / (loss) after tax	53,237

52 Ministry of Finance announced amendment in the form of reduced tax rate vide Taxation Laws (Amendment) Ordinance 2019 by inserting a new section 115BAA in the Income Tax Act, 1961. The amendments would be applicable from the FY 2019-20. As per the new section, the domestic Company may exercise the option of payment of tax at reduced rate of 25.17% (including surcharge and cess) subject to the condition that the company will not avail certain deductions/exemptions. The company has opted for the reduced rate of income tax. This is resulted in one time effect of on PAT of by Rs.16073 lakhs due to reduction in deferred tax assets .

53 The delays in the completion of the projects due to pandemic situation will be taken up with the customer for revising the delivery schedule. The total expenses incurred amounting to Rs. 993 lakhs towards employee benefits and Rs. 239 lakhs towards depreciation for the lockdown period from 22nd to 31st March 2020 are disclosed as exceptional item in the statement of Profit and loss for FY 2019-20. The Company doesn't foresee any change in the orders under execution due pandemic.

54 MDL maintains independent PF Trust for employees. In FY 2019-20, MDSL employee PF trust has recognised capital loss of Rs.1394 lakhs against the investment made in previous years. As per the terms & condition provided under employee PF scheme 1952, employer shall be liable to bear the loss of the trust. Consequently, provision of Rs. 1394 lakhs is recognised in accounts of FY 2019-20.



- 55** As per contract with customer for ships, Material Overheads (MOH) on variable cost components shall be charged to the vessel. However, payment will be made as per supplementary contract which is yet to be signed. Pending signing of the supplementary contract, the Company has recognised MOH of ₹ 4581 lakhs (Previous year ₹ 2504 lakhs) and profit there on of ₹ 344 lakhs (Previous year ₹ 189 lakhs) in the Statement of Profit and Loss.
- 56** Lease agreements have not been executed in the cases of Certain Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. However, MDL continues to occupy the land and is paying rent according to the terms and conditions of the contract. The lease period is assumed to be 29 years from the date of expiry of the leases.
- 57** Associate company M/s Goa Shipyard Ltd has implemented Ind AS 116 "Leases" from 01.04.2019. The lease liabilities are measured at present value of the remaining lease payments. The associate company has adjusted cumulative effect to retained earnings of 1st April 2019 in its standalone financials statements. The effect of adjustment in consolidated financials are (₹ 6) lakhs, (₹ 6) lakhs and (₹ 4) lakh in FY 2016-17, FY 2017-18 and FY 2018-19, net of taxes, which is not material.

57 Additional Notes to the Consolidated Financial Statements

57.1 Interest In Associate

(₹ in lakhs)

Name of the Company	Country of Incorporation	% of Ownership as at 31st March 2020	% of Ownership as at 31st March 2019
Goa Shipyard Limited	India	47.21%	47.21%

57.2 Disclosure of Additional Information Pertaining to the Parent Company and Associate

(₹ in lakhs)

Name of the Company	Share of Profit/(Loss)					
	31st March, 2020					
	As % of consolidated profit / (loss)	Amount in ₹ lakhs	As % of consolidated OCI	OCI	As % of consolidated TCI	TCI
Mazagon Dock Shipbuilders Ltd	80.43%	38,370	89.86%	(1,711)	80.04%	36,659
Goa Shipyard Ltd	19.57%	9,337	10.14%	(193)	19.96%	9,144
Total	100.00%	47,707	100.00%	(1,904)	100.00%	45,803

(₹ in lakhs)

Name of the Company	Share of Profit/(Loss)					
	31st March, 2019					
	As % of consolidated profit / (loss)	Amount in ₹ lakhs	As % of consolidated OCI	OCI	As % of consolidated TCI	TCI
Mazagon Dock Shipbuilders Ltd	88.34%	47,028	79.79%	(1,548)	88.66%	45,480
Goa Shipyard Ltd	11.66%	6,209	20.21%	(392)	11.34%	5,817
Total	100.00%	53,237	100.00%	(1,940)	100.00%	51,297



58 In the preparation of these Ind AS Financial Statements, figures for the previous year have been regrouped / reclassified, wherever considered necessary to conform to current year presentation.

As per our report of even date

JCR & Co

Chartered Accountants

Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner

Membership No. 160688

Mumbai 27th August, 2020

For and on behalf of the Board of Directors

Sd/-

VAdm Narayan Prasad, AVSM, NM, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjeev Singhal

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



Certificate of Appreciation from Govt. of MH for ITI Chikaldhara project on 15.07.2019



Par Excellence Trophy of Prabal at NCQC-2019, Varansi



India CSR Award 01.04.2019



16th National Award for excellence in Cost Management



MAZAGON DOCK SHIPBUILDERS LIMITED

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