

माझगांव डॉक लिमिटेड MAZAGON DOCK LTD.

Shipbuilders to the Nation



वार्षिक रिपोर्ट
ANNUAL REPORT
2013-14





Mazagon Dock Ltd.

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

Authenticated

Raksha Mantri





Mazagon Dock Ltd.

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

- ◆ To achieve 20% Post Tax return on equity in line with DPE's guidelines with improved order position and profitability.
- ◆ To progressively reduce overhead expenditure and operational costs.
- ◆ To maintain a consistent quality and retain ISO 9001-2008 Certification of Quality Systems.
- ◆ To maintain high degree of Customer Satisfaction.
- ◆ To continue the programme of augmentation, technological up-gradation and modernisation of facilities by undertaking various projects consistent with order book status.
- ◆ To upgrade capabilities of employees through multi-skilling and focussed training programmes.
- ◆ To enhance the productivity level through better project management and innovative HRD policies.
- ◆ Implementation of ERP system.
- ◆ International benchmarking
- ◆ To explore greater utilisation of private sector capacities for augmentation of shipyard capacity for timely delivery.





Mazagon Dock Ltd.

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MAZAGON DOCK LTD.

Chairman's Statement at 81st Annual General Meeting



Dear Share Holders,

1. It is with immense pleasure that I extend a warm welcome to all of you on behalf of the Board of Directors of your Company, at this 81st Annual General Meeting of the Company. The Directors' Report and Annual Accounts of the Company for the financial year 2013-14 had been circulated to you. It is with a sense of privilege and responsibility I announce the results of this fiscal year through the Annual Report of the Company.
2. It is with great joy that I report that your Company has done well during the last fiscal year and the MOU achievement is likely to be "Excellent". During the year your company achieved a Profit

Before Tax (PBT) of Rs. 587.57 Crores, operating profit of Rs.311.48 crores and Value of Production (VoP) of Rs. 2865.51 Crores. The VOP and the operating profit recorded during 2013-14 are the highest ever achieved by the company since incorporation. The recommendation of the Board of Directors for a dividend of Rs 100 Crores, i.e. 50.2% on the Equity share capital for the financial year 2013-14 continued and matched the highest dividend ever declared in 2012-13.

3. 2013-14 was yet another year that witnessed several milestones in your company's commitment to deliver high-technology war vessels and submarines to the prime customer viz. Indian Navy. The two ship projects viz.





- P15-A and P15-B are progressing well towards completion. The Submarine project is also on track without any major bottlenecks.
4. It is my pleasure to highlight certain major events that took place recently.
 - (i) Multi-purpose Support Vessel (MSV-II) was sold to M/s. RY Offshore Bahamas and delivered on 09 May 2014.
 - (ii) The first ship of P-15A INS Kolkata was commissioned and dedicated to the nation by the Hon'ble Prime Minister of India on 16th August 2014.
 5. The order book position of your company continues to be satisfactory. Three important Naval Projects comprising of three destroyers of P-15A, four destroyers of P-15B, and six submarines of Scorpene class are in hand. These projects are at various stages of construction. The prime goal as of now is to ensure adhering to the project timelines through extremely focused project monitoring. The expectation is that contract for multi-mission frigates under Project-17A will be signed during fiscal year- 2014-15.
 6. Major portion of the modernized infrastructure has been completed. The ramped up infrastructure is being leveraged by both the divisions of your company. This effort is already reaping rich dividends in terms of enhanced throughputs, increased productivity and a better work environment. Efforts are also being made to benchmark key processes against international norms which will identify key levers that affect productivity and help us take corrective steps. Further, industry best practices can be imbibed, customized and implemented for the overall capability step-up of your company to maintain the competitive edge. With opening up of Private Participation and the possibility of step up in the FDI in the defense sectors, your company is committed to holistically ramp up its core competence in key fronts to remain buoyant in an increasingly competitive environment.
 7. Your company continues to be ISO certified for its quality management system for the

shipbuilding and submarine divisions. At the working level, a number of quality circles have been established. This not only ensures sensitizing the personnel involved on the nuances of quality but also guarantees that some of the findings of the circles get translated into concrete action that would enhance the quality of processes and products. This year continued to witness quality circles winning accolades from several fora both national and international.

8. I am glad to inform that your company has made significant progress in achieving improved transparency and fairness in the system including implementation of e-tendering for high value procurement of goods and services, e-payment etc. A Research and Development (R&D) policy for the company has been promulgated and a five-year plan for undertaking R&D projects both in-house and in collaboration with academic institutions of repute was undertaken. Your company has tied up with various academia like IITs, NID, Welding Research Institute for various R&D projects. The specific R&D areas are still in the embryonic form and is expected to mature in the coming fiscal. The Virtual Reality Lab is now fully functional and is enabling Naval Architects and Engineers of your company to virtually walk through in an 'immersed environment' in a typical warship compartment being digitally designed. A number of compartments are being inspected by the customer in a virtual environment prior to release of production. This will, from now onwards obviate the need for constructing mock-ups, that are time-consuming, and will also contribute greatly towards avoiding rework at later dates.
9. The multifaceted Corporate Social Responsibility (CSR) initiatives of your Company enshrines better living to the under privileged in our society. Your company has put together a number of initiatives to address the diverse needs of the target people group. The CSR initiatives include education to the under privileged and mentally retarded children, health care, nutrition, sanitation and waste management, environmental cleanliness etc., Your company continues its role as a facilitator to bring positive





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MAZAGON DOCK LTD.

- change in the lives of these people and remain as a responsible Corporate Social entity.
10. Your company is committed to aligning its policies to the philosophy of Sustainable Development. A number of initiatives that were kick-started in the previous years were continued with vigor in the current fiscal. Some of the key areas are energy efficiency, renewable energy, minimization of waste generation. I would also like to reiterate that your company remains committed to good corporate governance in accordance with the guidelines issued by Dept. of Public Enterprises, Govt. of India.
11. As we look ahead, we see enormous challenges and opportunities for the yard to remain as a centre of excellence. I have no doubt that MDL will continue to play a crucial role in shaping the maritime defence and security calculus of our nation. With a modernized infrastructure, higher skill sets of the Yard's work force and the immense experience gained from recent frigate and submarine build programmes, your company is fully poised to deliver high-tech, high-quality products that meet the aspirations of the Indian Navy. MDL takes pride in its rich heritage in contributing to maritime defence. We shall endeavour to significantly increase indigenization content in our warships and try to create an ecosystem, which promotes indigenization on one hand and yet does not let developmental delays adversely affect the shipbuilding project timelines.

12. The Board of Directors joins me in expressing our deep appreciation to all the stakeholders. The Ministry of Defence, Government of India, has imparted their guidance, wisdom and encouragement in all the major decisions and in framing the policies. I am also indebted to the support of the Government of India, the State Government and all other Authorities and Agencies who have directly or indirectly given their helping hand to your company in its endeavors. The patronage and support received from Indian Navy and other clients of the company are beyond words and I would like to place on record my appreciation for them. Last but not the least, on behalf of the Board of Directors, I must heartily congratulate and compliment all the employees of MDL without whose dedication and commitment we would not have travelled thus far in our journey towards success.

Jai Hind!

RAdm R K SHRAWAT, AVSM, IN (Retd)
CHAIRMAN & MANAGING DIRECTOR



Board of Directors



RAdm R K Shrawat avsm IN (Retd)
CHAIRMAN & MANAGING DIRECTOR



Shri Ashok K K Meena



Shri Prem Kumar Kataria



Cdr P R Raghunath IN (Retd)



Shri M Selvaraj



Cmde R Anand IN(Retd)



Capt R Lath IN(Retd)



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MAZAGON DOCK LTD.

Board of Directors

RAdm R K Shrawat AVSM IN(Retd) CHAIRMAN & MANAGING DIRECTOR	(From 29.02.2012)
Shri Ashok K K Meena	(From 2.01.2013)
Shri Prem Kumar Kataria	(From 12.07.2010)
Cdr P R Raghunath IN(Retd)	(From 01.07.2011)
Shri M Selvaraj	(From 01.11.2012)
Cmde R Anand IN(Retd)	(From 01.01.2013)
Capt R Lath IN(Retd)	(From 19.09.2013)
Shri V V R Sastry	(upto 06.12.2013)
Prof S L Bapat	(upto 06.12.2013)
Prof Pankaj Chandra	(upto 06.12.2013)
Shri Pankaj Agarwal	(upto 06.12.2013)

COMPANY SECRETARY /
GENERAL MANAGER (LEGAL & ESTATE)
Shri E. S. Selvaraj

BANKERS
State Bank of India
Canara Bank

AUDITORS
M/s. Ford, Rhodes,
Parks & Co.

REGISTERED OFFICE
Dockyard Road
Mumbai – 400 010





Notice

NOTICE IS HEREBY GIVEN that the Eighty First Annual General Meeting of the Company will be held on Monday, the 25th August 2014 at 1230 hours at the Registered office of the Company at Dockyard Road, Mazagon, Mumbai-400 010, to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Balance Sheet as at 31st March 2014 and the Statement of Profit & Loss for the year ended 31st March 2014 and the Reports of the Directors and Auditors thereon.
- (2) To declare Dividend.
- (3) To fix the remuneration of the Auditors to be appointed by the Comptroller & Auditor General of India for the Financial Year 2014-15.

BY ORDER OF THE BOARD

(E.S. SELVARAJ)
COMPANY SECRETARY /
GENERAL MANAGER (Legal & Estate)

Mazagon Dock Limited
Dockyard Road
Mumbai 400 010

Dated 31 July 2014

NOTES:

- (a) A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company.
- (b) The instrument appointing the Proxy, if any, in order to be effective, be deposited at the Registered office of the Company not less than 48 hours before the time of holding the Meeting.
- (c) The Comments of the Comptroller and Auditor General of India under Section 619 (4) of the Companies Act, 1956 on the Accounts of the Company will be tabled at the Meeting.





माझगांव डॉक लिमिटेड
MAZAGON DOCK LTD.

DIRECTORS' REPORT FOR THE YEAR 2013-14

To,
The Shareholders,
Mazagon Dock Limited.

Dear Shareholders,

Your Directors are delighted to present their Report on the working of the Company together with Audited Accounts, Auditors Report and Reports on Corporate Governance and Management Discussion & Analysis for the financial year 2013-14.



Inauguration by CMD MDL of Cradle Assembly Shop - Mazdock Modernisation Project.

1. FINANCIAL HIGHLIGHTS

The Value of Production for the Financial Year 2013-14 is Rs.2865.51 Crore as against Rs. 2290.64 Crore in the previous year. The Profit before tax is Rs. 587.57 Crore for FY 2013-14 as against Rs. 638.89 Crore in the previous year.

2. CAPITAL STRUCTURE

The Authorised Equity Share Capital and Preference Share Capital of the Company as on 31 Mar 2014 stood at Rs. 200.00 Crore and Rs.123.72 Crore respectively. The Paid-up Equity Share Capital as on 31 Mar 2014 remained at Rs. 199.20 Crore. During the year there was no increase in the Authorised or Paid up Equity Share Capital.



Visit of VAdm N N Kumar, AVSM, VSM – Chief of Material on board Yard 701.

3. DIVIDEND

The Board of Directors recommended and paid interim Dividend at 50.2% on the Equity Share Capital amounting to Rs.100 Crore. The Board further recommended to treat the interim dividend paid as final dividend for the FY 2013-14.

4. CONTRIBUTION TO CENTRAL EXCHEQUER

Your Company's contribution during the FY 2013-14 to the Central Exchequer by way of Income Tax, Service Tax, Custom Duty, Excise Duty & Dividend was Rs.414.81 Crore.

5. OPERATIONS FOR THE YEAR 2013-14 VIS-À-VIS THE PREVIOUS TWO YEARS

5.1 The results of the Company's operations for the FY 2013-14 and the comparative figures for the previous two years are summarized below: -



Visit of VAdm D J Ezoba, CNS, Nigerian Navy to MDL .





(Rs. in Crore)

	2011-12	2012-13	2013-14
Sales	2262.87	2404.69	109.27
Value of Production	2523.69	2290.64	2865.51
Profit before Tax	691.78	638.89	587.57
Net Profit after Tax	494.31	412.72	397.61
Capital Employed	1486.62	1438.29	1773.51
Gross Block	314.81	312.79	375.20
Net Block	123.36	126.03	176.12
Working Capital	1363.26	1312.26	1597.39
Net Worth	1518.57	1807.03	2083.68
Value Added	1127.87	1160.34	1337.09
Interest	0.22	0.90	0.09
RATIOS			
Profit before Interest and Tax : Capital Employed	0.46	0.44	0.33
Profit after Interest and Tax : Capital Employed	0.33	0.29	0.22
Production : Gross Block	8.01	7.32	7.64
Value Added : Value of Production	0.44	0.51	0.47

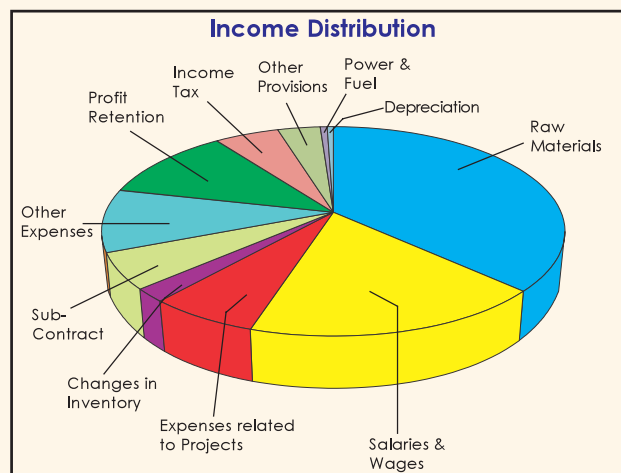
5.2 Income Distribution for the year 2013-14 as against previous year is summarized as under:-

INCOME DISTRIBUTION	%	%
	2012-13	2013-14
Raw Material	33.47	36.97
Salaries & Wages	21.17	17.92
Expenses related to Projects	11.18	6.51
Changes in Inventory	1.03	2.06
Sub-Contract	3.46	5.46
Other Expenses	3.93	9.71
Interest	0.03	—
Power & Fuel	0.60	0.61
Depreciation	0.51	0.52
Other Provisions	3.22	3.52
Previous Year's Adjustment	-0.81	0.00
Transfer to Fixed Assets	-0.12	-0.07
Income Tax	7.91	5.43
Profit Retention	14.42	11.36
Total	100.00	100.00

6. DIVISION-WISE PERFORMANCE

6.0 SHIPBUILDING DIVISION

6.1 The Shipbuilding Division of your Company recorded a Value of Production of Rs. 1196.62 Crore for 2013-14 as against Rs. 978.14 Crore of the previous year.



6.2 The construction activities of three ships of the Project 15A are progressing towards completion and construction activity of one ship of P-15B has commenced.

7. SUBMARINE & HEAVY ENGINEERING DIVISION

7.1 The Value of Production on account of Submarine Construction was Rs.1668.89 Crore for 2013-14 as against Rs. 1312.50 Crore of the previous year.

7.2 The construction activities of all six submarines of P-75 are progressing as per schedule.

8. MAZDOCK MODERNISATION PROJECT

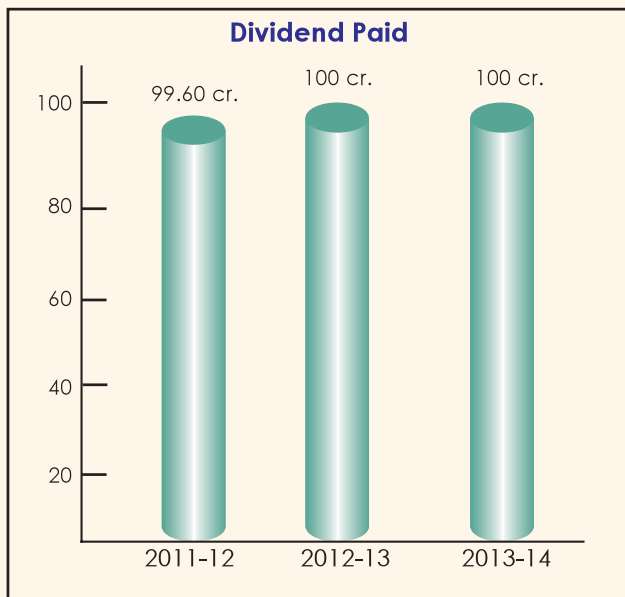
8.1 Mazdock Modernisation Project (MMP) has now started reaping its benefits with the commissioning of 'Modular Workshop and Cradle Assembly Shop' in FY 2013-14 and the commissioning of new Wet Basin and Heavy Duty Goliath (300 ton) crane during FY 2012-13. The new store building is also on the verge of completion. Induction of these facilities will augment the shipyard's capacity and effectively reduce construction period of warships and submarines. These infrastructure facilities are being created as Customer Financed Assets with funds from naval projects and internal accruals.

8.2 Your Company has embarked on a massive modernization programme and adapted the paradigm of 'Integrated Construction'. This methodology will change the way ships are built in India and dramatically reduce build periods of warships and submarines.

9. OTHER INFRASTRUCTURE PROJECTS

The construction of the 'Submarine Section Assembly' workshop at Alcock Yard, being

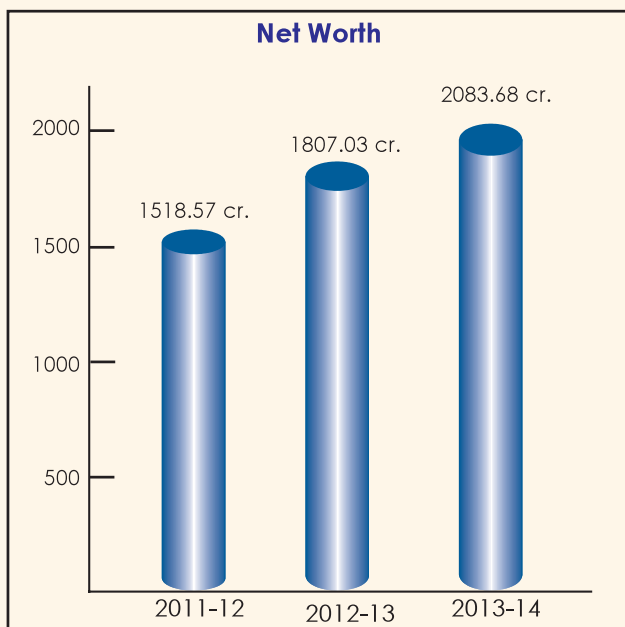




developed as a second assembly line for submarine construction, has achieved substantial progress. Once commissioned, the workshop will enable your company to meet the timelines of phased delivery of six submarines, the order for which is in hand. It will also cater to the requirement of anticipated future orders.

10. RESEARCH & DEVELOPMENT

10.1. Your Company's corporate policies and plans are geared up to remain as a centre of



excellence in the realm of building frontline warships and submarines for the Indian Navy.

10.2 Your Company has drawn-up a five year R&D Plan describing the R&D activities that could be taken up during this period.

10.3 A Memorandum of Understanding (MoU) with IIT, Kharagpur has been signed by your Company and seed money has been released to the Institute for commencement of the MoU to take up projects as per R&D plan. An MoU with IIT Madras has also been mutually agreed and will be signed shortly.

10.4 A dedicated navigation channel has been finalised in liaison with Mumbai Port Trust (MbPT)



*Visit of H E Jeans-Yves Le Drian,
Minister of Defence, France to MDL.*

and Central Water and Power Research Station (CWPRS). Water & Power Consulting Services (WAPCOS) is being roped in for conduct of Bathymetry Studies and Environmental Impact Assessment (EIA) studies for seeking requisite clearances for the creation of the channel.

10.5 MoU with National Institute of Design (NID), Ahmedabad has been signed. Studies related to ergonomics and human factors engineering in the context of warship design will be taken up with NID.

10.6 In-house projects will be taken up by R&D teams for different verticals. Eight specialists groups are presently functioning. An R&D team has been constituted under the chairmanship of Director (Shipbuilding) to steer up and monitor the projects. In the MoU for the year 2014-15 signed with Ministry of Defence/ Department of Public Enterprises, R&D targets have been introduced as one of the indicators.



10.7 Your Company is actively supporting the National Institute for R&D in Defence Shipbuilding (NIRDESH), an entity functioning under the aegis of Department of Defence Production, Ministry of Defence. Set up with the objective of achieving complete self reliance in shipbuilding, NIRDESH has active participation from Indian Navy, Indian Coast Guard, Defence Public Sector Undertakings and Defence Research Development Organization. CMD, MDL is the Chairman of the Road Map Sub-committee of NIRDESH which is steering the setting of the infrastructure at Calicut. NIRDESH has sponsored two R&D projects i.e. one for developing a composite rubber elements for use on the ongoing Scorpene Submarine project and development of an Under Water Autonomous Robot for Indian Navy. During the year, MDL organised a seminar on 'Shipbuilding Challenges and the Role of NIRDESH' in Jul 2013 at Calicut.

11. FUTURE OUTLOOK

- 11.1 Your Company will continue to concentrate on meeting the demands of the Indian Navy in line with Maritime Capabilities Perspective Plan (MCPPE).
- 11.2 Your Company has been trying to acquire 16 acres of land of MbPT at Powder Bunder, situated in north of MDL, needed for development of facilities and capacity enhancement for building ships and submarines. MDL is also trying to acquire 12 acres of land of flotilla workshop of MbPT. The land is geographically contiguous to MDL's South Yard where infrastructure exists for shipbuilding activities. Once acquired, it can be used to augment MDL's ship-building infrastructure and capacities.



Presentation of Cheque to Cancer Patients Aid Association under CSR programme by CMD, MDL.



Vigilance Awareness Week - 2013 celebrated in MDL.

- 11.3 The Indian Navy has drawn up a comprehensive 15 years indigenisation plan and MDL, as a shipyard, has committed to align itself to the indigenisation plan of the Indian Navy and endeavour to indigenise items in partnership with the Indian Navy.
- 11.4 Your Company intends to appoint a Know-How Provider (KHP) for Technology Upgradation & Capacity Enhancement (TUCE) which would impart requisite knowledge and skill to leverage utilisation of the modernised infrastructure at MDL. The KHP will function on a line project i.e. P-17A, thus bringing an all round business process transformation in warship building.

12. QUALITY CIRCLES

- 12.1 Your Company is committed to implement Quality Circle philosophy and 5S Quality concepts all over the Yard. In all, 48 Quality Circle teams have been developed in last 10 years. During 2013-14 QC teams represented MDL in various conventions on Quality Circles and bagged awards, the details of which are as follows:-
- (a) 02 MDL Quality Circle Teams ('Rainbow' QC of Ship Building Assembly Shop-Welding and 'Ganaji' QC of SB-Production Shop) participated at International Convention on Quality Circles (ICQCC) held at Taipei, Taiwan in October 2013 and both the teams won Excellent (highest) award.
 - (b) 14 QC teams participated at National Convention on Quality Concepts (NCQC) held at Kolkata in December 2013 in which 11 teams won Par Excellence Award (Gold) and 03 teams won Excellent Award (Silver).





Rescue operation by MDL when the building collapsed at Dockyard Road, Mumbai.

- (c) 34 QC teams participated at Chapter Convention on Quality Circles (CCQC) held in Mumbai on 31st Aug 2013 in which 25 teams won Gold Awards, 08 teams won Silver Awards and 01 team won Bronze Award.
- (d) 'Jeetam' Quality Circle of Submarine Division (Works) won Special Award for Best Presentation in Quality Circles held on 01 Sept 2013 among all the 265 QC teams participated in CCQC-2013.
- (e) Quality Circle Teams of Submarine Division participated in the National Convention of Quality Circles held at Kolkata from 20 to 23 Dec 2013. 6 teams received 'Par Excellence' awards and two teams received 'Excellent' awards during the competition.

13. 5S QUALITY CONCEPT

- 13.1 In your Company, 5S Quality concept has been implemented and certified in four workshops (P&A Shop-SY, Pipe Shop and Sheet Metal Shop of Shipbuilding Division; and workshops 'A' & 'B' of Submarine Division). MDL is committed to progressively implement 5S all over the Yard.
- 13.2 First Surveillance audit of all the four workshops, where 5S Quality concept is implemented, was carried out by M/s. Quality Circle Forum of India (QCFI), Hyderabad which declared the continuation of 5S certification.

14. ISO 9001:2008 QUALITY MANAGEMENT SYSTEM

- 14.1 Second surveillance audit of Shipbuilding Division of QMS as per ISO 9001:2008 standard was carried out by M/s. Indian Register of Quality System (IRQS) audit team. Certificate of approval

to the Quality Management System which is valid upto 22 Apr 2015 is recommended to be continued.

- 14.2 The Quality Management System (QMS) of Submarine Division was certified to the requirements of ISO 9001:2008 International Standard for the scope 'Manufacture of Submarine Hull and Structural Outfitting'. The certificate issued has been renewed and it is valid upto 13 Jun 2016.

15. QUALITY WEEK

In accordance with Hon'ble Raksha Mantri's appeal to all PSUs to observe the year 2013-14 as the 'Year of Quality', 'Quality Week' was observed from 30 Sep to 04 Oct 2013 in your Company. Various activities were organised to spread awareness of quality of products & services and its practices in every walk of life.

16. INFORMATION TECHNOLOGY

- 16.1 SAP / ERP was implemented in your Company in Apr 2009. Modules for Materials Management, Production, Finance, Payroll and Human Resource (HR) have stabilised and are functioning smoothly.
- 16.2 Ministry of Defence guidelines on cyber security such as use of internet on standalone personal computer, installation of fire wall at entry point and non-storage of sensitive data on personal computer connected to internet, were complied with.
- 16.3 More than 90 % (by value) of tenders are processed through e-Procurement portal.
- 16.4 Vendor bills are received and acknowledged at centralized 'Receipt Centre' after on-line entry in SAP/ERP from Sep 2013.



Independence Day - 2013 celebrated in MDL.



- 16.5 Document Management System (DMS) with online file tracking facility has been implemented from Jan 2014.
- 16.6 Submarine Division has developed an in-house software application which enables automated compilation of Certificates of Conformity (COCs) as well as linking of multiple quality related data like NCRs, Inspection Results, Work Instructions, Construction Order Specifications (COS) etc. It has resulted in easier and effective acceptance process ensuring considerable savings in working time, and also as a means to maintain and preserve vital data for use in future projects. This application is currently equipped with added features i.e. Transfer structure from one boat to another, checking of specific inspection and generation of graphical output for hull conformity.

17. ENVIRONMENTAL ASPECT

Your Company has fulfilled all statutory requirements of Central and State Pollution Control Boards. Various activities/projects have been taken up by your Company for environmental development.

18. INDUSTRIAL RELATIONS

Industrial relations scenario during the FY 2013-14 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. Memorandum of Settlement (MoS), which is valid till 31 Dec 2016, was the mode by which the revised wages, allowances and other benefits were regulated in respect of the non-executive category of employees.



Women's Day celebrated at MDL.



Men at work in MDL.

19. WELFARE ACTIVITIES

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

19.1 LIFE INSURANCE COVERAGE

Your Company has arranged various Group Savings Linked Insurance Schemes, which provide financial assistance in case of unfortunate and untimely natural or accidental death of an employee, while on duty. Besides, Group Personal Accident Insurance Scheme is also in place, which provides for 24 hours coverage for compensation in the event of accident of an employee resulting in death or permanent / partial disability.

19.2 MEDICAL SCHEME

All the serving employees, including their dependent family members, are covered under the Medical scheme for hospitalization. Hospital claims of around Rs. 19.95 Crore were disbursed towards treatment to the employees and their dependent family members during the financial year 2013-14.

19.3 POST RETIREMENT MEDICAL SCHEME (PRMS)

In order to provide medical facilities to the retired employees and their spouses, your company has Post Retirement Medical Scheme in place. The same is being regulated through group medical policy taken from an insurance company. The insurance coverage to the extent of Rs. 5.0 Lakh each for self & spouse in case of executives and Rs.2.5 lakh each for self & spouse in case of non-executives has been implemented.





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MAZAGON DOCK LTD.



Men at work in MDL.

20. CULTURE BUILDING

With a view to promote team building and family culture across the organisation, 'Yard Open Day' is observed every year. On this day, family members of the employees are allowed to visit the yards and facilitated to see the functioning of MDL. Your Company also celebrates its Foundation Day every year on 14 May. The Mazagon Dock Recreation Club/ Sports Club supported by the Company, looks after the recreational facility for all employees, which helps in developing a team building in the organisation. Scholarships are awarded to deserving children of employees for pursuing various academic courses.

21. REWARDS & INCENTIVES TO EMPLOYEES

With a view to inculcate a performance driven culture in the organisation, commendation certificates and cash awards of Chairman & Managing Director and Directors for excellent performance have been introduced. One worker is chosen from amongst 7000 Workers every month and given 'Workman of the Month' award on meeting the laid down production norms. This is in addition to the existing incentive scheme already in vogue for the non-executives.

22. HUMAN RESOURCE DEVELOPMENT

22.1 Your Company has been putting emphasis on the development of human resources and it will continue its relentless efforts in updating the competencies and skill sets of its employees through exposure to various training and development programmes, organised by premier management institutions, viz. IIM, XLRI & ISB, and through specified conferences and workshops. In order to ensure smooth supply of skill sets in MDL in particular and shipbuilding

industry in general, various training programmes viz. training of Trade Apprentices under Apprentices Act, 1961, Graduate Apprentices, Engineering Diploma and Marine Engineering are being organised regularly by your Company.

22.2 The robust and transparent Performance Management System (PMS), already in place for executives, has been providing meaningful inputs for individual development and taking care of their promotional aspirations as well. A mentoring policy also has been adopted by the Company where senior executives mentor juniors in developing soft skills and domain expertise.

23. GRIEVANCE REDRESSAL COMMITTEE FOR SCs/STs

Weaker sections of 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.

24. RESERVATION OF POSTS FOR SCs/STs/OBCs

Your company has been observing all the directives of the Government of India issued from time to time on reservation of posts for SCs/ STs/ OBCs. The Parliamentary Committee on SC & ST has inspected MDL on 30 Oct 2013 on the implementation of SC/ST instructions/directives, rosters and various welfare activities undertaken by MDL. They found that the maintenance of SC / ST Rosters and other efforts undertaken by your Company is quite impressive. Detailed statistics regarding the total number of employees, number of women employees, recruitment made during the calendar year 2013 and the representation of SCs/STs/Ex-servicemen as on 01 Jan 2014 are given at Appendices A, B and C to this Report.

25. OFFICIAL LANGUAGE IMPLEMENTATION

25.1 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. To monitor and enhance the progressive use of Hindi, quarterly meetings were held under the chairmanship of Chairman & Managing Director. This apart, sub-committees for Hindi implementation under the chairmanship of respective Directors have also been constituted in each Division and these sub-committees meet every quarter. This has helped effective and progressive use of Hindi language. A reward scheme is in place to suitably reward





executives and staff for working extensively in Hindi. Workshops on Hindi were conducted every quarter to impart training in the working knowledge of Hindi. Your company has already installed Hindi software viz. Shivaji and Unicode in almost all personal computers. To develop awareness amongst employees, digital boards have been installed at the entrance of main buildings for displaying 'Aj ka Shabd' and 'Suvichar'. This effort has helped employees to understand the meaning of Hindi words used in day to day working.

25.2 On the occasion of Hindi Fortnight, 'Hindi Pakhwada' was organised in Sep 2013. Various competitions viz. hindi typing, translation, essay writing, debate, poetry and the most popular singing competition were organised. A large number of executives and non-executives enthusiastically participated in these competitions. The winners of the competitions were felicitated by Chairman & Managing Director.

25.3 During this year, the Parliamentary Committee for Implementation of Official Language had reviewed the use of official language in MDL and found the same to be satisfactory.

26 VIGILANCE ACTIVITIES

26.1 As an arm of Central Vigilance Commission, the Vigilance Department takes appropriate action to carry out preventive and punitive vigilance in your company. It promotes transparency and fairness in various activities including procurement, subcontract, recruitment etc. It also attempts to ensure that integrity is maintained in all domains of the Company's functioning.

26.2 As a part of Preventive Vigilance, intensive examination (as conducted by Central Technical Examiner of Central Vigilance Commission) of purchase/ subcontract /service orders were undertaken to verify the compliance to prescribed procedures and statutory norms / regulations. During the year, 13 such CTE type examinations were carried out, which helped overall improvement in the system.

26.3 During the financial year, Vigilance Department was in receipt of 65 complaints, out of which 32 were signed complaints. Out of these 32 complaints, investigation has been completed for 16 complaints and investigation is under progress for the rest. Surprise spot checks were also conducted.

26.4 During the financial year, Vigilance Awareness Week was observed from 28 Oct 2013 to 02 Nov 2013. During this week, in-house Vigilance Journal 'SUCHARITA' Vol. XVI was released. A special speech by Dr. Satish B Agnihotri, Director General (Acquisition), MOD was organised on the subject 'Promoting Good Governance – Positive Contribution of Vigilance'. Suppliers meet of leading contractors / suppliers along with vigilance and senior officers of company was also arranged. Slogan & essay competitions for employees and their family members were organised and online quiz contest on vigilance related topics were held.

27. CONSERVATION OF ENERGY

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

28. PARTICULARS OF EMPLOYEES

The information in respect of Particulars of Employees as required under the Companies Act is 'NIL'

29. PUBLIC GRIEVANCE COMMITTEE

Your Company constituted a Public Grievance Committee in MDL headed by an officer of the rank of General Manager. The Committee examined and disposed grievances based on their merit. Periodical interaction meetings with suppliers (vendors' meet) were conducted at various levels which helped to ensure and maintain a mutually beneficial relationship.

30. CORPORATE GOVERNANCE

It is the constant endeavour of your Company to adopt and maintain the highest standard of ethics in all spheres of business activities. Your Company's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures and legal compliance. It strives for transparency in decision making and to avoid conflict of interest. It also accords due importance to adhere to the adopted corporate values and objectives and discharging social responsibilities as a corporate citizen. In keeping with its professional approach, your company is implementing the precepts of Corporate Governance in letter and spirit. A Report on Corporate Governance in line with guidelines issued by Department of Public Enterprises, Govt. of India to PSEs is annexed as Appendix 'E'.





31. CORPORATE SOCIAL RESPONSIBILITY

- 31.1 Corporate Social Responsibility and Sustainability Development is company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.
- 31.2 Your Company is committed to undertake various programmes to integrate the social and business goals in a sustainable manner to create social impact through inclusive planning and increased visibility. The activities undertaken are elaborated in Appendix 'F' to the Directors Report.
- 31.3 Your Company had undertaken 22 projects, including two projects in the tribal districts of Maharashtra i.e. Nanded and Chandrapur. Your company imparted training to 591 executives and non-executives on CSR.
- 31.4 Your company has spent Rs.6.56 Crore towards CSR & Sustainable activities for the year 2013-14.

32. SUSTAINABLE DEVELOPMENT PROGRAMME

- 32.1 Your Company in alignment with its philosophy, is engaged to enhance value creation in society, community and environment so as to promote sustainable development growth agenda. To initiate the long term sustainability agenda, your Company has created its Sustainable Development Policy with a theme focused on conserving natural resources, using energy efficient equipment, minimizing waste generation and using low carbon technologies and renewable energy resources. Multiple underlying and related objectives have been taken to support the Sustainable Development agenda over the next 5 years.
- 32.2 Sustainability Report on a global framework Global Reporting Initiatives 3.1 (GRI) is under preparation. Sustainability reporting is a standard practice under the guidelines of GRI. Your Company is the first shipbuilding company in India and amongst a handful of global companies in the world to produce a dedicated Sustainability Report for FY 2013-14. The details of activities under Sustainability are elaborated in Management Discussion & Analysis Report.

33. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A Report on Management Discussion and Analysis has been prepared in line with the guidelines issued by the Department of Public Enterprises, Govt of India to Public Sector Enterprises (PSEs) and the same has been annexed as Appendix 'F' to this Report.

34. 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 110 applications and 5 appeals. The information / replies sought for were duly furnished. Quarterly and Annual Return for the year to be submitted to Central Information Commission (CIC) had been duly filed and uploaded in RTI - MIS updation system.

35. CHANGES IN THE BOARD

- 35.1 Four Part time Non-official Directors viz. Shri V V R Sastry, Prof. S L Bapat, Prof. Pankaj Chandra and Shri Pankaj Agarwal ceased to be Members of the Board w.e.f. 07 Dec 2013 upon completion of their tenure. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by them during their tenure.
- 35.2 The Board also welcomed the appointment of Capt (Retd) Rajiv Lath, as Director (Submarine & Heavy Engineering) w.e.f. 19 Sep 2013.

36. DIRECTORS' RESPONSIBILITY STATEMENT

- 36.1 As required under Section 134(5) of 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;





- (d) The Directors had prepared the Annual Accounts on a going concern basis;
- (e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- (f) 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.

37. STATUTORY AUDITORS AND THEIR REPORT

The Comptroller and Auditor General of India, appointed M/s. Ford, Rhodes, Parks & Co., Mumbai, as the Statutory Auditors of the Company for the year 2013-14. The Auditors have certified the accounts and their report is placed as a part of Annual Report.

38. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act 1956 have been received and placed as a part of Annual Report.

39. ACKNOWLEDGEMENTS

Your Directors place on record their gratitude and 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. The Directors also express their gratitude to the clients, who have extended patronage to the Company. 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. Ford, Rhodes, Parks & Co., Mumbai, and the officers of the Principal Director of Commercial Audit and Ex-officio Member of the Audit Board, Bengaluru. Your Directors also have pleasure in placing on record their appreciation for the devoted efforts put in by the Company's employees at all levels, significantly improving the Company's performance.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

RAdm R K SHRAWAT, AVSM, IN (Retd)
Chairman & Managing Director

Place: Mumbai,

Date: 17 July 2014





APPENDIX 'A' TO THE DIRECTORS' REPORT

STATEMENT SHOWING POSITION REGARDING REPRESENTATION OF SCHEDULED CASTES AND SCHEDULED TRIBES IN VARIOUS CATEGORIES OF POST AS ON 01 JANUARY 2013 AND 01 JANUARY 2014.

Classification of Posts/Services	As on 01 January 2013			As on 01 January 2014		
	Total Strength	Scheduled Caste	Scheduled Tribe	Total Strength	Scheduled Caste	Scheduled Tribe
<u>PERMANENT :</u>						
GROUP "A"	1026	175	62	1035	180	62
GROUP "B"	2	0	Nil	2	0	Nil
GROUP "C"	705	39	5	646	27	5
GROUP "D" (excluding Safaiwala)	3734	415	194	3867	452	207
GROUP "D" Safaiwala	17	15	0	17	15	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"	0	0	0	0	0	0
(Excluding Safaiwala)						
GROUP "D"	0	0	0	0	0	0
(Safaiwala)						
GROUP "D"						
Apprentice under Act)	438	73	30	424	73	29
<u>FIXED TERM CONTRACT FOR TWO YEARS</u>						
GROUP "A"	0	0	0	0	0	0
GROUP "B"	0	0	0	0	0	0
GROUP "C"	130	19	4	122	13	8
GROUP "D" (excluding Safaiwala)	3232	541	219	3019	527	240
GROUP "D" (Safaiwala)	0	0	0	0	0	0





APPENDIX 'B' TO THE DIRECTORS' REPORT

PARTICULARS OF RECRUITMENT MADE DURING THE CALENDAR YEAR 2013. THE NUMBER FILLED BY MEMBERS OF SC'S/ ST'S REASON FOR SHORTFALL AND STEPS TAKEN TO IMPROVE THE POSITION.

Classification of Posts/Services	Total Number of posts filled during the year	Scheduled Caste		Scheduled Tribe		Reason for shortfall and steps taken to improve the position
		Posts Reserved	Posts filled	Posts Reserved	Posts filled	
PERMANENT:						
GROUP "A"	85	24	0	15	0	Recruitment is in process
GROUP "B"	0	0	0	0	0	
GROUP "C"	13	3	0	4	0	
GROUP "D" (Excluding Safaiwala)	506	44	42	43	21	*
GROUP "D" (Safaiwala)	-	-	-	-	-	
CONTRACT EMPLOYEES FOR TWO YEARS:						
GROUP "A"	6	1	1	0	0	
GROUP "B"	0	0	0	0	0	
GROUP "C"	62	3	2	3	1	*
GROUP "D" (excluding safaiwala)	1570	138	125	193	144	*
GROUP "D" (Safaiwala)	0	0	0	0	0	

* Suitable SC, ST candidates were not available, hence Reserved vacancies could not be filled and carried forward to the year 2014.

APPENDIX 'C' TO THE DIRECTORS' REPORT

STATEMENT SHOWING REPRESENTATION OF EX-SERVICEMEN IN GROUP "C" AND "D" AND NUMBER OF WOMEN EMPLOYEES AS ON 01 JANUARY 2014.

Classification of Posts/Services	Total Strength	EX-SERVICEMEN		WOMEN EMPLOYEES	
		No.	%	No.	%
PERMANENT :					
GROUP "A"	1035	95	9.17	52	5.02
GROUP "B"	2	0	0	0	0
GROUP "C"	646	4	0.61	33	5.10
GROUP "D" (Excluding Safaiwala)	3867	0	0	18	0.46
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"	122	0	0	16	13.11
GROUP "D" (Excluding Safaiwala)	3019	15	0.49	68	2.25
GROUP "D" (Safaiwala)	0	0	0	0	0





APPENDIX 'D' TO THE DIRECTORS' REPORT

ADDL. INFORMATION UNDER SECTION 134(3)(M) OF THE COMPANIES ACT 2013.

1. CONSERVATION OF ENERGY:

Expenditure incurred by your Company on environmental up gradation, pollution control and energy conservation during the year 2013-14 are as under:

Sl.	Description	Qty.(nos.)	Amount (in Rupees)
a.	Installation and Commissioning of star rated split AC (4 star)	25	11,20,501/-
b.	Installation and Commissioning of star rated Window AC (3 star)	30	7,75,542/-
c.	Passenger lifts 3 nos and cargo/goods lift-1 no are replaced with new lifts. All these new lifts have inbuilt energy efficient drives.	4	1,04,59,845/-
d.	Old drives of EOT crane (5ton) 1 no replaced with new technology VFD control and regenerative braking system for energy efficient system	1	13,63,981/-
e.	Old conventional air compressor-2 nos in Alcock Yard and East Yard have been replaced with new screw compressors with VFD control which are energy efficient compressors.	2	61,52,728/-

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

- 2.1 Kolkata class destroyers are a follow-on series of the successful Delhi class destroyers with several new design features incorporated in the original design. These ships will have significant stealth features and have changes in weapon payload.
- 2.2 Four Ships of P-15B class are being constructed at MDL as follow-on of P-15A warships. The weapon and sensor package would be more advanced. In addition, the RCS and stealth features would be improved.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in respect of foreign exchange earnings and outgo is contained at paras 2.22.2 & 2.23.1 of Notes to the Accounts.





APPENDIX 'E' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

1. PHILOSOPHY ON CORPORATE GOVERNANCE

It is the constant endeavour of your company to adopt and maintain the highest standard of ethics in all spheres of business activities. Your Company's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures and legal compliances. It strives for transparency in decision making to avoid conflict of interest. It also accords due importance to adhere to the adopted corporate values and objectives and discharging social responsibilities as a corporate citizen. In keeping with its professional approach, your company is implementing the precepts of Corporate Governance in letter and spirit.

2. COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors of the company as on 31 Mar 2014 consisted of Chairman & Managing Director (CMD), four functional directors and two part time official directors. The four posts of Part-time non official Directors fell vacant after their tenure of three years completed on 06 Dec 2013. The Directors as on 31 Mar 2014 were as under:

2.1 WHOLE TIME DIRECTORS

RAdm (Retd) R K Shrawat	- Chairman & Managing Director
Cdr (Retd) P R Raghunath	- Director (Shipbuilding)
Shri M Selvaraj	- Director (Finance)
Cmde (Retd) R Anand	- Director (Corporate Planning & Personnel)
Capt (Retd) R Lath	- Director (Submarine & Heavy Engineering)

2.2 PART-TIME OFFICIAL DIRECTORS:

Shri Ashok K.K. Meena, Joint Secretary (NS), Ministry of Defence.

Shri Prem Kumar Kataria, Addl. FA (K) & Jt. Secretary, Ministry of Defence

As per the directives issued by Ministry of Defence, the following are the Permanent Special Invitees/Special Invitees on the Board of MDL as on 31 Mar 2014.

2.3 PERMANENT SPECIAL INVITEES

VAdm K R Nair, CWP&A

Shri Rajnish Kumar, Addl. FA&JS(RK)

RAdm Anil Kumar Saxena, DGND

Dr V Bhujanga Rao, DS, CCR&D (NSIC) DRDO

2.4 SPECIAL INVITEES

RAdm (Retd) Shekhar Mital, CMD, GSL

RAdm (Retd) A K Verma, CMD, GRSE

3. MEETINGS OF BOARD OF DIRECTORS AND SHARE HOLDERS AND ATTENDANCE

During the financial year ended 31 Mar 2014 six meetings of the Board of Directors were held i.e. on 23 Apr 2013, 24 Jun 2013, 24 Jul 2013, 17 Oct 2013, 18 Nov 2013 and 08 Feb 2014. The Annual General Meeting was held on 23 Aug 2013. Details of attendance of the Directors at the Board Meeting & Annual General Meeting during 2013-14 are given below:





Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Board Meeting Attended	Attendance in the last AGM
a.	RAdm (Retd) R K Shrawat	6	6	Y
b.	Shri Ashok K K Meena	6	4	—
c.	Shri Prem Kumar Kataria	6	3	By proxy
d.	Shri V V R Sastry *	5	5	—
e.	Prof S L Bapat *	5	3	Y
f.	Prof Pankaj Chandra *	5	1	—
g.	Shri Pankaj Agarwal *	5	5	—
h.	Cdr (Retd) P R Raghunath	6	6	Y
i.	Shri M Selvaraj	6	6	Y
j.	Cmde (Retd) R Anand	6	6	Y
k.	Capt (Retd) R Lath **	3	3	NA

* Ceased to be MDL Directors w.e.f. 07 Dec 2013

** Appointed as Director (Submarine & Heavy Engineering) w.e.f. 19 Sep 2013.

SUB-COMMITTEES OF BOARD OF DIRECTORS

4. AUDIT COMMITTEE

4.1 The Board at its meeting held on 19 Mar 2001 constituted the Audit Committee. It consisted of following Directors as on 31 March 2014.

Shri Prem Kumar Kataria	—	Chairman
Cdr (Retd) P R Raghunath	—	Member
Cmde (Retd) R Anand	—	Member

4.2 During the financial year ending 31 March 2014, the Audit Committee met ten times i.e on 06 April 2013, 06 May 2013, 18 Jun 2013, 17 Jul 2013, 23 Jul 2013, 07 Aug 2013, 04 Oct 2013, 13 Nov 2013, 27 Nov 2013 and 05 Dec 2013. 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 Pankaj Agarwal *	10	10
b.	Prof S L Bapat *	10	4
c.	Cmde. (Retd.) R. Anand	10	10
d.	Shri P K Kataria **	—	—
e.	Cdr (Retd) P R Raghunath **	—	—

* Completed Tenure and ceased to be Members w.e.f. 07 Dec 2013.

** Became Members w.e.f. 08 Feb 2014.

4.3 The Terms of Reference to the Audit Committee, inter-alia, include the following:-

- Oversee 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.
- Recommend to the Board, the fixation of audit fees.





- (c) Approve payment to statutory auditors for any other services rendered by the statutory auditors.
- (d) Review the annual financial statements before submission to the Board for approval.
- (e) Reviewing performance of internal auditors, and adequacy of the internal control systems.
- (f) Discuss with internal auditors and / or auditors any significant findings and follow up thereon.
- (g) Discuss 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.
- (h) Review the follow up action on the audit observations of the C&AG audit.

5. Three Chartered Accountant firms have been appointed to conduct internal audit of specific areas of the company's operations. These are 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.

6. PROCUREMENT SUB COMMITTEE (PSC)

6.1 The Procurement Sub Committee (PSC), a Sub Committee of Board of Directors, consisted of the following Directors as on 31 Mar 2014.

RAAdm (Retd) R K Shrawat	–	Chairman
Cdr(Retd) P R Raghunath	–	Member
Shri M Selvaraj	–	Member
Cmde (Retd) R Anand	–	Member
Capt (Retd) R Lath	–	Member

6.2 The Procurement Sub-Committee (PSC) of the Board of Directors reviews and approves the procurement proposals as per the powers delegated by the Board. The minutes of the meetings of PSC are placed before the Board for information.

7. HR & REMUNERATION COMMITTEE

7.1 The Remuneration Committee was renamed on 08 Feb 2014 by Board of Directors, as HR and Remuneration Committee to broaden its scope to examine proposals related to HR issues before the same are placed for approval of Board. The Remuneration Committee consisted of following members who ceased to be members of the committee w.e.f. 07 Dec 2013 on completion of their tenure as part time non-official Directors had two meetings on 03 Oct 2013 & 04 Dec 2013 during 2013-14 :-

Shri V V R Sastry	–	Chairman
Prof S L Bapat	–	Member
Prof Pankaj Chandra	–	Member

8. BUDGET SUB COMMITTEE

8.1 The Budget Sub Committee constituted by the Board consisted of following members as on 31 Mar 2014 and had one meeting on 10 Jun 2013. As the tenure of other members viz. Shri V.V.R. Sastry, Prof. S.L. Bapat and Prof. Pankaj Chandra, expired on 06 Dec 2013, they ceased to be members of the committee.

Cdr (Retd) P R Raghunath	–	Member
Shri M Selvaraj	–	Member
Cmde (Retd) R Anand	–	Member
Capt (Retd) R Lath	–	Member

8.2 The Budget Sub-Committee reviews the annual capital expenditure proposals and recommends to the Board for its approval.





9. INVESTMENT COMMITTEE

- 9.1 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 2014.

RAdm (Retd) R K Shrawat	–	Chairman
Shri M Selvaraj	–	Member
Cmde (Retd) R Anand	–	Member

- 9.2 The committee has been delegated powers to invest short term surplus funds as per DPE guidelines and within the limits prescribed by the Board. The committee meets as and when the available surplus funds are required to be invested.

10. PROJECT REVIEW SUB-COMMITTEE

- 10.1 The Project Review Sub-Committee (PRSC) a sub-committee of the Board of Directors was constituted on 28 Aug 2012 to review the Project-15A on continuous basis sanctioned by Government for execution as per time lines and price lines with the following members. The PRSC had three meetings on 19 Apr 2013, 16 Jul 2013 and 04 Dec 2013.

Shri V V R Sastry	–	Chairman
Prof S L Bapat	–	Member
Cdr(Retd) P R Raghunath	–	Member
Shri M Selvaraj	–	Member

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

The Board constituted Corporate Social Responsibility and Sustainable Development (CSR & SD) Committee on 31 Oct 2013. The following were the Members of the Committee as on 31 Mar 2014. The committee had four meetings on 28 May 2013, 27 Nov 2013, 29 Jan 2014 and 27 Mar 2014.

RAdm (Retd) R K Shrawat	–	Chairman
Cdr (Retd) P R Raghunath	–	Member
Cmde (Retd) R Anand	–	Member

The CSR & SD committee oversees the CSR & SD activities and implementation of DPE Guidelines on the subject.

12. ANNUAL GENERAL MEETINGS

Details of last three Annual General Meetings are as follows:

FY	Location	Date and time
2010-11	Registered Office of the Company at Dockyard Road, Mumbai-400 010	25 Sep 2011 at 12.30 hrs.
2011-12	Registered Office of the Company at Dockyard Road, Mumbai-400 010	29 Aug 2012 at 1200 Noon
2012-13	Registered Office of the Company at Dockyard Road, Mumbai-400 010	23 Aug 2013 at 1230 hrs.

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.





14. DISCLOSURE

- 14.1 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.
- 14.2 The company has complied with Presidential Directives issued by the Central Government.
- 14.3 There were no items of expenditure debited in books of Accounts, which are not for the purpose of the business.
- 14.4 The expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management were NIL.

15. 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 Limited, for the year ended 31 Mar 2014.

RAdm R K SHRAWAT, Avsm, IN (Retd.)
Chairman & Managing Director

Mumbai.
17 July 2014





माझगांव डॉक लिमिटेड
MAZAGON DOCK LTD.

Ragini Chokshi & Co.

Company Secretaries
34, Kamar Building, 5th Floor,
38 Cawasji Patel Street, Fort,
Mumbai – 400 001
Email : ragini.c@rediffmail.com
mail@csraginichokshi.com

TO,

The Members,
Mazagon Dock Limited,

We have examined the compliance of conditions of corporate governance by Mazagon Dock Limited, for the year ended on 31.03.2014, as stipulated in the Department of Public Enterprises(DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises(CPSEs) 2010 issued by the Government.

2. The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance.

3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has substantially complied with the aforesaid Guidelines on Corporate Governance. We observed that during the year 2013-14 four Independent Directors ceased to be Directors on completion of their tenure w.e.f. 07-12-2013. The appointment of new Independent Directors is awaited by the Company.

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

For Ragini Chokshi & Co.
Company Secretaries

sd/-
Mrs. Ragini Chokshi
Partner
Membership No. 2390
C.P. No. 1436

Place: Mumbai.
Date : 11.08.2014





APPENDIX 'F' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2013-2014

The Management of your Company is pleased to present below its analysis on the Performance of the Company for the financial year 2013-14 and its outlook for the future.

(A) NATURE AND SCOPE OF THE SHIPBUILDING INDUSTRY

1. Your Company is in the business of shipbuilding and predominantly in the defence shipbuilding segment. Shipbuilding is an industry which requires very high capital investment, labour with exceptional skill sets and high technology. The merchant shipbuilding is driven by market economy and by its very nature is highly volatile and cyclic in nature. There are host of variables that decides the trajectory that commercial shipbuilding traces. Macro and micro-economic developments at the global level, nationally impact the shipbuilding arena. Extant government policies, taxation structure, oil prices, demand-supply matrix etc. are some of the factors influencing global market for merchant ships. Warship building on the other hand is primarily driven by the maritime security requirements of the nation and the threat perceptions that are current and futuristic. Warships are high-technology platforms that can engage with the enemy multi-dimensionally. Submarines are also an inevitable and important component in the fleet adding teeth to the blue water capability of the Navy. Defence technology as such is very dynamic in nature and to catch-up and keep pace with the technological advancement is indeed a real challenge. Construction of naval platforms is inherently technology intensive and requires substantial investment of time, money and human resources.

1.1 Frontline warships like frigates, destroyers and submarines typically have long gestation periods for build owing to their complexity. The design maturity available at the time of commencement of production is a key factor in the build period. Designs of warships built by your Company are indigenously developed, and typically the build period for front line warships range from 6-8 years. Your Company has modernised the basic infrastructure and this affords handling of fully pre-outfitted grand assemblies paving way for practicing global best practices like Integrated Construction. Building follow-on ships in a series with more number of vessels, will essentially provide high take-off levels in terms of design maturity and availability of material and will definitely result in reduced build period. The Indian shipbuilding industry comprises both public and private sector yards. The new Defence Procurement Procedure promulgated by the MoD envisions more private participation in defence production. Your Company will need to step-up its multi-faceted capabilities to remain buoyant in a highly competitive environment.

1.2 Your company has a rich legacy of building world class hi-tech warships and has consciously adopted the motto of 'Deliver quality ships on time'. The modernisation programme initiated by the Yard is almost complete. The infrastructure upgrade now available has brought your Company into the league of yards that can handle grand blocks and execute integrated construction. The modernised infrastructure is being gainfully leveraged for current build programmes of P15B ships (destroyers) and the Scorpene Class submarines.

1.3 Despite our inherent strengths, the Indian shipyards need to go a long way to graduate commercially and technically to the level of shipyards in developed nations. The best practices in the industry abroad are to be imbibed and ruthlessly implemented for ensuring long-term dividends.

1.4 The Indian Shipbuilding industry has to be globally competitive against the best yards in the world. The shipyard gets orders only if they are credible (deliver quality ships on time) and it can be credible only after successfully executing consistently under domestic and international competition. Unfortunately, the shipyards in India are facing very stiff taxes, tariff, duties, and financing charges as compared to other parts of the world.

1.5 The capacity of the Yard would increase significantly and the value of production is also expected to increase considerably after completion of Mazdock Modernisation Project (MMP). Your Company as the leading defence shipyard in the country will remain poised to continue to cater to the maritime capability of our nation. With huge requirement for ships of various types to meet the requisite force levels of the Indian Navy, your Company is expected to be major player and contributor in the coming decades to enhance our blue water capability.





Your company, therefore, will continue to make efforts to maintain the growth momentum by securing orders from its major customers, viz. the Indian Navy.

B. SWOT ANALYSIS

2. STRENGTHS

2.1 The rich heritage and tradition of your Company are the major drivers in its sustained position as the lead shipyard in warship construction, in the country. The number of ships built by the yard and the wide range of product-mix proves that your Company is a centre of excellence in the warship building arena.

2.2 Your Company is the only defence public sector shipyard capable of constructing conventional submarines and destroyers. Personnel associated with submarine construction have already traversed the learning curve and they are now adept with the nuances of submarine technology up to global standards. This unique position gives the company an advantage over other defence shipyards in the future submarine induction plan of the Indian Navy.

2.3 Your Company is located at Mumbai, the commercial capital of India and the headquarters of the largest Navy and Coast Guard Fleet. This facilitates close association with the customers for ready feed back to help and improve performance. Further, access to host of ancillary industries in Mumbai is an added advantage.

2.4 The industrious, highly skilled versatile workforce of the Company is capable of adapting to emerging changes in technologies.

2.5 Your Company has implemented SAP / ERP and other administrative and management reforms in tune with state-of-the-art practices in shipbuilding.

2.6 Your Company is certified with ISO 9001-2008 Quality Management system for Shipbuilding and Submarine Divisions.

2.7 A number of new initiatives have been embarked upon by the company to ensure overall improvement. Research and Development policy and plan have been promulgated. Your company has already tied up with academic institutions of repute for R&D projects. Industry-Academy participation is envisaged to exploit the knowledge bank available in these institutions for mutual benefit.

2.8 Modernisation of the Yard usher in better capabilities to cut down build periods.

3. WEAKNESSES

3.1 The land area available to the company is limited to 75 acres, which restricts operations of large scale shipbuilding.

3.2 The layout of production facilities, constrained by availability of limited land area, hinders optimised production flow.

3.3 The limited water front and depth available alongside is a severe constraint for rapid productivity. Tidal constraints also bring in enormous strain on planning various activities like launching, dry docking and other vessel movements.

4. OPPORTUNITIES

4.1 With the increased thrust on maritime, coastal and near coastal security, there will be good business opportunities for shipbuilding companies across the country, including your company.

4.2 The acquisition plan of Indian Navy projects 30 to 35 ships for the next decade. Your Company, as the lead shipyard for construction of frontline warships and submarines, could be benefitted out of acquisition plan.

4.3 The submarine acquisition plan of the Navy lays emphasis on indigenisation. Considering the high scope of technology transfer in the ongoing P75 programme, your Company will be front runner to win orders for the P75 (I) programme.

4.4 Emergence of private shipyards all around the coast provide an opportunity to enter into Joint Venture for non-core technologies and cut down the overall build time.





4.5 Coastal states are on the look out to set up ship building infrastructure and will approach your Company considering its longstanding reputation.

4.6 The spare capacities available in private and DPSUs could be utilised by way of outsourcing for current projects.

5. THREATS

5.1 Aging work force on permanent roll of the Company impacts agility and hence productivity.

5.2 The company will have to prepare for greater competition with the joining of private sector in warship construction business.

5.3 It may not be commercially viable to continue with telescopic designing of warships.

C. CORPORATE INITIATIVES FOR ENSURING SUSTAINED PERFORMANCE AND GROWTH

6. INFRASTRUCTURE MODERNISATION

6.1 Mazdock Modernisation Project (MMP), a prestigious project of the Company, is almost complete. Introduction of these facilities will augment the shipyard's capacity and effectively reduce the build period of warships/submarines. The total cost of the project is expected to be Rs.1100 Crore. These infrastructure facilities are being created in large part as customer financed assets with funds from naval projects and balance with internal accruals.

6.2 The existing facility available at East Yard is not adequate to meet the timelines of phased delivery of six submarines. To overcome this shortfall, it is been planned to develop a second assembly line in the unused premises of your Company. Accordingly, a 'Submarine Section Assembly' workshop is being built at Alcock Yard to cater to the requirement of construction of submarines.

7. INFORMATION TECHNOLOGY

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

8. 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 display its product range.

9. HUMAN RESOURCE DEVELOPMENT

9.1 Your Company has trained and rich in experience workforce to meet its needs of high technology oriented shipbuilding jobs. The Company pays full attention to the needs of its employees' training, welfare, mentoring, insurance, medical etc.

9.2 Your Company also provides cash awards, commendation certificates to its employees for excellent performance. The employees are also assured of medical attendance needs of their dependent family members. The details of welfare measures, insurance scheme, training arrangements, grievance redressal forums etc. are given in Directors' Report.

10. CORPORATE SOCIAL RESPONSIBILITY

10.1 A snapshot of your company's CSR activities with the mission of sustainable community development is given as under:-

10.2 Children's Aid Society (CAS)

Educational support is provided to mentally deficient children of Mankhurd Children's Home. The project aims to provide vocational training and personal hygiene to mentally deficient destitute children, both boys and girls in the age of 6 years and above, admitted through the Juvenile court and Child Welfare Committee.

10.2.1 Qualified and trained medical, teaching and support staff are provided for taking care of the health, education, skill and personality development of the children.





10.2.2 Workshops and special schools, which impart vocational training, have been provided facilities required to upgrade skills of the children. Provision of equipment viz. envelope and file making machines etc. have been arranged for children with a view to hone them in making of envelopes/ files/ greeting cards etc. and enable them earn some livelihood. A total of 300 children have been benefited in this scheme.

10.3 Maharogi Sewa Samiti

This organisation is engaged in service to leprosy and mentally & physically retarded patients. Your Company has provided one 32 seater AC bus for transportation of blind, dumb, deaf and leprosy patients. Your Company has also provided one 3.12 kV solar power system, lift for the building, 100 beds and wheel chairs to the Hospital.

10.4 Slum Health Improvement Project (SHIP)

This project focuses on improvement in health, hygiene, water and sanitation of two slum pockets of Mumbai 'E' Ward, Darukhana and Reti Bunder Area. The project aims at improvement of quality of life of 2500 households. One NGO was engaged for giving vocational training to the women of Darukhana area. 60 women and unemployed girls are being given training in tailoring course and 42 girls are being trained in beautician course. The project has also imparted training to 100 community based workers on improvement of health, water, sanitation etc in collaboration with BMC.

10.5 Door Step School (School on Wheels)

This project is aimed to provide education to the school dropouts. The project also aims to set up Balwadis where 3-6 year old children are trained for further admission to higher classes as soon as the child is of schooling age. A mobile School-on-Wheels which operates in 'E' Ward has been also provided to the NGO. The Balwadis and School-on-Wheels enable children being prevented from joining as child labour and growing up in to illiterate adulthood.

10.6 Asha Sadan

This program is to reach out to orphan / destitute adolescent girls and unwed mothers in conflict with the law who are underprivileged and are in difficult situations. The programme aims to empower them with facilities for their care, protection, development, rehabilitation and social integration. 191 girls/unwed mothers have benefited from this exercise.

10.7 Health Camps

Two multi-speciality health check-up camps and cancer detection camps were conducted at Nanded District of Maharashtra in which 8650 patients were treated and medicines were distributed to all. During the camp, 112 patients were diagnosed as having primary stage of cancer.

10.8 Your Company is also executing 16 other projects and donated Rs 10 lakh each to Chief Minister's Relief Fund of Uttarakhand, Bihar, Odisha and Andhra Pradesh.

11. SUSTAINABLE DEVELOPMENT PROGRAMME

11.1 In today's world focused on increasing economic activity, it is becoming even more important for organisations to focus on inclusive growth, encompassing social and environmental factors along with financial parameters. These sustainability efforts reflect the commitment of an organisation to excellent long term business performance through improved social, economic and environmental practices. Under mentioned initiatives were undertaken in respect of Sustainable Development.

11.2 Energy Efficiency

Working on the theme of 'Measurement before Management' your Company conducted third party Energy Audit for the production yards and office premises. Your Company has already implemented the recommendations of the report that focuses on streamlining consumption of energy in various production processes, office buildings and other ancillary activities without compromising quality and production volume. Energy conservation has become the theme while procuring new machines and equipment while replacing older ones.

11.3 Your Company has procured 170 inverter based shielded metal arc welding (SMAW) machines having potential of energy saving of 25 to 30% compared to conventional welding machine. Further, 40 inverter based





metal inert gas (MIG) welding machines have been procured and put into use, which can save energy upto 30 to 35% as compared to conventional MIG welding machine. 97 BEE star rated (3 star and above) air conditioners have been procured and installed in various offices.

11.4 Low Carbon Technologies/Renewable Energy

Eliminating usage of non-renewable energy sources is the best way to reduce impact on environment. Realising this, multiple projects have been undertaken to bring up the use of renewable energy in the precincts of the company. A 90 kW Solar Power Plant has been installed and commissioned on the roof-top of SB-Pipe Shop. This shall generate 1,32,000 units of energy per annum. Your Company has planned to undertake installation of 300 kW Solar Power Plants on the roof-tops of other workshops as per previous feasibility study. Your Company has also conducted carbon and water foot print study to benchmark the present baseline.

11.5 Rain Water Harvesting

Your Company implemented two rain water harvesting projects at Anik Chembur Yard with a yield of 30 kl/day. This will reduce the consumption of municipal water.

11.6 Dedicated Sustainability Committee

A dedicated sustainability committee with the objectives of looking into sustainability issues is already in place.

11.7 Minimisation of Waste Generation

A Project to harness biogas for cooking purpose out of canteen waste has been installed and commissioned.

11.8 Each of the above initiatives has led Company to achieve its MoU targets for Sustainable Development.

12 INTERNAL CONTROL SYSTEM

12.1 The Company has an adequate system of internal controls implemented towards achieving effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. The system comprises well defined organisation structures, pre-identified authority levels and procedure issued by management covering all vital and important areas of activities, viz. Budget, Purchase, Materials control, Works, Finance & Accounts, Personnel, etc. The Company has an Internal Audit Department, which monitors compliances of Company's procedures, and policies with well defined annual audit programme 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

12.2 The implementation of SAP / ERP system has helped to strengthen the Internal Control Systems with its in-built checks and balances at various levels of operations. The Audit Committee reviews the internal control systems. The adequacy of internal control procedures is reviewed and reported by the Statutory Auditors in their Audit Report. Your Company, being a Government Company, is subject to Government audit also.





D. FINANCIAL PERFORMANCE

Your Company's financial operations for the year 2013-14 compared to last two years is as under:

(Rs. in Crore)

	2011-12	2012-13	2013-14
Sales	2262.87	2404.69	109.27
Value of Production	2523.69	2290.64	2865.51
Profit before Tax	691.78	638.89	587.57
Net Profit after Tax	494.31	412.72	397.61
Capital Employed	1486.62	1438.29	1773.51
Gross Block	314.81	312.79	375.20
Net Block	123.36	126.03	176.12
Working Capital	1363.26	1312.26	1597.39
Net Worth	1518.57	1807.03	2083.68
Value Added	1127.87	1160.34	1337.09
Interest	0.22	0.90	0.09
The important Ratios are as under :-			
Profit before Interest and Tax :Capital Employed	0.46	0.44	0.33
Profit after Interest and Tax :Capital Employed	0.33	0.29	0.22
Production : Gross Block	8.01	7.32	7.64
Value Added: Production	0.44	0.51	0.47





INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Mazagon Dock Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 (the Act) read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by The Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

Pursuant to Comptroller and Auditor General of India's observation under Section 619 (4) of the Companies Act 1956, our report dated 17th July, 2014 on the accounts adopted by the Board of Directors has been revised. This report supersedes our earlier report to include Note No. 5 in the emphasis of matter.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.





Emphasis of Matter

We draw attention to:

1. In respect of certain leasehold properties, depreciation has been charged on the basis of available information pending execution of lease agreements. (Refer note 2.9.1.(i))
2. Registration formalities are pending in respect of certain properties. (Refer note 2.9.1.(ii))
3. Balance of current assets, loans and advances, current liabilities, clearing accounts are as per books of accounts of MDL and are under the process of reconciliation and confirmation. (Refer Note 2.19.1)
4. Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory/consumption is done at the time of settlement, cannot be determined. (Refer Note 2.15.4)
5. Revenue and profit in respect of Project 75 submarine construction is recognized on the basis of expected revision in the contract price for which the Company has approached the customer. (Refer Note 2.47)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have 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 appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e. The provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Government Company in terms of Notification No. GSR 829 (E) dated 21st October, 2003, issued by the Department of the Company Affairs, Ministry of Finance, Government of India.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Place : Mumbai
Date : 19th August, 2014

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296





ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

- 1 (a) As per the information and explanations given to us; the fixed asset register showing full particulars including quantitative details and situation fixed assets is compiled by the Company.
- (b) As per the information and explanations given to us the fixed assets of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of operations of the Company and on the basis of explanations received material discrepancies were adjusted in the books during the verification.
- (c) In our opinion, fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- 2 (a) As per the information and explanations given to us the inventory (except those held with third parties) has been physically verified by the management during the year. Inventory lying with third parties and at Nhava Yard have been verified by the management under the perpetual inventory system. The management as at the year end has physically verified the work in progress in the company's custody.
- (b) In our opinion and as per the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and as per the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3 (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clause 4(iii) (b) to (d) of the order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clause 4(iii) (f) and (g) of the order is not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company has adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. Further on the basis of the examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance continuing failure to correct major weaknesses in internal control.
- 5 According to the information and explanations given to us, there are no contracts and agreements referred to in section 301 of the Companies Act, 1956, particulars of which need to be entered into a register maintained under Section 301 of the Act. Accordingly clause 4(v) (b) of the order is not applicable to the Company.
- 6 The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
- 7 In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of business.
- 8 We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.





- 9 (a) According to the information and explanations given to us and according to books and records as produced and examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investors education and protection fund, employees' state insurance income-tax, VAT, wealth tax, service tax, custom duty, excise duty, cess and other as applicable with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed dues payable in respect of provident fund, investors education and protection fund, employees state insurance, income tax, VAT, wealth tax, service tax, custom duty, excise duty, cess and other as applicable were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, Cess that have not been deposited on account of any dispute, other than those mentioned below:

Sr. No.	Name of Statute	Period	Amount (Rupees in lacs)	Forum where dispute is pending
1.	Central Excise Act, 1944	F.Y. 2001-02 to F.Y. 2003-04 & F.Y. 2007-08	341	CESTAT, Mumbai
2.	Central Excise Act, 1944	F.Y. 2001-02	10	High Court of Gujarat
3.	Central Excise Act, 1944	F.Y. 2000-01	15	Additional Commissioner, Mumbai
4.	BST Act, 1959	F.Y. 1980-81 to F.Y. 2004-05	107,979	Maharashtra Sales Tax Tribunal, Mumbai
5.	MVAT Act, 2002	F.Y. 2005-06 F.Y. 2006-07 F.Y. 2008-09 & F.Y. 2009-10	2,072	Jt. Commissioner of Sales Tax
6.	Karnataka Sales Tax Act	F.Y. 1989-90 F.Y. 1990-91 F.Y. 1992-93 F.Y. 1995-96 to F.Y. 1996-97	304	Karnataka High Court, Bengaluru
7.	Service tax	F.Y. 2001-02 to F.Y. 2003-04	3,501	Bombay High Court

10. The Company has neither accumulated losses as at 31st March, 2014, nor has it incurred any cash loss during the financial year ended on that date and the immediately preceding financial year.
11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or debenture holders during the year.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit or a nidhi / mutual benefit fund / society, therefore, the clause 4(xiii) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.





14. The Company has not dealt or traded in shares, securities, debentures or other investments. Hence the question of maintenance of proper records of the transactions and contracts and making timely entries in the same does not arise.
15. According to the information given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions and the question of terms and conditions' being prejudicial to the interests of the Company does not arise.
16. According to the information given to us and records examined by us, the Company has not availed term loans from banks during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that there are no funds raised on short-term basis.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures in the current year. Hence the issue of creation of charge does not arise.
20. The Company has not raised money by public issue and hence the question of disclosure by management on the end use of money raised by public issue and its verification does not arise.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm's Registration No. 102860W

Place : Mumbai
Date : 19th August, 2014

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296





माझगांव डॉक लिमिटेड
MAZAGON DOCK LTD.

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF MAZAGON DOCK LIMITED, MUMBAI
FOR THE YEAR ENDED 31 MARCH 2014.**

The preparation of financial statements of Mazagon Dock Limited, Mumbai for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 17 July 2014 and their revised report dated 19 August 2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Mazagon Dock Limited, Mumbai for the year ended 31st March 2014. 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. In view of the *revisions made to the Independent Auditors' Report vide para No. 5 of Emphasis of Matter* as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 619(4) of the Companies Act, 1956.

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

Sd/-

(V.K.Girjavallabhan, IA & AS)
Pr. Director of Commercial Audit
and Ex-Officio Member, Audit Board, Bangalore.

Place : Bangalore
Dated : 20 August 2014



वार्षिक रिपोर्ट 2013-14
ANNUAL REPORT

TEN YEARS AT A GLANCE – FINANCIAL POSITION & OPERATING RESULTS

Rs in crore

	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
(A) FINANCIAL POSITION :											
1 Equity Share Capital	199.20	199.20	199.20	199.20	199.20	199.20	199.20	199.20	199.20	199.20	199.20
2 Preference Share Capital	0.00	0.00	0.00	0.00	24.74	49.49	74.23	98.98	98.98	98.98	98.98
3 Reserves & Surplus	1894.04	1615.09	1319.37	940.82	756.15	576.90	369.19	184.36	75.23	49.92	24.79
4 Cumulative Loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	44.01
5 Net Worth	2083.68	1807.03	1518.57	1140.02	980.09	825.59	642.62	482.54	373.41	348.10	278.96
6 Capital Employed	1773.51	1438.29	1486.62	837.06	842.66	755.94	622.93	459.26	361.14	333.68	278.04
7 Gross Block	375.20	312.79	314.81	301.87	297.55	264.03	249.15	226.57	229.37	228.20	226.75
8 Net Fixed Assets	176.12	126.03	123.36	114.78	113.73	87.86	80.35	64.63	71.56	65.54	70.48
9 Working Capital	1597.39	1312.26	1363.26	722.28	728.93	668.08	542.58	394.63	289.58	268.14	207.56
(B) OPERATING RESULTS :											
1 Sales	109.27	2404.69	2262.87	636.56	3150.94	5.49	6.06	18.65	164.29	99.54	191.00
2 Production	2865.51	2290.64	2523.69	2611.41	2856.13	2568.93	2321.69	1872.24	518.37	540.63	495.77
3 Value Added	1337.09	1160.34	1127.87	947.60	896.76	584.98	459.80	396.26	289.50	289.74	291.19
4 Gross Margin (EBIDTA)	606.03	631.17	705.75	378.79	398.66	405.54	389.48	252.96	118.46	147.27	22.42
5 Gross Profit	587.80	616.53	692.61	366.23	386.49	397.32	382.11	246.64	111.57	139.82	29.51
6 Added Value	428.68	487.34	557.09	295.08	314.39	329.95	327.19	208.63	53.45	87.21	(5.38)
7 Profit/(Loss) before Tax	587.57	638.89	691.78	366.05	386.47	397.28	380.70	260.02	109.70	133.76	9.63
8 Provision for Tax	189.96	226.17	197.47	122.53	146.28	126.55	139.84	91.94	49.60	64.62	1.71
9 Profit/(Loss) after Tax	397.61	412.72	494.31	243.52	240.19	270.73	240.86	168.08	60.10	69.14	7.92
(C) APPROPRIATION:											
1 Capital Redemption Reserve	0.00	0.00	0.00	0.00	24.74	24.74	24.75	24.75	0.00	0.00	0.00
2 General Reserve	260.00	285.00	375.00	200.00	150.00	180.00	182.00	93.00	0.00	0.00	0.00
3 Proposed Dividend-Equity	0.00	100.00	99.60	49.80	49.80	49.80	41.83	19.92	6.97	0.00	0.00
4 Dividend-Preference Shares	0.00	0.00	0.00	0.84	2.46	4.07	6.06	30.47	23.54	0.00	0.00
5 Tax on Dividend	17.00	17.00	16.16	8.21	8.68	9.15	8.14	8.56	4.28	0.00	0.00
6 Corporate Social Responsibility	3.96	7.26	-	-	-	-	-	-	-	-	-
7 Interim Dividend	100.00	-	-	-	-	-	-	-	-	-	-
(D) RATIOS :											
1 Gross Profit :Capital Employed	0.331	0.429	0.466	0.438	0.458	0.525	0.614	0.567	0.309	0.419	0.108
2 Net Profit : Net Worth	0.191	0.228	0.326	0.214	0.245	0.328	0.375	0.334	0.161	0.199	(0.013)
3 Gross Margin:Gross Block	1.615	2.018	2.242	1.255	1.340	1.536	1.563	1.116	0.516	0.645	0.099
4 Added Value : Production (VOP)	0.149	0.213	0.221	0.113	0.110	0.128	0.141	0.111	0.103	0.161	(0.011)
5 Profit before Tax :Production (VOP)	0.205	0.279	0.274	0.140	0.135	0.155	0.164	0.139	0.212	0.247	0.019
6 Production (VOP) : Gross Block	7.637	7.323	8.017	8.651	9.599	9.730	9.319	8.263	2.260	2.370	2.186
7 Value Added : Production (VOP)	0.467	0.507	0.447	0.363	0.314	0.228	0.198	0.212	0.558	0.536	0.587
8 Sundry Debtors : Sales	2.836	0.168	0.139	0.484	0.114	1.941	2.340	1.763	0.218	0.486	0.515
No. of Employees :	8640	8670	8325	8090	8072	8018	7764	8013	8090	7789	7941
Gross Margin per employee	0.070	0.073	0.085	0.047	0.049	0.051	0.050	0.032	0.015	0.019	0.003

माझगांव डॉक लिमिटेड
MAZAGON DOCK LTD.





MAZAGON DOCK LIMITED
BALANCE SHEET AS AT 31st March 2014

	Note	2013-14 (₹ in lakhs)	2012-13 (₹ in lakhs)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	2.1	19920	19920
(b) Reserves and Surplus	2.2	189404	161509
		209324	181429
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	8877	8149
(b) Other Long-term Liabilities	2.4	0	0
(c) Long-term Provisions	2.5	14989	19086
Total - Non-current Liabilities		23866	27235
(3) Current Liabilities			
(a) Trade Payables	2.6	79277	117144
(b) Other Current Liabilities	2.7	2473876	2211415
(c) Short-term Provisions	2.8	7014	17152
Total - Current Liabilities		2560167	2345711
TOTAL		2793357	2554375
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.9(i)	16820	11614
(ii) Intangible Assets	2.9(ii)	792	989
(iii) Capital Work-in-Progress	2.10	11239	7821
		28851	20424
(b) Non-current Investments	2.11	600	600
(c) Deferred Tax Assets (Net)	2.12	11788	7959
(d) Long-term Loans and Advances	2.13	26391	34234
(e) Other Non-current Assets	2.14	5821	14221
Total - Non-current Assets		73451	77438
(2) Current Assets			
(a) Inventories	2.15	1802720	1437079
(b) Trade Receivables	2.16	30256	39446
(c) Cash and Bank Balances	2.17	523935	600479
(d) Short-term Loans and Advances	2.18	346758	388735
(e) Other Current Assets	2.19	16237	11198
Total - Current Assets		2719906	2476937
TOTAL		2793357	2554375

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS 1 & 2

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF

Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No. 102860W

sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Date : 17.07.2014
Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

sd/-
Rear Admiral R. K. Shrawat, AVSM, IN (Retd.)
Chairman & Managing Director

sd/-
M. Selvaraj
Director (Finance)

sd/-
E.S. Selvaraj
Company Secretary & GM (L&E)





MAZAGON DOCK LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014

	Note	2013-14 (₹ in lakhs)	2012-13 (₹ in lakhs)
I. Revenue from Operations			
1 Turnover	2.20	286551	229064
2 Other operating revenue	2.21	2121	4075
		288672	233139
II. Other Income	2.22	61265	52891
III. Total Revenue (I + II)		349937	286030
IV. Expenses:			
1 Cost of Materials Consumed	2.23	129371	95747
2 Changes in Inventory of Work-in-progress	2.24	7222	2939
3 Employees Benefit Expenses	2.25	62716	60542
4 Sub-Contract		19108	9894
5 Power and Fuel		2119	1702
6 Finance Costs	2.26	9	90
7 Depreciation and Amortization Expenses	2.9	1823	1464
8 Other expenses :(a) Project related	2.27	22767	31976
(b) Others	2.28	33989	11228
9 Adjustment for Expenses Transferred to Fixed Assets	2.29	(255)	(330)
10 Provisions made	2.30	12297	9215
Total Expenses		291166	224467
Profit for the Year		58771	61563
11 Prior Period Adjustments	2.31	14	(2326)
V. Profit before exceptional items and tax		58757	63889
VI. Exceptional items		0	0
VII. Profit Before Tax		58757	63889
VIII. Tax expense: (1) Current Tax for Current year		23136	24454
(2) Current Tax relating to prior years		(311)	1650
(3) Deferred Tax		(3829)	(3487)
IX. Profit/(Loss) for the year		39761	41272
X. Earnings per Equity Share (₹)		199.60	207.19

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATMENTS 1 & 2

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF

Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No. 102860W

sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Date : 17.07.2014
Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

sd/-
Rear Admiral R. K. Shrawat, AVSM, IN (Retd.)
Chairman & Managing Director

sd/-
M. Selvaraj
Director (Finance)

sd/-
E.S. Selvaraj
Company Secretary & GM(L&E)





MAZAGON DOCK LIMITED
CASH FLOW STATEMENT FOR THE YEAR 31ST MARCH 2014

(₹ in lakhs)

Sr. No.	Particulars	Note Ref.	2013-2014	2012-2013
A	Cash Flow From Operating Activities			
	Net Profit before Tax		58,757	63,889
	Adjustments for :			
	(+) Non Cash Expenditure & Non Operating Expenses			
	Depreciation / Amortisation		1,823	1,464
	Finance Cost		9	90
	(-) Non Operating Income			
	Profit / Loss on Sale of Fixed Assets		88	540
	Interest Income		(54,343)	(49,916)
	Dividend received		(275)	(811)
	Other Items			
	Fund Utilised for CSR		(166)	—
	Operating Profit before Working Capital Changes		5,893	15,256
	Adjustment for (Increase) / Decrease in Working Capital			
	Adjustments for :			
	Inventories		(365,641)	(55,152)
	Trade Receivables and Short Term Loans & Advances		51,167	17,058
	Other Current & Non Current Assets		3,361	5,339
	Trade Payables and Other Current Liabilities & Provisions		214,456	118,218
	Long Term Loans & Advances		(1,687)	(305)
	Long Term Liabilities & Provisions		(4,097)	(28,573)
	Cash Generated from Operations		(96,548)	71,841
	Direct Tax Paid (net)		(19,519)	(19,487)
	Net Cash from (used in) Operating Activities		(116,067)	52,354
B	Cash Flow from Investing Activities			
	Purchase of fixed assets		(6,930)	(2,320)
	Capital Work in Progress		(3,418)	(4,006)
	Sale of fixed assets		10	50
	Capital Advance		6,224	(6,119)
	Interest Income		54,343	49,916
	Dividend Received		275	811
	Net Cash from / (used in) Investing Activities		50,504	38,332
C	Cash flow from Financing Activities			
	Dividend Paid		(11,700)	(11,700)
	Interest Paid		(9)	(90)
	Other Long Term Borrowings		728	(22)
	Net Cash from / (used in) Financing Activities		(10,981)	(11,812)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)		(76,544)	78,874
	Cash and Cash Equivalents at the beginning of the year		600,479	521,605
	Cash and Cash Equivalents at the end of the year		523,935	600,479

Note: Figure in bracket indicate out flow.
AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF

Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No. 102860W

sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Date : 17.07.2014
Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

sd/-
Rear Admiral R. K. Shrawat, AVSM IN (Retd.)
Chairman & Managing Director

sd/-
M. Selvaraj
Director (Finance)

sd/-
E.S. Selvaraj
Company Secretary & GM(L&E)





1. SIGNIFICANT ACCOUNTING POLICIES :

I. ACCOUNTING METHOD:

The financial accounts are prepared under the historical cost convention on accrual basis in accordance with the applicable Accounting Standards.

II. USE OF ESTIMATES:

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that may affect the reported amount of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimated.

III. VALUATION OF INVESTMENTS:

- a) Long term investments are valued at cost after deducting provisions made, if any, for other than temporary diminution in the value.
- b) Short term investments are valued at lower of cost or fair market value.

IV. FIXED ASSETS:

a) Tangible

Fixed assets procured and capital works executed internally by the Company are shown at cost.

b) Intangible

Expenditure incurred on software is capitalized under "Intangible Assets" and shall include expenditure incurred on:-

- (i) procurement of software
 - (ii) acquisition/development of software
 - (iii) upgradation/enhancement of existing software resulting in enhancement in economic benefit.
- c) Fixed Assets acquired with financial assistance from outside agency either wholly or partially are capitalised at net cost to the Company.

V. DEPRECIATION:

- a) Depreciation on fixed assets is charged on the straight-line method at the rate and manner prescribed under Schedule XIV to the Companies Act, 1956, except for the following –
 - i) No residual value is retained in case of computers and other peripherals;
 - ii) On major additions to the acquisition cost of the buildings, the revised cost has been considered under a separate asset class with depreciation rate of 1.95%, being enhanced rate of depreciation to make it co-terminus with the residual life of the asset.
- b) Additions to assets costing Rs. 5,000/- or less are depreciated at 100%.
- c) Lease rent on leasehold land is amortised over the lease period.
- d) Intangible Assets are amortised over a period of five years or over a period of their useful life, whichever is less.
- e) Cost of loose tools, individually costing over Rs. 5,000/-, is written off evenly over a period of five years, commencing from the year of purchase.





VI. VALUATION OF INVENTORIES:

Inventories are valued after providing for obsolescence / un-usability / deterioration determined on the basis of assessment by the management as under:-

- (i) Raw materials, stores and spares are valued at the weighted average cost.
- (ii) Equipment for specific projects are valued at cost. In case of cancelled projects and surplus items, at cost or estimated realizable value, whichever is lower. Valuation of partial issues, where break-up values are not available, is based on technical estimates.
- (iii) Stock-in-transit including non-codified items are valued at cost.
- (iv) Inventory of Foreclosed Projects are valued at cost or estimated realizable value, whichever is lower.
- (v) Scrap is valued at cost or estimated realizable value whichever is lower.
- (vi) Work-in-Progress is valued as under:-
 - 1) Cost Plus Contracts:
"At costs incurred plus profits accrued up to the reporting date as per Contract/Letter of Intent"
 - 2) Fixed Price Contracts:
 - (a) Where profit can be reliably measured:
"At costs incurred up to the reporting date plus profits recognized under percentage completion method in the proportion the actual costs incurred bear to the estimated total cost to completion as on that date."
 - (b) Where loss is anticipated:
"When it is probable that total contract costs will exceed the total contract revenue, the expected loss is fully recognized as an expense immediately, irrespective of physical progress achieved on the reporting date."
 - 3) Ship Repair Contracts:
 - (a) Work Done against contracts extending up to 12 months is valued at cost or realizable value, whichever is lower. Profit, if any, is recognized in the year in which the repair is completed.
 - (b) For contracts extending beyond 12 months the valuation is done as per policy for construction contracts as stated above.
- (vii) Finished products are valued at lower of cost or net realizable value.
- (viii) Medical stores are charged off to revenue at the time of purchase.

VII. SALES:

- (i) Sales against contracts are reflected in the accounts of the year in which the deliveries are made to the customer.
- (ii) Sale values are ascertained in accordance with the contractual provisions.
- (iii) Where the contract prices are not finalized, sales are accounted for on provisional basis.
- (iv) Additional revenue, in respect of contracts completed in earlier years, is accounted for as sales in the year in which such revenue materializes.
- (v) Credit notes issued to customers and deductions accepted are reduced from sales in the year in which they are effected.





- (vi) Sales include Excise Duty and Service Tax, wherever applicable, and exclude Value Added Tax, Central Sales Tax, Works Contract Tax etc.

VIII. MVAT / CENTRAL EXCISE DUTY / SERVICE TAX / TCS:

MVAT / Central Excise Duty / Service tax collected / receivable from customers, Tax collected at source is not treated as part of Company's trading receipts.

IX. INSURANCE CLAIMS:

Amounts due against insurance claims are accounted for on accrual basis. In respect of claims not finally settled by the underwriters, credits are reckoned, based on the Company's estimate of the realizable value.

X. LIQUIDATED DAMAGES:

Liquidated damages recovered from suppliers' bills are included in Other Income except for cost plus contracts.

XI. INTEREST EXPENSES:

Interest charges other than interest on custom duty, which is treated as part of custom duty incurred during the year, are treated as part of overhead expenditure and are apportioned to various production jobs carried out during the year.

XII. EMPLOYEES BENEFITS:

- (i) The Company's contribution to Provident Fund, ESIC and Labour Welfare Fund are recognized on accrued basis and there are no other obligations other than such contribution payable.
- (ii) The liability towards gratuity in respect of all employees is provided on the basis of actuarial valuation and is being remitted to a separate Trust.
- (iii) The liability towards encashment of leave is assessed at year end by actuarial method and the same is funded.
- (iv) Post Retirement Medical Benefits in respect of existing employees are provided on the basis of actuarial valuation.
- (v) Traveling expenses are provided on estimate basis.

XIII. VARIATION IN FOREIGN EXCHANGE RATES:

i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Advances paid to Foreign suppliers for material/services are treated as non-monetary assets and consequently are reported using exchange rate at the date of transaction.





iii) **Exchange Differences**

Exchange differences arising on the settlement of monetary items or on reporting a company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

XIV. TAXES ON INCOME:

- (i) Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income tax Act, 1961.
- (ii) Deferred tax is recognized, on timing difference, being difference between taxable income and accounting income for the year that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

XV. IMPAIRMENT OF ASSETS:

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount being higher than assets' net selling price and its value which is the present value of estimated future cash flows expected to arise from the continuing use of the assets and from their disposal at the end of useful life.

XVI. PROVISIONS:

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.





2. NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

2.1 SHARE CAPITAL

2.1.1 Authorized

2,00,00,000 (Previous Year 2,00,00,000) Equity Shares of ₹100 each.
1,23,72,000 (Previous Year 1,23,72,000) 7% Redeemable Cumulative Preference Shares of ₹100 each.

20000
12372
32372

20000
12372
32372

2.1.2 Issued, Subscribed And Fully Paid-up

1,99,20,000 (Previous Year 1,99,20,000) Equity shares of ₹ 100/- each.
All the above 1,99,20,000 (Previous Year 1,99,20,000) Equity shares are held by the President of India and his nominees.

19920
19920

19920
19920

2.2 RESERVES AND SURPLUS

Capital Reserve

Balance as per last Balance Sheet

5

5

Capital Redemption Reserve

Balance as per last Balance Sheet

12372

12372

General Reserve

Balance as per last Balance Sheet

146500

118000

Add: Transfer from Surplus

26000

172500

28500

146500

Corporate Social Responsibility Fund (Ref. Note. 2.2.1)

Balance as per last Balance Sheet

726

0

Less: Utilised for Expenses

166

0

Add: Transfer from Surplus

396

956

726

726

Surplus: Opening Balance

1906

1560

Add: Net Profit after Tax transferred from Statement of Profit And Loss

39761

41272

41667

42832

Less: Appropriations

Transfer to General Reserve

26000

28500

Transfer to Corporate Social Responsibility Fund

396

726

Proposed Dividend Payment on Equity Shares

0

10000

Interim Dividend

10000

0

Dividend Distribution tax

1700

1700

38096

49076

Surplus: Closing Balance

3571

1906

189404

161509

2.2.1 As per DPE guidelines, the Company has to spend 2% of previous year Profit After Tax i.e. ₹825 lacs (Previous year ₹989 lacs) during the year 2013-14 towards Corporate Social Responsibility (CSR) and Sustainability Development (SD). Out of total budgeted expenditure of ₹1551 lacs (including opening CSR Fund ₹726 lacs), the Company has incurred expenditure of ₹595 lacs during the year, consisting of ₹166 lacs towards CSR spent out of the opening fund and ₹429 lacs towards SD. The balance unspent amount of ₹396 lacs has been transferred to CSR Fund by appropriation of Surplus and will be utilised for CSR only.

2.3 LONG-TERM BORROWINGS (Unsecured)

Deferred payment liability to a foreign supplier against supply of materials

9820

8502

Less: Amount payable within 12 months

403

353

8877

8149

2.3.1 The deferred payment liability (non-interest bearing) of ₹9628 lacs, payable over 45 years from 1992-93, in equal annual installments of ₹214 lacs was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹403 lacs includes yearly instalment payable of ₹ 214 lacs (Previous year ₹214 lacs) and ₹189 lacs (Previous year ₹139 lacs) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 01-04-2014, which is ₹ 93.9228 for 1 SDR.





NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.4 OTHER LONG-TERM LIABILITIES

1. Other Payables

a) Advances received from Customer for Infrastructure Projects	60372		76671	
Add: Received During the Year	8152		7934	
Add: Transferred from Projects	2431		0	
Less: Transferred to Projects	0	70955	24233	60372
Less: Deducted from Capital Work-in-Progress (as per contra - 2.10)		17661		60372
Less: Transfer to Fixed Assets for Capitalisation		53294		0
		0		0

2.5 LONG-TERM PROVISIONS

1. Provision for Employee Benefits

a) Provision for Post Retirement Benefit Scheme	4303		3350	
Less: Payable within 12 months	277	4026	259	3091
b) Provision for Contribution to Pension Scheme		0		3055
c) Provision for Leave Salary Encashment (Note 2.37)	12900		12218	
Less: Payable within 12 months	2773	10127	3275	8943
d) Provision for Gratuity		0		12

2. Other Provisions

a) Provision for Liquidated Damages		366		366
b) Provision for Welfare Expenses		431		261
c) Provision for Tax		0		310
d) Others		39		3048

14989 **19086**

2.6 TRADE PAYABLES (Current)

1. Trade payables

a) MSME Vendors		534		521
b) Other Vendors				
(Refer to Note no. 2.41 for MSME dues)		78743		116623

79277 **117144**

2.7 OTHER CURRENT LIABILITIES

1. Other payables

a) Advances Received from Customers	2512868		2247616	
Less: Advances received for Infrastructure Projects	70955	2441913	60372	2187244
b) Employees related		6798		5052
c) Statutory dues		413		973
d) Deferred Payment Liability payable		403		353
e) Provision for Expenses		22954		16055
f) Deposits		554		738
g) Others		841		1000

2473876 **2211415**

2.8 SHORT-TERM PROVISIONS

1. Provision for Employee Benefits

- Provision for Leave Salary Encashment		2773		3275
- Provision for Gratuity		706		600
- Provision for Post Retirement Benefit Scheme		277		259
- Provision for Contribution to Pension Scheme		2631		0

2. Other Provisions

- Provision for Guarantee Repairs		156		808
- Provision for Custom Duty Demand		426		426
- Provision for Wealth Tax		2		1
- Provision for Proposed Dividend on Equity Shares		0		10000
- Provision for Dividend Distribution Tax		0		1700
- Provision for Welfare Expenses		43		83

7014 **17152**





2.9 (i) TANGIBLE ASSETS (₹ in lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as on 01.04.2013	Additions in the year	Adjustments in the Year	Balance 31.03.2014	Opening 01.04.2013	For the Year	Adjustments in the Year	Balance 31.03.2014
1 Land: i) Leasehold ii) Freehold	791	121	0	912	339	51	0	390
2 Buildings: i) Factory & Office ii) Staff Quarters	3909	2	218	3693	2962	55	173	2844
3 Plant and Equipment	13069	1673	146	14596	7285	437	138	7584
4 Building Berths, Kasara Basin, Dry Docks & Launchways	3275	0	39	3236	3116	0	38	3078
5 Other Civil Works	974	0	61	913	217	15	33	714
6 Office Equipment	4158	489	180	4467	2058	477	169	2366
7 Furniture, Fixtures	936	110	43	1004	401	58	40	584
8 Vehicles	266	27	1	292	133	15	1	146
9 Launches & Boats	897	0	0	897	557	23	0	580
Sub-total	28909	2422	689	30642	17295	1140	591	17844
Previous Year's Figures	(29626)	(1805)	(2522)	(28909)	(18187)	(1041)	(1933)	(17295)

Note : 9 Nos. Vessels under the head "Launches & Boats" costing ₹ 897 lakh are registered in the name of CMD of the company to comply with the requirement of Indian Coastal Act, 1838 / Indian Vessels Act, 1917.

2.9 (ii) INTANGIBLE ASSETS (₹ in lakhs)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	Cost as on 01.04.2013	Additions in the year	Adjustments in the Year	Balance 31.03.2014	Opening 01.04.2013	For the Year	Adjustments in the Year	Balance 31.03.2014
1 Computer Software/SAP-ERP	1385	0	0	1385	1108	277	0	1385
2 Other than SAP-ERP	985	300	0	1285	273	220	0	493
Sub Total	2370	300	0	2670	1381	497	0	1878
Previous Year's Figures	(1855)	(516)	(1)	(2370)	(958)	(423)	0	(1381)
Total (I+II)	31279	6930	689	37520	18676	1823	591	19908
Previous Year's Figures	(31481)	(2321)	(2523)	(31279)	(19145)	(1464)	(1933)	(18676)



2.9.1 (i) Lease agreements have not been executed in the cases of:-

- Land at Anik Chembur, Mumbai taken from the Government of Maharashtra and is not included on cost of leasehold land shown above;
- Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai.
- Land at Nhava (Dist: Raigad) is taken over from ONGC. The company is in possession of land admeasuring 3.99 hectares and 12.3 hectares of reclaimed land for which negotiations towards lease/ title is in process with ONGC.

Pending execution of lease deeds, amortisation has been charged on the basis of available information in respect of b and c above.

- Registration formalities are pending in respect of flats at Vashi and Belapur, Navi Mumbai purchased from CIDCO amounting to ₹1.65.60 lacs.
- Govt. of India, re-vested all the rights of the properties of Alcock Ashdown Co. Ltd. at Mumbai with Mazagon Dock Ltd. vide Govt. of India Gazette Notification dated 06.07.1990. Registering the name of MDL on Property Card is pending.

2.9.2 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. The Company is in the process of completing formalities for handing over the land to NIRDESH.

2.9.3 Depreciation has been charged on single shift basis during the year except for wet basin on which depreciation has been charged on double shift basis.

2.9.4 No provision for impairment of assets has been considered necessary during the year as required under Accounting Standard 28.

2.9.5 As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 4,208 lakhs (net cost to MDL) were capitalised during the year as jointly funded by MDL and Indian Navy and depreciation of ₹186 lakhs has accounted on it. The total addition to the Assets of ₹ 57,502 lacs is jointly funded by MDL and Indian Navy as given below and is used for production by MDL.

Assets jointly funded by MDL and Indian Navy

Sr. No.	Particulars	Building Berths, Kasara Basin, Dry Docks and Launchways	Plant and Equipment	Buildings: Factory and Office	Office Equipment	Furniture and Fixtures	Total
1	Total Cost of Additions	32526	24870	70	21	15	57502
2	Less: Funded By Navy	31784	21404	70	21	15	53294
3	Funded By MDL	742	3466	0	0	0	4208
	Previous Year's Figures	0	0	0	0	0	0

(₹ in lacs)



NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.10 CAPITAL WORK-IN-PROGRESS

1. Own Resources

A. Tangible Assets

Opening Balance	909		3815	
Add: Expenditure during the year	3377		1535	
Less: Capitalisation during the year	2422	1864	4441	909

B. Intangible Assets Under Development

Opening Balance	0		0	
Add: Expenditure during the year	406		516	
Less: Capitalisation/Adjustments during the year	300	106	516	0

2. Funded by Indian Navy

a) Mazdock Modernisation Project				
Opening Balance	59991		40164	
Add: Expenditure during the year	11494		19827	
Less: Capitalisation/Adjustments during the year	53308		0	
	18177		59991	
b) Submarine Facilities Upgradation Project				
Opening Balance	7293		2097	
Add: Expenditure/Adjustments during the year	5654		5196	
Less: Capitalisation/Adjustments during the year	4194		0	
	8753		7293	
	26930		67284	
Less: Advances received from Customer (as per contra-2.4)	17661	9269	60372	6912
		11239		7821

2.11 NON-CURRENT INVESTMENTS

Other Investments (At Cost, Unquoted)				
Investment in Equity Instruments - 1,37,39,400 (Previous Year 1,37,39,400) Equity shares of ₹ 10/- each fully paid up in Goa Shipyard Limited	600		600	
	600		600	

2.12 DEFERRED TAX (NET)

1. Deferred Tax Assets				
Provisions		15431		11529
2. Deferred Tax Liabilities				
Service Tax	(1412)		(1247)	
Depreciation	(2175)		(2073)	
Gratuity	(56)	(3643)	(250)	(3570)
	11788		7959	

2.13 LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good)				
1. Capital Advances		870		7094
2. Sales Tax(VAT)/Service Tax Set Off receivable		4286		3580
3. Advance payment of Tax & Tax deducted at source	88534		81528	
Less: Provision for Tax	73767	14767	63455	18073
4. Other Loans and Advances -				
a) Deposits		913		855
b) Balance with Sales Tax Authorities		581		581
c) Balances with Port Trust		784		803
d) Balance with Customs Authorities		20		20
e) Foreign Exchange Fluctuation on Deferred Debts	4359		3367	
Less: Exchange fluctuation receivable within 12 months	189	4170	139	3228
f) Other receivables considered doubtful	2750			
Less: Provision for Doubtful Receivables	2750	0		
	26391		34234	





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

2.14 OTHER NON-CURRENT ASSETS

(Unsecured, considered Good Unless otherwise specified)

1. Long-term Trade Receivables				
a) Deferred Debts		4707		4921
b) Other debts over six months				
i) Considered good	1114		1250	
ii) Considered doubtful	16751		7320	
	17865		8570	
Less: Provision for doubtful debts	16751	1114	7320	1250
2. Other Receivables				
a) Considered doubtful	232		232	
Less: Provision for doubtful debts	232	0	232	0
3. Leave Salary Encashment Fund with SBI Life	0		10869	
Less: Receivable within 12 months	0	0	2820	8049
4. Interest Receivable on Loans to Employees (Secured)		0		1
		5821		14221

2.15 INVENTORIES (As verified, valued and certified by Management)

1. Raw Materials				
a) Material in Stores	13636		15542	
Less: Provision/Reduction for Obsolescence	0	13636	33	15509
2. Stores and Spares				
a) Material in Stores	1617		1481	
Less: Provision/Reduction for Obsolescence	0	1617	26	1455
3. Equipment for Specific Projects				
a) Material in Stores	465627		329870	
b) Stock in Transit	21193		58347	
c) Materials Pending Inspection	374	487194	0	388217
4. Scrap		99		112
5. Loose Tools		119		133
6. Work-in-progress		1300055		1031653
		1802720		1437079

2.15.1 Value of Inventory relates to Customer (Indian Navy):

i) Raw material, Stores, Spares, Equipment	499201	342440
ii) Work-in-progress	1275465	1010583

2.15.2 Inventory of Raw Material, Stores, Spares, Equipment lying with third parties

	1135	2167
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2.15.3 Leftover material related to completed contracts belonging to Indian Navy lying in Company's premises and not included in Company's Accounts, in respect of which there is no risk or liability to the Company

	10727	3805
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2.15.4 The company has followed a system of accounting of inward inventory on the basis of prices as per GRN / purchase order document as incorporated at the time of placing of the purchase order. Adjustments to the values of inventory/consumption are carried out at the time of settlement of vendor invoices.

2.15.5 P15A Ships could not be delivered to Navy within the contractual delivery dates. The reasons for delayed delivery are not solely attributable to the Company. The matter has been taken up with the customer for extension of delivery dates of ships. The customer has indicated to consider this closer to the actual delivery dates of second and third ship.

However, the contingent liability, if devolved, on the contract value of ships works out to ₹ 23042 lacs (Previous year ₹ 56403 lacs) for which no provision has been considered necessary (Ref Note no. 2.34.1 (b)).





NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.16 TRADE RECEIVABLES

	31st March, 2014 (₹ in lakhs)		31st March, 2013 (₹ in lakhs)
(Unsecured, Considered good unless otherwise specified)			
1. a) Debts Outstanding over six months			
i) Considered good	10781		10949
ii) Considered doubtful	0		0
	<u>10781</u>		<u>10949</u>
Less: Provision for doubtful debts	0	10781	0
			10949
b) Other Debts			
i) Considered good	19286		28358
ii) Considered doubtful	0		0
	<u>19286</u>		<u>28358</u>
Less: Provision for doubtful debts	0	19286	0
			28358
2. Deferred Debt Exchange fluctuation receivable		189	139
		<u>30256</u>	<u>39446</u>

2.17 CASH AND BANK BALANCES

1. Cash and Cash Equivalents				
a) Balances with Banks:-				
- In current accounts				
i) In India	453		3228	
ii) Outside India	56	509	63	3291
- In cash credit accounts (Ref. Note No. 2.43)		0		1
- In deposit accounts		17126		35937
b) In fixed deposit accounts less than 3 months maturities		20000		45100
c) Cash on hand (Ref Note No. 2.43)		0		1
		<u>37635</u>		<u>84330</u>
2. Other Bank Balances				
a) In fixed deposit accounts more than 3 months maturities (No deposit having original maturity of more than 1 year)	486300		516100	
b) In Margin Money Deposits	0	486300	49	516149
		<u>523935</u>		<u>600479</u>

2.18 SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered good unless otherwise specified)				
1. Advances Paid to Vendors				
i) Considered good	312233		376255	
ii) Considered doubtful	0		10	
	<u>312233</u>		<u>376265</u>	
Less : Provision for doubtful advances	0	312233	10	376255
2. Advances Paid on Behalf of Customer for B&D Spares		31636		10839
3. Employee Related		255		885
4. Prepaid Expenses		1550		391
5. Others		1084		365
		<u>346758</u>		<u>388735</u>





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

2.19 OTHER CURRENT ASSETS

(Unsecured, Considered good unless otherwise specified)

1. Insurance Claims Receivable	476	460
2. Interest accrued on Deposits	14214	7900
3. Interest receivable on Income Tax Refund	1522	0
4. Leave Salary Encashment Fund with SBI Life	0	2820
5. Assets Under Disposal	2	2
6. Other Receivables	22	15
7. Interest Receivable on Loans to Employees	1	1
	16237	11198

2.19.1 Certain balances under Current Assets, Loans and Advances, Current Liabilities, clearing accounts etc. are subject to confirmation and reconciliation. Consequent adjustments thereof, if any, will be given effect in the books of accounts during the year of adjustments.

2.19.2 The Company has a process of sending communication for confirmation of balances during the year. Adjustments arising out of confirmations, if any, will be given effect in the books of accounts during the year of adjustments.

2.20 REVENUE FROM OPERATIONS

1. Sales

(a) Sale of Products

i) Ship Construction	9732	238062
ii) Ship Repair (Submarine Refit)	1195	2303
iii) Other Engineering	0	104
	10927	240469
Less : Excise Duty	0	0
	10927	240469

2. Revenue from On-going Contracts

Closing Work-in-progress		1300055	1010583
Less: Opening Work-in-progress	1010583		1004538
Add: Transferred From Changes in Inventories of WIP	13848	1024431	1021988
		275624	(11405)
		286551	229064

TURNOVER (VALUE OF PRODUCTION)

2.20.1 Contract revenue recognition with respect to projects/vessels in WIP:

The amount of contract revenue recognised as revenue for the period ended 31st March 2014	286551	229064
Aggregate amount of cost incurred and recognised profits (less recognised losses) as at 31st March 2014	1300055	1010583
The amount of advance received as at 31st March 2014	2409270	2156980
The amount of retentions from customers as at 31st March 2014	15832	2264





NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.21 Other Operating Revenue

	31st March, 2014 (₹ in lakhs)	31st March, 2013 (₹ in lakhs)
(a) Sale of Services		
i) Commission earned on procurement of spares	1545	3535
(b) Sale of Scrap & Stores	589	738
(c) Changes in Inventory of Scrap		
Closing Scrap	99	112
Less : Opening Scrap	112	310
	2121	4075

2.22 OTHER INCOME

Interest			
a) On Deposits with Banks	53154	49693	
Less: Interest Liability to Customer on Advances	1373	1537	
(Refer note 2.22.1)	51781	48156	
b) On Income Tax Refund	1522	598	
c) Other Interest	1040	1162	49916
Dividend from Goa Shipyard Ltd.		275	811
Liabilities/Provisions no longer required written back		4443	1563
Insurance Claims		0	56
Sale of fixed assets (Net)			
Profit	0	0	
Less: Loss	0	0	0
Foreign Exchange Variation (Net)			
Income	99	0	
Less: Expenditure	83	16	0
Miscellaneous Income/Recoveries		2188	545
	61265	52891	

2.22.1 Interest liability to the customer on Advances received against Project 15B deposited in Flexi account.

2.22.2 EARNINGS IN FOREIGN EXCHANGE

FOB value of Sale of Multi Purpose Support Vessel	0	27780
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2.23 COST OF MATERIALS CONSUMED

A. Opening Stock

Raw materials, Stores and Spares	16964	10014	
Equipment for Specific Projects	329870	233910	
Stock-in-transit	58347	91535	335459

B. Add : Purchases

	228382	167074
	633563	502533

C. Less : Closing Stock

Raw materials, Stores and Spares	15253	16964	
Equipment for Specific Projects	465627	329870	
Stock-in-transit and Materials Pending Inspection	21567	58347	405181

	131116	97352
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Less: Reduction in Value-included in other expenses	58	39
Less: Stores & Spares consumption included in Repairs & Maint.	11	60
Less: Stores & Spares consumption included in other expenses	1676	1506

	129371	95747
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NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

2.23.1 Value of Raw Materials, Stores, Equipment, Spares etc. consumed:

		%		%
1. Imported	108152	82.49	84636	86.94
2. Indigenous	22964	17.51	12716	13.06
	131116		97352	

2.23.2 Consumption consists of:

1. Iron and Steel	3095	7172
2. Non-ferrous Metals and Alloys	485	366
3. Machinery and Equipment fitting on ships etc.	127385	89669
4. Others	151	145
	131116	97352

2.23.3 Value of Imports on CIF basis:

1. Raw material including machinery, equipment for construction of ships, submarine, repairs and other production jobs.	240013	197290
2. Stores, Spares and Components	0	0
3. Capital goods	2045	0

2.24 Changes in Inventory of Work-In-Progress

Opening Work-in-progress	21070	41459
Less: Transferred to Revenue from Ongoing Contracts	13848	17450
Less: Closing Work-in-progress	0	24009
	7222	21070
	7222	2939

2.25 EMPLOYEE BENEFITS EXPENSES

Salaries, Wages, Allowances and Bonus	49251	46025
Pension	5	6
Contribution to Provident Fund	3612	3307
Contribution to Employees State Insurance Scheme	43	150
Contribution to Pension Scheme	0	663
Workmen and Staff Welfare Expenses	5940	5535
Gratuity	1262	1249
Encashment of Privilege Leave	2603	3607
	62716	60542

2.26 FINANCE COSTS

Others	9	90
	9	90

2.27 OTHER EXPENSES - PROJECTS RELATED

Technicians' Fees and Other Expenses	4087	3166
Service Tax Expenses	2244	4082
Technical Know How Expenses	679	1157
Advising Team Fees and other expenses	14226	19915
Licensing Fees	0	946
Facility Hire	506	388
Rent	87	64
Insurance	117	231
Bank Charges and Guarantee Commission	578	449
Travelling Expenses	62	286
Sea Trial, Launching and Commissioning Expenses	19	73
Legal, Professional and Consultant Fees	65	687
Miscellaneous Expenses	96	176
Interest Expenses - Project Related	0	356
	22767	31976





NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.28 OTHER EXPENSES

Repairs and Maintenance:

1. Buildings	655		593	
2. Plant and Machinery	1700		1957	
3. Steam Launches and Boats, Motor Cars, Lorries, etc.	1101		1409	
4. Dredging	137	3593	83	4042

Less : Work done internally and other expenditure
which has been included in other heads of expenses

		2370		2480
		1223		1562
Facility Hire		378		373
Water expenses		180		163
Rent		1537		1378
Insurance		314		253
Rates and Taxes		745		842
Bank Charges and Guarantee Commission		113		136
Printing and Stationery		48		74
Traveling Expenses		583		586
Business Promotion Expenses		445		560
Sea Trial , Launching and Commissioning Expenses		4		104
Foreign Exchange Variation (Net)				
Expenditure	0		1050	
Less: Income	0	0	775	275
Corporate Membership Expenses		36		11
Sale of fixed assets (Net)				
Loss	97		581	
Less: Profit	9	88	41	540
Miscellaneous Expenses		22		341
Research and Development Expenses		825		0
Legal, Professional and Consultant Fees		173		204
Books and Periodicals		9		11
Postage, Telegrams and Phones		120		102
Training Expenses		174		162
CISF and Security Board Expenses		1710		1432
Advertising Expenses		12		99
Custom Office Establishment Expenses		47		55
Loose Tools consumed		399		135
Directors Fees & Expenses		10		16
Reduction in Value of Materials		58		39
Liquidated Damages (Refer Note No. 2.44)		23060		6
Consumption of Stores and Spares etc.		1676		1506
Corporate Social Responsibility Expenses (Refer Note 2.2.1)		0		263
		33989		11228

2.29 EXPENSES TRANSFERRED TO FIXED ASSETS

Employee Cost	(255)		(330)	
	(255)		(330)	

2.30 PROVISIONS MADE

1. Liquidated Damages	10		2	
2. Guarantee Repairs	0		478	
3. Doubtful Debts	9421		5739	
4. Others	2866		2996	
	12297		9215	





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

2.31 PREVIOUS YEARS' ADJUSTMENTS

1. Expenses				
a) Subcontract	0		(141)	
b) Gratuity Expenses	0		(918)	
c) Others	14	14	0	(1059)
2. Income				
a) Sale of Product - Ship Construction		0		(1267)
Net Expenses / (Income)		14		(2326)

ADDITIONAL NOTES TO ACCOUNTS – INFORMATIVE

2.32 Computation of Profit/Loss for Earnings Per Share

Profit after Tax	39761	41272
Profit including exceptional items attributable to Equity Shares	39761	41272
Profit excluding exceptional items attributable to Equity Shares	39761	41272
Earnings per share Basic (in ₹)	199.60	207.19
Earnings per share Diluted (in ₹)	199.60	207.19
(Share having nominal value of ₹ 100/- each)		

2.33 Business Segment Reporting

A) Segment-wise Turnover (Value of Production)

Shipbuilding	119662	97814
Submarine	166889	131250
Total	286551	229064

B) Result

i) Segment-wise Result

Shipbuilding	(7034)	8091
Submarine	9969	6301
Sub-total	2935	14392

ii) Income not allocated to segments

Interest on Deposits	51781	48156
Dividend	275	811
Others	3766	530
Sub-total	55822	49497
Profit/Loss before Tax	58757	63889

C) Other Information

i) Segment-wise Assets as on Balance Sheet date

Shipbuilding	1212208	1029415
Submarine	1484441	1337575
Unallocated	96708	187385
	2793357	2554375

ii) Segment-wise Liabilities as on Balance Sheet date

Shipbuilding	1056843	1072783
Submarine	1492291	1208292
Unallocated	34899	80171
	2584033	2361246

iii) Segment-wise Capital Expenditure during the year

(including jointly funded assets)		
Shipbuilding	15474	486
Submarine	3390	3466
Unallocated	2067	20485
	20931	24437





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

C) Other Information (Contd.)....

iv) Segment-wise Depreciation for the year

Shipbuilding	716	608
Submarine	499	334
Unallocated	608	522
	<u>1823</u>	<u>1464</u>

D) Notes :

- 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.
- Most of the items of assets/liabilities, expense and income are identified segment wise. Common unidentified items are apportioned on a rational basis to the extent possible.

2.34 Contingent Liabilities and Commitments:

2.34.1 Amounts for which Company may be contingently liable:

a) Estimated amount of contracts remaining to be executed on capital account.	25795	34148
b) Estimated amount of Liquidated Damages on contracts under Execution	23042	56403
c) Position of non-fund based limits utilized for:		
(i) Letters of Credit	128235	127738
(ii) Guarantees and counter guarantees	2849	11599
d) Indemnity Bonds issued by the Company to Customers for various contracts	4060123	2947990

2.34.2 Claims against the Company pending under litigation not acknowledged as debts in respect of claims made by:

(i) Suppliers and Sub-contractors	2333	2062
(ii) Others	3820	3820
(iii) Interest on (i) and (ii) above	<u>18057</u>	<u>22220</u>
	<u>24210</u>	<u>28102</u>

2.34.3 Amounts paid/payable by Company and reimbursable by Customers in the matters under dispute pending at various Assessment/Appellate Authorities relating to:

i) Sales Tax*	110476	108936
ii) Excise Duty	31	34
a) On Vendors	<u>160</u>	<u>150</u>
b) On MDL	<u>191</u>	<u>184</u>
	<u>110667</u>	<u>109120</u>

* Against the above claim, part payments of ₹ 410.33 lakhs (previous year ₹ 400.33 lakhs) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 159.64 Lacs (inclusive of interest and penalty) (previous year ₹ 150.49 Lacs) 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.





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

2.34.4 Appeals against disputed tax demands pending before Adjudicating/Appellate Authorities not provided for in matters relating to -

(i) Excise Duty	15	15
(ii) Service Tax* (including interest and penalties)	6428	6305
	<u>6443</u>	<u>6320</u>

* Includes ₹ 2927 lakhs (previous years ₹ 2919 lakhs) towards Show Cause Notices issued by the Service Tax Dept. for the years from 2005-06 to 2012-13.

2.34.5 Appeals pending against disputed demands pending before Adjudicating / Appellate authorities Custom Duty

<u>20</u>	<u>20</u>
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2.35 There are no instances in the notice of the Management concerning related party transactions of the Company of material nature, with the Management, key executives, their associates and/or relatives etc. that may have potential conflict with the interests of the Company at large.

2.36 Disclosure in relation to Revised Schedule VI to the Companies Act, 1956 –

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/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.
2. Accretion/Decretion to Contract Work-in-progress is considered as part of revenue from operations, being Turnover as per AS-7 & AS-29.

2.37 Employee Benefits

2.37.1 Various benefits provided to employees are classified as under:-

(I) Defined Contribution Plans

- Provident Fund
- State Defined Contribution Plans
 - Employers' Contribution to Employees' State Insurance
 - Employers' Contribution to Employees' Pension Scheme, 1995.
 - Employers' Contribution to Employees' Deposit Linked Insurance Scheme.

During the year, the Company has recognized the following amounts in the Profit & Loss Account:-

1 Employers' Contribution to Provident Fund	3060	2767
2 Employers' Contribution to Employees' State Insurance	43	150
3 Employers' Contribution to EPS (Employees' Pension Scheme)	502	503
4 Employers' Contribution to Employees' Deposit Linked Insurance Scheme	42	38

Retirement benefits in the form of Provident Fund and Pension are defined contribution schemes and the contribution is charged to the Profit & Loss Account 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.





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

(II) Defined Benefit Plans

(a) Contribution to Gratuity Fund (Funded Scheme)

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)	8.00%	8.00%
2 Rate of increase in compensation levels	9.00%	9.00%

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 bonuses 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.

Opening Balance as on 01.04.2013	25478	25335
Add : Credit from MDL	391	855
Less : Amount paid towards claims	(3030)	(2980)
Add : Interest credited	2276	2268
Closing Balance as on 31.3.2014	25115	25478
Present value of past service benefit	24919	24707

The actuarial liability excludes the fixed term employees, for which separate provision exists.

(b) Leave Encashment (Funded Scheme)

Actuarial valuation was carried out by an insurer for employees in respect of Leave Encashment and is provided at the end of each financial year.

Opening Balance as on 01.04.2013	10869	11027
Add : Contribution during 2013-14	0	0
	10869	11027
Less : Withdrawals, if any	10869	1139
	0	9888
Add : Interest credited to Fund as on 31.03.2014	0	981
Fund balance as on 31.03.2014	0	10869
Fund requirement as per Actuarial Valuation as on 31.03.2014	0	11763

The actuarial liability excludes the fixed term employees, for which separate short-term provision of ₹ 540 for lacs (previous year: ₹ 455 lacs) exists.

2.37.2 Actuarial valuation of liability towards Gratuity - Note No. 2.37.1 (II) (a) above refers.
Defined Benefit Plans Gratuity - as per actuarial valuation on March 31, 2014

i) Assumptions

a) Discount Rate	8.00%	8.00%
b) Salary Escalation	9.00%	9.00%
c) Actual Rate of Return = 9.50% = Estimated Rate of Return as ARD falls on 31 March		

ii) Table showing changes in present value of obligations

Present value of obligations as at beginning of year	24707	24417
Interest Cost	1977	1953
Current Service Cost	626	731
Benefits Paid	(3030)	(2980)
Actuarial (gain) / Loss on obligations	639	586
Present value of obligations as at end of year	24919	24707





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

iii) Table showing changes in the fair value of plan assets

Fair value of plan assets at beginning of year	25478	25335
Expected return on plan assets	2276	2268
Contributions	391	855
Benefits paid	(3030)	(2980)
Actuarial (gain) / Loss on Plan assets	NIL	NIL
Fair value of plan assets at the end of year	25115	25478

iv) Table showing fair value of plan assets

Fair value of plan assets at beginning of year	25478	25335
Actual return on plan assets	2276	2268
Contributions	391	855
Benefits paid	(3030)	(2980)
Fair value of plan assets at the end of year	25115	25478
Funded status	196	770
Excess of Actual over estimated return on plan assets	NIL	NIL

v) Actuarial Gain / Loss recognized

Actuarial (gain) / Loss for the year - Obligation	(639)	(586)
Actuarial (gain) / Loss for the year - plan assets	NIL	NIL
Actuarial (gain) / Loss on obligation	639	586
Actuarial (gain) / Loss recognized in the year	639	586

vi) The amounts to be recognized in the balance sheet and statements of profit and loss

Present value of obligations as at the end of year	24919	24707
Fair value of plan assets as at the end of the year	25115	25478
Funded status	196	770
Net Asset / (Liability) recognized in balance sheet	196	770

vii) Expenses recognized in statement of Profit & Loss

Current Service Cost	626	731
Interest Cost	1977	1953
Expected return on Plan Assets	(2276)	(2268)
Net Actuarial (gain) / Loss recognized in the year	639	586
Expenses recognized in statement of Profit & Loss	965	1003

2.37.3 Actuarial valuation of liability towards Leave Encashment - Note No. 2.37.1 (II) (b) above refers.
Defined benefit Plans Leave Encashment as per actuarial valuation on March 31, 2014

i) Assumptions

Discount Rate	9.00%	8.00%
Rate of Increase in Compensation Levels	10.00%	10.00%
Rate of Return on Plan Assets		8.00%
Expected Average remaining working lives of employees (years)	11	10

ii) Table Showing Changes in Present Value of Obligations

Present Value of Obligation as at the beginning of the year	11763	9895
Acquisition adjustment	NIL	NIL
Interest Cost	941	792
Current Service Cost	654	756
Curtailment Cost / (Credit)	NIL	NIL
Settlement Cost / (Credit)	NIL	NIL
Benefits Paid	(1613)	(1368)
Actuarial(gain)/Loss on Obligations	615	1688
Present Value of Obligation as at the end of the year	12360	11763





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

iii) Table Showing changes in the Fair Value of Plan Assets

Fair Value of Plan Assets at the beginning of the year	10869	11027
Acquisition Adjustments	NIL	NIL
Expected Return on Plan Assets	0	1931
Contributions	(10546)	0
Benefits Paid	(323)	(1367)
Actuarial Gain /(Loss) on Plan Assets	NIL	(950)
Fair Value of Plan Assets at the end of the year	NIL	10869

iv) Tables Showing Fair Value of Plan Assets

Fair Value of Plan Asset at the beginning of the year	10869	11027
Acquisition Adjustments	NIL	NIL
Actual Return on Plan Assets	NIL	981
Contributions / (Withdrawals)	(10869)	0
Benefits Paid	NIL	(1367)
Fair Value of Plan Asset at the end of the year	NIL	10869
Funded Status	(12360)	(894)
Excess of Actual over estimated return on Plan Assets	NIL	(950)

v) Actuarial Gain / Loss recognized

Actuarial (gain) / Loss for the year - Obligation	615	1688
Actuarial (gain) / Loss for the year - Plan Assets	NIL	950
Total (gain) / Loss for the year	615	2638
Actuarial (gain) / Loss recognised in the year	615	2638
Un-recognised Actuarial (gains) / losses at the end of year	NIL	NIL

vi) The amounts to be recognized in the balance sheet and statements of profit and loss

Present Value of Obligation as at the end of the year	12360	11763
Fair Value of Plan Assets as at end of the year	NIL	10869
Funded Status	(12360)	(894)
Unrecognized Actuarial (gains)/ Losses	NIL	NIL
Net Asset / (Liability) Recognized in Balance Sheet	(12360)	(894)

vii) Expenses recognized in statement of Profit & Loss

Current Service Cost	654	756
Interest Cost	941	792
Expected Return on Plan Assets	NIL	1931
Curtailment Cost / (Credit)	NIL	NIL
Settlement Cost / (Credit)	NIL	NIL
Net Actuarial (gain) / loss recognized in the year	615	2638
Expenses Recognized in the statement of Profit & Loss	NIL	2255

2.38 Expenditure in Foreign Currency (on Cash Basis):

1. Royalty	0	864
2. Technical Know-how	2979	5367
3. Professional and Consultancy Fees	4472	0
4. Other matters	11536	23232
	18987	29463





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2014
(₹ in lakhs)

31st March, 2013
(₹ in lakhs)

2.39 Directors' Remuneration :

(i) Salaries and Allowances	89	84
(ii) Contribution to Provident Fund and other Funds (exclusive of Provision for Gratuity and leave encashment)	9	9
(iii) Medical Expenses reimbursed	2	2
(iv) Leave Travel Concession	5	6
(v) Annual Performance Related Pay	18	47
(vi) Sitting Fees & other expenses	12	17

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.

2.40 PROVISIONS MADE, UTILISED, WRITTEN BACK :

	As on 01/4/2013	Additions	Utilised/ Adjustment	As on 31/3/2014
Provision for Gratuity	612	293	199	706
Provision for Leave Salary Encashment	12218	1137	455	12900
Provision for Post Retirement Benefit Scheme	3350	962	9	4303
Provision for Pension for Officers	3055	0	424	2631
Provision for Custom Duty Demand	426	0	0	426
Provision for doubtful debts and disallowances	7552	9431	0	16983
Provision for Liquidated Damages	366	0	0	366
Provision for Guarantee Repairs	808	0	652	156
Other Provisions	3403	2881	3021	3263
Total	31790	14704	4760	41734

2.41 Details of the dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as on 31st March 2014 based on available information with the Company are as under:

Particulars

Principal amount due and remaining unpaid	95	0
Interest due on above and the unpaid interest	7	0
Interest paid	0	0
Payment made beyond the appointed day during the year	438	1168
Interest accrued and remaining unpaid on above	18	42
Amount of further interest remaining due and payable in succeeding years	0	0

2.42 'Miscellaneous Expenses' include:

Remuneration to the Statutory Auditors

i) Audit Fees	7	7
ii) Out of pocket expenses	0	1
iii) Tax Audit Fees	1	1
	<u>8</u>	<u>9</u>

2.43 The financial statements are presented in ₹ in lakhs. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest ₹ in lakhs are given as follows -

Balance Sheet Items -

Note No. 2.17	₹	₹
Cash on hand	32467	0
Balance in Cash Credit Accounts	20388	0





NOTES TO ACCOUNTS FOR THE YEAR ENDING

- 2.44** The Company has accounted ₹ 23060 lacs towards liquidated damages claimed by the customer by way of reduction in debtors, relating to late deliveries of Project 17 ships in earlier years. The Company is in process of initiating arbitration proceedings for recovery of this amount.
- 2.45** The Company has entered into a Joint Venture with Pipavav Defence and Offshore Engg. Co. Ltd. and formed a Joint Venture Company - "Mazagon Dock Pipavav Defence Pvt Ltd." incorporated in Mumbai, India, during financial year 2012-13. The Company's share in the Joint Venture is 50%. The Company has subscribed to 100000 equity shares of ₹ 10 each at par in the Joint Venture Company. As on 31st March, 2014, the Joint Venture Company has not commenced its operations.
- 2.46** Project 17 contract envisages 1st ship to be built on a cost plus basis and 2nd and 3rd ships on a firm and fixed price calculated on the basis of the cost and price of the 1st ship. Pending finalisation of the cost and price of the 1st ship, income on this project is recognised as per the contract except for the material element and profit thereon which is above the ceiling by ₹ 1957 lacs and ₹ 147 lacs respectively, which the Company is confident of realising.
- 2.47** The Company has approached the customer for revision in the contract price of Project 75 submarine construction and is confident of getting the same. Accordingly, during the current financial year, Revenue of ₹ 145996 lacs including profit of ₹ 15104 lacs on this project is recognized on the basis of expected revision.
- 2.48** Amendment for inclusion of B&D spares in the existing contract for Project 15A is being finalised. Pending finalisation, income on the supply of the B&D spares for Project 15A of ₹ 937 lacs (Previous year ₹ 529 lacs) is recognised as per Ministry of Defence guidelines.
- 2.49** The customer has disputed ERV claim of Project 17 of ₹ 5925 lacs. The Company is confident of realizing the same as the claim is in accordance with the contractual terms.
- 2.50** The previous period figures have been regrouped/reclassified wherever necessary to conform to the current presentation.

AS PER OUR REPORT ATTACHED

FOR AND ON BEHALF OF

Ford, Rhodes, Parks & Co.
Chartered Accountants
Firm Registration No. 102860W

sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Date : 17-07-2014
Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

sd/-
Rear Admiral R. K. Shrawat, AVSM, IN (Retd.)
Chairman & Managing Director

sd/-
M. Selvaraj
Director (Finance)

sd/-
E.S. Selvaraj
Company Secretary & GM(L&E)





माझगांव डॉक लिमिटेड
MAZAGON DOCK LTD.

MAZAGON DOCK LIMITED

SOCIAL OVERHEADS

STATEMENT SHOWING THE EXPENDITURE ON SOCIAL OVERHEADS AS REQUIRED BY
THE GOVERNMENT OF INDIA, MINISTRY OF DEFENCE, O. M. BPE-1(17)/ADV/(F)/69
DATED 5th MARCH, 1969.

(₹ in lakhs)

Particulars	Staff Quarters	Canteen	Total
ASSETS			
Cost as on 1-4-2013	633	152	785
	(639)	(164)	(803)
Additions during the year	0	34	34
	(0)	(33)	(33)
Deductions during the year	0	0	0
	(6)	(45)	(51)
Total Cost as at 31-03-2014	633	186	819
	(633)	(152)	(785)
Depreciation up to 31-03-2014	238	35	273
	(228)	(27)	(255)
Net Block as at 31-03-2014	395	151	546
	(406)	(125)	(531)
Note : Figures in brackets relate to previous year			
EXPENDITURE		2013-14	2012-13
Welfare Expenses		165	266
Medical Expenses		3619	3505
Canteen Subsidy and Expenses (Net)		1456	1063
Staff Quarter Expenses		41	41
Transport Subsidy		701	701
Rates and Taxes		18	18
Insurance		2	2
Depreciation		19	18
Repairs and Maintenance		142	187
TOTAL		6163	5801

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-

Rear Admiral R. K. Shrawat, AVSM, IN (Retd.)

Chairman & Managing Director

Sd/-

M Selvaraj

Director (Finance)

Sd/-

E. S. Selvaraj

Company Secretary & GM(L&E)

Date : 17.07.2014

Place : Mumbai



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वार्षिक रिपोर्ट 2013-14
ANNUAL REPORT

Visit of Hon'ble Raksha Mantri Shri Arun Jaitley to MDL



Wet Basin in operation

