



माझगांव डॉक शिपबिल्डर्स लिमिटेड

MAZAGON DOCK SHIPBUILDERS LIMITED



एक कदम स्वच्छता की ओर



वार्षिक रिपोर्ट
ANNUAL REPORT
2014-2015



Mazagon Dock Shipbuilders Ltd.

(Formerly known as 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 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.*
- Emphasis on R&D*
- International benchmarking*
- To explore greater utilisation of private sector capacities for augmentation of shipyard capacity for timely delivery.*



Mazagon Dock Shipbuilders Ltd.

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

Authenticated

Raksha Mantri



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Chairman's Statement at 82nd Annual General Meeting



Dear Share Holders,

1. I am truly delighted to wholeheartedly welcome you all on behalf of the Board of Directors of your Company, at this 82nd Annual General Meeting of the Company. The Directors' Report and Annual Accounts of the Company for the financial year 2014-15 had been circulated to you. It is with a sense of accomplishment and elation that I announce the results of this fiscal year through the Annual Report of the Company.
2. It is indeed my proud privilege for me to report that your Company has done exceedingly well during the last fiscal year and the achievement vis-à-vis the MoU targets set with the Ministry of Defence, is likely to be "Excellent". During the year your company achieved a Profit Before Tax (PBT) of Rs. 746 crores, and the Value of Production (VoP) of Rs. 3592.60 crores. It is

pertinent to mention here that the VOP and the Profit before tax recorded during 2014-15 are the highest ever achieved by the company since incorporation. The Board of Directors have recommended a dividend of Rs 100 Crores, i.e. 50.2% on the Equity share capital for the financial year 2014-15 and this amount matches the highest dividend ever declared in 2013-14.

3. FY 2014-15 was yet another year that witnessed several cardinal events in your company's unstinted commitment to deliver high-technology war vessels and submarines to the prime customer viz. Indian Navy. P15A Project is at a very advanced stage of construction and the last two ships are inching towards delivery to the Indian Navy in the FY 2015-16. The P15B project is picking up pace. The Scorpene Class Submarine project (P75) is also on track without any major bottlenecks.



4. It is with great pleasure that I highlight some of the major events that took place during the financial year 2014-15:
 - (a) Yard 701, first of P15A Destroyers was delivered to Indian Navy on 10 July 2014. She was commissioned as INS Kolkata, by Shri Narendra Modi, Hon'ble Prime Minister of India, on 16 Aug 2014.
 - (b) Inauguration of Mazdock Modernization Project (MMP) and newly created Modular Workshop by Shri Arun Jaitley the then Hon'ble Defence Minister of India on 27 Aug 2014.
 - (c) Contract to construct and deliver four nos. P-17A class frigates, that are follow-on of Shivalik class, signed with MOD / IN on 20 Feb 2015.
 - (d) Undocking of Submarine (Boat 1 of P-75) by Shri Manohar Parrikar, Hon'ble Defence Minister of India on 06 April 2015.
 - (e) Inauguration of newly created Mazagon Dock Heritage Gallery by Shri Manohar Parrikar, Hon'ble Defence Minister of India on 06 April 2015.
 - (f) Launching of Yard 704 (Visakhapatnam) the first ship of P-15B ships at the hands of Mrs. Minu Dhowan w/o Admiral R K Dhowan, Chief of Naval Staff on 20 April 2015.
5. The order book position of your company has been steadily growing with the signing of the Shipbuilding Contract for construction and delivery of four (4) ships under the P17A Project on 20 Feb 2015. Three more of these ships will be constructed at GRSE Kolkata with MDL rendering the lead yard Services. These ships are design derivatives of the highly acclaimed Shivalik Class Frigates. Design and procurement activity has already commenced for the P17A Project. With this MDL is now handling four projects for the Indian Navy comprising of two destroyers of P-15A, four destroyers of P-15B, four frigates of P-17A and six submarines of the Scorpene class. These projects are at various stages of design & construction. The prime focus of your company is now therefore to pool in all the available resources and ensure that the ships and submarines are built and delivered to the customer in the contractual time-lines and Price-lines.
6. The modernized infrastructure that has been commissioned has already started to pay rich dividends in terms of throughput. The ramped up infrastructure is being leveraged by both the Divisions of your company. Key production processes, financial indicators and performance levers were benchmarked against global standards with the help of a reputed consultant. With changing market scenario of increased Private Participation and the possibility of enhancing FDI in the defense sector it has become inevitable that your company takes holistic steps to retain the competitive edge and core competencies.
7. In keeping with the motto of your company, focused attention is paid to maintain quality standards at par with global standards. For sensitization of all the personnel involved at the shop floor level, quality circles have been formed throughout the company. This initiative has now emerged as a key enabler for the trickling down effect of quality consciousness in the organization. Quality of both processes and the product are the twin focus of the quality circles. Your company continues to be ISO certified for its quality management system for both the shipbuilding and submarine divisions. As in previous years, this year continued to witness quality circles winning accolades from several fora at national and international levels.
8. It is with a sense of satisfaction that I report that your company has made significant progress in implementing e-procurement. Although there were some inevitable initial hiccups, the process has now stabilized and has resulted in a very high level of fairness and transparency in procurement of goods and services of high value. E-payment has also been implemented totally with all other instruments being discontinued.
9. A Research and Development (R&D) policy of 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 had been undertaken. Your company has tie-ups with various academic institutions like IITs, NID, Welding Research Institute for various R&D projects. Already R&D Projects have been commissioned with NID Ahmedabad and IIT Kharagpur. These initiatives are expected to cross-pollinate the expertise available with the industry with the technical knowledge base of



academic institutions. As a part of Infrastructure development, your company has already commissioned two studies with CWPRS Pune and WAPCOS Pune for creation of a navigational channel which will have adequate depth for ship movements between the yard and open sea directly. These studies and the creation of the channel is expected to take shape within two years from now. Your company has commenced full-fledged leveraging of the Virtual Reality Lab which enables Naval Architects and Engineers of your company to virtually walk through in an 'immersed environment' in a typical warship compartment that is digitally designed. Line-Out Inspections traditionally conducted on-board have been done away with and the inspections are now happening in a virtual environment, thus saving precious time & efforts.

10. The multipronged Corporate Social Responsibility (CSR) initiatives of your Company ensures better living conditions to the under privileged in our society. A number of novel initiatives have been put together by your company to address the diverse needs of the downtrodden. In this regard, your company has adopted a village in Thane District catering to the plethora of needs in the areas of health care, nutrition, sanitation and waste management, environmental cleanliness etc. Your company continues its role as a catalyst to bring-in positive change in the lives of these people and to remain as a responsible Corporate Social entity.
11. Your company is continuing to display its firm commitment to the philosophy of Sustainable Development. The initiatives of previous years are being pursued with renewed vigor in the current year. Thrust areas continue to be energy efficiency, renewable energy, minimization of waste generation etc. Good corporate governance in accordance with the guidelines issued by Dept. of Public Enterprises, Govt. of India is being pursued by your company and has taken several steps to institutionalize the same.
12. Indigenization has gained a new impetus after promulgation of the 'Make In India' policy of the Govt of India. MDL has taken initiative to facilitate indigenization to the extent possible in warship and submarine building. With a view to provide thrust to indigenization, MDL organized a one day "Make In India workshop - cum-seminar on vendor development and import substitution in

warship building" on 20 Jun 15. The intent of the workshop was to propel the Make in India drive of the Government of India and to enlarge India's Defence industrial Base to support the indigenous Submarine and Warship Building program in the next 10-20 years.

13. Pursuant to the clarion call for *Swachh Bharat* by the Hon. Prime Minister which envisions a clean India, your Company is fully involved in the *Swachh Bharat* Movement. Several initiatives have been taken by your company that are in line with the nation-wide campaign for *Swachh Bharat*. These initiatives are tailor-made to bring-in mass sensitization of the communities around MDL and also the work environs within MDL to ensure lasting behavioral and attitudinal change. Specifically, Your company adopted surrounding areas of the company and achieved *Swachhata* by allocating the work to designated executives of various divisions of the company. The cleanship of the demarcated areas was undertaken through *shramadaan* and NGOs. These steps have contributed immensely for overall facelift of the premises of the company as well as aesthetic appeal of the approach avenues to MDL.
14. The Board of Directors join me in expressing our deep appreciation to all the stakeholders. I wish to place on record my gratitude for the support of my fellow Directors, in maintaining the professional image and prestige of your company. The Ministry of Defence, Government of India, gave timely guidance, the needed wisdom in framing the policies and helped us in implementing them. The high standard of professional acumen, patronage and support displayed by the Indian Navy and other clients of the company are beyond words and I would like to place on record my appreciation for them. 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!

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



Board of Directors



RAdm R K Shrawat Avsm (Retd)
CHAIRMAN & MANAGING DIRECTOR



Shri Bharat Khera



Shri P K Kataria



Cdr P R Raghunath (Retd)



Cmde R Anand (Retd)



Capt R Lath (Retd)



Shri Sanjiv Sharma



Board of Directors

RAdm R K Shrawat AVSM (Retd) CHAIRMAN & MANAGING DIRECTOR	(From 29.02.2012)
Shri Bharat Khera	(From 08.12.2014)
Shri Prem Kumar Kataria	(From 12.07.2010)
Cdr P R Raghunath (Retd)	(From 01.07.2011)
Cmde R Anand (Retd)	(From 01.01.2013)
Capt R Lath (Retd)	(From 19.09.2013)
Shri Sanjiv Sharma	(From 01.06.2015)
Shri Ashok K K Meena	(Upto 31.07.2014)
Shri M Selvaraj	(Upto 30.05.2015)

**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 Second Annual General Meeting of the Company will be held on Friday, the 04th September 2015 at 1230 hours at the Registered office of the Company at Dockyard Road, Mazagon, Mumbai-400 010, to transact the following business:

ORDINARY BUSINESS:

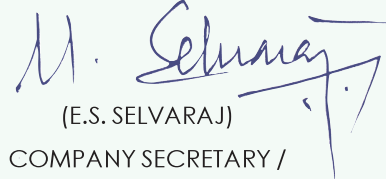
- (1) To receive, consider and adopt the Financial Statement for the year ended 31st March 2015 and the Reports of the Directors and Auditors thereon
- (2) To declare Dividend.
- (3) To fix the remuneration of the Auditors to be appointed by the Comptroller & Auditor General of India for the Financial Year 2015-16.

SPECIAL BUSINESS:

- (4) To ratify the remuneration paid / payable to the Cost Auditor appointed by the Board of Directors of the company for the financial years 2014-15 / 2015-16 pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 and the company's (Audit and Auditors) Rules 2014, by passing, with or without modification, the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) the remuneration of Rs.1.95 lakhs + service tax per annum paid / payable to the Cost Auditor appointed by the Board of Directors of the company to conduct the audit of Cost Records of the company for the Financial Year 2014-15 / 2015-16 be and is hereby ratified."

BY ORDER OF THE BOARD


(E.S. SELVARAJ)
COMPANY SECRETARY /

GENERAL MANAGER (Legal & Estate)

Mazagon Dock Shipbuilders Limited
Dockyard Road, Mumbai 400 010

Dated 07 August 2015

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 143 of the Companies Act, 2013 on the Accounts of the Company will be tabled at the Meeting.



STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

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

The Board, on the recommendation of the Audit committee has approved the appointment of M/s. R. Nanabhoy & Company, Mumbai, as Cost Auditor to conduct the audit of Cost Records of the company for the Financial Years 2014-15 & 2015-16 at a remuneration of Rs.1.95 lakhs + service tax per annum.

In accordance with the provisions of Section 148 of the companies Act, 2013, read with the Company's (Audit & Auditors) Rules 2014 the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the company.

Accordingly, the Board recommends to the members to ratify the remuneration paid/payable to the Cost Auditor for the financial years 2014-15 & 2015-16, by passing the proposed resolution set out in the Notice as an Ordinary Resolution.

None of the Directors / Key Managerial Personnel of the company / their relatives are in any way, concerned or interested, financialy or otherwise, in the said Resolution.



DIRECTORS' REPORT **FOR THE YEAR 2014-15**

To,
 The Shareholders,
 Mazagon Dock Shipbuilders Limited

Dear Shareholders,

On behalf of the Board of Directors I have great pleasure in presenting the 82nd Annual Report on performance and achievements of the Mazagon

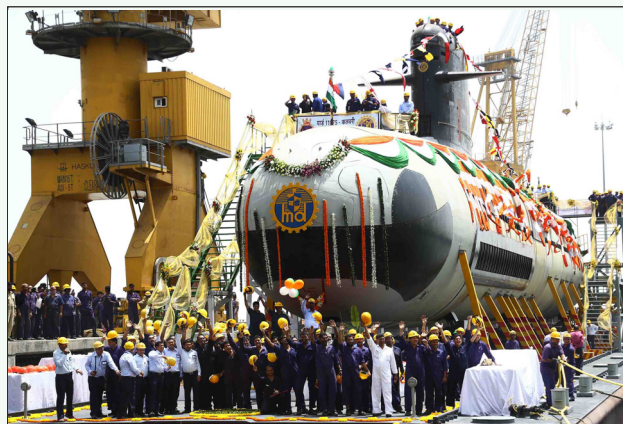


Unveiling of the Plaque by Hon'ble Raksha Mantri Shri Manohar Parrikar on the occasion of undocking of the first Scorpene class submarine of Project 75 on 06 Apr 2015

Dock Shipbuilders Ltd. for financial year ended 31 Mar 2015 together with Audited Statement of Accounts and Auditors Report.

1. IMPORTANT EVENTS

- 1.1 Yard 701, first of P15A Destroyers was delivered to Indian Navy on 10 Jul 2014. She was commissioned as INS Kolkata, by Shri Narendra Modi, Hon'ble Prime Minister of India, on 16 Aug 2014.
- 1.2 Inauguration of Mazdock Modernisation Project (MMP) and newly created Modular Workshop by Shri Arun Jaitley, the then Hon'ble Defence Minister of India on 27 Aug 2014.
- 1.3 Contract to construct and deliver four nos. P17A class frigates that are follow-on of Shivalik class signed with MOD / IN on 20 Feb 15.



Undocking of the First Scorpene Class Submarine of Project 75 on 06 Apr 2015

- 1.4 Undocking of Submarine (Boat 1 of P-75) by Shri Manohar Parrikar, Hon'ble Defence Minister of India on 06 Apr 2015.
- 1.5 Inauguration of newly created Mazagon Dock Heritage Gallery by Shri Manohar Parrikar, Hon'ble Defence Minister of India on 06 Apr 2015.
- 1.6 Launching of Yard 704 (Visakhapatnam) the first ship of P-15B at the hands of Mrs. Minu Dhowan wife of Admiral R K Dhowan Chief of Naval Staff on 20 Apr 2015.

2. FINANCIAL HIGHLIGHTS

The Value of Production (VOP) for the Financial Year 2014-15 is Rs.3592.60 crore, as against Rs. 2865.51 crore. Your Company achieved the



Visit of Hon'ble Chief Minister of Maharashtra Shri Devendra Fadnavis to MDL on 06 Apr 2015



highest ever VOP of Rs. 3592.60 crore in FY 2014-15 an increase of 25.37% over the previous year's VOP of Rs.2865.51 crore. The Profit before tax is Rs.746.00 Crore for 2014-15 as against Rs.587.57 Crore in the previous year an increase of 26.96%.

3. CAPITAL STRUCTURE

The Authorised Equity Share Capital and Preference Share Capital of the Company as on 31 Mar 2015 stood at Rs. 200 Crore and Rs.123.72 Crore respectively. The Paid-up Equity Share Capital as on 31 Mar 2015 remained at Rs.199.20 Crore. During the year there was no increase in the Authorised or Paid up Equity Share Capital.

4. 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 2014-15.

5. CONTRIBUTION TO CENTRAL EXCHEQUER

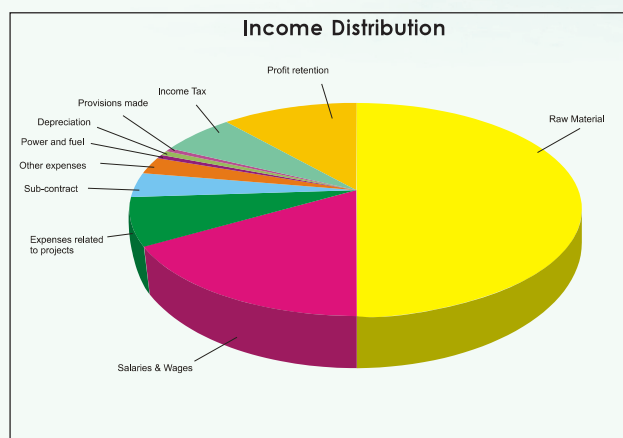
Your Company's contribution during 2014-15 to the Central Exchequer by way of Income Tax, Service Tax, Custom Duty, Excise Duty & Dividend was Rs. 328.20 crore.

6. OPERATIONS FOR THE YEAR 2014-15 VIS-À-VIS THE PREVIOUS TWO YEARS

6.1 The results of the Company's operations for the year 2014-15 and the comparative figures for the previous two years are summarized below: -

(Rs. in Crore)

	2012-13	2013-14	2014-15
Value of Production	2290.64	2865.51	3592.60
Profit before Tax	638.89	587.57	746.00
Net Profit after Tax	412.72	397.61	491.59
Capital Employed	1438.29	1773.51	2203.43
Gross Block	312.79	375.20	493.37
Net Block	126.03	176.12	265.81
Working Capital	1312.26	1597.39	1937.62
Net Worth	1807.03	2083.68	2442.51
Value Added	1160.34	1337.09	1312.16
Interest	0.90	0.09	0.03



6.2 Income Distribution for the year 2014-15 as against previous year is summarized as under:-

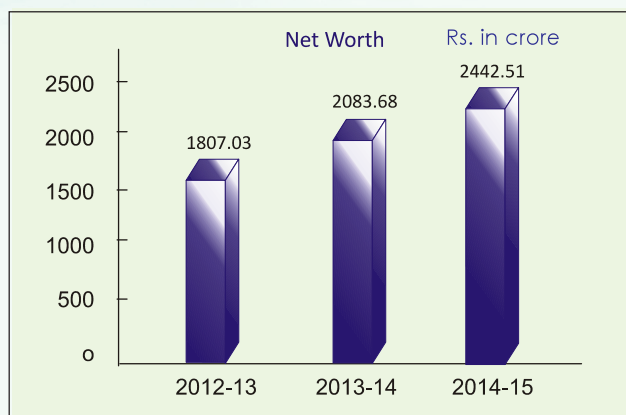
INCOME DISTRIBUTION	% 2013-14	% 2014-15
Raw Material	36.97	49.97
Salaries & Wages	17.92	16.75
Expenses related to Projects	6.51	7.34
Changes in Inventory	2.06	0.00
Sub-Contract	5.46	3.64
Other Expenses	9.71	2.62
Interest	0.00	0.00
Power & Fuel	0.61	0.60
Depreciation	0.52	0.74
Provisions made	3.52	0.54
Previous Year's Adjustment	0.00	-0.01
Transfer to Fixed Assets	-0.07	-0.03
Income Tax	5.43	6.08
Profit Retention	11.36	11.76
Total	100.00	100.00

DIVISION-WISE PERFORMANCE

7. SHIPBUILDING DIVISION

7.1 The Shipbuilding Division of your Company recorded a Value of Production of Rs. 1141.68 crore for 2014-15 as against Rs.1196.62 crore of the previous year.

7.2 Three ships are being built under Project 15A which are follow on of Project -15. The first ship



of the class, INS Kolkata has been delivered and remaining two ships are under trials stage. Project 15B is follow on of Project 15A with improved features. The first ship of this series was launched on 20 Apr 2015. Contract for construction and delivery of further seven ships of P-17A series (four by MDL & three by GRSE) was signed on 20 Feb 2015.

8. SUBMARINE & HEAVY ENGINEERING DIVISION

- 8.1 The Value of Production on account of Submarine Construction was Rs. 2450.92 crore for 2014-15 as against Rs. 1668.89 crore of the previous year.
- 8.2 The construction of six Scorpene class submarines is progressing concurrently at MDL. The 1st Submarine is scheduled to be commissioned in Sep 16 & further submarines would be delivered at an interval of 9 months. MDL has mastered the Hull Construction and Structural Outfitting. The pressure hull subsections & sections fabrication of all six submarines have been completed. The undocking of SM1 on Pontoon was done on 06 Apr 15 and Setting-to-work (STW) is in progress with launching scheduled in Sep 15. Engineering outfitting of SM2 is in an advanced stage. Structural outfitting of SM3 to SM6 is in progress.

9. MAZDOCK MODERNISATION PROJECT

- 9.1 Your Company has successfully completed the augmentation of its infrastructure through Mazdock Modernisation Project (MMP) which comprise of a New Wet Basin, Heavy Duty Goliath

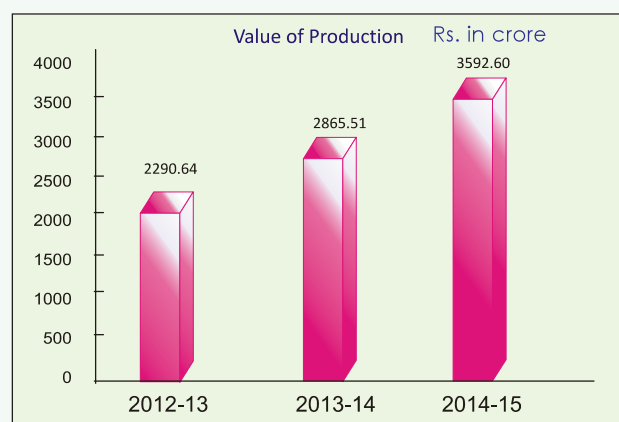
Crane, Module workshop, Cradle Assembly shop, Store Building and associated ancillary structures. This Project has been formally inaugurated by the then Hon'ble Raksha Mantri Shri Arun Jaitley on 27th Aug 2014. Introduction of these facilities will augment the Shipyard's capacity and these infrastructure facilities have been created as jointly funded assets with funds from Naval Projects and internal accruals.

10. OTHER INFRASTRUCTURE PROJECTS

- 10.1 The construction of the Submarine Section Assembly (SSA) Workshop at Alcock Yard being developed as a second assembly line for submarines is in advanced stage of construction. The workshop comprises of two bays and will be equipped with two levels of EOT cranes as well as semi-goliath cranes, which could handle fabrication as well as assembly of submarine units simultaneously. The workshop is expected to be completed in the second half of the FY 2015-16 and once commissioned, the workshop will facilitate your company to meet the timelines of phased delivery of six Scorpene Submarines and also cater to the requirements of anticipated future orders.

11. RESEARCH & DEVELOPMENT

- 11.1 Your Company has initiated several steps for institutionalising R&D efforts. The R&D policy as approved by the Board of Directors has been promulgated. R&D Plan has been drawn up for five years from 2014-15 to 2018-19 depicting the R&D activities that the yard intends to take up.





Inauguration of Mazagon Dock Heritage Gallery
by Hon'ble Raksha Mantri Shri Manohar Parrikar
on 06 Apr 2015

As per this macro-level plan approximately 15 projects are intended to be taken-up and completed during the five year period. The R&D initiatives that have been planned follow a two pronged approach. There would be in-house projects as well as projects in collaboration with academic institutions of repute like IITs. The thrust of the R&D focus is to develop practices and processes that can reduce build period of warships and submarines. Further 'Industry best practices' will also be imbibed, customized and adopted for the key processes of warship building. A R&D team headed by Director (Shipbuilding) has been set-up. Eight specialists groups consisting of forty executives relevant to shipbuilding have been formed with domain area of Structural analysis, Ergonomics & HFE, Noise & Vibration Control, RCS Management, Propulsion System Integration, Materials and HVAC. During the year Rs. 1,47,60,213 were spent on R&D efforts. The various projects undertaken under R&D have been elaborated in Appendix 'F' to this report.

12. CHANGE IN NAME OF THE COMPANY

12.1. Your company was originally incorporated as Mazagon Dock (P) Ltd. during the year 1934 under the Indian Companies Act 1913. Consequent to take over by Govt of India during the year 1960, the name of the company was changed to Mazagon Dock Ltd. Over the years

your company expanded as a leading Defence Shipyard, building Warships and Submarines, however the legacy of name continued. As the name Mazagon Dock Ltd did not represent its core business and niche competence, despite its existence as Warship Builder for more than 5 decades, the Board of Directors decided to change the name as "Mazagon Dock Shipbuilders Limited". Accordingly your company obtained the approval of MOD and Registrar of Companies. The Registrar of Companies has issued certificate for the change in name on 28 May 2015.

13. AWARDS AND RECOGNITIONS

- 13.1 (a) MDL won the Aerospace Award 2015 for "Excellence in Innovation".
- (b) MDL won the Golden Peacock Award for 2015 in Innovation Product/Service Award.
- (c) Two 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 Colombo, Srilanka in Oct 2014 and both the teams won Silver award.
- (d) 12 QC teams participated at National Convention on Quality Concepts (NCQC) held at Pune in December 2014 in which 10 teams won Par Excellence Award (Gold) and 02 teams won Excellent Award (Silver).



Launching of the first Ship of P-15B (Visakhapatnam) by
Mrs. Minu Dhowan, wife of Admiral R K Dhowan, Chief of
Naval Staff on 20 Apr 2015



CMD, MDL accompanying Hon'ble Raksha Mantri Shri Manohar Parrikar, Hon'ble Chief Minister Shri Devendra Fadnavis and Admiral R K Dhowan during their Yards visit on 06 Apr 2015 by Golf Cart

- (e) 31 QC teams participated at Chapter Convention on Quality Circles (CCQC) held in Mumbai on 20 Sep 2014 in which 23 teams won Gold Awards, 07 teams won Silver Awards and 01 team won Bronze Award.
- (f) 'Ganaji' Quality Circle of Quality Circle of Production & Assembly shop South Yard had won 'Special Award for Best QC Team held' on 20 Sep 2014 in CCQC-2014.
- (g) Bagged the National Award for "Empowering Persons with Disabilities 2013-14" in category "Best Employer" awarded by Govt. of India.
- (h) Received Outstanding Industrial Relations 2013-14 award awarded by All India Organisation of Employers an allied body of FICCI.
- (i) Received "Best PSU for HRM" award 2013-14 for excellence in PSU category awarded by Bureaucracy Today.
- (j) Runners up in "BML Munjal Awards for Business Excellence through Learning and Development" organized by Hero Corporation.

14. FUTURE OUTLOOK

- 14.1 Your Company continues to concentrate in meeting the demands of the Indian Navy in line with Maritime capabilities perspective plan. Substantial growth in the Value of Production of the Company is envisaged with the launching of Project P-15B and commencement of activities on production of Project-17A. Your Company as a shipyard shall align itself to the indigenisation plan of the Indian Navy. Your Company is in the process of implementing Risk Management Plan which includes systematic identification, quantification, and management of all risks and opportunities that can affect achievements, your Company's strategic and financial goals. Your Company is trying for acquisition of approximately 16 acres of land to the North of your Company with a water front of approximately 150 meters in the Powder Works Bunder area. Upon acquisition, this area shall be utilized for construction of new workshops, slipways and jetties enhancing capacity for additional production.
- 14.2 Your Company has facilities and capacity for fabrication of Pressure Hull Subsections of submarines. Export of Pressure Hull Sections to any other country manufacturing /procuring Scorpene Class Submarines will be explored. Through Modernization projects, your Company is augmenting necessary infrastructure for submarine construction (SSA work shop at Alcock yard). The new SSA workshop will be ready by



CMD & Director (S) at the Keel Laying of Project-15B (Yard-12705) on 04 Jun 2015



Handing over of cheque to Commissioner MCGM for renovation and upgradation of NICU at KEM Hospital under CSR Project

end 2015. With this additional infrastructure your company is ready to handle parallel production line for submarine construction with very short gap between two deliveries. Complete refit, modernization & Construction of SSK submarine and present scorpene class submarine has enhanced Company's capability to handle conventional submarine. With sound knowledge in various aspects of Submarine augmentation and with augmentation of submarine construction facilities your company has also positioned itself for the construction of other submarine.

15. SWACHH BHARAT INITIATIVES

- 15.1 Your Company fully involved in the Swachh Bharat movement pursuant to Prime Minister's call to make it a Nationwide Campaign for participation of all sections of society to make it mass awareness and a lasting behaviour change.
- 15.2 Your Company had arranged various activities and events of Swachhata from 25 Sep 2014 to 02 Oct 2014. Swachhata Shapath (Pledge) was administered to all employees on 02 Oct 2014.
- 15.3 Your Company further adopted surrounding areas of the company and achieved the Swachhata by allocating the work to designated Executives of various Divisions of the Company. The cleanliness of the demarcated areas was undertaken through Shramdaan. Executives

have been made responsible for cleanliness of designated areas within the company. The Chairman & Managing Director, all Functional Directors and Executives, wholeheartedly participated in Swachh Abhiyan on 02 Oct 2014 and 26 Jan 2015.

16. QUALITY CIRCLES

- 16.1 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 the last 11 years. During 2014-15 QC teams represented MDL in various conventions on Quality Circles and bagged many awards.

17. 5S QUALITY CONCEPT

- 17.1 In your Company, 5S Quality concept has been implemented and certified in four workshops (Plater & Assembly Shop-SY, Pipe Shop and Sheet Metal Shop of Shipbuilding Division, East Yard Workshops 'A' & 'B' of Submarine Division). Your company is committed to progressively implement 5S all over the Yard.

18. ISO 9001:2008 QUALITY MANAGEMENT SYSTEM

- 18.1 The certification of the ISO 9001:2008 Quality Management System (QMS) of Submarine Division for the scope of "Design, Development & Construction of Submarine" has been reviewed and is valid upto 13 Jun 2016.

19. QUALITY WEEK

- 19.1 Your company observed Quality week from 24-28 Mar 2014. Various activities viz. slogan,



CMD, MDL leading the Swachhata Abhiyan in and around MDL during 25 Sep 2014 to 02 Oct 2014



CMD, MDL receiving the Award from Hon'ble President of India Shri Pranab Mukherjee for the best In-House Magazine in Hindi

essay writing and quiz competition were held. Model display by quality control team and guest lecture by eminent faculty from IIT Mumbai was arranged to spread awareness of quality amongst the employees. A quality hand book was released on this occasion.

20. INFORMATION TECHNOLOGY

- 20.1 The upgrade of SAP to enhanced package 6 has been undertaken by your company. The Security Audit in the form of Vulnerability Assessment and Penetration Testing (VAPT), which was also the MoU target for FY 2014-15, has been successfully achieved and the security guidelines were complied. More than 90% of the tenders were processed through E-procurement.

21. 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.

22. INDUSTRIAL RELATIONS

During the period, industrial relation scenario was cordial and harmonious. There were no 'Man Days or Man Hours' lost on account of Industrial conflict. In the absence of a recognized union, concerted efforts were made to resolve the day to day issues through deliberations with the unions on the bargaining council. The

Memorandum of Settlement (MoS), which is operational till 31 Dec 2016, is the sole mechanism through which the revised wages and allowances and other benefits are regulated.

23. WELFARE ACTIVITIES

- 23.1 Apart from statutory welfare measures for employees, your company extends several other welfare activities to ensure belongingness with the organisation.
- 23.2 During this financial year, your Company has introduced a new scheme on Financial Assistance to the dependent family members of the employee, who dies in harness, while in service. Your Company has also arranged various Group Savings Linked Insurance Schemes, which provide for financial assistance in the event of natural / accidental death of employee, while on duty. Besides, Group Personal Accident Insurance Scheme is also in place, which provides for 24 hours insurance coverage for accident resulting in death or permanent / partial disability. With a view to promote a culture of belongingness and family culture in the organization "Yard Open Day" was observed this year also when family members of the employees were permitted to see the business and manufacturing activities undertaken by MDL. Your company also celebrated Foundation day on 14 May 2014. With a view to encourage deserving wards of employees to excel in their academic fields, scholarships were awarded. All



Rajbhasha Sammelan held on 20 Mar 2015 in collaboration with TOLIC at Mumbai



Inauguration by CMD of Solar Power Plant at MDL on 13 Mar 2015

Fixed Term employees were paid wages at par with the permanent employees complying with the principle of Equal Pay for Equal Work.

- 23.3 With a view to recognize merit in the organization, Commendation and Awards of Chairman & Managing Director and Directors were given for excellent performance. A workman was chosen every month and was given "Workman of the month Award" on meeting the laid down production norms. The Mazagon Dock Recreation Club / Sports Club supported by the Company looks after the recreation facilities for all the employees.

24 MEDICAL SCHEME

- 24.1 Employees and their dependent family members are covered under the Medical scheme for hospitalization. Hospital claims of around Rs. 18.65 crore were disbursed towards treatment to the employees and their dependent family members during the FY 2014-15.

25. POST RETIREMENT MEDICAL SCHEME (PRMS)

- 25.1 Your company has introduced Post-Retirement Medical Scheme which ensures medical facilities to the retired employees and their spouses. The same is being regulated through group medical policy of a Service Provider.
- 25.2 Your company has recently introduced Mazagon Dock Executive Post-Retirement Medical Scheme (MDEPRMS), w.e.f 18 Sep 2014, wherein superannuated executives and their spouses are entitled to a annual coverage of Rs 4.0 lac for

normal ailments and medical expenses at actuals for critical diseases. In addition, the executives are also entitled to Outdoor Medical expenses to the extent of Rs. 25,000/- per annum.

26. EXECUTIVES' SUPERANNUATION (PENSION) SCHEME:

- 26.1 Your Company has introduced a Defined Contributory Superannuation Pension Benefit Scheme to the Executives w.e.f. 01 Jan 2007. The company contributes 7% of basic pay + DA towards the corpus of the pension scheme for each eligible executive of the company w.e.f. 01 Jan 2007.

27 HUMAN RESOURCE DEVELOPMENT

- 27.1 With a view to develop leadership capability at the Senior Management team comprising Functional Directors, Executive Directors and Department Heads, MDL has started two pronged strategy viz. setting up Assessment & Development Centres and conducting various Leadership and Team building workshops by renowned academicians and consultants.
- 27.2 For the first time in the history of MDL and with a view to create a Leadership pipeline under 'Vision 2024', MDL initiated and conducted a customized Management Development Program for the 35 middle Management Executives at IIM, Indore.
- 27.3 Training of Trade apprentices under the Apprentices Act, 1961, Graduate Apprentices, Diploma holders and Marine engineering



Vigilance Awareness Week at MDL



students were continuously undertaken regularly at your company.

- 27.4 Your company all along has been emphasizing on attracting and acquiring best talent from the open market and also on efficient utilization of manpower. In order to achieve the above objective, MDL has continued to recruit the fresh talent in engineering disciplines based on the GATE score in place of recruitment through All India competitive written exams conducted by MDL.

28. GRIEVANCE REDRESSAL COMMITTEE FOR SCs/STs AND WOMEN

- 28.1 Weaker sections of the society are given adequate protection in the form of just and equitable treatment at the hands of employer. To ensure the same, a separate "Grievance Redressal Cell" has been constituted for SC / ST employees. A quarterly meeting of representatives of SC / ST is held with Director (CP&P) wherein Grievances related to SC / ST are discussed and resolved.
- 28.2 Your company has formulated a policy on Prevention, Prohibition and Redressal of 'Sexual harassment of women at work place in accordance with Sexual Harassment of women at workplace (Prevention, Prohibition and Redressal Act) 2013. Pursuant to the said policy, an Internal Complaint Committee (ICC) has been constituted to deal with Sexual Harassment of women at workplace. In the FY 2014-15, one case was filed before the said committee by girls students of apprentice training school and the same was disposed off after conducting due investigation.

29. RESERVATION OF POSTS FOR SCs/STs/OBCs

- 29.1 Your company has been meticulously complying with the directives of the government issued from time to time on reservation of posts for SCs / STs / OBCs. Detailed statistics regarding the total number of employees, number of women employees, recruitment made during the calendar year 2014 and the representation of SCs / STs / Ex-servicemen as on 01 Jan 2015 are given at Appendices A, B & C to this Report.

30. OFFICIAL LANGUAGE IMPLEMENTATION

- 30.1 Your Company has been following the directives issued by the Govt. of India from time to time for progressive use of Hindi for official purposes. To monitor and enhance the progressive use of Hindi, quarterly meetings were held regularly presided over by Chairman & Managing Director. This apart, sub-committees for implementation of official language under the chairmanship of respective Directors have also been constituted for each Division and these sub-committees also meet every quarter. This has facilitated effective and progressive use of Hindi language. Executives and Clerical Staff, who make maximum use of Hindi in correspondence, are suitably rewarded. All the English typists and Stenographers of MDL, who have been working in English, have been imparted training in Hindi typing and Hindi stenography. Hindi workshops were conducted every quarter to learn the working knowledge of Hindi. The company has already installed Hindi software "Unicode" in all Personal computers. In addition to this 6 digital boards were installed within company premises for display of "Aj ka Shabd" & "Suvichar" to the development of awareness of Hindi language.
- 30.2 Like every year, this year also "Hindi Pakhwada" was arranged from 15 Sep 2014 to 26 Sep 2014. Various competitions viz. Hindi Typing, Translation, Essay Writing, Debate, Poem and Hindi singing competition were organized. In these competitions both executives and non-executives had participated enthusiastically. The winners of the competitions were felicitated by Chairman & Managing Director.
- 30.3 A seminar on official language was organised on 20 Mar 2015 on Stress Management at Work place, Work – life Balance & CSR & Swachh Bharat Abhiyaan in collaboration with TOLIC. The seminar was attended by large representatives of TOLIC.
- 30.4 Your company also participated in the Drama Competition organized by Maharashtra Govt on 18 Jan 2015, Your company has also published its second theme based magazine "The Jal Tarang", the Theme of the magazine being history & well known personalities of Gujarat & Maharashtra provinces.



31. VIGILANCE ACTIVITIES

- 31.1 As an arm of Central Vigilance Commission, the Vigilance Department takes appropriate action to carry out preventive and punitive vigilance. It promotes transparency and fairness in various activities including procurement, subcontract, recruitment etc. The Vigilance Department also recommends systemic improvement and ensures that integrity is maintained in all domains of the Company's functioning.
- 31.2 As part of Preventive Vigilance activities CTE type (i.e. as conducted by Central Technical Examiner, CVC), intensive examination of Purchase / Subcontract / Service orders are taken to verify compliance to prescribed procedures and statutory norms / regulation in the entire procedure. During the year 2014-15, 8 such CTE type examinations have been carried by Vigilance Department, which resulted into overall improvement in system.
- 31.3 During the period 01 Apr 2014 to 31 Mar 2015, Vigilance Department was in receipt of 48 complaints, out of these 25 nos. were anonymous / pseudonymous, while remaining 23 were signed complaints. Out of 23 nos. of signed complaints, investigations have been completed in 14 complaints and investigation is under progress for the rest.
- 31.4 Vigilance Awareness Week (VAW) was observed from 27 Oct 2014 to 01 Nov 2014 during which in-house Vigilance journal ' SUCHARITA ' Vol. XVII was released and an interactive session between CVO & Executives of MDL and a talk by Shri R K Shekhawat, Director (Vigilance / DDP), MOD on, "Combating Corruption- Technology as an enabler" was arranged. A Suppliers' Meet of leading contractors / suppliers along with Vigilance & Sr. Executives of MDL was also arranged during the Vigilance Awareness Week.
- 31.5 Slogan & Essay completions on vigilance related topics in Hindi, Marathi & English were conducted for employees and their family members to spread Vigilance Awareness. Further a poster making competition on vigilance matters was also held during the week. An online quiz contest on Vigilance related topics was also conducted and CMD, MDL awarded the winners in all the above competitions with the prizes.

32. BUSINESS PROMOTION

- 32.1 MDL participated in Three International & six National exhibitions during the year. The exhibitions immensely helped in showcasing MDL's capabilities and technical strength in warship building and submarine construction. The exhibitions were successful in projecting the image and capabilities of India in the defence production sector in general and warship / Submarine building capabilities in particular. The details are given in Appendix 'F' to this report

33. CONSERVATION OF ENERGY

- 33.1 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.

34. PARTICULARS OF EMPLOYEES

- 34.1 The information in respect of Particulars of Employees as required under Section 197(12) of the Companies Act 2013 read with Rule 5(i) of the Companies Act (Appointment and Remuneration of Managerial Personnel) Rules 2014 is 'Nil'.

35. PUBLIC GRIEVANCE COMMITTEE

- 35.1 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.

36. CORPORATE GOVERNANCE

- 36.1 Your Company is making continuous endeavour 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'.

37. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY DEVELOPMENT

- 37.1 Corporate Social Responsibility and Sustainability Development is Company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner.
- 37.2 Your company is committed to undertake various programs for integrating social and business goals in a sustainable manner to create social impact through inclusive growth activities to bring about visible impact on people in particular and society at large. In Jan 2015 your company adopted Corporate Social Responsibility and Sustainability Policy as part of compliance of Section 135 of Companies Act, 2013 and the Rules framed there under. The activities undertaken are elaborated in Appendix 'F' to the Directors Report.
- 37.3 The average net profit of the company of the last three financial years is Rs. 63849 lakhs. The 2% of the said average net profit works out to Rs.1277 lakhs. Your company has spent Rs. 499 lakhs towards CSR activities during FY 2014-15 and balance amount of Rs. 778 lakhs remained unspent due to:-
- 37.3.1 A number of major projects proposed to be undertaken through CSR could not commence due to various reasons. One such project identified was construction of residential home at Navi Mumbai for outstation Cancer patients seeking treatment at Mumbai and their attendants. The same could not be progressed for want of Land clearance from CIDCO. Another project i.e. adoption of a village in Thane district could not commence due to delay in necessary approval of the District Authority.
- 37.4 The CSR committee has certified that the implementation and monitoring CSR Policy is in compliance with CSR objectives and policy of the company.

- 37.5 As promotion of renewable energy is major initiative by Govt. of India, your Company has undertaken installation of 300 KWp Solar power plant project on work shop roof tops as a Sustainable Development project for the FY 2014-15. These solar power plants were commissioned on 14 Mar 2015 and the annual expected generation is 4,33,000 units of energy. The total project cost is Rs. 2,65,35,545/-

38. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- 38.1 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.

39. IMPLEMENTATION OF RTI ACT, 2005

- 39.1 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 118 applications and 6 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.

40. CHANGES IN THE BOARD

- 40.1 Shri Ashok K K Meena Ex-JS(NS) & Director MDL and Shri M Selvaraj Director(F) ceased to be Members of the Board w.e.f. 31 Jul 2014 & 31 May 2015 respectively. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by them during their tenure. The Board also welcomed the appointment of Shri Bharat Khera JS(NS) as Director and Shri Sanjiv Sharma as Director (F) w.e.f. 08 Dec 2014 & 01 Jun 2015 respectively.

41. EXTRACT OF ANNUAL RETURN

- 41.1 The extract of Annual Return in the form No.MGT 9 in terms of Section 92(3) of the Companies Act



2013 and Rule No.12(i) of the Companies (Management & Administration) Rules 2014 has been appended as Appendix 'G' to this report.

42. DIRECTORS' RESPONSIBILITY STATEMENT

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

- (a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the company for that period;
- (c) 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 devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

43. STATUTORY AUDITORS AND THEIR REPORT

43.1 The Comptroller and Auditor General of India under Companies Act 2013, appointed M/s. Ford, Rhodes, Parks & Co., Mumbai, as the Statutory Auditors of the Company for the year 2014-15. The Auditors have certified the Accounts and their Report is placed as a part of Annual Report.

44. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

44.1 The Comments of the Comptroller and Auditor General of India under Section 143 of the

Companies Act 2013 have been received and placed as a part of Annual Report.

45. ACKNOWLEDGEMENTS

45.1 Your Directors take this opportunity to place on record their deep sense of appreciation for the support, 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 sincere efforts and valuable contribution put in by the Company's employees at all levels, to propel the company's performance to greater heights.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

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

Place: Mumbai
Date: 15 Jul 2015



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 2014 AND 01 JANUARY 2015.

Classification of Posts/Services	As on 01 January 2014			As on 01 January 2015		
	Total Strength	Scheduled Caste	Scheduled Tribe	Total Strength	Scheduled Caste	Scheduled Tribe
PERMANENT :						
GROUP "A"	1035	180	62	1042	184	63
GROUP "B"	2	0	0	2	0	0
GROUP "C"	646	27	5	563	21	2
GROUP "D" (Excluding Safaiwala)	3867	452	207	3578	416	197
GROUP "D" Safaiwala	17	15	0	16	14	0
TEMPORARY						
GROUP "A"	0	0	0	0	0	0
GROUP "B"	0	0	0	0	0	0
GROUP "C"	0	0	0	0	0	0
GROUP "D" (Excluding Safaiwala)	0	0	0	0	0	0
GROUP "D" (Safaiwala)	0	0	0	0	0	0
GROUP "D" (Apprentice under Act)	424	73	29	527	90	36
FIXED TERM CONTRACT FOR TWO YEARS						
GROUP "A"	0	0	0	5	0	0
GROUP "B"	0	0	0	0	0	0
GROUP "C"	122	13	8	145	15	8
GROUP "D" (Excluding Safaiwala)	3019	527	240	3534	530	288
GROUP "D" (Safaiwala)	0	0	0	0	0	0

APPENDIX 'B' TO THE DIRECTORS' REPORT

PARTICULARS OF RECRUITMENT MADE DURING THE CALENDAR YEAR 2015. 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 Advertised	Scheduled Caste		Scheduled Tribe		Reason for shortfall and steps taken to improve the position
		Notified	Filled	Notified	Filled	
PERMANENT:						
GROUP "A"	97	18	9	18	2	}
GROUP "B"	2	0	0	0	0	
GROUP "C"	0	0	0	0	0	
GROUP "D" (Excluding Safaiwala)	0	0	0	0	0	
GROUP "D" (Safaiwala)	0	0	0	0	0	
FIXED TERM CONTRACT FOR TWO YEARS						
GROUP "A"	0	0	0	0	0	}
GROUP "B"	0	0	0	0	0	
GROUP "C"	109	7	11	5	2	
GROUP "D" (excluding safaiwala)	2816	266	346	252	159	
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 2015.



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 2015

Classification of Posts / Services	Total Strength	EX-SERVICEMEN		WOMEN EMPLOYEES	
		No.	%	No.	%
PERMANENT :					
GROUP "A"	1042	92	8.82	57	5.47
GROUP "B"	2	0	0	0	0
GROUP "C"	563	4	0.71	31	5.50
GROUP "D" (Excluding Safaiwala)	3578	100	2.79	18	0.50
GROUP "D" (Safaiwala)	16	0	0	0	0
FIXED TERM CONTRACT FOR TWO YEARS:					
GROUP "A"	05	0	0	3	60
GROUP "B"	0	0	0	0	0
GROUP "C"	145	0	0	24	16.55
GROUP "D" (Excluding Safaiwala)	3534	13	0.36	83	2.34
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 2014-15 was as under:

Sl.	Description	Value (Rs.)
1.	Installation of one set of 300 KWp Solar Power Plant on Roof Top of EY-Pipe Shop, SY Assembly Shop & Bond store.	2,65,91,669/-
2.	Replacement of 46 nos old window air conditioner with BEE 2 star rated air conditioners.	16,60,019/-
3.	Installation & commissioning of energy saver units for overhead lights in w/s ABC & D.	27.56 lakhs
4..	Conversion of street/compound lights into LED based lights in East Yard.	24.99 lakhs

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

- 2.1 Kolkata Class (P15A) Destroyers are a follow-on series of the successful Delhi Class Destroyers with several new design features ie. modern weapons, sensors having advanced information warfare suite, an auxiliary control system with sophisticated power distribution, architecture and modular crew quarters.
- 2.2 Four Ships of P15B Class are being constructed at MDL as follow-on of P15A Warships with improved RCS and stealth features Main Gun, Ships Surveillance Radar & AEW early warning radar.
- 2.3. Four ships of P17A Class shall be constructed at MDL as follow-on of P17 Class. The tripartite contract was signed between MDL, GRSE & Indian Navy on 20 Feb 2015. MDL is in the process of changing over from its traditional construction wherein Yard will graduate from 40-55 Ton structural hull units to significantly pre-outfitted 250 Ton mega-blocks in Project P17A.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information in respect of foreign exchange earnings and outgo is contained in paras 2.22.2 and 2.23.3 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 2015 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 2015 were as under:

2.1 WHOLE TIME DIRECTORS

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

Shri M Selvaraj- D(F) retired on superannuation w.e.f. 31 May 2015 and Shri Sanjiv Sharma joined as Director (Finance) w.e.f 01 Jun 2015.

2.2 PART-TIME OFFICIAL DIRECTORS

Shri Bharat Khera, 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 2015.

2.3 PERMANENT SPECIAL INVITEES

VAdm A.V. Subhedar, IN CWP&A

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

RAAdm Anil Kumar Saxena, DGND

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

2.4 SPECIAL INVITEES

RAAdm Shekhar Mital (Retd), CMD, GSL

RAAdm A K Verma (Retd), CMD, GRSE

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

During the financial year ended 31 Mar 2015 six meetings of the Board of Directors were held i.e. on 02 May 2014, 17 Jul 2014, 25 Aug 2014, 20 Nov 2014, 22 Jan 2015 and 21 Mar 2015. The Annual General Meeting was held on 25 Aug 2014. Details of attendance of the Directors at the Board Meeting, Extra Ordinary General Meeting & Annual General Meeting during 2014-15 are given below:



Sl. No.		Meetings held during respective tenure of Director	No. of Board Meetings Attended	Attendance in the last AGM
a.	RAdm R K Shrawat (Retd)	6	6	Y
b.	Shri Ashok K K Meena	2	2	—
c.	Shri Bhrať Khera	2	1	—
d.	Shri Prem Kumar Kataria	6	4	By proxy
e.	Cdr P R Raghunath (Retd)	6	5	Y
f.	Shri M Selvaraj	6	6	Y
g.	Cmde R Anand (Retd)	6	6	Y
h.	Capt R Lath (Retd)	6	6	Y

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 Mar 2015.

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

4.2 During the financial year ending 31 Mar 2015, the Audit Committee met SIX times i.e on 02 May 2014, 11 Jul 2014, 17 Jul 2014, 24 Aug 2014, 20 Nov 2014 & 20 Mar 2015. 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 Prem Kumar Kataria - Chairman	6	6
b.	Cdr P R Raghunath (Retd.) - Member	6	5
c.	Cmde. R. Anand (Retd.) - Member	6	6

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.
- Approve payment to statutory auditors for any other services rendered by the statutory auditors.
- Review the annual financial statements before submission to the Board for approval.
- Reviewing performance of internal auditors, and adequacy of the internal control systems.
- Discuss with internal auditors and / or auditors any significant findings and follow up thereon.
- 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.
- 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 2015.
- | | | |
|--------------------------|---|----------|
| RAdm R K Shrawat (Retd) | – | Chairman |
| Cdr P R Raghunath (Retd) | – | Member |
| Shri M. Selvaraj | – | Member |
| Cmde R Anand (Retd) | – | Member |
| Capt R Lath (Retd) | – | 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. During the year PSC had 11 meetings. 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.

8. INVESTMENT COMMITTEE

- 8.1 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 2015.
- | | | |
|-------------------------|---|----------|
| RAdm R K Shrawat (Retd) | – | Chairman |
| Shri M. Selvaraj | – | Member |
| Cmde R Anand (Retd) | – | Member |
- 8.2 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.

9. 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 2015. The committee had one meeting on 17 Mar 2015.

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

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

10. ANNUAL GENERAL MEETINGS

FY	Location	Date and time
2011-12	Registered Office of the Company at Dockyard Road, Mumbai-400 010	29 August 2012 at 1200 Noon
2012-13	Registered Office of the Company at Dockyard Road, Mumbai-400 010	23 August 2013 at 1230 Noon
2013-14	Registered Office of the Company at Dockyard Road, Mumbai-400 010	25 August 2014 at 1230 hrs.

11. 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.



12. WHISTLE BLOWER POLICY

The company has framed Whistle Blower Policy and the same has been approved by the Board. The policy has been promulgated.

13. RISK MANAGEMENT POLICY

The company has framed Risk Management Policy and the same has been approved by the Board.

'Risk Management Implementation Plan' as approved by the Board has been promulgated. It has also been promulgated on the MDL Intranet along with Risk Management Plan as a supporting document explaining MDL's risk management philosophy, risk management policy, risk management strategy, risk management structure and methods of risk assessment, risk treatment, risk monitoring and review, risk categorisation and risk reporting.

Risks have been identified and categorised. Impact and likelihood has been assessed for all identified risks. Identified risks have been listed in order of composite risk index of each risk. Risk treatment has been brought out for high risks.

14. REMUNERATION OF DIRECTORS

MDL being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of Directors of the Company is decided by the Government of India. Part-time Non-official (Independent) Directors are paid only sitting fees for attending meetings of the Board of Directors and Committees thereof. The Independent Directors are paid sitting fees of Rs.15,000/- per meeting of the Board or Committee thereof attended by them. In case more than one meeting of the Board or Committee thereof is held on the same day, the sitting fees payable is Rs.15,000/- for the first meeting and Rs.10,000/- for every additional meeting on the same day attended by the independent Director. The company does not pay any commission to its Directors. Part-time official (Government) Directors are not paid sitting fees or any other remuneration.

15. DISCLOSURE

- 15.1 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.
- 15.2 The company has complied with Presidential Directives issued by the Central Government.
- 15.3 There were no items of expenditure debited in books of Accounts, which are not for the purpose of the business.
- 15.4 The expenses incurred which are personal in nature and incurred for the Board of Directors and Top Management were NIL.
- 15.5 The company has not entered into any transactions with any Directors that may have potential conflict with the interest of the company at large. The members of the Board, apart from receiving Directors' remuneration (wherever applicable), do not have any material or pecuniary relationship or transaction with the company which in the judgment of the Board may affect independence of judgment of the directors.
- 15.6 During the financial year 2014-15 one case was filed under Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act 2013 and was disposed off after conducting due investigation.

16. DECLARATION

As provided under the guidelines on Corporate Governance for CPSEs 2010 issued by Department of Public Enterprises, Government of India, it is hereby declared that all Board Members and Senior Management Executives had affirmed compliance with the code of conduct for Directors and Senior Management Executives of Mazagon Dock Shipbuilders Limited, for the year ended 31 Mar 2015.

Mumbai.
15 Jul 2015

RAAdm R K SHRAWAT, AVSM (Retd.)
Chairman & Managing Director



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 Shipbuilders Limited,

We have examined the compliance of conditions of corporate governance by Mazagon Dock Shipbuilders Limited (formerly known as Mazagon Dock Limited), for the year ended on 31.03.2015, 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 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.

sd/-

Mrs. Ragini Chokshi

Partner

C.P. No. 1436

FCS No. 2390

Place: Mumbai

Date : 15.07.2015



APPENDIX 'F' TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2014-2015

The Management of your Company is pleased to present below its analysis on the Performance of the Company for the financial year 2014-15 and its vision 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. Your company possesses unique capabilities for building conventional submarines. Warship building industry requires very high capital investment, labour with exceptional skill sets and high technology to meet the strategic mission requirements of the Indian navy, the end-user of these combat platforms. The Merchant shipbuilding on the other hand 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 Govt. policies, taxation structure, oil prices, demand-supply matrix etc are some of the factors influencing global market for merchant ships. Warship building in contrast 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 Front line warships like Frigates, Destroyers and Submarines typically have long gestation for build owing to its complexity. The design and procurement maturities available at the time of commencement of production is a key factor in the build period. Design 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 modernized the basic infrastructure and this affords handling of fully pre-outfitted grand assemblies paving way for practicing global best practices like Integrated Construction. If follow-on ships that too with more number of vessels in a series are built, 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 comprise of 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 have consciously adopted the motto of "Deliver quality ships on time". The modernization program initiated by the Yard has been almost completed. The infrastructure upgrade now available has brought your Company into the league of yards that can handle grand blocks and adopt integrated construction. The modernized infrastructure is being gainfully leveraged for current build programs 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 Modernization 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. The personnel associated with the Submarine construction has already seen the learning curve and with the ToT from a leading European Shipyard, they are now adept with the nuances of submarine technology 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 headquarter of the largest Navy and Coast Guard Fleet which facilitate intimate association with the customers for ready feedback to help and improve performance. Further, access to host of ancillary industry 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. With increased outsourcing, we have been able to inject more young blood into the system and this step is envisaged to yield long-term returns in terms of availability of skilled manpower adept with warship and submarine building.

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 Certificate.

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.

3. OPPORTUNITIES

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

3.2 The acquisition plan of Indian Navy projects of 30 to 35 ships for the next decade. Your Company as the lead shipyard for construction of frontline warships and submarines could be assured of a major chunk of the acquisition plan.

3.3 The submarine acquisition plan of the Navy lays emphasis on indigenization. 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.

3.4 Modernization of the Yard usher in better capabilities to cut down build periods.

3.5 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.



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

3.7 SAP/ERP when used effectively should usher in sound business practices.

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

3.9 Your company can facilitate the 'Make In India' initiative promulgated by the GoI, for some of the critical ship-borne systems/ equipment in close liaison with OEMs.

4. **WEAKNESSES**

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

4.2 The layout of production facilities, constrained by availability of limited land area, hinders optimized production flow.

4.3 The production processes, tools and methods adopted by the company are mostly traditional and have not changed much, since its inception as a public sector undertaking.

4.4 Inability of Indian Ancillary Industry to provide quality goods and services for efficient indigenous Shipbuilding.

4.5 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.

5. **THREATS**

5.1 Your company will have to prepare for an era beyond the "nomination" era as private sector ship builders would like the government to introduce competitive bidding for warship building. The new Defence Procurement Procedure promulgated by the MoD also encourages private sector participation in acquisition of defence assets.

5.2 It may not be commercially viable to continue with telescopic designing of warship. Frozen design which ensures design and procurement maturities become inevitable for honoring contractual timelines and price-lines.

(C) **CORPORATE INITIATIVES FOR ENSURING SUSTAINED PERFORMANCE AND GROWTH**

6. **INFRASTRUCTURE MODERNISATION**

6.1 Mazdock Modernization Project (MMP), a prestigious project of the Company, has been completed. Commissioning of these facilities have augmented the shipyard's capacity and effectively reduce the build period of warships/submarines. The total cost of the project is approximately 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 has 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 which is now at an advanced stage of construction.

7. **INFORMATION TECHNOLOGY**

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

8. **MARKETING AND BUSINESS DEVELOPMENT**

8.1 The company has participated in various Naval Defence related exhibitions in India as well as abroad in order to project its capability and to assimilate the product range.



9. HUMAN RESOURCE DEVELOPMENT

9.1 Your Company has a trained 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:-

10.1.1 Children's Aid Society (CAS)

Your Company provided educational support to the mentally challenged children at Mankhurd Children's Home run by Children's Aid Society (CAS). The Project primarily aims at providing vocational training and training on personal hygiene to the mentally challenged children (both boys and girls), who are in the age of six years and above. These children are admitted through Juvenile court and Child Welfare Committee. MDL has been supporting this Home in terms of providing Qualified and trained Medical, Teaching and support staff in order to take care of the health, education, skill and personality development of the children.

Your Company has also made endeavour to facilitate vocational training in terms of providing equipments to upgrade the skills of the children. These equipments are envelope and file making machines, which can enable those children to earn livelihood by making envelope and greeting card. A total of 300 children have benefited from the scheme.

10.1.2 Nirdesh:

Your Company has also extended its CSR arms for NIRDESH to take care of children belonging to below poverty line by way of augmenting facilities & refurbishing nearby Anganwadis and also organizing medical camps in Chaliyam, Kozhikode district in the vicinity of NIRDESH premises.

10.1.3 Maharogi Sewa Samiti :

MDL has been engaged to serve lepers and mentally & physically challenged patients. Your company has installed an Elevator in Sewagram hospital, Wardha. A solar power generating system of 12 KW has also been installed for Computer Laboratory in an NGO run school in Bhamragad, Gadchiroli District during this financial year.

10.1.4 Renovation of NICU at KEM Hospital, Mumbai:

Your Company has funded the total renovation of Neonatal Intensive Care Unit of Municipal Corporation of Greater Mumbai's King Edward Memorial Hospital, at Parel, Mumbai and provided the latest equipments also. The Hospital primarily caters to the needs of neonates from below poverty line families.

10.1.5 Donation to Govt Funds:

In accordance with the provision as enshrined under the Schedule VII of the Companies Act 2013, your Company has donated @ Rs 1.0 crore each to the "Clean Ganga Fund" and "Swachh Bharat Kosh" set up by Government of India during this financial year.

10.1.6 Cleanship Program around MDL:

As part of the Swachh Bharat Abhiyaan, your company has engaged a few NGOs to undertake a long term cleanship and awareness programme in and around MDL. Your Company has been meticulously undertaking to monitor the work done by these NGOs on a daily basis and also participate in Shram Daan activities in the areas periodically.



10.1.7 Swachh Bharat Vidyalaya:

Your company has been allotted 54 schools in Valsad District of South Gujarat for construction of toilet block under 'Swachh Vidyalaya Mission' by Sarva Shiksha Abhiyan, Government of Gujarat. The tendering process for toilet block construction has started and the progressive delivery of toilet blocks will complete by March 2016.

10.1.8 Adoption of Village:

Your company is going to adopt village of Kharde Grampanchayat in Thane District of Maharashtra with an intention to transform it into a Model village. The baseline survey for the same has already been conducted by Karve Institute of Social Service, Pune. Through survey some areas have been earmarked for improvement.

11. RESEARCH & DEVELOPMENT

11.1 The various initiatives/projects undertaken by your company under R&D are listed as under:

11.1.1 MoU with IIT Kharagpur:

MoU with your company and IIT, Kharagpur has been signed on 31 Dec 13 and a seed money has been released to the Institute for commencement of the MoU on 22 May 14. Crane Pontoon re-design has been assigned to IIT Kharagpur as a project as per the R&D plan.

11.1.2 Ergonomics in Ship Detailed Design- NID Ahmedabad:

MoU with National Institute of Design (NID), Ahmedabad has been signed on 13 Jun 2014, order placed on 22 Sep 2014 for total value of Rs. 58,98,900/-. Data collection / analysis for (Phase I) completed on 6 Feb 2015 and Design conceptualisation (Phase II) was completed on 19 Mar 2015, pertaining to Ergonomics studies and Human Factors Engineering in the context of Yard 703 (P15A warship).

11.1.3 NIRDESH :

Potential R&D projects those can be spearheaded by NIRDESH have been identified. These proposals are under scrutiny for implementation by the Technical Sub-Committee of NIRDESH.

11.1.4 Naval Architectural Projects-IIT Madras, Chennai:

MoU with IIT Madras, Chennai has also been mutually agreed and has been signed on 18 Sep 2014.

11.1.5 Project for creation of navigational channel- CWPRS Pune:

Feasibility study for creation of a dedicated navigation channel from northern waterfront of Company to Offshore Container Terminal Berth of MbPT has been finalised in liaison with MbPT and Central Water and Power Research Station (CWPRS) Pune. WAPCOS, a PSU under the Ministry of Water Resources has been engaged for the conduct of bathymetry studies, EIA studies and for seeking requisite clearances for the creation of the channel. The report on the feasibility study has been submitted on 15 Sep 2014.

11.1.6 Welding Research Institute :

MoU has been signed with WRI (Trichy) on 4 Dec 2014 for research areas in one of the Company's key production processes – welding. Projects will be taken up in due course of time.

11.1.7 Studies on propeller for P15B ships – Krylov Institute Russia:

Naval Architects/Engineers from Company have associated with the study on propellers and shafting of P15B. This association is part of the order placed on RoE and the study has been completed on 25 Sep 2014 and conducted test at the Krylov Research Facility at Saint Petersburg, Russia.

11.1.8 In-house projects:

In-house projects have been taken up by R&D teams at Company for different verticals (Eight specialists groups) that are functioning in the Design Dept under General Manager (Design). Development of methodology for lifting 100 T to 250 T Mega-Blocks was completed on 5 Mar 2015.



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.



APPENDIX 'G' TO THE DIRECTORS' REPORT

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2015

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

I. REGISTRATION AND OTHER DETAILS:

- i) CIN: U35100MH1934GOI002079
- ii) Registration Date: 26th FEBRUARY 1934
- iii) Name of the Company: MAZAGON DOCK SHIPBUILDERS LIMITED
- iv) Category / Sub-Category of the Company: Company limited by shares
- v) Address of the registered office and contact details: DOCKYARD ROAD, MUMBAI-400 010
Tele. No. 022-23762000 / 3000 / 4000
Fax: 022-23726293
- vi) Whether listed company Yes / No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

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



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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters (1)									
Indian									
a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt	Nil	199,20,000	199,20,000	100%	Nil	199,20,000	199,20,000	100%	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):-	Nil	199,20,000	199,20,000	100%	Nil	199,20,000	199,20,000	100%	Nil
(2) Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other....	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	Nil	199,20,000	199,20,000	100%	Nil	199,20,000	199,20,000	100%	Nil
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(1):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2. Non Institutions									
a) Bodies Corp.									
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding(B)=(B) (1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	199,20,000	199,20,000	100%	Nil	199,20,000	199,20,000	100%	Nil



(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1.	President of India	199,19,995	99.9999%	Nil	199,19,995	99.9999%	Nil	Nil
2.	Shri G. C. Pati Secretary (DP) MOD	1	0.0001	Nil	0	0	Nil	-100%
3.	Shri G. Mohan Kumar Secretary (DP) MOD	0	0	Nil	1	0.0001	Nil	+100%
4.	RAAdm. R.K. Shrawat, Retd. CMD MDL	1	0.0001	Nil	1	0.0001	Nil	Nil
5.	Shri Ashok K. K. Meena JS(NS) MOD	2	0.0001	Nil	0	0	Nil	-100%
6.	Shri Bharat Khara JS(NS) MOD	0	0	Nil	2	0.0001	Nil	+100%
7.	Shri P. K. Kataria Addl. FA (K) & JS MOD	1	0.0001	Nil	1	0.0001	Nil	Nil
Total		199,20,000	100%	Nil	199,20,000	100%	Nil	Nil

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares shares	% of total shares of the company	No. of shares	% of total shares of the company
1	President of India				
	At the beginning of the year	199,19,995	99.9999%	199,19,995	99.9999%
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	199,19,995	99.9999%	199,19,995	99.9999%
2	Rahulkumar Shrawat, CMD MDL				
	At the beginning of the year	1	0.000005	1	0.000005
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	1	0.000005	1	0.000005
3	P. K. Kataria, Addl. FA (K) & JS MOD				
	At the beginning of the year	1	0.000005	1	0.000005
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	1	0.000005	1	0.000005



4	G C Pati, Secretary (DP)				
	At the beginning of the year	1	0.000005	1	0.000005
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	1	0.000005	1	0.000005
	At the end of the year	Nil	Nil	Nil	Nil
5	G Mohan Kumar, Secretary (DP)				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	1	0.000005	1	0.000005
	At the End of the year	1	0.000005	1	0.000005
6	Ashok KK Meena, JS(NS) MOD				
	At the beginning of the year	2	0.00001	2	0.00001
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	2	0.00001	2	0.00001
	At the End of the year	Nil	Nil	Nil	Nil
7	Bharat Khera, JS(NS) MOD				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	2	0.00001	2	0.00001
	At the End of the year	2	0.00001	2	0.00001

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
1.	At the beginning of the year	Nil	Nil	Nil	Nil
2.	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil



(v) **Shareholding of Directors and KMP :**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors and KMP				
	Directors				
1.	Rahul Kumar Shrawat, CMD MDL				
	At the beginning of the year	1	0.000005	1	0.000005
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	1	0.000005	1	0.000005
2.	P. K. Kataria, Addl. FA (K) & JS MOD				
	At the beginning of the year	1	0.000005	1	0.000005
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	1	0.000005	1	0.000005
3.	Bharat Khera, JS(NS) MOD				
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	2	0.00001	2	0.00001
	At the End of the year	2	0.00001	2	0.00001
Key Managerial Personnel					
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil



V. INDEBTEDNESS

(Rs. in lacs)

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year.				
i) Principal Amount	Nil	8877	Nil	8877
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	8877	Nil	8877
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	934	Nil	934
Net Change	Nil	934	Nil	934
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	7943	Nil	7943
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	7943	Nil	7943

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors :

(In Rupees)

Sl.	Particulars of Remuneration	Name of MD/WTD					
No.		R. K. Shrawat, CMD	P. R. Raghunath D(S)	M. Selvaraj D(F)	Rakesh Anand D(CP&P)	Rajiv Lath D(S&HE)	Total Amount
1.	Gross salary						
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2716713	2522225	2733644	2428409	2343743	12744734
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	304840	365006	320342	339182	413966	1743336
	(c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	0	0	0	0	0	0
2.	Stock option	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil
4.	Commission - as % of Profits	Nil	Nil	Nil	Nil	Nil	Nil
	Others	Nil	Nil	Nil	Nil	Nil	Nil
5.	Others	Nil	Nil	Nil	Nil	Nil	Nil
	Total A	3021553	2887231	3053986	2767591	2757709	14488070
	Ceiling as per the Act	Being a Government Company, Exempted					



B. REMUNERATION TO OTHER DIRECTORS:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
1.	1. Independent Directors <ul style="list-style-type: none"> • Fee for attending board / committee meetings • Commission • Others 	Nil	Nil	Nil	Nil
		Nil	Nil	Nil	Nil
		Nil	Nil	Nil	Nil
	Total (1)	Nil	Nil	Nil	Nil
2.	2. Other Non-Executive Directors <ul style="list-style-type: none"> • Fee for attending board / committee meetings • Commission • Others 	Nil	Nil	Nil	Nil
		Nil	Nil	Nil	Nil
		Nil	Nil	Nil	Nil
	Total (2)	Nil	Nil	Nil	Nil
	Total (B) = (1)+(2)	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(In Rupees)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		CS/GM(L&E)	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2251861	2251861
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	304463	304463
	(c) Profit in lieu of salary u/s 17(3) of Income Tax Act, 1961	0	0
2.	Stock option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of Profits	Nil	Nil
	Others	Nil	Nil
5.	Others	Nil	Nil
	Total A	2556324	2556324



VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Mumbai
15 Jul 2015

RArm R K SHRAWAT, Avsm (Retd.)
Chairman & Managing Director
DIN - 05226241



INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Formerly named Mazagon Dock Limited

Report on the Financial Statements

We have audited the accompanying financial statements of 'Mazagon Dock Shipbuilders Limited' formerly named 'Mazagon Dock Limited' ('the Company'), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Other Matters

Pursuant to Comptroller & Auditor General of India observation under section 143(5) of the Companies Act, 2013, our report dated 15th July, 2015 on the accounts adopted by the Board of Directors has been revised to read "depreciation" as "amortization" in Note No. 1 of 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, of the state of affairs of the Company as at 31st March, 2015 and its profit and its cash flows for the year ended on that date.



Emphasis of Matters

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

1. In respect of certain leasehold properties, amortization 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 the Company and are under the process of reconciliation and confirmation. (Refer Note 2.36)
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 2.49)

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in Annexure-I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by the directions issued by the Office of the Comptroller and Auditor General of India under section 143(5) of the Act, we give in Annexure - II, a statement on the matters referred to in those directions.
3. As required by section 143(3) of the Act, we report that:
 - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. the provisions of Section 164(2) of the Companies Act, 2013 are not applicable to the Government Company;
 - f. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 2.34 to the financial statements);
 - ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. However, the Company does not have any derivative contracts.
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Ford, Rhodes, Parks & Co.

Chartered Accountants
Firm's Registration No. 102860W

Sd/-

Shrikant Prabhu
Partner

Membership No. 35296

Place : Mumbai
Date : 9th August, 2015



ANNEXURE-I TO INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

As referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements' in our Auditors' report of even date and as required by the Companies (Auditor's Report) Order, 2015, issued by the Central Government in terms of sub section (11) of section 143 of the Act, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of the audit, we further report that: -

1. (a) As per the information and explanations given to us, the fixed asset register showing full particulars including quantitative details and situation of its 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 on verification were adjusted in the books.
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. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
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. The Company has not accepted any deposits from the public within the meaning of the provisions of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder.
6. We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under sub section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.
7. (a) According to the information and explanations given to us by the management and on the basis of examination of the books of accounts carried out by us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Wealth-Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues, as applicable, with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2015 for a period of more than six months from the date they became payable.
(b) According to the information and explanations given to us by the management and the records of the Company examined by us, there were no disputed dues in respect of Income Tax, Sales Tax, Wealth Tax,



Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st March, 2015 except as stated below:

Sr. No.	Name of Statute	Period	Amount (₹ 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	358	CESTAT, Mumbai
2.	Central Excise Act, 1944	F.Y. 2000-01	15	Additional Commissioner, Mumbai
3.	BST Act, 1959	F.Y. 1980-81 to F.Y. 2004-05	107979	Maharashtra Sales Tax Tribunal, Mumbai
4.	MVAT Act, 2002	F.Y. 2005-06 F.Y. 2006-07 F.Y. 2008-09 & F.Y. 2009-10	2490	Jt. Commissioner of Sales Tax
5.	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 Sales Tax Appellate Tribunal
6.	Service tax	F.Y. 2001-02 to F.Y. 2003-04	3652	Bombay High Court

- (c) According to the information and explanations given to us, there were no amounts which were required to be transferred to the investor education and protection fund in accordance with the relevant provisions of the Act and the Rules made there under.
8. The Company has neither accumulated losses as at 31st March, 2015, nor has it incurred any cash loss during the financial year ended on that date and the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks or financial institutions during the year. The Company has not issued any debentures.
10. According to the information given to us and as per the records examined by 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.
11. According to the information given to us and as per the records examined by us, the Company has not availed term loans from banks during the year.
12. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

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

Sd/-
Shrikant Prabhu
Partner

Membership No. 35296

Place : Mumbai
Date : 9th August, 2015



ANNEXURE-II TO INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

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

- 1. If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.**

As informed to us, the Company has not been selected for disinvestment.

- 2. Please report whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved.**

We have been informed that there are no cases of waiver of debts / loans / interest during the year. We have not also come across any such cases during the course of our audit.

- 3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.**

The total value of inventory of the Company lying with third parties is ₹ 749 lacs as at 31.03.2015. The company has forwarded letters for confirming the balances. There are no assets received as gift from Govt.

- 4. A report on age-wise analysis of pending legal / arbitration cases including the reasons of pendency and existence / effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.**

Based on the information and explanation provided to us, a report on age-wise analysis of pending legal / arbitration cases including the reason for pendency are attached in Statement A of Annexure II. The Company has in existence an effective monitoring mechanism for the expense incurred on all legal cases.

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

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Place : Mumbai
Date : 9th August, 2015



Statement A to Annexure II

Status of legal / arbitration cases filed by / against the Company as on 31/03/2015				
Sr. No.	Reference / Year	Estimated Original Claim Amount (₹ in lacs)	Judicial Authority	Present Status
1.	H.C. Suit No.1693 of 1987 Dr. B.K. Bhattacharya Vs. MDL & Others.	330	Bombay City Civil Court	The suit is pending for directions.
2.	H.C. Appeal No. 635 of 2007 M/s. Scindia Workshop Ltd. Vs. The Special Land Acquisition Officer (MHADA), Mumbai & Others.	3447.56	Bombay High Court	On 11.01.2011, the court directed to refer the matter to High Power Committee and also directed that the appeal be placed after 6 months. However, High Power committee of GOI has been abolished. The matter is yet to reach on the board for further hearing.
3.	Appeal (Suit) No.491 of 2001 State of Kerala (Chief Secretary of Govt.) Vs. MDL.	25 lacs + Interest	Kerala High Court	The matter was listed on 11.01.2002 and adjourned for final hearing. However, the matter is yet to be listed for final hearing.
4.	H.C. W.P. No. 1786 of 1996 Vilas L. Raut Vs. MDL	–	Bombay High Court	MDL filed its detailed reply. The matter was listed on 04.01.2010 and adjourned. The petition is yet to be listed for final hearing.
5.	H.C. W.P.568/2010 Mazagon Dock Officers Association & Anr. Vs. Union of India & Others.	–	Bombay High Court	The petition was listed on 08.10.2012 and adjourned for final hearing and final disposal. The petition not yet listed for the same.
6.	H.C. W.P.1408/2011 Mazagon Dock Retired Officer's Trust Vs. Union of India & Others.	–	Bombay High Court	The petition has been admitted and the matter is pending for arguments. The petition not yet listed for the same.
7.	H.C. W.P.5555/2011 Mr. Hari Narayan Diwate Vs (1) Mazagon Dock Ltd. (2) CMD, Mazagon Dock (3) Union of India	–	Bombay High Court	The matter was listed on 30.11.2012, the Hon'ble court rejected interim relief and adjourned the matter for final hearing. The same is yet to be listed.
8.	H.C. Appeal No. 226 of 2008 Dy. Commissioner, Service Tax Vs. MDL	2000	Bombay High Court	The Appeal is not yet listed for final hearing.



9.	H.C. W.P.995 OF 2012 Mazagon Dock Officers Association & Anr. Vs. Government of India & Others.	–	–	The matter was listed on 18.09.2012 and adjourned for hearing and final disposal. However the matter is yet to be listed for hearing.
10.	H.C. Suit No. 2963/1992 Mineral Sales Pvt. Ltd. Vs. MDL.	16.15 lacs + Interest	Bombay City Civil Court	The Bombay City Civil Court by its order dated 13.05.2015 passed a decree in favor of Plaintiff and directed MDL to pay ₹ 13.32 lacs with further interest @ 10% from the date of filing of the suit i.e. 11.09.1992. The management has taken decision for filing appeal against the said decree and the same is under process.
11.	Civil Appeal No. 8342 of 2013 Commissioner of Income Tax – 6 Vs. MDL	151.97	Supreme Court of India	The matter is pending for hearing.
12.	H.C. Company Petition 938 of 2014 Gemini Engi-Fab Limited Vs. Mazagon Dock Limited	17.52 lacs + 5.19 lacs alongwith interest thereon @ 18% p.a.	Bombay High Court	The matter is on preadmission stage before the Bombay High Court. MDL has filed its reply. The matter is yet to be listed for hearing.
13.	H.C. Summary Suit No. 606/1990 MDL Vs. Bank of Maharashtra	18.66 lacs + interest	Bombay City Civil Court	The Defendant filed its written statement. The last date of hearing was 17.09.1994. The Suit not yet listed for hearing.
14.	H.C. Suit No. 4292 of 2001 MDL Vs. Sterling Metal Distributors	8.86 lacs + interest	Bombay City Civil Court	The suit is pending for framing of issues by the court.
15.	H.C. Suit No. 4293/2001 MDL Vs Chetan Ispat Pvt. Ltd.	16.68 lacs + Interest	Bombay City Civil Court	The suit is pending for framing of issues by the court.
16.	H. C. W.P. No. 10551/2011 Mazagon Dock Ltd. Vs. 1. Micro and Small Industries Facilitation Council. 2. M/s Kaarunya Marifab Enterprises (KME). 3. State of Maharashtra.	40.78 lacs towards delayed payment together with the interest payable (@ 3 times of Bank Rate) under section 15,16 & 17 of the MSME Act	Bombay High Court	The Writ Petition & Arbitration Petition filed by MDL are admitted and tagged together for the hearings.
17.	H.C. Suit No. 2233/1988 MDL Vs. 1. Polish Ocean Lines (Poland) 2. Pol India Agencies Ltd.	9.41 lacs + Interest	Bombay City Civil Court	The suit is pending for recording of evidence.



18.	H. C. Suit No. 1121/2010 MDL Vs. M/s. Chauhan & Chauhan Co.	15.86 lacs + Interest	Bombay City Civil Court	The suit is pending, for recording of evidence.
19.	H.C. Arbitration Petition No. 1951 of 2015 Mazagon Dock Ltd. v/s. Patel Engineering Ltd.	27.25 lacs + interest @ 18% (w.e.f. 11.09.2014)	Bombay High Court	The arbitration petition has been admitted by the High court vide order dated 21.04.2015 and shall be taken up for final hearing in due course.
20.	Arbitration (2010) between Mazagon Dock Limited & M/s. Mico Metal Industries	36.39	Arbitration before Sole Arbitrator Mr. Justice Ashok Modi (Retd)	Arguments of both the parties are concluded. Award is awaited.
21.	Arbitration (2007) between Mazagon Dock Limited & Mumbai Port Trust, Mumbai.	57.91 lacs + interest @ 18% p.a. from 27.7.2001 till 16.10.2007 i.e. 64.86 lacs	Permanent Machinery Of Arbitration (DPE)	The Arbitrator passed an interim order directing MbPT to pay to MDL. The amount equivalent to Works Contracts Sales Tax deducted from the Bills of MDL. Accordingly, MbPT paid ₹ 18.68 lacs on 06.10.2008. The matter is adjourned sine die till the determination order as to the applicability of either Sales Tax or Works Contract sales Tax is decided by the Tax Authorities. The matters before Tax Authorities are being pursued by our Finance Department.
22.	Arbitration (2014) between, Mazagaon Dock Limited & Dredging Corporation of India Limited.	Approx. 3014 lacs + 3,61,300.26 Euros	Permanent Machinery Of Arbitration (DPE)	The pleadings are completed. Part hearing of the MDL is also done. Now, the matter is listed on 3rd, 4th & 5th August 2015 for MDL's hearing.
23.	Oceaneering International v/s MDL Suit No. 1472(1980)	₹ 6,00,296 + Interest at 18% p.a.	Bombay High Court	For damage in delay in carrying out the repair to vessel MV Ocean Diver-I. Case disposed during the year but order copy not received.



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF MAZAGON DOCK SHIPBUILDERS LIMITED,
FOR THE YEAR ENDED 31 MARCH 2015.**

The preparation of financial statements of Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143 (10) of the Act. This is stated to have been done by them vide their **Audit Report dated 15 July 2015 and their revised report dated 09 August 2015.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Mazagon Dock Shipbuilders Limited** for the year ended 31st March 2015. 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 revision made to the Independent Auditors Report vide para no. 1 of Emphasis of Matter as a result of my audit observation highlighted during Supplementary Audit, I have no further comment to offer upon or supplement to statutory auditors' report, under Section 143(6)(b) of Companies Act, 2013.

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

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

Place : Bangalore

Dated : 26 August 2015



TEN YEARS AT A GLANCE – FINANCIAL POSITION & OPERATING RESULTS

Rs in crore

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
(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
2 Preference Share Capital	0.00	0.00	0.00	0.00	0.00	24.74	49.49	74.23	98.98	98.98
3 Reserves & Surplus	2260.65	1894.04	1615.09	1319.37	940.82	756.15	576.90	369.19	184.36	75.23
4 Net Worth	2442.51	2083.68	1807.03	1518.57	1140.02	980.09	825.59	642.62	482.54	373.41
5 Capital Employed	2203.43	1776.91	1438.29	1486.62	837.06	842.66	755.94	622.93	459.26	361.14
6 Gross Block	493.37	375.20	312.79	314.81	301.87	297.55	264.03	249.15	226.57	229.37
7 Net Fixed Assets	265.81	176.12	126.03	123.36	114.78	113.73	87.86	80.35	64.63	71.56
8 Working Capital	1937.62	1600.79	1312.26	1363.26	722.28	728.93	668.08	542.58	394.63	289.58
(B) OPERATING RESULTS :										
1 Sales	2490.28	109.27	2404.69	2262.87	636.56	3150.94	5.49	6.06	18.65	164.29
2 Production (VOP)	3592.60	2865.51	2290.64	2523.69	2611.41	2856.13	2568.93	2321.69	1872.24	518.37
3 Value Added	1312.16	1337.09	1160.34	1127.87	947.60	896.76	584.98	459.80	396.26	289.50
4 Gross Margin (EBIDTA)	776.33	606.03	631.17	705.75	378.79	398.66	405.54	389.48	252.96	118.46
5 Gross Profit	745.47	587.80	616.53	692.61	366.23	386.49	397.32	382.11	246.64	111.57
6 Added Value	555.99	428.34	487.34	557.09	295.08	314.39	329.95	327.19	208.63	53.45
7 Profit/(Loss) before Tax	746.00	587.57	638.89	691.78	366.05	386.47	397.28	380.70	260.02	109.70
8 Provision for Tax	254.41	189.96	226.17	197.47	122.53	146.28	126.55	139.84	91.94	49.60
9 Profit/(Loss) after Tax	491.59	397.61	412.72	494.31	243.52	240.19	270.73	240.86	168.08	60.10
(C) APPROPRIATION:										
1 Capital Redemption Reserve	0.00	0.00	0.00	0.00	0.00	24.74	24.74	24.75	24.75	0.00
2 General Reserve	350.00	260.00	285.00	375.00	200.00	150.00	180.00	182.00	93.00	0.00
3 Dividend-Equity Shares	100.00	100.00	100.00	99.60	49.80	49.80	49.80	41.83	19.92	6.97
4 Dividend-Preference Shares	0.00	0.00	0.00	0.00	0.84	2.46	4.07	6.06	30.47	23.54
5 Tax on Dividend	19.99	17.00	17.00	16.16	8.21	8.68	9.15	8.14	8.56	4.28
6 Corporate Social Responsibility	12.77	3.96	7.26	-	-	-	-	-	-	-
(D) RATIOS :										
1 Gross Profit : Capital Employed	0.338	0.331	0.429	0.466	0.438	0.458	0.525	0.614	0.567	0.309
2 Net Profit : Net Worth	0.201	0.191	0.228	0.326	0.214	0.245	0.328	0.375	0.334	0.161
3 Gross Margin: Gross Block	1.574	1.615	2.018	2.242	1.255	1.340	1.536	1.563	1.116	0.516
4 Added Value : Production (VOP)	0.155	0.149	0.213	0.221	0.113	0.110	0.128	0.141	0.111	0.103
5 Profit before Tax : Production (VOP)	0.208	0.205	0.279	0.274	0.140	0.135	0.155	0.164	0.139	0.212
6 Production (VOP) : Gross Block	7.282	7.637	7.323	8.017	8.651	9.599	9.730	9.319	8.263	2.260
7 Value Added : Production (VOP)	0.365	0.467	0.507	0.447	0.363	0.314	0.228	0.198	0.212	0.558
8 Sundry Debtors : Sales	0.304	2.836	0.168	0.139	0.484	0.114	1.941	2.340	1.763	0.218
No. of Employees :	9131	8640	8670	8325	8090	8072	8018	7764	8013	8090
Gross Margin per employee	0.085	0.070	0.073	0.085	0.047	0.049	0.051	0.050	0.032	0.015

Note: The previous period (FY 2013-14) figures have been regrouped/reclassified wherever necessary to conform to the current presentation.



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

CIN : U35100MH1934GOI002079

BALANCE SHEET AS AT 31st MARCH, 2015

	Note	2014-15 (₹ in lacs)	2013-14 (₹ in lacs)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	2.1	19920	19920
(b) Reserves and Surplus	2.2	226065	189404
		245985	209324
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	7943	8877
(b) Other Long-term Liabilities	2.4	0	0
(c) Long-term Provisions	2.5	17335	14989
Total Non-current Liabilities		25278	23866
(3) Current Liabilities			
(a) Trade Payables	2.6	71247	79277
(b) Other Current Liabilities	2.7	2745775	2473876
(c) Short-term Provisions	2.8	5762	7014
Total Current Liabilities		2822784	2560167
TOTAL		3094047	2793357
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.9(i)	25676	16820
(ii) Intangible Assets	2.9(ii)	905	792
(iii) Capital Work-in-Progress	2.10	4014	11239
		30595	28851
(b) Non-current Investments	2.11	600	600
(c) Deferred Tax Assets (Net)	2.12	12019	11788
(d) Long-term Loans and Advances	2.13	28551	26051
(e) Other Non-current Assets	2.14	5736	5821
Total Non-current Assets		77501	73111
(2) Current Assets			
(a) Inventories	2.15	1854192	1802720
(b) Trade Receivables	2.16	74854	30256
(c) Cash and Cash Equivalents	2.17	761828	524275
(d) Short-term Loans and Advances	2.18	306768	346758
(e) Other Current Assets	2.19	18904	16237
Total Current Assets		3016546	2720246
TOTAL		3094047	2793357

Significant Accounting Policies and Notes to the Financial Statements 1 & 2

AS PER OUR REPORT OF EVEN DATE

Ford, Rhodes, Parks & Co.

Chartered Accountants

Firm Registration No. 102860W

sd/-

Shrikant Prabhu

Partner

Membership No. 35296

Date : 15.07.2015

Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

sd/-

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

Chairman & Managing Director

sd/-

Sanjiv Sharma

Director (Finance)

sd/-

E.S. Selvaraj

Company Secretary & GM (L&E)



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

CIN : U35100MH1934GOI002079

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2015

	Note	2014-15 (₹ in lacs)	2013-14 (₹ in lacs)
I. Revenue from Operations			
1 Turnover	2.20	359260	286551
2 Other Operating Revenue	2.21	2631	3188
		361891	289739
II. Other Income	2.22	56257	60198
III. Total Revenue (I + II)		418148	349937
IV. Expenses:			
1 Cost of Materials Consumed	2.23	208922	129371
2 Changes in Inventory of Work-in-progress	2.24	0	7222
3 Employee Benefits Expense	2.25	70034	62716
4 Sub-Contract		15239	19108
5 Power and Fuel		2520	2119
6 Finance Costs	2.26	3	9
7 Depreciation and Amortization Expenses	2.9	3086	1823
8 Other Expenses : (a) Project Related	2.27	30704	22767
(b) Others	2.28	10969	33989
9 Adjustment for Expenses Transferred to Fixed Assets	2.29	(130)	(255)
10 Provisions	2.30	2257	12297
Total Expenses		343604	291166
V. Profit Before Prior Period Adjustments		74544	58771
VI. Prior Period Adjustments	2.31	(56)	14
VII. Profit Before Exceptional Items and Tax		74600	58757
VIII. Exceptional items		0	0
IX. Profit Before Tax		74600	58757
X. Tax Expense: (1) Current Tax		25672	23136
(2) Deferred Tax		(231)	(3829)
(3) Tax Adjustments Relating to Prior Years		0	(311)
XI. Profit / (Loss) for the Year		49159	39761
XII. Earnings per Equity Share (₹)		246.78	199.60

Significant Accounting Policies and Notes to the Financial Statements 1 & 2

AS PER OUR REPORT OF EVEN DATE

Ford, Rhodes, Parks & Co.

Chartered Accountants

Firm Registration No. 102860W

sd/-

Shrikant Prabhu

Partner

Membership No. 35296

Date : 15.07.2015

Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

sd/-

Rear Admiral R. K. Shrawaf (Retd.), AVSM

Chairman & Managing Director

sd/-

Sanjiv Sharma

Director (Finance)

sd/-

E.S. Selvaraj

Company Secretary & GM (L&E)



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

CIN : U35100MH1934GOI002079

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2015

₹ in lacs

Sr.No	Particulars	2014-15	2013-14
A	Cash Flow From Operating Activities		
	Net Profit Before Tax	74,600	58,757
	Adjustments for :		
	(+) Non Cash Expenditure and Non Operating Expenses		
	Depreciation / Amortisation	3,086	1,823
	Finance Cost	3	9
	Prior Period Depreciation / Amortisation	(74)	-
	(-) Non Operating Income		
	Profit / Loss on Sale of Fixed Assets	29	88
	Interest Income	(50,505)	(54,343)
	Dividend Received	-	(275)
	Other Items		
	Fund Utilised for CSR	(499)	(166)
	Operating Profit Before Working Capital Changes	26,640	5,893
	Adjustment for (Increase) / Decrease in Working Capital		
	Adjustments for :		
	Inventories	(51,472)	(365,641)
	Trade Receivables and Short Term Loans and Advances	(4,608)	51,167
	Other Current and Non Current Assets	540	3,361
	Trade Payables and Other Current Liabilities and Provisions	262,617	214,456
	Long Term Loans and Advances	(605)	(1,347)
	Long Term Liabilities and Provisions	2,346	(4,097)
	Cash Generated from Operations	235,458	(96,208)
	Direct Tax Paid (Net)	(28,401)	(19,519)
	Net Cash from (used in) Operating Activities	207,057	(115,727)
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets (Net of Adjustments)	(12,048)	(6,930)
	Capital Work in Progress	7,225	(3,418)
	Sale of Fixed Assets	38	10
	Capital Advance	834	6,224
	Interest Income	47,383	54,343
	Dividend Received	-	275
	Net Cash from / (used in) Investing Activities	43,432	50,504
C	Cash Flow from Financing Activities		
	Dividend Paid	(11,999)	(11,700)
	Interest Paid	(3)	(9)
	Other Long Term Borrowings	(934)	728
	Net Cash from / (used in) Financing Activities	(12,936)	(10,981)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	237,553	(76,204)
	Cash and Cash Equivalents at the beginning of the year	524,275	600,479
	Cash and Cash Equivalents at the end of the year	761,828	524,275

Note: Figure in bracket indicate out flow

AS PER OUR REPORT OF EVEN DATE

Ford, Rhodes, Parks & Co.

Chartered Accountants

Firm Registration No. 102860W

sd/-

Shrikant Prabhu

Partner

Membership No. 35296

Date : 15.07.2015

Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

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

Chairman & Managing Director

sd/-

Sanjiv Sharma

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 as per the useful life prescribed in schedule II of the Companies Act, 2013, keeping a residual value of 5% except for computers and data processing units where no residual value is retained.
- b) Additions to assets costing ₹ 5000 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 ₹ 5000, is written off evenly over a period of five years, commencing from the year of purchase. The closing balance of loose tools is shown under current assets – inventories and the amortisation is shown as consumption.

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, Pension 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.
- (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 THE FINANCIAL STATEMENTS

	31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
2.1 SHARE CAPITAL		
2.1.1 Authorized		
2,00,00,000 (Previous year 2,00,00,000) Equity Shares of ₹ 100/- each	20000	20000
1,23,72,000 (Previous year 1,23,72,000) 7% Redeemable Cumulative Preference Shares of ₹ 100/- each	12372	12372
	32372	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.	19920	19920
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
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	172500	146500
Add: Transfer from Surplus	35000	26000
Corporate Social Responsibility Fund (Refer Note No. 2.2.1)		
Balance as per Last Balance Sheet	956	726
Less: Utilised for Expenses	499	166
Add: Transfer from Surplus	1277	396
Surplus: Opening Balance	3571	1906
Add: Net Profit After Tax Transferred from Statement of Profit and Loss	49159	39761
	52730	41667
Less: Appropriations		
Transfer to General Reserve	35000	26000
Transfer to Corporate Social Responsibility Fund	1277	396
Interim Dividend	10000	10000
Dividend Distribution Tax	1999	1700
	48276	38096
Surplus: Closing Balance	4454	3571
	226065	189404
2.2.1 The Company had created a reserve in FY 2012-13 under "Corporate Social Responsibilities Fund" to meet the requirements under DPE Guidelines. As per the Companies Act, 2013, the amount required to be spent on CSR activities for the financial year 2014-15 is ₹ 1277 lacs, being 2% of average net profit of the last three years. During the year, the Company has incurred an amount of ₹ 499 lacs towards CSR activities which has been utilised from the opening CSR fund. The balance unspent amount as on 31.03.2015 has been transferred to the CSR Fund.		
2.3 LONG-TERM BORROWINGS (Unsecured)		
Deferred payment liability to a foreign supplier against supply of materials	8321	9280
Less: Amount payable within 12 months	378	403
	7943	8877
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 ₹ 378 lacs includes yearly installment payable of ₹ 214 lacs (Previous year ₹ 214 lacs) and ₹ 164 lacs (Previous year ₹ 189 lacs) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 01-04-2015, which is ₹ 88.0455 for 1 SDR.		



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MAZAGON DOCK SHIPBUILDERS LTD.

2. NOTES TO THE FINANCIAL STATEMENTS

2.4 OTHER LONG-TERM LIABILITIES

	31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
1. Other Payables		
a) Advances Received from Customer for Infrastructure Projects	70955	60372
Add: Received During the Year	11871	8152
Add: Transferred From Projects	0	2431
Less: Deducted from Capital Work-in-Progress (as per contra - 2.10)	10474	17661
Less: Transfer to Fixed Assets for Capitalisation	72352	53294
	0	0

2.5 LONG-TERM PROVISIONS

1. Provision for Employee Benefits			
a) Provision for Post Retirement Benefit Scheme	6522		4303
Less: Payable within 12 months	343	6179	277
b) Provision for Leave Salary Encashment (Note 2.39)	13100		12900
Less: Payable within 12 months	2800	10300	2773
c) Provision for Welfare Expenses		451	431
2. Other Provisions			
a) Provision for Liquidated Damages		366	366
b) Others		39	39
	17335		14989

2.6 TRADE PAYABLES

a) MSME Vendors	227	534
b) Other Vendors	71020	78743
(Refer to Note no. 2.43 for MSME dues)		
	71247	79277

2.7 OTHER CURRENT LIABILITIES

1. Deferred Payment Liability Payable	378	403
2. Other Payables		
a) Advances Received from Customers	2784929	2512876
Less: Advances Received for Infrastructure Projects	82826	70955
b) Employee Related	8282	6798
c) Statutory Dues	978	413
d) Provision for Expenses	32758	22954
e) Deposits	443	554
f) Others	833	833
	2745775	2473876

2.8 SHORT-TERM PROVISIONS

1. Provision for Employee Benefits		
a) Provision for Leave Salary Encashment	2800	2773
b) Provision for Gratuity	846	706
c) Provision for Post Retirement Benefit Scheme	343	277
d) Provision for Contribution to Pension Scheme (Refer Note No. 2.45)	0	2631
e) Provision for Welfare Expenses	83	43
2. Other Provisions		
a) Provision for Guarantee Repairs	1262	156
b) Provision for Custom Duty Demand	426	426
c) Provision for Wealth Tax	2	2
	5762	7014



(₹ in lacs)

TANGIBLE ASSETS

2.9 (i)

Sl No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
		Cost as on 01.04.2014	Additions	Adjustments	Disposal	Balance 31.03.2015	Opening 01.04.2014	For the Year	Adjustments	Disposal	Balance 31.03.2015	As on 31.03.2015	As on 31.03.2014
A.	Assets Owned by MDL												
1	Land: i) Leasehold	912	0	0	0	912	390	51	0	0	441	471	522
2	ii) Freehold	1	0	0	0	1	0	0	0	0	0	1	1
3	Bldg: i) Factory Building	3693	109	(157)	102	3543	2844	96	(160)	43	2737	806	849
4	ii) Office & Staff Qtrs.												
5	a) RCC	632	0	857	0	1489	237	27	296	0	560	929	395
6	b) Non RCC	0	2	135	0	137	0	11	28	0	39	98	0
7	Road	0	0	72	0	72	0	36	32	0	68	4	0
8	Other Civil Works	913	0	(913)	0	0	199	0	(199)	0	0	0	714
9	Plant and Equipment	14596	3597	1941	38	20096	7584	725	2524	35	10798	9298	7012
10	Furniture, Fixtures	1004	301	0	2	1303	419	119	0	1	537	765	584
11	Vehicles	292	0	4	1873	146	196	0	3	339	1534	146	146
12	Office Equipment	4467	191	(2874)	47	1737	2366	470	(1753)	45	1038	699	2101
13	Building Berths, Kasara Basin, Dry Docks & Launchways	3236	0	(3236)	0	0	3078	0	(3078)	0	0	0	157
14	Computer & Data Processing Units												
15	i) Desktops, Laptops etc.	0	129	1631	37	1723	0	451	1087	36	1502	221	0
16	ii) Server & Network	0	100	1281	0	1381	0	190	674	0	864	517	0
17	Ship - Launches & Boats	897	0	0	0	897	580	15	0	0	595	302	317
18	Electrical Installation & Equipments	0	240	1263	1	1502	0	138	549	1	686	816	0
19	Sub-total	30642	6254	0	231	36665	17844	2525	0	164	20205	16460	12798
20	Previous Year's Figures	28909	2422	0	689	30642	17295	1140	0	591	11844	12798	11614

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.

(₹ in lacs)

B.	Jointly Funded Assets (Net of Indian Navy Funded)	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
		Cost as on 01.04.2014	Additions	Adjustments	Disposal	Balance 31.03.2015	Opening 01.04.2014	For the Year	Adjustments	Disposal	Balance 31.03.2015	As on 31.03.2015	As on 31.03.2014
1	Factory Building	0	7437	0	0	7437	0	93	0	0	93	7344	0
2	Plant and Equipment	3466	1189	(1520)	0	2135	131	151	(19)	0	263	1872	3335
3	Building Berths, Kasara Basin, Dry Docks & Launchways	742	0	(742)	0	0	55	0	(55)	0	0	0	687
	Sub-total	4208	7626	(2262)	0	9572	186	244	(74)	0	356	9216	4022
	Previous Year's Figures	0	4208	0	0	4208	0	186	0	0	186	4022	0
	Total Tangibles Assets (A+B)	34850	13880	(2262)	231	46237	18030	2769	(74)	164	20561	25676	16820
	Previous Year's Figures	28909	6630	0	689	34850	17295	1326	0	591	18030	16820	11614



(₹ in lacs)

INTANGIBLE ASSETS

2.9 (ii)

Sl No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
		Cost as on 01.04.2014	Additions in th year	Adjustments in th year	Disposal in th year	Balance 31.03.2015	Opening 01.04.2014	For the Year	Adjustments in th year	Disposal in th year	Balance 31.03.2015	As on 31.03.2015	As on 31.03.2014
1	Computer Software/SAP-ERP	1385	94	0	0	1479	1385	17	0	0	1402	77	0
2	Other than SAP-ERP	1285	336	0	0	1621	493	300	0	0	793	828	792
	Sub Total	2670	430	0	0	3100	1878	317	0	0	2195	905	792
	Previous Year's Figures	2370	300	0	0	2670	1381	497	0	0	1878	792	989
	Total (I + II)	37520	14310	(2262)	231	49337	19908	3086	(74)	164	22756	26581	17612
	Previous Year's Figures	31279	6930	0	689	37520	18676	1823	0	591	19908	17612	12603

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 in cost of leasehold land shown above;
- Land at Mumbai taken from Mumbai Port Trust (MPT) 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.

(ii) Registration formalities are pending in respect of flats at Vashi and Belapur, Navi Mumbai purchased from CIDCO amounting to ₹ 165.60 lacs.

(iii) Govt. of India, re-vested all the rights of the properties of Alcock Ashdown Co. Ltd. at Mumbai with Mazagon Dock Shipbuilders 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. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.

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 Pursuant to the implementation of Schedule II to the Companies Act, 2013, the Company has revised the useful life of its fixed assets. As envisaged under the Schedule, the Company is now charging the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers and data processing units where no residual value is retained. The depreciation charge during the year pertaining to assets whose revised useful life has expired prior to commencement of the financial year has also been charged to the statement of profit and loss as per the option in Schedule II. Due to the change in useful life of the assets, the depreciation charge during the year is higher by ₹ 1014 lacs out of which ₹ 415 lacs pertains to the assets whose useful life has expired prior to commencement of the financial year.

2.9.6 Adjustments include inter-class transfers as per the Companies Act, 2013. An amount of ₹ 2262 lacs shown under 'Jointly Funded Assets' is net of ₹ 3466 lacs received from Navy during the year and additional cost capitalised by the Company of ₹ 1204 lacs pertaining to the asset capitalised in earlier year.

2.9.7 As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 9572 Lacs (Previous Year ₹ 4208 lacs) (net cost to MDL) were capitalised upto 31.03.2015 as jointly funded by MDL and Indian Navy and depreciation of ₹ 356 lacs (Previous Year ₹ 186 lacs) has been accounted on it as on 31.03.2015. Total Assets of ₹ 81924 lacs (Previous Year ₹ 57502 lacs) are jointly funded by MDL and Indian Navy after regrouping assets from "Building Berths, Kasara Basin, Dry Dock and Launchways" to "Plant and Equipment" as per the Companies Act, 2013 as given below.

(₹ in lacs)

Assets jointly funded by MDL and Indian Navy

Sr. No.	Particulars	Building Berths, Dry Docks and Launchways					Office Equipment	Furniture and Fixtures	Total as on 31-03-15	Total as on 31-03-14
		Kasara Basin, Dry Docks and Launchways	Plant and Equipment	Factory Buildings						
1	Total Cost upto 31-03-2015	0	59585	22303		21	15	81924	57502	
2	Less: Funded By Navy	0	57450	14866		21	15	72352	53294	
3	Funded By MDL	0	2135	7437		0	0	9572	4208	
	Previous Year's Figures	742	3466	0		0	0	4208	0	



2. NOTES TO THE FINANCIAL STATEMENTS

2.10 CAPITAL WORK-IN-PROGRESS

1. Own Resources

A. Tangible Assets

Opening Balance	1864		909	
Add: Expenditure During the Year	6328		3377	
Less: Capitalisation During the Year	6433	1759	2422	1864

B. Intangible Assets Under Development

Opening Balance	106		0	
Add: Expenditure During the Year	324		406	
Less: Capitalisation/Adjustments During the Year	430	0	300	106

2. Funded by Indian Navy

a) Mazdock Modernisation Project				
Opening Balance	18177		59991	
Add: Expenditure / Adjustments During the Year	4033		11494	
Less: Capitalisation/Adjustments During the Year	22210		53308	
	0		18177	
b) Submarine Facilities Upgradation Project				
Opening Balance	8753		7293	
Add: Expenditure/Adjustments During the Year	6188		5654	
Less: Capitalisation/Adjustments During the Year	2212		4194	
	12729		8753	
2 (a) + 2 (b)	12729		26930	
Less: Advances Received from Customer (as per contra-2.4)	10474	2255	17661	9269
		4014		11239

2.11 NON-CURRENT INVESTMENTS

Other Investments (At Cost, Unquoted)
Investment in Equity Shares - Goa Shipyard Ltd
1,37,39,400 (Previous year 1,37,39,400) Equity shares of
₹ 10 each fully paid up

600	600
600	600

2.12 DEFERRED TAX ASSETS / (LIABILITIES)

1. Deferred Tax Assets				
Provisions		15587		15431
2. Deferred Tax Liabilities				
Service Tax	(1402)		(1412)	
Depreciation	(2166)		(2175)	
Gratuity	0	(3568)	(56)	(3643)
Deferred Tax Assets - (Net)		12019		11788

2.13 LONG-TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

1. Capital Advances		36		870
2. Sales Tax (VAT) / Service Tax Set Off Receivable		6072		4286
3. Advance Payment of Tax and Tax Deducted at Source	94057		88534	
Less: Provision for Tax	76561	17496	73767	14767
4. Other Loans and Advances -				
a) Deposits		478		457
b) Balance with Sales Tax Authorities		555		1037
c) Balances with Port Trust		444		444
d) Balance with Customs Authorities		20		20
e) Foreign Exchange Fluctuation on Deferred Debts	3614		4359	
Less: Exchange Fluctuation Receivable				
Within 12 Months	164	3450	189	4170
f) Other Receivables	2750		2750	
Less: Provision for Doubtful Receivables	2750	0	2750	0
		28551		26051



2. NOTES TO THE FINANCIAL STATEMENTS

2.14 OTHER NON-CURRENT ASSETS

(Unsecured, Considered Good Unless Otherwise Specified)

		31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
1. Long-term Trade Receivables			
a) Deferred Debts		4493	4707
b) Other Debts over Six Months			
i) Considered Good	1243		1114
ii) Considered Doubtful	17746		16751
	18989		17865
Less: Provision for Doubtful Debts	17746	1243	16751
2. Other Receivables			
a) Considered Doubtful	320		232
Less: Provision for Doubtful Debts	320	0	232
		5736	5821

2.15 INVENTORIES (As Verified, Valued and Certified by Management)

1. Raw Materials			
a) Material in Stores	11097		13636
Less: Provision / Reduction for Obsolescence	31	11066	0
2. Stores and Spares			
a) Material in Stores	1572		1617
Less: Provision / Reduction for Obsolescence	25	1547	0
3. Equipment for Specific Projects			
a) Material in Stores	412951		465627
b) Stock in Transit	17803		21193
c) Materials Pending Inspection	313	431067	374
4. Scrap		132	99
5. Loose Tools		93	119
6. Work-in-progress		1410287	1300055
		1854192	1802720

2.15.1 Value of Inventory relates to Customer (Indian Navy)

i) Raw Material, Stores, Spares and Equipment	443278	499201
ii) Work-in-progress	1410287	1275465

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

749	1135
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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.

10667	10727
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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 the 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 ₹ 23042 lacs) for which no provision has been considered necessary (Ref Note no. 2.34.1 (b)).



2. NOTES TO THE FINANCIAL STATEMENTS

2.16 TRADE RECEIVABLES

(Unsecured, Considered Good unless Otherwise Specified)

	31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
1. a) Debts Outstanding over Six Months		
i) Considered Good	69786	10781
ii) Considered Doubtful	0	0
	69786	10781
Less: Provision for Doubtful Debts	0	0
b) Other Debts		
i) Considered Good	4904	19286
ii) Considered Doubtful	0	0
	4904	19286
Less: Provision for Doubtful Debts	0	0
2. Deferred Debt Exchange Fluctuation Receivable	164	189
	74854	30256

2.17 CASH AND CASH EQUIVALENTS

1. Cash and Cash Equivalents		
a) Balances with Banks:-		
- In Current Accounts		
i) In India	2803	453
ii) Outside India	69	56
- In Cash Credit Accounts (Refer Note No.2.45)	0	0
- In Deposit Accounts	17615	17126
b) In Fixed Deposit Accounts (less than 3 months maturity)	1000	20000
c) Cash on Hand (Refer Note No.2.45)	1	0
	21488	37635
2. Other Bank Balances		
a) In Fixed Deposit Accounts (more than 3 months but not more than 12 months maturity)	740000	486300
b) In Fixed Deposit Accounts* (Deposits having original maturity of more than 12 months)	340	340
* Fixed Deposits kept under lien with Mumbai Port Trust		
	761828	524275

2.18 SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered Good Unless Otherwise Specified)

1. Advances Paid to Vendors	289126	312233
2. Advances Paid on Behalf of Customer for B&D Spares	16305	31636
3. Employee Related	135	255
4. Prepaid Expenses	679	1550
5. Others	523	1084
	306768	346758

2.19 OTHER CURRENT ASSETS

(Unsecured, Considered Good Unless Otherwise Specified)

1. Insurance Claims Receivable	791	476
2. Interest Accrued on Deposits and Advances	16524	14214
3. Interest Receivable on Income Tax Refund	1522	1522
4. Assets Under Disposal (Refer Note No. 2.45)	0	2
5. Other Receivables	67	22
6. Interest Receivable on Loans to Employees (Refer Note No. 2.45)	0	1
	18904	16237



31st March, 2014
(₹ in lacs)

1. Sales

(a) Sale of Products				
i) Ship Construction	248811		9732	
ii) Ship Repair (Submarine Refit)	217		1195	
	<u>249028</u>		<u>10927</u>	
Less : Excise Duty	0	249028	0	10927

Closing Work-in-progress		1410287		1300055
Less: Opening Work-in-progress	1300055		1010583	
Add: Transferred From Changes in Inventories of WIP	<u>0</u>	<u>1300055</u>	<u>13848</u>	<u>1024431</u>
		110232		275624
RNOVER (VALUE OF PRODUCTION)		359260		286551

The amount of contract revenue recognised as revenue for the period ended 31st March, 2015	359260	286551
Aggregate amount of cost incurred and recognised profits (less recognised losses) as at 31st March, 2015	1410287	1300055
The amount of advances received as at 31st March, 2015	2696089	2409270
The amount of retentions from customers as at 31st March, 2015	13519	15832

(a) Sale of Services				
i) Commission earned on procurement of spares		702		1545
(b) Sale of Scrap and Stores		574		589
(c) Changes in Inventory of Scrap				
Closing Scrap	132		99	
Less: Opening Scrap	<u>99</u>	33	<u>112</u>	(13)
(d) Export Incentive		844		1067
(e) Duty Drawback		<u>478</u>		<u>0</u>
		2631		3188

Interest				
a) On Deposits with Banks	52290		53154	
Less: Interest Liability to Customer on Advances (Refer note no 2.22.1)	<u>701</u>		<u>1373</u>	
	51589		51781	
b) On Income Tax Refund	0		1522	
c) Other Interest	<u>301</u>	51890	<u>1040</u>	54343
Dividend from Goa Shipyard Ltd.		0		275
Liabilities / Provisions no longer required written back		3392		4443
Insurance Claims		163		0
Foreign Exchange Variation (Net)				
Income	128		99	
Less: Expenditure	<u>74</u>	54	<u>83</u>	16
Miscellaneous Income / Recoveries		<u>758</u>		<u>1121</u>
		56257		60198

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



2. NOTES TO THE FINANCIAL STATEMENTS

	31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
2.22.2 Earnings in Foreign Exchange:		
FOB value of Sale of Multi Purpose Support Vessel	27954	0
2.23 COST OF MATERIALS CONSUMED		
A. Opening Stock		
Raw Materials, Stores and Spares	15253	16964
Equipment for Specific Projects	465627	329870
Stock-in-transit and Materials Pending Inspection	<u>21567</u>	<u>58347</u>
B. Add : Purchases	<u>151993</u>	<u>228382</u>
	654440	633563
C. Less : Closing Stock		
Raw Materials, Stores and Spares	12613	15253
Equipment for Specific Projects	412951	465627
Stock-in-transit and Materials Pending Inspection	<u>18116</u>	<u>21567</u>
	210760	131116
Less: Reduction in Value-included in Other Expenses	27	58
Less: Stores and Spares consumption included in Repairs and Maintenance	32	11
Less: Stores and Spares consumption included in Other Expenses	<u>1779</u>	<u>1676</u>
	208922	129371
2.23.1 Value of Raw Materials, Stores, Equipment, Spares etc. Consumed		
	%	%
1. Imported	149213	70.80
2. Indigenous	<u>61547</u>	<u>22964</u>
	210760	131116
2.23.2 Consumption consists of		
1. Iron and Steel	3557	3095
2. Non-ferrous Metals and Alloys	286	485
3. Machinery and Equipment Fitting on Ships etc.	206772	127385
4. Others	<u>145</u>	<u>151</u>
	210760	131116
2.23.3 Value of Imports on CIF basis:		
1. Raw materials including machinery, equipment for construction of ships, submarine, repairs and other production jobs.	97473	240013
2. Capital goods	0	2045
2.24 Changes in Inventory of Work-In-Progress		
Opening Work-in-progress	0	21070
Less: Transferred to Revenue from Ongoing Contracts	<u>0</u>	<u>13848</u>
Less: Closing Work-in-progress	<u>0</u>	<u>0</u>
	0	7222
2.25 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Allowances and Bonus	55483	49251
Pension	536	5
Contribution to Provident Fund	3883	3612
Contribution to Employees State Insurance Scheme	57	43
Workmen and Staff Welfare Expenses	6980	5940
Gratuity	968	1262
Encashment of Privilege Leave	<u>2127</u>	<u>2603</u>
	70034	62716
2.26 FINANCE COSTS		
Others	<u>3</u>	<u>9</u>
	3	9



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2. NOTES TO THE FINANCIAL STATEMENTS

2.27 OTHER EXPENSES - PROJECTS RELATED

	31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
Technicians' Fees and Other Expenses	4786	4087
Service Tax Expenses	1363	2244
Technical Know-how Expenses	2112	679
Advising Team Fees and Other Expenses	20024	14226
Facility Hire	780	506
Rent	68	87
Insurance (Refer Note No. 2.45)	0	117
Bank Charges and Guarantee Commission	648	578
Travelling Expenses	53	62
Sea Trial, Launching and Commissioning Expenses	133	19
Legal, Professional and Consultant Fees	94	65
Commission on Sale	505	0
Miscellaneous Expenses	138	96
	30704	22767

2.28 OTHER EXPENSES

Repairs and Maintenance:				
1. Buildings	908		655	
2. Plant and Machinery	2281		1700	
3. Steam Launches and Boats, Motor Cars, Lorries, etc.	1226		1101	
4. Dredging	1	4416	137	3593
Less : Work done internally and other expenditure which has been included in other heads of expenses		2909		2370
		1507		1223
Facility Hire		476		378
Water Expenses		197		180
Rent		973		1537
Insurance		320		314
Rates and Taxes		559		745
Bank Charges and Guarantee Commission		62		113
Printing and Stationery		72		48
Travelling Expenses		279		583
Business Promotion Expenses		836		445
Sea Trial, Launching and Commissioning Expenses		0		4
Corporate Membership Expenses		43		36
Sale / Scrapping of Fixed Assets (Net)				
Loss	66		97	
Less: Profit	37	29	9	88
Miscellaneous Expenses		297		22
Research and Development Expenses		856		825
Legal, Professional and Consultant Fees		200		173
Books and Periodicals		8		9
Postage, Telegrams and Phones		103		120
Training Expenses		177		174
CISF and Security Board Expenses		1831		1710
Advertising Expenses		1		12
Custom Office Establishment Expenses		15		47
Loose Tools Consumed		206		399
Directors Fees and Expenses		0		10
Reduction in Value of Materials		27		58
Liquidated Damages		0		23060
Consumption of Stores and Spares etc.		1779		1676
Other Interest		116		0
Corporate Social Responsibility Expenses (Refer Note 2.2.1)		0		0
		10969		33989



2. NOTES TO THE FINANCIAL STATEMENTS

31st March, 2015
(₹ in lacs)

31st March, 2014
(₹ in lacs)

2.28.1 Foreign Exchange gain / loss on raw materials and project specific equipments has been considered in Cost of Material Consumed.

2.29 EXPENSES TRANSFERRED TO FIXED ASSETS

Employee Cost

(130)

(255)

(130)

(255)

2.30 PROVISIONS MADE

1. Liquidated Damages
2. Doubtful Debts
3. Guarantee Repairs
4. Others

8

10

988

9421

1173

0

88

2866

2257

12297

2.31 PREVIOUS YEARS' ADJUSTMENTS

1. Expenses

a) Gratuity

18

0

b) Depreciation

57

0

c) Others

0

75

14

14

2. Income

a) Depreciation on Jointly Funded Assets Reversed

131

0

Net Expenses / (Income)

(56)

14

ADDITIONAL INFORMATIVE NOTES

2.32 Computation of Profit/Loss for Earnings Per Share

Profit after tax

49159

39761

Profit including exceptional items attributable to Equity Shares

49159

39761

Profit excluding exceptional items attributable to Equity Shares

49159

39761

Earnings per share Basic (in ₹)

246.78

199.60

Earnings per share Diluted (in ₹)

246.78

199.60

(Share having nominal value of ₹ 100 each)

2.33 Business Segment Reporting

A) Segment-wise Turnover (Value of Production)

Shipbuilding

114168

119662

Submarine

245092

166889

359260

286551

B) Result

i) Segment-wise Result

Shipbuilding

1276

(7034)

Submarine

19306

9969

20582

2935

ii) Income not allocated to segments

Interest on Deposits

51589

51781

Dividend

0

275

Others

2429

3766

54018

55822

Profit/Loss before Tax

74600

58757



2. NOTES TO THE FINANCIAL STATEMENTS

	31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
C) Other Information		
i) Segment-wise Assets as on Balance Sheet date		
Shipbuilding	1327761	1212208
Submarine	1710066	1484441
Unallocated	56220	96708
	3094047	2793357
ii) Segment-wise Liabilities as on Balance Sheet date		
Shipbuilding	1160611	1056843
Submarine	1671888	1492291
Unallocated	15563	34899
	2848062	2584033
iii) Segment-wise Capital Expenditure during the year (including jointly funded assets)		
Shipbuilding	4923	15474
Submarine	11457	3390
Unallocated	314	2067
	16694	20931
iv) Segment-wise Depreciation for the year		
Shipbuilding	1538	716
Submarine	1029	499
Unallocated	519	608
	3086	1823

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	3708	25795
b) Estimated amount of liquidated damages on contracts under execution	23042	23042
c) Position of non-fund based limits utilized for:		
(i) Letters of credit	95516	128235
(ii) Guarantees and counter guarantees	2980	2849
d) Indemnity Bonds issued by the Company to customers for various contracts	4733712	4060123
e) Counter claim lodged by customer against the Company's claim on encashment of performance guarantee.	16400	—
f) Claim of contractor in respect of Assets	1386	—



2. NOTES TO THE FINANCIAL STATEMENTS

	31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
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	113	2333
(ii) Others	3820	3820
(iii) Interest on (i) and (ii) above	12484	18057
	<u>16417</u>	<u>24210</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 *	111227	110476
ii) Excise Duty		
a) On Vendors	164	160
b) On MDL	25	31
	<u>189</u>	<u>191</u>
	<u>111416</u>	<u>110667</u>
<p>* Against the above claim, part payments of ₹ 573.92 lacs (previous year ₹ 410.33 lacs) have been made under protest. The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 168.79 lacs inclusive of interest and penalty (previous year ₹ 159.64 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.</p>		
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)	6580	6428
	<u>6595</u>	<u>6443</u>
<p>* Includes ₹ 2927 lacs (previous years ₹ 2927 lacs) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2012-13.</p>		
2.34.5 Appeals pending against disputed demands pending before Adjudicating / Appellate authorities – Custom Duty	20	20
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 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 account in the year of adjustments.		
2.37 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 account in the year of adjustments.		



2. NOTES TO THE FINANCIAL STATEMENTS

31st March, 2015
(₹ in lacs)

31st March, 2014
(₹ in lacs)

2.38 Disclosure in relation to Schedule III to the Companies Act, 2013

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

2.39 Employee Benefits

2.39.1 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 and Loss Account:-

1	Employers' Contribution to Provident Fund	2856	3060
2	Employers' Contribution to Employees' State Insurance	57	43
3	Employers' Contribution to EPS (Employees' Pension Scheme)	878	502
4	Employers' Contribution to Employees' Deposit Linked Insurance Scheme	149	42

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

(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)	7.95%	8.00%
2	Rate of increase in compensation levels	8.50%	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 01.04.2014	25115	25478
Add : Credit from Company	45	391
Less : Amount paid towards claims	(3314)	(3030)
Add : Interest credited	2020	2276
Closing Balance as on 31.03.2015	23866	25115
Present value of past service benefit	24092	24919

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



2. NOTES TO THE FINANCIAL STATEMENTS

31st March, 2015
(₹ in lacs)

31st March, 2014
(₹ in lacs)

(b) Leave Encashment (Unfunded 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 01.04.2014	0	10869
Add : Contribution during 2014-15	0	0
	0	10869
Less : Withdrawals, if any	0	10869
	0	0
Add : Interest credited to fund as on 31.03.2015	0	0
Fund balance as on 31.03.2015	0	0
Fund requirement as per Actuarial Valuation as on 31.03.2015	0	0

The actuarial liability excludes the fixed term employees, for which separate short-term provision of ₹ 308 lacs (previous year: ₹ 540 lacs) exists.

2.39.2 Actuarial valuation of liability towards Gratuity - Note No. 2.39.1 (II) (a) above refers. Defined Benefit Plans Gratuity - as per actuarial valuation on 31st March, 2015

i) Assumptions

a) Discount Rate	7.95%	8.00%
b) Salary Escalation	8.50%	9.00%
c) Actual Rate of Return = 9.25% = Estimated Rate of Return as ARD falls on 31st March		

ii) Table showing changes in present value of obligations

Present value of obligations as at beginning of year	24919	24707
Interest cost	1993	1977
Current service cost	472	626
Benefits paid	(3314)	(3030)
Actuarial (gain) / loss on obligations	22	639
Present value of obligations as at end of year	24092	24919

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

Fair value of plan assets at beginning of year	25115	25478
Expected return on plan assets	2009	2276
Contributions	45	391
Benefits paid	(3314)	(3030)
Actuarial (gain) / loss on plan assets	(11)	NIL
Fair value of plan assets at the end of year	23866	25115

iv) Table showing fair value of plan assets

Fair value of plan assets at beginning of year	25115	25478
Actual return on plan assets	2020	2276
Contributions	45	391
Benefits paid	(3314)	(3030)
Fair value of plan assets at the end of year	23866	25115
Funded status	(226)	196
Excess of Actual over estimated return on plan assets	11	NIL

v) Actuarial gain / loss recognized

Actuarial (gain) / loss for the year - obligation	22	(639)
Actuarial (gain) / loss for the year - plan assets	(11)	NIL
Actuarial (gain) / loss on obligations	22	639
Actuarial (gain) / loss recognized in the year	11	639



2. NOTES TO THE FINANCIAL STATEMENTS

	31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
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	24092	24919
Fair value of plan assets as at the end of the year	23866	25115
Funded status	(226)	196
Net Asset / (Liability) recognized in balance sheet	(226)	196
vii) Expenses recognized in statement of Profit and Loss		
Current service cost	472	626
Interest cost	1993	1977
Expected return on plan assets	(2009)	(2276)
Net Actuarial (gain) / loss recognized in the year	11	639
Expenses recognized in statement of profit and loss	467	965
2.39.3 Actuarial valuation of liability towards Leave Encashment - Note No. 2.39.1 (II) (b) above refers defined benefit plan leave encashment as per actuarial valuation on 31st March, 2015		
i) Assumptions		
Discount rate	7.75%	9.00%
Rate of increase in compensation levels	8.50%	10.00%
Rate of return on plan assets		
Expected average remaining working lives of employees (years)	12	11
ii) Table showing changes in present value of obligations		
Present value of obligation as at the beginning of the year	12360	11763
Acquisition adjustment	NIL	NIL
Interest cost	1113	941
Current service cost	826	654
Curtailment cost / (credit)	NIL	NIL
Settlement cost / (credit)	NIL	NIL
Benefits paid	(1151)	(1613)
Actuarial (gain) / loss on obligations	(356)	615
Present value of obligation as at the end of the year	12792	12360
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	NIL	10869
Acquisition adjustments	NIL	NIL
Expected return on plan assets	NIL	0
Contributions	NIL	(10546)
Benefits paid	NIL	(323)
Actuarial gain / (loss) on plan assets	NIL	NIL
Fair value of plan assets at the end of the year	NIL	NIL
iv) Tables showing fair value of plan assets		
Fair value of plan asset at the beginning of the year	NIL	10869
Acquisition adjustments	NIL	NIL
Actual return on plan assets	NIL	NIL
Contributions / (withdrawals)	NIL	(10869)
Benefits paid	NIL	NIL
Fair value of plan asset at the end of the year	NIL	NIL
Funded status	(12792)	(12360)
Excess of actual over estimated return on plan assets	NIL	NIL



2. NOTES TO THE FINANCIAL STATEMENTS

	31st March, 2015 (₹ in lacs)	31st March, 2014 (₹ in lacs)
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	(356)	615
Actuarial (gain) / loss for the year - plan assets	NIL	NIL
Total (gain) / loss for the year	(356)	615
Actuarial (gain) / loss recognised in the year	(356)	615
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	12792	12360
Fair value of plan assets as at end of the year	NIL	NIL
Funded status	(12792)	(12360)
Unrecognized actuarial (gains) / losses	NIL	NIL
Net asset / (liability) recognized in balance sheet	(12792)	(12360)
vii) Expenses recognized in statement of profit and loss		
Current service cost	826	654
Interest cost	1113	941
Expected return on plan assets	NIL	NIL
Curtailement cost / (credit)	NIL	NIL
Settlement cost / (credit)	NIL	NIL
Net actuarial (gain) / loss recognized in the year	(356)	615
Expenses recognized in the statement of profit and loss	1583	NIL
2.40 Expenditure in Foreign Currency (on Cash Basis)		
1. Technical Know-how	1188	2979
2. Professional and Consultancy Fees	2383	4472
3. Other Matters	8395	11536
	11966	18987
2.41 Directors' Remuneration		
(i) Salaries and Allowances	108	89
(ii) Contribution to Provident Fund and Other Funds (Exclusive of provision for gratuity and leave encashment)	11	9
(iii) Medical Expenses Reimbursed	1	2
(iv) Leave Travel Concession	7	5
(v) Annual Performance Related Pay	9	18
(vi) Other Expenses	9	12

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.

2.42 PROVISIONS MADE, UTILISED, WRITTEN BACK

	As at 01.04.2014	Additions	Utilised/ Adjustment	As at 31.03.2015
Provision for Custom Duty Demand	426	0	0	426
Provision for Liquidated Damages	366	0	0	366
Provision for Guarantee Repairs	156	1173	67	1262
Other Provisions	39	0	0	39



2. NOTES TO THE FINANCIAL STATEMENTS

31st March, 2015
(₹ in lacs)

31st March, 2014
(₹ in lacs)

- 2.43** 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, 2015 based on available information with the Company are as under:

Particulars	31st March, 2015	31st March, 2014
Principal amount due and remaining unpaid	1	95
Interest due on above and the unpaid interest (Refer Note No. 2.45)	0	7
Interest paid	0	0
Payment made beyond the appointed day during the year	320	438
Interest accrued and remaining unpaid on above	15	18
Amount of further interest remaining due and payable in succeeding years	0	0

2.44 'Miscellaneous Expenses' include

Remuneration to the Statutory Auditors

i) Audit fees	8	7
ii) Out of pocket expenses (Refer Note No. 2.45)	0	0
iii) Tax audit fees	1	1
	<u>9</u>	<u>8</u>

- 2.45** The financial statements are presented in ₹ in lacs. 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 lacs are given as follows -

Balance Sheet Items -

	₹	₹
Note No. 2.8		
Contribution to Pension Scheme - Executives	1004	0
Note No. 2.17		
Balance in Cash Credit Accounts	9685	20388
Cash on Hand	0	32467
Note No. 2.19		
Assets under Disposal	46415	0
Interest Recievable on Loan to Employees	49570	0
Note No. 2.27		
Insurance	11352	0
Note No. 2.43		
Interest Due and Unpaid	11942	0
Note No. 2.44		
Out of pocket expenses	38764	13832

- 2.46** The Company has entered into a Joint Venture with Pipavav Defence and Offshore Engineering Company 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 equity 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 but the same has not been paid. As on 31st March, 2015, the Joint Venture Company has not commenced its operations and reported loss of ₹ 1 lac as per latest audited results of FY 2013-14.



- 2.47** 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 which is above the ceiling by ₹ 3149 lacs (previous year ₹ 1957 lacs) and also profit thereon of ₹ 236 lacs (previous year ₹ 147 lacs), which the Company is confident of realising.
- 2.48** The customer has disputed Exchange Rate Variation (ERV) claim of Project 17 of ₹ 6208 lacs (previous year ₹ 5925 lacs). The Company is confident of realizing the same as the claim is in accordance with the contractual terms.
- 2.49** 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 ₹ 234278 lacs (previous year ₹ 145996 lacs) including profit of ₹ 17677 lacs (previous year ₹ 15104 lacs) on this project is recognized on the basis of expected revision.
- 2.50** The Company has made provision of ₹ 7545 lacs towards MVAT claim in respect of MRSSK project in the financial year 2013-14, which is yet to be realised. The company has made a claim of ₹ 5785 lacs towards ERV and current year's MVAT of ₹ 17 lacs to the customer and is confident of realising the same based on the communication from the customer to reconsider the Company's claim favourably. Therefore, no further provision has been considered necessary.
- 2.51** The previous year's figures have been regrouped/reclassified wherever necessary to conform to the current presentation.

As Per Our Report of Even Date

Ford, Rhodes, Parks & Co.

Chartered Accountants

Firm Registration No. 102860W

sd/

Shrikant Prabhu

Partner

Membership No. 35296

Date : 15 July, 2015

Mumbai

For and on Behalf of the Board of Directors

sd/

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

Chairman and Managing Director

sd/

Sanjiv Sharma

Director (Finance)

sd/

E. S. Selvaraj

Company Secretary and GM(L & E)



NOTES

Launching of Visakhapatnam the
First Ship of Project-15B



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

CIN: U35100 MH1934 GOI 002079

Dockyard Road, Mumbai 400 010

Tel +91 22 2376 2000/ 3000 / 4000

www.mazagondock.gov.in

Awards & Recognitions

1



2



3



4



1. Rajbhasha Puraskar for In-House Magazine (Jaltarang) – 2014-15.
2. IPSE Award – 2014 for Defence & Marine PSE.
3. Bureaucracy Today Award – 2015 for Best PSU for HRM.
4. Golden Peacock Award for Innovative Product & Services – 2015.