

माझगांव डॉक शिपबिल्डर्स लिमिटेड
MAZAGON DOCK SHIPBUILDERS LIMITED



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

VISION

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

MISSION

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

OBJECTIVES

- *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 attain technological leadership in warship and submarines construction through in house R&D activities and partnership with academic institutions*
- *To enhance the productivity level through improved internal processes through benchmarking and innovative practices.*
- *To take initiatives for growth by undertaking capacity augmentation, technological up-gradation and modernisation of facilities.*
- *To upgrade capabilities of employees as per HRM guidelines issued by DPE.*
- *To maintain consistent quality and retain ISO 9001-2008 Certification of Quality Systems and to maintain high degree of Customer Satisfaction.*
- *To undertake Corporate Social Responsibility and Sustainability projects as per guidelines.*
- *To enhance indigenisation process in line with 'Make in India' policy.*
- *To adhere project time lines to deliver quality ships and submarines in time.*



Mazagon Dock Shipbuilders Limited

(Formerly known as Mazagon Dock Limited)

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

Authenticated

Raksha Mantri



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Chairman's Statement at 83rd Annual General Meeting



Dear Share Holders,

1. It is indeed my privilege to welcome you all on behalf of the Board of Directors of your Company, at this 83rd Annual General Meeting of your Company. The annual report that has been circulated to you brings you the audited accounts and other related documents for the year 2015-16 for your consideration and adoption at this Annual General Meeting.
2. It is a matter of pleasure to share with you 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" this year too. I am glad to mention here that the Turnover and the Profit Before Tax recorded during 2015-16 are the highest ever achieved by your Company since incorporation. During the year, your Company achieved a Value of Production (VOP) of ₹ 4122 Cr (15% increase over previous year); Profit Before Tax (PBT) of ₹ 957 Crore (28% increase over previous year), Profit After Tax (PAT) of ₹ 638 Crore (23% increase over previous year) and Earnings per Share (EPS) is ₹ 320/- (30% increase over previous year). Your Company has received 'NIL' comments from C&AG for the last 4 years i.e. since FY 2012-13. The Board of Directors have recommended a Final Dividend at 100% on the Equity Share Capital amounting to ₹ 199.20 Crore including the interim dividend amounting to ₹ 100 Crore, for the FY 2015-16. This is the highest dividend ever declared by your Company.

3. FY 2015-16 marked yet another year of achievements for your Company and witnessed culmination of a number of projects that bear testimony to your Company's relentless pursuit to deliver high-technology war platforms to your primary customer viz. Indian Navy.

4. With immense pleasure, I would like to highlight that many important and significant events took place during the financial year 2015-16, some of which are:

4.1 Undocking of a submarine "Kalvari" on Pontoon was undertaken on 06 Apr '15 at the hands of Hon'ble Raksha Mantri Shri Manohar Parrikar & Chief Minister of Maharashtra, Shri Devendra Fadnavis.

4.2 A destroyer class ship "Vishakhapatnam", was launched on 20 Apr '15 at the hands of Mrs Minu Dhowan, w/o Admiral R K Dhowan, Chief of Naval Staff.

4.3 The Keel of another destroyer class ship was laid on 04 Jun '15 by RAdm R K Shrawat.

4.4 A destroyer class ship "Kochi" was delivered to the Indian Navy on 30 Sep '15.

4.5 Submarine "Kalvari" was launched on 27 Oct '15 by Smt Ritu Shrawat w/o RAdm R K Shrawat.

4.6 Another Destroyer Class ship "Chennai" has completed her sea trials and is preparing to be delivered shortly.

4.7 Construction activities of another Destroyer Class ship "Mormugao" are progressing well and the ship is scheduled to be launched soon.

4.8 Preparatory work and detailed design activities are in progress for initiating start of production of next generation frigate.

5. The order book position and the future opportunities of your Company are very encouraging. MDL is now handling four projects for the Indian Navy comprising of seven destroyers, four frigates and six submarines of the Scorpene class. These projects are at various stages of design & construction. The prime goal of your Company is now to ensure adherence to the project timelines through extremely focused project monitoring.

6. During the year, your Company has successfully completed the augmentation of its infrastructure through Mazdock Modernization Project (MMP) which comprises of new Wet Basin, Heavy Duty Goliath Crane, Module Workshop, Cradle Assembly Shop, Store Building and associated ancillary structures. All these facilities have already been put to use for production.

7. The newly created Submarine Assembly Workshop which comprises of two bays and is equipped with two levels of EOT cranes as well as semi-goliath crane will enable your Company meet the timelines of phased delivery of Scorpene Submarines and also cater to the requirements of anticipated future orders.

8. Your Company has both the expertise and the track record to make the most of the opportunities in it's way. We will now focus on how we have planned building on our existing capabilities to capitalize on the opportunities



before us. As you know, your Company has always been aligned with the nation's priorities, developing capabilities to meet India's needs. As the country surges forward, with a focus on technology-led initiatives, your Company is ready for the future.

- 8.1 To enhance its existing facilities, your Company has taken up extension of Goliath Crane Rail Track to effectively optimize the utilization of Goliath Crane.
- 8.2 Feasibility study for Deepening of Dry Dock to facilitate smooth docking of deeper draft vessels is in progress.
- 8.3 Plans are afoot for deepening of the channel from MDL's water front to the main entry channel of MbPT. Feasibility study for this project is underway.
- 8.4 Construction of two SSK submarines, refit & modernization of four SSK submarines and present construction of the ongoing Submarine Project have all contributed to MDL's enhanced capability to handle construction of varied types of conventional submarines. With sound knowledge in various aspects of submarine construction and with the augmentation of submarine construction facilities, MDL has positioned itself for the construction of additional submarines.

RESEARCH AND DEVELOPMENT

9. As per the macro-level Research and Development Plan for five financial years from 2014-15 to 2018-19, approximately 15 projects are intended to be taken-up and completed. The details of the Research and Development activities are stated in the Directors' Report. The amount spent on R&D during the year ended 31 Mar '16 was ₹ 63.83 crores.

QUALITY

10. Your Company continues to be ISO certified for its Quality Management system for the Shipbuilding and Submarine Divisions. A number of quality circles have been developed for the involvement of workers on the nuances of quality. The quality

circles continued to receive several laurels during the year and bagged many awards by participating in various national and international conventions of quality circles. Your Company is resolved to foster a culture of quality that would consistently exceed customer expectations.

INDUSTRIAL RELATIONS

11. With great pride, I would like to share that the Industrial Relations during the year were cordial and harmonious. In the absence of a recognized Union, efforts were made to resolve issues of mutual concern through deliberations with the Unions on the Bargaining Council resulting in a win-win situation for the employees and the Company.

WELFARE ACTIVITIES

12. Your Company values its human resources the most. To keep their morale high, apart from statutory welfare measures, your Company extends several other welfare activities, like Life Insurance Coverage, Medical Insurance Scheme, Scholarships to employees' wards, Post Retirement Medical Scheme, Superannuation (Pension) Scheme, etc.

INDIGENISATION & "MAKE IN INDIA"

13. In view of the focused impetus to the Hon'ble Prime Minister's "Make-in-India" initiative, your Company has set-up a dedicated 'Department of Indigenization' in Nov '15. The department has drawn up a Road Map for Indigenization, which is part of MDL's Long Term Perspective Plan, for the next 15 years. It is pertinent to note that your Company has continuously strived to enhance the indigenous content in the successive deliveries of ships and submarines. This is evident from the fact that the indigenous content has increased from 42% in ships built in 1990s to approximately 59% in ships currently under construction. The indigenization content is expected to further increase to about 72%-75% in the future ships. Similarly, MDL expects to achieve indigenization content to the tune of 47% (of the maximum possible indigenisable content) in the ongoing construction of the Submarines.



ENVIRONMENTAL DEVELOPMENT

14. Your Company is committed to aligning its business model with the philosophy of Sustainable Development. During the last few years many initiatives have been taken in the areas such as Environmental Development, Sustainable Development and Energy Conservation. Harnessing of solar energy and implementation of energy saving measures were the two areas where your Company focused during this year.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

15. Your Company has been championing the cause of community and environment through its CSR activities. Over the years, your Company has sharpened its focus on conserving natural resources and enhancing social equity. Your Company's investment in social initiatives across healthcare, education, water, sanitation and skill building will deliver rich social dividends in the years ahead. Your Company has spent ₹ 1169.00 lacs towards CSR activities during FY 2015-16. (Details mentioned at Appendix H of the Directors' Report).

SWACHH BHARAT INITIATIVES

16. Your Company fully adheres to the Prime Minister's call for Swachh Bharat Movement so as to bring about lasting behaviour change. The Swachh Bharat initiative is being undertaken at four levels; (a) within the shipyard, (b) adjacent areas, (c) building of toilets for schools and (d) rural areas. As part of rural efforts, your Company has adopted villages Kharade and Changyacha Pada in Thane District to transform them into a clean "model village" by providing clean drinking water, setting renewable energy and construction of individual toilets.

CORPORATE GOVERNANCE

17. I would also like to state that your Company remains committed to good corporate governance in accordance with the guidelines issued by the Department of Public Enterprises, Government of India.

18. As we look ahead, not only do we see continuing challenges but at the same time opportunities using which your Company shall continue to play a critical role in shaping the maritime defense of our country.

19. Success is always a shared journey. Therefore, on behalf of the Board of Directors of the Company, I would like to express my gratitude to all the stakeholders. I would also like to place on record my sincere appreciation to the Board of Directors for their guidance. I also gratefully acknowledge the valuable guidance and support received from the Ministry of Defence and other administrative departments of Government of India and cooperation from the collaborators and vendors. I would like to place on record my appreciation for the patronage and support received from the Indian Navy. On behalf of the Board of Directors, I place on record deep appreciation to all employees and executives for their untiring efforts and contribution who collectively enable sustainable and profitable growth of your Company.

MDL has been and shall always remain committed to enabling a strong Navy so as to ensure secure Sea Frontiers of the Nation.

Jai Hind!

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



Board of Directors



RAdm R K Shrawat AVSM (Retd)
Chairman & Managing Director



Cdr P R Raghunath (Retd)
Director
(Shipbuilding)



Cmde R Anand (Retd)
Director
(Corporate Planning & Personnel)



Capt R Lath (Retd)
Director
(Submarine & Heavy Engineering)



Shri Sanjiv Sharma
Director
(Finance)



Shri Vijayendra, JS (NS), MOD
Part time Official
(Government) Director



Prof S L Bapat
Part time Non-Official
(Independent) Director



Mrs Usha Sankar
Part time Non-Official
(Independent) Director



VAdm Sanjeev Bhasin (Retd)
Part time Non-Official
(Independent) Director



Board of Directors

RADM R K SHRAWAT AVSM (RETD) CHAIRMAN & MANAGING DIRECTOR	(FROM 29.02.2012)
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 VIJAYENDRA	(FROM 04.08.2016)
PROF S L BAPAT	(FROM 27.11.2015)
MRS USHA SANKAR	(FROM 27.11.2015)
VADM SANJEEV BHASIN	(FROM 07.01.2016)
SHRI M SELVARAJ	(UPTO 31.05.2015)
SHRI BHARAT KHERA	(UPTO 27.07.2016)
SHRI PREM KUMAR KATARIA	(UPTO 30.09.2015)

COMPANY SECRETARY

MS. MADHAVI V KULKARNI

BANKERS

State Bank of India
Canara Bank

AUDITORS

M/s. Ford Rhodes
Parks & Co. LLP
Chartered Accountants

REGISTERED OFFICE

Dockyard Road
Mumbai – 400 010



Notice

NOTICE IS HEREBY GIVEN that the Eighty Third Annual General Meeting of the Company will be held on **Wednesday, the 28 Sep '16 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:
 - (a) the Audited Financial Statement for the year ended 31 Mar '16 and the Report of the Directors and Auditors thereon and
 - (b) The Audited Consolidated Financial Statement for the year ended 31 Mar '16 and the Report of the 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 2016-17.

SPECIAL BUSINESS:

- (4) To ratify the remuneration payable to the Cost Auditor appointed by the Board of Directors of the Company for the financial year 2016-17 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 ₹ 2.25 lacs + 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 2016-17 be and is hereby ratified."

- (5) To Reclassify the Authorized Share Capital and Consequent Alteration of Memorandum of Association and Articles of Association by passing, with or without modification, the following resolution as a Special Resolution.

"RESOLVED THAT on the recommendation of the Board of Directors and, pursuant to Sections 13, 14, 61 and all other applicable provisions, if any, under the Companies Act, 2013, and subject to such approvals, consents, permissions and sanctions, as may be necessary from appropriate authorities, the existing Authorized Share Capital of the Company of ₹ 323.72 Crores (Three Hundred and Twenty Three Crores and Seventy Two Lacs) divided into 2,00,00,000/- (Two Crore) Equity Shares of ₹ 100/- (Rupees Hundred only) each and 1,23,72,000, 7% Redeemable Cumulative Preference Shares of ₹ 100/- (Rupees Hundred only) each be and is hereby reclassified to ₹ 323.72 Crores (Three Hundred and Twenty Three Crores and Seventy Two Lacs) divided into 3,23,72,000 (Three Crores Twenty Three Lacs Seventy Two Thousand) Equity Shares of ₹ 100/- (Rupees Hundred Only) each.

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause-V as under:

- V. The Authorized Share Capital of the Company is ₹ 323,72,00,000/- (Three Hundred and Twenty Three Crores and Seventy Two Lacs only) divided into 3,23,72,000 (Three Crores Twenty Three Lacs Seventy Two Thousand) Equity Shares of ₹ 100/- (Rupees Hundred Only) each.

RESOLVED FURTHER THAT consequent upon the reclassification in the Share Capital, the existing Article 4 of the Articles of Association of the Company regarding Authorized Capital be and is hereby amended as under:



The Authorized Share Capital of the Company is ₹ 323,72,00,000 (Three Hundred and Twenty Three Crores and Seventy Two Lacs) divided into 3,23,72,000 (Three Crores Twenty Three Lacs Seventy Two Thousand) Equity Shares of ₹ 100/- (Rupees Hundred Only) each."

6. To issue Bonus shares by passing, with or without modification, the following resolution as an Ordinary Resolution :

"RESOLVED THAT on the recommendation of the Board of Directors and, in accordance with the provisions of Section 63 and other applicable provisions of the Companies Act, 2013, the provisions of the Articles of Association of the Company and subject to such approvals, consents, permissions and sanctions, as may be necessary from appropriate authorities, consent of Members, be and is hereby accorded for capitalization of a sum to the extent of ₹ 49,80,00,000 (Rupees Forty Nine Crore and Eighty Lacs Only) standing to the credit of the Capital Redemption Reserve of the Company, for the purpose of issue of Bonus Shares of ₹ 100/- (Rupees Hundred) each, credited as fully paid-up Equity Shares to the President of India, in the proportion of 1 (One) Bonus Equity Share of ₹ 100/- (Rupees Hundred) for every 4 (Four) fully paid-up Equity Share of ₹ 100/- (Rupees Hundred) each held by him.

RESOLVED FURTHER THAT the Bonus Shares so allotted shall rank pari passu in all respects including dividend with the existing equity shares of the Company;

RESOLVED FURTHER THAT the Bonus Shares so allotted shall always be subject to the terms and conditions contained in the Memorandum and Articles of Association of the Company;

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, all the Directors and the Company Secretary be and is hereby authorized severally to execute such documents as may be necessary and to take all such steps and actions and give such directions and delegate such authorities, as it may in its absolute discretion, deem appropriate."

BY ORDER OF THE BOARD

(MADHAVI KULKARNI)
COMPANY SECRETARY

Mazagon Dock Shipbuilders Limited
Dockyard Road
Mumbai 400 010

Dated 30 Aug '16

Notes:

- 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.
- 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.
- 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.

Item No. 4

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 Year 2016-17 at a remuneration of ₹ 2.25 lacs + 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 year 2016-17 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, financially or otherwise, in the said Resolution.

Item No. 5 & 6

DPE vide OMs No. 12(6)/95-Fin dated 10.11.1995 instructed administrative ministries to direct enterprises under their control, having reserves in excess of three times of paid up capital to consider the scope of issue of bonus shares to the shareholders, mainly Government of India.

In supersession of the above Guideline, the Department of Investment and Public Asset Management (DIPAM) vide OMs No. 5/2/2016-Policy dated 27.05.2016 instructed administrative ministries to direct enterprises under their control, having reserves in excess of ten times of paid up capital to issue bonus shares to the shareholders, mainly Government of India.

2. The Issue of Bonus shares was reviewed by the Board in terms of compliance of DPE guidelines superseded by the recent DIPAM Guidelines on Capital Restructuring of CPSEs dated May 27, 2016, requirement of MoU guidelines for FY 2016-17.
3. Company's Authorized Share Capital of ₹ 323.72 Crore, consists of Equity Share Capital of ₹ 200 Crore and 7% Redeemable Cumulative Preference Share Capital of ₹ 123.72 Crore. The paid up equity share capital of the Company is ₹ 199.20 Crore (199.20 lacs shares of ₹ 100 each). In order to issue Bonus Shares, Company is required to increase authorized share capital. Alternatively, MDL can issue bonus shares upto ₹ 123.72 Crore without increasing Authorized Share Capital provided 7% Redeemable Cumulative Preference Share Capital of ₹ 123.72 Crore is reclassified as Equity Share Capital.
4. Reclassification of 7% Redeemable Cumulative Preference Share Capital as Equity Share Capital and the subsequent amendment in the capital clause of the Memorandum and Articles of Association of the Company and issue of bonus shares from Capital Redemption Reserves has to be approved by the shareholders in the General Meeting.
5. Accordingly the Board recommends to issue bonus shares in the ratio of 1:4 (1 share for every 4 shares held) and for the purpose reclassify the 7% Redeemable Cumulative Preference Share Capital of ₹ 123.72 Crore as Equity Share Capital resulting in total Authorized Equity Share Capital of ₹ 323.72 Crore and make corresponding changes in Memorandum of Association and Article of Association.
6. None of the Directors / Key Managerial Personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the said Resolution.



DIRECTORS' REPORT

To,

The Shareholders,
Mazagon Dock Shipbuilders Limited.

Dear Shareholders,

On behalf of the Board of Directors I have great pleasure in presenting the 83rd Annual Report on the performance and achievements of Mazagon Dock Shipbuilders Limited for the financial year ended 31 Mar '16 together with Audited Statement of Accounts and Auditors Report.



Commissioning of INS Kochi on 30 Sep '15 by Hon'ble Raksha Mantri Shri Manohar Parrikar

- 1.6 A destroyer class ship "Kochi" was delivered to the Indian Navy on 30 Sep '15.
- 1.7 Submarine "Kalvari" was launched on 27 Oct '15 by Smt Ritu Shrawat w/o RAdm R K Shrawat.
- 1.8 150 years completion of Ritchie Dry Dock was celebrated on 17 Dec '15.
- 1.9 A Tribal village Kharade in Maharashtra was adopted under CSR on 29 Dec '15.
- 1.10 A Mini Marathon was organized by MDL at Mumbai on 24 Jan '16.



1. IMPORTANT EVENTS

- 1.1 Undocking of a submarine "Kalvari" on Pontoon was undertaken on 06 Apr '15 at the hands of Hon'ble Raksha Mantri Shri Manohar Parrikar & Chief Minister of Maharashtra, Shri Devendra Fadnavis.
- 1.2 One destroyer class ship "Vishakhapatnam", was launched on 20 Apr '15 at the hands of Mrs Minu Dhowan, w/o Admiral R K Dhowan, Chief of Naval Staff.
- 1.3 The Keel of another destroyer class ship was laid on 04 Jun '15 by RAdm R K Shrawat.
- 1.4 A Make in India workshop-cum-seminar was organized on 22 Jun '15 on Vendor Development & Import substitution in warship building at Mumbai.
- 1.5 Contract for Know How Provider (KHP) for Technology Upgradation & Capability Enhancement (TUCE) for facilitating integrated construction of the next generation Frigate ships signed.

- 1.11 Parliamentary Committee on Estimates visited MDL on 04 Feb '16.
- 1.12 MDL participated in the International Fleet Review Exhibition held at Vishakhapatnam on 06 and 07 Feb '16.
- 1.13 MDL participated in the Make in India – 2016 Exhibition held at Mumbai during 13 to 18 Feb '16.
- 1.14 54 Toilet blocks built at Valsad Gujarat under Swachh Vidyalaya Campaign were handed over to schools on 21 Mar '16.

2. FINANCIAL HIGHLIGHTS

Your Company achieved the highest ever VOP of ₹ 4121.65 crore in FY 2015-16 an increase of 14.73% over the previous year's VOP of ₹ 3592.60 crore. The Profit before tax is ₹ 957.33 Crore for 2015-16 as against ₹ 746.00 Crore in the previous year, an increase of 28.33%. Your Company has thus achieved the highest ever VOP, PBT, PAT and the Network.

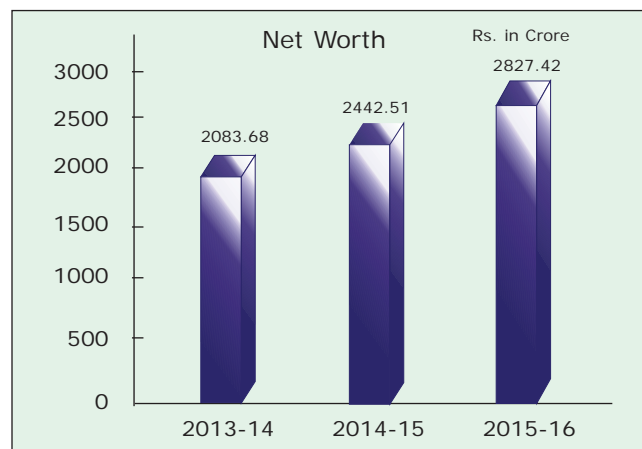
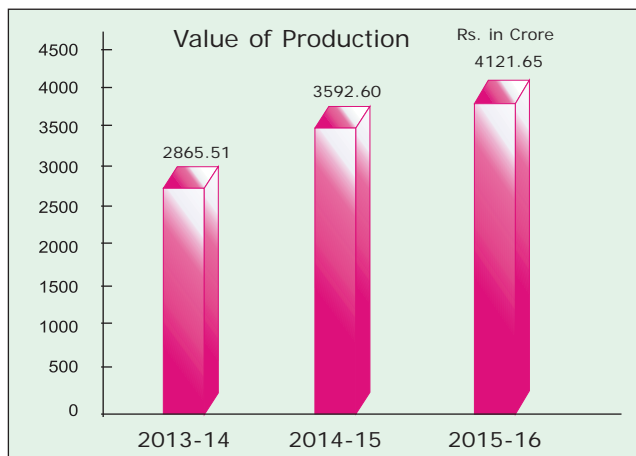


2A CONSOLIDATED FINANCIAL STATEMENT

Section 129(3) of the Companies Act, 2013 requires your Company to prepare Consolidated Financial Statement [Consolidation of Financial Statements of Mazagon Dock Shipbuilders Ltd (MDL) & its Associate Company, Goa Shipyard Ltd (GSL)] alongwith Standalone Financial Statements. Your Company has prepared Consolidated Financial Statements of MDL & GSL, placed together with the Standalone Financial Statements and forms part of this Report.



Presenting interim dividend of Rs 100 Crore to Hon'ble Raksha Mantri Shri Manohar Parrikar



3. CAPITAL STRUCTURE

The Authorized Equity Share Capital and Preference Share Capital of the Company as on 31 Mar '16 stood at ₹ 200 Crore and ₹ 123.72 Crore respectively. The Paid-up Equity Share Capital as on 31 Mar '16 remained at ₹ 199.20 Crore. During the year there was no increase in the Authorized or Paid up Equity Share Capital.

4. DIVIDEND

The Board of Directors recommended a Final Dividend at 100% on the Equity Share Capital amounting to ₹ 199.20 Crore including the interim dividend amounting to ₹100 Crore paid for the FY 2015-16.

5. CONTRIBUTION TO CENTRAL EXCHEQUER

Your Company's contribution during 2015-16 to the Central Exchequer by way of Income Tax, Service Tax, Custom Duty, Excise Duty & Dividend was ₹ 551.75 Crore.

6. OPERATIONS FOR THE YEAR 2015-16 VIS-À-VIS THE PREVIOUS TWO YEARS

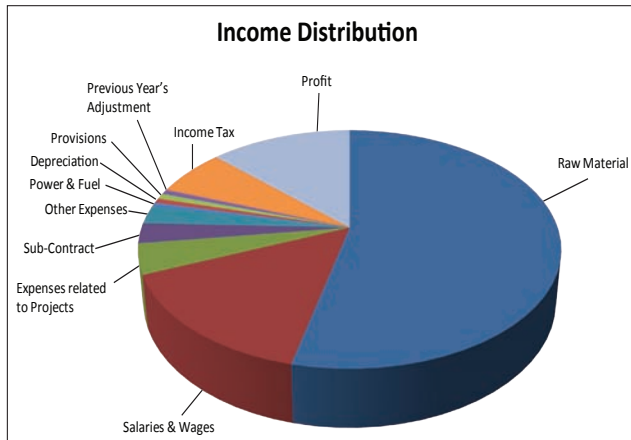
6.1 The results of the Company's operations for the year 2015-16 and the comparative figures for the previous two years are summarized below:

(₹ in Crore)

	2013-14	2014-15	2015-16
Value of Production	2865.51	3592.60	4121.65
Profit before Tax	587.57	746.00	957.33
Net Profit after Tax	397.61	491.59	637.82
Capital Employed	1776.91	2198.65	2532.98
Gross Block	375.20	493.37	594.20
Net Block	176.12	265.81	344.59
Working Capital	1600.79	1932.84	2188.39
Net Worth	2083.68	2442.51	2827.42
Value Added	1337.09	1312.16	1267.81
Interest	0.09	0.03	0.07

6.2 Income Distribution for the year 2015-16 as against previous year is summarized as under:-

INCOME DISTRIBUTION	% 2014-15	% 2015-16
Raw Material	49.96	54.41
Salaries & Wages	16.75	15.24
Expenses related to Projects	7.34	4.17
Sub-Contract	3.64	2.76
Other Expenses	2.62	2.49
Interest	0.00	0.00
Power & Fuel	0.60	0.58
Depreciation	0.74	0.64
Provisions	0.54	0.77
Previous Year's Adjustment	-0.01	-0.65
Transfer to Fixed Assets	-0.03	0.00
Income Tax	6.08	6.54
Profit	11.76	13.06
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 ₹ 1068.71 crore for 2015-16 as against ₹ 1141.68 crore of the previous year.

7.2 MDL is handling three Shipbuilding projects for the Indian Navy comprising of seven destroyers and four frigates. A destroyer "Kochi" has been delivered during the year. Another Destroyer is at an advanced stage of sea trials and is expected to be delivered in the near future. A destroyer class ship "Vishakhapatnam" was launched during the year and the launch of another



Delivery of third destroyer Chennai on 30 Aug '16 to the Indian Navy

ship "Mormugao" is tentatively planned in the middle of F.Y. 2016-17 and construction of another Destroyer is in progress. The contract for construction and delivery of frigates was signed during the previous year. Preparatory work and detailed design activities for the same are in progress.

8. SUBMARINE & HEAVY ENGINEERING DIVISION

8.1 The Value of Production on account of Submarine Construction was ₹ 3052.94 crore for 2015-16 as against ₹ 2450.92 crore of the previous year.

8.2 Six Scorpene class submarines are presently in series production at MDL. A Boat "Kalvari" was launched successfully during the year and is undergoing Sea Trials prior commissioning. The concurrent construction of all six Submarines are progressing well.



Launching of first Scorpene Submarine, Kalvari on 27 Oct '15



Smt Surina Rajan, Additional Secretary (Defence Production) and Shri Bharat Khera, Joint Secretary (Naval Systems) at the MDL stall in 'Make in India' exhibition at Mumbai

8.3 State-of-the-art Crew Training Centre "EKLAVYA" has been set up in the premises of your Company for conducting of Crew Training.

9. MAZDOCK MODERNISATION PROJECT

9.1 Your Company successfully completed the augmentation of its infrastructure through Mazdock Modernisation Project (MMP) which comprises of a new Wet Basin, Heavy Duty Goliath Crane, Module Workshop, Cradle Assembly Shop, Store Building and associated ancillary structures. All these facilities have been put to use for production.

9.2 To enhance its existing facilities, your Company has planned augmentation of Extension of Goliath Crane Rail Track, in order to effectively optimize the utilization of Goliath Crane. The work at site is near completion. This will facilitate access of Gantry Crane for lifting/shifting of heavy components directly from vessel/barges. Feasibility study for Deepening of a Dry Dock to facilitate smooth docking of deeper draft vessels is also in progress. The tendering process for award of works contract is expected to commence shortly.

10. OTHER INFRASTRUCTURE PROJECTS

10.1 The new Submarine Assembly Workshop is being developed and is in an advanced stage of construction. It comprises of two bays and is equipped with two levels of EOT cranes as well as semi-goliath

crane. The entire project along with office building and other ancillary structures is expected to be formally commissioned in the first quarter of the next financial year.

11. RESEARCH & DEVELOPMENT

11.1 Your Company had promulgated an R&D policy in the year 2013 and the R & D Plan for five (05) years from 2014-15 to 2018-19 depicting the R&D activities that the Company intends to take up during the period. As per this macro-level plan for five financial years, approximately 15 projects are intended to be taken-up and completed. The R&D initiatives have taken a two pronged approach. There would be in-house projects as well as projects in collaboration with academic institutions of repute like IIT, NID, etc. The thrust of the R&D is to develop practices and processes that can reduce build periods 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 and General Manager (Design) is also one of the members in the team. Eight specialists groups consisting of 40 executives are functioning under GM (Design) with domain area of Structural analysis, Ergonomics & HFE, Noise & Vibration Control, RCS Management, Propulsion System Integration, Materials and HVAC.



Pencil portrait drawn by MDL operative being presented to Hon'ble Raksha Mantri Shri Manohar Parrikar during his visit to MDL for inaugurating the Submarine Assembly Workshop



CMD, MDL highlighting Scorpene Submarine details to Shri A K Gupta, Secretary (Defence Production) during 'Make in India' exhibition at Mumbai

11.2 The amount spent on R&D during the year ended 31 Mar '16 amounts to ₹ 63.83 crores. The various projects undertaken under R&D have been elaborated in Appendix 'F'.

12. MASTER DEVELOPMENT PLAN (MDP)

12.1 Your Company has appointed a consultant for drawing up a Master Development Plan (MDP) for the entire organisation. The MDP is envisaged to provide specific recommendations for optimum utilization of yard's real estate for its core functions apart from leveraging maximum Floor Space Index (FSI) for future development of the yard. The future development will be carried out in a planned manner based on the recommendations and road map that would be drawn-up by the consultant.

13. INDIGENISATION & "MAKE IN INDIA"

13.1 Your Company took early lead and set-up a dedicated 'Department of Indigenisation' in Nov '15, to provide focused impetus to the Hon'ble Prime Minister's "Make-in-India" initiative. The department has drawn up a Road Map for Indigenization, which is part of MDL's Long Term Perspective Plan, for the next 15 years. The indigenization Road Map spells out in detail MDL's efforts to encourage indigenization, provides a flow chart depicting the entire process of indigenization and also includes a list of systems/equipment/items along with

the necessary technical details that MDL intends to indigenize. A separate link for "Make-in-India" has been created in the Company's Website, which has all the relevant details as described above.

13.2 Some of the major items taken up for indigenization include Gas Turbine & Gear Box; Ship Installed Chemical Agent Detection System; Pressure Reducing Stations; Welding Electrodes for Submarines and Magazine Fire Fighting System. Indigenization of Sonar Dome has been successfully completed with the assistance from a consortium of M/s BEL, Bengaluru, R&D Engineers, Pune and a private sector manufacturer.

13.3 It is pertinent to note that your Company has continuously strived to enhance the indigenous content in the successive deliveries of ships and submarines. It is evident from the fact that the indigenous content has increased from 42% in ships built in 1990's to approximately 59% in ships currently being built. Further, the indigenization content is expected to further increase to about 72%-75% in the future ships. Similarly, MDL plans to achieve indigenization content to the tune of 47% (of the maximum possible indigenisable content) in the construction of the Submarines.

13.4 Your Company has also introduced an Indigenization Clause in all tenders where in bidders have to indicate their progressive



BML Munjal Award for Business Excellence through Learning & Development being received by Director (CP & P) on behalf of CMD, MDL



CMD, MDL receiving Rajbhasha Kirti Puraskar at the hands of Hon'ble President Shri Pranab Mukherjee

indigenization plan. Further, provision to give purchase preference for higher indigenous content is also part of this new commercial procedure.

13A CHANGE OF NAME OF THE COMPANY

During the year 2015-16, your Company has changed its name from 'Mazagon Dock Limited' to 'Mazagon Dock Shipbuilders Limited' w.e.f. 28 May '15. This change was effected to ensure that your Company's business activities are correctly reflected in the name of the Company.

14. AWARDS AND RECOGNITIONS

- 14.1 Three (03) Quality Control Circle teams participated in ICQCC-2015 held at Gyeongnam, South Korea from 05 Oct'15 – 08 Oct '15. Prabal QC of EY-Hull and Rainbow QC of P&A Shop (SY) got Gold Illumination Award, and Phoenix QC of SB-Design (structural) got Silver Illumination Award.
- 14.2 12 Quality Circle teams of MDL participated in National Convention on Quality Concepts (NCQC-2015) hosted by M/s Quality Circle Forum of India, at Chennai from 18 Dec'15 to 21 Dec '15. 9 QC teams won Par Excellence (1st Rank) Awards and 03 QC teams won Excellent (2nd Rank) Awards.
- 14.3 Twenty Eight (28) Quality Circle teams of MDL participated in 29th Annual Chapter Convention on Quality Concepts (CCQC-2015) hosted by M/s Quality Circle Forum

of India, Mumbai Chapter at IES College, Bandra (W), Mumbai on 12 Sep '15 and won 21 GOLD and 07 SILVER Awards.

- 14.4 Your Company was adjudged 'Runners Up' in the BML Munjal Award for Business Excellence through Learning & Development. The award is one of the most prestigious one in the field of Learning & Development organized by Hero Corp.
- 14.5 MDL half yearly Hindi Magazine 'Jaltarang' has been awarded 'Kirti Purashkaar' – 2nd Prize in 'B' region by the H'ble President of India, Shri Pranab Mukherjee on the occasion of 'Hindi Diwas'.
- 14.6 SPECIAL AWARDS WON BY MDL QC TEAMS:
 - 14.6.1 Prabodhan Quality Circle of SB-PSC Department has won the Special Award for "Best Case Study of Convention".
 - 14.6.2 Ganaji Quality Circle of Production & Assembly Shop (SY) has won the Special Award for "Best QC Team of the Day".
 - 14.6.3 Shri Vikas Gogate of Rainbow Quality Circle, SB-Welding has won the 1st Rank in the Poem Competition in CCQC-2015.
 - 14.6.4 Shri Rajendra Bhagat of Phoenix Quality Circle, SB-Design-Structural has won the 1st Rank in the Poster Competition in CCQC-2015.

15. FUTURE OUTLOOK

- 15.1 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 Destroyers and commencement of activities on production of the Frigates. Your Company as a shipyard shall align itself to the indigenisation plan of the Indian Navy.
- 15.2 Public Private Sector Partnership : Your Company will be leveraging spare capacities available in the Private Sector within the country for liquidating MDL's tasks in hand and for ensuring timely completion of projects. Outsourcing of mega blocks has already been initiated



in this front and it is envisaged that this step will result in a win-win situation for the DPSU and the private shipyards. The outsourcing content is only likely to increase in the future, as MDL would be executing a number of projects concurrently.

- 15.3 In order to enhance productivity and meet the delivery timelines, your Company has undertaken steps to further augment the infrastructure and up-grade technology.
- 15.4 MDL has spare facilities & capacity for fabrication of Pressure hull subsections. Based on the advice of MoD, preliminary studies for building additional submarines is presently being progressed.
- 15.5 Through a Modernization project, MDL has augmented necessary infrastructure for submarine construction viz. New Submarine Section Assembly (SSA) shop, Cradle Assembly Shop (CAS) & New Wet Basin. For the ongoing Submarine Project, high level of skill has been imparted in MDL workforce and at the same time local vendors have been developed for complex and high quality construction. These skilled workforce of MDL and vendors are ready to take on new challenges in submarine construction. Post infrastructure augmentation, MDL's Submarine building capacity has been enhanced substantially.
- 15.6 Construction of two SSK submarines, refit & modernization of four SSK submarines and present construction of ongoing submarine project have enhanced MDL's capability to handle construction of varied types of conventional submarines. With sound knowledge in various aspects of submarine construction and with the augmentation of submarine construction facilities, MDL has also positioned itself for the construction of additional submarines.

16. **SWACHH BHARAT INITIATIVES**

- 16.1 Your Company fully adheres to the Prime Minister's call for Swachh Bharat movement so as to bring about lasting behaviour change. The Swachh Bharat initiative is being undertaken at four levels; i) within the shipyard, ii) adjacent areas, iii) building of toilets for schools and iv) rural areas.



Swachh Bharat Abhiyan initiative by MDL operatives

- 16.2 Your Company has initiated instilling cleanliness awareness among employees through posters, signage, boards, standees, and essay & painting competitions. Shramdaan is being carried out by all employees of the Shipyard daily for half an hour. Identification and removal of obsolete records, e-waste, heavy debris, repairs of drainage lines, renovation of toilet blocks, procurement & regular use of road sweeping vehicle is also undertaken regularly. 1450 mtrs. of internal road has been repaired and 350 mtrs. of road is newly constructed.
- 16.3. Your Company has appointed NGOs who are carrying out daily cleaning of adopted roads surrounding MDL. The local post office and police chowky situated within MDL surroundings have been refurbished. A garden has been developed and beautified opposite MDL main gate. NOC has been obtained for providing galvanum sheds for



CSR initiative by MDL at drought affected Beed District



all shops of Babu Genu Market. Action is in hand to construct three toilet blocks at Jay Bhim Nagar and Lakda Bandar slums and the same will be completed shortly.

- 16.4. Construction of 54 toilet blocks comprising of 63 WC and 158 urinals has been already completed, which was taken up as part of Swachh Vidyalaya Mission. As part of rural efforts, we have adopted villages Kharade and Changyacha Pada in Thane District to transform them into a clean "model village" by providing clean drinking water, setting renewable energy and construction of individual toilets

17. QUALITY CIRCLES

- 17.1 Your Company continues its participation in Quality Circles competitions. During the year your Company's quality control Teams participated in (1) ICQCC-2015 held at South Korea (2) NCQC-2015 held at Chennai (3) CCQC-2015 held at Mumbai and won many accolades for the Company.

18. 5S (WORK PLACE MANAGEMENT SYSTEM)

- 18.1 5S-Work place management system was successfully implemented in 02 workshops/ Stores (EY-ALY Workshop and SB-Electrical & Electronics stores) for the Year 2015-16. Your Company is committed to progressively implement 5S all over the Yard.

19. ISO 9001:2008 QUALITY MANAGEMENT SYSTEMS:

- 19.1 The 1st Surveillance Audit as per ISO 9001:2008 Quality Management Systems (QMS) of Shipbuilding Division for the scope of Design, Development, Construction and Servicing of Warships, Merchant Ships and Floating crafts was verified on 04 & 05 Feb '16 by M/s IRQS and "Certificate of Approval" to the Management System has been recommended to be continued. The ISO 9001:2008 QMS certificate for Shipbuilding Division is valid up to 22 Apr '18.
- 19.2 The ISO Standard was revised from ISO 9001:2008 to ISO 9001:2015 (fourth edition) on 04 Sep '15. IRQS gave a presentation on 18 Mar '16. All the ISO



CMD, MDL signing MoU 2016-17 on 29 Jun '15

Lead Auditors, Internal Auditors and core team members of the Company will be trained according to the revised standard.

- 19.3 The 2nd surveillance audit of ISO 9001:2008 QMS was successfully conducted with 'NIL' non conformities on 18 and 19 May '15 for "Design, Development and Construction of Submarine".

20. QUALITY WEEK-2015

- 20.1 Quality Week was observed in the Company from 07 to 11 Dec '15. Chief Guest Shri Shasi Nath Mishra, Head IRQS inaugurated the Quality week by lighting the lamp. He addressed all employees on Quality Management Systems and its advantages to the Manufacturing Industries. An additional Guest lecture by external faculty (M/s IRQS) was also arranged on 08 Dec'15 on ISO 9001:2015 (fourth edition) to spread awareness among MDL employees on this revised ISO standard.
- 20.2 During the Quality Week, various competitions like Essay, Slogan, Quiz, Model display by QC teams, Internal QC competitions and walk by employees in various workshops where 5S is implemented were held. All employees enthusiastically participated in the Quality week programme.

21. INFORMATION TECHNOLOGY

- 21.1 The upgrade of SAP to enhanced pack 6 has been completed. Security information and Event management (SIEM) have



Vice Admiral Joseph P Aucoin, Commander of Seventh Fleet, US Navy during his visit to MDL on 5 Apr '16

been implemented for centralized log management of IT Systems, which was also the MOU Target for FY 2015-16. Desktops having Windows XP (310 nos) have been replaced with new Desktops to comply with the security recommendations.

22. ENVIRONMENTAL DEVELOPMENT

- 22.1 Your Company understands the importance of Environmental Development, Sustainable Development and Energy Conservation. Harnessing of solar energy and implementation of energy saving measures were the two areas where your Company had focused in the report year.
- 22.2 Your Company installed 350KWp Grid interactive Solar Power Plant on the roof top of one of the work shops. By installing this Power Plant, your Company has achieved a cumulative capacity of 740 KWp Solar Power Plant in the Company premises. Your Company has also given a commitment to achieve 1.85 MWp by end of FY 2018-19. With an installed cumulative capacity of 740 KWp, the Solar Power Plant will generate 10 lacs units of energy per annum. The unit cost of energy generated by Solar Power Plant is much less than the cost of energy purchased from the power distribution Company.
- 22.3 Energy saving is the other area where your Company has focused. To identify various energy saving measures that can be implemented, your Company has carried out an energy audit in the reporting year.

- 22.4 To achieve energy saving, your Company has commenced replacement of existing conventional lighting system into LED Lighting system. 4000 Nos of 110 V 60W incandescent lamps used during the construction of the ships, have been replaced by 110V, 9W LED lamps. As a result, your Company could achieve annual saving of 9,79,200 units of energy.
- 22.5 Your Company has also fulfilled statutory requirements of Central and State Pollution Control Board in all spheres of operation.

23. INDUSTRIAL RELATIONS

- 23.1 Industrial relations during the year were cordial and harmonious. There were no man-hours lost on account of industrial conflict. In the absence of a recognized Union, efforts were made to resolve issues of mutual concern through deliberations with the Unions on the Bargaining Council. A supplementary MoS was signed with the 5 (Five) Unions on the Bargaining Council for extending the Pension benefit to the Non-Executives.

24. WELFARE ACTIVITIES

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

i) Life Insurance Coverage:

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

ii) Medical Scheme:

All the serving employees, including their dependent family members, are covered under the Medical scheme.



Hospitalization claims of around ₹ 19.95 Crore were disbursed towards treatment to the employees and their dependent family members during the FY 2015-16.

iii) Other Welfare Activities:

Your Company also provides a number of welfare measures viz., On site Dispensary and Occupational Health Centre, Hospitalization, Wellness Centre, Onsite Gym & Club, Uniform, Monsoon Gears, thoroughly subsidized Canteen Facility, Scholarship to Unemployed Wards of Employees, etc.

25. POST RETIREMENT MEDICAL SCHEME (PRMS)

25.1 In order to provide medical facilities to the retired employees and their spouses, your Company has Post Retirement Medical Scheme in place. The same is being regulated through Group Mediclaim policy taken from an Insurance Company. Your Company has an annual insurance coverage to the extent of ₹ 2.00, 3.00 & 4.00 Lacs for self and spouse in case of Executives. In addition to the above, there is a provision for reimbursing additional hospitalization expenses involving Seven (7) critical diseases. In case of Non-executives, onetime coverage of ₹ 2.5 lacs for self and spouse (each) is also extended. In addition, Executives are also entitled to Outpatient/Domiciliary Medical Expenses to the tune of ₹ 15000/-, 20000/- & 25000/- every year.

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 '07. 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 '07.

27. HUMAN RESOURCE DEVELOPMENT

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

its relentless efforts in updating the competencies of its executives through exposure to various Learning and Development programs organized by premier management institutions viz IIM, XLRI & ISB and through sponsoring function based Conferences / Workshops. Besides, in order to ensure smooth supply of skill sets for Company's requirement and shipbuilding industry, various training programs viz. trainings of Trade Apprentices under the Apprentices Act, 1961, Graduate Apprentices, Engineering Diploma holders and Marine Engineering students at the Company's run Apprentice Training School, have regularly been organized. For adequate and uninterrupted supply of skillsets towards facilitation of 'Make in India', your Company has increased the capacity of its Apprentice Training School by inducting 200 additional Trainees.

27.2 This year, a program on 'Leadership and Team Building' was organized by IIM Kozhikode for senior level executives. 48 executives have benefitted.

27.3 A customized Two (2) weeks Management Development Program was also organized by IIM, Indore for both senior and middle level executives from 26 Oct '15 to 07 Nov '15 as part of Vision 2024, where 30 executives participated.

27.4 The Performance Management System (PMS) already in place for executives, has been providing meaningful inputs for individual development as well as taking care of their promotional aspiration as well.

28. GRIEVANCE REDRESSAL COMMITTEES FOR SCs/STs/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 'Sexual Harassment of Women' at workplace in accordance with Sexual Harassment of Women at Work Place (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 2015-16, no case was filed before the said committee.

29. RESERVATION OF POSTS FOR SCs/ STs/OBCs

29.1 Your Company has been observing all the Government directives and instructions issued from time to time on reservation of posts for SCs / STs / OBCs. All the rosters of SC / ST / OBC / PWD are maintained, which is inspected by the respective Liaison Officer from time to time and perused by the SC/ST Unions also. Detailed statistics regarding the total number of employees, number of women employees, recruitment made during the calendar year '15 and the representation of SCs / STs / Ex-servicemen as on 01 Jan '16 are given at Appendices A, B & C to this Report.

30. OFFICIAL LANGUAGE IMPLEMENTATION

30.1 Your Company has been adhering to the directives issued by the Government of India from time to time for extensive use of Hindi for official purposes. To monitor and enhance the progressive use of Hindi, quarterly meetings were regularly held under the chairmanship of Chairman & Managing Director. The sub-committees for Hindi implementation under the chairmanships of respective Directors have also been constituted in each Division. These sub-committees meet every quarter. This has helped effective and progressive use of Hindi language. To incentivize extensive use of Hindi, a Reward scheme is in place. Workshops on Hindi were conducted every quarter for developing awareness and use in the working knowledge of Hindi. Hindi software viz. Shivaji and Unicode have been installed in almost all Personal Computers. To develop an awareness for Hindi language among the employees, Digital Boards have

been installed at the entrance of Main Buildings and at conspicuous places for displaying "Aaj ka Shabd" & "Suvichar". This effort has helped employees to understand the meaning of Hindi words used in day to day working and to learn and use the 'Quote' of great personalities.

30.2 On the occasion of Hindi fortnight, 'Hindi Diwas' and "Hindi Pakhwada" were celebrated from 07 Sep to 28 Sep '15. Various competitions on Hindi viz. Typing, Translation, Essay Writing, Debate, Poem and the most popular Singing competition were organized. In these competitions, a large number of Executives and Non-Executives participated enthusiastically. The winners were felicitated by the Chairman & Managing Director. Hindi books worth ₹ 50,000/- were purchased for the library during the FY 2015-16.

31. VIGILANCE ACTIVITIES

31.1 As an extended arm of the 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, outsourcing, 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 During the period 01 Apr '15 to 31 Mar '16, Vigilance Department received 46 complaints. Investigation of 15 complaints were pending from 2014-15. Investigation were completed for 36 complaints and investigation is under progress for the rest.

31.3 As part of Preventive Vigilance activities CTE type (i.e. as conducted by Central Technical Examiner, CVC), intensive examination of Purchase / Subcontracts/ Outsourcing orders are taken to verify compliance to prescribed procedures and statutory norms/regulations. During the period 01 Apr '15 to 31 Mar '16, six (06) such CTE type examinations were carried out.

31.4 Surprise Spot checks were also conducted and 08 number of spot checks / inspections



have been conducted and suggestions/ corrective measures were recommended for system improvement. The pending Disciplinary proceedings against delinquent executives were closely monitored by Vigilance Department. As a preventive measure Property Returns of a sizeable population of executives were scrutinized every year.

- 31.5 Vigilance Awareness Week (VAW) was observed from 26 Oct '15 to 31 Oct '15 during which In-house Vigilance journal 'SUCHARITA' Vol. XVIII was released and in the same function CMD, MDL administered oath to Directors, Executive Directors and Senior Executives. All other employees were administered oath by respective HOD or senior most executive. A speech by eminent guest speaker Shri Edassery Sebastian, Director/ Financial Advisory of Deloitte TTI Ltd, Bangalore, on the subject was arranged during the Week. A Suppliers' Meet of contractors / suppliers along with Vigilance & Senior executives of MDL was also arranged on 28 Oct '15. The following activities were conducted during the Vigilance Awareness Week:

- Slogan & Essay completions on vigilance related topics in Hindi, Marathi & English were conducted for employees and their family members to spread Vigilance Awareness. A poster making competition on vigilance matters was also held during the week. Additionally, Slogan, Essay & Extempore competitions were organized amongst students of class 9th and 10th standards of a nearby school namely Rosary High School & the response was very good.
- An online Quiz contest on Vigilance related topics was held.
- The winners in all the above competitions were awarded with prizes at a prize distribution ceremony held on 24 Feb '16.

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.

- 32.2 During the exhibitions, MDL displayed posters and translites on indigenization and also issued a booklet on MDL's indigenization programme. This effort was noted and appreciated by the local/ indigenous material suppliers at all the exhibitions.

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

Particulars of information in respect 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.

36. CORPORATE GOVERNANCE

Your Company is complying with the Guidelines on Corporate Governance for CPSEs 2010 issued by the Department of Public Enterprises (DPE). Necessary disclosures have been made in this regard in the Corporate Governance Report. A separate report on Corporate Governance as stipulated under the Guidelines forms part of the Annual Report along with the Certificate from the Practising Company Secretary, confirming compliance of conditions of Corporate Governance is placed at 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 this regard, your Company has adopted Corporate Social Responsibility and Sustainability Policy as part of its compliance of Section 135 of the Companies Act, 2013 and the Rules framed there under.
- 37.3 Your Company has spent ₹ 1169.00 lacs towards CSR activities during FY 2015-16 and an amount of ₹ 147.00 lacs remained unspent as a number of projects / programs could not commence due to various reasons viz. Non-receipt of requisite approval from Government, Non-submission of Scope of Work by NGO and Delay in selection of NGO's etc.
- 37.4 The CSR committee has certified that the implementation and monitoring of the CSR Policy is in compliance with CSR objectives and policy of the Company.
- 37.5 The annual report on CSR containing the particulars specified in the Companies Act, 2013 is placed at Appendix H.

38. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

- 38.1 The Management Discussion and Analysis Report on the operations of the Company in line with the guidelines issued by the DPE is provided in a separate section and forms a part of this Report placed at Appendix F.

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 143 applications and 8 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 Prem Kumar Kataria Ex-Addl FA(K) & JS and Shri Bharat Khara Ex Joint Secretary (NS), MOD ceased to be Members of the Board w.e.f. 30 Sep '15 and 27 Jul '16 respectively. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by them during their tenure with MDL.
- 40.2 The Board welcomed the appointment of Part Time Non Official (Independent) Directors, Prof S L Bapat and Mrs Usha Sankar w.e.f. 27 Nov '15 and VAdm Sanjeev Bhasin (Retd) w.e.f 07 Jan '16 and Part time Official (Govt.) Director, Shri Vijayendra, Joint Secretary (NS), MOD w.e.f. 04 Aug '16.

41. EXTRACT OF ANNUAL RETURN

- 41.1 The extract of Annual Return in the prescribed form 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. LLP, Chartered Accountants, Mumbai, as the Statutory Auditors of the Company for the year 2015-16. The Auditors have certified the Accounts and their Report is placed as a part of Annual Report.
- 43.2 The statutory auditors observations on internal financial control based on recording of transactions during FY 2015-16 have been addressed by the Company and Company's internal financial control over financial reporting were operating effectively as on 31 Mar' 16.

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 wish to place on record their sincere appreciation for the consistent 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. LLP, Chartered Accountants, 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 hard work and commitment of each and every employee of the Company.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

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

Place: Mumbai

Date: 30 Aug '16



APPENDIX 'A' TO THE DIRECTORS' REPORT

STATEMENT SHOWING POSITION REGARDING REPRESENTATION OF SCHEDULE CASTES AND SCHEDULE TRIBES IN VARIOUS CATEGORIES OF POST ON 01 JAN '15 AND 01 JAN '16

Classification of Posts / services	As on 01 Jan '15			As on 01 Jan '16		
	Total Strength	Schedule Caste	Schedule Tribe	Total Strength	Schedule Caste	Schedule Tribe
Permanent:						
Group "A"	1042	184	63	1029*	189	65
Group "B"	2	0	0	0	0	0
Group "C"	563	21	2	560	49	2
Group "D" (Excluding Safaiwala)	3578	416	197	3838	414	214
Group "D" (Safaiwala)	16	14	0	15	12	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 the Act)	527	90	36	497	77	34
Fixed Term Contract for Two Years:						
Group "A"	5	0	0	5	0	0
Group "B"	0	0	0	0	0	0
Group "C"	145	15	8	197	26	12
Group "D" (Excluding Safaiwala)	3534	530	288	3377	516	286
Group "D" (Safaiwala)	0	0	0	0	0	0

* Includes Board level executives

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	Schedule Caste		Schedule Tribes		Reason for shortfall and steps taken to improve the position
		Notified	Filled	Notified	Filled	
Permanent:						
Group "A"	179	29	10	28	5	Recruitment in Process
Group "B"	0	0	0	0	0	
Group "C"	38	04	07	07	02	*
Group "D" (Excluding Safaiwala)	618	51	82	58	51	*
Group "D" (Safaiwala)	0	0	0	0	0	
Fixed Term Contract for Two Years:						
Group "A"	2	1	0	0	0	
Group "B"	0	0	0	0	0	
Group "C"	148	11	20	13	13	
Group "D" (Excluding Safaiwala)	1646	150	242	206	178	*
Group "D" (Safaiwala)	0	0	0	0	0	

* Suitable SC, ST candidates were not available, hence Reserved vacancies could not be filled. These were carried forward to the year 2016.



APPENDIX 'C' TO THE DIRECTORS' REPORT

STATEMENT SHOWING REPRESENTATION OF EX-SERVICEMEN IN GROUP 'C' & 'D' AND NUMBER OF WOMEN EMPLOYEES AS ON 01 JAN '16

Classification of Posts / services	Total Strength	Ex service men		Women Employees	
		No	%	No	%
Permanent					
Group "A"	1029	92	8.94	57	5.53
Group "B"	0	0	0	0	0
Group "C"	560	0	0	33	5.89
Group "D" (Excluding Safaiwala)	3838	2	0.05	31	0.81
Group "D" (Safaiwala)	15	0	0	0	0
Fixed Term Contract for Two Years					
Group "A"	5	0	0	0	0
Group "B"	0	0	0	0	0
Group "C"	197	0	0	32	16.24
Group "D" (Excluding Safaiwala)	3377	15	0.44	69	02.04
Group "D" (Safaiwala)	0	0	0	0	0

APPENDIX 'D' TO THE DIRECTORS' REPORT

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

1. CONSERVATION OF ENERGY

- 1.1 Expenditure incurred by your Company on environmental upgradation, pollution control and energy conservation during the year 2015-16 was as under:

A. Sustainable Development Projects		
SR NO	ITEM DESCRIPTION	ORDER VALUE
1.	Installation of 350 KWp solar Power Plant on Roof Top of Submarine Workshop	₹ 246.22 lacs
B. Energy Conservation Projects under Sustainable Development		
2.	Carried out an Energy Audit of all the yards of MDL	₹ 13.68 lacs
3.	Replacement 110 volt, 60W incandescent lamps by 110 volts 9 W LED Bulbs	₹ 5.99 lacs
C. Major Renewable Energy Investment Plan		
1.	As per the directive from Department of Defence Production, a consortium of BEL, MDL and HAL is being formed for setting up of 150 MW Solar Power Plant at various factory units of Ordnance Factory Board with an investment ratio of 50:25:25 by BEL, MDL and HAL.	

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

- 2.1. The Destroyer Class of ships under construction have several new design features incorporated in the original design. These ships have significant stealth features and have changes in weapon payload. It incorporates modern weapons and sensors having advanced information warfare suite, an auxiliary control system with sophisticated power distribution architecture and modular crew quarters.
- 2.2. Future Destroyers constructed at MDL would have more advanced weapon and sensor package.
- 2.3. MDL is in the process of changing over from its traditional construction wherein Yard will graduate from 40-55T structural hull units to significantly pre-outfitted 250T mega-blocks for future projects. A new improved design by IHQ MOD (N) / DND and detailed design tailored to Integrated Construction with the help of a modern experienced shipyard (Know How Provider, KHP) are being arranged for ensuring this change over.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earning during the year is NIL. The information in respect of foreign exchange outgo is contained in paras 2.23.3 of Notes to the Accounts



APPENDIX ' E ' TO DIRECTORS' REPORT

CORPORATE GOVERNANCE

1.1 PHILOSOPHY ON CORPORATE GOVERNANCE

Fairness, accountability, disclosures and transparency are the four strong pillars supporting the foundation of your Company's philosophy of Corporate Governance. Responsible governance is imbibed in your Company's work culture which has enabled it to achieve sustainable growth on its journey to continued success, thereby meeting stakeholder's expectations.

Your Company is committed to sound principles of Corporate Governance with respect to all its procedures, policies and practices. Comprehensive disclosures, structured accountability in exercise of powers, adhering to best practices and commitment to compliance with regulations and statutes in letter as well as spirit have enabled your Company to enhance shareholder value. In fact, this has become an integral part of the way the business is done.

2. COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors of the Company as on 31 Mar '16 consisted of Chairman & Managing Director (CMD), four functional directors and one part time official director and three part time non official directors. The Directors as on 31 Mar '16 were as under:

2.1 WHOLE TIME DIRECTORS

RAAdm R K Shrawat (Retd)	-	Chairman & Managing Director
Cdr P R Raghunath(Retd)	-	Director (Shipbuilding)
Cmde R Anand (Retd)	-	Director(Corporate Planning & Personnel)
Capt R Lath (Retd)	-	Director (Submarine & Heavy Engineering)
Shri Sanjiv Sharma	-	Director (Finance) w.e.f 01 Jun '15
Shri M Selvaraj	-	Director (Finance) till 31 May '15.

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 – upto 30 Sep '15

2.3 PART-TIME NON OFFICIAL DIRECTORS:

Prof S L Bapat w.e.f. 27 Nov '15

Mrs Usha Sankar w.e.f. 27 Nov '15

VAdm Sanjeev Bhasin (Retd) w.e.f. 07 Jan '16

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

During the financial year ended 31 Mar '16 five meetings of the Board of Directors were held i.e. on 13 May '15, 15 Jul '15, 10 Sep '15, 19 Nov '15 and 12 Feb '16. The Annual General Meeting was held on 04 Sep '15. Details of attendance of the Directors at the Board Meeting & Annual General Meeting during 2015-16 are given below:

Sl.	Directors	Meetings held during respective tenure of Director	No. of Board Meetings Attended	Attendance in the last AGM
a.	RAAdm R K Shrawat (Retd)	5	4	Yes
b.	Cdr P R Raghunath (Retd)	5	5	Yes
c.	Cmde R Anand (Retd)	5	5	Yes
d.	Capt R Lath (Retd)	5	4	Yes



e.	Shri M Selvaraj	1	1	NA
f.	Shri Sanjiv Sharma	4	4	Yes
g.	Shri Bharat Khera	5	3	Through Proxy
h.	Shri Prem Kumar Kataria	3	2	Through Proxy
i.	Prof S L Bapat	1	1	NA
J	Mrs Usha Sankar	1	1	NA
k	VAdm Sanjeev Bhasin (Retd)	1	1	NA

SUB-COMMITTEES OF BOARD OF DIRECTORS

4 AUDIT COMMITTEE

4.1 The Audit Committee consisted of following Directors till 30 Sep '15:

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

4.2 The Board at its meeting held on 12 Feb '16 re-constituted the Audit Committee with the Independent Directors. It consisted of following Directors as on 31 Mar '16.

Mrs Usha Sankar	-	Chairperson
Prof S L Bapat	-	Member
Cmde R Anand (Retd)	-	Member

4.3 During the financial year ending 31 Mar '16, the Audit Committee met four times i.e 14 Jul '15, 10 Sep '15, 19 Nov '15 & 08 Feb '16. 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 P K Kataria - Chairman	2	1
b.	Cdr P R Raghunath (Retd) -Member	4	3
c.	Cmde R Anand (Retd) - Member	4	4

4.4 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. Two 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 consisted of following Directors till 12 Feb '16:

RAdm R K Shrawat (Retd)	-	Chairman
Cdr P R Raghunath (Retd)	-	Member
Cmde R Anand (Retd)	-	Member
Capt R Lath (Retd)	-	Member
Shri Sanjiv Sharma w.e.f. 01 Jun '15	-	Member
Shri M Selvaraj upto 31 May '15	-	Member

6.2 The Board at its meeting held on 12 Feb '16 re-constituted the Procurement Sub Committee with the Independent Director. It consisted of following Directors as on 31 Mar '16:

RAdm R K Shrawat (Retd)	-	Chairman
Cdr P R Raghunath (Retd)	-	Member
Cmde R Anand (Retd)	-	Member
Capt R Lath (Retd)	-	Member
Shri Sanjiv Sharma	-	Member
Prof S L Bapat	-	Member

[In his absence Mrs Usha Sankar or
Vice Admiral Sanjeev Bhasin (Retd)]

6.3 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 9 meetings. The minutes of the meetings of PSC are placed before the Board for information.

7. HR & REMUNERATION COMMITTEE

7.1 The Board at its meeting held on 12 Feb '16 re-constituted the HR and Remuneration Committee with the Independent Directors. It consisted of following Directors as on 31 Mar '16:

a. Prof S L Bapat	-	Chairman
b. Mrs Usha Sankar	-	Member
c. Vice Admiral Sanjeev Bhasin(Retd)	-	Member

7.2 The HR and Remuneration Committee of the Board of Directors reviews 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 '16:

RAdm R K Shrawat (Retd)	-	Chairman
Shri Sanjiv Sharma	-	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)

9.1 The CSR & SD Committee consisted of following Directors till 12 Feb '16:

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

9.2 The Board at its meeting held on 12 Feb '16 re-constituted the CSR & SD Committee with the Independent Directors. It consisted of following Directors as on 31 Mar '16:

Vice Admiral Sanjeev Bhasin(Retd)	-	Chairman
Prof S L Bapat	-	Member
Cdr P R Raghunath (Retd)	-	Member
Cmde R Anand (Retd)	-	Member

The CSR & SD committee oversees the CSR & SD activities and implementation in compliance with the Companies Act, 2013 and the DPE Guidelines on the subject.

10. ANNUAL GENERAL MEETINGS

Details of last three Annual General Meetings are as follows:

FY	Place of Meeting	Date and time
2012-13	Registered Office of the Company at Dockyard Road, Mumbai-400 010	23 Aug '13 at 1230 hrs
2013-14	Registered Office of the Company at Dockyard Road, Mumbai-400 010	25 Aug '14 at 1230 hrs
2014-15	Registered Office of the Company at Dockyard Road, Mumbai-400 010	04 Sep '15 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

Risk Management Plan framed by your Company has been approved by the Board of Directors and promulgated. It provides risk management implementation framework for MDL. Risk Management Plan, as a supporting document, establishes MDL's risk management philosophy, risk management policy, risk management strategy, risk management structure, risk categorization, risk assessment, risk treatment, risk monitoring, review and reporting.

Risks are identified and categorized. Identified risks are analyzed based on their assessed impact and likelihood. Risk treatment plan for high risks, perceived as per their composite risk index, is brought out and implemented. Risk occurrences are monitored to evaluate the effectiveness of the controls and treatment plan.



14. REMUNERATION OF DIRECTORS

MDL being a Central Government Public Sector Undertaking, the appointment, tenure and remuneration of Directors of the Company is decided by the Government of India. Part-time Non-official (Independent) Directors are paid only sitting fees for attending meetings of the Board of Directors and Committees thereof. The Independent Directors are paid sitting fees of ₹ 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 ₹ 15,000/- for the first meeting and ₹ 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 2015-16 NIL case was filed under Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act 2013.

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 '16.

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

Place : Mumbai

04 Aug '16



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 Mar '16, as stipulated in the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) 2010 issued by the Government.

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.

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 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 the Company.

For Ragini Chokshi & Co.
Company Secretaries

Sd/
Mrs. Ragini Chokshi
Partner
CP No. 1436
FCS No. 1290
Tel: 22831120, 22831134

Place : Mumbai

Date : 04 Aug '16



APPENDIX ' F TO THE DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management of your Company is pleased to present below its analysis on the performance of the Company for the financial year 2015-16 and its vision for the future.

(A) NATURE AND SCOPE OF THE SHIPBUILDING INDUSTRY

1. Your Company, incorporated in the year 1934, is a Public Sector Undertaking under the administrative control of the Department of Defence Production, Ministry of Defence, Government of India. The Company is predominantly in the defence shipbuilding segment catering to the needs of the Indian Navy.
- 1.1 Rapidly changing global geopolitical, cross-border scenario and terrorism, require every country in the world to maintain strong defence capabilities. India's geo-strategic location from the global perspective, its territorial borders of over 15000 kms and its coastline of about 7,500 kms make it critically important to keep defence preparedness up at all times and create requisite infrastructure that completely safeguard our national interests. From this perspective, the Government of India has remained committed to strengthening defence capabilities of the country.
- 1.2 Approximately 90% of India's overall trade in terms of volume and 77% in terms of total value takes place through the sea. The Indian Ocean region has become the focus of strategic attention with instabilities and threats that can jeopardize economic activities. A stronger Navy has become all the more imperative considering the security concerns of the region.
- 1.3 The Indian Navy has prided itself to be a builders Navy. Your Company has played a key role in fulfilling the blue water aspirations of the Indian Navy as well as a major indigenous builder of frontline warships and submarines.
- 1.4 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 Government 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.
- 1.5 Frontline 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. Your Company has modernized the basic infrastructure and this affords handling of fully pre-outfitted grand assemblies paving way for practising 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.



- 1.6 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 mega blocks and adopt integrated construction. The modernized infrastructure is being gainfully leveraged for current build programs of Destroyer Ships and the Scorpene Class Submarines.
- 1.7 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.
- 1.8 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 customer, viz. the Indian Navy.

(B) SWOT ANALYSIS

2. STRENGTHS

- 2.1 Ability to design sophisticated vessels in-house: Your Company is the only defence public sector shipyard, capable of constructing conventional submarines. The personnel associated with the Submarine construction have 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.
- 2.2 Your Company is located at Mumbai, the commercial capital of India and the headquarter of the largest Navy and Coast Guard Fleet which facilitate close association with the customers for ready feedback to help and improve performance. Further, access to a host of ancillary industry in Mumbai is an added advantage.
- 2.3 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.
- 2.4 Competent and highly skilled human resource at all levels and strong management with ability to absorb and adopt improvements/new technologies: 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 Fully computerized network covering the entire gamut of operations is enabling your Company to monitor production activities closely and process other activities faster. 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.
- 2.8 Good industrial relations.



- 2.9 Excellent in house capability for ship design, system integration and project management.
- 2.10 Long standing relationships with the main customer viz. Indian Navy.

3. OPPORTUNITIES

- 3.1 Growing maritime defence needs of the country: 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 Your Company as the lead shipyard for construction of frontline warships and submarines could be assured of a major chunk of the Indian Navy's 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 submarine construction programme, your Company will be front runner to win orders for additional submarine construction.
- 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.
- 3.10 There is export potential that could be leveraged for mutual benefit.

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.

5. THREATS

- 5.1 The Defence procurement procedure adopted by the Government of India, which focuses on "Make Indian, Buy Indian", has encouraged the domestic private sector to invest and participate in defence production. 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 Losing skilled manpower to private sector.
- 5.3 Changing preference of defence customers by moving away from single source to multiple sources.
- 5.4 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.



5.5 Stiff competition from established foreign players.

There is stiff competition from various private sector shipyards in the international markets such as China, Japan and South Korea. Based on their stronger market positions, competitive labour cost, government supports and larger production capacities, these shipyards may compete vigorously on price. However, we believe that customers consider, among other things, the technical capabilities, quality and efficiency of vessels constructed by us.

C. RISKS AND CONCERNS

6. Risks and Concern are an integral part of the business of the Company and giving impetus to address these risks with appropriate risk management practices is the main focus. These risks can affect the operating performance, cash flows, financial performance, management performance and sustainability. Your Company has developed an appropriate risk management framework to strategize, monitor, identify, assess and mitigate risks that may potentially impact the Company's performance and barriers to success.

The risks that may affect the Company include:

6.1 The volatile nature of prices and non-availability of critical imported raw material in the international market coupled with exchange rate fluctuation play adversely on the competitive edge of the Company. The exact prediction of timing and the price at which most economic buying can be resorted to has become highly volatile.

6.2 Meeting customers stringent and dynamic technical specifications:

Company's aim is to achieve its customers stringent and dynamic technical specifications with innovative activities and improvements in processes, products, product applications, etc with technological excellence and expertise.

6.3 Horizontal and vertical integration of Company's activities with the activities of its major customers and suppliers is another area where management has continued its efforts during the year under review for better performance.

6.4 Timely Deliveries : Ensuring timely deliveries has been the main area of attention of management. In order to expedite deliveries and cut down the incidence of contractual penalties and damages for delayed deliveries, strategic decisions like outsourcing of some of the Company's operations to premier shipyards were resorted to in the non-core area of functioning of the Company wherever such facilities are cost effective and faster.

(D) CORPORATE INITIATIVES FOR ENSURING SUSTAINED PERFORMANCE AND GROWTH

7. INFRASTRUCTURE MODERNISATION

7.1 Your Company successfully completed the augmentation of its infrastructure through Mazdock Modernization Project (MMP) which comprises of the new Submarine Section Assembly Workshop, new Wet Basin, Heavy Duty Goliath Crane, Module Workshop, Cradle Assembly Shop, Store Building and associated ancillary structures. Introduction of these facilities will augment the shipyards capacity & effectively reduce construction period of warships/Submarines.

The Company has already put all these facilities to intended use for production.

8. INFORMATION TECHNOLOGY

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

9. MARKETING AND BUSINESS DEVELOPMENT

9.1 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.



10. HUMAN RESOURCE DEVELOPMENT

Your Company has taken a number of initiatives on the HRM front. Some of the initiatives are as below:

- (a) For optimal utilization of human resources, Manpower Assessment Study was carried out paving the way for a scientific way of forecasting future manpower requirement through electronic means.
- (b) Assuring and ensuring financial assistance to the next of kith & kin of the employee in the event of his/her death in harness.
- (c) Encouraging and incentivizing employees to acquire higher and additional qualification.
- (d) The long standing demand of Unions for extending Pension to the non-executive category has been fulfilled by way of entering a supplementary Memorandum of Settlement (MoS) with the Union post Board's approval. Similarly, the Pension scheme for executives is also implemented.

11. CORPORATE SOCIAL RESPONSIBILITY

A snapshot of MDL'S CSR activities with the mission of sustainable community development is given as under:

11.1 CHILDREN'S AID SOCIETY (CAS):

Your Company has been providing 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 upskill the children. These equipments are Envelope and File making Machines, which enable those children to earn livelihood by making envelope and greeting card. A total number of 300 children have been benefited from this endeavour of your Company.

11.2 CSR ACTIVITIES NEAR NIRDESH, CALICUT:

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.

11.3 MAHAROGI SEWA SAMITI :

Your Company has been engaged to serve lepers and mentally & physically challenged patients. It 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.

11.4 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 now has 33 beds and 4 ventilators for the infants from the marginalised population, who come here for treatment as an initiative in providing tertiary care health facilities in Government run hospitals.

11.5 DONATION TO GOVERNMENT FUNDS:

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



11.6 CLEAN SHIP PROGRAM AROUND MDL:

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

11.7 SWACHH BHARAT VIDYALAYA:

Your Company has constructed and delivered 54 toilet blocks in various Primary Schools in Valsad District of South Gujarat under 'Swachh Vidyalaya Mission' by Sarva Shiksha Abhiyan, Government of Gujarat. These toilets were constructed by conventional brick and mortar methodology and as per design, drawings and specifications given by Sarva Shiksha Abhiyaan, Government of Gujarat. The mission has benefitted 3168 girls and 3607 boys studying in these primary schools.

11.8 ADOPTION OF TRIBAL GIRLS SCHOOL:

ABM Samaj Probodhan Sanstha, Kalyan, started the residential school in 1999 for the girls from Kathkari Community at Changyachapada of Kharade Village since 2003. In Apr '14, the said school became non-operational due to lack of funds and some administrative issue. There were around 80 girls admitted to the school, during that period.

This school is for the girls of Kathkari community, who are categorized as one of the primitive schedule tribes and are predominantly found in districts of Raigad, Palghar, Thane, Pune, Nashik, Ratnagiri. The Kathkari community is a migrating community due to lack of employment and ownership of land. Your Company in association with Karve Institute of Social Sciences (KINSS) had conducted feasibility study and identified interventions for the said school.

The school has been adopted by your Company as its CSR project. At present, about 100 girls of this community are enrolled in this residential school. It bears total recurring cost of the girls studying in this residential school. It's intervention has given a new life to the school and the girls studying in this school.

11.9 BAL ASHRAM TRUST:

Your Company has undertaken setting up of 10 Bal Mitra Gram in Association with Bal Ashram Trust over a period of 3 years. Bal Ashram Trust was co founded by none other than the noble laureate Shri Kailash Satyarthi. The main objectives of the setting up of the Bal Mitra Gram are:

- Withdrawing of Children from Economic activities.
- Enrollment of Children to Schools.
- Formation of Bal panchayat.
- Recognition of Bal panchayat by village Panchayat.

The NGO conducted preliminary survey of the 20 villages in May '15 and identified prevailing issues in the villages, which seriously effect the child rights as well as development of the village. Out of the 20 villages surveyed, 10 villages are chosen for implementation of various program. Thereafter, 10 villages were selected which were having high number of dropouts, child marriage, absence of education and village infrastructure etc.

11.10 SKILL DEVELOPMENT INITIATIVES:

Your Company has adopted three routes for contributions towards Skill India:

- Through the Company run Apprentice Training School
- Through adoption of ITIs and Polytechnics
- Skill development through Vocational Training Centres.



11.10.1 SKILLING THROUGH THE COMPANY RUN APPRENTICE TRAINING SCHOOL(ATS):

- Earlier your Company was imparting training to 425 apprentices and the same has now been enhanced to 625 numbers of Apprentices per year.
- Financial outgo on account of increase of 200 apprentices is approximately ₹ 100 lac per annum.

11.10.2 ADDITIONAL SKILLING UNDERTAKEN BY MDL:

- Skill development of 1000 persons with Disability (PWD) candidates is being undertaken through National Handicap Finance and Development Corporation (NHFDC) at a cost of ₹ 133.68 Lac per annum.
- Skill development of 80 candidates has been undertaken through Central Institute of Plastic Technology (CIPET) at a cost of ₹ 32 Lac per annum.

11.11 ADOPTION OF KHARADE VILLAGE FOR OVERALL DEVELOPMENT:

Your Company, under its CSR Policy, has adopted Kharade village, a remote hamlet near Shahapur in Thane District for its overall development in the next three years. Adoption of the Village was envisaged based upon the clarion call of the Hon'ble Prime Minister for creation of 'Adarsh Gram Yojana'. The process includes Health Awareness, Swachh Bharat Mission, Solid Waste Management, forming of a Farmers Club, providing clean Drinking Water and Quality Education, Skill Development, facilitating Women Empowerment etc. MDL CSR Team is working over a year in this village and preparing plan to make it a model village. The project was inaugurated on 29 Dec '15 by CMD, MDL in presence of Shri V. Giriraj, Principal Secretary, Rural Development, Maharashtra State and other dignitaries. Karve Institute of Social Service, Pune, (KInSS) an eminent NGO, is assisting it in this project.

Kharade Grampanchayat comprises of two revenue villages viz. Chandgaon and Kharade and 10 Padas (hamlets) with a population of 3008 persons residing in 590 households. The inhabitants of these Padas mainly belong to tribal community and lack basic amenities and livelihood means.

Following projects will be carried out in Kharade Village:

Projects to be directly undertaken by KINSS:

- MDL -KInSS Community Development And Resource Centre
- NGO-Capacity Building
- Development of Zilla Parishad Schools & Anganwadis
- Health Awareness Programme in Collaboration with Government of Maharashtra
- Veterinary Camp in Collaboration with Government of Maharashtra
- Swachh Bharat Abhiyaan and Waste Management Programmes
- Formation of Farmers Club for Generation of Livelihood
- Toilet Constructions and Awareness for villagers participation
- Provide Safe Drinking Water.

Projects to be undertaken by KINSS through partner NGOs:

- Quality Education Programme
- Health , Water & Sanitation Programme
- Skill Development & Vocational Training Centre
- Sports and Training Academy for training rural youth for recruitment in Police And Defence Services
- Adoption of existing ITI (for Tribal Girls) at Shenave Village.
- Women Empowerment Programme
- Agricultural Development and Watershed Management Programme with Partner NGOs



11.12 DISTRIBUTION CAMP OF ASSISTIVE AIDS TO DIFFERENTLY ABLED PERSONS THROUGH ALIMCO:

Your Company had signed an MoU with Artificial Limbs Manufacturing Company Limited (ALIMCO), a CPSU, to assess and to distribute assistive / rehabilitation aids to the differently abled persons in and around MDL, at a cost of ₹ 49 lacs approximately. Assessment camps were conducted in Mumbai City from 14 Mar '16 to 16 Mar '16 to assess the needy differently abled persons. Based on the said assessment done in these camps the assistive aids were to be distributed. These items included Motorized Tricycle, Wheel chairs, Hearing aids, Crutches, Walking sticks, MSIED kits, Rotator and smart cane, etc.

The Distribution camp was organized through M/s. ALIMCO, on 11 Apr '16 at Mazagon Dock Recreational Club premises at Mazagon, Mumbai. On this occasion, varieties of Assistive Aids were distributed to 180 beneficiaries.

Your Company has also entered into an MoU with ALIMCO for conducting 20 cochlear operations for children with hearing disability. Till the end of the financial year, ALIMCO had conducted operations of 12 children.

11.13 INSTALLATION OF SPV LIGHT THROUGH REIL IN RURAL PARTS OF INDIA:

Your Company has installed 500 SPV lights each in Badhoi District of Uttar Pradesh and Pali region of Rajasthan through Rajasthan Electronics Instruments Limited.

In the current financial year in addition to the above, it has set an ambitious target of ₹ 30.00 Crore to be invested on various sectors viz. Education, Health, Sanitation, Women Empowerment, Drinking Water, Village Development, Art & Culture and Swachh Bharat, etc.

12. RESEARCH & DEVELOPMENT

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

- 12.1 MoU with IIT Kharagpur: A MoU between MDL and IIT, Kharagpur was signed on 31 Dec '13 and seed money was released to the Institute for commencement of the MoU on 22 May '14. MDL Crane Pontoon re-design assigned to IIT Kharagpur was completed during the year as a project as per the R&D plan.
- 12.2 Ergonomics in Ship Detailed Design- NID Ahmedabad: Ergonomics studies and Human Factors Engineering in the context of warships was studied and report was submitted by NID. It is under implementation in ships under construction.
- 12.3 NIRDESH: A list of potential R&D projects is being spearheaded by NIRDESH. The following proposals are being pursued for implementation by MDL.
 - 12.3.1 Development of Feedback ANC algorithm for Noise Reduction in HVAC Systems which is suitable for HVAC and validation for implementation at design stage.
 - 12.3.2 Ceramic Solid Solutions as an Alternate to Ceramic Wool to develop, test, optimize an alternate to ceramic wool as heat insulating material.
- 12.4 Naval Architectural Projects-IIT Madras, Chennai: MoU with IIT Madras, Chennai was agreed and signed during the previous year.
- 12.5 Project for creation of navigational channel- CWPRS Pune: Feasibility study for creation of a dedicated navigation channel is underway. A preliminary report on the feasibility study has been submitted. Monsoon & non-monsoon data collection has been completed and the same shall be analysed for arriving at an optimum alignment of the channel.
- 12.6 Research activities in welding- Welding Research Institute Trichy: MoU was signed with WRI (Trichy) on 04 Dec '14 for research areas in one of the MDL's key production processes – welding. Projects will be taken up in due course of time.



- 12.7 In-house projects: In-house projects have been taken up by R&D teams at MDL for different verticals (Eight specialists groups) that are functioning in the Design Department under General Manager (Design).
- 12.8 Development of methodology for lifting 100 T to 250 T Mega Blocks was completed on 05 Mar'15.
- 12.9 Technology adaptation for warship design optimisation by leveraging virtual reality laboratory. The LOI is a crucial stage in the construction phase as outfitting consumes almost 80% time of the overall construction period of the ship. The VR facility has helped Company to save substantial time on the Destroyer Class Projects. The 3D cross checks that happen prior to the actual execution of the work allows sufficient number of iterations in the virtual environment thus enhancing the quality of layouts, ergonomic enhancements, better HFE features.

13 INTERNAL CONTROL SYSTEM

- 13.1 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 of well defined organization 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
- 13.2 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 31/03/2016

[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 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. PRINCIPLE 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

S. 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									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other -									
	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									
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Individual shareholders holding nominal share capital upto ₹ 1 lacs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lacs	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.	G Mohan Kumar, Secretary (DP)*	1	0.000005	Nil	0	0	Nil	-100%
3.	Ashok Kumar Gupta, Secretary (DP)*	0	0	Nil	1	0.000005	Nil	+100%
4.	Rahul Kumar Shrawat, CMD MDL*	1	0.000005	Nil	1	0.000005	Nil	Nil
5.	Bharat Khera, JS(NS) MOD*	2	0.00001	Nil	2	0.00001	Nil	Nil
6.	Prem Kumar Kataria, Addl. (FA) & JS MOD*	1	0.000005	Nil	1	0.000005	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	% 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	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
3	Prem Kumar Kataria, Addl. (FA) & 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 Mohan Kumar 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	Ashok Kumar Gupta , 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	Bharat Khera, 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	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	% 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	% of total shares of the Company	No. of shares	% of total shares of the Company
	For Each of the Directors and KMP				
	Directors				
1.	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
2.	Prem Kumar Kataria, Adtl. (FA) & 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	2	0.00001	2	0.00001
	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	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

* Held as nominee shareholders of the President of India

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans (₹ in Lacs)	Deposits	Total Indebtedness
Indebtedness at the beginning 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
Change in Indebtedness during the financial year				
• Addition	Nil	166	Nil	166
• Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	166	Nil	166



Indebtedness at the end of the financial year				
i) Principal Amount	Nil	8109	Nil	8109
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	8109	Nil	8109

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SI N	Particulars of Remuneration	Name of MD/WTD -						Total Amount
		R K Shrawat CMD	P R Raghunath D(S)	Selvaraj M, D(F)(till 31.05.15)	Rakesh Anand D(CP&P)	Rajiv Lath, D(S&HE)	Sanjiv Sharma D(F) (wef 01.06.15)	
1.	Gross salary							
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2664523	2667442	2272059	2430794	2378857	1776900	14190575
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961	383246	404713	26160	359946	357806	278065	1809936
	(c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	Nil	Nil	Nil	Nil	Nil	Nil	Nil
2.	Stock option	Nil	Nil	Nil	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil	Nil	Nil	Nil
4.	Commission							
	- as% of profits	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	- others	Nil	Nil	Nil	Nil	Nil	Nil	Nil
5.	Others							
	a) Retirement Benefit*	Nil	Nil	7707583	Nil	Nil	Nil	7707583
	b) Other Benefits (net of perquisite value)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	Total A	3047769	3072155	10005802	2790740	2736663	2054965	23708094
	Ceiling as per the Act	Being a Government Company, Exempted						

* Retirement Benefit includes paid PF and Gratuity

B. REMUNERATION TO OTHER DIRECTORS:

SI. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Prof.S.L. Bapat	Mrs. Usha Sankar	VAdm. Sanjeev Bhasin	
1.	1. Independent Directors				
	• Fee for attending board / committee meetings	15000	15000	15000	45000
	• Commission	-	-	-	-
	• Others	-	-	-	-
	Total (1)	15000	15000	15000	45000
2.	2. Other Non-Executive Directors				
	• Fee for attending board / committee meetings	Nil	Nil	Nil	Nil
	• Commission				
	• Others				
	Total (2)	Nil	Nil	Nil	Nil
	Total (B) = (1)+(2)	15000	15000	15000	45000
	Total Managerial Remuneration	15000	15000	15000	45000
	Overall Ceiling as per the Act	Being a Government Company, Exempted			



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

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 (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 (c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	2256096 345404 0	2256096 345404 0
2.	Stock option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as% of profits - others	Nil Nil	Nil Nil
5.	Others	Nil	Nil
	Total A	2601500	2601500

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

RAdm Rahul Kumar Shrawat, (Retd)
Chairman & Managing Director
DIN - 05226241

Place : Mumbai

Date : 04 Aug '16



APPENDIX H TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

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

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

- 2) The composition of the CSR Committee:

VAdm Sanjeev Bhasin (Retd)	:	Chairman
Prof S L Bapat	:	Member
Cdr P R Raghunath (Retd)	:	Member
Cmde Rakesh Anand (Retd)	:	Member

- 3) Average Net Profit of the Company for last three financial years. (₹ in lacs)

FY	2012-13	2013-14	2014-15
PAT	41272	39761	49159
PAT for CSR as per section 198	66548	55008	75773

Average net profit – ₹ 65776 Lacs

- 4) Prescribed CSR Expenditure (2% of the amount as in Item 3 above) ₹ 1316 (₹ in lacs)

- 5) Details of CSR spent during the financial year:

a) Total amount to be spent for the financial year (2015-16) : ₹ 1316.00 lacs

b) Amount unspent, if any : ₹ 147.00 lacs

- c) Manner in which the amount spent during the financial year is detailed below:

(₹ in Lacs)

Sr. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken	Amount Outlay (budgeted) project or program wise	Amount Spent of project or programs Sub heads		Cumulative expenditure up to the reporting period	Amount spent : Direct or through implementing agency
					Direct expenditure on projects or programs	Overheads		
1.	Support to mentally deficient children with special teachers for training in vocational trades - NGO - Children's Aid Society's Mankhurd Home For Mentally Deficient Children, Mumbai	Education	Local/ Maharashtra/ Mumbai	19.00	18.88	1.74	20.62	Children's Aid Society
2.	Contribution to Clean Ganga Fund of GOI	Environment	Others / India	100.00	100.00	0.00	120.62	Directly



3	Contribution to <u>Swachh Bharat Kosh of GOI</u>	Environment	Others / India	100.00	100.00	0.00	220.62	Directly
4	Installation of Elevator in the hospital at Anandvan-	Environment / Education	Others / Maharashtra / Gadchiroli	19.45	19.45	1.74	241.81	Maharogi Sewa Samiti
5	Renovation and provision of Neonatal Intensive care unit equipment to Municipal Corporation of Greater Mumbai's KEM Hospital, Mumbai	Health	Local/ Maharashtra/ Mumbai	135.28	70.79	1.74	314.33	KEM Hospital
6	NIRDESH : Renovation of Anganwadis, near Kozhikode and carryout Medical Check up	Education	Others/ Kerala/ Kozhikode	18.10	18.10	0.00	332.43	Directly
7	SAPREM : Carried out Medical Camp at Ghatkopar, Mumbai	Health	Local/ Maharashtra/ Mumbai	1.21	1.21	0	333.64	SAPREM
8	Adoption of Tribal Girls School at Changyachapada, Tal: Shahpur	Education	Local/ Thane District Maharashtra	33.00	32.82	1.74	368.20	ABM Samaj Prabhodhan Sanstha
9	Adoption of village Kharade at Tal :Shahpur, Dist: Thane for transforming it into a Model Village.	Village Development	Local/ Thane District Maharashtra	17.55	17.55	3.48	389.23	Karve Institute of Social Service
10	Creation of 10 Balmitra Gram (BMG) in Alvar Dist of Rajasthan	Education	Others/ Rajasthan/ Alvar	23.39	20.88	1.74	411.85	Bal Ashram Trust
11	Providing Skill Training to Apprentices under CSR	Skill Development	Local/ Maharashtra/ Mumbai	107.48	107.48	3.48	522.80	Directly
12	Distribution of E- tablets to VIII standard students of Gadchiroli District of Maharashtra	Education	Others/ Maharashtra/ Gadchiroli	31.25	21.00	1.74	545.54	AKANSHA
13	Erection of Vikrant Memorial	Maintenance of Cultural Heritage	Local/ Thane District Maharashtra	14.50	14.50	0	560.04	Mumbai Citizens' Group
14	Installation of SPV lights at Kharade Village	Village Development	Local / Maharashtra/ Thane	10.50	10.50	0.00	570.54	REIL
15	Installation of SPV lights at Bhadhoi District	Village Development	Others/ U.P/ Bhadhoi	109.00	109.00	1.74	681.28	REIL
16	Installation of SPV lights at Pali constituency District	Village Development	Others/ Rajasthan/ Pali	109.00	95.00	1.74	778.02	REIL
17	Cochlear Implant for 20 Children	Health	Local/ Maharashtra/ Mumbai	133.68	72.00	1.74	851.75	ALIMCO
18	Distribution of 450-500 Aisitive aids and appliances to PWD candidates	Health	Local / Maharashtra / Mumbai	50.00	23.86	1.74	877.35	ALIMCO



19	Skill Development Training of 80 Youths through CIPET	Skill Development	Others/ Maharashtra & Assam/ Auraganbad & Guwahati	32.00	6.64	1.74	885.73	CIPET
20	Skill Development of 1000 PWD candidates through NHFDC	Skill Development	PAN India	133.68	36.52	1.74	923.99	NHFDC
21	Construction of 54 Toilet Blocks under Swachh Vidyalaya Mission	Sanitation	Others / Gujarat / Valsad	209.00	204.00	3.48	1131.46	Directly
22	Carrying out cleanliness drive in and around MDL	Sanitation	Local/ Maharashtra/ Mumbai	69.00	31.22	6.26	1168.94	Maharashtra Berojgar Yuvak Sewa Sanstha

- 6) The total amount budgeted for CSR could not be consumed, as following major projects earmarked for the financial year 2015-16 couldn't commence due to the reasons stated below:

(₹ in lacs)

Sr. No	Project	Amount Budgeted	Reasons
1	Maintenance of Cultural Heritage at Lothal, Ahmedabad and Churches	335.00	Ministry of Culture yet to give approval
2	Construction of Girls Hostel at Kumbhavade, Kankavali	182.00	Trust is yet to submit the detailed Scope of Work, therefore Commercial Procedure could not begin.
3	Construction of Vocational Training Centre for PWD at Anandvan	564.00	- do -
4	Enhancing of Infrastructure facilities for students at Bhonsla Military School	385.00	- do -
5	Adoption of ITI Chikhaldhara	300.00	The constitution of Joint Working Committee comprising of MDL representatives and Government representatives got delayed and the need assessment was received late.
6	Adoption of Kharade village for transforming it into a Model Village	236.00	Selecting NGOs for the proposed interventions is delayed.

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

- 7) Responsibility Statement of the CSR Committee

"The implementation and monitoring of CSR policy, is in compliance with CSR objectives and Policy of the Company."

**CMDE R ANAND (RETD), D(CP&P)
MEMBER, CSR & SD COMMITTEE**

Date: 04 Aug '16
Mumbai

**VADM SANJEEV BHASIN (RETD)
CHAIRMAN, CSR & SD COMMITTEE**



TEN YEARS AT A GLANCE
FINANCIAL POSITION & OPERATING RESULTS

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
(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	0.00	24.74	49.49	74.23	98.98
3 Reserves & Surplus	2647.03	2260.65	1894.04	1615.09	1319.37	940.82	756.15	576.90	369.19	184.36
4 Net Worth	2827.42	2442.51	2083.68	1807.03	1518.57	1140.02	980.09	825.59	642.62	482.54
5 Capital Employed	2532.98	2198.65	1776.91	1438.29	1486.62	837.06	842.66	755.94	622.93	459.26
6 Gross Block	594.20	493.37	375.20	312.79	314.81	301.87	297.55	264.03	249.15	226.57
7 Net Fixed Assets	344.59	265.81	176.12	126.03	123.36	114.78	113.73	87.86	80.35	64.63
8 Working Capital	2188.39	1932.84	1600.79	1312.26	1363.26	722.28	728.93	668.08	542.58	394.63
(B) OPERATING RESULTS :										
1 Sales	2144.10	2490.28	109.27	2404.7	2262.87	636.56	3150.94	5.49	6.06	18.65
2 Production (VOP)	4121.65	3592.60	2865.51	2290.64	2523.69	2611.41	2856.13	2568.93	2321.69	1872.24
3 Value Added	1267.81	1312.16	1337.09	1160.34	1127.87	947.60	896.76	584.98	459.80	396.26
4 Gross Margin (EBIDTA)	957.16	776.33	606.03	631.17	705.75	378.79	398.66	405.54	389.48	252.96
5 Gross Profit	925.66	745.47	587.80	616.53	692.61	366.23	386.49	397.32	382.11	246.64
6 Added Value	703.86	556.47	428.34	487.34	557.09	295.08	314.39	329.95	327.19	208.63
7 Profit/(Loss) before Tax	957.33	746.00	587.57	638.89	691.78	366.05	386.47	397.28	380.70	260.02
8 Provision for Tax	319.51	254.41	189.96	226.17	197.47	122.53	146.28	126.55	139.84	91.94
9 Profit/(Loss) after Tax	637.82	491.59	397.61	412.72	494.31	243.52	240.19	270.73	240.86	168.08
(C) APPROPRIATION:										
1 Capital Redemption Reserve	0.00	0.00	0.00	0.00	0.00	0.00	24.74	24.74	24.75	24.75
2 General Reserve	350.00	350.00	260.00	285.00	375.00	200.00	150.00	180.00	182.00	93.00
3 Dividend-Equity Shares	199.20	100.00	100.00	100.00	99.60	49.80	49.80	49.80	41.83	19.92
4 Dividend-Preference Shares	0.00	0.00	0.00	0.00	0.00	0.84	2.46	4.07	6.06	30.47
5 Tax on Proposed Dividend	40.55	19.99	17.00	17.00	16.16	8.21	8.68	9.15	8.14	8.56
6 Corporate Social Responsibility	13.16	12.77	3.96	7.26	-	-	-	-	-	-
(D) RATIOS :										
1 Gross Profit :Capital Employed	0.365	0.339	0.331	0.429	0.466	0.438	0.458	0.525	0.614	0.567
2 Net Profit : Net Worth	0.226	0.201	0.191	0.228	0.326	0.214	0.245	0.328	0.375	0.334
3 Gross Margin:Gross Block	1.611	1.574	1.615	2.018	2.242	1.255	1.340	1.536	1.563	1.116
4 Added Value : Production (VOP)	0.171	0.155	0.149	0.213	0.221	0.113	0.110	0.128	0.141	0.111
5 Profit before Tax :Production (VOP)	0.232	0.208	0.205	0.279	0.274	0.140	0.135	0.155	0.164	0.139
6 Production (VOP) : Gross Block	6.936	7.282	7.637	7.323	8.017	8.651	9.599	9.730	9.319	8.263
7 Value Added : Production (VOP)	0.308	0.365	0.467	0.507	0.447	0.363	0.314	0.228	0.198	0.212
8 Sundry Debtors : Sales	0.363	0.304	2.836	0.168	0.139	0.484	0.114	1.941	2.340	1.763
No. of Employees :	8945	9131	8640	8670	8325	8090	8072	8018	7764	8013
Gross Margin per employee	0.107	0.085	0.070	0.073	0.085	0.047	0.049	0.051	0.050	0.032

Note: The previous period (FY 2014-15) figures have been regrouped/reclassified wherever necessary to conform to the current presentation.



INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of 'Mazagon Dock Shipbuilders Limited' ('the Company'), which comprise the Balance Sheet as at 31st March, 2016, 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 Standalone 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 standalone 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 standalone 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. 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the 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, 2016 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 standalone 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 2.35)
4. Classified
5. The Company has made a claim of ₹ 5796 Lacs (As at 31st March, 2015: ₹ 5785 Lacs) towards ERV to the Navy relating to Project MRSSK which the Company is confident of realizing. (Refer Note 2.46)
6. Liquidated damages of ₹ 2,142 Lacs on supply of B&D spares withheld by Navy has not been provided as the Company is confident that this claim will not ultimately devolve on the Company. (Refer Note 2.47)

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, 2016 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 standalone 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 Act are not applicable to Government Company;
 - f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure III'.
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 2.33 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. LLP
Chartered Accountants
Firm's Registration No. 102860W/W100089

Place: Mumbai
Date : 04 Aug '16

Shrikant Prabhu
Partner
Membership No. 35296



Annexure - I

Annexure to the Independent Auditor's Report of even date on the Standalone Financial Statements of Mazagon Dock Shipbuilders Limited

Report on Companies (Auditor's Report) Order, 2016, issued by the Central Government in terms of sub section (11) of section 143 of the Companies Act, 2013 ('the Act')

As required by the Companies (Auditor's Report) Order, 2016, 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 the nature of its assets. No material discrepancy were noticed on physical verification.
- (c) The title deeds of immovable properties are held in the name of the Company except for the following

Sr. No.	Plot No.	Location	Type of Property	Area (in Sq Mtrs)	Remarks
1	Plot No. 355 PH I	Dockyard Road, Mumbai	Leasehold	6240.14	Lease renewal of the plots is under consideration of MBPT. Awaiting formulation of land policy.
2	Plot No. 355 PH II	Dockyard Road, Mumbai	Leasehold	1960.93	
3	Extension. Of Slipway	Dockyard Road, Mumbai	Leasehold	3746.00	
4	Additional Water Area for further extension of slipway to 20M	Dockyard Road, Mumbai	Leasehold	1850.00	
5	F Type Sector - ¾	Vashi, Navi Mumbai	Quarters	96.95	Deed of Apartments & its registration is under process.
6	F Type Sector - 10	Vashi, Navi Mumbai	Quarters	100.00	
7	JN - 1 Type Sector -10	Vashi, Navi Mumbai	Quarters	19.25	
8	JN-2 Type Sector -10	Vashi, Navi Mumbai	Quarters	45.85	
9	JN - 4 Type Sector- 10	Vashi, Navi Mumbai	Quarters	61.20	

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 at reasonable intervals.
- (b) The discrepancies between the physical inventory and the book records noticed on physical verification were not material and have been properly dealt with in the books of account.



3. The Company has not granted any loan or given any guarantee or provided any security to companies, firms or other parties covered in the register maintained under Section 189 of the Act.
4. The Company has not granted any loan, given any guarantee or provided any security covered u/s 185 of the Act. Section 186 of the Act relating to investments, loans granted, guarantees given and security provided is not applicable to the Company being a Government Company engaged in defense production.
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, 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, 2016 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, Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st March, 2016 except as stated below:

S r . 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 and F.Y. 2007-08	375	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	107,983	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, F.Y. 2010-11 and F.Y. 2011-12	2,879	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	3,842	Bombay High Court
7.	Income Tax	A.Y. 2012-13	178	Commissioner of Income Tax (Appeals)

8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions during the year. The Company has not issued any debentures.



9. According to the information given to us and as per the records examined by us, the Company has not made any public offer during the year and has not availed term loans from banks during the year.
10. 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.
11. Section 197 of the Act relating to managerial remuneration is not applicable to the Company being a Government Company.
12. Clause (xii) of the Order is not applicable to the Company since the Company is not a Nidhi Company.
13. All the transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details as required by the Accounting Standards have been disclosed in the Financial Statements.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. The Company has not entered into any non-cash transactions covered in Section 192 of the Act with Directors or persons connected with him during the year.
16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants
Firm's Registration No. 102860W/W100089

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Place: Mumbai
Date: 04 Aug '16



Annexure - II to the 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.

- Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.**

The Company has clear title/lease deeds for freehold and leasehold land except;

Sr. No.	Plot No.	Location	Type of Property	Area (in Sq Mtrs)	Remarks
1	Plot No. 355 PH I	Dockyard Road, Mumbai	Leasehold	6240.14	Lease renewal of the plots is under consideration of MBPT. Awaiting formulation of land policy.
2	Plot No. 355 PH II	Dockyard Road, Mumbai	Leasehold	1960.93	
3	Extension. Of Slipway	Dockyard Road, Mumbai	Leasehold	3746.00	
4	Additional Water Area for further extension of slipway to 20M	Dockyard Road, Mumbai	Leasehold	1850.00	

- 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.

Sr. No.	Name of the Party	Amount written off (₹ in Lacs)	Reasons
1.	M/s Nilhat Shipping Co. M/s India Steam Ship Co.	9.67 149.69	The Company has filed recovery suit against M/s Nilhat Shipping Co. as Respondent No. I and India Steam Ship Co. as Respondent No. II for the recovery of the balance amount of ₹ 9.67 lacs and ₹ 149.69 lacs respectively. The Hon'ble High Court dismissed the suit against Respondent No. II on the grounds that India Steam Ship Co. has acted as an agent for its disclosed principal M/s Nilhat Shipping Co. Court has granted ex-parte judgment decree of the full suit amount against Respondent No.I. M/s Nilhat Shipping Co. has gone into liquidation and the Official Liquidator who has been impleaded as party to the suit intimated to the court that only ₹ 3659 lacs is available for distribution to all creditors. The board of the Company had advised to make claim with official liquidator based on the decree for the full suit amount passed by the court in favour of the Company and also advised to get legal opinion from the solicitors on



			<p>the possibility of realizing the suit amount from M/s India Steamship Co. Accordingly, a letter has been sent to official liquidator claiming the decree amount and also legal opinion was obtained from the solicitors who handled the case in the court. The solicitor has opined that the decreed amount cannot be recovered from M/s India Steamship Co. as per the provisions of the Indian Contract Act, 1872 on the account that they have acted on behalf of disclosed principal M/s Nilhat Shipping Co. Further, the reminder was sent to the official liquidator claiming the decreed amount from him. However, no response has been received from him. Therefore, the Company has written the abovementioned receivables from the books after obtaining approval from the management.</p>
2	M/s Streamline Shipping	1.97	<p>CS & GM (L&E) has intimated that, the whereabouts of the party is not known to receive the decree amount. Further, filing of execution of the decree amount will result unnecessary expenditure towards court fee, advocate fee etc. Therefore, the Company has written off the abovementioned receivables from the books after obtaining approval from the management.</p>
3	M/s Patel Engineering	36.71	<p>Receivables of ₹ 36.71 lacs was due from M/s Patel Engineering which was under litigation. The arbitration award of ₹ 0.86 lacs was passed by the arbitrator in favour of the Company against the total receivables of ₹ 36.71 lacs. The same award was accepted by the Company. CS & GM (L&E) has intimated that the M/s Patel Engineering has paid the award amount of ₹ 0.86 lacs through the cheque dated 21/09/2013. Same amount has been credited to Company account with Canara Bank. In view of above, the Company has written off the abovementioned receivables from the books after obtaining approval from the management.</p>
4	PCDA (N)	91.12	<p>Brief of SOT Expenses for period 2001-05 has been prepared and approved by management. The Company has written letter dated 18/03/2013 to PDSMAQ for clearance of amount based on the brief case history indicating the sequence of events along with copies of letters. IHQ has requested to submit a certificate by SOT (MB) confirming that all bills submitted have been scrutinized by them. The Company has stated that certificate as requested by IHQ was submitted vide fax no. 75/4000/BUDGET dated 31/05/2013 by SOT(MB) on 31/05/2013. IHQ has requested to SOT (MB) to confirm that the bills submitted for the period 01/07/2001 to 31/12/2005 do not include any payment towards P-75. The same has been confirmed through letter dated</p>



			<p>27/07/2103 & another letter dated 30/07/2013. Further, IHQ had asked head under which funds were allocated for SOT Expenditure and bills related to preparatory activities were submitted. The Company has replied to above through its letter dated 15 /10/2013 & stated that the funds were allocated under Major head 4076.02 Minor head 204 & mentioned that bills related to Preparatory activities during the period October 2002 to December 2005 were duly certified & passed by SOT(MB). The Company through its letter dated 23/12/2013 & 27/01/2014, once again requested IHQ to clear the pending bills. IHQ stated that the case being perused vigorously for approval and repeated queries are being answered. The progress/outcome of the case for pending payment will be intimated in due course of time. The Company through its letter dated 11/03/2014 & 16/04/2014 requested to clear the pending amount on priority. Further, IHQ has asked details of booking of SOT (MB) expenditure. The Company through its letter dated 19/05/2014 has submitted the detailed list of preparatory work bills. The Company through its letter dated 21/04/2015 requested to clear the pending amount on priority. From the above it is quite clear that the Company has put up all the efforts for clearing the pending amount but the payment has not been released by PCDA due to non allocation of fund by DNP. In view of above, the Company has written off the abovementioned receivables from the books after obtaining approval from the management.</p>
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3. **Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.**

The total value of inventory of the Company lying with third parties is ₹ 320 Lacs as at 31.03.2016. The Company has maintained only manual records identifying inventories lying with third parties. In our opinion, track of such inventories needs to be maintained through the ERP system operated by the Company in order to have proper control on such inventories. There are no assets received as gift from Government.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants
Firm's Registration No. 102860W / W100089

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Place: Mumbai
Date: 04 Aug '16



Annexure III

Annexure to the Independent Auditor's Report of even date on the Standalone Financial Statements of Mazagon Dock Shipbuilders Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Mazagon Dock Shipbuilders Limited ('the Company') as of 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion on operating effectiveness of Internal Financial Controls Over Financial Reporting and unmodified opinion on adequacy of such controls

Qualified opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls over financial reporting as at 31st March, 2016:

- a) The Company's internal financial controls over booking of cost and liability on material supplied directly on ship were not operating effectively which could potentially result in incorrect reflection of contract work-in-progress and understatement of liability.
- b) The Company's internal financial controls over booking of advances received from the Navy to the correct project code account was not operating effectively resulting in advances being booked to the wrong project code which could potentially result in incorrect adjustments at the time of final reconciliation with the Navy in respect of completed projects.
- c) The Company's internal financial controls over booking of remuneration in the nature of commission on supplies of B & D spares to Navy were not operating effectively which could potentially result in the Company booking incorrect income as well as not booking it on timely basis.

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

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of 31st March, 2016.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the 31st March, 2016 standalone financial statements of the Company, and these material weaknesses do not affect our opinion on the standalone financial statements of the Company.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants
Firm's Registration No. 102860W / W100089

Sd/-

Shrikant Prabhu
Partner

Membership No. 35296

Place: Mumbai
Date: 04 Aug '16



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S. MAZAGON DOCK SHIPBUILDERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of financial statements M/s. Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) 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 4 August 2016.**

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 **M/s. Mazagon Dock Shipbuilders Limited, Mumbai** for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

**(E. P. Nivedita)
Pr. Director of Commercial Audit
and Ex-Officio Member Audit Board, Bangalore.**

Place : Bangalore

Dated : 12 September 2016



**BALANCE SHEET
AS AT 31st MARCH, 2016**

	Note	2015-16 (₹ in Lacs)	2014-15 (₹ in Lacs)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	2.1	19920	19920
(b) Reserves and Surplus	2.2	264703	226065
		284623	245985
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	8109	7943
(b) Other Long-term Liabilities	2.4	-	-
(c) Long-term Provisions	2.5	16525	17335
Total Non-current Liabilities		24634	25278
(3) Current Liabilities			
(a) Trade Payables	2.6	101101	71247
(b) Other Current Liabilities	2.7	2915852	2745775
(c) Short-term Provisions	2.8	20665	5762
Total Current Liabilities		3037618	2822784
	TOTAL	3346875	3094047
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.9(i)	32354	25676
(ii) Intangible Assets	2.9(ii)	2105	905
(iii) Capital Work-in-Progress	2.10	6461	4014
		40920	30595
(b) Non-current Investments	2.11	600	600
(c) Deferred Tax Assets (Net)	2.12	15745	12019
(d) Long-term Loans and Advances	2.13	27991	28551
(e) Other Non-current Assets	2.14	5162	6214
Total Non-current Assets		90418	77979
(2) Current Assets			
(a) Inventories	2.15	2032591	1854192
(b) Trade Receivables	2.16	77859	74854
(c) Cash and Cash Equivalents	2.17	880617	761828
(d) Short-term Loans and Advances	2.18	248798	306290
(e) Other Current Assets	2.19	16592	18904
Total Current Assets		3256457	3016068
	TOTAL	3346875	3094047
Significant Accounting Policies and Notes to the Financial Statements	1 & 2		

As Per Our Report of Even Date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

sd/-

Shrikant Prabhu

Partner

Membership No. 35296

Date: 04 Aug '16

Mumbai

For and on Behalf of the Board of Directors

sd/-

Rear Admiral R K Shrawat AVSM (Retd)

Chairman and Managing Director

sd/-

Sanjiv Sharma

Director (Finance)

sd/-

Madhavi Kulkarni

Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

	Note	2015-16 (₹ in Lacs)	2014-15 (₹ in Lacs)
I. Revenue from Operations			
1 Turnover	2.20	412165	359260
2 Other Operating Revenue	2.21	2018	2631
		414183	361891
II Other Income			
	2.22	74353	56257
III. Total Revenue (I + II)		488536	418148
IV. Expenses:			
1 Cost of Materials Consumed	2.23	265804	208922
2 Employee Benefits Expense	2.24	74439	70034
3 Sub-Contract		13492	15239
4 Power and Fuel		2822	2520
5 Finance Costs	2.25	7	3
6 Depreciation and Amortization Expenses	2.9	3150	3086
7 Other Expenses : (a) Project Related	2.26	20352	30704
(b) Others	2.27	12158	10969
8 Adjustment for Expenses Transferred to Fixed Assets	2.28	-	(130)
9 Provisions	2.29	3753	2257
Total Expenses		395977	343604
V. Profit Before Prior Period Adjustments and Tax		92559	74544
VI. Prior Period Adjustments		2.30	(3174)
VII. Profit Before Tax		95733	74600
VIII. Tax Expense: (1) Current Tax		35220	25672
	(2) Deferred Tax	(3726)	(231)
	(3) Tax Adjustments Relating to Prior Years	457	-
IX. Profit / (Loss) for the Year		63782	49159
X. Earnings per Equity Share (₹)		320.19	246.78
Significant Accounting Policies and Notes to the Financial Statements		1 & 2	

As Per Our Report of Even Date

Ford Rhodes Parks & Co. LLP
Chartered Accountants
Firm Registration No. 102860W/W100089

sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Date: 04 Aug '16
Mumbai

For and on Behalf of the Board of Directors

sd/-
Rear Admiral R K Shrawat AVSM (Retd)
Chairman and Managing Director

sd/-
Sanjiv Sharma
Director (Finance)

sd/-
Madhavi Kulkarni
Company Secretary



**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31st MARCH, 2016**

Sr.No	Particulars	2015-16 (₹ in Lacs)	2014-15 (₹ in Lacs)
A	Cash Flow From Operating Activities		
	Net Profit Before Tax	95733	74600
	Adjustments for :		
	(+) Non Cash Expenditure and Non Operating Expenses		
	Depreciation / Amortisation	3150	3086
	Finance Cost	7	3
	Prior Period Depreciation / Amortisation	(850)	(74)
	(-) Non Operating Income		
	Profit / Loss on Sale of Fixed Assets	(7)	29
	Interest Income	(66838)	(50505)
	Dividend Received	(742)	-
	Other Items		
	Fund Utilised for CSR	(1169)	(499)
	Operating Profit Before Working Capital Changes	29284	26640
	Adjustment for (Increase) / Decrease in Working Capital		
	Adjustments for :		
	Inventories	(178399)	(51472)
	Trade Receivables and Short Term Loans and Advances	54487	(4608)
	Other Current and Non Current Assets	1755	540
	Trade Payables and Other Current Liabilities and Provisions	202895	262617
	Long Term Loans and Advances	(3605)	(605)
	Long Term Liabilities and Provisions	(810)	2346
	Cash Generated from Operations	105607	235458
	Direct Tax Paid (Net)	(30990)	(28401)
	Net Cash from (used in) Operating Activities	74617	207057
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets (Net of Adjustments)	(10188)	(12048)
	Capital Work in Progress	(2447)	7225
	Sale of Fixed Assets	19	38
	Capital Advance	(522)	834
	Interest Income	68445	47383
	Dividend Received	742	-
	Net Cash from / (used in) Investing Activities	56049	43432
C	Cash Flow from Financing Activities		
	Dividend Paid (Including Tax on Dividend)	(12036)	(11999)
	Interest Paid	(7)	(3)
	Other Long Term Borrowings	166	(934)
	Net Cash from / (used in) Financing Activities	(11877)	(12936)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	118789	237553
	Cash and Cash Equivalents at the beginning of the year	761828	524275
	Cash and Cash Equivalents at the end of the year	880617	761828

Note: Figure in bracket indicate out flow

As Per Our Report of Even Date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

sd/-

Shrikant Prabhu

Partner

Membership No. 35296

Date: 04 Aug '16

Mumbai

For and on Behalf of the Board of Directors

sd/-

Rear Admiral R K Shrawat AVSM (Retd)

Chairman and Managing Director

sd/-

Sanjiv Sharma

Director (Finance)

sd/-

Madhavi Kulkarni

Company Secretary



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 and 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 accrued basis for Executives and on actuarial valuation basis for Non Executives.
- (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.



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2. NOTES TO THE FINANCIAL STATEMENTS		
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
	<u>32372</u>	<u>32372</u>
2.1.2 Issued, Subscribed And Fully Paid-up		
1,99,20,000 (Previous year 1,99,20,000) Equity Shares of ₹ 100 each. All the above 1,99,20,000 (Previous year 1,99,20,000) Equity Shares are held by the President of India and his nominees	19920	19920
	<u>19920</u>	<u>19920</u>
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	207500	172500
Add: Transfer from Surplus	35000	35000
	<u>242500</u>	<u>207500</u>
Corporate Social Responsibility Fund (Refer Note No. 2.2.1)		
Balance as per Last Balance Sheet	1734	956
Less: Utilised for Expenses	1169	499
Add: Transfer from Surplus	1316	1277
	<u>1881</u>	<u>1734</u>
Surplus: Opening Balance		
	4454	3571
Add: Net Profit After Tax Transferred from Statement of Profit and Loss	63782	49159
	<u>68236</u>	<u>52730</u>
Less: Appropriations		
Transfer to General Reserve	35000	35000
Transfer to Corporate Social Responsibility Fund	1316	1277
Dividend on Equity Shares:		
- Interim Dividend	10000	10000
- Proposed Final Dividend	9920	-
Tax on Dividend	4055	1999
	<u>60291</u>	<u>48276</u>
Surplus: Closing Balance	<u>7945</u>	<u>4454</u>
	<u><u>264703</u></u>	<u><u>226065</u></u>



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
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 2015-16 is ₹ 1316 Lacs (Previous year ₹ 1277 Lacs), being 2% of average net profit of the last three years. During the year, the Company has incurred an amount of ₹ 1169 Lacs (Previous year ₹ 499 Lacs) towards CSR activities which has been utilised from the opening CSR Fund. The balance unspent amount as on 31.03.2016 has been transferred to the CSR Fund.	
2.3	LONG-TERM BORROWINGS (Unsecured)	
	8514	8321
	Deferred payment liability to a foreign supplier against supply of materials	
	405	378
	Less: Amount payable within 12 months	
	8109	7943
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 ₹ 405 Lacs (Previous year 378 Lacs) includes yearly instalment payable of ₹ 214 Lacs (Previous year ₹ 214 Lacs) and ₹ 191 Lacs (Previous year ₹164 Lacs) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 01-04-2016, which is ₹ 94.3809 for 1 SDR.	
2.4	OTHER LONG-TERM LIABILITIES	
	1. Other Payables	
	82826	70955
	a) Advances Received from Customer for Infrastructure Projects	
	3899	11871
	Add: Received During the Year	
	86725	82826
	Less: Deducted from Capital Work-in-Progress (As per contra - 2.10)	
	10588	10474
	Less: Transfer to Fixed Assets for Capitalisation	
	76137	72352
	-	-
2.5	LONG-TERM PROVISIONS	
	1. Provision for Employee Benefits	
	6102	6522
	a) Provision for Post Retirement Benefit Scheme	
	258	343
	Less: Payable within 12 months	
	5844	6179
	13053	13100
	b) Provision for Leave Salary Encashment (Refer Note No. 2.38.3)	
	3177	2800
	Less: Payable within 12 months	
	9876	10300
	c) Provision for Welfare Expenses	
	418	451
	2. Other Provisions	
	366	366
	a) Provision for Liquidated Damages	
	21	39
	b) Others	
	16525	17335



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2.6 TRADE PAYABLES		
a) MSME Vendors	1130	227
b) Other Vendors	99971	71020
(Refer Note No. 2.41 for MSME dues)		
	101101	71247
2.7 OTHER CURRENT LIABILITIES		
1. Deferred Payment Liability Payable	405	378
2. Other Payables		
a) Advances Received from Customers	2963503	2784929
Less: Advances Received for Infrastructure Projects	86725	82826
b) Employee Related	13393	8282
c) Statutory Dues	598	978
d) Provision for Expenses	23284	32758
e) Deposits	561	443
f) Others	833	833
	2915852	2745775
2.8 SHORT-TERM PROVISIONS		
1. Provision for Employee Benefits		
a) Provision for Leave Salary Encashment	3177	2800
b) Provision for Gratuity	1265	846
c) Provision for Post Retirement Benefit Scheme	258	343
d) Provision for Welfare Expenses	112	83
2. Other Provisions		
a) Provision for Guarantee Repairs	3488	1262
b) Provision for Custom Duty Demand	426	426
c) Provision for Wealth Tax	-	2
d) Proposed Final Dividend	9920	-
e) Tax on Proposed Final Dividend	2019	-
	20665	5762



2.9 (I) TANGIBLE ASSETS

Sr. No.	Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
		Cost as on 01-04-15	Additions	Adjustments	Disposal	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments	Disposal	Balance 31-03-16	As on 31-03-16	As on 31-03-15
A	Assets Owned by MDL												
1	Land: i) Leasehold	912	-	-	-	912	441	50	-	-	491	421	471
	ii) Freehold	1	2866	-	-	2867	-	-	-	-	-	2867	1
2	Buildings: i) Factory Building	3543	79	-	-	3622	2737	44	-	-	2781	841	806
	ii) Office and Staff Quarters												
	a) RCC	1489	659	-	3	2145	560	29	-	2	587	1558	929
	b) Non RCC	137	158	-	-	295	39	10	-	-	49	246	98
3	Road	72	571	-	-	643	68	91	-	-	159	484	4
4	Other Civil Works	-	9	-	-	9	-	3	-	-	3	6	-
5	Plant and Equipment	20096	2765	(36)	63	22762	10798	820	-	56	11562	11200	9298
6	Furniture and Fixtures	1303	277	-	7	1573	537	154	-	6	685	887	765
7	Vehicles	1873	158	-	15	2016	339	226	-	14	551	1465	1534
8	Office Equipment	1737	368	-	6	2099	1038	311	-	5	1344	755	699
9	Building Berths, Kasara Basin, Dry Docks and Launchways	-	-	-	-	-	-	-	-	-	-	-	-
10	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	1723	154	-	5	1872	1502	147	-	5	1644	228	221
	ii) Server and Network	1381	81	-	-	1462	864	158	-	-	1022	440	517
11	Ship - Launches and Boats	897	-	-	-	897	595	15	-	-	610	287	302
12	Electrical Installation and Equipments	1502	91	-	6	1587	686	140	-	5	821	766	816
	Sub-total	36665	8236	(36)	105	44760	20205	2198	-	93	22310	22451	16460
	Previous Year's Figures	30642	6254	-	231	36665	17844	2525	-	164	20205	16460	12798
	Note : 9 Nos. Vessels under the head "Launches and Boats" costing ₹ 897 Lacs are registered in the name of CMD of the Company to comply with the requirement of Indian Costal Act, 1838 / Indian Vessels Act, 1917.												
B	Jointly Funded Assets (Net of Indian Navy Funded)												
1	Factory Building	7437	-	785	-	8222	93	260	11	-	364	7858	7344
2	Plant and Equipment	2135	-	542	-	2677	263	230	139	-	632	2045	1872
	Sub-total	9572	-	1327	-	10899	356	490	150	-	996	9903	9216
	Previous Year's Figures	4208	7626	(2262)	-	9572	186	244	(74)	-	356	9216	4022
	Total Tangibles Assets (A+B)	46237	8236	1291	105	55659	20561	2688	150	93	23306	32354	25676
	Previous Year's Figures	34850	13880	(2262)	231	46237	18030	2769	(74)	164	20561	25676	16820



2.9 (ii) INTANGIBLE ASSETS (₹ in Lacs)

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK				
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	As on 31-03-16	As on 31-03-15
A	Assets Owned by MDL											
1	Computer Software/SAP-ERP	1479	650	(1237)	892	1402	93	(1237)	-	258	634	77
2	Other than SAP-ERP	1621	1011	-	2632	793	368	-	-	1161	1471	828
	Sub Total	3100	1661	(1237)	3524	2195	461	(1237)	-	1419	2105	905
	Previous Year's Figures	2670	430	-	3100	1878	317	-	-	2195	905	792

2.9.1 Land at Anik Chembur allotted earlier on lease by Govt of Maharashtra has been granted on occupancy rights "Occupant Class 2" basis by Government.

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

a. Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai.

b. 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 a and b above.

(ii) The Registration formalities of Belapur flats are completed during FY 2015-16. Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 114 Lacs (Previous year ₹ 166 Lacs).

(iii) Government of India, re-vested all the rights of the properties of Alcock Ashdown Co. Ltd. at Mumbai with Mazagon Dock Shipbuilders Ltd. vide Government of India Gazette Notification dated 06.07.1990. Registering the name of Mazagon Dock Shipbuilders Ltd on Property Card is completed during FY 2015-16.

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 in FY 2014-15. As envisaged under the Schedule, the Company had charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers and data processing units where no residual value is retained. The depreciation charged pertaining to assets whose revised useful life has expired prior to commencement of the financial year 2014-15 has been charged to the statement of profit and loss of the previous year as per the option in Schedule II.

2.9.6 Due to re-allocation of funds received from Indian Navy, the assets funded by Mazagon Dock Shipbuilders Ltd. is increased by a net amount of ₹ 327 Lacs (Tangible Assets (2.9 (i) (B) increased by ₹ 1327 Lacs and Intangible Assets 2.9(ii) (B) decreased by ₹ 1000 Lacs).

2.9.7 As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 11135 Lacs (Previous Year ₹ 9572 Lacs) (net cost to Company) were capitalised upto 31st March 2016 as jointly funded by the Company and Indian Navy and depreciation of ₹ 995 Lacs (Previous Year ₹ 356 Lacs) has been accounted on it upto 31st March 2016. Total Assets of ₹ 87272 Lacs (Previous Year ₹ 81924 Lacs) are jointly funded by the Company and Indian Navy.

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK				
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	As on 31-03-16	As on 31-03-15
B	Jointly Funded Assets (Net of Indian Navy Funded)											
1	Computer Software/SAP-ERP	-	-	237	237	-	-	237	-	237	-	-
	Sub Total	-	-	237	237	-	-	237	-	237	-	-
	Total Intangible Assets (A+B)	3100	1661	(1000)	3761	2195	461	(1000)	-	1656	2105	905
	Previous Year's Figures	2670	430	-	3100	1878	317	-	-	2195	905	792
	Total Assets (i+ii)	49337	9897	291	59420	22756	3150	(850)	93	24962	34459	26581
	Previous Year's Figures	37520	14310	(2262)	49337	19908	3086	(74)	164	22756	26581	17612

Land at Anik Chembur allotted earlier on lease by Govt of Maharashtra has been granted on occupancy rights "Occupant Class 2" basis by Government.

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

a. Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai.

b. 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 a and b above.

(ii) The Registration formalities of Belapur flats are completed during FY 2015-16. Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 114 Lacs (Previous year ₹ 166 Lacs).

(iii) Government of India, re-vested all the rights of the properties of Alcock Ashdown Co. Ltd. at Mumbai with Mazagon Dock Shipbuilders Ltd. vide Government of India Gazette Notification dated 06.07.1990. Registering the name of Mazagon Dock Shipbuilders Ltd on Property Card is completed during FY 2015-16.

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.

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.

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

Pursuant to the implementation of Schedule II to the Companies Act, 2013, the Company has revised the useful life of its fixed assets in FY 2014-15. As envisaged under the Schedule, the Company had charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers and data processing units where no residual value is retained. The depreciation charged pertaining to assets whose revised useful life has expired prior to commencement of the financial year 2014-15 has been charged to the statement of profit and loss of the previous year as per the option in Schedule II.

Due to re-allocation of funds received from Indian Navy, the assets funded by Mazagon Dock Shipbuilders Ltd. is increased by a net amount of ₹ 327 Lacs (Tangible Assets (2.9 (i) (B) increased by ₹ 1327 Lacs and Intangible Assets 2.9(ii) (B) decreased by ₹ 1000 Lacs).

As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 11135 Lacs (Previous Year ₹ 9572 Lacs) (net cost to Company) were capitalised upto 31st March 2016 as jointly funded by the Company and Indian Navy and depreciation of ₹ 995 Lacs (Previous Year ₹ 356 Lacs) has been accounted on it upto 31st March 2016. Total Assets of ₹ 87272 Lacs (Previous Year ₹ 81924 Lacs) are jointly funded by the Company and Indian Navy.

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

Sr. No.	Particulars	Building Berths, Kasara Basin, Dry Docks and Launchways	Plant and Equipment	CDPU	Temporary Shade	Factory Buildings	Office Equipment	Furniture and Fixtures	Intangible asset SAP	Total as on 31-03-16	Total as on 31-03-15
1	Total Cost upto 31.03.2016	-	62478	345	96	22907	13	15	1418	87272	81924
2	Less: Funded By Navy	-	59801	345	96	14686	13	15	1181	76137	72352
3	Funded By MDL	-	2677	-	-	8221	-	-	237	11135	9572
	Previous Year's Figures	-	2135	-	-	7437	-	-	-	9572	4208



	31 st March, 2016 (₹ in Lacs)		31 st March, 2015 (₹ in Lacs)	
2.10 CAPITAL WORK-IN-PROGRESS				
1. Own Resources				
A. Tangible Assets				
Opening Balance	1759		1864	
Add: Expenditure During the Year	9794		6328	
Less: Capitalisation During the Year	8236		6254	
Less: Loose Tools transfer to Inventory	51	3266	179	1759
B. Intangible Assets Under Development				
Opening Balance	-		106	
Add: Expenditure During the Year	1661		324	
Less: Capitalisation/Adjustments During the Year	1661	-	430	-
2. Funded by Indian Navy				
a) Mazdock Modernisation Project				
Opening Balance	-		18177	
Add: Expenditure / Adjustments During the Year	-		4033	
Less: Capitalisation/Adjustments During the Year	-		22210	
	-		-	
b) Submarine Facilities Upgradation Project				
Opening Balance	12729		8753	
Add: Expenditure/Adjustments During the Year	5166		6188	
Less: Capitalisation/Adjustments During the Year	4112		2212	
	13783		12729	
2 (a) + 2 (b)	13783		12729	
Less: Advances Received from Customer (As per contra-2.4)	10588	3195	10474	2255
		6461		4014
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		20482		15587
2. Deferred Tax Liabilities				
Service Tax	(1690)		(1402)	
Depreciation	(3047)	(4737)	(2166)	(3568)
Deferred Tax Assets - (Net)		15745		12019



	31 st March, 2016 (₹ in Lacs)		31 st March, 2015 (₹ in Lacs)	
2.13 LONG-TERM LOANS AND ADVANCES				
(Unsecured, Considered Good Unless Otherwise Specified)				
1. Capital Advances		558		36
2. Sales Tax (VAT) / Service Tax Set Off Receivable		9198		6072
3. Advance Payment of Tax and Tax Deducted at Source	99155		94057	
Less: Provision for Tax	<u>86346</u>	12809	<u>76561</u>	17496
4. Other Loans and Advances -				
a) Deposits		559		478
b) Balance with Sales Tax Authorities		565		555
c) Balances with Port Trust		451		444
d) Balance with Customs Authorities		20		20
e) Foreign Exchange Fluctuation on Deferred Debts	4022		3614	
Less: Exchange Fluctuation Receivable Within 12 Months	191	3831	164	3450
f) Advances paid to Vendors - Considered Doubtful	2		-	
Less: Provision for Doubtful Advances	<u>2</u>	-	-	-
g) Other Receivables - Considered Doubtful	2750		2750	
Less: Provision for Doubtful Receivables	<u>2750</u>	-	<u>2750</u>	-
		<u>27991</u>		<u>28551</u>
2.14 OTHER NON-CURRENT ASSETS				
(Unsecured, Considered Good Unless Otherwise Specified)				
1. Long-term Trade Receivables				
a) Deferred Debts		4279		4493
b) Other Debts over Six Months				
i) Considered Good		405		1243
ii) Considered Doubtful		19053		17746
		<u>19458</u>		<u>18989</u>
Less: Provision for Doubtful Debts	<u>19053</u>	405	<u>17746</u>	1243
2. Other Receivables				
a) Considered Good		478		478
b) Considered Doubtful		190		320
		<u>668</u>		<u>798</u>
Less: Provision for Doubtful Debts	<u>190</u>	478	<u>320</u>	478
		<u>5162</u>		<u>6214</u>



	31st March, 2016		31st March, 2015	
	(₹ in Lacs)		(₹ in Lacs)	
2.15 INVENTORIES (As Verified, Valued and Certified by Management)				
1. Raw Materials				
a) Material in Stores	10890		11097	
Less: Provision / Reduction for Obsolescence	80	10810	31	11066
2. Stores and Spares				
a) Material in Stores	1517		1572	
Less: Provision / Reduction for Obsolescence	21	1496	25	1547
3. Equipment for Specific Projects				
a) Material in Stores	390366		412951	
Less: Provision / Reduction for Obsolescence	140		-	
	<u>390226</u>		<u>412951</u>	
b) Stock in Transit	21583		17803	
c) Materials Pending Inspection	272	412081	313	431067
4. Scrap		80		132
5. Loose Tools		82		93
6. Work-in-progress		1608042		1410287
		<u>2032591</u>		<u>1854192</u>
2.15.1 Value of Inventory relates to Customer (Indian Navy):				
i) Raw Material, Stores, Spares and Equipment		406222		443278
ii) Work-in-progress		1608042		1410287
2.15.2 Inventory of Raw Material, Stores, Spares and Equipment lying with third parties		320		749
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		10657		10667
2.15.4	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 extension delivery dates. The Company has provided ₹ 811 Lacs (Previous year ₹ 799 Lacs) on first ship and ₹ 1259 Lacs on second ship respectively based on indicative delivery dates. At present the Navy has withheld ₹ 19427 Lacs for Liquidated Damages on late delivery of first ship.			
	However, the contingent liability, if devolved, on the contract value of ships works out to ₹ 33046 Lacs (Previous year ₹ 23042 Lacs) for which no provision has been considered necessary (Ref Note No. 2.33.1(b)).			



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2.16 TRADE RECEIVABLES (Unsecured, Considered Good)		
1. a) Debts Overdue over Six Months	44152	69786
b) Other Debts	33516	4904
2. Deferred Debt Exchange Fluctuation Receivable	191	164
	<u>77859</u>	<u>74854</u>
2.17 CASH AND CASH EQUIVALENTS		
1. Cash and Cash Equivalents		
a) Balances with Banks: -		-
- In Current Accounts		
i) In India	6887	2803
ii) Outside India	83	69
- In Cash Credit Accounts (Refer Note No. 2.43)	-	-
- In Deposit Accounts	26807	17615
b) In Fixed Deposit Accounts (less than 3 months maturity)	56000	1000
c) Cash on Hand	-	1
	<u>89777</u>	<u>21488</u>
2. Other Bank Balances		
a) In Fixed Deposit Accounts (more than 3 months but not more than 12 months maturity)	790500	740000
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		
	<u>880617</u>	<u>761828</u>
2.17.1 Cash and Bank Balance from Advances received from Customer for Projects	782845	689404
Other Cash and Bank Balance	97772	72424
	<u>880617</u>	<u>761828</u>
2.18 SHORT-TERM LOANS AND ADVANCES (Unsecured, Considered Good Unless Otherwise Specified)		
1. Advances Paid to Vendors	221285	289126
2. Advances Paid on Behalf of Customer for B&D Spares	26485	16305
3. Employee Related	169	135
4. Prepaid Expenses	845	679
5. Others	14	45
	<u>248798</u>	<u>306290</u>



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2.19 OTHER CURRENT ASSETS		
(Unsecured, Considered Good Unless Otherwise Specified)		
1. Insurance Claims Receivable	81	791
2. Interest Accrued on Deposits and Advances	14924	16524
3. Interest Receivable on Income Tax Refund	1522	1522
4. Other Receivables	65	67
5. Interest Receivable on Loans to Employees (Refer Note No. 2.43)	-	-
	16592	18904
2.20 REVENUE FROM OPERATIONS		
1. Sales		
(a) Sale of Products		
i) Ship Construction	214344	248811
ii) Ship Repair (Submarine Refit)	66	217
	214410	249028
Less : Excise Duty	-	-
	214410	249028
2. Revenue from On-going Contracts		
Closing Work-in-progress	1608042	1410287
Less: Opening Work-in-progress	1410287	1300055
	1608042	1410287
	197755	1300055
	412165	359260
2.20.1 Contract Revenue Recognition with Respect to Projects / Vessels in WIP:		
The amount of contract revenue recognised as revenue for the period ended 31st March, 2016	412165	359260
Aggregate amount of cost incurred and recognised profits (less recognised losses) as at 31st March, 2016	1608042	1410287
The amount of advances received as at 31st March, 2016	2861314	2696089
The amount of retentions from customers as at 31st March, 2016	12864	13519
2.20.2 Earnings in Foreign Exchange:		
FOB value of Sale of Multi Purpose Support Vessel	-	27954



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2.21 OTHER OPERATING REVENUE		
(a) Sale of Services		
i) Commission earned on procurement of spares	1504	702
(b) Sale of Scrap and Stores	514	574
(c) Changes in Inventory of Scrap		
Closing Scrap	-	132
Less: Opening Scrap	-	99
(d) Export Incentive	-	844
(e) Duty Drawback	-	478
	2018	2631
2.22 OTHER INCOME		
Interest		
a) On Deposits with Banks	68452	52290
Less: Interest Liability to Customer on Advances (Refer Note No. 2.22.1)	895	701
	67557	51589
b) On Income Tax Refund	1	-
c) Other Interest	248	301
Dividend from Goa Shipyard Ltd.	742	-
Rent Refund on Right to Occupancy	495	-
Liabilities / Provisions no longer required written back	4601	3392
Provision for Trade Receivables Reversed	291	-
Insurance Claims (Refer Note No. 2.43)	-	163
Foreign Exchange Variation (Net) Income	-	128
Less : Expenditure	-	74
Sale / Scrapping of Fixed Assets (Net) Profit	12	-
Less : Loss	5	7
Liquidated Damages Recovered	121	122
Capital	44	61
Others	165	183
Miscellaneous Income / Recoveries	246	575
	74353	56257

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



	31 st March, 2016 (₹ in Lacs)		31 st March, 2015 (₹ in Lacs)	
2.23 COST OF MATERIALS CONSUMED				
A. Opening Stock				
Raw Materials, Stores and Spares	12613		15253	
Equipment for Specific Projects	412951		465627	
Stock-in-transit and Materials Pending Inspection	18116	443680	21567	502447
B. Add: Purchases		248856		151993
		692536		654440
C. Less: Closing Stock				
Raw Materials, Stores and Spares	12306		12613	
Equipment for Specific Projects	390366		412951	
Stock-in-transit and Materials Pending Inspection	21855	424527	18116	443680
		268009		210760
Less: Provision for Obsolete Stock		45		27
Less: Stores and Spares consumption included in Repairs and Maintenance		13		32
Less: Stores and Spares consumption included in Other Expenses		2147		1779
		265804		208922
2.23.1 Value of Raw Materials, Stores, Equipment, Spares etc. Consumed:				
		%		%
1. Imported	196561	73.34	149213	70.80
2. Indigenous	71448	26.66	61547	29.20
	268009		210760	
2.23.2 Consumption consists of:				
1. Iron and Steel		3297		3557
2. Non-ferrous Metals and Alloys		116		286
3. Machinery and Equipment Fitting on Ships etc.		264469		206772
4. Others		127		145
		268009		210760
2.23.3 Value of Imports on CIF basis:				
Raw materials including machinery, equipment for construction of ships, submarine, repairs and other production jobs.		184525		97473
2.23.4 Foreign Exchange (gain) / loss on raw materials and project specific equipments has been considered in Cost of Material Consumed.		(10110)		(12011)



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2.24 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Allowances and Bonus	57607	55483
Pension	4039	536
Contribution to Provident Fund	4015	3883
Contribution to Employees State Insurance Scheme	71	57
Workmen and Staff Welfare Expenses	5682	6980
Gratuity	580	968
Encashment of Privilege Leave	2445	2127
	74439	70034
2.25 FINANCE COSTS		
Others	7	3
	7	3
2.26 OTHER EXPENSES - PROJECTS RELATED		
Technicians' Fees and Other Expenses	4806	4786
Service Tax Expenses	3266	1363
Technical Know-how Expenses	993	2112
Advising Team Fees and Other Expenses	5033	2024
Facility Hire	913	780
Rent	65	68
Insurance (Refer Note No. 2.43)	37	-
Bank Charges and Guarantee Commission	264	648
Travelling Expenses	83	53
Sea Trial, Launching and Commissioning Expenses	364	133
Legal, Professional and Consultant Fees	29	94
Commission on Sale	-	505
Training Expenses	4389	-
Miscellaneous Expenses	110	138
	20352	30704
2.27 OTHER EXPENSES		
Repairs and Maintenance:		
1. Buildings	785	908
2. Plant and Machinery	2135	2281
3. Steam Launches and Boats, Motor Cars, Lorries, etc.	1154	1226
4. Dredging	-	1
Less : Work done internally and other expenditure which has been included in other heads of expenses	4074	4416
	2821	2909
	1253	1507



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2.27 OTHER EXPENSES (Contd.)		
Facility Hire	446	476
Water Expenses	239	197
Rent	714	973
Insurance	288	320
Rates and Taxes	641	559
Bank Charges and Guarantee Commission	54	62
Printing and Stationery	73	72
Travelling Expenses	459	279
Business Promotion Expenses	966	836
Sea Trial, Launching and Commissioning Expenses	46	-
Corporate Membership Expenses	159	43
Sale / Scrapping of Fixed Assets (Net)		
Loss	-	66
Less : Profit	-	37
Changes in Inventory of Scrap		
Opening Scrap	132	-
Less : Closing Scrap	80	-
Foreign Exchange Variation (Net)		
Loss	5	-
Less : Income	2	3
Miscellaneous Expenses	297	277
Lease Charges	20	20
Research and Development Expenses	1047	856
Legal, Professional and Consultant Fees	177	200
Books and Periodicals	9	8
Postage, Telegrams and Phones	124	103
Training Expenses	155	177
CISF and Security Board Expenses	2226	1831
Advertising Expenses	-	1
Custom Office Establishment Expenses	-	15
Loose Tools Consumed	62	206
Directors Fees and Expenses	1	-
Provision for Obsolete Stock	185	27
Consumption of Stores and Spares etc.	2147	1779
Other Interest	25	116
Bad Debts	290	-
Corporate Social Responsibility Expenses (Refer Note No. 2.2.1)	1169	1277
Less: Utilised from CSR Fund	1169	1277
	12158	10969
2.28 EXPENSES TRANSFERRED TO FIXED ASSETS		
Employee Cost (Refer Note No. 2.43)	-	(130)
	-	(130)



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2.29 PROVISIONS MADE		
1. Liquidated Damages (Refer Note No. 2.43)	-	8
2. Doubtful Debts	1467	1076
3. Guarantee Repairs	2283	1173
4. Others	3	-
	<u>3753</u>	<u>2257</u>
2.30 PRIOR PERIOD ADJUSTMENTS		
1. Expenses:		
a) Gratuity	-	18
b) Depreciation	284	57
c) Others	342	-
	<u>626</u>	<u>75</u>
2. Income:		
a) Depreciation	1135	
b) Others	2665	3800
	<u>3800</u>	<u>131</u>
Net Expenses / (Income)	<u>(3174)</u>	<u>(56)</u>
<u>ADDITIONAL INFORMATIVE NOTES</u>		
2.31 Computation of Profit/Loss for Earnings Per Share		
Profit after tax	63782	49159
Number of Equity Shares	19920000	19920000
Earnings per share Basic (in ₹)	320.19	246.78
Earnings per share Diluted (in ₹)	320.19	246.78
(Share having nominal value of ₹ 100 each)		
2.32 Business Segment Reporting		
a) Being a defence production unit, Accounting Standard 17 (Segment Reporting) is not applicable, hence not reported.		
b) Notes :		
i) For management purposes, the Company is organized into two major segments – Shipbuilding (New Construction and Ship Repairs) and Submarine.		
ii) There are no geographical segments within the business segments.		
2.33 Contingent Liabilities and Commitments:		
2.33.1 Amounts for which Company may be contingently liable:		
a) Estimated amount of contracts remaining to be executed on capital account.	17461	3708
b) Estimated amount of liquidated damages on contracts under execution.	33046	23042
c) Position of non-fund based limits utilized for:		
(i) Letters of credit	115128	95516
(ii) Guarantees and counter guarantees	3269	2980



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
d) Indemnity Bonds issued by the Company to customers for various contracts.	4733080	4733712
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
g) Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	467	-
h) Claim of BSF in respect of delivered BOPs and FPBs.	28	-
2.33.2 Claims against the Company pending under litigation not acknowledged as debts in respect of claims made by:		
(i) Suppliers and sub-contractors	2183	113
(ii) Others	3820	3820
(iii) Interest on (i) and (ii) above	13265	12484
	<u>19268</u>	<u>16417</u>
2.33.3 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 *	111625	111227
ii) Excise Duty		
a) On Vendors	171	164
b) On MDL	26	25
	<u>197</u>	<u>189</u>
	<u>111822</u>	<u>111416</u>
* Against the above claim, part payments of ₹ 583.92 Lacs (Previous year ₹ 573.92 Lacs) have been made under protest.		
The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 177.95 Lacs inclusive of interest and penalty (Previous year ₹ 168.79 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.		
2.33.4 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)	6770	6580
(iii) Income Tax	178	-
	<u>6963</u>	<u>6595</u>

* 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.



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2.33.5 Appeals pending against disputed demands pending before Adjudicating / Appellate authorities Custom Duty	20	20

2.34 As per Accounting Standard 18 "Related Party Disclosures", the disclosures are given below:

a) Name of the related party and description of relationship:

Key Managerial Personnel

RAdm R K Shrawat AVSM (Retd)	Chairman and Managing Director
Cdr P R Raghunath (Retd)	Director (Shipbuilding)
Shri M Selvaraj (Upto 31.05.2015)	Director (Finance)
Cmde Rakesh Anand (Retd)	Director (Corporate Planning & Personnel)
Capt Rajiv Lath (Retd)	Director (Submarine and Heavy Engineering)
Shri Sanjiv Sharma (From 01.06.2015)	Director (Finance)

b) Transactions with Related party:

Nature of Transaction

Receiving of Services: Managerial Remuneration*

RAdm R K Shrawat AVSM (Retd)	29	30
Cdr P R Raghunath (Retd)	28	29
Shri M Selvaraj (Upto 31.05.2015)	7	31
Cmde Rakesh Anand (Retd)	27	28
Capt Rajiv Lath (Retd)	28	28
Shri Sanjiv Sharma (From 01.06.2015)	21	-
Balance Outstanding	-	-

* As per Statement of Profit and Loss Account.

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.

c) Transactions with other State Controlled Enterprises are not considered in view of exemption under Accounting Standard 18 "Related Party Disclosures".

2.35 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.

2.36 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.

2.37 Disclosure in relation to Schedule III to the Companies Act, 2013 –

1. The classification of current and non-current balances of assets and liabilities are made in accordance with the normal operating cycle defined as follows -

The Normal Operating Cycle in respect of different business activities is defined as under-

a) 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.



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
b) In case of other business activities, normal operating cycle will be the time period from the effective date of the contract/order to the date of expiry of guarantee period.		
2. Accretion / Decretion to Contract Work-in-progress is considered as part of revenue from operations, being Turnover as per AS-7 and ASI-29.		

2.38 Employee Benefits

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

(I) Defined Contribution Plans

- (a) Provident Fund
- (b) State Defined Contribution Plans
 - (i) Employers' Contribution to Employees' State Insurance
 - (ii) Employers' Contribution to Employees' Pension Scheme, 1995.
 - (iii) Employers' Contribution to Employees' Deposit Linked Insurance Scheme.

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

1 Employers' Contribution to Provident Fund	2743	2856
2 Employers' Contribution to Employees' State Insurance	71	57
3 Employers' Contribution to EPS (Employees' Pension Scheme)	1183	878
4 Employers' Contribution to Employees' Deposit Linked Insurance Scheme	89	149

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

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)	7.50%	7.95%
2 Rate of increase in compensation levels	7.50%	8.50%

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 01.04.2015	23866	25115
Add : Credit from Company	242	45
Less : Amount paid towards claims	(3636)	(3314)
Add : Interest credited	1997	2020
Closing Balance as on 31.03.2016	22469	23866
Present value of past service benefit	22750	24092

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



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
2.38.2 Actuarial valuation of liability towards Gratuity - Note 2.38.1 (II) above refers.		
Defined Benefit Plans Gratuity - as per actuarial valuation on 31st March, 2016		
i) Assumptions		
a) Discount Rate	7.50%	7.95%
b) Salary Escalation	7.50%	8.50%
c) Actual Rate of Return = 8.37% = 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	24092	24919
Interest cost	1915	1993
Current service cost	1044	472
Benefits paid	(3636)	(3314)
Actuarial (gain) / loss on obligations	(665)	22
Present value of obligations as at end of year	22750	24092
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	23866	25115
Expected return on plan assets	1997	2009
Contributions	242	45
Benefits paid	(3636)	(3314)
Actuarial (gain) / loss on plan assets	-	(11)
Fair value of plan assets at the end of year	22469	23866
iv) Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	23866	25115
Actual return on plan assets	1997	2020
Contributions	242	45
Benefits paid	(3636)	(3314)
Fair value of plan assets at the end of year	22469	23866
Funded status	(281)	(226)
Excess of Actual over estimated return on plan assets	-	11
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	(665)	22
Actuarial (gain) / loss for the year - plan assets	-	(11)
Actuarial (gain) / loss on obligations	(665)	22
Actuarial (gain) / loss recognized in the year	(665)	11



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ 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	22750	24092
Fair value of plan assets as at the end of the year	22469	23866
Funded status	(281)	(226)
Net Asset / (Liability) recognized in balance sheet	(281)	(226)
vii) Expenses recognized in statement of Profit and Loss		
Current service cost	1044	472
Interest cost	1915	1993
Expected return on plan assets	(1997)	(2009)
Net Actuarial (gain) / loss recognized in the year	(665)	11
Expenses recognized in statement of profit and loss	297	467
2.38.3 Actuarial valuation of liability towards Leave Encashment		
Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2016		
i) Assumptions		
Discount rate	7.50%	7.75%
Rate of increase in compensation levels	7.50%	8.50%
Expected average remaining working lives of employees (years)	13	12
ii) Table showing changes in present value of obligations		
Present value of obligation as at the beginning of the year	12792	12360
Acquisition adjustment	NIL	NIL
Interest cost	991	1113
Current service cost	390	826
Curtailement cost / (credit)	NIL	NIL
Settlement cost / (credit)	NIL	NIL
Benefits paid	(1416)	(1151)
Actuarial (gain) / loss on obligations	(368)	(356)
Present value of obligation as at the end of the year	12389	12792



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	NIL	NIL
Acquisition adjustments	NIL	NIL
Expected return on plan assets	NIL	NIL
Contributions	NIL	NIL
Benefits paid	NIL	NIL
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	NIL
Acquisition adjustments	NIL	NIL
Actual return on plan assets	NIL	NIL
Contributions / (withdrawals)	NIL	NIL
Benefits paid	NIL	NIL
Fair value of plan asset at the end of the year	NIL	NIL
Funded status	(12389)	(12792)
Excess of actual over estimated return on plan assets	NIL	NIL
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	(368)	(356)
Actuarial (gain) / loss for the year - plan assets	NIL	NIL
Total (gain) / loss for the year	(368)	(356)
Actuarial (gain) / loss recognised in the year	(368)	(356)
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	12389	12792
Fair value of plan assets as at end of the year	NIL	NIL
Funded status	(12389)	(12792)
Unrecognized actuarial (gains) / losses	NIL	NIL
Net asset / (liability) recognized in balance sheet	(12389)	(12792)
vii) Expenses recognized in statement of profit and loss		
Current service cost	390	826
Interest cost	991	1113
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	(368)	(356)
Expenses recognized in the statement of profit and loss	1013	1583



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2.38.4	<p>Liability was accounted by the Company for Executives on actuarial basis for Executive Post Retirement Medical Benefit Scheme (EPRMS) till FY 2014-15. In FY 2015-16 Company has changed the basis in compliance with Government guidelines, according to which, Company may contribute 3% of the Basic plus Dearness Allowance towards Executive Post Retirement Medical Benefit Scheme (EPRMS) from 1st January 2007 for the medical requirement of retired executives. During FY 2015-16, the Company has made provision of ₹ 966 Lacs after adjusting premium already paid for the period from 1st January 2007 to 31st March 2016 on accrual basis. Consequently, provision outstanding at the beginning of year ₹ 1612 Lacs of earlier years has been reversed.</p>	
2.39	Expenditure in Foreign Currency (on Cash Basis):	
	77	1188
	3345	2383
	17112	8395
	20534	11966
2.40	PROVISIONS MADE, UTILISED, WRITTEN BACK :	
	As at 01.04.2015	As at 31.03.2016
	Additions	Utilised/ Adjustment
Provision for Custom Duty Demand	426	426
Provision for Liquidated Damages	366	366
Provision for Guarantee Repairs	1262	3488
Other Provisions	39	21
2.41	<p>Details of dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as on 31st March, 2016 based on available information with the Company are as under:</p>	
	31st March, 2016	31st March, 2015
Particulars		
Principal amount due and remaining unpaid	-	1
Interest due on above and the unpaid interest (Refer Note No. 2.43)	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	495	320
Interest accrued and remaining unpaid on above	22	15
Amount of further interest remaining due and payable in succeeding years	-	-
2.42	'Miscellaneous Expenses' include:	
Remuneration to the Statutory Auditors		
i) Audit fees	10	8
ii) Out of pocket expenses (Refer Note No. 2.43)	-	-
iii) Tax audit fees	1	1
	11	9
2.43	<p>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 -</p>	
Balance Sheet Items -	₹	₹
Note No. 2.8		
Contribution to Pension Scheme - Executives	-	1004



	31 st March, 2016 (₹ in Lacs)	31 st March, 2015 (₹ in Lacs)
Note No. 2.17		
Balance in Cash Credit Accounts	10303	9685
Note No. 2.19		
Assets under Disposal	-	46415
Interest Recievable on Loan to Employees	12852	49570
Note No. 2.22		
Insurance Claims	18824	-
Note No. 2.26		
Insurance	-	11352
Note No. 2.28		
Transfer to Fixed Assets	27040	-
Note No. 2.29		
Provision for Liquidated Damages	26129	-
Note No. 2.41		
Interest Due and Unpaid	-	11942
Note No. 2.42		
Out of pocket expenses	25479	38764
2.44	<p>The Company has entered into a Joint Venture with Pipavav Defence and Offshore Engineering Company Ltd. (Currently name changed as 'Reliance Defence and Engineering 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, 2016, the Joint Venture Company has not commenced its operations and reported loss of ₹ 1 lac (₹ 1 lac for FY 2013-14) as per latest audited results of FY 2014-15.</p>	
2.45	<p>Classified</p>	
2.46	<p>The Company has made a claim of ₹ 5796 Lacs (Previous year ₹ 5785 Lacs) towards ERV to the Navy relating to MRSSK Project and is confident of realising the same based on the communication from the customer to reconsider the Company's claim favourably. Therefore, no provision has been considered necessary.</p>	
2.47	<p>An amount of liquidated damages of ₹ 2142 Lacs on supply of B&D spares is withheld by Navy. The Company is in process of negotiation with Suppliers and Navy and is confident that this claim will not ultimately devolve on the Company.</p>	
2.48	<p>The previous year's figures have been regrouped/reclassified wherever necessary to conform to the current presentation.</p>	

As Per Our Report of Even Date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

sd/-

Shrikant Prabhu

Partner

Membership No. 35296

Date: 04 Aug '16

Mumbai

For and on Behalf of the Board of Directors

sd/-

Rear Admiral R K Shrawat AVSM (Retd)

Chairman and Managing Director

sd/-

Sanjiv Sharma

Director (Finance)

sd/-

Madhavi Kulkarni

Company Secretary



INDEPENDENT AUDITOR'S REPORT

To The Members of Mazagon Dock Shipbuilders Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 'Mazagon Dock Shipbuilders Limited' (hereinafter referred to as "the Parent Company") and its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Parent Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Parent Company and its associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the Parent Company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Parent Company and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditor in terms of his report referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of report of other auditor on separate financial statements of the associate, the aforesaid consolidated 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:

- i) in the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Parent Company and its associate as at 31st March, 2016;
- ii) in the case of the Consolidated Statement of Profit and Loss, of the consolidated profits for the year ended on that date; and
- iii) in the case of the Consolidated Cash Flow Statement, of the consolidated cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the notes to the consolidated 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 and are under the process of reconciliation and confirmation. (Refer Note 2.35)
4. Classified
5. The Parent Company has made a claim of ₹ 5,796 Lacs (As at 31st March, 2015: ₹ 5,785 Lacs) towards ERV to the Navy relating to Project MRSSK which it is confident of realizing. (Refer Note 2.46)
6. Liquidated damages of ₹ 2,142 Lacs on supply of B&D spares withheld by Navy has not been provided as the Parent Company is confident that this claim will not ultimately devolve on them. (Refer Note 2.47)
7. The financials of Joint Venture Company "Mazagon Dock Pipavav Defence Pvt Ltd" in which the Parent Company holds 50% of the equity has not been consolidated by the management in the consolidated financial statements for reasons stated in Note 2.48.3.

Our opinion is not modified in respect of these matters.

Other Matters

- (a) The consolidated financial statements includes the Parent Company's share of net profit of ₹ 3,402 Lacs for the year ended 31st March, 2016, as considered in the consolidated financial statements, in respect of its associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditor whose report has been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of the other auditor.
- (b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. 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 – I (a) and I (b), a statement on the matters referred to in those directions.



2. As required by section 143(3) of the Act, we report, to the extent applicable, that:
- we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;
 - in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of other auditor;
 - the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements;
 - in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - the provisions of Section 164(2) of the Act are not applicable to Government Company;
 - with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in 'Annexure II', which is based on the auditor's reports of the Parent Company and its associate incorporated in India.
 - 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:
 - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Parent Company (Refer Note 2.33 to the consolidated financial statements);
 - The Parent 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 Parent Company does not have any derivative contracts.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent Company.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants
Firm's Registration No. 102860W/W100089

Place: Mumbai
Date: 30 Aug '16

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296



Annexure – I (a) to the 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 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. **Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.**

The Parent Company has clear title/lease deeds for freehold and leasehold land except;

Sr. No.	Plot No.	Location	Type of Property	Area (in Sq Mtrs)	Remarks
1	Plot No. 355 PH I	Dockyard Road, Mumbai	Leasehold	6240.14	Lease renewal of the plots is under consideration of MBPT. Awaiting formulation of land policy.
2	Plot No. 355 PH II	Dockyard Road, Mumbai	Leasehold	1960.93	
3	Extension. Of Slipway	Dockyard Road, Mumbai	Leasehold	3746.00	
4	Additional Water Area for further extension of slipway to 20M	Dockyard Road, Mumbai	Leasehold	1850.00	

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.**

Sr. No.	Name of the Party	Amount written off (₹ in Lacs)	Reasons
1.	M/s Nilhat Shipping Co. M/s India Steam Ship Co.	9.67 149.69	The Parent Company has filed recovery suit against M/s Nilhat Shipping Co. as Respondent No. I and India Steam Ship Co. as Respondent No. II for the recovery of the balance amount of ₹ 9.67 Lacs and ₹ 149.69 Lacs respectively. The Hon'ble High Court dismissed the suit against Respondent No. II on the grounds that India Steam Ship Co. has acted as an agent for its disclosed principal M/s Nilhat Shipping Co. Court has granted ex-parte judgment decree of the full suit amount against Respondent No.I. M/s Nilhat Shipping Co. has gone into liquidation and the Official Liquidator who has been impleaded as party to the suit intimated to the court that only ₹ 3659 Lacs is available for distribution to all creditors. The board of the Parent Company had advised to make claim with official liquidator based on the decree for the full suit amount passed by the court in favour of the Parent Company and also advised to get legal opinion from the solicitors on the possibility of realizing the suit amount from M/s India Steamship Co. Accordingly, a letter has been sent to official liquidator claiming the decree amount and also legal opinion was obtained from the solicitors who handled the case in the court. The solicitor has opined that the decreed amount cannot be recovered from M/s India Steamship Co. as per the provisions of the Indian Contract Act, 1872 on the account that they have



			acted on behalf of disclosed principal M/s Nilhat Shipping Co. Further, the reminder was sent to the official liquidator claiming the decreed amount from him. However, no response has been received from him. Therefore, the Parent Company has written off the abovementioned receivables from the books after obtaining approval from the management.
2.	M/s Streamline Shipping	1.97	CS & GM (L&E) has intimated that, the whereabouts of the party is not known to receive the decree amount. Further, filing of execution of the decree amount will result unnecessary expenditure towards court fee, advocate fee etc. Therefore, the Parent Company has written off the abovementioned receivables from the books after obtaining approval from the management.
3.	M/s Patel Engineering	36.71	Receivables of ₹ 36.71 Lacs was due from M/s Patel Engineering which was under litigation. The arbitration award of ₹ 0.86 Lacs was passed by the arbitrator in favour of the Parent Company against the total receivables of ₹ 36.71 Lacs. The same award was accepted by the Parent Company. CS & GM (L&E) has intimated that the M/s Patel Engineering has paid the award amount of ₹ 0.86 Lacs through the cheque dated 21/09/2013. Same amount has been credited to Parent Company account with Canara Bank. In view of above, the Parent Company has written off the abovementioned receivables from the books after obtaining approval from the management.
4.	PCDA (N)	91.12	Brief of SOT Expenses for period 2001-05 has been prepared and approved by management. The Parent Company has written letter dated 18/03/2013 to PDSMAQ for clearance of amount based on the brief case history indicating the sequence of events along with copies of letters. IHQ has requested to submit a certificate by SOT (MB) confirming that all bills submitted have been scrutinized by them. The Parent Company has stated that certificate as requested by IHQ was submitted vide fax no. 75/4000/BUDGET dated 31/05/2013 by SOT(MB) on 31/05/2013. IHQ has requested to SOT (MB) to confirm that the bills submitted for the period 01/07/2001 to 31/12/2005 do not include any payment towards P-75. The same has been confirmed through letter dated 27/07/2013 & another letter dated 30/07/2013. Further, IHQ had asked head under which funds were allocated for SOT Expenditure and bills related to preparatory activities were submitted. The Parent Company has replied to above through its letter dated 15 /10/2013 & stated that the funds were allocated under Major head 4076.02 Minor head 204 & mentioned that bills related to Preparatory activities during the period October 2002 to December 2005 were duly certified & passed by SOT (MB).



			<p>The Parent Company through its letter dated 23/12/2013 & 27/01/2014, once again requested IHQ to clear the pending bills. IHQ stated that the case being perused vigorously for approval and repeated queries are being answered. The progress/outcome of the case for pending payment will be intimated in due course of time. The Parent Company through its letter dated 11/03/2014 & 16/04/2014 requested to clear the pending amount on priority. Further, IHQ has asked details of booking of SOT (MB) expenditure. The Parent Company through its letter dated 19/05/2014 has submitted the detailed list of preparatory work bills. The Parent Company through its letter dated 21/04/2015 requested to clear the pending amount on priority. From the above it is quite clear that the Parent Company has put up all the efforts for clearing the pending amount but the payment has not been released by PCDA due to non-allocation of fund by DNP. In view of above, the Parent Company has written off the abovementioned receivables from the books after obtaining approval from the management.</p>
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3. **Whether proper records are maintained for inventories lying with third parties & assets received as gift from Government or other authorities.**

The total value of inventory of the Parent Company lying with third parties is ₹ 320 Lacs as at 31.03.2016. The Parent Company has maintained only manual records identifying inventories lying with third parties. In our opinion, track of such inventories needs to be maintained through the ERP system operated by the Parent Company in order to have proper control on such inventories. There are no assets received as gift from the Government.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants
Firm's Registration No. 102860W/W100089

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Place: Mumbai
Date: 30 Aug '16



Annexure – I (b) to the Independent Auditor's Report

To the Members of Mazagon Dock Shipbuilders Limited (pertaining to its associate – Goa Shipyard 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 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. Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.**

In our opinion and according to information provided by the Company, the Company has clear title/lease deeds for the freehold and leasehold land respectively.

- 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.**

There has been no instance of waiver/write-off of debts/loans/interest etc., by the Company during the year.

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

In our opinion and according to information provided by the Company there are no inventories lying with third parties and no assets have been received as gift/grants(s) from Government or other authorities.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants
Firm's Registration No. 102860W/W100089

Place: Mumbai
Date: 30 Aug '16

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296



Annexure II

Annexure to the Independent Auditor's Report of even date on the Consolidated Financial Statements of Mazagon Dock Shipbuilders Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2016, we have audited the internal financial controls over financial reporting of Mazagon Dock Shipbuilders Limited ('the Parent Company') and its associate incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the ICAI and the Standards on Auditing, prescribed under the section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the associate, in terms of their report referred to in the Others Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion on operating effectiveness of Internal Financial Controls Over Financial Reporting and unmodified opinion on adequacy of such controls

Qualified opinion

According to the information and explanations given and based on our audit, the following material weaknesses have been identified in the operating effectiveness of the Parent Company's internal financial controls over financial reporting as at 31st March, 2016:

- a) The Parent Company's internal financial controls over booking of cost and liability on material supplied directly on ship were not operating effectively which could potentially result in incorrect reflection of contract work-in-progress and understatement of liability.
- b) The Parent Company's internal financial controls over booking of advances received from the Navy to the correct project code account was not operating effectively resulting in advances being booked to the wrong project code which could potentially result in incorrect adjustments at the time of final reconciliation with the Navy in respect of completed projects.
- c) The Parent Company's internal financial controls over booking of remuneration in the nature of commission on supplies of B & D spares to Navy is not adequate which could potentially result in the Company booking incorrect income as well as not booking it on timely basis.

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

In our opinion, to the best of our information and according to the explanations given to us, the Parent Company and its associate incorporated in India, have, in all material respects, an adequate internal financial controls over financial reporting as of 31st March, 2016, based on the internal control over financial reporting criteria established by these entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI, and except for the effects/possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the internal financial controls of these entities over financial reporting were operating effectively as of 31st March, 2016.

We have considered the material weakness identified and reported above and also considered the nature, timing, and extent of audit tests applied in the audit of the 31st March, 2016 financial statements of the Parent Company, and the material weakness does not affect our opinion on the consolidated financial statements of the Company.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to one associate, which is a Company incorporated in India, is based on the corresponding report of the auditor of such Company.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants
Firm's Registration No. 102860W/W100089

Sd/-
Shrikant Prabhu
Partner

Membership No. 35296

Place: Mumbai
Date: 30 Aug '16



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S. MAZAGON DOCK SHIPBUILDERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2016.

The preparation of consolidated financial statements M/s. Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their **Audit Report dated 30 August 2016.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of **M/s. Mazagon Dock Shipbuilders Limited, Mumbai** for the year ended 31 March 2016. We conducted a supplementary audit of the financial statements of M/s. Mazagon Dock Shipbuilders Limited, Mumbai and M/s. Goa Shipyard Limited, Goa but did not conduct supplementary audit of the financial statements of M/s. Mazagon Dock Pipavav Defence Pvt Limited for the year ended on that date. **Further, section 139(5). and 143 (6) (b) of the Act are not applicable to M/s. Mazagon Dock Pipavav Defence Pvt Limited being private entity, for appointment of their Statutory Auditor nor for conduct of supplementary audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of this Company.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

**(E. P. Nivedita)
Pr. Director of Commercial Audit
and Ex-Officio Member Audit Board, Bangalore.**

**Place : Bangalore
Dated : 12 September 2016**



**CONSOLIDATED BALANCE SHEET
AS AT 31st MARCH, 2016**

	Note	2015-16 (₹ in Lacs)	2014-15 (₹ in Lacs)
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	2.1	19920	19920
(b) Reserves and Surplus	2.2	296652	255354
		316572	275274
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	8109	7943
(b) Other Long-term Liabilities	2.4	-	-
(c) Long-term Provisions	2.5	16525	17335
Total Non-current Liabilities		24634	25278
(3) Current Liabilities			
(a) Trade Payables	2.6	101101	71247
(b) Other Current Liabilities	2.7	2915852	2745775
(c) Short-term Provisions	2.8	20665	5762
Total Current Liabilities		3037618	2822784
	TOTAL	3378824	3123336
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.9(i)	32354	25676
(ii) Intangible Assets	2.9(ii)	2105	905
(iii) Capital Work-in-Progress	2.10	6461	4014
		40920	30595
(b) Non-current Investments	2.11	32549	29889
(c) Deferred Tax Assets (Net)	2.12	15745	12019
(d) Long-term Loans and Advances	2.13	27991	28551
(e) Other Non-current Assets	2.14	5162	6214
Total Non-current Assets		122367	107268
(2) Current Assets			
(a) Inventories	2.15	2032591	1854192
(b) Trade Receivables	2.16	77859	74854
(c) Cash and Cash Equivalents	2.17	880617	761828
(d) Short-term Loans and Advances	2.18	248798	306290
(e) Other Current Assets	2.19	16592	18904
Total Current Assets		3256457	3016068
	TOTAL	3378824	3123336

Significant Accounting Policies and Notes to the Consolidated Financial Statements

1 & 2

As Per Our Report of Even Date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

sd/-

Shrikant Prabhu

Partner

Membership No. 35296

Date: 30 Aug '16

Mumbai

For and on Behalf of the Board of Directors

sd/-

Rear Admiral R K Shrawat AVSM (Retd)

Chairman and Managing Director

sd/-

Sanjiv Sharma

Director (Finance)

sd/-

Madhavi Kulkarni

Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH, 2016

	Note	2015-16 (₹ in Lacs)	2014-15 (₹ in Lacs)
I. Revenue from operations			
1 Turnover	2.20	412165	359260
2 Other Operating Revenue	2.21	2018	2631
		414183	361891
II Other Income	2.22	73611	56257
III. Total Revenue (I + II)		487794	418148
IV. Expenses:			
1 Cost of Materials Consumed	2.23	265804	208922
2 Employee Benefits Expense	2.24	74439	70034
3 Sub-Contract		13492	15239
4 Power and Fuel		2822	2520
5 Finance Costs	2.25	7	3
6 Depreciation and Amortization Expenses	2.9	3150	3086
7 Other Expenses : (a) Project Related	2.26	20352	30704
(b) Others	2.27	12158	10969
8 Adjustment for Expenses Transferred to Fixed Assets	2.28	-	(130)
9 Provisions	2.29	3753	2257
Total Expenses		395977	343604
V. Profit Before Prior Period Adjustments and Tax		91817	74544
VI. Prior Period Adjustments	2.30	(3174)	(56)
VII. Profit Before Tax		94991	74600
VIII. Tax Expense: (1) Current Tax		35220	25672
(2) Deferred Tax		(3726)	(231)
(3) Tax Adjustments Relating to Prior Years		457	-
IX. Profit / (Loss) Before Share of Net Profit/(Loss) of Associate		63040	49159
X. Share of Net Profit/(Loss) of Associate		3402	2416
XI. Profit for the Year		66442	51575
XII. Earnings per Equity Share (₹)		333.54	258.91

Significant Accounting Policies and Notes to the Consolidated Financial Statements

1 & 2

As Per Our Report of Even Date

Ford Rhodes Parks & Co. LLP
Chartered Accountants
Firm Registration No. 102860W/W100089

sd/-

Shrikant Prabhu
Partner
Membership No. 35296

Date: 30 Aug '16
Mumbai

For and on Behalf of the Board of Directors

sd/-

Rear Admiral R K Shrawat AVSM (Retd)
Chairman and Managing Director

sd/-

Sanjiv Sharma
Director (Finance)

sd/-

Madhavi Kulkarni
Company Secretary



**CONSOLIDATED CASH FLOW STATEMENT FOR
THE YEAR ENDED 31st MARCH, 2016**

Sr.No	Particulars	2015-16 (₹ in Lacs)	2014-15 (₹ in Lacs)
A	Cash Flow From Operating Activities		
	Net Profit Before Tax	94991	74600
	Adjustments for :		
	(+) Non Cash Expenditure and Non Operating Expenses		
	Depreciation / Amortisation	3150	3086
	Finance Cost	7	3
	Prior Period Depreciation / Amortisation	(850)	(74)
	(-) Non Operating Income		
	Profit / Loss on Sale of Fixed Assets	(7)	29
	Interest Income	(66838)	(50505)
	Other Items		
	Fund Utilised for CSR	(1169)	(499)
	Operating Profit Before Working Capital Changes	29284	26640
	Adjustment for (Increase) / Decrease in Working Capital		
	Adjustments for :		
	Inventories	(178399)	(51472)
	Trade Receivables and Short Term Loans and Advances	54487	(4608)
	Other Current and Non Current Assets	1755	540
	Trade Payables and Other Current Liabilities and Provisions	202895	262617
	Long Term Loans and Advances	(3605)	(605)
	Long Term Liabilities and Provisions	(810)	2346
	Cash Generated from Operations	105607	235458
	Direct Tax Paid (Net)	(30990)	(28401)
	Net Cash from (used in) Operating Activities	74617	207057
B	Cash Flow from Investing Activities		
	Purchase of Fixed Assets (Net of Adjustments)	(10188)	(12048)
	Capital Work in Progress	(2447)	7225
	Sale of Fixed Assets	19	38
	Capital Advance	(522)	834
	Interest Income	68445	47383
	Dividend Received from Associate	742	-
	Net Cash from / (used in) Investing Activities	56049	43432
C	Cash Flow from Financing Activities		
	Dividend Paid (Including Tax on Dividend)	(12036)	(11999)
	Interest Paid	(7)	(3)
	Other Long Term Borrowings	166	(934)
	Net Cash from / (used in) Financing Activities	(11877)	(12936)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	118789	237553
	Cash and Cash Equivalents at the beginning of the year	761828	524275
	Cash and Cash Equivalents at the end of the year	880617	761828

Note: Figure in bracket indicate out flow

As Per Our Report of Even Date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

sd/-

Shrikant Prabhu

Partner

Membership No. 35296

Date: 30 Aug '16

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For and on Behalf of the Board of Directors

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Rear Admiral R K Shrawat AVSM (Retd)

Chairman and Managing Director

sd/-

Sanjiv Sharma

Director (Finance)

sd/-

Madhavi Kulkarni

Company Secretary



1. SIGNIFICANT ACCOUNTING POLICIES:

PRINCIPLES OF CONSOLIDATION

The consolidated financial Statements consist of Mazagon Dock Shipbuilders Limited (“The Company”) and its associate Company. The Consolidated Financial Statements are prepared on the following basis:

- i) Investments in associates where the Company holds more than 20% of equity, are accounted for using equity method as per Accounting Standard (AS) 23- “Accounting for Investments in Associates in Consolidated Financial Statements”.
- ii) The consolidated financial statements are prepared using uniform accounting policies and are presented to the extent possible in the same manner as the Company’s separate financial statement except where adjustment for the differences are immaterial/ impractical.
- iii) The goodwill/capital reserve arising on acquisition of Associate is included in the carrying amount of the investment and disclosed separately. The carrying amount of the investment in associates is adjusted by the share of net profits / losses in the Consolidated Balance Sheet.

OTHER 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 and 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 accrued basis for Executives and on actuarial valuation basis for Non Executives.
- (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.



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS		
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
	<u>32372</u>	<u>32372</u>
2.1.2 Issued, Subscribed And Fully Paid-up		
1,99,20,000 (Previous year 1,99,20,000) Equity Shares of ₹ 100 each. All the above 1,99,20,000 (Previous year 1,99,20,000) Equity Shares are held by the President of India and his nominees	19920	19920
	<u>19920</u>	<u>19920</u>
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	207500	172500
Add: Transfer from Surplus	<u>35000</u>	<u>35000</u>
	242500	207500
Corporate Social Responsibility Fund (Refer Note No. 2.2.1)		
Balance as per Last Balance Sheet	1734	956
Less: Utilised for Expenses	1169	499
Add: Transfer from Surplus	<u>1316</u>	<u>1277</u>
	1881	1734
Surplus: Opening Balance	33743	30444
Add: Net Profit After Tax Transferred from Statement of Profit and Loss	<u>66442</u>	<u>51575</u>
	100185	82019
Less: Appropriations		
Transfer to General Reserve	35000	35000
Transfer to Corporate Social Responsibility Fund	1316	1277
Dividend on Equity Shares:		



	31st March, 2016 (₹ in Lacs)		31st March, 2015 (₹ in Lacs)	
- Interim Dividend	10000		10000	
- Proposed Final Dividend	9920		-	
Tax on Dividend	4055		1999	
	<u>60291</u>		<u>48276</u>	
Surplus: Closing Balance		<u>39894</u>		<u>33743</u>
		<u>296652</u>		<u>255354</u>
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 2015-16 is ₹ 1316 Lacs (Previous year ₹ 1277 Lacs), being 2% of average net profit of the last three years. During the year, the Company has incurred an amount of ₹ 1169 Lacs (Previous year ₹ 499 Lacs) towards CSR activities which has been utilised from the opening CSR Fund. The balance unspent amount as on 31.03.2016 has been transferred to the CSR Fund.			
2.3	LONG-TERM BORROWINGS (Unsecured)			
Deferred payment liability to a foreign supplier against supply of materials		8514		8321
Less: Amount payable within 12 months		<u>405</u>		<u>378</u>
		<u>8109</u>		<u>7943</u>
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 ₹ 405 Lacs (Previous year 378 Lacs) includes yearly instalment payable of ₹ 214 Lacs (Previous year ₹ 214 Lacs) and ₹ 191 Lacs (Previous year ₹164 Lacs) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 01-04-2016, which is ₹ 94.3809 for 1 SDR.			
2.4	OTHER LONG-TERM LIABILITIES			
1. Other Payables				
a) Advances Received from Customer for Infrastructure Projects	82826		70955	
Add: Received During the Year	3899	86725	11871	82826
Less: Deducted from Capital Work-in-Progress (As per contra - 2.10)		<u>10588</u>		<u>10474</u>
Less: Transfer to Fixed Assets for Capitalisation		<u>76137</u>		<u>72352</u>
		<u>-</u>		<u>-</u>
2.5	LONG-TERM PROVISIONS			
1. Provision for Employee Benefits				
a) Provision for Post Retirement Benefit Scheme	6102		6522	
Less: Payable within 12 months	<u>258</u>	5844	<u>343</u>	6179
b) Provision for Leave Salary Encashment (Refer Note No. 2.38.3)	13053		13100	
Less: Payable within 12 months	<u>3177</u>	9876	<u>2800</u>	10300
c) Provision for Welfare Expenses		418		451
2. Other Provisions				
a) Provision for Liquidated Damages		366		366
b) Others		<u>21</u>		<u>39</u>
		<u>16525</u>		<u>17335</u>



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2.6 TRADE PAYABLES		
a) MSME Vendors	1130	227
b) Other Vendors (Refer Note No. 2.41 for MSME dues)	99971	71020
	<u>101101</u>	<u>71247</u>
2.7 OTHER CURRENT LIABILITIES		
1. Deferred Payment Liability Payable	405	378
2. Other Payables		
a) Advances Received from Customers	2963503	2784929
Less: Advances Received for Infrastructure Projects	86725	82826
b) Employee Related	13393	8282
c) Statutory Dues	598	978
d) Provision for Expenses	23284	32758
e) Deposits	561	443
f) Others	833	833
	<u>2915852</u>	<u>2745775</u>
2.8 SHORT-TERM PROVISIONS		
1. Provision for Employee Benefits		
a) Provision for Leave Salary Encashment	3177	2800
b) Provision for Gratuity	1265	846
c) Provision for Post Retirement Benefit Scheme	258	343
d) Provision for Welfare Expenses	112	83
2. Other Provisions		
a) Provision for Guarantee Repairs	3488	1262
b) Provision for Custom Duty Demand	426	426
c) Provision for Wealth Tax	-	2
d) Proposed Final Dividend	9920	-
e) Tax on Proposed Final Dividend	2019	-
	<u>20665</u>	<u>5762</u>



Sr. No.		Particulars	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK			
			Cost as on 01-04-15	Additions	Adjustments	Disposal	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments	Disposal	Balance 31-03-16	As on 31-03-16	As on 31-03-15
A		Assets Owned by MDL												
1		Land: i) Leasehold	912	-	-	-	912	441	50	-	-	491	421	471
		ii) Freehold	1	2866	-	-	2867	-	-	-	-	-	2867	1
2		Buildings: i) Factory Building	3543	79	-	-	3622	2737	44	-	-	2781	841	806
		ii) Office and Staff Quarters												
		a) RCC	1489	659	-	3	2145	560	29	-	2	587	1558	929
		b) Non RCC	137	158	-	-	295	39	10	-	-	49	246	98
3		Road	72	571	-	-	643	68	91	-	-	159	484	4
4		Other Civil Works	-	9	-	-	9	-	3	-	-	3	6	-
5		Plant and Equipment	20096	2765	(36)	63	22762	10798	820	-	56	11562	11200	9298
6		Furniture and Fixtures	1303	277	-	7	1573	537	154	-	6	685	887	765
7		Vehicles	1873	158	-	15	2016	339	226	-	14	551	1465	1534
8		Office Equipment	1737	368	-	6	2099	1038	311	-	5	1344	755	699
9		Building Berths, Kasara Basin, Dry Docks and Launchways	-	-	-	-	-	-	-	-	-	-	-	-
10		Computers and Data Processing Units												
		i) Desktops, Laptops etc.	1723	154	-	5	1872	1502	147	-	5	1644	228	221
		ii) Server and Network	1381	81	-	-	1462	864	158	-	-	1022	440	517
11		Ship - Launches and Boats	897	-	-	-	897	595	15	-	-	610	287	302
		Electrical Installation and Equipments	1502	91	-	6	1587	686	140	-	5	821	766	816
		Sub-total	36665	8236	(36)	105	44760	20205	2198	-	93	22310	22451	16460
		Previous Year's Figures	30642	6254	-	231	36665	17844	2525	-	164	20205	16460	12798
Note : 9 Nos. Vessels under the head "Launches and Boats" costing ₹ 897 Lacs are registered in the name of CMD of the Company to comply with the requirement of Indian Coastal Act, 1938 / Indian Vessels Act, 1917.														
B		Jointly Funded Assets (Net of Indian Navy Funded)	Cost as on 01-04-15	Additions	Adjustments	Disposal	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments	Disposal	Balance 31-03-16	As on 31-03-16	As on 31-03-15
1		Factory Building	7437	-	785	-	8222	93	260	11	-	364	7858	7344
2		Plant and Equipment	2135	-	542	-	2677	263	230	139	-	632	2045	1872
		Sub-total	9572	-	1327	-	10899	356	490	150	-	996	9903	9216
		Previous Year's Figures	4208	7626	(2262)	-	9572	186	244	(74)	-	356	9216	4022
		Total Tangibles Assets (A+B)	46237	8236	1291	105	55659	20561	2688	150	93	23306	32354	25676
		Previous Year's Figures	34850	13880	(2262)	231	46237	18030	2769	(74)	164	20561	25676	16820



2.9 (ii) INTANGIBLE ASSETS

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK					
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	As on 31-03-16	As on 31-03-15
A	Assets Owned by MDL												
1	Computer Software/SAP-ERP	1479	650	(1237)	-	892	93	(1237)	-	258	634	77	
2	Other than SAP-ERP	1621	1011	-	-	2632	368	-	-	1161	1471	828	
	Sub Total	3100	1661	(1237)	-	3524	461	(1237)	-	1419	2105	905	905
	Previous Year's Figures	2670	430	-	-	3100	317	-	-	2195	905	792	

Sr. No.	Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION			NET BLOCK					
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	As on 31-03-16	As on 31-03-15
B	Jointly Funded Assets (Net of Indian Navy Funded)												
1	Computer Software/SAP-ERP	-	-	237	-	237	-	237	-	-	237	-	-
	Sub Total	-	-	237	-	237	-	237	-	-	237	-	-
	Previous Year's Figures	-	-	-	-	-	-	-	-	-	-	-	-
	Total Intangible Assets (A+B)	3100	1661	(1000)	-	3761	461	(1000)	-	1656	2105	905	905
	Previous Year's Figures	2670	430	-	-	3100	317	-	-	2195	905	792	
	Total Assets (i+ii)	49337	9897	291	105	59420	3150	(850)	93	24962	34459	26581	26581
	Previous Year's Figures	37520	14310	(2262)	231	49337	3086	(74)	164	22756	26581	17612	

2.9.1 Land at Anik Chembur allotted earlier on lease by Govt of Maharashtra has been granted on occupancy rights "Occupant Class 2" basis by Government

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

a. Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai.

b. 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.

(ii) The registration formalities of Belapur flats are completed during FY 2015-16. Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 114 Lacs (Previous year ₹ 166 Lacs).

(iii) Government of India, re-vested all the rights of the properties of Alcock Ashdown Co. Ltd. at Mumbai with Mazagon Dock Shipbuilders Ltd. vide Government of India Gazette Notification dated 06.07.1990. Registering the name of Mazagon Dock Shipbuilders Ltd on Property Card is completed during FY 2015-16.

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.

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.

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

Pursuant to the implementation of Schedule II to the Companies Act, 2013, the Company has revised the useful life of its fixed assets in FY 2014-15. As envisaged under the Schedule, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers and data processing units where no residual value is retained. The depreciation charged pertaining to assets whose revised useful life has expired prior to commencement of the financial year 2014-15 has been charged to the statement of profit and loss of the previous year as per the option in Schedule II.

Due to re-allocation of funds received from Indian Navy, the assets funded by Mazagon Dock Shipbuilders Ltd. is increased by a net amount of ₹ 327 Lacs (Tangible Assets (2.9 (i) (B) increased by ₹ 1327 Lacs and Intangible Assets 2.9(ii) (B) decreased by ₹ 1000 Lacs).

As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 11135 Lacs (Previous Year ₹ 9572 Lacs) (net cost to Company) were capitalised upto 31st March 2016 as jointly funded by the Company and Indian Navy and depreciation of ₹ 995 Lacs (Previous Year ₹ 356 Lacs) has been accounted on it upto 31st March 2016. Total Assets of ₹ 87272 Lacs (Previous Year ₹ 81924 Lacs) are jointly funded by the Company and Indian Navy.

Assets jointly funded by MDL and Indian Navy

Sr. No.	Particulars	Building Berths, Kasara Basin, Dry Docks and Launchways	Plant and Equipment	CDPU	Temporary Shade	Factory Buildings	Office Equipment	Furniture and Fixtures	Intangible asset SAP	Total as on 31-03-16	Total as on 31-03-15
1	Total Cost upto 31.03.2016	-	62478	345	96	22907	13	15	1418	87272	81924
2	Less: Funded By Navy	-	59801	345	96	14686	13	15	1181	76137	72352
3	Funded By MDL	-	2677	-	-	8221	-	-	237	11135	9572
	Previous Year's Figures	-	2135	-	-	7437	-	-	-	9572	4208



	31st March, 2016 (₹ in Lacs)		31st March, 2015 (₹ in Lacs)	
2.10 CAPITAL WORK-IN-PROGRESS				
1. Own Resources				
A. Tangible Assets				
Opening Balance	1759		1864	
Add: Expenditure During the Year	9794		6328	
Less: Capitalisation During the Year	8236		6254	
Less: Loose Tools transfer to Inventory	51	3266	179	1759
B. Intangible Assets Under Development				
Opening Balance	-		106	
Add: Expenditure During the Year	1661		324	
Less: Capitalisation/Adjustments During the Year	1661	-	430	-
2. Funded by Indian Navy				
a) Mazdock Modernisation Project				
Opening Balance	-		18177	
Add: Expenditure / Adjustments During the Year	-		4033	
Less: Capitalisation/Adjustments During the Year	-		22210	
	-		-	
b) Submarine Facilities Upgradation Project				
Opening Balance	12729		8753	
Add: Expenditure/Adjustments During the Year	5166		6188	
Less: Capitalisation/Adjustments During the Year	4112		2212	
	13783		12729	
2 (a) + 2 (b)	13783		12729	
Less: Advances Received from Customer (As per contra-2.4)	10588	3195	10474	2255
		6461		4014
2.11 NON-CURRENT INVESTMENTS				
Investments in Associate (Uncoated) 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 Carrying amount of investment is net of capital reserve of ₹ 3.91 Lacs. (Previous Year ₹ 3.91 Lacs)				
		32549		29889
		32549		29889



	31st March, 2016 (₹ in Lacs)		31st March, 2015 (₹ in Lacs)	
2.12 DEFERRED TAX ASSETS / (LIABILITIES)				
1. Deferred Tax Assets				
Provisions		20482		15587
2. Deferred Tax Liabilities				
Service Tax	(1690)		(1402)	
Depreciation	(3047)	(4737)	(2166)	(3568)
Deferred Tax Assets - (Net)		<u>15745</u>		<u>12019</u>
2.13 LONG-TERM LOANS AND ADVANCES				
(Unsecured, Considered Good Unless Otherwise Specified)				
1. Capital Advances		558		36
2. Sales Tax (VAT) / Service Tax Set Off Receivable		9198		6072
3. Advance Payment of Tax and Tax Deducted at Source	99155		94057	
Less: Provision for Tax	<u>86346</u>	12809	<u>76561</u>	17496
4. Other Loans and Advances -				
a) Deposits		559		478
b) Balance with Sales Tax Authorities		565		555
c) Balances with Port Trust		451		444
d) Balance with Customs Authorities		20		20
e) Foreign Exchange Fluctuation on Deferred Debts	4022		3614	
Less: Exchange Fluctuation Receivable Within 12 Months	191	3831	164	3450
f) Advances paid to Vendors - Considered Doubtful	2		-	
Less: Provision for Doubtful Advances	<u>2</u>	-	<u>-</u>	-
g) Other Receivables - Considered Doubtful	2750		2750	
Less: Provision for Doubtful Receivables	2750	-	2750	-
		<u>27991</u>		<u>28551</u>
2.14 OTHER NON-CURRENT ASSETS				
(Unsecured, Considered Good Unless Otherwise Specified)				
1. Long-term Trade Receivables				
a) Deferred Debts		4279		4493
b) Other Debts over Six Months				
i) Considered Good	405		1243	
ii) Considered Doubtful	19053		17746	
	<u>19458</u>		<u>18989</u>	
Less: Provision for Doubtful Debts	19053	405	17746	1243



	31st March, 2016 (₹ in Lacs)		31st March, 2015 (₹ in Lacs)	
2. Other Receivables				
a) Considered Good	478		478	
b) Considered Doubtful	190		320	
	668		798	
Less: Provision for Doubtful Debts	190	478	320	478
		5162		6214
2.15 INVENTORIES (As Verified, Valued and Certified by Management)				
1. Raw Materials				
a) Material in Stores	10890		11097	
Less: Provision / Reduction for Obsolescence	80	10810	31	11066
2. Stores and Spares				
a) Material in Stores	1517		1572	
Less: Provision / Reduction for Obsolescence	21	1496	25	1547
3. Equipment for Specific Projects				
a) Material in Stores	390366		412951	
Less: Provision / Reduction for Obsolescence	140		-	
	390226		412951	
b) Stock in Transit	21583		17803	
c) Materials Pending Inspection	272	412081	313	431067
4. Scrap		80		132
5. Loose Tools		82		93
6. Work-in-progress		1608042		1410287
		2032591		1854192
2.15.1 Value of Inventory relates to Customer (Indian Navy):				
i) Raw Material, Stores, Spares and Equipment		406222		443278
ii) Work-in-progress		1608042		1410287
2.15.2 Inventory of Raw Material, Stores, Spares and Equipment lying with third parties		320		749
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		10657		10667
2.15.4 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 extension delivery dates. The Company has provided ₹ 811 Lacs (Previous year ₹ 799 Lacs) on first ship and ₹ 1259 Lacs on second ship respectively based on indicative delivery dates. At present the Navy has withheld ₹ 19427 Lacs for Liquidated Damages on late delivery of first ship.				
However, the contingent liability, if devolved, on the contract value of ships works out to ₹ 33046 Lacs (Previous year ₹ 23042 Lacs) for which no provision has been considered necessary (Ref Note No. 2.33.1(b)).				



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2.16 TRADE RECEIVABLES (Unsecured, Considered Good)		
1. a) Debts Overdue over Six Months	44152	69786
b) Other Debts	33516	4904
2. Deferred Debt Exchange Fluctuation Receivable	191	164
	77859	74854
2.17 CASH AND CASH EQUIVALENTS		
1. Cash and Cash Equivalents		
a) Balances with Banks:-		
- In Current Accounts		-
i) In India	6887	2803
ii) Outside India	83	69
- In Cash Credit Accounts (Refer Note No. 2.43)	-	-
- In Deposit Accounts	26807	17615
b) In Fixed Deposit Accounts (less than 3 months maturity)	56000	1000
c) Cash on Hand	-	1
	89777	21488
2. Other Bank Balances		
a) In Fixed Deposit Accounts (more than 3 months but not more than 12 months maturity)	790500	740000
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		
	880617	761828
2.17.1 Cash and Bank Balance from Advances received from Customer for Projects	782845	689404
Other Cash and Bank Balance	97772	72424
	880617	761828
2.18 SHORT-TERM LOANS AND ADVANCES (Unsecured, Considered Good Unless Otherwise Specified)		
1. Advances Paid to Vendors	221285	289126
2. Advances Paid on Behalf of Customer for B&D Spares	26485	16305
3. Employee Related	169	135
4. Prepaid Expenses	845	679
5. Others	14	45
	248798	306290



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2.19 OTHER CURRENT ASSETS		
(Unsecured, Considered Good Unless Otherwise Specified)		
1. Insurance Claims Receivable	81	791
2. Interest Accrued on Deposits and Advances	14924	16524
3. Interest Receivable on Income Tax Refund	1522	1522
4. Other Receivables	65	67
5. Interest Receivable on Loans to Employees (Refer Note No. 2.43)	-	-
	16592	18904
2.20 REVENUE FROM OPERATIONS		
1. Sales		
(a) Sale of Products		
i) Ship Construction	214344	248811
ii) Ship Repair (Submarine Refit)	66	217
	214410	249028
Less : Excise Duty	-	-
	214410	249028
2. Revenue from On-going Contracts		
Closing Work-in-progress	1608042	1410287
Less: Opening Work-in-progress	1410287	1300055
	197755	110232
TURNOVER (VALUE OF PRODUCTION)	412165	359260
2.20.1 Contract Revenue Recognition with Respect to Projects / Vessels in WIP:		
The amount of contract revenue recognised as revenue for the period ended 31st March, 2016	412165	359260
Aggregate amount of cost incurred and recognised profits (less recognised losses) as at 31st March, 2016	1608042	1410287
The amount of advances received as at 31st March, 2016	2861314	2696089
The amount of retentions from customers as at 31st March, 2016	12864	13519
2.20.2 Earnings in Foreign Exchange:		
FOB value of Sale of Multi Purpose Support Vessel	-	27954



	31st March, 2016 (₹ in Lacs)		31st March, 2015 (₹ in Lacs)	
2.21 OTHER OPERATING REVENUE				
(a) Sale of Services				
i) Commission earned on procurement of spares	1504		702	
(b) Sale of Scrap and Stores	514		574	
(c) Changes in Inventory of Scrap				
Closing Scrap	-	132		
Less : Opening Scrap	-	99	33	
(d) Export Incentive	-		844	
(e) Duty Drawback	-		478	
		2018		2631
2.22 OTHER INCOME				
Interest				
a) On Deposits with Banks	68452		52290	
Less : Interest Liability to Customer on Advances (Refer Note No. 2.22.1)	895		701	
	67557		51589	
b) On Income Tax Refund	1		-	
c) Other Interest	248	67806	301	51890
Rent Refund on Right to Occupancy		495		-
Liabilities / Provisions no longer required written back		4601		3392
Provision for Trade Receivables Reversed		291		-
Insurance Claims (Refer Note No. 2.43)		-		163
Foreign Exchange Variation (Net)				
Income		-	128	
Less: Expenditure		-	74	54
Sale / Scrapping of Fixed Assets (Net)				
Profit	12		-	
Less: Loss	5	7	-	-
Liquidated Damages Recovered				
Capital	121		122	
Others	44	165	61	183
Miscellaneous Income / Recoveries		246		575
		73611		56257
2.22.1 Interest liability to the customer on advances received against Project 15B deposited in Flexi Account.				
2.23 COST OF MATERIALS CONSUMED				
A. Opening Stock				
Raw Materials, Stores and Spares	12613		15253	
Equipment for Specific Projects	412951		465627	
Stock-in-transit and Materials Pending Inspection	18116	443680	21567	502447



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
B. Add: Purchases	248856	151993
	692536	654440
C. Less: Closing Stock		
Raw Materials, Stores and Spares	12306	12613
Equipment for Specific Projects	390366	412951
Stock-in-transit and Materials Pending Inspection	21855	443680
	268009	210760
Less : Provision for Obsolete Stock	45	27
Less : Stores and Spares consumption included in Repairs and Maintenance	13	32
Less : Stores and Spares consumption included in Other Expenses	2147	1779
	265804	208922
2.23.1 Value of Raw Materials, Stores, Equipment, Spares etc. Consumed:		
	%	%
1. Imported	196561	73.34
2. Indigenous	71448	26.66
	268009	210760
2.23.2 Consumption consists of:		
1. Iron and Steel	3297	3557
2. Non-ferrous Metals and Alloys	116	286
3. Machinery and Equipment Fitting on Ships etc.	264469	206772
4. Others	127	145
	268009	210760
2.23.3 Value of Imports on CIF basis:		
Raw materials including machinery, equipment for construction of ships, submarine, repairs and other production jobs.	184525	97473
2.23.4 Foreign Exchange (gain) / loss on raw materials and project specific equipments has been considered in Cost of Material Consumed.	(10110)	(12011)
2.24 EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages, Allowances and Bonus	57607	55483
Pension	4039	536
Contribution to Provident Fund	4015	3883
Contribution to Employees State Insurance Scheme	71	57
Workmen and Staff Welfare Expenses	5682	6980
Gratuity	580	968
Encashment of Privilege Leave	2445	2127
	74439	70034



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2.25 FINANCE COSTS		
Others	7	3
	<u>7</u>	<u>3</u>
2.26 OTHER EXPENSES - PROJECTS RELATED		
Technicians' Fees and Other Expenses	4806	4786
Service Tax Expenses	3266	1363
Technical Know-how Expenses	993	2112
Advising Team Fees and Other Expenses	5033	20024
Facility Hire	913	780
Rent	65	68
Insurance (Refer Note No. 2.43)	37	-
Bank Charges and Guarantee Commission	264	648
Travelling Expenses	83	53
Sea Trial, Launching and Commissioning Expenses	364	133
Legal, Professional and Consultant Fees	29	94
Commission on Sale	-	505
Training Expenses	4389	-
Miscellaneous Expenses	110	138
	<u>20352</u>	<u>30704</u>
2.27 OTHER EXPENSES		
Repairs and Maintenance:		
1. Buildings	785	908
2. Plant and Machinery	2135	2281
3. Steam Launches and Boats, Motor Cars, Lorries, etc.	1154	1226
4. Dredging	-	1
Less : Work done internally and other expenditure which has been included in other heads of expenses	4074	4416
	<u>2821</u>	<u>2909</u>
	1253	1507
Facility Hire	446	476
Water Expenses	239	197
Rent	714	973
Insurance	288	320
Rates and Taxes	641	559
Bank Charges and Guarantee Commission	54	62
Printing and Stationery	73	72
Travelling Expenses	459	279
Business Promotion Expenses	966	836
Sea Trial, Launching and Commissioning Expenses	46	-
Corporate Membership Expenses	159	43



	31st March, 2016 (₹ in Lacs)		31st March, 2015 (₹ in Lacs)	
2.27 OTHER EXPENSES (Contd.)				
Sale / Scrapping of Fixed Assets (Net)				
Loss		-	66	
Less : Profit		-	37	29
Changes in Inventory of Scrap				
Opening Scrap	132			-
Less : Closing Scrap	80	52		-
Foreign Exchange Variation (Net)				
Loss	5			-
Less : Income	2	3		-
Miscellaneous Expenses		297		277
Lease Charges		20		20
Research and Development Expenses		1047		856
Legal, Professional and Consultant Fees		177		200
Books and Periodicals		9		8
Postage, Telegrams and Phones		124		103
Training Expenses		155		177
CISF and Security Board Expenses		2226		1831
Advertising Expenses		-		1
Custom Office Establishment Expenses		-		15
Loose Tools Consumed		62		206
Directors Fees and Expenses		1		-
Provision for Obsolete Stock		185		27
Consumption of Stores and Spares etc.		2147		1779
Other Interest		25		116
Bad Debts		290		-
Corporate Social Responsibility Expenses (Refer Note No. 2.2.1)	1169		1277	
Less: Utilised from CSR Fund	1169	-	1277	-
		12158		10969
2.28 EXPENSES TRANSFERRED TO FIXED ASSETS				
Employee Cost (Refer Note No. 2.43)		-		(130)
		-		(130)
2.29 PROVISIONS MADE				
1. Liquidated Damages (Refer Note No. 2.43)		-		8
2. Doubtful Debts		1467		1076
3. Guarantee Repairs		2283		1173
4. Others		3		-
		3753		2257



	31st March, 2016 (₹ in Lacs)		31st March, 2015 (₹ in Lacs)	
2.30 PRIOR PERIOD ADJUSTMENTS				
1. Expenses:				
a) Gratuity	-		18	
b) Depreciation	284		57	
c) Others	342	626	-	75
2. Income:				
a) Depreciation	1135			
b) Others	2665	3800		131
Net Expenses / (Income)		(3174)		(56)

ADDITIONAL INFORMATIVE NOTES

2.31 Computation of Profit/Loss for Earnings Per Share

Profit after tax	63040	49159
Number of Equity Shares	19920000	19920000
Earnings per share Basic (in ₹)	333.54	246.78
Earnings per share Diluted (in ₹)	333.54	246.78
(Share having nominal value of ₹ 100 each)		

2.32 Business Segment Reporting

a) Being a defence production unit, Accounting Standard 17 (Segment Reporting) is not applicable, hence not reported.

b) Notes :

i) For management purposes, the Company is organized into two major segments – Shipbuilding (New Construction and Ship Repairs) and Submarine.

ii) There are no geographical segments within the business segments.

2.33 Contingent Liabilities and Commitments:

2.33.1 Amounts for which Company may be contingently liable:

a) Estimated amount of contracts remaining to be executed on capital account.	17461	3708
b) Estimated amount of liquidated damages on contracts under execution.	33046	23042
c) Position of non-fund based limits utilized for:		
(i) Letters of credit	115128	95516
(ii) Guarantees and counter guarantees	3269	2980
d) Indemnity Bonds issued by the Company to customers for various contracts.	4733080	4733712
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
g) Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	467	-
h) Claim of BSF in respect of delivered BOPs and FPBs.	28	-



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2.33.2 Claims against the Company pending under litigation not acknowledged as debts in respect of claims made by:		
(i) Suppliers and sub-contractors	2183	113
(ii) Others	3820	3820
(iii) Interest on (i) and (ii) above	13265	12484
	19268	16417
2.33.3 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 *	111625	111227
ii) Excise Duty		
a) On Vendors	171	164
b) On MDL	26	25
	197	189
	111822	111416
* Against the above claim, part payments of ₹ 583.92 Lacs (Previous year ₹ 573.92 Lacs) have been made under protest.		
The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 177.95 Lacs inclusive of interest and penalty (Previous year ₹ 168.79 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.		
2.33.4 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)	6770	6580
(iii) Income Tax	178	-
	6963	6595
* 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.		
2.33.5 Appeals pending against disputed demands pending before Adjudicating / Appellate authorities		
Custom Duty	20	20
2.34 As per Accounting Standard 18 "Related Party Disclosures", the disclosures are given below:		
a) Name of the related party and description of relationship:		
Key Managerial Personnel		
RAdm R K Shrawat AVSM (Retd)	Chairman and Managing Director	
Cdr P R Raghunath (Retd)	Director (Shipbuilding)	
Shri M Selvaraj (Upto 31.05.2015)	Director (Finance)	
Cmde Rakesh Anand (Retd)	Director (Corporate Planning & Personnel)	
Capt Rajiv Lath (Retd)	Director (Submarine and Heavy Engineering)	
Shri Sanjiv Sharma (From 01.06.2015)	Director (Finance)	



31st March, 2016
(₹ in Lacs)

31st March, 2015
(₹ in Lacs)

b) Transactions with Related party:

Nature of Transaction

Receiving of Services: Managerial Remuneration*

RAdm R K Shrawat AVSM (Retd)	29	30
Cdr P R Raghunath (Retd)	28	29
Shri M Selvaraj (Upto 31.05.2015)	7	31
Cmde Rakesh Anand (Retd)	27	28
Capt Rajiv Lath (Retd)	28	28
Shri Sanjiv Sharma (From 01.06.2015)	21	-
Balance Outstanding	-	-

* As per Statement of Profit and Loss Account.

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.

c) Transactions with other State Controlled Enterprises are not considered in view of exemption under Accounting Standard 18 "Related Party Disclosures".

2.35 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.

2.36 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.

2.37 Disclosure in relation to Schedule III to the Companies Act, 2013 –

1. The classification of current and non-current balances of assets and liabilities are made in accordance with the normal operating cycle defined as follows -

The Normal Operating Cycle in respect of different business activities is defined as under-
a) 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.

b) In case of other business activities, normal operating cycle will be the time period from the effective date of the contract/order to the date of expiry of guarantee period.

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

2.38 Employee Benefits

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

(I) Defined Contribution Plans

(a) Provident Fund

(b) State Defined Contribution Plans

(i) Employers' Contribution to Employees' State Insurance

(ii) Employers' Contribution to Employees' Pension Scheme, 1995.

(iii) Employers' Contribution to Employees' Deposit Linked Insurance Scheme.



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
During the year, the Company has recognized the following amounts in the Profit and Loss Account:-		
1 Employers' Contribution to Provident Fund	2743	2856
2 Employers' Contribution to Employees' State Insurance	71	57
3 Employers' Contribution to EPS (Employees' Pension Scheme)	1183	878
4 Employers' Contribution to Employees' Deposit Linked Insurance Scheme	89	149

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

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)	7.50%	7.95%
2 Rate of increase in compensation levels	7.50%	8.50%

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 01.04.2015	23866	25115
Add : Credit from Company	242	45
Less : Amount paid towards claims	(3636)	(3314)
Add : Interest credited	1997	2020
Closing Balance as on 31.03.2016	22469	23866
Present value of past service benefit	22750	24092

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

2.38.2 Actuarial valuation of liability towards Gratuity - Note 2.38.1 (II) above refers. Defined Benefit Plans Gratuity - as per actuarial valuation on 31st March, 2016

i) Assumptions

a) Discount Rate	7.50%	7.95%
b) Salary Escalation	7.50%	8.50%
c) Actual Rate of Return = 8.37% = 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	24092	24919
Interest cost	1915	1993
Current service cost	1044	472
Benefits paid	(3636)	(3314)
Actuarial (gain) / loss on obligations	(665)	22
Present value of obligations as at end of year	22750	24092



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	23866	25115
Expected return on plan assets	1997	2009
Contributions	242	45
Benefits paid	(3636)	(3314)
Actuarial (gain) / loss on plan assets	-	(11)
Fair value of plan assets at the end of year	22469	23866
iv) Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	23866	25115
Actual return on plan assets	1997	2020
Contributions	242	45
Benefits paid	(3636)	(3314)
Fair value of plan assets at the end of year	22469	23866
Funded status	(281)	(226)
Excess of Actual over estimated return on plan assets	-	11
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	(665)	22
Actuarial (gain) / loss for the year - plan assets	-	(11)
Actuarial (gain) / loss on obligations	(665)	22
Actuarial (gain) / loss recognized in the year	(665)	11
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	22750	24092
Fair value of plan assets as at the end of the year	22469	23866
Funded status	(281)	(226)
Net Asset / (Liability) recognized in balance sheet	(281)	(226)
vii) Expenses recognized in statement of Profit and Loss		
Current service cost	1044	472
Interest cost	1915	1993
Expected return on plan assets	(1997)	(2009)
Net Actuarial (gain) / loss recognized in the year	(665)	11
Expenses recognized in statement of profit and loss	297	467



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2.38.3 Actuarial valuation of liability towards Leave Encashment		
Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2016		
i) Assumptions		
Discount rate	7.50%	7.75%
Rate of increase in compensation levels	7.50%	8.50%
Expected average remaining working lives of employees (years)	13	12
ii) Table showing changes in present value of obligations		
Present value of obligation as at the beginning of the year	12792	12360
Acquisition adjustment	NIL	NIL
Interest cost	991	1113
Current service cost	390	826
Curtailment cost / (credit)	NIL	NIL
Settlement cost / (credit)	NIL	NIL
Benefits paid	(1416)	(1151)
Actuarial (gain) / loss on obligations	(368)	(356)
Present value of obligation as at the end of the year	12389	12792
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	NIL	NIL
Acquisition adjustments	NIL	NIL
Expected return on plan assets	NIL	NIL
Contributions	NIL	NIL
Benefits paid	NIL	NIL
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	NIL
Acquisition adjustments	NIL	NIL
Actual return on plan assets	NIL	NIL
Contributions / (withdrawals)	NIL	NIL
Benefits paid	NIL	NIL
Fair value of plan asset at the end of the year	NIL	NIL
Funded status	(12389)	(12792)
Excess of actual over estimated return on plan assets	NIL	NIL
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	(368)	(356)
Actuarial (gain) / loss for the year - plan assets	NIL	NIL
Total (gain) / loss for the year	(368)	(356)
Actuarial (gain) / loss recognised in the year	(368)	(356)
Un-recognised actuarial (gains) / losses at the end of year	NIL	NIL



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)																									
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	12389	12792																									
Fair value of plan assets as at end of the year	NIL	NIL																									
Funded status	(12389)	(12792)																									
Unrecognized actuarial (gains) / losses	NIL	NIL																									
Net asset / (liability) recognized in balance sheet	(12389)	(12792)																									
vii) Expenses recognized in statement of profit and loss																											
Current service cost	390	826																									
Interest cost	991	1113																									
Expected return on plan assets	NIL	NIL																									
Curtailment cost / (credit)	NIL	NIL																									
Settlement cost / (credit)	NIL	NIL																									
Net actuarial (gain) / loss recognized in the year	(368)	(356)																									
Expenses recognized in the statement of profit and loss	1013	1583																									
2.38.4	<p>Liability was accounted by the Company for Executives on actuarial basis for Executive Post Retirement Medical Benefit Scheme (EPRMS) till FY 2014-15. In FY 2015-16 Company has changed the basis in compliance with Government guidelines, according to which, Company may contribute 3% of the Basic plus Dearness Allowance towards Executive Post Retirement Medical Benefit Scheme (EPRMS) from 1st January 2007 for the medical requirement of retired executives. During FY 2015-16, the Company has made provision of ₹ 966 Lacs after adjusting premium already paid for the period from 1st January 2007 to 31st March 2016 on accrual basis. Consequently, provision outstanding at the beginning of year ₹ 1612 Lacs of earlier years has been reversed.</p>																										
2.39	<p>Expenditure in Foreign Currency (on Cash Basis):</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 60%;">1. Technical Know-how</td> <td style="text-align: right;">77</td> <td style="text-align: right;">1188</td> </tr> <tr> <td>2. Professional and Consultancy Fees</td> <td style="text-align: right;">3345</td> <td style="text-align: right;">2383</td> </tr> <tr> <td>3. Other Matters</td> <td style="text-align: right;">17112</td> <td style="text-align: right;">8395</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black;">20534</td> <td style="text-align: right; border-top: 1px solid black;">11966</td> </tr> </tbody> </table>		1. Technical Know-how	77	1188	2. Professional and Consultancy Fees	3345	2383	3. Other Matters	17112	8395		20534	11966													
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2.40	<p>PROVISIONS MADE, UTILISED, WRITTEN BACK :</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="text-align: right;">As at 01.04.2015</th> <th style="text-align: right;">Additions</th> <th style="text-align: right;">Utilised/ Adjustment</th> <th style="text-align: right;">As at 31.03.2016</th> </tr> </thead> <tbody> <tr> <td>Provision for Custom Duty Demand</td> <td style="text-align: right;">426</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">426</td> </tr> <tr> <td>Provision for Liquidated Damages</td> <td style="text-align: right;">366</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> <td style="text-align: right;">366</td> </tr> <tr> <td>Provision for Guarantee Repairs</td> <td style="text-align: right;">1262</td> <td style="text-align: right;">3400</td> <td style="text-align: right;">1174</td> <td style="text-align: right;">3488</td> </tr> <tr> <td>Other Provisions</td> <td style="text-align: right;">39</td> <td style="text-align: right;">-</td> <td style="text-align: right;">18</td> <td style="text-align: right;">21</td> </tr> </tbody> </table>			As at 01.04.2015	Additions	Utilised/ Adjustment	As at 31.03.2016	Provision for Custom Duty Demand	426	-	-	426	Provision for Liquidated Damages	366	-	-	366	Provision for Guarantee Repairs	1262	3400	1174	3488	Other Provisions	39	-	18	21
	As at 01.04.2015	Additions	Utilised/ Adjustment	As at 31.03.2016																							
Provision for Custom Duty Demand	426	-	-	426																							
Provision for Liquidated Damages	366	-	-	366																							
Provision for Guarantee Repairs	1262	3400	1174	3488																							
Other Provisions	39	-	18	21																							



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2.41	Details of dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as on 31st March, 2016 based on available information with the Company are as under:	
	31st March, 2016	31st March, 2015
Particulars		
Principal amount due and remaining unpaid	-	1
Interest due on above and the unpaid interest (Refer Note No. 2.43)	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	495	320
Interest accrued and remaining unpaid on above	22	15
Amount of further interest remaining due and payable in succeeding years	-	-
2.42	'Miscellaneous Expenses' include:	
Remuneration to the Statutory Auditors		
i) Audit fees	10	8
ii) Out of pocket expenses (Refer Note No. 2.43)	-	-
iii) Tax audit fees	1	1
	<u>11</u>	<u>9</u>
2.43	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
Note No. 2.17		
Balance in Cash Credit Accounts	10303	9685
Note No. 2.19		
Assets under Disposal	-	46415
Interest Recievable on Loan to Employees	12852	49570
Note No. 2.22		
Insurance Claims	18824	-
Note No. 2.26		
Insurance	-	11352
Note No. 2.28		
Transfer to Fixed Assets	27040	-
Note No. 2.29		
Provision for Liquidated Damages	26129	-
Note No. 2.41		
Interest Due and Unpaid	-	11942
Note No. 2.42		
Out of pocket expenses	25479	38764



31st March, 2016
(₹ in Lacs)

31st March, 2015
(₹ in Lacs)

2.44 The Company has entered into a Joint Venture with Pipavav Defence and Offshore Engineering Company Ltd. (Currently name changed as 'Reliance Defence and Engineering 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, 2016, the Joint Venture Company has not commenced its operations and reported loss of ₹ 1 lac (₹ 1 lac for FY 2013-14) as per latest audited results of FY 2014-15.

2.45 Classified

2.46 The Company has made a claim of ₹ 5796 Lacs (Previous year ₹ 5785 Lacs) towards ERV to the Navy relating to MRSSK Project and is confident of realising the same based on the communication from the customer to reconsider the Company's claim favourably. Therefore, no provision has been considered necessary.

2.47 An amount of liquidated damages of ₹ 2142 Lacs on supply of B&D spares is withheld by Navy. The Company is in process of negotiation with Suppliers and Navy and is confident that this claim will not ultimately devolve on the Company.

2.48 Additional Notes to the Consolidated Financial Statements

2.48.1 Interest In Associate

Name of the Company	Country of Incorporation	% of Ownership and as at 31st March 2016	% of Ownership and as at 31st March 2015
Goa Shipyard Limited	India	47.21%	47.21%

2.48.2 Disclosure of Additional Information Pertaining to the Parent Company and Associate

Name of the Company	Share of Profit/(Loss)			
	31st March 2016		31st March 2015	
	As% of Consolidated Profit/(Loss)	Amount ₹ in Lacs	As% of Consolidated Profit/(Loss)	Amount ₹ in Lacs
Mazagon Dock Shipbuilders Ltd	94.88	63040	95.32	49159
Goa Shipyard Limited	5.12	3402	4.68	2416
Total	100.00	66442	100.00	51575

2.48.3 In case of Joint Venture Company "Mazagon Dock Pipavav Defence Pvt Ltd", the financials are not consolidated due to:

- The joint venture partners have not yet paid for share subscription.
- The joint venture Company has not commenced operation.
- The amount of total assets and liabilities are not material.
- The financial statements of the joint venture for the FY 2015-16 are yet to be audited.

2.48.4 For preparation of Consolidated Financial Statements, uniform accounting policies have been followed except for the following policy difference followed by the associate which have not been adjusted for:

- Assets costing less than ₹ 5,000 are depreciated over their estimated useful life and not depreciated fully in the year of acquisition.
- Post Retirement Medical Benefit are accounted based on premium paid and no actuarial valuation for the same is being done.

The impact of the same on the consolidated financial statements and the amounts involved have not been determined and are not expected to be material.



	31st March, 2016 (₹ in Lacs)	31st March, 2015 (₹ in Lacs)
2.48.5	As these consolidated financial statements are prepared for the first time, in terms of MCA notification no. 171 dated 31st March, 2014, read with notification no dated 14th October, 2015, previous years figures are unaudited.	
2.49	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. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

sd/-

Shrikant Prabhu

Partner

Membership No. 35296

Date: 30 Aug '16

Mumbai

For and on Behalf of the Board of Directors

sd/-

Rear Admiral R K Shrawat AVSM (Retd)

Chairman and Managing Director

sd/-

Sanjiv Sharma

Director (Finance)

sd/-

Madhavi Kulkarni

Company Secretary



PART B ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sr No	Name of Associates or Joint Ventures	Goa Shipyard Limited	Mazagon Dock Pipavav Defence Pvt. Ltd.
1	Latest audited Balance Sheet Date	31.03.2016	31.03.2015
2	Date on which the Associate or Joint Venture was associated or acquired	28.08.1992	03.12.2012
3	Shares of Associate or Joint Ventures held by the company on the year end No.	1,37,39,400	NIL
i	Amount of Investment in Associates or Joint Venture	₹ 600 lacs	NIL
ii	Extent of Holding (in percentage)	47.21%	50%
4	Description of how there is significant influence	Voting rights 47.21%	Voting rights 50%
5	Reason why the associate/joint venture is not consolidated	Consolidated	*Refer Note A
6	Net worth attributable to shareholding as per latest audited Balance Sheet	₹ 67084 lacs	₹ (1 lac)
7	Profit or Loss for the year	₹ 6189 lacs	-
i	Considered in Consolidation	₹ 2922 lacs	-
ii	Not Considered in Consolidation	₹ 3267 lacs	-

*Note A

In case of Joint Venture Company "Mazagon Dock Pipavav Defence Pvt Ltd", the financials are not consolidated due to:

- The joint venture partners have not yet paid for share subscription.
 - The joint venture company has not commenced operation.
 - The amount of total assets and liabilities are not material.
 - The financial statements of the joint venture for the FY 2015-16 are yet to be audited.
- Names of associates or joint ventures which are yet to commence operations: Mazagon Dock Pipavav Defence Pvt. Ltd.
 - Names of associates or joint ventures which have been liquidated or sold during the year: NA

For and on Behalf of the Board of Directors

Rear Admiral R K Shrawat AVSM (Retd)
Chairman and Managing Director

sd/-
Madhavi Kulkarni
Company Secretary

sd/-
Sanjiv Sharma
Director (Finance)

Date: 30 Aug '16
Mumbai



NOTES

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Awards & Recognitions



Gold Award in ICQCC - 2015



BML Munjal Award for Corporate Excellence through Learning and Development - 2015



Par Excellence Award in NCQC - 2015



Rajbhasha Kirti Puraskar for In-House Magazine (Jaltarang) - 2015 - 16



Kalvari,
the first Scorpene Submarine



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

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