

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

AUTHENTICATED

(डॉ. सुभाष भामरे)
(Dr. SUBHASH BHAMRE)
रक्षा राज्य मंत्री
Raksha Rajya Mantri
भारत सरकार, नई दिल्ली
Govt. of India, New Delhi

Subhash

(Dr. Subhash Bhamre)
RAKSHA RAJYA MANTRI

REVIEW OF THE GOVERNMENT ON THE ANNUAL REPORT 2017-18 AND ON THE
WORKING OF AND AFFAIRS OF MAZAGON DOCK SHIPBUILDERS LIMITED (MDL),
MUMBAI

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

During the financial year 2017-18 the Company has achieved a Value of Production of Rs. 4399 Cr. and earned a Profit Before Tax of Rs. 696 Cr. As on 30th June, 2018 the Order Book for Shipbuilding and Submarines and Heavy Engineering was Rs. 514,42.70 Cr. comprising of Shipbuilding and Submarine Projects.

During the year, MDL has delivered INS Kalvari, the first Submarine of Project 75 to the Indian Navy on 21st Sep, 2017 and the same was commissioned by Hon'ble PM on 14th Dec, 2017. Third Scorpene Submarine of P-75, "INS Karanj" was launched on 31st Jan, 2018.

A Research and Development Plan on Product Innovation, new Ship Designs for national and international clients with new in-house design studies/with external agencies and technological up gradation for indigenous development of ships are in progress. The amount spent on R&D during the year was Rs. 75.11 Cr. The Company has spent Rs. 16.74 Cr. towards CSR activities during FY 2017-18.

As on date, MDL has been able to partner with the Indian industry to undertake indigenization/import substitution of various equipments/items, which have been imported since long. In recognition for its contribution to Indigenisation initiatives, MDL has been awarded Governance Now 5th PSU Award 2018 for playing pivotal role in "Make-In-India". MDL also won the 13th BML Munjal award for "Business Excellence through Learning and Development".

Under Swachh Bharat Abhiyan, special initiatives are underway at three level i) within the Shipyard, ii) adjacent area, iii) rural areas, so as to make it a mass awareness movements and being about a lasting change to the mind-set.

The Government is in agreement with Annual Report o Mazagon Dock Shipbuilders Limited for the year 201718.

AUTHENTICATED

Subhash

(Dr. Subhash Bhamre)
Raksha Rajya Mantri

(डॉ. सुभाष भामरे)
(Dr. SUBHASH BHAMRE)
रक्षा राज्य मंत्री
Raksha Rajya Mantri
भारत सरकार, नई दिल्ली
Govt. of India, New Delhi



माझगांव डॉक शिपबिल्डर्स लिमिटेड MAZAGON DOCK SHIPBUILDERS LIMITED



वार्षिक रिपोर्ट
Annual Report

2017-2018



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

Vision

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

Mission

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

Objectives

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



Mazagon Dock Shipbuilders Limited

(Formerly known as Mazagon Dock Limited)

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

Authenticated

Raksha Rajya Mantri



Contents

| | |
|---|-----|
| Chairman's Statement..... | 03 |
| Board of Directors | 08 |
| Ten Years at a Glance..... | 11 |
| Notice | 12 |
| Directors' Report | 17 |
| Corporate Governance Report | 39 |
| Corporate Social Responsibility Report | 51 |
| Extract of Annual Return..... | 58 |
| Management Discussion and Analysis Report..... | 65 |
| Standalone Financial Statements | |
| Independent Auditors' Report | 77 |
| Comments of the Comptroller & Auditor General of India..... | 87 |
| Balance Sheet | 88 |
| Statement of Profit & Loss..... | 89 |
| Cash Flow Statement..... | 90 |
| Statement of Changes in Equity..... | 92 |
| Significant Accounting Policies..... | 94 |
| Notes to the Financial Statements | 104 |
| Consolidated Financial Statements | |
| Independent Auditors' Report | 145 |
| Comments of the Comptroller & Auditor General of India..... | 153 |
| Balance Sheet | 154 |
| Statement of Profit & Loss..... | 155 |
| Cash Flow Statement..... | 156 |
| Statement of Changes in Equity..... | 158 |
| Significant Accounting Policies..... | 160 |
| Notes to the Financial Statements | 170 |



Chairman's Statement



Cmde Rakesh Anand, IN (Retd)
Chairman & Managing Director

Dear Shareholders,

I am extremely delighted to extend a warm welcome to all of you on behalf of the Board of Directors of your Company, to the 85th Annual General Meeting of the Company. The Directors' Report and Annual Accounts of the Company for the financial year 2017-18 had been circulated to you. It is with an immense sense of privilege and responsibility that I am announcing the audited results of this fiscal year through the Annual Report of the Company.

FY18 has been a very significant year for your Company both in respect of financial as well as operational performance.

During the year we reinvigorated our strategic intent to be a progressive and profitable shipyard, building World Class Warships and Submarines using State-of-the-Art Technology. Our mission is to unleash our

enormous potential drawn from our rich legacy and to catapult our capabilities to go beyond the existing operational constraints.

In an effort to augment our expansion plans, the Board of Directors have approved setting up a greenfield yard in Nhava which would comprise of a 'state-of-the-art' infrastructure. We are also exploring ship repair operations for enhancing our revenues and profitability.

As a part of Government of India's disinvestment plans in state owned entities, the Ministry of Defence (Department of Defence Production) approved the disinvestment of 10% of the equity shares of the Company by an Initial Public Offering of shares at a price to be determined through a book building process.

Subsequently our Company filed the Draft Documents on 28 Mar, 2018 with the Securities and Exchange Board of India (SEBI).



PERFORMANCE



MoU targets set with the Ministry of Defence during the year is rated as "Very Good". During the year your Company achieved a Profit Before Tax (PBT) of Rs. 696.37 Crore, and the Value of Production (VoP) of Rs. 4399.16 Crore

During the year your Company had signed an MoU for the financial year 2017-18 with the MoD. The MoU outlines targets and various performance parameters for the Company. The revenue from operations was targeted at Rs 4,500 Crore. Significant milestones are required to be achieved under Project 75 (Scorpene submarines) and shipbuilding projects of 15B (destroyers) and 17A (frigates).

I feel it's a great honour to report that your Company had performed remarkably well during the last fiscal year. In particular, the achievement vis-à-vis the MoU targets set with the Ministry of Defence during the year is rated as "Very Good". During the year your Company achieved a Profit Before Tax (PBT) of Rs. 696.37 Crore, and the Value of Production (VoP) of Rs. 4399.16 Crore.

As of 30 June 2018, our Order Book for shipbuilding and submarines and heavy engineering was Rs. 514,42.70 Crore comprising of shipbuilding and submarine projects.

IMPORTANT EVENTS :



INS Kalvari, the first submarine of Project 75, was delivered to the Indian Navy on 21 Sep 2017 and commissioned by Hon'ble Prime Minister on 14 Dec 2017.

Keel for the third destroyer of Project-15B was laid by VAdm D M Deshpande, AVSM VSM, CWP&A on 19 May 2017.

INS Kalvari, the first submarine of Project 75, was delivered to the Indian Navy on 21 Sep 2017 and commissioned by Hon'ble Prime Minister on 14 Dec 2017.

Keel for the first frigate of Project-17A was laid by VAdm D M Deshpande, AVSM VSM, CWP&A on 28 Dec 2017.

Production of the second frigate of Project-17A commenced on 26 Feb 2018.

Third Scorpene Submarine of P-75, "INS Karanj" was launched by Smt. Reena Lanba, wife of Chief Guest, Admiral Sunil Lanba, PVSM, AVSM, ADC Chief of Naval Staff, on 31 Jan 2018.

CURRENT PROJECTS



Your Company has developed a second assembly line for submarines and is geared up to meet the timelines of present order book as well as anticipated future orders.

Your Company is successfully putting to use the infrastructure under Mazdock Modernisation Project (MMP) comprising of a new Wet Basin, Heavy Duty Goliath Crane, Module Workshop, Cradle Assembly Shop, Store Building and associated ancillary structures, for the purpose of production.

The extended track of Goliath Crane by 50 meters towards sea is facilitating access of Gantry Crane for lifting / shifting of heavy components directly from vessel/ barges.

Your Company has developed a second assembly line for submarines and is geared up to meet the timelines of present order book as well as anticipated future orders.

Work on modernization of the following facilities is at an advanced stage:

- Modernisation of marine pile jetty at North Yard
- New improvised network of piped services across MDL

Recently, the Company has tendered out the requirement for construction of Submarine Launch Facility to boost its Submarine Construction Capacity.

In order to enhance MDL's warship and submarine building capacity independent from the Indian Navy and MBPT infrastructural use, a new Navigation Channel with approx. 10m draft is being considered by invoking Capital Dredging which is expected to be completed in FY 2019-20.

As already mentioned MDL is further exploring the possibility of setting up a green field shipyard at its Nhava Yard. The proposed shipyard will be equipped



with a state of art Ship Lift facility to accommodate ships with length approx. 240M. A consultant has already been appointed to carry out the Feasibility Study in this regard.

Shipbuilding and submarine construction capability of your Company has been greatly enhanced with the commissioning of 1400 Tonne shipyard plate rolling press on 15 Feb 2018.

EXPORTS



MDL has constituted a dedicated export team to achieve company’s goal of export of its products

MDL has constituted a dedicated export team to achieve company’s goal of export of its products i.e: Warships ranging from patrol vessels, corvettes, frigates, destroyers etc. in the Defence sector and Commercial crafts such as tugs, barges, OSVs, MSVs etc. in the Civil sector.

MDL has exported commercial vessels such as Cargo ships to Singapore and UK, Water carriers to Iran, and a number of barges to Middle East countries, police boats to Mozambique, sand dredger to France, MSVs to Mexico and Bahamas etc

MDL participates in International Exhibitions to showcase its products & capabilities and for brand awareness among global manufacturers.

RESEARCH & DEVELOPMENT



New ship designs for national and international clients

Research and development has been a key constituent in the overall strategy of your Company. We shall continue to work on product innovation, new ship designs for national and international clients, promotion of Research and Development with new in-house design studies / with external agencies and technological up gradation for indigenous development of ships.

| Research & Development Expenditure | | | | ₹ In Crore |
|---|-------------|-------------|-------------|-------------|
| | FY15 | FY16 | FY17 | FY18 |
| R & D expenditure | 57.88 | 63.83 | 77.09 | 75.11 |

INDUSTRIAL RELATIONS

With great satisfaction, I would like to share that the Industrial Relations during the year were cordial and harmonious with no man-hours lost on account of Industrial conflict. In the absence of a recognised 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.

HUMAN RESOURCES



Various skill and leadership development programmes were conducted for MDL staff during the year

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 wards of the employees, post retirement medical scheme, superannuation (Pension) scheme, etc.

Various skill and leadership development programmes were conducted for MDL staff during the year, the details are provided in the Directors Report.

INDIGENISATION EFFORTS



MDL has been successfully able to partner with the Indian industry to undertake indigenisation/ import substitution of various equipment/items, which have been imported since long

Your Company has a dedicated ‘Department of Indigenisation’ which provides focused impetus to the Hon’ble Prime Minister’s clarion call for “Make-in-India”. MDL has been successfully able to partner with the Indian industry to undertake indigenisation/ import substitution of various equipment/items, which have been imported since long. The procurement of indigenised items from the Indian industry would result in substantial savings in foreign exchange to the exchequer. Indigenisation of various products is in progress.



In recognition for its contribution to Indigenisation initiatives, MDL has been awarded Governance Now 5th PSU Award 2018 for Playing Pivotal Role In "Make-In-India".

SWACHH BHARAT INITIATIVE

Your Company fully adheres to the Hon'ble Prime Minister's Nationwide Swachh Bharat Campaign with the awareness and participation by all sections of the society, so as to make it a mass awareness movement and bring about a lasting change to the mind-set. The Abhiyaan is underway at three levels (a) within the Shipyard, (b) adjacent areas, (c) rural areas.

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.

GREEN INITIATIVES



Submarine Section Assembly (SSA) Workshop has incorporated green building features such as rain water harvesting, sewage treatment plant, grey water treatment plant, oily water separator plant with zero discharge into the municipal drains

Committed towards environment, your Company's state-of-the-art Submarine Section Assembly (SSA) Workshop has incorporated green building features such as rain water harvesting, sewage treatment plant, grey water treatment plant, oily water separator plant with zero discharge into the municipal drains.

MDL has installed 650kWp Grid Interactive Solar Power Plant on the roof tops of workshops and buildings. By installing this 650 kWp Solar Power Plant your Company has achieved a cumulative capacity of 1490 kWp (1.49 MWp) Solar Power Plant in the Company premises. The installed cumulative capacity will generate nearly 18.00 lakh units of energy per annum. Your Company has installed Net Meters to export excess energy generated out of Solar Power plant.

Your Company is continuing the process of changing conventional lights into LED Lights to save energy. In the financial year under report, all the conventional lights installed for illumination of workshops were changed to LED lights. This has yielded saving of energy to the extent of 4.6 lakh units (kWh) per annum.

Welding is the major process in the shipbuilding and a reasonable amount of energy is consumed towards this activity. Your Company is keen to adopt energy efficient welding equipments to reduce energy consumption. Towards this your Company has procured 70 energy efficient inverter based welding machines. This will result into energy saving of 1.40 lakh units (kWh) per annum.



CORPORATE SOCIAL RESPONSIBILITY



The CSR Budget of your Company for the FY 2017-18 was Rs. 16.74 Crore.

Your Company is dedicated to undertake various programmes for integrating social and business goals in a sustainable manner to create social impact through inclusive growth activities.

The CSR Budget of your Company for the FY 2017-18 was Rs. 16.74 Crore (2% of average profit of the previous three financial years as per section 198 of Companies Act, 2013). In addition, a sum of Rs 20.63 Crore was carried forward from the last financial year. Out of this, your Company has spent Rs.24.35 Crore towards CSR activities during FY 2017-18.



FUTURE OUTLOOK



We would be increasing our presence globally by establishing an International marketing team to identify potential markets for our business growth

Your Company is in the process of reviving the exports of our defence and commercial products to Latin America, Africa, South East Asia, Middle East and Scandinavian regions and have identified certain defence and civil sectors in such regions. We would be increasing our presence globally by establishing an International marketing team to identify potential markets for our business growth.

Your Company is also in the process of reviving the ship repair operations. The green field shipyard that would be developed at Nhava, Navi Mumbai with a ship-lift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of approx. 40 acres would be suitable for construction and repair of warships and commercial ships with larger dimensions. The unit assembly of P17A project has already been commenced at Nhava Yard.

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

CONCLUDING REMARKS



We are committed to create and sustain a technology-enabled and networked group of people, capable of building and delivering quality warships and submarines in keeping with the motto of your Company.

On behalf of the Board of Directors of the Company, I wish to express my sincere gratitude to all the stakeholders. I would also like to place on record my wholehearted appreciation to the Board of Directors, for their guidance and support in maintaining the

corporate image and prestige of your Company. I also gratefully acknowledge the valuable guidance, from the Ministry of Defence (DDP) in framing the policies and helping us in implementing them.

The number of stakeholders, vendors, inspection agencies, blue-collar workforce and white collared personnel involved in the construction of high-tech and complex platforms like warships and submarines, involving not only vertical specialization but also horizontal integration of multifaceted skills, are too many. The gestation period is considerably long and only with the unstinted efforts of all the stakeholders, the targets can be met. The high standard of professional acumen, patronage and support displayed by the Indian Navy and other clients of the Company are ineffable and I would like to place on record my appreciation for all of them. On behalf of the Board of Directors, I acknowledge and appreciate the unmatched commitment, unstinted efforts and untiring contribution of all the employees of MDL, who have enabled your Company to maintain its growth trajectory.

As we accelerate ahead, we have to keep pace with the exponential technological leaps and seize every opportunity for your Company to play a critical role in shaping the maritime defence of our country. To conclude, we are committed to create and sustain a technology-enabled and networked group of people, capable of building and delivering quality warships and submarines in keeping with the motto of your Company. Our endeavour shall be to continuously upgrade our human skills and a willingness to innovate and transform as required to meet the challenges of the future.

MDL has been and shall always remain committed to enabling safe seas, secure coasts and thereby an effective Navy and in turn a strong nation with peace and prosperity as its hallmark.

Jai Hind!

Cmde Rakesh Anand, IN (Retd)
Chairman & Managing Director



Board of Directors



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



Shri Barun Mitra, IAS
AS(DP), MOD
Part-time Official
(Government) Director



Capt Rajiv Lath, IN (Retd)
Director
(Submarine & Heavy
Engineering)



Shri Sanjiv Sharma
Director (Finance) &
Chief Financial Officer



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



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



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



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



VAdm Sanjeev Bhasin,
PVSM, AVSM, VSM, IN (Retd)
Part-time Non-Official
(Independent) Director



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



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



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



BOARD OF DIRECTORS

Cmde Rakesh Anand, IN (Retd) (From 01.01.2017)
Chairman and Managing Director

Government Nominee Directors* :

Shri Barun Mitra, IAS (From 17.07.2018)
Additional Secretary (Defence Production) Ministry of Defence

Functional Directors :

Capt Rajiv Lath, IN (Retd) (From 19.09.2013)

Shri Sanjiv Sharma (From 01.06.2015)

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

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

Independent Directors:

Prof S L Bapat (From 27.11.2015)

Smt Usha Sankar (From 27.11.2015)

VAdm Sanjeev Bhasin, PVSM, AVSM, VSM, IN (Retd) (From 07.01.2016)

Shri Devi Prasad Pande (From 13.09.2017)

Prof B. Kamaiah (From 10.10.2017)

Dr. Mailareshwar Jeevanavar (From 09.03.2018)

*** Shri Vijayendra, IAS** (Upto 27.03.2018)

Joint Secretary (Dept of Defence Production) Ministry of Defence

*** Shri Subhash Chandra, IAS** (Upto 17.07.2018)

Ex-Additional Secretary (Defence Producton) Ministry of Defence

COMPANY SECRETARY

Mrs. VIJAYALAKSHMI K KUMAR

BANKERS

STATE BANK OF INDIA
CANARA BANK

AUDITORS

M/s. FORD, RHODES
PARKS & Co.

REGISTERED OFFICE

Dockyard Road
Mumbai – 400 010



FINANCIAL HIGHLIGHTS

TURNOVER (VOP)

(₹ in crore)

| | |
|----------|---------|
| FY 13-14 | 2865.51 |
| FY 14-15 | 3592.60 |
| FY 15-16 | 4106.22 |
| FY 16-17 | 3523.67 |
| FY 17-18 | 4399.16 |

PROFIT BEFORE TAX

(₹ in crore)

| | |
|----------|--------|
| FY 13-14 | 587.57 |
| FY 14-15 | 746.00 |
| FY 15-16 | 924.35 |
| FY 16-17 | 837.00 |
| FY 17-18 | 696.37 |

GROSS MARGIN (EBIDTA)

(₹ in crore)

| | |
|----------|--------|
| FY 13-14 | 606.03 |
| FY 14-15 | 776.33 |
| FY 15-16 | 972.06 |
| FY 16-17 | 880.29 |
| FY 17-18 | 750.43 |

NET WORTH

(₹ in crore)

| | |
|----------|---------|
| FY 13-14 | 2093.24 |
| FY 14-15 | 2459.85 |
| FY 15-16 | 2316.18 |
| FY 16-17 | 2624.54 |
| FY 17-18 | 2422.40 |

GROSS BLOCK

(₹ in crore)

| | |
|----------|--------|
| FY 13-14 | 375.20 |
| FY 14-15 | 493.37 |
| FY 15-16 | 410.65 |
| FY 16-17 | 617.48 |
| FY 17-18 | 763.35 |

EQUITY SHARE CAPITAL

(₹ in crore)

| | |
|----------|--------|
| FY 13-14 | 199.20 |
| FY 14-15 | 199.20 |
| FY 15-16 | 199.20 |
| FY 16-17 | 249.00 |
| FY 17-18 | 224.10 |



TEN YEARS AT A GLANCE

(₹ in Crore)

| Particulars | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| (A) FINANCIAL POSITION: | | | | | | | | | | |
| 1 Equity Share Capital | 224.10 | 249.00 | 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 | 0.00 | 0.00 | 24.74 | 49.49 |
| 3 Other Equity | 2198.30 | 2375.54 | 2116.98 | 2260.65 | 1894.04 | 1615.09 | 1319.37 | 940.82 | 756.15 | 576.90 |
| 4 Net Worth | 2422.40 | 2624.54 | 2316.18 | 2459.85 | 2093.24 | 1814.29 | 1518.57 | 1140.02 | 980.09 | 825.59 |
| 5 Gross Block | 763.35 | 617.48 | 410.65 | 493.37 | 375.20 | 312.79 | 314.81 | 301.87 | 297.55 | 264.03 |
| 6 Net Fixed Assets (Net Block) | 646.37 | 546.25 | 367.77 | 265.81 | 176.12 | 126.03 | 123.36 | 114.78 | 113.73 | 87.86 |
| 7 Capital Employed | 2422.40 | 2624.54 | 2316.18 | 2539.28 | 2182.01 | 1895.78 | 1600.28 | 1211.88 | 999.93 | 846.92 |
| 8 Working Capital | 1937.32 | 2519.01 | 2344.70 | 1937.62 | 1600.79 | 1312.26 | 1363.26 | 722.28 | 728.93 | 668.08 |
| (B) OPERATING RESULTS: | | | | | | | | | | |
| 1 Contract Revenue (VOP) | 4399.16 | 3523.67 | 4106.22 | 3592.60 | 2865.51 | 2290.64 | 2523.69 | 2611.41 | 2856.13 | 2568.93 |
| 2 Value Added | 1345.98 | 1213.76 | 1265.45 | 1312.16 | 1337.09 | 1160.34 | 1127.87 | 947.60 | 896.76 | 584.98 |
| 3 Gross Margin (EBIDTA) | 750.43 | 880.29 | 972.06 | 776.33 | 606.03 | 631.17 | 705.75 | 378.79 | 398.66 | 405.54 |
| 4 Gross Profit | 700.22 | 840.90 | 928.25 | 745.47 | 587.80 | 616.53 | 692.61 | 366.23 | 386.49 | 397.32 |
| 5 Profit/(Loss) Before Tax | 696.37 | 837.00 | 924.35 | 746.00 | 587.57 | 638.89 | 691.78 | 366.05 | 386.47 | 397.28 |
| 6 Provision for Tax | 256.57 | 288.01 | 321.84 | 254.41 | 189.96 | 226.17 | 197.47 | 122.53 | 146.28 | 126.55 |
| 7 Total Comprehensive Income | 400.61 | 548.11 | 606.86 | 491.59 | 397.61 | 412.72 | 494.31 | 243.52 | 240.19 | 270.73 |
| (C) APPROPRIATION: | | | | | | | | | | |
| 1 Capital Redemption Reserve | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24.74 | 24.74 |
| 2 General Reserve | 0.00 | 0.00 | 350.00 | 350.00 | 260.00 | 285.00 | 375.00 | 200.00 | 150.00 | 180.00 |
| 3 Dividend-Equity Shares (Declared) | 180.00 | 165.41 | 199.20 | 100.00 | 100.00 | 100.00 | 99.60 | 49.80 | 49.80 | 49.80 |
| 4 Dividend-Preference Shares | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.84 | 2.46 | 4.07 |
| 5 Tax on Proposed Dividend | 49.96 | 40.55 | 20.36 | 19.99 | 17.00 | 17.00 | 16.16 | 8.21 | 8.68 | 9.15 |
| 6 Corporate Social Responsibility | 0.00 | 0.00 | 13.16 | 12.77 | 3.96 | 7.26 | - | - | - | - |
| (D) RATIOS: | | | | | | | | | | |
| 1 Gross Profit : Capital Employed | 0.289 | 0.320 | 0.401 | 0.294 | 0.269 | 0.429 | 0.466 | 0.302 | 0.458 | 0.525 |
| 1 Net Profit : Net Worth | 0.165 | 0.209 | 0.262 | 0.200 | 0.190 | 0.228 | 0.326 | 0.214 | 0.245 | 0.328 |
| 2 Gross Margin : Gross Block | 0.983 | 1.426 | 2.367 | 1.574 | 1.615 | 2.018 | 2.242 | 1.255 | 1.340 | 1.536 |
| 3 Profit Before Tax : Contract Revenue (VOP) | 0.158 | 0.238 | 0.225 | 0.208 | 0.205 | 0.279 | 0.274 | 0.140 | 0.135 | 0.155 |
| 4 Contract Revenue (VOP) : Gross Block | 5.763 | 5.707 | 9.999 | 7.282 | 7.637 | 7.323 | 8.017 | 8.651 | 9.599 | 9.730 |
| 5 Value Added : Contract Revenue (VOP) | 0.306 | 0.344 | 0.308 | 0.365 | 0.467 | 0.507 | 0.447 | 0.363 | 0.314 | 0.228 |
| No. of Employees: | | | | | | | | | | |
| Gross Margin per employee | 0.085 | 0.102 | 0.109 | 0.085 | 0.070 | 0.073 | 0.085 | 0.047 | 0.049 | 0.051 |

Note: - This figures for FY 2017-18, FY 2016-17, FY 2015-16 are in accordance with Ind AS whereas, rest of the financial years are as per IGAAP.



Notice

NOTICE IS HEREBY GIVEN that the Eighty Fifth Annual General Meeting of Mazgaon Dock Shipbuilders Limited ("Company") will be held at a shorter notice on Tuesday, the 25 September, 2018 at 1200 hours at the Registered office of the Company at Dockyard Road, Mazgaon, Mumbai-400 010, to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt:
 - (a) the Audited Standalone Financial Statements of the Company for the Financial year ended 31st March, 2018, the reports of the Board of Directors and Auditors thereon; and
 - (b) the Audited Consolidated Financial Statement of the Company for the financial year ended 31st March, 2018 and the report of the Auditors thereon.
- (2) To confirm payment of interim dividend of ₹180 crore for the financial year 2017-18 as final dividend.
- (3) To authorise the Board of Directors to fix remuneration of M/s J.C.R & Co. (FRN:105270W), Chartered Accountants, statutory auditors of the Company for the financial year 2018-19 in compliance with the orders and directions of appointment by the Comptroller and Auditor-General of India.

SPECIAL BUSINESS:

- (4) To ratify the remuneration payable to the Cost auditor appointed by the Board of Directors of the Company for the financial year 2018-19 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as Ordinary Resolution:

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

of ₹ 2,25,000/- (Rupees two lakhs and twenty five thousand only) excluding applicable taxes payable to M/s. R. Nanabhoy & Co., Mumbai, Cost Accountants, for conducting cost audit of the Company for the financial year 2018-19, as approved by the Board of Directors of the Company be and is hereby ratified."

- (5) To appoint Shri Barun Mitra, AS(DP) (DIN: 07012558), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Shri Barun Mitra (DIN: 07012558) who was appointed as a Government Nominee Director, by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 8(80)/2015-D (Coord/DDP) dated July 17, 2018, be and is hereby appointed as Government Nominee Director of the Company on the same terms & conditions as determined by the Govt. of India."

- (6) To appoint Cmde. T.V.Thomas IN (Retd) (DIN:07978819), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Cmde. T.V. Thomas IN (Retd) (DIN:07978819), who was appointed as Director (Corporate Planning and Personnel), by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 4/1(1)/2017/D(NS) dated October 26, 2017, be and is hereby appointed as Director (Corporate Planning and Personnel) of the Company on the same terms & conditions as determined by the Govt. of India".

- (7) To appoint RAdm. Anil K. Saxena IN (Retd) (DIN:08006255), as Director of the Company and in this regard to consider and if thought



fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, RAdm. Anil K. Saxena (DIN:08006255), who was appointed as Director (Shipbuilding), by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 4/1(2)/2017/D(NS) dated January 31, 2018, be and is hereby appointed as Director (Shipbuilding) of the Company on the same terms & conditions as determined by the Govt. of India”.

- (8) To appoint Shri. Devi Prasad Pande (DIN:00960974), as an Independent Director (Part Time Non-Official) of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Shri. Devi Prasad Pande (DIN:00960974), who was appointed as an Independent Director (Part Time Non-Official), by the D (Naval System), Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 11(57)/2017/Misc/D(NS) dated September 13, 2017, be and is hereby appointed as an Independent Director (Part Time Non-Official) of the Company on the same terms & conditions as determined by the Govt. of India”.

- (9) To appoint Prof. Kamaiah Bandi (DIN:07962235), as an Independent Director (Part Time Non-Official) of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Shri. Kamaiah Bandi (DIN:07962235), who was appointed as an Independent Director (Part Time Non-Official), by the D (Naval System), Department of Defence Production, Ministry of Defence vide letter No. 11(57)/2017/Misc/D(NS) dated September

13, 2017, be and is hereby appointed as an Independent Director (Part Time Non-Official) of the Company on the same terms & conditions as determined by the Govt. of India”.

- (10) To appoint Dr. Mailareshwar J. Jeevanavar (DIN:03266130) as an Independent Director (Part Time Non-Official) of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Dr. Mailareshwar J. Jeevanavar (DIN:03266130), who was appointed as an Independent Director (Part Time Non-Official), by the D (Naval System), Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 11(57)/2017/Misc/D(NS) dated March 9, 2018, be and is hereby appointed as an Independent Director (Part Time Non-Official) of the Company on the same terms & conditions as determined by the Govt. of India”.

BY ORDER OF THE BOARD
Mazagon Dock Shipbuilders Limited

Sd/-
(Vijayalakshmi Kumar)
COMPANY SECRETARY

Dockyard Road
Mumbai 400 010
Dated 14 September 2018

Notes:

- (a) A MEMBER WHO IS ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HERSELF/HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.

In pursuance to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014,



Proxies in Form MGT-11, in order to be valid and effective, should be duly stamped, completed, signed and deposited at the Registered office of the company not less than 48 hours before Meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital carrying voting right. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

- (b) The Explanatory Statement setting out material facts as required under Section 102(1) of the Companies Act, 2013 is annexed herewith.
- (c) The Register of Directors' Shareholding maintained under Section 170 and Register of Contracts, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the meeting.
- (d) The Comments of the Comptroller and Auditor General of India under Section 143 of the Companies Act, 2013 on the Accounts of the Company is included in the Annual Report.

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 & Co., Mumbai, Cost Accountants, at a remuneration of ₹ 2,25,000/- (Rupees two lakhs and twenty five thousand only) excluding applicable taxes payable to conduct the Cost Audit of the Company for the financial year 2018-2019.

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

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way,

concerned or interested, financially or otherwise, in the resolution.

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

Item No. 5

Shri Barun Mitra, (DIN: 07012558), Additional Secretary (Defence Production), was appointed as a Government Nominee Director, by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 8(80)/2015-D (Coord/DDP) dated July 17, 2018 in place of Shri Subhash Chandra ex AS(DP).

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Shri Barun Mitra, as Government Nominee Director on the same terms and conditions as determined by the Government of India.

Shri Barun Mitra is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

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

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

Item No. 6

Cmdr. T.V. Thomas IN (Retd) (DIN:07978819), was appointed as Director (Corporate Planning and Personnel), by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 4/1(1)/2017/D(NS) dated October 26, 2017.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Cmdr. T.V. Thomas, IN (Retd) as Director (Corporate Planning & Personnel) on the same terms and conditions as determined by the Government of India.



Cmde. T.V. Thomas IN (Retd) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Cmde. T.V. Thomas IN (Retd), is in any way, concerned or interested, financially or otherwise, in the resolution.

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

Item No. 7

RAAdm. Anil K. Saxena IN (Retd) (DIN: 08006255), was appointed as Director (Shipbuilding), by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 4/1(2)/2017/D(NS) dated January 31, 2018.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of RAAdm. Anil K. Saxena, IN (Retd) as Director (Shipbuilding) on the same terms and conditions as determined by the Government of India.

RAAdm. Anil K. Saxena IN (Retd) is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company or their relatives except RAAdm. Anil K. Saxena, IN (Retd) is in any way, concerned or interested, financially or otherwise, in the resolution.

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

Item No. 8

Shri. Devi Prasad Pande (DIN:00960974), was appointed as an Independent Director (Part Time Non-Official), by the D (Naval System), Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 11(57)/2017/Misc/D(NS) dated September 13, 2017 .

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is

sought for regularisation of the appointment of Shri. Devi Prasad Pande as an Independent Director (Part Time Non-Official) on the same terms and conditions as determined by the Government of India.

Shri. Devi Prasad Pande is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

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

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

Item No. 9

Prof. Kamaiah Bandi (DIN:07962235), was appointed as an Independent Director (Part Time Non-Official), by the D (Naval System), Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 11(57)/2017/Misc/D(NS) dated September 13, 2017.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Prof. Kamaiah Bandi as an Independent Director (Part Time Non-Official) on the same terms and conditions as determined by the Government of India.

Prof. Kamaiah Bandi is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Prof. Kamaiah Bandi, is in any way, concerned or interested, financially or otherwise, in the resolution.

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

Item No. 10

Dr. Mailareshwar J. Jeevanavar (DIN:03266130), was appointed as an Independent Director (Part Time Non-Official), by the D (Naval System), Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. 11(57)/2017/Misc/D(NS) dated March 9, 2018.



Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 every director of the Company has to be appointed in the general meeting of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Dr. Mailareshwar J. Jeevanavar as an Independent Director (Part Time Non-Official) on the same terms and conditions as determined by the Government of India.

Dr. Mailareshwar J. Jeevanavar is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

None of the Directors, Key Managerial Personnel of the Company or their relatives except Dr. Mailareshwar J. Jeevanavar, is in any way, concerned or interested, financially or otherwise, in the resolution.

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

BY ORDER OF THE BOARD
Mazagon Dock Shipbuilders Limited

Sd/-
(Vijayalakshmi Kumar)
COMPANY SECRETARY

Dockyard Road
Mumbai 400 010
Dated : 14 September 2018

Directors' Report

Dear Members,

Your Directors have pleasure in presenting the 85th Annual Report together with the audited financial statements of the Company for the year ended 31 Mar 2018 and reports of the Statutory Auditors' and the Auditor General of India thereon.

Important Events FY18:

1. Keel for the third destroyer of Project-15B was laid by VAdm D M Deshpande, AVSM VSM, CWP&A on 19 May 2017.
2. INS Kalvari, the first submarine of Project 75, was delivered to the Indian Navy on 21 Sep 2017 and commissioned by Hon'ble Prime Minister on 14 Dec 2017.
3. Keel for the first frigate of Project-17A was laid by VAdm D M Deshpande, AVSM VSM, CWP&A on 28 Dec 2017.
4. Production of the second frigate of Project-17A commenced on 26 Feb 2018.
5. Third Scorpene Submarine of P-75, "INS Karanj" was launched by Smt Reena Lanba, wife of Chief Guest, Admiral Sunil Lanba, PVSM, AVSM, ADC, Chief of Naval Staff, on 31 Jan 2018.
6. Shipbuilding and submarine construction capability of your Company has been greatly enhanced with the commissioning of 1400 Tonne shipyard plate rolling press on 15 Feb 2018.



INS Kalvari, the first submarine of Project 75, was delivered to the Indian Navy on 21 Sep 2017 and commissioned by Hon'ble Prime Minister on 14 Dec 2017.



Keel for the first frigate of Project-17A was laid by VAdm D M Deshpande, AVSM VSM, CWP&A on 28 Dec 2017.



Third Scorpene Submarine of P-75, "INS Karanj" was launched by Smt Reena Lanba, wife of Chief Guest, Admiral Sunil Lanba, PVSM, AVSM, ADC, Chief of Naval Staff, on 31 Jan 2018.



1. Financial Review

1.1 Financial Results and Performance Highlights

(₹ in crore)

| | 2017-18 | 2016-17 |
|----------------------------|---------|---------|
| Value of Production (VOP)* | 4399.16 | 3523.67 |
| Profit before Tax | 696.37 | 837.00 |
| Total Comprehensive Income | 400.61 | 548.11 |
| Gross Block | 763.35 | 617.48 |
| Net Block | 646.37 | 546.25 |
| Working Capital | 1937.32 | 2519.01 |
| Net Worth | 2422.40 | 2624.54 |
| Finance Cost | 3.85 | 3.90 |

* VOP means contract Revenue

During the year under review, the Company achieved the Value of Production (VOP) of ₹4399.16 crore as compared to the previous year's VOP of ₹3523.67 crore. The Profit before tax is ₹696.37 crore for 2017-18 as against ₹837.00 crore in the previous year.

Income Distribution for the year 2017-18 as against previous year is summarised as under:-

| INCOME DISTRIBUTION | % | % |
|--|---------|---------|
| | 2017-18 | 2016-17 |
| Cost of materials consumed | 53.71 | 49.83 |
| Employee benefit expenses | 17.93 | 16.97 |
| Finance costs | 0.08 | 0.09 |
| Depreciation and amortization expenses | 1.00 | 0.92 |
| Sub-Contracting charges | 6.44 | 2.57 |
| Power & Fuel | 0.45 | 0.61 |
| Expenses related to Projects | 3.02 | 3.30 |
| Other Expenses | 2.74 | 3.71 |
| Provisions | 0.75 | 2.52 |
| Tax Expense | 4.70 | 6.69 |
| Other Comprehensive Income | 1.20 | 0.03 |
| Total Comprehensive Income | 7.98 | 12.76 |
| Total | 100.00 | 100.00 |

1.2 Consolidated Financial Statement

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

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

1.3 Capital Structure

The Authorized Equity Share Capital of the Company as on 31 Mar 2018 stood at ₹323.72 crore comprising of 323720000 (Thirty Two crore Thirty Seven lakh Twenty Thousand) Equity shares of ₹10 each in view of the sub division of the face value of the share from ₹100 per share to ₹10 per share during the year.

The Paid-up Equity Share Capital as on 31 Mar 2018 is ₹224.10 crore comprising of 224100000 (Twenty Two crore Forty One lakh) Equity shares of ₹10 each in view of 24900000 Equity shares of ₹10 each bought back during the previous year.

1.4 Proposal for Initial Public Offer

The Ministry of Defence (Department of Defence Production) vide letter dated 28 Feb 2018 approved the disinvestment of 10% of the equity shares of the Company by an Initial Public Offering of shares at a price to be determined through a book building process.

After the IPO the Government of India will continue to hold 90% of the equity shares of the Company.

Value of Production

₹ **4399.16** crore

Profit before tax

₹ **696.37** crore

Net Worth

₹ **2422.40** crore



The Company has changed its status to public Company and a fresh certificate of incorporation consequent upon conversion to public limited Company was issued by the Registrar of Companies, Mumbai on 08 Dec 2017.

1.5 Dividend



Handing over of dividend cheque to the Ministry of Defence

The Interim and Final dividend of ₹8.03 per equity share (80.32%), amounting to ₹180 crore was paid for the year 2017-18 (excluding dividend distribution tax of ₹36.65 crore) the first and second interim dividends approved by the Board of Directors in their meetings held on 05 Dec 2017 and 01 Mar 2018 are to be treated as Final dividend for F.Y. 2017-18.

1.6 Contribution to Central Exchequer

Your Company's contribution during 2017- 18 to the Central Exchequer by way of Income Tax, Service Tax, Custom Duty, and Excise Duty & Dividend was ₹885.32 crore.

1.7 Public Deposits

During the year under review your Company has not received any deposits from the public.

1.8 Loans, Guarantees or Investments

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

2. Review of Operations

2.1 Shipbuilding Division

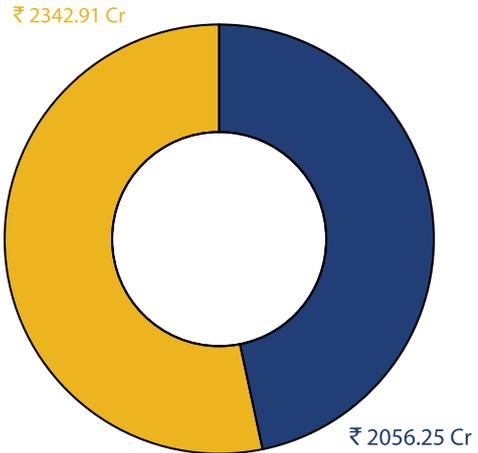
Ship building division of your Company recorded a Revenue of ₹2056.25 crore for 2017-18 as against ₹1184.45 crore of the previous year.

At present MDL is handling two Shipbuilding projects for the Indian Navy.

Keel of first ship was laid on 28 Dec 2017. Production of Second Ship (Yard No.12652) commenced on 27 Feb 2018. Company's

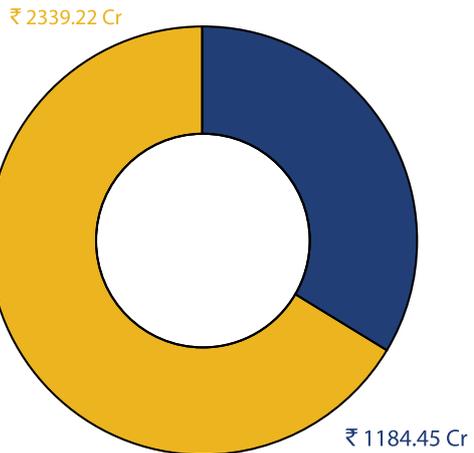
2017-18

■ Ship Building ■ Submarine



2016-17

■ Ship Building ■ Submarine



new modernised infrastructure will be fully leveraged for shipbuilding.

2.2 Submarine & Heavy Engineering Division

The revenue on account of submarine construction was ₹2342.91 crore for 2017-18 as against ₹2339.22 crore of the previous year.

2.3 Modernisation & Infrastructure Projects

Mazagon Dock Shipbuilders Limited (MDL) had successfully completed the augmentation of their infrastructure through Mazdock Modernisation Project (MMP) which comprises of a new Wet Basin, a Heavy Duty Goliath



Crane, a Module Workshop, a Cradle Assembly Shop, Store Building and associated ancillary structures.

MDL is aiming at a paradigm shift in warship and submarine construction enabling integrated construction thereby reducing the construction period.

Kanhoji-Angre Wet Basin:

The new Wet basin equipped with 4 Level Luffing Cranes is a civil engineering marvel constructed in a marine environment which adds to MDL's self sufficiency for its berthing needs.

Module Workshop:

Module shop having an area of approx. 6000 sqm with two 50 Tonne EOT crane and retractable roofs designed for the fabrication of larger hull blocks, substantially pre-outfitted within a covered environment, wherein level of completion of outfitting in shop would be increased resulting in considerably reduced build period, improved quality together with better working environment for the operatives.

Goliath Crane:

The Heavy Duty Goliath crane is having a lifting capacity of 300 T and is straddling across two slipways and the module shop with a span of 138m. The crane is equipped with features that enable to undertake construction of large ship blocks and thereby reducing build period considerably.

Cradle Assembly Shop:

The Cradle Assembly Shop (CAS) along with Store Building has been constructed as part of construction program of submarines. The CAS is primarily being used for fabrication and pre outfitting of cradle structure in unit block assemblies.

SSA Workshop:

The workshop comprises of two bays, equipped with EOT Cranes (30T) as well as semi goliath cranes. There is a Blasting & Painting Chamber inside the Workshop to facilitate cleaning, blasting & painting of the Submarine Sections. The workshop is operational since 2016.

Shore Integration facility (SIF):

Shore Integration Facilities (SIF) has been created for Shipbuilding and Submarine Divisions separately.

Work on modernisation of the following facilities is at an advance stage:

- Modernisation of marine pile jetty at North Yard.
- New improvised network of piped services across MDL.



Yard visit by Secretary (DP) Dr. Ajay Kumar, IAS in 2018

Other Expansion Plans

In order to facilitate safe navigation of warships being constructed at MDL, a new Navigation Channel with approx. 10m water depth is being created through Capital Dredging which is expected to be completed in FY 2019-20.

MDL is further exploring the possibility for setting up a green field shipyard. Consultant has already been appointed to carry out the Feasibility Study in this regard.

Shipbuilding and submarine construction capability of your Company has been greatly enhanced with the commissioning of 1400 Tonne shipyard plate rolling press on 15 Feb 2018 and 2000 tonne hydraulic press on 27 Feb 2017.

2.4 Performance against MOUs:

Your Company has been signing Memorandum of Undertaking (MOU) every year with the Ministry of Defence, Government of India. The performance of the Company for the year 2016-2017 has been rated as "Very Good" in terms of MOU with the Government.

2.5 Research & Development

As per the guidelines issued (September 2011) by the DPE on R&D, all CPSEs should have a corporate Research and Development policy. Based on this policy, the CPSE must develop



R&D manual, specific R&D plan and the R&D budget with the approval of board. The guidelines stipulate the promulgation of R&D policy and plan by all CPSEs (including DPSUs). The R&D policy of the Company was approved by the Board (June 2013) and a committee was formed to drive the implementation of the R&D policy. The R&D expenditure incurred during the year and three previous years are as per the table below.

| | ₹In crore | | | |
|------------------------------------|-----------|-------|-------|-------|
| | FY15 | FY16 | FY17 | FY18 |
| Research & Development expenditure | 57.88 | 63.83 | 77.09 | 75.11 |

Mazagon Dock Shipbuilders Limited has been registered with the Department of Scientific and Industrial Research (DSIR) for recognition of its In-house R&D unit at Ship Building-Design Department from 30 Jan 2017 to 31 Mar 2019. Under the Broad Framework for Vision-2022, MDL shall continue to work on product innovation, new ship designs for national and international clients, promotion of Research and Development with new in-house design studies/ with external agencies and technological up gradation for indigenous development.

MDL has also tied up with academic institutions like IITs, IIM, WRI Trichy, NID to foster R&D and innovation.

2.6. 5s (Work Place Management System)

In your Company, 5S Quality concept has started in the year 2009. MDL is committed to progressively implement 5S all over the yard. As on date 15 workshops/offices/ stores have implemented 5S Quality concept.

5S internal audits are carried out on quarterly basis in the 15 workshops/offices/stores. In addition to that, certification, surveillance-1 and surveillance-2 audits are conducted in a span of one year by the external agency to assess the effectiveness of 5S implemented in the above 15 workshops/offices/stores.

2.7 ISO 9001:2008 Quality Management Systems

ISO 9001:2008 Quality Management System (QMS) certificate of Submarine Division for the

scope of “Design, Development & Construction of Submarines” was renewed with effect from 31 May 2016 and is valid upto 14 Sep 2018. The 1st Surveillance audit of the renewed certification was held on 23 and 24 May 2017 and the same was successfully completed.

2.8 Quality Management Systems (ISO 9001:2015)

Your Company is committed to implement Quality Management Systems (QMS) as per revised ISO 9001:2015 standard. During the process of implementation 38 Lead Auditors and 69 Internal auditors were trained and 1945 employees were given ISO awareness training in Ship Building-Division.

Corporate Manual, Shipbuilding Divisional Manual and 24 departmental procedure manuals were re-written as per ISO 9001:2015 Standard. Further, two internal audits (Audit no – 36 and 37) were carried out by Lead and Internal Auditors across 65 sections/shops of Shipbuilding Division.



Best QC Team in CCQC-17, Mumbai

Adequacy checks of Corporate Manual & Shipbuilding Divisional Manual were done by M/s IRQS and adequacy checks of Departmental Procedure Manuals (24 Nos) was done by SB-QA Department. Progress review meeting (PRM) and Management Review Meeting (MRM) with top management was organised during Oct 2017 and Dec 2017 respectively.

The certification audit of Shipbuilding Division as per ISO 9001:2015 Standard was scheduled and conducted on 19 and 20 Feb 2018 by M/s IRQS audit team. Certificate of Approval has been awarded to Shipbuilding Division as per the revised ISO 9001:2015 Standard.



2.9 Information Technology

Your company has successfully migrated the existing ERP to newer version and went live on 20 Nov 2017.

MDL is in process of implementing data leak/loss prevention solution to strengthen the data security.

Online payment gateway implemented to facilitate the vendors to make payment towards security deposits, payments for recruitment for the applicants.

Carried out revamping of the hardware & software set up at MDL Primary Data Center, Near Disaster Recovery site & Disaster Recovery site.

Revamped the peripheral Firewall to the Next Gen Firewall.

MDL has changed its domain name from "mazdock.com" to "mazagondock.in"

2.10 Procurement from MSMEs

Your Company is complying with Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012. Accordingly, out of the total annual procurement, 20% procurement is being made from MSEs. During the FY 2017-18, your Company has achieved 29.01% procurement from MSEs. For FY 2018-19, your Company has set the target/goal of 20% procurement from MSEs.

During the FY 2017-18, your Company had conducted two vendor development programme, out of which one was exclusively for MSEs owned by SC/ST Enterprises. Your Company had also arranged supplier meet (Buyer-Seller) during the year. To further enhance vendor base, your Company had participated in national level programme conducted by MSME-Development Institute(DI) and other government bodies.

2.11 Marketing initiatives



MDL's Participation in Defence Expo, 2018 at Chennai

During the financial Year 2017-18, MDL participated in three International & four national exhibitions for business promotions. The exhibitions immensely helped in showcasing MDL's capabilities and technical strength in warship building and submarine construction. The exhibitions were successful in projecting the image and capabilities of India in the defence production sector in general and warship / submarine building capabilities in particular.

MDL participated in Vendor Development meet held at Chennai & Coimbatore for registration of new suppliers, promoting the initiative of "Make in India" policy of the Govt. of India and development of MSMEs for indigenisation of various items/equipment for our shipbuilding & submarine projects.



MDL's Participation in DPSU and OFB's Vendor Development meet at Chennai, Jan, 2018

During the exhibition, MDL displayed posters and backdrops on requirement of our indigenisation items and also issued booklet on MDL's indigenisation programme. This effort was noted and appreciated by the local/ indigenous material suppliers at all the exhibitions.

2.12 Exports

Your Company is actively exploring export orders. During the last one year, the Company has started to look at exports in a focused manner. We have created an exports promotion team in the shipyard.

2.13 Health Safety & Environment Management System

Health & Safety are amongst the most important aspects of any organisation's effective and seamless functioning. Good health and safety performance not only increase productivity but also ensure happy and accident free industrial environment. Likewise protection & improvement of environment is a global call for which each one of us at MDL feel responsible.



Controlling the impact of industrial activities on the environment is equally important for sustainable development.

Your Company is committed towards improving its performance towards Health, Safety & Environment. Your Company has implemented "Health, Safety & Environment Management System (HSEMS)" in accordance with the international standards ISO 14001: 2015 and OHSAS 18001:2007. Your Company is under the process of certification of its HSEMS.

3. Human Resource Development



MDL Chairman's Trophy, Ladies Cricket Tournament, 2018

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 & Development programs organised by premier management institutions viz IIM, MDP Gurugram & ISB Hyderabad 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 skill sets to make 'Make in India' initiative more fruitful, your Company has increased the capacity of its Apprentice Training School by way of inducting 200 more Trainees.

This year, a program on 'Team Building for AGM, GM & ED' was organized by Atitya Training & HR Consultants Pvt. Ltd for senior level executives.

Similar training programme was also organised for non executives by Jeevanvidya Foundation from 22 Feb 2018 to 23 Feb 2018.

Frequent in-house training programs were organised for Fire fighting and Safety. An in-house training programme was also organised for women executives on 'Prevention of Sexual Harassment at Workplace'. Total 6 (Six) in-house training programme on 'Preventive Vigilance' were organised for creating awareness amongst executives, wherein a total of 117 executives were benefited.

For the purpose of infusing the culture of innovation an In-house workshop on Innovation for executives was organised by Director IIM (Indore).

Three customised Management Development Programme were organised by IIM, Indore for both senior and middle level executives from 03 Oct 2017 to 14 Oct 2017, 25 Dec 2017 to 30 Dec 2017 and 12 Feb 2018 to 17 Feb 2018 as part of MOU target for 2017-18, where 30 executives have participated in each programme.

As part of encouraging higher education, 7 (seven) executives have been sent to DIAT Pune and three executives have been sent to IIT Kharagpur for M.Tech courses for the academic year 2017-2019.

A total of 92 external training programme were organised for executives wherein 379 executives have been trained and 41 in-house training programme were conducted wherein 1665 executives have been trained.

Similarly re-skilling of a total of 278 non executives was done through training at ATI (Advanced Training Institute) and 15 in-house training programme were conducted for non-executives wherein 1593 non-executives have been trained.

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

3.1 Welfare Activities

Your Company values its human resources the most. To keep their morale high, apart from



statutory welfare measures, your Company extends several other welfare activities.

3.1.1 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.

3.1.2 Medical Scheme:



Awareness Seminar - Cervical Cancer, 2018

All the serving employees, including their dependent family members, are covered under the medical scheme. Hospitalisation claims of around ₹36 Crore were disbursed towards treatment to the employees and their dependent family members during the FY 2017-18.

3.1.3 Other Welfare Activities:

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

3.1.4 Post Retirement Medical Scheme (PRMS)

In order to provide medical facilities to the retired employees and their spouses, your Company has Post Retirement Medical Scheme in place. The same is being regulated through Group Mediclaim policy taken from an insurance company. Your Company has an annual insurance coverage to the extent of ₹2.00, ₹3.00 & ₹4.00

lakh for self & spouse in case of executives. In addition to the above, there is provision for reimbursing additional hospitalisation expenses involving 7 (seven) critical diseases. In case of non-executives, one-time coverage of ₹2.5 lakh for self & 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.

3.1.5 Executives' Superannuation (Pension) Scheme:

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

MDL has also introduced similar scheme for non-executives and Company contributes 5% of basic pay + DA towards the corpus of the pension scheme for each eligible non-executive of the Company.

3.2 Manpower and Reservation of Posts for SCs/STs:

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

Total manpower strength as on 31 Mar 2018 is at 8790 (including functional directors) out of which the number of persons on temporary rolls was 3987. Of the total strength, 115 are ex-servicemen, 1203 are of Schedule Caste and 589 are of Scheduled Tribes. The percentage of Scheduled Caste and Scheduled Tribes in respect of Employees was at 13.69% and 6.70% respectively.

Number of persons on temporary rolls as on 31 Mar 2018 is 3987, out of which 597 belong to Scheduled Caste and 333 belong to the Scheduled Tribes category.

Details of the statement showing position regarding representation of Schedule Castes and Schedule Tribes in various categories of post on 01 Jan 2017 and 01 Jan 2018 is annexed at Appendix 'A'



3.3 Employment of Women:

As per the recommendation No.51, Para (ii)(a) of the National Commission for Women (NCW) in its Annual Report for the year 1995-96, the employment position of Women as on 31 Mar 2018 is given below as directed by the Ministry of Defence, vide their letter Nos. 39(6)/99/D(B&C), dated 27 Aug 1999.

Executives

| Grade | No. of Employees | Women | Percentage |
|----------------------|------------------|-------|------------|
| I | 179 | 16 | 8.94 |
| II | 94 | 12 | 12.77 |
| III | 133 | 8 | 6.02 |
| IV | 364 | 14 | 3.85 |
| V | 185 | 11 | 5.95 |
| VI | 110 | 10 | 9.09 |
| VII | 41 | 1 | 2.44 |
| VIII | 18 | - | |
| IX | 3 | - | |
| CVO on deputation | 1 | - | |
| Functional Directors | 4 | - | |
| CMD | 1 | - | |
| Total | 1133 | 72 | 6.35 |

Non-Executives

| Grade | No. of Employees | Women | Percentage |
|-------|------------------|-------|------------|
| WG-0 | 0 | 0 | 0 |
| WG-1 | 2 | 0 | 0 |
| WG-2 | 580 | 1 | 0.17 |
| WG-3 | 92 | 0 | 0 |
| WG-4 | 173 | 0 | 0 |
| WG-5 | 4184 | 134 | 3.20 |
| WG-6 | 871 | 24 | 2.76 |
| WG-7 | 165 | 1 | 0.61 |
| WG-8 | 958 | 2 | 0.21 |
| WG-9 | 172 | 0 | 0 |
| WG-10 | 223 | 13 | 5.83 |
| WG-3A | 39 | 0 | 0 |
| WG-4A | 198 | 0 | 0 |
| Total | 7657 | 175 | 2.29 |

3.4 Persons with Disabilities (PWD) As On 31 Mar 2018:

The total number of physically challenged employees as on 31 Mar 2018 was 103 and its percentage to total employees works out to 3.32%.

| | HI | LD | VI | Total |
|---------|----|----|----|-------|
| Group-A | 8 | 16 | 8 | 32 |
| Group-B | 0 | 0 | 0 | 0 |
| Group-C | 0 | 10 | 0 | 10 |
| Group-D | 12 | 66 | 4 | 82 |
| Total | 20 | 92 | 12 | 124 |

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

3.5 Industrial Relations

Industrial relation scenario during this period was cordial and harmonious. There were no man-hours lost on account of industrial conflict. In the absence of a recognised union, efforts were made to resolve issues of mutual concern through deliberations with the unions on the Bargaining Council and other unions. The period of last Long Term Settlement (LTS) with Union on Bargaining Council expired on 31 Dec 2016. The Unions on Bargaining Council have submitted their Charter of Demands and negotiation meetings are being held with them to arrive at new Long Term Settlement for next 10 years effective from 01 Jan 2017.

3.6 Reservation of Posts

Your Company has been observing all 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 are inspected by the respective Liaison Officer from time to time and also perused by the SC/ST Unions. Detailed statistics regarding the total number of employees, number of women employees, recruitment made during the calendar year 2017 and the representation of SCs / STs / Ex-servicemen as on 01 Jan 2018 are given at Appendix A, B & C to this Report.



3.7 Grievance Redressal Committees for SCs/STs/ Women

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. Quarterly meetings of representatives of SC/ST is held with Director (CP&P) wherein grievances related to SC/ST are discussed and resolved.

3.8 Prohibition of Sexual Harassment of Women at Workplace

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified in the Company. Internal Complaints Committees as per Section 4 of the Act have been put in place. There were NIL cases reported during the year.

3.9 Public Grievance Committee

Your Company constituted a Public Grievance Committee headed by an officer of the rank of General Manager. The Committee examined and disposed grievances based on their merit.

CPGRAMS (Central Public Grievance Redress and Monitoring System): The Committee also deals with redressal of grievances registered on CPGRAMS Portal from the Department of Administrative Reforms & Public Grievances and ensures settlement of online grievances with proper feedback.

4. Indigenisation & Make in India



Inauguration of new "Make in India" Display Center

MDL, having set-up a dedicated 'Department of Indigenisation' in Nov 2015, to provide focused impetus to the Hon'ble Prime Minister's "Make-in-India" initiative has been successfully able to partner with the Indian industry to undertake indigenisation/import substitution of various equipment/items which have been imported since long. The procurement of indigenised items from the Indian industry would result in substantial savings in foreign exchange to the exchequer. Indigenisation of various products are in progress.

In recognition for its contribution to Indigenisation initiatives, MDL has been awarded Governance Now 5th PSU Award 2018 for playing Pivotal Role in "Make-In-India".

5. Awards and Recognitions

- MDL received Raksha Mantri Award for Excellence (2014-15) on 30 May 2017.
- Jal Tarang half yearly Hindi Magazine of MDL received 1st Prize from SCOPE in the category Utkrista Patrika on 07 Dec 2017 at SCOPE Convention New Delhi.
- Jal Tarang was awarded 1st Prize by TOLIC on 21 July 2017 at Mumbai.
- Jaltarang was awarded best Hindi Magazine by Rajbhasha Seva Sansthan at Ooty on 24 Sep 2017.
- Jal Tarang was awarded 'Shresth Grih Patrikayen' by Aashirwaad on 27 Sep 2017 at Mumbai.
- Bhaskar and Galaxy Quality circle teams participated in International Convention on Quality Control Circles (ICQCC) held at Manila, Phillipines in Oct 2017 and both the teams won Gold Medal.
- 09 Quality Circle teams won Par Excellence and 01 Quality Circle team won Excellent award in National Convention on Quality Concepts (NCQC-2017) held at Mysuru in Dec 2017.
- 20 Quality Circle teams won Gold award and 01 Quality Circle team won Silver



award in Chapter Convention on Quality Concepts (CCQC-2017) held at Mumbai in Sept 2017.

- MDL won the 13th BML Munjal award for “Business Excellence through Learning and Development”. The award was presented by former President of India, Hon’ble Pranab Mukherjee in 2018.



BML Munjal Award for Business Excellence for Learning and Development, 2018

6. Official Language Implementation

Your Company has been adhering to all the directives issued by Rajbhasha Vibhag, Government of India from time to time for progressive use of Hindi for official purposes. MDL’s efforts towards progressive use of Official Language are detailed below:

- Quarterly meetings with the Chairman & Managing Director and sub-committees under the chairmanship of the respective Directors.
- All the formats/ manuals of MDL are made bilingual.
- Hindi books worth of ₹50,000/- have been purchased for the library during the FY 2017-18.
- 06 Digital Boards have been installed at conspicuous places displaying ‘Aaj ka Shabd’ and ‘Aaj Ka Suvichar’ to develop the awareness among the employees.
- Employees have been awarded for working in Hindi. Imparted ‘Praveen’, ‘Pragya’

and ‘Parangat’ training and conducted workshops.

- Unicode Hindi software is installed on all the 1905 PCs. All the executives and staff have been trained on Unicode.
- Hindi Diwas’ was celebrated on 14 Sep 2017 and Hindi fortnight “Hindi Pakhwada” was celebrated from 07 September to 29 Sep 2017.
- Hindi correspondence is at 97% and Hindi Tippani is at 90%.

7. Vigilance Activities

As an extended arm of the Central Vigilance Commission, the Vigilance Department takes appropriate action to carry out preventive and punitive vigilance in Mazagon Dock Shipbuilders Ltd (MDL). It promotes transparency and fairness in various activities of MDL including procurement, outsourcing, recruitment etc. The Vigilance Department also recommends systemic improvements and ensures that integrity is maintained in all domains of the Company’s functioning.

1. CTE Type Examination:

As a 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 2017 to 31 Mar 2018, 05 such CTE type examinations have been carried out by Vigilance Department.

2. Complaints:

During the period 01 Apr 2017 to 31 Mar 2018, Vigilance Department received 40 complaints. Investigation of 10 complaints were pending from 2016 – 17. Investigation has been completed for 47 complaints and is in progress for the rest.



3. Spot Checks / Inspections:

Surprise/Spot checks are also being conducted by Vigilance Department. During the period 1 Apr 2017 to 31 Mar 2018, 12 nos. Spot checks / inspections have been conducted and suggestions/corrective measures were recommended for systemic improvement.

4. Disciplinary Proceedings:

The pending Disciplinary proceedings against delinquent executives are being closely monitored by Vigilance Department.

5. Vigilance clearances:

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

6. Vigilance Awareness Week Activities:

The following activities/functions have been held at MDL during Vigilance Awareness Week (VAW) observed from 30 Oct 2017 to 04 Nov 2017.

Director(CP&P) MDL formally inaugurated VAW – 2017 on Monday 30 Oct 2017, administered the Integrity Pledge to the EDs, GMs and senior executives of MDL. Messages received for the occasion from Hon'ble President of India, Hon'ble Vice President of India, Central Vigilance Commission and other dignitaries were read out by Executive Directors.

- The Integrity Pledge was also administered to all the employees in different yards/departments by their respective HODs or the senior-most official of the Department.
- Vigilance Department's in-house journal SUCHARITA Vol. XX was released by Director (CP&P), MDL, immediately after pledge taking ceremony.

- CVO, MDL attended the inaugural function of the VAW 2017 organised by CVC at New Delhi on 30 Oct 2017.
- Banners were displayed at all strategic locations in all the yards of MDL. Also posters were displayed at prominent locations in MDL. Additionally, posters were displayed at nearby bank, school and petrol pump.
- An interactive session between CVO and MDL executives was organized on 02 Nov 2017, wherein 120 Executives actively participated.
- A short skit/play was conducted twice within the Company premises by the MDL employees on the evil effects of corruption.
- On 03 Nov 2017, eminent guest speaker Dr. Vikas Amte, Secretary Maharogi Sewa Samiti (MSS) spoke on "My Vision-Corruption Free India".
- A sensitisation programme through elocution contest on the theme, "My Vision-Corruption Free India" was conducted for the students of Swami Vivekanand College Chembur and Fr.Agnel Junior College, Vashi on 08 Nov 2017 and 23 Nov 2017 respectively. Essay competition was held in Burhani College, Mazagon on 13 Nov 2017. CVO and General Manager (Vigilance) administered the Integrity Pledge to the students and teachers. A quiz contest was organised for the students of Apprentice Training School (ATS), MDL on 29 Nov 2017 and an Integrity Club was formed on the occasion.
- General Manager (Vigilance) and Chief Manager (Vigilance) visited Parner Village in Beed District on 13 Oct 2017. The following programme were held during their visit.
 - a) Elocution contest at Pareshwar School, Parner.
 - b) Integrity pledge at Pareshwar School.



- c) Conducted Gram Sabha at Parner Village.
- Slogan, poster & essay competitions on Vigilance related topics in Hindi, Marathi & English language were conducted among MDL employees to enhance Vigilance Awareness.
 - A “Vendors / Suppliers Meet” was arranged on 22 Dec 2017 which was attended by CMD, Directors, CVO, senior executives and other executives of the commercial departments of the organisation besides a host of vendors / suppliers in which various issues raised by the vendors / suppliers were discussed. CVO administered the Integrity Pledge to the suppliers during the meet.
 - CMD, MDL awarded certificates and cash prizes on 13 Mar 2018 to the winners of various competitions organised for MDL employees and their family members during the VAW 2017.

8. Governance & Sustainability

8.1 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 Practicing Company Secretary, confirming compliance of conditions of Corporate Governance is placed at Appendix 'D'.

8.2 Implementation of RTI Act, 2005

Under the Right to Information (RTI) Act, 2005, to facilitate provision of information to the citizens requesting for the same, your Company has evolved necessary structure by designating officers as Assistant Public Information Officer, Public Information Officer and Appellate Authority for the purpose of implementation of the Right to Information Act in the Company.

During the year, the Company received 176 RTI applications & 10 First appeals and 04 second appeals before CIC. The information / replies sought for were duly furnished. Quarterly and Annual Return for the year to be submitted online to Central Information Commission (CIC) had been duly filed and uploaded in RTI - MIS updation system.

8.3 Meetings of the Board

During the financial year ended on 31 Mar 2018, six meetings of the Board of Directors of the Company were held. These were on 25 May 2017, 23 Aug 2017, 22 Sep 2017, 5 Dec 2017, 1 Mar 2018 and 27 Mar 2018.

8.4 Company's Policy on Directors' Appointment and Remuneration

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

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

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

Your Company being a Government Company the requirement for framing policy on Directors' appointment and remuneration including criteria for determining qualifications etc, is not required pursuant to the Ministry of Corporate Affairs (MCA) Notification No. GSR 463 (E) dated June 5, 2015.

8.5 Changes in the Board

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



Shri Vijayendra-JS (NS) & Government Nominee Director MDL ceased to be a Member of the Board w.e.f. 27 Mar 2018. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by Shri Vijayendra during his tenure.

Shri Subhash Chandra, ex-AS (DP) was appointed as the Government Nominee Director MDL w.e.f. 05 Apr, 2018 pursuant to appointment letter from MoD dated 05 Apr 2018 and ceased to be a Director w.e.f. 17 July, 2018. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by Shri Subhash Chandra during his tenure.

Shri Barun Mitra, AS (DP) was appointed as the Government Nominee Director MDL w.e.f. 17 July, 2018 pursuant to appointment letter from MoD dated 17 July 2018.

Comde T.V. Thomas was appointed as Director (Corporate Planning and Personnel) w.e.f. 2 Nov 2017 pursuant to appointment letter from MoD dated 26 Oct 2017.

RAAdm Anil K. Saxena was appointed as Director (Ship Building), w.e.f. 21 Mar 2018 pursuant to appointment letter from MoD dated 31 Jan 2018.

Shri Devi Prasad Pande was appointed as Independent Director (Part Time Non- Official) w.e.f. 13 Sep 2017 pursuant to appointment letter from D (Naval System) DDP, MoD dated 13 Sep 2017.

Shri Kamaiah Bandi was appointed as Independent Director (Part Time Non- Official) w.e.f. 10 Oct 2017 pursuant to appointment letter from D (Naval System) DDP, MoD dated 13 Sep 2017.

Dr. Mailareshwar J. Jeevannavar was appointed as Independent Director (Part Time Non- Official) w.e.f. 9 Mar 2018 pursuant to appointment letter from D (Naval System) DDP, MoD dated 9 Mar 2018.

8.6 Constitution of Audit Committee

The Board has constituted Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013 and the Rules made

there under. The Committee acts in accordance with the terms of reference as approved by the Board. The composition and other details are disclosed in the Corporate Governance Report.

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

8.7 Declaration Given by the Independent Directors

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

8.8 Corporate Social Responsibility

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

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

Your Company has received an award for "BT - CSRExcellence Award for Care & Protection of the Girl Child". This award was given by Bureaucracy Today (BT) on 22 Aug 2017 in New Delhi. MDL was conferred this award in recognition of the excellent work done by MDL (CSR cell) towards running a Residential School for Girls belonging to Kathkari Community (Primitive Tribe Group) at Kharade Gram Panchayat in Shahpur Block of Thane district.



Residential School for Girls Belonging to Kathkari Community at Kharade



The CSR Budget of your Company for the FY 2017-18 was ₹16.74 crore (2% of average profit of the previous three FYs as per section 198 of Companies Act – 2013). In addition, a sum of ₹ 20.63 crore was carried forward from the last Financial Year. Out of this, your Company has spent ₹24.35 crore towards CSR activities during FY 2017-18. A sum of ₹13.02 crore remains unspent as some of the projects/ programs could not commence due to reasons of delay in the commercial process and execution by the implementing agencies.

Your Company has executed various projects as part of its CSR initiatives mainly in sectors of education, health & sanitation, skill development and village development. Your Company has taken huge strides in the field of Swachh Bharat Mission and Skill India Mission and had undertaken several CSR projects to contribute towards these national flagship programme of Govt of India. All the executed CSR projects are in line with schedule VII of the Companies Act.



Skill and Village Development Program Under CSR Project

The CSR committee has certified that the implementation and monitoring of the CSR Projects is in compliance with CSR objectives and policy of the Company. The annual report on CSR containing the particulars specified in the Companies Act, 2013 is placed at Appendix 'E'.

8.9 Environment and Pollution Control:

Your Company has taken various initiatives towards Sustainable Development and Energy Conservation in the year under report. In alignment with the Government of India's policy to increase the quantum of renewable energy and to reduce energy consumption various projects were undertaken by your Company. The Installation of Solar Power Plant, Changing of conventional lights into LED lights, procurement of energy efficient welding machines, Sewage treatment plant, Fume extractors system, occupancy sensors, wind operated ventilators etc are some of the areas where your Company had focused.

Your Company has installed 650 kWp Grid Interactive Solar Power Plant on the roof tops of workshops and building. By installing this 650 kWp Solar Power Plant your Company has achieved a cumulative capacity of 1490 kWp (1.49 MWp) Solar Power Plant in the Company premises. All these solar power plants were installed on the unutilised roof tops of workshops or terrace areas. The installed cumulative capacity 1490 kWp Solar Power plant will generate nearly 18.00 lakh units of energy per annum. Your Company has installed Net Meters to export excess energy generated out of Solar Power plant.

Your Company is continuing the process of changing conventional lights into LED Lights to save energy. In the FY under report, all the conventional lights installed for illumination of workshops were changed to LED lights. This has yielded saving of energy to the extent of 4.6 lakh units (kWh) per annum.

Welding is the major process in the shipbuilding and a reasonable amount of energy is consumed toward this activity. Your Company is keen to adopt energy efficient welding equipments to reduce the energy consumption during welding. Towards this your Company has procured 70 Nos. energy efficient inverter based welding machines. This will result into energy saving of 1.40 lakh units (kWh) per annum.



Sewage treatment Plant in SSA workshop is designed to treat up to 2 cum/hr of domestic sewage & 5cum / hr grey water. The treated water is being reused for flushing in WC and gardening.

Fume extractors System has been provided in SSA workshop which suck the welding fumes from the welding spaces and will separate the particles by two stage electrostatic air filtration. Fine sub micron suspended particles are electro statically charged using high voltage electric field, which then get attracted and precipitated on opposite charged electrode plates.

In the SSA Workshop 8% area of roof sheet is been provided with transparent sheets by which Considerable Power is been saved.

Occupancy sensor (OS) is an electronic device which senses the Occupancy of Executives. In absence of executive the occupancy sensors switch-off the lights and Air conditioners in the cabin there by saving of power. As and when executive occupies the cabins Sensor switch on the AC and Lights. Total 35 OS have been installed by which 2464 units per month power is been saved.

Existing electric operated ventilators have been replaced by wind ventilators. 30 wind ventilators have been installed in lieu of 25 electric operated ventilators by which 14025 units per month power is been saved.

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

8.10 Swachh Bharat Initiatives



Lecture on dos and don'ts to school children during Shramdhan

Your Company fully adheres to the Prime Minister's Nationwide Swachh Bharat Campaign with the awareness amongst and participation by all sections of the society, so as to make it mass awareness movement and bring about a lasting behavior change. As a part of Swachh Bharat Abhiyan, Company has organised Swachhata Hi Seva Campaign and celebrated Swachhata Pakhwada. The Abhiyaan is underway at three levels viz. i) within the Shipyard, ii) adjacent areas and iii) rural areas.

Activities within MDL Premises

Your Company has created awareness about cleanliness amongst employees through posters, signage, boards, standees etc. Cleanliness within premises is ensured through Block In-charges. Mini marathon has been organised during Swachhata Hi Seva Campaign to create awareness about cleanliness among employees. Identification and removal of obsolete records, e-waste, heavy debris, repairs of drainage lines is a regular activity. Your Company has appointed facility management service provider for effective cleanliness in the yard.

Activities outside MDL Premises

Your Company has appointed NGO for carrying out daily cleaning of adopted roads approx. 4.5 km surrounding MDL. Centralised Shramdan by all employees, led by CMD and Directors is carried out at regular intervals. Construction of three toilet blocks at adjacent Jay Bhim Nagar is in process. Iron grill blocks at road dividers below adjacent eastern freeway have been put up and beautification of boundary wall in the vicinity is in process. To create awareness on Swachh Bharat Abhiyan, Swachhata kits have been distributed among the students at BMC School.

Activities in Rural Areas

In line with the Swachh Bharat Mission of our Hon'ble Prime Minister, MDL has undertaken a mega project in sanitation sector i.e. to construct 1000 individual household toilets in Karjat Block of Raigad district. This project aims to make the villages as Open Defecation Free (ODF) through



provision of toilets and rigorous awareness campaign so as to bring behavioral changes amongst the rural population.

In March 2018, an event was organized at Karjat wherein 180 toilets were handed-over to the beneficiaries by Director (CP&P) in presence of BDO, Karjat and Dy. CEO, Zila Parishad, Raigad.

To create awareness on Swachh Bharat Abhiyan, Swachhata kits were also distributed to the students in the Primary Schools under CSR.

8.11 Vigil Mechanism

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

8.12 Particulars of Contracts or Arrangements with Related Parties

There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties that were entered into during the financial year were at an arm's length basis and were in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee and the Board for approval, if required. Information pursuant to Section 134(3) (h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 is attached to this report in form AOC 2 (Appendix 2)

8.13 Particulars of Employees and Related Disclosures

In terms of provisions of Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, none of the employees of the Company was in receipt

of remuneration of ₹1.02 crore in the financial year or ₹8.50 lakh or more per month during the financial year under review.

8.14 Extract of Annual Return

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

8.15 Directors' Responsibility Statement

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

- (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.

8.16 Statutory Auditors and their Report

The Comptroller and Auditor General of India under Companies Act 2013, appointed M/s. Ford, Rhodes, Parks & Co., Mumbai, as



the Statutory Auditors of the Company for the year 2017-18. The Auditors have certified the Accounts and their Report is placed as a part of Annual Report.

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

8.17 Comments of the Comptroller & Auditor General of India

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

8.18 Cost Auditors

M/s R. Nanabhoy & Co., were appointed as Cost Auditors for conducting cost Audit of the Company under section 148 of the Companies Act, 2013 for the year 2017-2018 and accordingly such accounts and records are made and maintained.

8.19 Secretarial Auditors

M/s Ragini Chokshi & Co., Practicing Company Secretaries, Mumbai were appointed to conduct Secretarial Audit of the Company for the financial year 2017-2018. The Secretarial Audit Report is annexed to the Directors' Report as Appendix 3 and forms part of this report. The said report does not contain any qualification, reservation or adverse remarks.

8.20 Adequacy of Internal Financial Controls With Reference To The Financial Statements

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

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

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

9. Management Discussion & Analysis Report

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

10. Future Outlook

MDL primarily caters to the defence sector in India at present. However, we are in the process of reviving the exports of our defence and commercial products to Latin America, Africa, South East Asia, Middle East and Scandinavian regions and have identified certain defence and civil sectors in such regions. We intend to increase our presence globally by establishing an International marketing team to identify potential markets for our business growth.

Our shipbuilding and submarine contracts have a long gestation period. Our revenues under these contracts are dependent on achievement of certain milestones. In order to diversify our revenue streams, we intend to increase our ship repair activities in the future as such activities are for a shorter period of time and result in the early booking of revenues. We have in the past undertaken ship repairs for our clients in the defence and commercial sectors. This will help generate more revenues, increase our client base and reduce our dependency on the MoD for future orders. We are in the process of reviving our ship repair operations.



We are exploring the possibilities of developing a greenfield shipyard at Nhava, Navi Mumbai with a ship-lift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of approx. 35 acres which will be suitable for construction and repair of warships and commercial ships with larger dimensions. We believe that the revival of our ship repair operations will result in augmentation of our revenues and profitability.

Parallel lines for Submarine Construction

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

Acknowledgements

Your Directors wish to place on record their gratitude and sincere appreciation for the assistance, co-operation and guidance received by the Company from various Ministries of the Government of India especially the Ministry of Defence, Department of Defence Production, the Indian Navy, Greater Mumbai Municipal

Corporation, Mumbai Port Trust, Principal Controller of Defence Accounts (Navy), the Departments of Customs, Income Tax, Excise, Service Tax and Sales Tax.

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

For and on behalf of the Board

Cmde Rakesh Anand IN (Retd)
 Chairman & Managing Director
 DIN: 06461099

Place : Mumbai
 Date : 10th Aug, 2018



“Karanj” the third Scorpene class submarine being constructed by Mazagon Dock Shipbuilders Limited for the Indian Navy, was launched on 31 January 2018,



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 '17 AND 01 JAN '18

| Classification of Posts / services | As on 01 Jan '17 | | | As on 01 Jan '18 | | |
|---|------------------|----------------|----------------|------------------|----------------|----------------|
| | Total Strength | Schedule Caste | Schedule Tribe | Total Strength | Schedule Caste | Schedule Tribe |
| Permanent: | | | | | | |
| Group "A" | 1079* | 194 | 64 | 1096* | 200 | 63 |
| Group "B" | 0 | 0 | 0 | 0 | 0 | 0 |
| Group "C" | 473 | 41 | 0 | 377 | 30 | 0 |
| Group "D" (Excluding Safaiwala) | 3574 | 378 | 201 | 3360 | 364 | 191 |
| Group "D" (Safaiwala) | 14 | 11 | 0 | 11 | 9 | 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) | 591 | 98 | 43 | 603 | 109 | 46 |
| Fixed Term Contract for Two Years: | | | | | | |
| Group "A" | 11 | 2 | 1 | 10 | 1 | 1 |
| Group "B" | 0 | 0 | 0 | 0 | 0 | 0 |
| Group "C" | 220 | 28 | 12 | 237 | 27 | 18 |
| Group "D" (Excluding Safaiwala) | 2787 | 410 | 239 | 3257 | 485 | 258 |
| 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 2017. 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" | 79 | 20 | 1 | 14 | 0 | Recruitment in Process |
| Group "B" | 0 | 0 | 0 | 0 | 0 | |
| Group "C" | 0 | 0 | 0 | 0 | 0 | |
| Group "D" (Excluding Safaiwala) | 0 | 0 | 0 | 0 | 0 | |
| Group "D" (Safaiwala) | 0 | 0 | 0 | 0 | 0 | |
| Fixed Term Contract for Two Years: | | | | | | |
| Group "A" | 0 | 0 | 0 | 0 | 0 | |
| Group "B" | 0 | 0 | 0 | 0 | 0 | |
| Group "C" | 174 | 14 | 9 | 12 | 7 | Recruitment in Process |
| Group "D" (Excluding Safaiwala) | 1851 | 165 | 82 | 187 | 66 | Recruitment in Process |
| Group "D" (Safaiwala) | 0 | 0 | 0 | 0 | 0 | |



APPENDIX 'C' TO THE DIRECTORS' REPORT

STATEMENT SHOWING REPRESENTATION OF EX-SERVICEMEN IN GROUP 'C' & 'D' AND NUMBER OF WOMEN EMPLOYEES AS ON 01ST JAN'18

| Classification of Posts / services | Total Strength | Ex service men | | Women Employees | |
|--|----------------|----------------|------|-----------------|-------|
| | | No | % | No | % |
| Permanent | | | | | |
| Group "A" | 1096 | 100 | 9.12 | 65 | 5.93 |
| Group "B" | 0 | 0 | 0 | 0 | 0 |
| Group "C" | 377 | 0 | 0 | 31 | 8.22 |
| Group "D" (Excluding Safaiwala) | 3360 | 2 | 0.06 | 31 | 0.92 |
| Group "D" (Safaiwala) | 11 | 0 | 0 | 0 | 0 |
| Fixed Term Contract for Two Years | | | | | |
| Group "A" | 10 | 0 | 0 | 2 | 20 |
| Group "B" | 0 | 0 | 0 | 0 | 0 |
| Group "C" | 237 | 0 | 0 | 39 | 16.46 |
| Group "D" (Excluding Safaiwala) | 3257 | 5 | 0.15 | 74 | 2.27 |
| Group "D" (Safaiwala) | 0 | 0 | 0 | 0 | 0 |



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

Your Company continuously follows good governance practice to maximize shareholders returns, to optimize the utilization of resources towards the corporate goal, to increase the value of Organization, to strengthen its relationships with employees, shareholders, creditors, and to practice highest degree of professionalism and integrity within the Organization.

1.2 COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors of the company as on 31 Mar 2018 consisted of Chairman & Managing Director (CMD), four functional directors and six part time non official directors. The Directors as on 31 Mar 2018 were as under:

WHOLE TIME DIRECTORS

- Cmde Rakesh Anand IN (Retd) - Chairman & Managing Director
- Capt Rajiv Lath IN (Retd) - Director (Submarine & Heavy Engineering)
- Shri Sanjiv Sharma - Director (Finance) & Chief Financial Officer
- Cmde T V Thomas IN (Retd) - Director (Corporate Planning & Personnel)
- RAdm Anil K Saxena IN (Retd) - Director (Shipbuilding)

PART-TIME OFFICIAL(GOVERNMENT)DIRECTOR:

Shri Vijayendra, Joint Secretary (NS), Ministry of Defence till 27 Mar 2018

INDEPENDENT DIRECTORS (PART-TIME NON OFFICIAL DIRECTORS):

- Prof. S. L. Bapat
- Smt. Usha Sankar
- VAdm. Sanjeev Bhasin IN (Retd)
- Shri Devi Prasad Pande
- Prof Kamaiah Bandi
- Dr. Mailareshwar Jeevanna Jeevannavar



1.3 ATTENDANCE OF DIRECTORS IN THE MEETINGS OF BOARD AND SHAREHOLDERS

During the financial year ended 31 Mar 2018, six meetings of the Board of Directors were held i.e. on 25 May 2017, 23 Aug 2017, 22 Sep 2017, 05 Dec 2017, 01 Mar 2018 and 27 Mar 2018. The Annual General Meeting was held on 22 Sep 2017. Details of attendance of the Directors at the Board Meetings & Annual General Meeting during 2017-18 are given below:

| Sl. | Directors | Meetings held during respective tenure of Director | No. of Board Meetings Attended | Attendance in the last AGM |
|-----|--------------------------------|--|--------------------------------|----------------------------|
| a. | Cmde Rakesh Anand IN (Retd) | 6 | 6 | Yes |
| b. | Capt Rajiv Lath IN (Retd) | 6 | 5 | Yes |
| c. | Shri Sanjiv Sharma | 6 | 6 | Yes |
| d. | Cmde T V Thomas IN (Retd) | 3 | 3 | NA |
| e. | RAdm Anil K Saxena IN (Retd) | 1 | 1 | NA |
| f. | Shri Vijayendra | 6 | 2 | Yes by proxy |
| g. | Prof S. L. Bapat | 6 | 5 | Yes |
| h. | Smt. Usha Sankar | 6 | 4 | Yes |
| i. | VAdm Sanjeev Bhasin IN (Retd) | 6 | 6 | Yes |
| j. | Shri Devi Prasad Pande | 4 | 3 | No |
| k. | Prof Kamaiah Bandi | 3 | 2 | NA |
| l. | Dr. Mailareshwar J Jeevannawar | 1 | 0 | NA |

1.4 SUB-COMMITTEES OF BOARD OF DIRECTORS

AUDIT COMMITTEE

The Audit Committee consisted of following Directors as on 31 Mar 2018:

| | |
|---------------------------|----------------------------|
| Smt. Usha Sankar | - Chairperson |
| Prof S. L. Bapat | - Member |
| Cmde T V Thomas IN (Retd) | - Member |
| Prof Kamaiah Bandi | - Member w.e.f 27 Mar 2018 |



During the financial year ending 31 Mar 2018, the Audit Committee met five times i.e on 18 Apr 2017, 23 Aug 2017, 22 Sep 2017, 05 Dec 2017 and 28 Feb 2018. The attendance of Chairperson 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. | Smt. Usha Sankar | 5 | 5 |
| b. | Prof. S.L. Bapat | 5 | 5 |
| c. | Cmde Rakesh Anand IN (Retd)* | 3 | 2 |
| d. | Cmde T. V. Thomas IN (Retd) | 2 | 2 |
| e. | Prof Kamaiah Bandi | NIL | NIL |

*Cmde Rakesh Anand IN (Retd) represented D(CP & P) till 02 Nov 2017.

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

- (a) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) recommendation to the Board for fixation of remuneration to the auditors;
- (c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - (i) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgement by management;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions;
 - (vii) modified opinion(s) in the draft audit report.
- (e) reviewing, with the management, the quarterly/half yearly financial statements before submission to the Board for approval;



- (f) reviewing with the management, the statement of uses/application of funds raised through an issue (i.e. public issue, rights issue, preferential issue etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus, notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in these matters;
- (g) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (h) approval or any subsequent modification of transactions of the Company with related parties;
- (i) scrutiny of inter-corporate loans and investments;
- (j) valuation of undertakings or assets of the Company wherever it is necessary;
- (k) evaluation of internal financial controls and risk management systems;
- (l) reviewing with the management, performance of Internal Auditors, adequacy of the internal control systems;
- (m) appointment and removal of internal auditors and determining the scope of internal audit in consultation with the internal auditors;
- (n) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (o) discussion with internal auditors of any significant findings and follow up there on;
- (p) review the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (q) review observations of statutory, internal & government auditors and provide recommendations based on the same;
- (r) to review the follow up action on the audit observations of the C&AG audit;
- (s) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (t) to look into the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders (in case of non-payment of declared dividend and creditors);
- (u) to review the functioning of the whistle blower mechanism;
- (v) approval of appointment of chief financial officer after assessing the qualifications, experience and background etc of the candidate;
- (w) review and monitor the auditor's independence and performance and effectiveness of audit process;
- (x) examination of the financial statements and auditor's report thereon;



- (y) Carrying out any other function or matter that may be referred to the Audit Committee by the Board from time to time.
- A. The Audit Committee shall mandatorily review the following information:
- (a) management discussion and analysis of financial condition and results of operations;
 - (b) statement of significant related party transactions (as defined by the Audit Committee) submitted by management;
 - (c) management letters/letters of internal control weaknesses issued by the statutory auditors;
 - (d) internal audit reports relating to internal control weakness;
 - (e) the appointment and removal of the Chief Internal Auditor, shall be subject to review of the Audit Committee;
 - (f) statement of deviations:
 - a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - b. annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

1.6 PROCUREMENT SUB COMMITTEE(PSC)

The Procurement Sub Committee consisted of following Directors as on 31 Mar 2018:

| | |
|------------------------------|------------|
| Cmde Rakesh Anand IN (Retd) | - Chairman |
| Capt Rajiv Lath IN (Retd) | - Member |
| Shri Sanjiv Sharma | - Member |
| Cmde T V Thomas IN (Retd) | - Member |
| RAdm Anil K Saxena IN (Retd) | - Member |

Prof. S L Bapat in his absence Smt. Usha Sankar or VAdm Sanjeev Bhasin IN (Retd)

Cmde Rakesh Anand IN (Retd) also represented D(CP & P) till 02 Nov 2017 and D(S) till 21 Mar 2018.

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.



1.7 NOMINATION AND REMUNERATION COMMITTEE

The HR and Remuneration Committee was renamed as Nomination and Remuneration Committee and consisted of following Directors as on 31 Mar 2018:

Prof S. L. Bapat

Smt. Usha Sankar

VAdm Sanjeev Bhasin IN(Retd)

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

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

During the year, HR and Remuneration Committee/ Nomination and Remuneration Committee had 5 meetings. The minutes of the meetings of the Committee are placed before the Board for information.

1.8 INVESTMENT COMMITTEE

A Sub Committee of Board of Directors for investment of company's short term surplus funds was constituted by the Board and the following Directors were the members of the committee as of 31 Mar 2018:

Cmde. Rakesh Anand IN (Retd) - Chairman and Managing Director

Capt Rajiv Lath IN (Retd) - Director (Submarine & Heavy Engineering)

Shri Sanjiv Sharma - Director (Finance)

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



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

Our CSR Committee was constituted by a resolution of our Board dated 20 Feb 2013, in compliance with DPE guidelines on CSR and sustainability for CPSUs and Section 135 of the Companies Act and was last reconstituted on 12 Feb 2016. The CSR Committee currently consists of:

| Name | Position in the Committee | Designation |
|-------------------------------|---------------------------|---|
| VAdm Sanjeev Bhasin IN (Retd) | Chairman | Independent Director (Part Time Non-Official) |
| Prof S. L. Bapat | Member | Independent Director (Part Time Non-Official) |
| Radm Anil K. Saxena IN (Retd) | Member | Director (Shipbuilding) |
| Cmde T. V. Thomas IN (Retd) | Member | Director (Corporate Planning and Personnel) |

Cmde Rakesh Anand IN (Retd) represented Cmde T. V. Thomas IN (Retd) till 02 Nov 2017 and RAdm Anil K. Saxena IN (Retd) till 21 Mar 2018.

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

Scope and terms of reference:

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

1.10 STAKEHOLDERS RELATIONSHIP COMMITTEE

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

| Name | Position in the Committee | Designation |
|----------------------------|---------------------------|--|
| Prof. S. L. Bapat | Chairperson | Independent Director |
| Capt. Rajiv Lath IN (Retd) | Member | Director (Submarine and Heavy Engineering) |
| Shri. Sanjiv Sharma | Member | Director (Finance) and Chief Financial Officer |

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

- (a) Redressal of shareholders'/investors' grievances related to:
 - a. Allotment or transfer of shares, approval of transfer or transmission of shares, debentures or any other securities; and
 - b. Non-receipt of declared dividends, annual reports of the Company or any other documents or information to be sent by the Company to its shareholders;
- (b) Carrying out any other function as prescribed under applicable law.



1.11 IPO COMMITTEE

Our IPO committee was constituted by a resolution of our Board dated 22 Sep 2017. The IPO committee currently consists of:

| Name | Position in the Committee | Designation |
|----------------------------|---------------------------|--|
| Capt. Rajiv Lath IN (Retd) | Member | Director (Submarine and Heavy Engineering) |
| Shri. Sanjiv Sharma | Member | Director (Finance) and Chief Financial Officer |
| Prof. S. L. Bapat | Member | Independent Director (Part Time Non-Official) |

The terms of reference of the IPO committee consists of the following:

- to enter into agreements such as offer agreement, registrar agreement, ad agency agreement, share escrow agreement, public offer account agreement, syndicate agreement and underwriting agreement or any other agreements and any amendment there to with book running lead managers, registrars, bankers to the issue, monitoring agency(ies), syndicate member(s), escrow collection bank(s), underwriter(s), publicity agency(ies), stock broker(s), Self – Certified Syndicate Banks and any other intermediaries and advisors as may be necessary for the Offer;
- to take necessary actions and steps for obtaining relevant approvals, consents from DIPP, SEBI, Stock Exchanges, RBI and such other authorities as may be necessary in relation to the IPO;
- appointing, in consultation with the BRLMs, the domestic legal counsel to the BRLM and the industry expert in accordance with the provisions of the SEBI ICDR Regulations and/or other statutory and/or regulatory requirements;
- to finalise the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid – cum – Application Form, ASBA Form, Abridged Prospectus and other application forms and / or documents and to file the same with SEBI, the Stock Exchanges and other concerned authorities and issue the same to the investors;
- to approve all notices, including any advertisement(s) required to be issued, as allowed by SEBI and such other applicable authorities and to decide on other terms and conditions of the Offer;
- to decide with the Selling Shareholder, the eligible employees for the purpose of employee reservation portion in the Offer, the employee reservation portion, the allocation of portion for qualified institutional buyers, retail individual investors, non – institutional investors, the basis of allotment, the Offer price, the minimum bid lot, the price band including without limitation the price cap for the sale of the Equity Shares or the total number of Equity Shares to be issued / offered in the Offer;
- to decide with the Selling Shareholder in consultation with the book running lead managers, the Offer price and premium of the Equity Shares to be offered through Offer;
- to obtain necessary approvals and listing for Equity Shares issued in the Offer from the Stock Exchanges and / or other statutory, governmental and regulatory authorities in accordance with all applicable laws;



- (i) to open separate bank accounts with any nationalised Bank / private bank / foreign bank for the purpose of the Offer;
- (j) to decide on the marketing strategy of the Offer and the costs involved;
- (k) to decide date of opening and closing of the Offer (including the Offer closing date for qualified institutional buyers) and to extend, vary or alter the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by SEBI, Stock Exchanges or other authorities from time to time;
- (l) to do all such necessary acts, deeds including execution of agreements, applications, undertaking and any other documents for listing of Equity Shares issued in the Offer on the Stock Exchanges;
- (m) to offer and allot Equity Shares in consultation with the Selling Shareholder and the BRLM's, Registrar, the designated Stock Exchange and to do all necessary acts, things, execution of documents, undertaking, etc. with NSDL / CDSL in connection with admitting of Equity Shares issued in the Offer;
- (n) to co-ordinate with the Registrar to the Offer for Sale with respect to investor grievances received if any post allotment of equity shares;
- (o) to enter the names of the allottees in the Register of Members of the Company;
- (p) to decide the mode and manner of allotment of Equity Shares if any not subscribed and left / remaining after allotment of Equity Shares;
- (q) to decide the treatment to be given to the fractional entitlement, if any, including rounding upward or downwards or ignoring such fractional entitlements or issue of fractional coupons and the terms and conditions for consolidation of fractional entitlements into a whole Equity Share and application to the Company for the same as well as to decide the disposal off the Equity Shares representing the fractional coupons which are not so consolidated and presented to the Company for allotment of whole Equity Shares or treating fractional entitlement in the manner as may be approved by SEBI and the Stock Exchanges;
- (r) to take all such actions and give all such directions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise in regard to the creation, offer, issue and allotment of the Equity Shares and to do all acts, deeds, matters and things which they may in their discretion deem necessary or desirable for the purpose of the Offer;
- (s) to settle any question, difficulty or doubt that may arise in connection with the Offer including the issue and allotment of the Equity Shares as aforesaid and to do all such acts, deeds and things as the committee may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt;
- (t) to file necessary returns, make declarations / announcements, furnish information, etc. to the concerned authorities in connection with the Offer;
- (u) to sign and execute any other document, agreement, undertaking in connection with the Offer; and
- (v) to take all such other steps as may be necessary in connection with the Offer.



1.12 ANNUAL GENERAL MEETINGS

Details of last three Annual General Meetings are as follows:

| FY | Place of Meeting | Date and time |
|---------|---|-------------------------|
| 2014-15 | Registered Office of the Company at Dockyard Road, Mumbai-400 010 | 04 Sep 2015 at 1230 hrs |
| 2015-16 | Registered Office of the Company at Dockyard Road, Mumbai-400 010 | 28 Sep 2016 at 1230 hrs |
| 2016-17 | Registered Office of the Company at Dockyard Road, Mumbai-400 010 | 22 Sep 2017 at 1130 hrs |

1.13 CODE OF BUSINESS CONDUCT AND ETHICS

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

1.14 WHISTLE BLOWER POLICY

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

1.15 RISK MANAGEMENT POLICY

The Guidelines on Corporate Governance for CPSEs (Central Public Sector Enterprises) issued by DPE (May 2010) have recommended that the CPSUs should ensure that risk management is undertaken as a part of normal business practice and not as a separate task at set times. A standing committee for Enterprise Risk Management (RMC) was constituted (August 2013) to ensure integration and alignment of the risk management system with corporate and operational objectives of the company. The risk management plan formulated by the RMC encompassed Risk Management framework, policy, strategy, structure, risk assessment (risk identification, analysis, measurement and evaluation), risk treatment, monitoring and review, risk categories, risk reporting, compliance, training, implementation plan etc. the plan indicated the timelines for the implementation and has allocated key roles and responsibilities for risk management spanning all levels of the enterprise.

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

1.16 REMUNERATION OF DIRECTORS

MDL being a Central Government Public Sector Undertaking, the appointment, tenure and remuneration of Directors of the Company is decided by the Government of India. Part-time Non-official (Independent) Directors are paid only sitting fees for attending meetings of the Board of Directors and Committees thereof. The Independent Directors are paid sitting fees of ₹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.



1.17 DISCLOSURE

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

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

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

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

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

During the financial year 2017-18 NIL case was filed under Sexual Harassment of women at work place (Prevention, Prohibition and Redressal) Act 2013.

1.18 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 2018.

Cmde Rakesh Anand IN (Retd)
Chairman & Managing Director

Place : Mumbai

Date : 10th August 2018



माझगांव डॉक शिपबिल्डर्स लिमिटेड

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 '18, 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 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 of the Company.

Place : Mumbai
Date : 16th July '18

For Ragini Chokshi & Co.
Company Secretaries

Sd/-
Mrs. Ragini Chokshi
Partner
CP No. 1436
FCS No. 2390



Appendix 'E'

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

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

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

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

| | |
|---|------------|
| VAdm Sanjeev Bhashin, Independent Director | : Chairman |
| RAdm A K Saxena, IN (Retd), Director (Shipbuilding) | : Member |
| Cmde T V Thomas, NM (Retd), Director (CP&P) | : Member |
| Prof S L Bapat, Independent Director | : Member |

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

| | (₹in Lakhs) | | |
|-------------|-------------|---------|---------|
| FY | 2014-15 | 2015-16 | 2016-17 |
| PAT | 49159 | 56848 | 54899 |
| PAT for CSR | 75773 | 91989 | 83386 |

Average Net Profit: ₹83716 Lakhs

- 4) **Prescribed CSR Expenditure (2% of the amount as in Item 3 above): ₹1674 Lakhs**

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

- a) Total amount to be spent for the financial year (2017-18): ₹3737.70 Lakhs (i.e. ₹1674 Lakhs as CSR Budget for FY 2017-18 + ₹2063.70 Lakhs as carry forward from last FY)
- b) Amount unspent, if any: ₹1302.18 lakhs



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

FY 2017-18

(in ₹Lakhs)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken | | Amount Outlay (budgeted) project or program wise | Amount Spent of project or programs Sub heads | | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
|---------|--|--|--|--|--|---|------------|---|--|
| | | | | | | Direct expenditure on projects or programs | Over-heads | | |
| 1 | Creating 10 Child Friendly villages in Rajasthan | Education | Other/ Alwar | Rajasthan/ | 34.53 | 34.53 | 1.27 | 83.12 | Bal Ashram Trust |
| 2 | Adoption of Tribal Girls School at Kharade Gram Panchayat in Shahpur block of Thane district | Education | Local/ Thane | Maharashtra/ | 37.72 | 37.72 | 2.38 | 107.63 | ABM Samaj Prabodhan Sanstha |
| 3 | Support to Mentally Deficient Children at Children's Home, Mankhurd, Mumbai | Education | Local/ Mumbai | Maharashtra/ | 19.44 | 18.48 | 0.68 | 60.04 | Children Aid Society |
| 4 | CSR activities at NIRDESH | Village Development | Other / Kozhikode | Kerala/ | 15 | 14.96 | 0.55 | 33.61 | National Institute for R&D in Defence Shipbuilding (NIRDESH) |
| 5 | Renovation of TB hospital, Sewree, Mumbai | Health | Local/ Mumbai | Maharashtra/ | 98.77 | 5.23 | 0.19 | 5.53 | Maharashtra District TB Control Society (MDTBCS) |
| 6 | Support & Counselling to Cancer Patients across Nine Hospitals | Health | Other/ Raigad, & Wardha districts of Maharashtra, Ahmedabad district of Gujarat, Jaipur & Bikaner districts of Rajasthan, Kolkata district of West Bengal, Puducherry district of Puducherry | Mumbai, Nagpur districts of Maharashtra, | 32.65 | 29.98 | 1.1 | 53.24 | Sanjeevani Life beyond Cancer |
| 7 | Vision Restoration through Cataract Surgeries of 5000 patients in Mumbai, Raigad & Thane districts | Health | Local/ Mumbai, Raigad & Thane District | Maharashtra | 21.69 | 21.69 | 0.82 | 156.33 | Laxmi Charitable Trust |
| 8 | Contribution to Swachh Bharat Kosh of Govt. of India | Sanitation | Other/ Pan India | | 270 | 270 | 9.9 | 479.9 | Govt. of India |
| 9 | Contribution to Clean Ganga Fund of Govt. of India | Sanitation | Other/ Pan India | | 100 | 100 | 3.67 | 303.67 | Govt. of India |
| 10 | Construction of Toilet Block at Jai Bhim Nagar, Mumbai | Sanitation | Local/ Mumbai | Maharashtra/ | 42 | 10.09 | 0.37 | 17.50 | Directly by MDL |
| 11 | Clean-ship around MDL | Sanitation | Local/ Mumbai | Maharashtra/ | 60 | 44.99 | 2.65 | 170.79 | Directly by MDL |



FY 2017-18

(in ₹Lakhs)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken | Amount Outlay (budgeted) project or program wise | Amount Spent of project or programs Sub heads | | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
|---------|---|--|---|--|---|------------|---|--|
| | | | | | Direct expenditure on projects or programs | Over-heads | | |
| 12 | Skill Development Training of 1000 PWD candidates | Skill Development | Other/ Mumbai, Raigad & Nashik District of Maharashtra, Tiruvnnamalal District of Tamilnadu, Yadgiri, Raichur, Bagalkot, Bidar & Gulbarga District of Karnataka, Nellor, vishakapatnam & west Godavari of Andhra Pradesh, Ramgarh and Ranchi of Jharkand. | 13.37 | 13.37 | 0.49 | 141.58 | National Handicapped Finance & Development Corporation (NHFDCC) |
| 13 | Adoption of ITI Chikhaldhara in Amrawati district for overall development | Skill Development | Other/ Maharashtra/ Amrawati | 25 | 18.27 | 0.67 | 22.85 | DVET, Govt. of Maharashtra |
| 14 | Construction of Vocational Training Centre for PWD Youth at Anandvan, Chandrapur district | Skill Development | Other/ Maharashtra/ Chandrapur | 482 | 91.12 | 4.34 | 95.46 | Maharogi Sewa Samiti |
| 15 | Skill Training of 300 Apprenticeship under CSR | Skill Development | Local / Maharashtra / Mumbai | 300 | 288.74 | 11.03 | 717.68 | Directly by MDL |
| 16 | Village Adoption for overall Development at Kharade Gram Panchayat of Shahpur in Thane District | Village Development | Local / Maharashtra / Thane | 54.45 | 54.45 | 2.0 | 120.61 | Karve Institute of Social Service (KINSS) |
| 17 | Developing Environment and Livelihood Generation at Parner Village of Beed district | Village Development | Other / Maharashtra / Beed | 48.1 | 25.54 | 0.94 | 62.26 | Karve Institute of Social Service (KINSS) |
| 18 | De-siltation of Water at Parner Village of Beed district | Village Development | Other / Maharashtra / Beed | 34.94 | 34.95 | 1.28 | 47.15 | International Association for Human Values (IAHV) |
| 19 | Construction of Cadets' Mess at Bhonsla Military School, Nagpur | Education | Other / Maharashtra / Nagpur | 348.65 | 345.86 | 13.68 | 398.05 | Bhonsala Military School |
| 20 | Infrastructure Support at Fr Agnel Vocational Training Centre, Thane | Skill Development | Local/ Maharashtra/ Thane | 93.85 | 45.02 | 1.65 | 46.67 | Agnel Institute of Technical Training and Entrepreneurship Development |
| 21 | Skill Development Training of 500 PWD candidates | Skill Development | Local/ Maharashtra/ Mumbai, Thane, Raigad & Palghar | 83.63 | 50.17 | 2.84 | 53.01 | National Handicapped Finance & Development Corporation (NHFDCC) |
| 22 | Skill Development Training of 80 underprivileged youth | Skill Development | Other/ Aurangabad district of Maharashtra and Hyderabad district of Telangana | 71.66 | 71.66 | 3.63 | 75.29 | Central Institute of Plastic Engineering & Technology (CIPET) |



FY 2017-18

(in ₹Lakhs)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken | | Amount Outlay (budgeted) project or program wise | Amount Spent of project or programs Sub heads | | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
|---------|--|--|---|----------------------------|--|---|------------|---|--|
| | | | | | | Direct expenditure on projects or programs | Over-heads | | |
| 23 | Creating 20 Child Friendly village in Rajasthan | Education | Other/ Alwar | Rajasthan/ Rajasthan/ | 46.26 | 29.08 | 1.07 | 30.15 | Bal Ashram Trust |
| 24 | Distribution of Assistive aids to 450 to 500 PWDs in Maharashtra | Health | Local/ Mumbai, Thane, Raigad | Maharashtra/ Maharashtra/ | 37.5 | 30.82 | 1.13 | 44.99 | Artificial Limbs Manufacturing Corporation of India (ALIMCO) |
| 25 | Supporting 10 Cochlear Surgeries in Maharashtra | Health | Local/ Mumbai, Thane, Raigad | Maharashtra/ Maharashtra/ | 66.9 | 66.9 | 3.45 | 70.35 | Artificial Limbs Manufacturing Corporation of India (ALIMCO) |
| 26 | Prevention of Transmission of HIV from Mother to Child in Kolhapur district | Health | Other/ Kolhapur | Maharashtra/ Maharashtra/ | 10 | 10 | 0.37 | 10.37 | Lotus Medical Foundation |
| 27 | Support to Mid Day Meal of 10000 students in Govt School of Surat District | Education | Other/ Gujarat/ Surat | Gujarat/ Gujarat/ | 95 | 44.63 | 2.64 | 47.27 | The AkshayPatra Foundation |
| 28 | Afforestation at Tetvali - Rabale, Navi Mumbai | Environment | Local/ Thane | Maharashtra/ Maharashtra/ | 16.45 | 7.94 | 0.29 | 8.23 | International Association for Human Values (IAHV) |
| 29 | Goat Farming Project with 100 Resource Poor Families at Kharade Grampanchayat of Thane District | Livelihood | Local / Thane | Maharashtra / Maharashtra/ | 40.52 | 18.17 | 0.67 | 18.84 | Eshein Agro Livestock Pvt Ltd (EAGL) |
| 30 | Vision Restoration through Cataract Surgeries of 6000 patients in Mumbai, Raigad & Thane districts | Health | Local/ Mumbai, Thane, Raigad | Maharashtra/ Maharashtra/ | 180 | 162.48 | 6.93 | 169.41 | Laxmi Charitable Trust |
| 31 | Equipping Laxmi Trust Eye Hospital | Health | Local/ Mumbai, Thane, Raigad | Maharashtra/ Maharashtra/ | 116 | 107.87 | 4.96 | 112.83 | Laxmi Charitable Trust |
| 32 | Adoption of ITI Shenave in Thane district for overall development | Skill Development | Local/ Thane | Maharashtra/ Maharashtra/ | 7.22 | 6.60 | 0.24 | 6.84 | Karve Institute of Social Service (KINSS) |
| 33 | Enhancement of Quilt Making Activity at Kharade Grampanchayat of Thane District | Livelihood | Local/ Thane | Maharashtra/ Maharashtra/ | 3.85 | 1.52 | 0.06 | 1.58 | Karve Institute of Social Service (KINSS) |
| 34 | Quality Health & Sanitation at Kharade Grampanchayat of Thane District | Health | Local/ Thane | Maharashtra/ Maharashtra/ | 6.1 | 1.65 | 0.06 | 1.71 | Karve Institute of Social Service (KINSS) |
| 35 | Mushroom Cultivation with 45 families at Kharade Grampanchayat of Thane District | Livelihood | Local/ Thane | Maharashtra/ Maharashtra/ | 5.66 | 3.73 | 0.14 | 3.87 | Karve Institute of Social Service (KINSS) |
| 36 | Contribution to Armed Force Flag Day Fund | Welfare of Armed Force | Other/ Pan India | Pan India/ Pan India/ | 5.0 | 5.0 | 0.18 | 5.18 | Armed Force Flag Day Fund |
| 37 | Borewell & other minor works at Primary School in Udgir, Latur | Education | Other/ Latur | Maharashtra/ Maharashtra/ | 2.76 | 2.70 | 0.10 | 2.80 | Sardar Vallabhbhai School, Udgir, Latur |



FY 2017-18

(in ₹Lakhs)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken | | Amount Outlay (budgeted) project or program wise | Amount Spent of project or programs Sub heads | | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
|--------------|--|--|---|-----------------------|--|---|--------------|---|---|
| | | | | | | Direct expenditure on projects or programs | Over-heads | | |
| 38 | Construction of 1000 individual toilets at Raigad district | Sanitation | Local/ Raigad | Maharashtra/ Raigad | 353.06 | 132.85 | 5.87 | 138.72 | Society for Educational Welfare and Economic Development (SEED) |
| 39 | Solar Power Plant (5 x 10 KWp) at ITI Chikaldhara in Amrawati district | Skill Development | Other/ Amrawati | Maharashtra/ Amrawati | 73.05 | 69.20 | 3.54 | 72.74 | Research Centre for Sustainable Solutions Pvt Ltd |
| 40 | Installation of Auto Door Lift at Notre Dam School, Vasai | Education | Local/ Palghar | Maharashtra/ Palghar | 9.41 | 9.41 | 0.32 | 9.73 | Notre Dam School, Vasai |
| Total | | | | | 3362.19 | 2337.37 | 98.15 | | |

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

The total amount budgeted for CSR could not be consumed, as following major projects earmarked for the financial year 2017-18 couldn't commence due to the reasons stated below:

(₹In Lakhs)

| Sr. No. | Project | Amount Budgeted | Reasons |
|---------|---|-----------------|--|
| 1 | Installation of SPV solar lights Badhoi&Pali | 116.00 | Major amount unspent due to delay in execution for installation of solar street lights |
| 2 | Construction of Vocational Training Centre for PWD Youth at Anandvan, Chandrapur district | 482.00 | Major amount unspent due to delay in execution of civil work |
| 3 | Renovation & development of Radiology Department Unit at GTB Hospital, Sewri, Mumbai | 98.77 | The implementing agency could not complete the required commercial procedure for awarding the civil work |
| 4 | Renovation of OPD at Laxmi Trust Eye Hospital | 122.00 | Major amount unspent as the implementing agency could not complete the required commercial procedure for awarding the civil work |
| 5 | Provision of Kitchen Equipment & Appliances, Furnishing of Dinning Area, Air Cooling and Allied works at Bhonsala Military School, Nagpur | 125.26 | Entire amount remain unspent due to delay in commercial procedure of awarding the work |
| 6 | Construction of 1000 Individual Household Toilets in Raigad district | 353.06 | Major amount unspent due to delay in commercial procedure of awarding the work |
| 7 | Training of 2000 Youths in Driving Trade in Mumbai, Thane & Raigad | 380.86 | Entire amount remain unspent due to delay in commercial procedure of awarding the work |



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

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

Sd/-

Cmde Rakesh Anand IN (Retd)

Chairman & Managing Director

Sd/-

VAdm Sanjeev Bhashin IN (Retd)

Chairman, CSR & SD Committee

Date : 10th August, 2018

Place : Mumbai



APPENDIX 'F' TO THE DIRECTORS' REPORT

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

1. CONSERVATION OF ENERGY

Expenditure incurred by your Company on environmental upgradation, pollution control and energy conservation during the year 2017-18 was as under:

A. Sustainable Development Projects

| S. No. | ITEM DESCRIPTION | Qty. | Order No. | Order Date | Order Value |
|--------|--|-------|------------|------------|--------------|
| 1. | Installation of 200 kWp Solar Power Plant on Roof Top of Cradle Assembly Shop (CAS) & Terrace of adjacent EY – Stores Building | 1 set | 3020001718 | 28/11/2017 | ₹100.29 Lakh |
| 2. | Installation of 450 kWp Solar Power Plant on Roof Top of Shed – A & PPT Plant at Anik Chembur yard | 1 set | 3020001717 | 28/11/2017 | ₹204.38 Lakh |

B. Energy Conservation Projects

| | | | | | |
|----|--|---------|------------|------------|------------|
| 1. | Replacement of conventional High Bay lights by LED High Bay lights in workshops | 1 set | 3020001723 | 06/12/2017 | 50.88 Lakh |
| 2. | Replacement of conventional Welding Rectifiers with Inverter based Welding Rectifier | 70 Nos. | 3020001674 | 29/08/2017 | 37.29 Lakh |

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

- Four ships of P17A Class shall be constructed at MDL as follow-on of P17 Class. A tripartite contract was signed between MDL, GRSE & Indian Navy on 20 Feb 15. MDL is changing over from its traditional construction, wherein Yard will graduate from 40-55 t structural hull units to significantly pre-outfitted 250 t mega blocks in Project P17A. A new improved design by IHQ MoD(N)/DND and detailed design tailored to Integrated Construction with the help of experienced shipyard Fincantieri, Italy (Know How Provider) is arranged for ensuring this change over. A number of executives from various disciplines have been trained at Fincantieri, Italy and at MDL for honing the skills and knowledge of integrated construction.
- Experience gained through association with National Institute of Design (NID) with regard to Ergonomics and Human Factor Engineering in for P15A vessels is being implemented in the compartment layout drawings of P15B/P17A vessels.
- Technology adaptation for warship design optimisation by leveraging Virtual Reality Laboratory (VR Lab). The Line Out Inspection (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 lab helped MDL to save substantial time on P15B, increasing the rate of LOI of compartments to an average of 22 per month from 8 per month. The 3D cross check that happens 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 the features.



Appendix 'G'

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2018

[Pursuant to section92(3) of the Companies Act, 2013 and rule12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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



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

i. Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during The year | |
|---|---|------------------|-----------------|-------------------|---|--------------------|------------------|-------------------|--------------------------|------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | | |
| A. Promoter | | | | | | | | | | |
| 1) Indian | | | | | | | | | | |
| a) Individual/ HUF | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Central Govt | Nil | 24900000 | 24900000 | 100 | Nil | 224100000 | 224100000 | 100 | (10) | |
| c) State govt(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Bodies Corp | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Any Other | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total(A)(1):- | Nil | 24900000 | 24900000 | 100 | Nil | 224100000 | 224100000 | 100 | (10) | |
| 2) Foreign | | | | | | | | | | |
| g) NRIs-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| h) Other-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i)Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| j)Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| k) Any Other.... | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total(A)(2):- | Nil | 24900000 | 24900000 | 100 | Nil | 224100000 | 224100000 | 100 | (10) | |
| B. Public Shareholding | | | | | | | | | | |
| 1. Institutions | | | | | | | | | | |
| a) Mutual Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Central Govt | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) State Govt(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Insurance Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| g) FII's | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| h) Foreign Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i) Others (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total(B)(1) | Nil | 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 | Nil |
| b) Individuals (i) Individual shareholders holding nominal share capital upto ₹1 lakh (ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Others(Specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total(B)(2) | Nil | 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 | Nil |
| C. held by Custodian for GDRs & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand Total (A+B+C) | Nil | 24900000* | 24900000 | 100 | Nil | 224100000** | 224100000 | 100 | (10) | |

*Equity Shares of face value ₹100 Each

** Pursuant of Board Resolution dated 22.09.2017 equity shares of face value ₹100/- each were split into Equity shares of face value ₹10/- each



ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares** | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares*** | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | President of India | 24899995 | 99.99 | - | 224099940 | 99.99 | - | (10) |
| 2. | Vijayendra* | 2 | | - | 10 | | - | - |
| 3. | Rakesh Anand* | 1 | | - | 10 | | - | - |
| 4. | Ashwani Kumar* | 1 | | - | 10 | | - | - |
| 5. | Ajay Kumar* | 0 | | - | 10 | | - | - |
| 6. | Subhash Chandra* | 0 | | - | 10 | | - | - |
| 7. | Sadhana Khanna* | 0 | | - | 10 | | - | - |
| 8. | Ashok K Gupta* | 1 | | - | 0 | | - | - |
| 9. | Surina Rajan | 0 | | - | 0 | | - | - |
| | Total | 24900000 | 100 | | 224100000 | 100 | - | (10) |

*held as nominee shareholders of the President of India.

**Equity Shares of face value ₹100 Each

*** Pursuant of Board Resolution dated 22.09.2017 equity shares of face value ₹100/- each were split into Equity shares of face value ₹10/- each

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

| Sr. no | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|--------|--|--|---|----------------------------------|------|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company | |
| | At the beginning of the year | 24900000 | 100 | 24900000 | 100 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | 1.(24900000) buyback of equity shares in Dec, 2017 | 10 | 224100000 | (10) |
| | | 2.Pursuant of Board Resolution dated 22.09.2017 equity shares of face value ₹100/- each were split into Equity shares of face value ₹10/- each | | | |
| | At the End of the year | 224100000 | 100 | 224100000 | 100 |



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

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

v. Shareholding of Directors and KMP

| Sr. No | 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 |
| Directors | | | | |
| 1. Cmde Rakesh Anand CMD MDL* | | | | |
| At the beginning of the year | 1 | Nil | 1 | Nil |
| Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Pursuant of Board Resolution dated 22.09.2017 equity shares of face value ₹100/- each were split into Equity shares of face value ₹10/- each | | | |
| At the End of the year | 10 | Nil | 10 | Nil |
| 2. Vijayendra, JS (NS) MOD* | | | | |
| At the beginning of the year | 2 | Nil | 10 | Nil |
| Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | (1) | Negligible | (1) | Negligible |
| At the End of the year | 10 | Nil | 10 | Nil |
| Key Managerial Personnel | | | | |
| At the beginning of the year | Nil | Nil | Nil | Nil |
| Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Nil | Nil | Nil | Nil |
| At the End of the year | Nil | Nil | Nil | Nil |

*held as nominee shareholders of the President of India



V. INDEBTEDNESS

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

(₹ In Lakhs)

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ In Lakhs)

| Sl. No. | Particulars of Remuneration | Name of MD/ WTD/Manager | | | | | Total Amount |
|-----------|---|--|--------------|---------------|--------------|--------------|---------------|
| | | Rakesh Anand | Rajiv Lath | Sanjiv Sharma | T. V. Thomas | A. K. Saxena | |
| 1. | Gross salary | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 49.60 | 47.36 | 35.01 | 20.55 | 1.30 | 153.82 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | 7.26 | 7.52 | 5.38 | 3.03 | 0.00 | 23.19 |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | | | | | | |
| 2. | Stock Option | - | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - | - |
| 4. | Commission | - | - | - | - | - | - |
| | - as % of profit | | | | | | |
| | - others, specify... | | | | | | |
| 5. | Others, specify (net of perquisite value) | 0.61 | 0.51 | 0.25 | 0.26 | 0.00 | 1.63 |
| 6. | Total(A) | 57.47 | 55.39 | 40.64 | 23.85 | 1.30 | 178.65 |
| | Ceiling as per the Act | Exempted as per the MCA Notification No. 463(E) dated 05.06.2015 | | | | | |



B. Remuneration to other directors:

(₹In Lakhs)

| Sl. No. | Particulars of Remuneration | S. L. Bapat | Usha Sankar | Sanjeev Bhasin | Devi Prasad Pande | Kamaiah Bandi | Mailareshwar Jeevannavar | Total |
|--------------------------------|---|--|-------------|----------------|-------------------|---------------|--------------------------|-------------|
| Directors | | | | | | | | |
| | • Fee for attending board/ committee meetings | 3.65 | 1.60 | 2.00 | 0.45 | 0.3 | Nil | 8.00 |
| | • Commission | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | • Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total(1) | 3.65 | 1.60 | 2.00 | 0.45 | 0.3 | Nil | 8.00 |
| Other Non-Executive Directors | | | | | | | | |
| | • Fee for attending board/ committee meetings | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | • Commission | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | • Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total(2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total(B)=(1+2) | 3.65 | 1.60 | 2.00 | 0.45 | 0.3 | Nil | 8.00 |
| | Total Managerial Remuneration | 3.65 | 1.60 | 2.00 | 0.45 | 0.3 | Nil | 8.00 |
| Overall Ceiling as per the Act | | Exempted as per the MCA Notification No. 463(E) dated 05.06.2015 | | | | | | |

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

(₹In Lakhs)

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | Total |
|-----------|--|-------------------------------------|---|--------------|
| | | CS (Madhavi Kulkarni upto 28.02.18) | CS (Vijayalakshmi Kumar w e f 01.03.18) | |
| 1. | Gross salary | | | |
| | (a)Salary as per provisions contained in section17(1) of the Income-tax Act,1961 | 13.70 | 1.33 | 15.03 |
| | (b)Value of perquisites u/s 17(2)Income-tax Act,1961 | Nil | Nil | Nil |
| | (c)Profits in lieu of salary under section 17(3)Income-tax Act,1961 | | | |
| 2. | Stock Option | Nil | Nil | Nil |
| 3. | Sweat Equity | Nil | Nil | Nil |
| 4. | Commission | Nil | Nil | Nil |
| | - as %of profit | | | |
| | - others, specify... | | | |
| 5. | Others ,please specify | Nil | Nil | Nil |
| 6. | Total | 13.70 | 1.33 | 15.03 |



VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

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

Cmde Rakesh Anand IN (Retd)
Chairman & Managing Director

Date : 10th August, 2018
Place : Mumbai



APPENDIX 'H' Management Discussion & Analysis

Forward looking statements

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2017-18

The Management of your Company is pleased to present its analysis on the performance of the Company for the financial year 2017-18 and its vision for the future.

(A) NATURE AND SCOPE OF THE SHIPBUILDING INDUSTRY

1. Your Company is a defence public sector undertaking shipyard under the Department of Defence Production, MoD, engaged in the construction and repair of warships and submarines for the MoD for use by the Indian Navy and other vessels for commercial clients. Your Company is a wholly-owned GoI company and is operating under the administrative control of the Ministry of Defence, Department of Defence Production. Your Company was conferred the 'Mini-ratna' status in 2006, by the Department of Public Enterprises. Your Company is India's only shipyard to have built destroyers and conventional submarines for the Indian Navy and also one of the initial shipyards to manufacture Corvettes (Veer and Khukri Class) in India.

Your company is blessed with a rich legacy of building wide variety of high-tech warships and has adopted the motto "Building Quality Ships On Time". A modern infrastructure, highly skilled workforce, a group of dedicated engineers has collectively transformed the yard into a center of excellence.

From the maritime defence perspective, India is placed with a coastline of about 7500 kms and territorial border over 15000 kms. Therefore, defence preparedness and strategy to safeguard the national interest gain paramount significance. India's geo strategic location in the Indian Ocean Region (IOR) also calls for unique approach for maritime defence. The Govt. of India has remained committed to strengthen the defence capabilities at all levels and particularly Indian Navy with the required blue water capability to handle asymmetrical threats. Your company has played a vital role in fulfilling aspirations of the Indian Navy as major contributor to the Indian defence shipbuilding and submarine construction requirements.

Your company will continue to make concerted efforts to maintain growth by securing orders from their major customer, the Indian Navy apart from exploring possibilities of export orders. Your company will continue to play a major role in meeting needs of Indian Navy in the frontline warships and submarine segments.

Naval shipbuilding is a key segment of the Indian shipbuilding industry. It is characterised by value addition of 65% during construction of ships, which is contributed by ancillary industries such as steel producers, main engine builders, and equipment suppliers. Growth of the domestic shipbuilding sector, which imports 45% of its input requirement, can provide a major trigger for large-scale indigenisation of heavy-engineering products and ancillaries.

Traditionally, even as naval ancillary components have been acquired from outside India, the actual shipbuilding activity has been



carried out indigenously. However, over the years, the government has focused on greater indigenisation of even defence equipment.

The domestic shipbuilding industry primarily caters to two sub-segments: the Indian Navy and Indian Coast Guard. Currently, its fleet consists of aircraft carriers, amphibious transport dock, landing ship tanks, destroyers, frigates, nuclear-powered attack submarine, conventionally powered attack submarines, corvettes, mine countermeasure vessels (MCMVs), large offshore patrol vessels, fleet tankers and various auxiliary vessels and small patrol boats. The Indian Coast Guard's fleet comprises patrol vessels, patrol boats, patrol craft and a hovercraft.

Warship building industry is highly capital intensive with the requirement of highly skilled workforce and involves integration of high technology, weapon-sensor platforms to meet the strategic mission requirements of the Navy. Since Indian Navy is the end user of these combat platforms, the vessels being built by your company will add teeth to the blue water capability of the country in its maritime defence. Primary driver for warship building is the force level requirements of the Navy and is governed by threat perception and security calculus of the pertinent region. Warships and conventional Submarines are high technology platforms and that can engage the enemy multi-dimensional in an asymmetrical threat scenario. Therefore, with the evolving threat perception, defence technology as such is very dynamic and to keep pace with the technological developments world over is indeed one of the major challenges of defence warship building segment. Shipbuilding Industry has its unique set of nuances and is multidisciplinary in nature.

Frontline war vessels and submarines, considering their complexity have a long gestation period for functional design, detailed design, construction and delivery. Enhanced maturity in design and equipment availability at the time of commencement of production will give an impetus to the pace of construction. It is always advantageous for a shipyard to take series orders so that enhancement of maturity

and learning curve in the first ship can be effectively leveraged for construction of follow-on ships.

The Indian Shipyards, particularly in the commercial shipbuilding are facing poor order inflow due to economic downturn and therefore policy initiatives are required to sustain the Indian Shipbuilding industry. The economic environment in the country also needs to be conducive for private players to sustain themselves in the business. There is a long way for the Indian Shipbuilding industry to go compared to that of the developed nations. The best practices being followed in defence yards are now being imbibed through various means into the shipbuilding yards in the country.

(B) SWOT ANALYSIS

2. STRENGTHS

- Your Company is India's only shipyard to have built destroyers and conventional submarines for the Indian Navy. We have recently delivered one of the Scorpene submarines, INS Kalvari to the MoD.
- Your Company's infrastructure and facilities available at the shipyard combined with vast expertise give a significant edge over our domestic peers. Our shipbuilding, submarine and heavy engineering divisions are both ISO 9001:2008 certified.
- Our shipyard is strategically located in Mumbai on the west coast of India, on the sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route.
- Your company intends to increase the quantum of indigenised components for our warships and submarines in order to give an impetus to the Govt. of India "Make in India" campaign.
- Your company is having a fairly good order book position at present with order book for shipbuilding and submarines and heavy engineering projects.
- Your Company has an experienced senior management team in the industry and a



large pool of experienced naval architects, engineers and draftsmen.

3. WEAKNESSES

- The real estate availability of 75 acres restricts operations of large scale shipbuilding.
- The layout of production facilities, constrained by availability of limited land area, hinders optimized production flow unlike a Green field facility.
- Movement of vessels is dependent on tide availability thus restricting operational windows.
- Depleting strengths of experienced blue collar work force due to retirements.
- Dependence on our suppliers and subcontractors for timely delivery of our products and delay or failure in delivery may result in adverse effect on our business, financial condition and results of operations.
- We are dependent on Indian Navy and MbPT for unpontooning of submarine under refit and construction.
- The manufacturing processes for our products are complex and involve some hazards.

4. OPPORTUNITIES

- Your Company as the lead shipyard for construction of frontline warships and submarines could be highly potential contender to build warships and submarines dovetailed to meet Indian Navy's acquisition plan.
- Modernized infrastructure is a key enabler for reducing build timelines and this opens up opportunities for quick liquidation of orders.
- Considering your company's longstanding reputation, Coastal states are likely to approach your Company to set up ship building infrastructure.
- Your company can facilitate the 'Make In India' initiative promulgated by the GoI, for

some of the critical ship-borne systems/ equipment in close liaison with OEMs.

- The export potential especially with developing countries is a good opportunity.
- Oversupply in the offshore segment is expected to ease by 2021-22, with improvement in offshore rig utilisations, backed by improvement in Exploration and production spending.
- The requirement of dredgers is expected to rise substantially, considering the government's emphasis on developing water transportation facilities in the country and improving the existing coastal movement, and it is expected to add to the existing capital and maintenance dredging requirements for major and minor ports in India.
- With the improvement in vessel traffic at Indian ports, requirement for tugs and other port crafts are also expected to be substantial, further boosting the domestic non-cargo order book.
- The Financial Assistance Policy of 2015 coupled with exemption from customs and central excise duties on all raw material and parts for use in the manufacture of ships/vessels/tugs, pusher crafts etc. shall reduce the cost of manufacturing ships in India, thus improving the competitiveness of Indian shipbuilders.

5. THREATS

- Our entire business operations is affected by the geographical limitation for expansion and any disruption in the operations may materially affect our business.
- 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 shipbuilders



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, losing skilled manpower to private sector. Changing preference of defence customers by moving away from single source to multiple sources.

- It may not be commercially viable to continue with telescopic designing of warship. Frozen design which ensures design and procurement maturities become inevitable for honouring contractual timelines and price-lines.
- 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 labor 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.
- In respect of the weapons and propulsions systems to be fitted on the warships and the submarines, we are dependent on foreign suppliers.
- Excessive dependence on the Ministry of Defence and the Indian Navy to procure its order. Any change in the existing government policies may affect our business.
- Post freight revival in the shipping market, competition from major global shipyards is expected to intensify to an extent that offsets the excess cost competitiveness gained through financial assistance and tax exemptions.

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:

We face the risk of unsatisfactory quality of work performed by our subcontractors which could result in a negative impact on our business, reputation, financial condition and results of operations.

Recent changes in the policy framework governing defence procurement and manufacturing in India may result in our Company no longer being given such orders which may have an adverse effect on our business growth, financial condition and results of operations

Delay in the deliveries may materially and adversely affect our reputation, results of operations and financial condition.

We may be unable to attract and retain sufficient skilled or qualified personnel. Our business, financial condition and results of operations could be adversely affected if we are unable to recruit and retain suitable staff for our operations.

Our businesses are dependent on our information technology infrastructure and we rely on third-party licenses for our business. Any failure or breakdown of our information technology infrastructure may adversely impact our business, reputation, financial conditions and results of operations.

Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and cash flows.

Our business is substantially affected by prevailing economic, political and other prevailing conditions in India.



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.

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.

7. CORPORATE INITIATIVES FOR ENSURING SUSTAINED PERFORMANCE AND GROWTH :

INFRASTRUCTURE MODERNISATION

Your Company has 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

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

9. MARKETING AND BUSINESS DEVELOPMENT

The company has participated in various Naval/ Defence related exhibitions in India as well as abroad in order to project its capability and to assimilate the product range . The details are provided in the Directors' Report.

10. HUMAN RESOURCE INITIATIVES

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

- Online Performance Management System

(PMS) has been implemented up to the grade of Additional General Manager. Online quarterly review of the KPAs has also been implemented.

- Scheme for Succession Plan formulated and approved by Board of Directors on 23 Aug '17.
- Scheme for Innovative Ideas and Awards has been introduced. Focused Group Discussion (FGD) is done by Human Resources. As part of Change Management, Workshop for information to spread awareness regarding the Scheme to employees has been started.
- Initiated receipt of online application and online written test for recruitment of Non Executives and selection of Apprentices,
- Scheme for provision of Furniture and Household Goods on Hire Purchase Facility implemented in Oct '17.
- Implementation of 3rd Pay Committee recommendations and payment of arrears in Dec '17 on receipt of Presidential Directive dated 12 Dec '17.
- Online authorization letter to Panel Hospitals & Printing of photograph of Self and Dependents on Credit Note for hospitalization.
- Memorandum of Settlement (MoS) dated 30 Jun '09 for revision of wages and other benefits in respect of Operatives and Staff expired on 31 Dec '16. While all Unions were required to submit their Charter of Demand (CoD) one month prior to termination of the agreement, the Unions of the Bargaining Council have submitted their CoD post expiry of the existing MoS. Competent Authority constituted 'Wage Revision MoS Committee to analyse the CoDs received from Unions and formulate counter demands of the Management and participate in negotiations with the Unions of the Bargaining Council. The negotiations are being carried out on fast track basis.



11. SKILL INDIA INITIATIVES:

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

- (a) Through the Company run Apprentice Training School (ATS):

The capacity of ATS has been increased to 625 apprentices consequently 200 additional apprentices are now being imparted training.

- (b) Through adoption of ITIs and Polytechnics:

Your Company has adopted two Govt. run Industrial Training Institutes (ITIs) at Chikaldhara (Amrawati district) and Shenave (Thane district). Both these ITIs were operating in dilapidated buildings in remote tribal areas. MDL adopted these ITIs and provided following support:

| ITI Chikadghara (300 Students): | ITI, Shenave (40 Students): |
|--|---|
| <ul style="list-style-type: none"> Solar Power Plant (5 units of 10 KWp) 50 Solar Street Lights Soft Skill & Technical Training for Students & Trainers Regular Exposure Visits to MDL, Mumbai Donation of Surplus Machinery of MDL for Workshop Scholarship of ₹500/- per month per student to Meritorious Students | <ul style="list-style-type: none"> Construction of New Toilet Block Renovation of Building Provision of Exposure Visit of Students to Mumbai |

MDL has also decided to provide infrastructure support to Vocational Training Centre (VTCs) in Maharashtra i.e. Thane District Administration's Center for Skill Development & Apprenticeship Training (TDACSDAT) and Vocational

Training Centre for PWD Youth at Anandwan, Chandrapur district.

Thane District Administration's Center for Skill Development & Apprenticeship Training (TDACSDAT): MDL agreed to support the VTC through procurement of Capital items of about ₹90 lakh like Laboratory Equipment, Furniture, Computer Systems etc. The procurement of capital items for this project is underway. After procurement & installation of capital items, this centre will cater to the vocational training of 820 youth.

Vocational Training Centre (VTC) for Persons With Disability (PWD) Youth at Anandwan, Chandrapur District: In line with Sugamya Bharat scheme of Govt of India, MDL has signed an MOU with Maharogi Sewa Samiti (MSS) for construction of state-of-the-art VTC for vocation training of PWD youth at a cost of ₹4.82 Crore. This centre will be one of its kind with the entire building specifically designed to cater to the training needs of about 150 PWD youth. The construction work started in June 2017 and is expected to be completed soon.

- (c) Skill development through Vocational Training Centers:

Your company has also joined hands with reputed skill training partners to impart skill training to youth. In last year, 80 youth were trained in different trades of plastic engineering through Central Institute of Plastics Engineering & Technology (CIPET) while 500 PWD youth were trained through National Handicap Finance Development Corporation (NHFDC).

Apart from above 12.31% (591) of the borne strength (4802) of permanent employees are being directly skilled by MDL in its Apprenticeship training school at Alcock yard at a cost of approximately ₹438.00 lakh per annum.



12. RESEARCH & DEVELOPMENT

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

- (a) Ergonomics in Ship Detailed Design- NID Ahmedabad: MoU with National Institute of Design (NID), Ahmedabad has been signed on 13 June 2014 regarding implementation of ergonomics studies and Human Factors Engineering. Seventeen (17) MDL officers received training from NID in the year 2017-18.
- (b) Project for creation of navigational channel: Feasibility study for creation of a dedicated navigation channel from northern waterfront of MDL to Offshore Container Terminal Berth of MbPT has been finalised in liaison with MbPT and Central Water and Power Research Station (CWPRS) Pune. Water and Power Consultancy Services India Ltd., (WAPCOS), a PSU under the Ministry of Water Resources was engaged for the conduct of bathymetry studies, Environmental Impact Assessment (EIA) studies and for seeking requisite clearances for the creation of the channel. WAPCOS has completed data collection and based on that a Terms of Reference for rapid EIA was prepared which is presented to the Expert Appraisal Committee of Ministry of Environment and Forest (MoEF) in Nov 16. The EIA report has been submitted to the Maharashtra Pollution Control Board. The project is awaiting Coastal Regulatory Zone clearance.
- (c) Research activities in welding: MoU has been signed with Welding Research Institute (WRI), Trichy on 04 Dec '14 for research areas in one of the MDL's key production processes – welding. Regular trainings are given to concerned MDL employees every year at WRI, Trichy.

- (d) Model testing of P17A ships : Model test of P17A ships was conducted at MARIN Netherlands to obtain a comprehensive assessment of resistance and power requirements and for selection of propeller.
- (e) Wind tunnel tests of P17A ships - An order on IISc Bangalore has been placed for carrying out aerodynamic simulation studies by wind tunnel tests and CFD for P17A ships.
- (f) 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 Dept under General Manager(Design).

13. INTERNAL CONTROL SYSTEM

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

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

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



Appendix 1

Form AOC-I

(₹ in Lakhs)

| Part 'A' Subsidiaries | | |
|-----------------------|--|-------------------------|
| Sl. No | Particulars | |
| 1 | Name of the Subsidiary | MDL has no subsidiaries |
| 2 | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | NA |
| 3 | Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries. | NA |
| 4 | Share Capital | NA |
| 5 | Reserve & Surplus | NA |
| 6 | Total Asset | NA |
| 7 | Total Liabilities | NA |
| 8 | Investment | NA |
| 9 | Turnover | NA |
| 10 | Profit Before taxation | NA |
| 11 | Provision for taxation | NA |
| 12 | Profit after taxation | NA |
| 13 | Proposed Dividend | NA |
| 14 | %of Shareholding | NA |
| Notes: | | |
| 1 | Name of subsidiaries which are yet to commence operations | NA |
| 2 | Names of subsidiaries which have been liquidated or sold during the year | NA |

| Part 'B' Associates & Joint Ventures | | | |
|--------------------------------------|--|---------------|--------------------------------------|
| Sl. NO | Name of Associates | GSL | Mazagon Dock Pipavav Defence Pvt Ltd |
| 1 | Latest audited Balance Sheet Date | 31 March 2018 | 31 March 2017 |
| 2 | Shares of Associates held by the company on the year end Numbers | 54957600 | Subscribed and not paid (100000) |
| | Amount of Investment in Associates | 600 | Nil |
| | Extend of Holding % | 47.21% | 50% |
| 3 | Description of how there is significant influence | Voting Rights | Voting Rights |



Appendix 2

Form No. AOC-2

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

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

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

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

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

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



Appendix 3 Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE PERIOD 01-04-2017 TO 31-03-2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
MAZAGON DOCK SHIPBUILDERS LIMITED
DOCKYARD ROAD,
MUMBAI MH 400010 IN.

We have conducted the secretarial audit for the compliance of applicable statutory provisions and the adherence to good corporate practices by MAZAGON DOCK SHIPBUILDERS LIMITED (CIN: U35100MH1934GOI002079) (hereinafter called the "Company") for the financial year ended 31st March, 2018. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of books, papers, minute books, forms and returns filed and other documents/ records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering 1st April, 2017 to 31st March, 2018 complied with the statutory provisions listed hereunder and also that the company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other documents/ records maintained by the Company for the audit period 1st April, 2017 to 31st March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; Not Applicable during the Audit Period

- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulation made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; Not Applicable during the Audit Period
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable during the Audit Period
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not Applicable during the Audit Period
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; Not Applicable during the Audit Period
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; Not Applicable during the Audit Period
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not Applicable during the Audit Period
 - f. The securities and Exchange Board of India (Registrars to an Issue and Share Transfer



Agents) Regulations, 1993 regarding the companies act and dealing with client; Not Applicable during the Audit Period

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not Applicable during the Audit Period
- h. Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2009; Not Applicable during the Audit Period

(vi) Based on the Compliance Mechanism established by the Company and the Legal Compliances Report submitted and taken on record by the Board of Directors, we are of the opinion that the company has complied with the following laws specifically applicable to the Company:

- Income Tax Act, 1961
- Payment of Gratuity Act, 1972;
- Employees State Insurance Act, 1952;
- Employees Provident Fund and Miscellaneous Provisions Act, 1952;
- Environment Laws;
- Factories Act, 1948;
- Minimum Wages Act, 1948;
- Guidelines on Corporate Governance for Central Public Sector Enterprises (Guidelines), as issued by the Department of Public Enterprises (DPE);
- Any other Laws as applicable under its scope of work.

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

- Secretarial Standards issued by The Institute of Company Secretaries of India;
- Securities and Exchange Board of India (Listing Obligation & Disclosure Requirement) Regulation, 2015: Since the company is not listed, not Applicable during the Audit Period

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

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provision of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, and the same was sent at least seven days in advance, agenda and detailed notes on agenda were sent at least 7 days before the date of Meeting, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting member's views are captured and recorded as part of the Minutes.

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

We further report that during the audit period there were following specific events /action reported having major bearing on company's operations:

1. Amendment of Memorandum of Association and Article of Association pursuant to conversion of Private Company into Public Company.
2. During the year Company has changed its status from Private Limited to Public Limited w.e.f. 8th December, 2017.
3. Subdivision of Shares of the Company from Rs. 100 per share to Rs. 10 per share.



4. Buy-back of securities during the Financial year 2017-2018.
5. Filing of Draft Red Hearing Prospectus (DRHP) with Securities Exchange Board of India (SEBI).

We further report that during the reporting period, following changes took place in the Board of Directors and Key Managerial Personnel:-

Appointment of Directors:

- 1) Mr. Devi Prasad Pande on 13th September, 2017.
- 2) Prof. Kamaiah Bandi on 10th October, 2017.
- 3) Cmde. Thoppil Verghese Thomas on 2nd November, 2017.
- 4) Dr. Mailareshwar Jeevannavar on 9th March, 2018.
- 5) RAdm. Anil Kumar Saxena on 21st March, 2018.

Resignation of Directors:

- 1) Shri Vijayendra on 27th March, 2018.

Changes in the Key Managerial Personnel of the Company:

- 1) Mr. Sanjiv Sharma appointed on 5th December, 2017 as CFO.
- 2) Mr. A M Karanjkar resigned on 05th December, 2017 from the post of Manager.
- 3) Mrs. Vijayalakshmi Kumar appointed on 01st March, 2018 as a Company secretary and Mrs. Madhavi Kulkarni resigned on 01st March, 2018.

Further no reportable event or actions having major effect on the operations of the Company took place during the financial year ended 31st March, 2018.

For **Ragini Chokshi & Co.**
(Company Secretaries)

Sd/-
Ragini Chokshi
(Partner)

C.P. No. 1436/ FCS No. 2390

Place : Mumbai
Date : 16th July, 2018



INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of 'Mazagon Dock Shipbuilders Limited' ('the Company'), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements).

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, statement of changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.



Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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, 2018, and its profit, other comprehensive income, the statement of changes in equity 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 Ind AS financial statements:

1. In respect to the balances due from / to Indian Navy which are in the process of reconciliation (Refer note no. 36.2).
2. Stating the reasons for non-provisioning of the liquidated damages pertaining to P15A (Refer note no. 54).
3. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. (Refer Note no. 9 (a and b))
4. Registration formalities are pending in respect of certain properties. (Refer Note no. 2 (i)).

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 ("the Order"), issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure - I, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by the directions issued by the Office of the Comptroller 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 (including Other Comprehensive Income), the Statement of Changes in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d. in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
- 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements (Refer note. 35 to the standalone Ind AS 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

Sd/-

Astha Kariya

Partner

Place: Mumbai

Date: 16th July, 2018

Membership No. 122491



Annexure – I

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

Report on Companies (Auditor's Report) Order, 2016, issued by the Central Government in terms of Section 143(11) 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 Section 143(11) 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 | |
| 2 | Plot No. 355 PH II | Dockyard Road, Mumbai | Leasehold | 1960.93 | Lease renewal of the plots is under consideration of MBPT. Awaiting formulation of land policy. |
| 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 | Gaavan Land | Panvel, Navi Mumbai | Leasehold | 19402.35 | Contract is yet to be signed. |
| 6 | F Type Sector – ¾ | Vashi, Navi Mumbai | Quarters | 96.95 | Deed of Apartments & its registration is under process. |
| 7 | F Type Sector - 10 | Vashi, Navi Mumbai | Quarters | 100.00 | |
| 8 | JN – 1 Type Sector -10 | Vashi, Navi Mumbai | Quarters | 19.25 | |
| 9 | JN-2 Type Sector -10 | Vashi, Navi Mumbai | Quarters | 45.85 | |
| 10 | 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 under Section 185 of the Act. Section 186 of the Act relating to investments, loans granted, guarantees given and security provided is not applicable to the Company being a Government company engaged in 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 Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.
- 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, Goods and Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues, as applicable, with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2018 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, Goods and Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st March, 2018 except as stated below:

| Sr. No. | Name of Statute | Period | Amount (₹ in lakhs) | Forum where dispute is pending |
|---------|--------------------------|---|------------------------|---|
| 1. | Central Excise Act,1944 | F.Y. 2001-02 to F.Y. 2003-04 and F.Y.2007-08 | 383 | 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, F.Y. 2011-12 F.Y. 2012-13 and F.Y. 2013-14 | 2,896 | 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 | 4,044 | Bombay High Court |



| Sr. No. | Name of Statute | Period | Amount (₹ in lakhs) | Forum where dispute is pending |
|---------|-----------------|------------------------------|---------------------|--|
| 7. | Service tax | F.Y. 2004-05 to F.Y. 2013-14 | 2,928 | Commissioner of Service Tax – I Mumbai |
| 8. | Income Tax | A.Y. 2010-11 | 318 | Commissioner of Income Tax (Appeals) |
| 8. | Income Tax | A.Y. 2014-15 | 4,418 | Commissioner of Income Tax (Appeals) |
| 9. | Custom Duty | F.Y. 2007-08 | 8 | Asst. Commissioner of Customs |

8. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under Clause 3 (viii) of the order is not applicable to the Company.
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 standalone Ind AS 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/-

Astha Kariya

Partner

Membership No. 122491

Place : Mumbai

Date : 16th July, 2018



Annexure - II

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.

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

| Sr. No. | Plot No. | Location | Type of Property | Area (in SqMtrs) | Remarks |
|---------|---|-----------------------|------------------|------------------|---|
| 1 | Plot No. 355 PH I | Dockyard Road, Mumbai | Leasehold | 6240.14 | |
| 2 | Plot No. 355 PH II | Dockyard Road, Mumbai | Leasehold | 1960.93 | Lease renewal of the plots is under consideration of MBPT. Awaiting formulation of land policy. |
| 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 | Gaavan Land | Panvel, Navi Mumbai | Leasehold | 19402.35 | Contract is yet to be signed. |

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 lakhs) | Reasons |
|---------|-------------------|---------------------------------|---|
| 1 | PCDA(N) | 2,523 | Delivery of P15A-12702 Ship was due on 21st May, 2011 including the extended period for delivery. However, the same got delivered on 9th September, 2015, the customer has levied liquidated damages (LD) amounting to ₹ 3,887 lakhs calculated on total contract price. The total contract price includes B&D and BFE components on which LD is not leviable. The amount of ₹ 3,887 lakhs has been deducted by the Navy from one of the claim bill raised by the Company on the Navy. The Company has shown an amount of ₹ 3,887 lakhs as receivable in the earlier year out of which an amount of ₹ 2,523 lakhs (relating to LD on Contract Price excluding B&D and BFE components) has been adjusted with contract revenue during the year as the Company has accepted the deduction made by the Navy. |



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

The total value of inventory of the Company lying with third parties is ₹ 66,689 lakhs as at 31st March, 2018. 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/-

Astha Kariya

Partner

Membership No. 122491

Place : Mumbai

Date : 16th July, 2018



Annexure III

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

Report on the Internal Financial Controls under Section 143(3)(i) 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, 2018 in conjunction with our audit of the standalone Ind AS 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 controls 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 standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls 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 standalone Ind AS 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 Standalone Ind AS 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 standalone Ind AS 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.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm's Registration No. 102860W / W100089

Sd/-

Astha Kariya

Partner

Place : Mumbai

Date : 16th July, 2018

Membership No. 122491



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAZAGON DOCK SHIPBUILDERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements (Standalone Financial Statement) of Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2018 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 16 July 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **Mazagon Dock Shipbuilders Limited, Mumbai** for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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


(Santosh Kumar, IA&AS)

**Pr. Director of Commercial Audit
& Ex-Officio Member Audit Board, Bangalore.**

Place: Bangalore
Date: 31 July 2018



BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lakhs)

| Particulars | Notes | As at 31st March, 2018 | As at 31st March, 2017 | As at 1st April, 2016 |
|---|---------|---------------------------|---------------------------|--------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 2 | 61,796 | 52,490 | 34,493 |
| Capital work-in-progress | 3 | 8,538 | 9,843 | 16,958 |
| Other intangible assets | 2 | 2,841 | 2,135 | 2,283 |
| | | 73,175 | 64,468 | 53,734 |
| Financial assets | | | | |
| Investments | 4 | 600 | 600 | 600 |
| Trade receivable | 5 | 1,593 | 1,605 | 1,674 |
| Loans | 6 | 894 | 869 | 844 |
| Other financial assets | 7 | 340 | 340 | 340 |
| Deferred tax assets (net) | 8 | 54,441 | 49,882 | 49,329 |
| Non-current tax assets (net) | | 20,672 | 18,113 | 12,809 |
| Other non-current assets | 9 | 36,888 | 14,201 | 11,339 |
| Total non-current assets | | 188,603 | 150,078 | 130,669 |
| Current assets | | | | |
| Inventories | 10 | 378,597 | 402,865 | 424,467 |
| Financial assets | | | | |
| Trade receivables | 11 | 143,606 | 74,696 | 91,972 |
| Cash and cash equivalents | 12 | 37,356 | 14,288 | 89,777 |
| Bank balances other than cash and cash equivalents | 13 | 681,600 | 822,000 | 790,500 |
| Loans | 14 | 91 | 102 | 145 |
| Other financial assets | 15 | 85,007 | 131,091 | 93,001 |
| Assets held for sale | | 1 | 3 | - |
| Other current assets | 16 | 420,715 | 303,593 | 249,448 |
| Total current assets | | 1,746,973 | 1,748,638 | 1,739,310 |
| TOTAL ASSETS | | 1,935,576 | 1,898,716 | 1,869,979 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Equity share capital | 17 | 22,410 | 24,900 | 19,920 |
| Other equity | | 219,830 | 237,554 | 211,698 |
| Total equity | | 242,240 | 262,454 | 231,618 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Trade payables | 18 | 1,593 | 1,605 | 1,674 |
| Other financial liabilities | 19 | 68 | 14 | 8 |
| Other long-term liabilities | 20 | 15,974 | 16,694 | 13,163 |
| Long-term provisions | 21 | 122,460 | 121,212 | 118,676 |
| Total non-current liabilities | | 140,095 | 139,525 | 133,521 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Trade payables | 22 | 239,107 | 92,634 | 112,011 |
| Other financial liabilities | 23 | 25,787 | 17,471 | 21,119 |
| Other current liabilities | 24 | 1,275,027 | 1,378,469 | 1,365,178 |
| Short-term provisions | 25 | 13,320 | 8,163 | 6,532 |
| Total current liabilities | | 1,553,241 | 1,496,737 | 1,504,840 |
| Total liabilities | | 1,693,336 | 1,636,262 | 1,638,361 |
| TOTAL EQUITY AND LIABILITIES | | 1,935,576 | 1,898,716 | 1,869,979 |
| Significant accounting policies and notes to the financial statements | 1 to 58 | | | |

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

| Particulars | Notes | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|---------|--|--|
| INCOME | | | |
| Revenue from operations | 26 | 440,959 | 353,048 |
| Other income | 27 | 60,386 | 76,457 |
| Total income | | 501,345 | 429,505 |
| EXPENSES | | | |
| Cost of materials consumed | 28 | 269,288 | 214,008 |
| Employee benefit expenses | 29 | 89,903 | 72,884 |
| Finance costs | 30 | 385 | 390 |
| Depreciation and amortization expenses | | 5,021 | 3,939 |
| Sub-contracting charges | | 32,269 | 11,019 |
| Power and fuel | | 2,262 | 2,604 |
| Other expenses - project related | 31 | 15,123 | 14,171 |
| Other expenses | 32 | 13,714 | 15,945 |
| Provisions | 33 | 3,743 | 10,845 |
| Total expenses | | 431,708 | 345,805 |
| Profit before tax | | 69,637 | 83,700 |
| Tax expense | | | |
| Current tax | | 29,152 | 29,307 |
| Deferred tax (credit) / charge | | (4,559) | (506) |
| Adjustment of tax relating to earlier years | | 1,064 | - |
| Profit for the year | | 43,980 | 54,899 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined employee benefit plan | | (5,993) | (135) |
| Income tax effect | | 2,074 | 47 |
| Total comprehensive income for the year | | 40,061 | 54,811 |
| Earning per share | | | |
| Basic and Diluted | | 18.27 | 22.05 |
| Significant accounting policies and notes to the financial statements | 1 to 58 | | |

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

| Sr. No. | Particulars | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|----------|--|-------------------------------------|-------------------------------------|
| A | Cash flow from operating activities | | |
| | Profit before tax (as restated) | 69,637 | 83,700 |
| | Adjustments for : | | |
| | (+) Non cash expenditure and non operating expenses | | |
| | Depreciation / amortization | 5,021 | 3,939 |
| | Finance cost | 385 | 390 |
| | Amortization of prepaid rentals | 66 | 66 |
| | (-) Non operating income | | |
| | Profit / Loss on sale of fixed assets | 19 | (31) |
| | Interest income | (48,271) | (63,288) |
| | Dividend received | (4,671) | (879) |
| | Amortization gain on deferred deposits of vendors | (7) | (1) |
| | Amortization of deferred revenue (customer funded assets) | (733) | (254) |
| | Interest Income on deferred payment liability to foreign supplier | (379) | (388) |
| | Interest Income on deferred deposit with MbPT | (16) | (16) |
| | Operating profit before working capital changes | 21,051 | 23,238 |
| | Movement in working capital | | |
| | Decrease / (Increase) in Inventories | 24,268 | 21,602 |
| | Decrease / (Increase) in Trade receivables and loans and advances | (68,517) | 17,767 |
| | Decrease / (Increase) Other current and non current assets | 46,625 | (126,553) |
| | (Decrease) / Increase in Trade payables and provisions | 146,487 | (15,800) |
| | (Decrease) / Increase in Other current and non current liabilities | (95,052) | 13,434 |
| | Cash flow from operations | 74,863 | (66,312) |
| | Direct tax paid (net of refunds) | (30,701) | (34,612) |
| | Net cash from (used in) operating activities (A) | 44,162 | (100,924) |



(₹ in lakhs)

| Sr. No. | Particulars | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|----------|---|-------------------------------------|-------------------------------------|
| B | Cash flow from investing activities | | |
| | Purchase of property, plant and equipment (net of adjustments) | (15,087) | (21,836) |
| | Capital work in progress | 1,305 | 7,116 |
| | | | - |
| | Proceeds from sale of property, plant and equipment | 35 | 76 |
| | Capital advance | (14) | (113) |
| | Interest received | 48,271 | 63,288 |
| | Dividend received | 4,671 | 879 |
| | Net cash from / (used in) investing activities (B) | 39,181 | 49,410 |
| C | Cash flow from financing activities | | |
| | Buy back of equity share capital | (25,349) | |
| | Payment of buy back tax | (5,389) | |
| | Dividend paid (including dividend distribution tax thereon) | (29,537) | (23,975) |
| | Net cash from / (used in) financing activities (C) | (60,274) | (23,975) |
| | Net increase/(decrease) in cash and cash equivalents (A+B+C) | 23,068 | (75,489) |
| | Cash and cash equivalents at the beginning of the period | 14,288 | 89,777 |
| | Cash and cash equivalents at the end of the period | 37,356 | 14,288 |

Note: Figure in bracket indicate outflow

| Sr. No. | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---------|---|------------------------|------------------------|
| | Components of cash and cash equivalents: | | |
| | Balances with banks:- | | |
| | - In Current accounts | | |
| | i) In India | 164 | 61 |
| | ii) Outside India | 97 | 79 |
| | - In flexi deposit accounts | 37,095 | 14,148 |
| | Cash on hand | - | - |
| | Total | 37,356 | 14,288 |

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(A) Equity share capital

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|---|------------------|------------------|-----------------|
| Opening balance | 24,900 | 19,920 | 19,920 |
| Changes in equity share capital during the year | (2,490) | 4,980 | - |
| Closing balance | 22,410 | 24,900 | 19,920 |

Shareholders in Annual General Meeting held on 28th September 2017 have approved split of equity shares from face value of ₹ 100 to ₹ 10 per share. Accordingly, the number of equity shares have increased from 249 lakhs to 2490 lakhs.

(B) Other equity

For the year ended 31st March, 2018

(₹ in lakhs)

| Particulars | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Total Other Equity |
|---|-------------------|-----------------|-----------------|----------------------------|--------------------|
| Balance as at 1st April, 2017 | (14,224) | 244,381 | 5 | 7,392 | 237,554 |
| Profit / (loss) for the year | 43,980 | | | | 43,980 |
| Other comprehensive income / (loss) for the year | | | | | |
| Remeasurement of defined employee benefit plan (net of tax) | (3,919) | | | | (3,919) |
| Buyback of shares at premium | | (22,859) | | | (22,859) |
| Transfer from general reserve to capital redemption reserve | | (2,490) | | 2,490 | - |
| Tax on buyback | (5,389) | | | | (5,389) |
| Dividends | | | | | |
| Interim | (18,000) | | | | (18,000) |
| Final | (6,541) | | | | (6,541) |
| Tax on dividends | (4,996) | | | | (4,996) |
| Balance as at 31st March, 2018 | (9,089) | 219,032 | 5 | 9,882 | 219,830 |



For the year ended 31st March, 2017

(₹ in lakhs)

| Particulars | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | CSR Fund | Total Other Equity |
|---|-------------------|-----------------|-----------------|----------------------------|----------|--------------------|
| Balance as at 1st April, 2016 | (45,060) | 242,500 | 5 | 12,372 | 1,881 | 211,698 |
| Profit / (loss) for the year | 54,899 | | | | | 54,899 |
| Other comprehensive income / (loss) for the year | | | | | | |
| Remeasurement of defined employee benefit plan (net of tax) | (88) | | | | | (88) |
| Issue of bonus shares | | | | (4,980) | | (4,980) |
| Dividends | | | | | | |
| Interim | (10,000) | | | | | (10,000) |
| Final | (9,920) | | | | | (9,920) |
| Tax on dividends | (4,055) | | | | | (4,055) |
| Utilized for expenses | | | | | (1,881) | (1,881) |
| Transfer from surplus | | 1,881 | | | | 1,881 |
| Balance as at 31st March, 2017 | (14,224) | 244,381 | 5 | 7,392 | - | 237,554 |

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

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

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

Buyback: The Company has completed 10% buyback of equity shares (no. of shares: 249 lakhs of ₹10 each) for ₹ 25349 lakhs and ₹ 5389 lakhs tax thereon total amounting to ₹ 30738 lakhs in December 2017.

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

Cmdr. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



Note 1: Statement of Significant Accounting Policies

1) Corporate information:

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

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

2) Significant accounting policies:

2.1 Basis of preparation:

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

2.2 Summary of significant accounting policies:

a) Use of estimates:

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

Estimates and assumptions are required in particular for:

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

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

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

ii. Recognition and measurement of defined benefit obligations:

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

iii. Recognition of deferred tax assets:

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

iv. Recognition and measurement of other provisions:

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

v. Discounting of long-term financial liabilities

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



vi. Determining whether an arrangement contains a lease:

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. In case of operating lease, the Company treats all payments under the arrangement as lease payments.

vii. Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 11 on 'Construction Contracts'. The estimates are revised periodically.

b) Current versus non-current classification:

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

- i. An asset is treated as current when it is:
 - i. Expected to be realised or intended to be sold or consumed in normal operating cycle
 - ii. Held primarily for the purpose of trading
 - iii. Expected to be realised within twelve months after the reporting period, or
 - iv. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

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

All other liabilities are treated as non - current.

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

c) Property, plant and equipment:

- i. Property, plant and equipment, including capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital works executed internally are valued at prime cost plus appropriate overheads.
 - Cost means cost of acquisition, inclusive of inward freight, duties, taxes and other incidental expenses incurred in relation to acquisition of such assets. It also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised.
 - When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.



- When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.
- Spares purchased along with PPE are capitalised.
- The present value of the expected cost for decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.
- Unserviceable tangible assets are valued at the net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value. For IT hardware assets, i.e. end user devices such as desktops, laptops, etc. residual value is considered as nil.
- An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

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

ii. Depreciation:

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

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

- (b) Loose tools costing over ₹ 5000 is written off evenly over a period of five years commencing from the year of purchase.
- (c) Additions to assets individually costing ₹ 5000 or less are depreciated at 100%.
- (d) Spares purchased along-with the main asset are depreciated over the estimated useful life of that asset.
- (e) In respect of additions / extensions forming an integral part of the existing assets, depreciation has been provided over residual life of the respective assets.
- (f) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (g) Depreciation on property, plant and equipment commences when the assets are ready for intended use
- (h) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life of the assets.



- (i) The residual value of all the assets have been considered at 5% of the original cost of the respective assets, except for computer and related hardware assets, where the residual value is considered to be nil.
- (j) When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

d) Intangible assets:

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

e) Impairment of assets:

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

f) Investment in associate:

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

Company has investment in equity shares of its associate and it is measured at cost. Provision for impairment loss on such investment is made

only when there is a diminution in value of the investment which is other than temporary.

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

g) Foreign currency transactions:

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

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

h) Borrowing costs:

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



i) Inventory valuation

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

j) Revenue recognition

i. Construction & repair contracts

Fixed Price Contract:

When the outcome of a construction / repair contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The estimated cost of each contract is determined based on management estimate of cost to be incurred till final completion of the vessel and includes cost of material, services and other related overheads. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

Cost Plus Contract:

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

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

Unbilled Revenue:

When contract costs incurred till date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as 'Unbilled Revenue'.

Unearned Income:

For contracts where gross billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as 'Unearned Income'.

Amounts received in excess of trade receivables are presented in the statement of financial position as a liability, as 'Advances received'. Amounts billed as per terms of contract / work performed but not yet paid by the customer are classified under 'Trade receivables'.

ii. Dividend income

Dividend income from investments is recognized when the Company's right to receive payment has been established, which is generally when shareholders approve the dividend.



iii. Interest income

For all debt instruments, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

iv. Rendering of services

Revenue from services is recognized in the accounting period in which the services are rendered. For fixed price contracts exceeding 12 month tenure, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided

v. Insurance claims:

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

k) Financial instruments:

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

Financial Assets:

i. Classification:

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

ii. Initial recognition and measurement:

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

iii. Financial assets measured at amortised cost:

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The losses arising from impairment are recognised in the Statement of profit and loss. This category generally applies to trade and other receivables.

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

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

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

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

vi. Investment in equity instruments:

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

vii. Investment in debt instruments:

A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt



instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

viii. Impairment of financial asset:

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss of all the financial assets that are debt instrument and trade receivable.

ix. Derecognition of financial assets:

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

Financial liabilities:

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

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

i. Classification, initial recognition and measurement

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

ii. Subsequent measurement

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

iii. De-recognition of financial liability

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

iv. Retentions

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

v. Security deposit

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

l) Leases

i. As a lessee

Leases of property, plant and equipment where the Company, as lessee, where substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities



as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rent shall be charged as expense in the period in which they are incurred.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii. As a lessor

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

m) Employee benefits

i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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

iii. Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity

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

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



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

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

Post-retirement medical scheme

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

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

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

Provident fund and Pension

Retirement benefits in the form of Provident fund and Family pension funds are defined contribution plans and the contribution is charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due in accordance with the relevant statute.

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

n) Dividend to equity shareholders

Dividend to Equity Shareholders is recognised as a liability and deducted from shareholders equity, in the period in which dividends are approved by the equity shareholders in the general meeting.

o) Provision for current & deferred tax

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

Current income tax:

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

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

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

Deferred tax:

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



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

Deferred tax assets and liabilities are offset only if:

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

p) Provision for doubtful debts and loans and advances:

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

q) Warranty provision:

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

r) Provision, contingent liabilities and contingent assets:

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



Note 2

| Sr. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|------------------------------|---|---------------------|---------------|-------------|------------|-----------------------------|------------------|----------------|-------------|------------|------------------|----------------|
| | | Cost as on 01-04-17 | Additions | Adjustments | Disposal | Balance 31-03-18 | Opening 01-04-17 | For the period | Adjustments | Disposal | Balance 31-03-18 | As on 31-03-17 |
| A Assets Owned by MDL | | | | | | | | | | | | |
| 1 | Freehold Land | 2,867 | 1,828 | - | - | 4,695 | - | - | - | - | 4,695 | 2,867 |
| 2 | Buildings: i) Factory Building | 1,741 | 32 | - | 1 | 1,772 | 104 | 85 | - | 1 | 1,884 | 1,637 |
| | ii) Office and Staff Quarters | | | | | | | | | | | |
| | a) RCC | 1,878 | 19 | - | 1 | 1,896 | 81 | 57 | - | 1 | 1,759 | 1,797 |
| | b) Non RCC | 393 | 322 | - | - | 715 | 25 | 23 | - | - | 667 | 368 |
| 3 | Road | 667 | - | 6 | - | 673 | 232 | 126 | - | - | 358 | 435 |
| 4 | Other Civil Works | 9 | - | - | - | 9 | 6 | 3 | - | - | 9 | 3 |
| 5 | Plant and Equipment | 13,648 | 7,213 | (6) | 65 | 20,790 | 1,031 | 1,128 | - | 58 | 2,101 | 18,689 |
| 6 | Furniture and Fixtures | 1,345 | 96 | - | 3 | 1,438 | 302 | 160 | - | 3 | 459 | 979 |
| 7 | Vehicles | 1,728 | 220 | - | 24 | 1,924 | 437 | 242 | - | 23 | 656 | 1,268 |
| 8 | Office Equipment | 1,739 | 188 | - | 17 | 1,910 | 551 | 332 | - | 16 | 867 | 1,043 |
| 9 | Building Berths, Kasara Basin, Dry Docks and Launchways | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Computers and Data Processing Units | - | - | - | - | - | - | - | - | - | - | - |
| | i) Desktops, Laptops etc. | 430 | 260 | - | 136 | 554 | 96 | 245 | - | 136 | 205 | 349 |
| | ii) Server and Network | 1,897 | 1,143 | - | 193 | 2,847 | 318 | 384 | - | 153 | 549 | 2,298 |
| 11 | Loose Tools | 251 | 129 | - | - | 380 | 192 | 79 | - | - | 271 | 109 |
| 12 | Ship - Launches and Boats | 302 | 134 | - | - | 436 | 30 | 16 | - | - | 46 | 390 |
| 13 | Electrical Installation and Equipments | 1,222 | 232 | - | - | 1,454 | 272 | 175 | - | - | 447 | 1,007 |
| | Sub-total | 30,117 | 11,816 | - | 440 | 41,493 | 3,677 | 3,055 | - | 391 | 6,341 | 35,152 |
| | Previous Year's Figures | 24,320 | 6,946 | - | 1,150 | 30,117 | 2,125 | 2,655 | - | 1,105 | 3,675 | 26,440 |
| | | | | | | | | | | | | 22,196 |

Note: 10 Vessels under the head "Launches and Boats" costing ₹ 436 lakhs (Previous year - ₹ 302 lakhs) out of which ₹ 302 lakhs (Previous year - ₹ 302 lakhs) are registered in the name of CMD of the Company to comply with the requirement of Indian Costal Act, 1838 / Indian Vessels Act, 1917 and registration of one vessel costing ₹ 134 lakhs in the name of CMD is under process as on 31st March, 2018.



| B | Jointly Funded Assets | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | | |
|---|--|---------------------|-------------------------|-------------------------|----------------------|-----------------------------|------------------|----------------|-------------------------|----------------------|------------------|----------------|---------------|
| | | Cost as on 01-04-17 | Additions in the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-18 | Opening 01-04-17 | For the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-18 | As on 31-03-17 | |
| 1 | Buildings: i) Factory Building | 17,994 | 155 | - | - | 18,149 | 582 | 578 | - | - | 1,160 | 16,989 | 17,412 |
| | ii) Office and Staff Quarters | 1,565 | 56 | - | - | 1,621 | 2 | 28 | - | - | 30 | 1,591 | 1,563 |
| | a) RCC | - | - | - | - | - | - | - | - | - | - | - | - |
| | b) Non RCC | 133 | - | - | - | 133 | 2 | 25 | - | - | 27 | 106 | 131 |
| 2 | Roads | 5,294 | 1,362 | - | - | 6,656 | 615 | 298 | - | - | 913 | 5,743 | 4,679 |
| 3 | Plant and Equipment | 626 | 23 | - | - | 649 | 5 | 61 | - | - | 66 | 583 | 621 |
| 4 | Electrical Installation and Equipments | 226 | - | - | - | 226 | 6 | 21 | - | - | 27 | 199 | 220 |
| 5 | Furniture and Fixtures | 145 | 8 | - | - | 153 | 7 | 28 | - | - | 35 | 118 | 138 |
| 6 | Office Equipment | - | - | - | - | - | - | - | - | - | - | - | - |
| 7 | Computers and Data Processing Units | 338 | - | - | - | 338 | 58 | 57 | - | - | 115 | 223 | 280 |
| 8 | Ship - Launches and Boats | 1,017 | 125 | - | - | 1,142 | 11 | 38 | - | - | 49 | 1,093 | 1,006 |
| | Sub-total | 27,338 | 1,729 | - | - | 29,067 | 1,288 | 1,134 | - | - | 2,422 | 26,645 | 26,050 |
| | Previous Year's Figures | 12,996 | 14,341 | - | - | 27,338 | 699 | 590 | - | - | 1,289 | 26,050 | 12,297 |
| | Total Tangibles Assets (A+B) | 57,455 | 13,545 | - | 440 | 70,560 | 4,965 | 4,189 | - | 391 | 8,763 | 61,796 | 52,490 |
| | Previous Year's Figures | 37,316 | 21,287 | - | 1,150 | 57,455 | 2,824 | 3,245 | - | 1,105 | 4,964 | 52,490 | 34,493 |

| A | Intangible Assets | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | | |
|---|---------------------------|---------------------|-------------------------|-------------------------|----------------------|-----------------------------|------------------|--------------|-------------------------|----------------------|------------------|----------------|--------------|
| | | Cost as on 01-04-17 | Additions in the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-18 | Opening 01-04-17 | For the Year | Adjustments in the Year | Disposal in the Year | Balance 31-03-18 | As on 31-03-17 | |
| 1 | Assets Owned by MDL | 727 | 67 | - | - | 794 | 242 | 158 | - | - | 400 | 394 | 485 |
| 2 | Computer Software/SAP-ERP | 2,385 | 1,475 | - | 60 | 3,800 | 877 | 638 | - | 56 | 1,459 | 2,341 | 1,508 |
| | Other than SAP-ERP | 3,112 | 1,542 | - | 60 | 4,594 | 1,119 | 796 | - | 56 | 1,859 | 2,735 | 1,993 |
| | Sub Total | 2,566 | 546 | - | - | 3,112 | 461 | 658 | - | - | 1,119 | 1,993 | 2,105 |
| | Previous Year's Figures | 2,566 | 546 | - | - | 3,112 | 461 | 658 | - | - | 1,119 | 1,993 | 2,105 |



| B | Jointly Funded Assets | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|---|--------------------------------------|---------------------|-------------------------|---------------------------|------------------------|-----------------------------|------------------|----------------|---------------------------|------------------------|------------------|----------------|
| | | Cost as on 01-04-17 | Additions in the period | Adjustments in the period | Disposal in the period | Balance 31-03-18 | Opening 01-04-17 | For the period | Adjustments in the period | Disposal in the period | Balance 31-03-18 | As on 31-03-17 |
| 1 | Computer Software/SAP-ERP | 1,000 | - | - | - | 1,000 | 1,000 | - | - | - | 1,000 | - |
| 2 | Other than SAP-ERP | 181 | - | - | - | 181 | 39 | 36 | - | - | 75 | 106 |
| | Sub Total | 1,181 | - | - | - | 1,181 | 1,039 | 36 | - | - | 1,075 | 106 |
| | Previous Year's Figures | 1,181 | - | - | - | 1,181 | 1,003 | 36 | - | - | 1,039 | 142 |
| | Total Intangible Assets (A+B) | 4,293 | 1,542 | - | 60 | 5,775 | 2,158 | 832 | - | 56 | 2,934 | 2,135 |
| | Previous Year's Figures | 3,747 | 546 | - | - | 4,293 | 1,464 | 694 | - | - | 2,158 | 2,283 |
| | Total Assets (i+ii) | 61,748 | 15,087 | - | 500 | 76,335 | 7,123 | 5,021 | - | 447 | 11,697 | 54,625 |
| | Previous Year's Figures | 41,063 | 21,833 | - | 1,150 | 61,748 | 4,288 | 3,939 | - | 1,105 | 7,122 | 36,776 |

- (i) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 14 lakhs (2017: ₹ 114 lakhs)
- (ii) Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the Company in September 2010 for setting up National Institute of Warship/ Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the Company under the control of Ministry of Defence, Department of Defence Production. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.
- (iii) Depreciation has been charged on single shift basis during the period except for wet basin on which depreciation has been charged on double shift basis.
- (iv) No provision for impairment of assets has been considered necessary during the period as required under Indian Accounting Standard - 36.
- (v) As envisaged under the Schedule II to the Companies Act 2013, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers, data processing units and loose tools where no residual value is retained.
- (vi) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 12992 lakhs (2017: ₹ 11492 lakhs), (net cost to Company) were capitalised upto 31st March 2018 as jointly funded by the Company and Indian Navy and depreciation of ₹ 4242 lakhs (2017: ₹ 3070 lakhs) has been accounted on it upto 31st March 2018. Total Assets of ₹ 103341 lakhs (2017: ₹ 101612 lakhs) are jointly funded by the Company and Indian Navy.

| Sr. No. | Particulars | Assets jointly funded by MDL and Indian Navy | | | | | | | Total | | | | |
|---------|----------------------------|--|------------------------------------|---------------------|------|---------------------|-------------------------|------------------|------------------------|-------------------|------------|----------------------|----------------------|
| | | Office and Factory Building | Electric Installations & Equipment | Plant and Equipment | CDPU | Temporary Structure | Ships, Launches & Boats | Office Equipment | Furniture and Fixtures | Intangible assets | Roads | Total as on 31-03-18 | Total as on 31-03-17 |
| 1 | Total Cost upto 31.03.2018 | 33999 | 649 | 65152 | 345 | 96 | 1142 | 166 | 241 | 1418 | 133 | 103341 | 101612 |
| 2 | Less: Funded By Navy | 25430 | 628 | 61287 | 345 | 96 | 983 | 158 | 241 | 1181 | - | 90349 | 90120 |
| 3 | Funded By MDL | 8569 | 21 | 3865 | - | - | 159 | 8 | - | 237 | 133 | 12992 | 11492 |
| | Previous Year's Figures | 8379 | - | 2692 | - | - | 51 | - | - | 237 | - | 11492 | 11135 |



Note 2

(₹ in lakhs)

| Sr. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|------------------------------|--|---------------------|--------------|-------------|--------------|-----------------------------|------------------|----------------|-------------|--------------|------------------|----------------|
| | | Cost as on 01-04-16 | Additions | Adjustments | Disposal | Balance 31-03-17 | Opening 01-04-16 | For the period | Adjustments | Disposal | Balance 31-03-17 | As on 31-03-16 |
| A Assets Owned by MDL | | | | | | | | | | | | |
| 1 | Freehold Land | 2,867 | - | - | - | 2,867 | - | - | - | - | - | 2,867 |
| 2 | Buildings: i) Factory Building | 885 | 856 | - | - | 1,741 | 44 | 60 | - | - | 104 | 1,637 |
| | ii) Office and Staff Quarters | | | | | | | | | | | 841 |
| | a) RCC | 1,585 | 293 | - | - | 1,878 | 27 | 54 | - | - | 81 | 1,797 |
| | b) Non RCC | 256 | 137 | - | - | 393 | 10 | 15 | - | - | 25 | 368 |
| 3 | Road | 667 | - | - | - | 667 | 98 | 134 | - | - | 232 | 435 |
| 4 | Other Civil Works | 9 | - | - | - | 9 | 3 | 3 | - | - | 6 | 3 |
| 5 | Plant and Equipment | 11,964 | 2,449 | - | 765 | 13,648 | 765 | 993 | - | 727 | 1,031 | 12,617 |
| 6 | Furniture and Fixtures | 1,035 | 310 | - | - | 1,345 | 148 | 154 | - | - | 302 | 1,043 |
| 7 | Vehicles | 1,677 | 63 | - | 12 | 1,728 | 212 | 236 | - | 11 | 437 | 1,291 |
| 8 | Office Equipment | 1,061 | 757 | - | 79 | 1,739 | 306 | 320 | - | 75 | 551 | 1,188 |
| 9 | Computers and Data Processing Units | | | | | | | | | | | 755 |
| | i) Desktops, Laptops etc. | 370 | 307 | - | 247 | 430 | 142 | 200 | - | 246 | 96 | 334 |
| | ii) Server and Network | 598 | 1,333 | - | 34 | 1,897 | 158 | 194 | - | 34 | 318 | 1,579 |
| 10 | Loose Tools | 144 | 107 | - | - | 251 | 62 | 130 | - | - | 192 | 59 |
| 11 | Ship - Launches and Boats | 302 | - | - | - | 302 | 15 | 15 | - | - | 30 | 272 |
| 12 | Electrical Installation and Equipments | 901 | 334 | - | 13 | 1,222 | 135 | 149 | - | 12 | 272 | 950 |
| | Sub-total | 24,321 | 6,946 | - | 1,150 | 30,117 | 2,125 | 2,657 | - | 1,105 | 3,677 | 22,196 |
| | Previous Year's Figures | 16,082 | 8,379 | (36) | 105 | 24,321 | - | 2,218 | - | 93 | 2,125 | 16,082 |

Note: 9 Nos Vessels under the head "Launches and Boats" costing ₹ 302 lakhs are registered in the name of CMD of the Company to comply with the requirement of Indian Costal Act, 1838 / Indian Vessels Act, 1917.



(₹ in lakhs)

| B | Jointly Funded Assets | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|--|---------------------|---------------|-------------|--------------|------------------|-----------------------------|----------------|-------------|--------------|------------------|----------------|----------------|
| | | Cost as on 01-04-16 | Additions | Adjustments | Disposal | Balance 31-03-17 | Opening 01-04-16 | For the period | Adjustments | Disposal | Balance 31-03-17 | As on 31-03-17 | As on 31-03-16 |
| | | | | | | | | | | | | | |
| 1 | Buildings: i) Factory Building | 8,676 | 9,318 | - | - | 17,994 | 278 | 304 | - | - | 582 | 17,412 | 8,295 |
| | ii) Office and Staff Quarters | | | | | | | | | | | | |
| | a) RCC | - | 1,565 | - | - | 1,565 | - | 2 | - | - | 2 | 1,563 | - |
| | b) Non RCC | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Roads | - | 133 | - | - | 133 | - | 2 | - | - | 2 | 131 | - |
| 3 | Plant and Equipment | 3,982 | 1,312 | - | - | 5,294 | 419 | 196 | - | - | 615 | 4,679 | 3,160 |
| 4 | Electrical Installation and Equipments | - | 626 | - | - | 626 | - | 5 | - | - | 5 | 621 | - |
| 5 | Furniture and Fixtures | - | 226 | - | - | 226 | - | 6 | - | - | 6 | 220 | - |
| 6 | Office Equipment | - | 145 | - | - | 145 | - | 7 | - | - | 7 | 138 | - |
| 7 | Computers and Data Processing Units | | | | | | | | | | | | |
| | i) Server and Network | 338 | - | - | - | 338 | 2 | 56 | - | - | 58 | 280 | 336 |
| 8 | Ship - Launches and Boats | - | 1,017 | - | - | 1,017 | - | 11 | - | - | 11 | 1,006 | - |
| | Sub-total | 12,996 | 14,342 | - | - | 27,338 | 699 | 589 | - | - | 1,288 | 26,050 | 11,791 |
| | Previous Year's Figures | 10,066 | 2,603 | 327 | - | 12,996 | - | 699 | - | - | 699 | 12,297 | 11,598 |
| | Total (A+B) | 37,317 | 21,288 | - | 1,150 | 57,455 | 2,824 | 3,246 | - | 1,105 | 4,965 | 52,490 | 33,987 |
| | Previous Year's Figures | 26,148 | 10,982 | 291 | 105 | 37,316 | - | 2,917 | - | 93 | 2,824 | 34,493 | 27,680 |

(₹ in lakhs)

| A | Intangible Assets | S r. No. | Particulars | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|----------------------------|--------------|-------------|---------------------|-----------|--------------|------------|------------------|-----------------------------|----------------|--------------|--------------|------------------|----------------|----------------|
| | | | | Cost as on 01-04-16 | Additions | Adjustments | Disposal | Balance 31-03-17 | Opening 01-04-16 | For the period | Adjustments | Disposal | Balance 31-03-17 | As on 31-03-17 | As on 31-03-16 |
| | | | | | | | | | | | | | | | |
| | Assets Owned by MDL | | | | | | | | | | | | | | |
| 1 | Computer Software/SAP-ERP | 727 | - | - | - | 727 | 93 | 149 | - | - | 242 | 485 | 634 | | |
| 2 | Other than SAP-ERP | 1,839 | 546 | - | - | 2,385 | 368 | 509 | - | - | 877 | 1,508 | 1,471 | | |
| | Sub-total | 2,566 | 546 | - | - | 3,112 | 461 | 658 | - | - | 1,119 | 1,993 | 2,105 | | |
| | Previous Year's Figures | 905 | 1,661 | - | - | 2,566 | - | 461 | - | - | 461 | 2,105 | 905 | | |



(₹ in lakhs)

| B | Jointly Funded Assets | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|---|---------------------------|---------------------|---------------|-------------|--------------|-----------------------------|------------------|----------------|-------------|--------------|------------------|----------------|
| | | Cost as on 01-04-16 | Additions | Adjustments | Disposal | Balance 31-03-17 | Opening 01-04-16 | For the period | Adjustments | Disposal | Balance 31-03-17 | As on 31-03-16 |
| 1 | Computer Software/SAP-ERP | 1,000 | - | - | - | 1,000 | 1,000 | - | - | - | 1,000 | - |
| 2 | Other than SAP-ERP | 181 | - | - | - | 181 | 3 | 36 | - | - | 39 | 178 |
| | Sub Total | 1,181 | - | - | - | 1,181 | 1,003 | 36 | - | - | 1,039 | 178 |
| | Previous Year's Figures | - | 1,181 | - | - | 1,181 | - | 1,003 | - | - | 1,003 | 178 |
| | Total (A+B) | 3,747 | 546 | - | - | 4,293 | 1,464 | 694 | - | - | 2,158 | 2,283 |
| | Previous Year's Figures | 905 | 2,842 | - | - | 3,747 | - | 1,464 | - | - | 1,464 | 2,283 |
| | Total | 41,064 | 21,834 | - | 1,150 | 61,748 | 4,288 | 3,940 | - | 1,105 | 7,123 | 54,625 |
| | Previous Year's Figures | 27,053 | 13,824 | 291 | 105 | 41,063 | - | 4,381 | - | 93 | 4,288 | 36,776 |

- (i) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 114 lakhs (2016: ₹ 114 lakhs, 2015: ₹ 165.6 lakhs).
- (ii) Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the Company in September, 2010 for setting up National Institute of Warship/Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the Company under the control of Ministry of Defence, Department of Defence Production. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.
- (iii) Depreciation has been charged on single shift basis during the year except for wet basin on which depreciation has been charged on double shift basis.
- (iv) No provision for impairment of assets has been considered necessary during the year as required under Indian Accounting Standard - 36.
- (v) As envisaged under the Schedule II to the Companies Act 2013, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers and data processing units where no residual value is retained.
- (vi) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 11492 lakhs (2016: ₹ 11135 lakhs, 2015: ₹ 9572 lakhs) (net cost to Company) were capitalised upto 31st March 2017 as jointly funded by the Company and Indian Navy and depreciation of ₹ 3070 lakhs (2016: ₹ 1244 lakhs, 2015: ₹ 356 lakhs) has been accounted on it upto 31st March 2016. Total Assets of ₹ 101612 lakhs (2016: ₹ 87272 lakhs, 2015: ₹ 81924 lakhs) are jointly funded by the Company and Indian Navy.

(₹ in lakhs)

| Sr. No. | Particulars | Assets jointly funded by MDL and Indian Navy | | | | | | | | | | Total as on 31-03-17 | Total as on 31-03-16 |
|---------|----------------------------|--|------------------------------------|---------------------|------|---------------------|-------------------------|------------------|------------------------|-------------------|------------|----------------------|----------------------|
| | | Office and Factory Building | Electric Installations & Equipment | Plant and Equipment | CDPU | Temporary Structure | Ships, Launches & Boats | Office Equipment | Furniture and Fixtures | Intangible assets | Roads | | |
| 1 | Total Cost upto 31.03.2017 | 33788 | 626 | 63790 | 345 | 96 | 1017 | 158 | 241 | 1418 | 133 | 101612 | 87272 |
| 2 | Less: Funded By Navy | 25409 | 626 | 61098 | 345 | 96 | 966 | 158 | 241 | 1181 | - | 90120 | 76137 |
| 3 | Funded By MDL | 8379 | - | 2692 | - | - | 51 | - | - | 237 | 133 | 11492 | 11135 |
| | Previous Year's Figures | 8221 | - | 2677 | - | - | - | - | - | 237 | - | 11135 | 9572 |



3 Capital work-in-progress

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|-------|------------------|-------|-----------------|--------|
| Capital work-in-progress | | | | | | |
| 1. Own resources | | | | | | |
| A. Tangible assets | | | | | | |
| Opening balance | 8,388 | | 3,176 | | 1,860 | |
| Add: Expenditure during the year | 11,828 | | 12,425 | | 9,794 | |
| Less: Capitalisation during the year | 11,817 | 8,399 | 7,213 | 8,388 | 8,479 | 3,175 |
| B. Intangible assets under development | | | | | | |
| Opening balance | | | | | | |
| Add: Expenditure during the year | 1,542 | | 546 | | 1,661 | |
| Less: Capitalisation / adjustments during the year | 1,542 | - | 546 | - | 1,661 | - |
| 2. Funded by Indian Navy | | | | | | |
| Submarine facilities upgradation project | | | | | | |
| Opening balance | 1,455 | | 13,784 | | 12,729 | |
| Add: Expenditure/adjustments during the year | 413 | | 1,656 | | 5,166 | |
| Less: Capitalisation / adjustments during the year | 1,729 | 139 | 13,985 | 1,455 | 4,112 | 13,783 |
| | | 8,538 | | 9,843 | | 16,958 |

4 Non-current investments

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|---|------------------|------------------|-----------------|
| Investments in equity instruments (At cost, unquoted) | | | |
| In associate | | | |
| 5,49,57,600 Equity shares of ₹ 5 each fully paid up (in FY 2016-17 - 5,49,57,600 Equity shares of ₹ 5 each fully paid up, in FY 2015-16 - 1,37,39,400 Equity shares of ₹ 10 each fully paid up) in Goa Shipyard Ltd (GSL has issued bonus shares in FY 2016-17 in the ratio of 1:1 and has also subdivided the face value from ₹ 10 to ₹ 5) | 600 | 600 | 600 |
| | 600 | 600 | 600 |



5 Trade receivables - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| (Unsecured, considered good) | | | |
| Deferred debts | 1,984 | 1,996 | 2,079 |
| Less: Amount receivable within 12 months | 391 | 391 | 405 |
| | 1,593 | 1,605 | 1,674 |

6 Loans - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| (Unsecured, considered good) | | | |
| Security deposits: | | | |
| Security deposits with Mumbai Port Trust | 324 | 308 | 293 |
| Other deposits | 570 | 561 | 551 |
| | 894 | 869 | 844 |

7 Other financial assets - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| Fixed deposits with bank with maturity over 12 months | 340 | 340 | 340 |
| (The above deposits are under lien with Mumbai Port Trust) | | | |
| | 340 | 340 | 340 |

8 Deferred tax assets (net)

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| Deferred tax assets / (liabilities) | | | |
| Deferred tax assets | | | |
| Provisions | 65,139 | 58,540 | 56,353 |
| Others | - 65,139 | 2,888 | 638 |
| Deferred tax liabilities | | | |
| Service tax | (1,456) | (1,442) | (1,690) |
| Depreciation | (9,242) | (8,715) | (3,047) |
| Others | - (10,698) | (1,389) | (2,925) |
| Deferred tax assets (net) | 54,441 | 49,882 | 49,329 |



9 Other non-current assets

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|---|------------------|---------------|------------------|---------------|-----------------|---------------|
| (Unsecured, considered good unless otherwise specified) | | | | | | |
| Capital advances | | 685 | | 671 | | 558 |
| Deposits with custom and excise authorities | | 24 | | 24 | | 20 |
| Deposits with excise authorities | | - | | - | | - |
| Other deposits | | - | | - | | 8 |
| Other receivables - considered good | | 19 | | 4 | | - |
| Other receivables - considered doubtful | | 2,796 | | 2,946 | | 2,946 |
| Less: Allowance for doubtful receivables | | 2,796 | 19 | 2,946 | 4 | 2,946 |
| Advances paid to vendors - considered doubtful | | 62 | | 2 | | 2 |
| Less: Allowance for doubtful advances | | 62 | - | 2 | - | 2 |
| VAT / sales tax receivable | | 11,574 | | 12,574 | | 9,763 |
| GST input tax credit | | 19,557 | | - | | - |
| Export incentive receivable | | | | | | |
| Considered good | | 371 | | 371 | | 478 |
| Considered doubtful | | 107 | | 107 | | - |
| | | 478 | | 478 | | 478 |
| Less: Allowance for doubtful receivables | | 107 | 371 | 107 | 371 | - |
| Prepaid expenses | | | | | | |
| Prepaid lease rent | | 4,633 | | 494 | | 558 |
| Less: amortisation / unwinding of prepaid rentals | | 15 | | 15 | | 15 |
| Less: current | | 66 | 4,552 | 66 | 413 | 51 |
| Others | | 106 | | 144 | | 20 |
| | | 36,888 | | 14,201 | | 11,339 |

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

- Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai.
- The Company is in possession of approx. 15.59 hectares of land at Nhava. Out of this, approximately 12.30 hectares is reclaimed land which is part of 23 hectares of reclaimed land jointly reclaimed by MDL and ONGC. The rest of the land i.e. approx. 3.29 hectares, belongs to CIDCO which ONGC ceded to the Company is or about the year 1984 for the cost of ₹ 20.00 Lakhs. The Company is having permanent tenancy rights to co-terminate with the lease hold right of ONGC with the CIDCO land in their possession. Pending execution of lease deeds of above, initial premium paid has been treated as prepaid rent and is amortised on the basis of available information.

**10 Inventories**

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|---------|------------------|---------|-----------------|---------|
| Raw materials | | | | | | |
| Material in stores | 16,791 | | 17,164 | | 10,890 | |
| Less: Provision for obsolescence | 81 | 16,710 | 89 | 17,075 | 80 | 10,810 |
| Stores and spares | | | | | | |
| Material in stores | 1,745 | | 1,878 | | 1,517 | |
| Less: Provision for obsolescence | 111 | 1,634 | 73 | 1,805 | 21 | 1,496 |
| Equipment for specific projects | | | | | | |
| Material in stores/site | 329,527 | | 363,802 | | 390,366 | |
| Less: Provision for obsolescence | 155 | | 181 | | 140 | |
| | 329,372 | | 363,621 | | 390,226 | |
| Stock in transit | 9,475 | | 19,717 | | 21,583 | |
| Materials pending inspection | 21,317 | 360,164 | 539 | 383,877 | 272 | 412,081 |
| Scrap | | 89 | | 108 | | 80 |
| | 378,597 | | 402,865 | | 424,467 | |

10.1 Inventory costing ₹ 62107 lakhs (2017: ₹ 62107 lakhs, 2016: ₹ 62107 lakhs) is held with Original Equipment Manufacturer (OEM) and inventory costing ₹ 89 lakhs (2017: Nil, 2016: ₹ 320 lakhs) is held with other vendors.

10.2 Inventory costing ₹ 576 lakhs (2017: Nil, 2016: Nil) is held at customer's store.

11 Trade receivables - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|---------|------------------|--------|-----------------|---------|
| (Unsecured) | | | | | | |
| Considered good | 143,606 | | 74,696 | | 91,972 | |
| Considered doubtful | 16,298 | 159,904 | 18,616 | 93,312 | 19,053 | 111,025 |
| Less: Allowance for doubtful receivables | | 16,298 | | 18,616 | | 19,053 |
| | 143,606 | | 74,696 | | 91,972 | |



12 Cash and cash equivalents

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|---|------------------|-----|------------------|-----|-----------------|-------|
| Cash and cash equivalents | | | | | | |
| Balances with banks:- | | | | | | |
| - In current accounts | | | | | | |
| i) In India | 164 | | 61 | | 6,887 | |
| ii) Outside India | 97 | 261 | 79 | 140 | 83 | 6,970 |
| - In cash credit accounts | | | | | | |
| - In flexi deposit accounts | 37,095 | | 14,148 | | 26,807 | |
| - In fixed deposit accounts - maturity less than 3 months | | | | | 56,000 | |
| Cash on hand | | | | | | |
| | 37,356 | | 14,288 | | 89,777 | |

13 Bank balance other than cash and cash equivalents

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|---|------------------|--|------------------|--|-----------------|--|
| In fixed deposit accounts - more than 3 months but not more than 12 months maturity | 681,600 | | 822,000 | | 790,500 | |
| | 681,600 | | 822,000 | | 790,500 | |
| Note: Cash and other bank balance details | | | | | | |
| Cash and bank balances from stage payment received from customer for projects | 665,145 | | 771,928 | | 782,845 | |
| Other cash and bank balance | 53,811 | | 64,360 | | 97,432 | |
| | 718,956 | | 836,288 | | 880,277 | |

14 Loans - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|------------------------------|------------------|--|------------------|--|-----------------|--|
| (Unsecured, considered good) | | | | | | |
| Employee related | 91 | | 102 | | 145 | |
| | 91 | | 102 | | 145 | |



15 Other financial assets - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|---|------------------|------------------|-----------------|
| Insurance claims receivable | 510 | - | 81 |
| Interest accrued on deposits and advances | 10,487 | 14,714 | 14,924 |
| Other receivables | 25 | 53 | 67 |
| Unbilled revenue | 73,985 | 116,324 | 77,929 |
| | 85,007 | 131,091 | 93,001 |

16 Other current assets

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| (Unsecured, considered good, unless otherwise specified) | | | |
| Advances | | | |
| Advances paid to vendors | 409,179 | 296,359 | 221,292 |
| Advances paid on behalf of customer for B&D spares | | | |
| Considered good | 10,114 | 6,177 | 25,733 |
| Considered doubtful | 758 | 3,226 | 752 |
| | 10,872 | 9,403 | 26,485 |
| Less: Allowance for doubtful advance | 758 | 3,226 | 752 |
| | 10,114 | 6,177 | 25,733 |
| Travel advance to employees | 34 | 46 | 1,522 |
| Others | 28 | 15 | 24 |
| Prepaid expenses | | | |
| Prepaid lease rentals | 66 | 66 | 50 |
| Others | 1,294 | 930 | 827 |
| | 420,715 | 303,593 | 249,448 |



17 Share Capital

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|---------------|------------------|---------------|-----------------|---------------|
| Authorized share capital | | | | | | |
| 32,37,20,000 (FY 2016-17 - 3,23,72,000 equity shares of ₹ 100 each, FY 2015-16 - 2,00,00,000 equity shares of ₹ 100 each) equity shares of ₹ 10 each | | 32,372 | | 32,372 | | 20,000 |
| Nil ((FY 2016-17 - Nil, FY 2015-16 - 1,23,72,000 7% redeemable cumulative preference of ₹ 100 each) 7% redeemable cumulative preference shares of ₹ 100 each | | - | | - | | 12,372 |
| | | 32,372 | | 32,372 | | 32,372 |
| Issued, subscribed and fully paid-up shares | | | | | | |
| 22,41,00,000 ((FY 2016-17 - 2,49,00,000 equity shares of ₹ 100 each, FY 2015-16 - 1,99,20,000 equity shares of ₹ 100 each) equity shares of ₹ 10 each. | | 22,410 | | 24,900 | | 19,920 |
| | | 22,410 | | 24,900 | | 19,920 |

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|---|------------------|--------------------|------------------|--------------------|-----------------|--------------------|
| | No. of shares | Percentage holding | No. of shares | Percentage holding | No. of shares | Percentage holding |
| Details of shareholding more than 5% shares in the Company | | | | | | |
| Shareholder | | | | | | |
| President of India and his nominees | 224,100,000 | 100% | 24,900,000 | 100% | 24,900,000 | 100% |



18 Trade payables - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| Deferred payment liability to a foreign supplier | 1,984 | 1,996 | 2,079 |
| Less: Amount payable within 12 months | 391 | 391 | 405 |
| | 1,593 | 1,605 | 1,674 |

19 Other financial liabilities - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|-----------------------------|------------------|------------------|-----------------|
| Security and other deposits | 68 | 14 | 8 |
| | 68 | 14 | 8 |

20 Other long-term liabilities

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| Funds received from customer for infrastructure projects | 89,497 | 86,725 | 82,826 |
| Add: Received during the period | 1,014 | 3,786 | 3,899 |
| Less: Transferred to fixed assets for capitalisation | 72,352 | 72,352 | 72,352 |
| Less: Amortisation of deferred revenue | 2,199 | 15,960 | 1,212 |
| | | 16,693 | 13,161 |
| Deferred deposits | 14 | 1 | 2 |
| | 15,974 | 16,694 | 13,163 |

21 Provisions - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|----------------------------------|------------------|------------------|-----------------|
| Employee benefits | | | |
| Post retirement benefit schemes | | | |
| Medical | 7,153 | 6,531 | 5,768 |
| Gift card | 79 | 73 | 76 |
| Leave salary encashment | 10,538 | 11,707 | 9,876 |
| Welfare expenses | 346 | 378 | 418 |
| Other provisions | | | |
| Provision for liquidated damages | 104,236 | 102,415 | 102,415 |
| Others | 108 | 108 | 123 |
| | 122,460 | 121,212 | 118,676 |



22 Trade payables - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| MSME vendors (Refer to Note 40) | 1,342 | 1,316 | 1,130 |
| Other vendors | 237,374 | 90,927 | 110,476 |
| Deferred payment liability to a foreign supplier | 391 | 391 | 405 |
| | 239,107 | 92,634 | 112,011 |

23 Others financial liabilities - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|---|------------------|------------------|-----------------|
| Retention money payable | 495 | 606 | 3,266 |
| Liquidated damages payable | 1,690 | 8,886 | 7,838 |
| Interest payable on advances received from customer | 814 | 1,051 | 895 |
| Employee related | 22,034 | 6,404 | 8,471 |
| Others | 50 | 60 | 98 |
| Security and other deposits | 704 | 464 | 551 |
| | 25,787 | 17,471 | 21,119 |

24 Other current liabilities

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|----------------------------------|------------------|------------------|------------------|
| Advances received from customers | 393,719 | 226,798 | 130,692 |
| Statutory dues | 1,437 | 2,511 | 5,474 |
| Unearned income | 879,861 | 1,149,159 | 1,228,224 |
| Deferred deposits | 10 | 1 | - |
| Others | - | - | 788 |
| | 1,275,027 | 1,378,469 | 1,365,178 |



25 Provisions - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|-------------------------|------------------|------------------|-----------------|
| Employee benefit | | | |
| Post retirement benefit | | | |
| Medical | 293 | 268 | 237 |
| Gift card | 9 | 22 | 22 |
| Leave salary encashment | 4,514 | 3,781 | 3,177 |
| Gratuity | 5,071 | 2,307 | 1,265 |
| Welfare expenses | 152 | 134 | 112 |
| Other provisions | | | |
| Guarantee repairs | 2,855 | 1,225 | 1,188 |
| Custom duty | 426 | 426 | 426 |
| Others | - | - | 105 |
| | 13,320 | 8,163 | 6,532 |

26 Revenue from operations

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|-------------------------------------|------------------|------------------|
| Contract revenue | | |
| Ship construction | 439,916 | 352,367 |
| Sale of Services | | |
| Ship repair | - | (19) |
| Other operating revenue | | |
| Commission on procurement of spares | 744 | 282 |
| Sale of scrap and stores | 299 | 390 |
| Changes in inventory of scrap | - | 28 |
| | 440,959 | 353,048 |

Contract Revenue Recognition with Respect to Projects / Vessels in WIP:

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| The amount of contract revenue recognised as revenue for the period | 439,916 | 352,367 |
| Aggregate amount of cost incurred and recognised profits (less recognised losses, if any) | 1,740,376 | 1,659,401 |
| The amount of advances received (gross) | 2,985,857 | 2,916,226 |
| The amount of retentions by customers | 52,044 | 48,934 |



27 Other Income

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| Interest from | | |
| Deposits with banks | 48,912 | 64,035 |
| Less: Interest liability to customer on advances | 814 | 1,051 |
| | 48,098 | 62,984 |
| Income tax refund | - | 118 |
| Financial assets measured at amortised cost | 16 | 16 |
| Other interest | 173 | 186 |
| Dividend from Goa Shipyard Ltd. | 4,671 | 879 |
| Other income | | |
| Liabilities / provisions no longer required written back | 5,674 | 2,297 |
| Provision for trade receivables reversed | - | 8,602 |
| Provision for obsolete stock reversed | - | 35 |
| Insurance claims | - | 16 |
| Sale / scrapping of fixed assets (net) | - | 31 |
| Liquidated damages recovered | | |
| Capital | 185 | 52 |
| Others | 31 | 198 |
| Miscellaneous income / recoveries | 419 | 400 |
| Amortisation gain on deferred deposits of vendors | 7 | 1 |
| Amortisation of deferred revenue (customer funded assets) | 733 | 254 |
| Interest Income on deferred payment liability to foreign supplier | 379 | 388 |
| | 60,386 | 76,457 |

**28 Cost of materials consumed**

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|-------------------------|-------------------------|
| Opening stock | | |
| Raw materials, stores and spares | 19,042 | 12,306 |
| Equipment for specific projects | 363,802 | 391,673 |
| Stock-in-transit and materials pending inspection | 20,256 | 21,855 |
| | 403,100 | 425,834 |
| Add: Purchases | 246,978 | 193,631 |
| | 650,078 | 619,465 |
| Less: Closing stock | | |
| Raw materials, stores and spares | 18,536 | 19,042 |
| Equipment for specific projects | 329,527 | 363,802 |
| Stock-in-transit and materials pending inspection | 30,792 | 20,256 |
| | 271,223 | 216,365 |
| Less: Provision for obsolete stock | 30 | 61 |
| Less: Stores and spares consumption included in repairs and maintenance | 2 | 13 |
| Less: Stores and spares consumption included in other expenses | 1,903 | 2,283 |
| | 269,288 | 214,008 |

29 Employee benefit expenses

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|-------------------------|-------------------------|
| Salaries, wages, allowances and bonus | 70,368 | 54,442 |
| Pension | 1,575 | 1,170 |
| Contribution to provident fund | 4,172 | 4,066 |
| Contribution to employees state insurance scheme | 623 | 186 |
| Workmen and staff welfare expenses | 5,858 | 6,519 |
| Gratuity | 3,901 | 1,510 |
| Encashment of privilege leave | 3,406 | 4,991 |
| | 89,903 | 72,884 |



30 Finance cost

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| Interest cost on deferred deposits of vendors | 6 | 2 |
| Interest cost on deferred payment liability to foreign supplier | 379 | 388 |
| | 385 | 390 |

31 Other expenses - Projects related

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| Technician fees and other expenses | 1,559 | 3,439 |
| Service tax expenses | 1,314 | 2,494 |
| Technical know-how expenses (net of reversals) | (98) | 99 |
| Advising team fees and other expenses | 3,817 | 2,100 |
| Facility hire | 748 | 690 |
| Rent | 70 | 67 |
| Insurance | - | 10 |
| Bank charges and guarantee commission | 235 | 278 |
| Travelling expenses | 158 | 320 |
| Sea trial, launching and commissioning expenses | 28 | 734 |
| Legal, professional and consultant fees | 1,920 | 1,068 |
| Training expenses | 4,637 | 2,584 |
| Miscellaneous expenses | 735 | 288 |
| | 15,123 | 14,171 |

**32 Other expenses**

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| Repairs and maintenance: | | |
| Buildings | 267 | 713 |
| Plant and machinery | 1,964 | 1,687 |
| Steam launches and boats, motor cars, lorries, etc. | 834 | 1,329 |
| Less: Work done internally and other expenditure which has been included in other heads of expenses | (2,495) | (2,418) |
| | 570 | 1,311 |
| Facility hire | 742 | 729 |
| Water expenses | 182 | 264 |
| Rent | 735 | 773 |
| Insurance | 384 | 398 |
| Rates and taxes | 753 | 633 |
| Bank charges and guarantee commission | 15 | 24 |
| Printing and stationery | 103 | 64 |
| Travelling expenses | 596 | 766 |
| Business promotion expenses | 874 | 769 |
| Sea trial, launching and commissioning expenses | 15 | 176 |
| Corporate membership expenses | 23 | 18 |
| Changes in inventory of scrap | 19 | - |
| Foreign exchange variation (net) | 20 | 11 |
| Miscellaneous expenses | 1,072 | 2,142 |
| Lease charges | 33 | 33 |
| Legal, professional and consultant fees | 244 | 442 |
| Books and periodicals | 83 | 12 |
| Postage, telegrams and phones | 159 | 161 |
| Training expenses | 249 | 206 |
| CISF and security board expenses | 2,338 | 2,576 |
| Directors fees and expenses | 8 | 9 |
| Provision for obsolete stock | 30 | 137 |
| Consumption of stores and spares etc. | 1,903 | 2,283 |
| Other interest | 44 | 552 |
| Amortisation / unwinding of prepaid rentals | 66 | 66 |
| Advance write-off | - | 25 |
| Corporate social responsibility expenses | 2,435 | 1,365 |
| Sale / scrapping of fixed assets (net) | 19 | - |
| | 13,714 | 15,945 |

Foreign Exchange gain for FY 2017-18 ₹ 1146 lakhs and Foreign Exchange gain for Previous Year ₹ 6161 lakhs on raw materials and project specific equipments has been considered in cost of material consumed.



Expenditure on Research and Development and allied expenses aggregating to ₹ 7511 lakhs (2017 - ₹ 7709) is reflected under respective various heads in the above note.

33 Provisions

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|-----------------------------|------------------|------------------|
| Liquidated damages | 1,821 | - |
| Doubtful debts / receivable | 291 | 10,745 |
| Guarantee repairs | 1,630 | 100 |
| Others | 1 | - |
| | 3,743 | 10,845 |

34 Business Segment Reporting

- The Company is engaged in the production of defence equipment and was exempted from AS 17 'Segment Reporting' vide notification S.O. 802(E) dtd. 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In order to extend the exemption under Ind AS 108, an amendment to the aforesaid notification was required which the company understands is initiated by Ministry of Corporate Affairs. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 108.
- For management purposes, the Company is organized into two major segments – Shipbuilding (New Construction and Ship Repairs) and Submarine.
- There are no geographical segments within the business segments.

35 Contingent Liabilities and Commitments:

(₹ in lakhs)

| Sr no. | Particulars | 31st March 2018 | 31st March 2017 |
|-------------|---|-----------------|-----------------|
| 35.1 | Amounts for which Company may be contingently liable: | | |
| (i) | Estimated amount of contracts remaining to be executed on capital account. | 6,059 | 5,754 |
| (ii) | b) Estimated amount of liquidated damages on contracts under execution. | 9,718 | - |
| (iii) | Position of non-fund based limits utilized for: | | |
| | (a) Letters of credit | 89,283 | 87,664 |
| | (b) Guarantees and counter guarantees | 843 | 726 |
| (iv) | Indemnity Bonds issued by the Company to customers for various contracts. | 5,060,410 | 4,833,875 |
| (v) | Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15. | 467 | 467 |



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

| Sr no. | Particulars | 31st March 2018 | 31st March 2017 |
|--------|--------------------------------|-----------------|-----------------|
| (i) | Suppliers and sub-contractors | 602 | 1,390 |
| (ii) | Others | 4,297 | 3,487 |
| (iii) | Interest on (i) and (ii) above | 12,457 | 12,957 |
| | | 17,356 | 17,834 |

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

| Sr no. | Particulars | 31st March 2018 | 31st March 2017 |
|--------|----------------|-----------------|-----------------|
| (i) | Sales Tax * | 115,231 | 112,287 |
| (ii) | Excise Duty | | |
| | (a) On Vendors | 184 | 177 |
| | (b) On MDL | 28 | 27 |
| | | 212 | 204 |
| | | 115,443 | 112,491 |

* Against the above claim, part payments of ₹ 614 lakhs (2017: ₹ 584 lakhs) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 192 lakhs inclusive of interest and penalty (2017: ₹ 183 lakhs) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. The Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

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

| Sr no. | Particulars | 31st March 2018 | 31st March 2017 |
|--------|---|-----------------|-----------------|
| (i) | Excise Duty | 15 | 15 |
| (ii) | Service Tax* (including interest and penalties) | 6,972 | 6,877 |
| (iii) | Income Tax | 5,148 | 4,418 |
| | | 12,135 | 11,310 |

* Includes ₹ 2928 Lakhs (2017: ₹ 2927 lakhs) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2012-13.



35.5 Appeals pending against disputed demands pending before Adjudicating / Appellate authorities

| Particulars | 31st March 2018 | 31st March 2017 |
|-------------|-----------------|-----------------|
| Custom Duty | 28 | 28 |

36.1 Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.

36.2 Balances due to / from Indian Navy included in current assets / current liabilities are subject to reconciliation and confirmation. Consequent adjustments thereof, if any, will be given effect to in the books of account in the year of completion of the reconciliation process.

37 Normal Operating Cycle

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

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

- In case of ship / submarine building and ship/submarine repair and refit activities, normal operating cycle is considered as the time period from the effective date of the Contract/Letter of Intent (LOI) to the date of expiry of guarantee period.
- In case of other business activities, normal operating cycle will be the time period from the effective date of the contract/order to the date of expiry of guarantee period.

38 Employee Benefits

38.1 Various benefits provided to employees are classified as under:- (₹ in lakhs)

| (I) Defined Contribution Plans | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| (a) Provident Fund | | |
| (b) State Defined Contribution Plans | | |
| (i) Employers' Contribution to Employees' State Insurance | | |
| (ii) Employers' Contribution to Employees' Pension Scheme, 1995. | | |
| (iii) Employers' Contribution to Employees' Deposit Linked Insurance Scheme. | | |
| During the year, the Company has recognized the following amounts in the Profit and Loss Account:- | | |
| 1. Employers' Contribution to Provident Fund | 4,135 | 3,921 |
| 2. Employers' Contribution to Employees' State Insurance | 623 | 186 |
| 3. Employers' Contribution to EPS (Employees' Pension Scheme) | 1,575 | 1,170 |
| 4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme | 37 | 145 |

Retirement benefits in the form of Provident Fund and Pension are defined contribution schemes and the contribution is charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.

**(II) Defined Benefit Plans**

| Contribution to Gratuity Fund (Funded Scheme) | 31st March, 2018 | 31st March, 2017 |
|--|-------------------------|-------------------------|
| 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% | 7.25% |
| 2 Rate of increase in compensation levels | 7.00% | 7.50% |

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 interest declared by an insurer having regard to its investment earnings. It is known that insurer's overall portfolio of assets is well diversified and as such, the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by an insurer on such policies have been higher than Government Bond yields.

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---------------------------------------|-------------------------|-------------------------|
| Opening Balance | 21,058 | 22,469 |
| Add : Credit from Company | 6,627 | 214 |
| Less : Amount paid towards claims | (3,244) | (3,339) |
| Add : Interest credited | 1,557 | 1,714 |
| Closing Balance | 25,999 | 21,058 |
| Present value of past service benefit | 28,072 | 22,366 |

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

38.2 Actuarial valuation of liability towards Gratuity**Defined Benefit Plans Gratuity - as per actuarial valuation**

The Ind AS-19 stipulates that the rate used to discount post-employment benefit obligation (both funded & non-funded) shall be determined by reference to market yields at the end of reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligation.

In the computation of gratuity liability, Projected Unit Credit Method is used.

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|-------------------------|-------------------------|
| i) Assumptions | | |
| a) Discount Rate | 7.50% | 7.25% |
| b) Salary Escalation | 7.00% | 7.50% |
| c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March | 8.20% | 8.19% |
| d) Expected average remaining working lives of employees (years) | 14 | 14 |



(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| ii) Table showing changes in present value of obligations | | |
| Present value of obligations as at beginning of year | 22,366 | 22,750 |
| Interest cost | 1,622 | 1,706 |
| Current service cost | 1,284 | 1,114 |
| Benefits paid | (3,244) | (3,339) |
| Actuarial (gain) / loss on obligations | 6,044 | 135 |
| Present value of obligations as at end of year | 28,072 | 22,366 |
| iii) Table showing changes in the fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 21,058 | 22,469 |
| Expected return on plan assets | 1,557 | 1,714 |
| Contributions | 6,627 | 214 |
| Benefits paid | (3,244) | (3,339) |
| Actuarial (gain) / loss on plan assets | - | - |
| Fair value of plan assets at the end of year | 25,999 | 21,058 |
| iv) Table showing fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 21,058 | 22,469 |
| Actual return on plan assets | 1,557 | 1,714 |
| Contributions | 6,627 | 214 |
| Benefits paid | (3,244) | (3,339) |
| Fair value of plan assets at the end of year | 25,999 | 21,058 |
| Funded status | (2,073) | (1,308) |
| Excess of Actual over estimated return on plan assets | - | - |
| v) Actuarial gain / loss recognized | | |
| Actuarial (gain) / loss for the year - obligation | 6,044 | 135 |
| Actuarial (gain) / loss for the year - plan assets | - | - |
| Total (gain) / loss for the year | 6,044 | 135 |
| Actuarial (gain) / loss recognised in the year | 6,044 | 135 |
| Un-recognised actuarial (gains) / losses at the end of year | - | - |
| vi) The amounts to be recognized in the balance sheet | | |
| Present value of obligations as at the end of year | 28,072 | 22,366 |
| Fair value of plan assets as at the end of the year | 25,999 | 21,058 |
| Funded status | (2,073) | (1,308) |
| Net Asset / (Liability) recognized in balance sheet | (2,073) | (1,308) |



(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| vii) Expenses recognized in statement of Profit and Loss | - | |
| Current service cost | 1,284 | 1,114 |
| Interest cost | 95 | 1,706 |
| Expected return on plan assets | (1,557) | (1,714) |
| Expenses recognized in statement of profit and loss | 1,379 | 1,106 |
| viii) Expenses recognized in Other Comprehensive Income | | |
| Actuarial (gain) / loss recognised in the year | 6,044 | 135 |
| ix) Current/Non-current Liability | | |
| Current Liability | 8,305 | 5,746 |
| Non-current Liability | 19,494 | 16,620 |
| Present Value of the Defined Gratuity Benefit Obligation | 27,799 | 22,366 |

Sensitivity of Gratuity Benefit Liability to key Assumptions

Key assumptions for determination of the Defined Benefit Obligation are Discount Rate (i.e Interest Rate) and Salary Growth rate

Impact on Defined Benefit Obligation

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | |
|--|------------------|----------------|------------------|--------------|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is decreased to 7.00% (2017 - 6.75%) | 554 1.97% | | 467 2.09% | |
| if Discount rate is increased to 8.00% (2017 - 7.75%) | | 1,052 3.75% | | 443 1.98% |
| Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is increased to 7.50% (2017 - 8.00%) | 421 1.50% | | 174 0.78% | |
| if Discount rate is decreased to 6.50% (2017 - 7.00%) | | 932 3.32% | | 165 0.74% |



38.3 Actuarial valuation of liability towards Leave Encashment

Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2018

The Ind AS-19 stipulates that the rate used to discount post-employment benefit obligation (both funded & non-funded) shall be determined by reference to market yields at the end of reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligation.

In the computation of leave encashment benefit liability, Projected Unit Credit Method is used.

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| i) Assumptions | | |
| Discount rate | 7.50% | 7.25% |
| Rate of increase in compensation levels | 7.00% | 7.50% |
| Expected average remaining working lives of employees (years) | 14 | 14 |
| ii) Table showing changes in present value of obligations | | |
| Present value of obligation as at the beginning of the year | 14,699 | 12,389 |
| Acquisition adjustment | - | - |
| Interest cost | 1,066 | 929 |
| Current service cost | 884 | 1,572 |
| Curtailment cost / (credit) | - | - |
| Settlement cost / (credit) | - | - |
| Benefits paid | (1,667) | (1,333) |
| Actuarial (gain) / loss on obligations | (1,046) | 1,142 |
| Present value of obligation as at the end of the year | 13,937 | 14,699 |
| iii) Table showing changes in the fair value of plan assets | | |
| Fair value of plan assets at the beginning of the year | - | - |
| Acquisition adjustments | - | - |
| Expected return on plan assets | - | - |
| Contributions | - | - |
| Benefits paid | - | - |
| Actuarial gain / (loss) on plan assets | - | - |
| Fair value of plan assets at the end of the year | - | - |



(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| iv) Tables showing fair value of plan assets | | |
| Fair value of plan asset at the beginning of the year | - | - |
| Acquisition adjustments | - | - |
| Actual return on plan assets | - | - |
| Contributions / (withdrawals) | - | - |
| Benefits paid | - | - |
| Fair value of plan asset at the end of the year | - | - |
| Funded status | (13,937) | (14,699) |
| Excess of actual over estimated return on plan assets | - | - |
| v) Actuarial gain / loss recognized | | |
| Actuarial (gain) / loss for the year - obligation | (1,046) | 1,142 |
| Actuarial (gain) / loss for the year - plan assets | - | - |
| Total (gain) / loss for the year | (1,046) | 1,142 |
| Actuarial (gain) / loss recognised in the year | (1,046) | 1,142 |
| Un-recognised actuarial (gains) / losses at the end of year | - | - |
| vi) The amounts to be recognized in the balance sheet | | |
| Present value of obligation as at the end of the year | 13,937 | 14,699 |
| Fair value of plan assets as at end of the year | - | - |
| Funded status | (13,937) | (14,699) |
| Unrecognized actuarial (gains) / losses | - | - |
| Net asset / (liability) recognized in balance sheet | (13,937) | (14,699) |
| vii) Expenses recognized in statement of profit and loss | | |
| Current service cost | 884 | 1,572 |
| Interest cost | 1,066 | 929 |
| Expected return on plan assets | - | - |
| Curtailment cost / (credit) | - | - |
| Settlement cost / (credit) | - | - |
| Actuarial (gain) / loss recognised in the year | (1,046) | 1,142 |
| Expenses recognized in the statement of profit and loss | 904 | 3,643 |
| viii) Expenses recognized in Other Comprehensive Income | | |
| Actuarial (gain) / loss recognised in the year | (1,046) | 1,142 |



(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| ix) Current/Non-current Liability | | |
| Current Liability | 3,399 | 2,992 |
| Non-current Liability | 10,537 | 11,707 |
| Present Value of the Defined Leave Encashment Benefit Obligation | 13,937 | 14,699 |

Sensitivity of Leave Encashment Benefit Liability to key Assumptions

Key assumptions for determination of the Defined Benefit Obligation are Discount Rate (i.e Interest Rate) and Salary Growth rate

Impact on Defined Benefit Obligation

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | |
|--|------------------|--------------|------------------|--------------|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is decreased to 7.00% (2017 - 6.75%) | 403 2.89% | | 435 2.96% | |
| if Discount rate is increased to 8.00% (2017 - 7.75%) | | 376 2.70% | | 406 2.76% |
| Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is increased to 7.50% (2017 - 8.00%) | 403 2.89% | | 432 2.94% | |
| if Discount rate is decreased to 6.50% (2017 - 7.00%) | | 379 2.72% | | 407 2.77% |



(₹ in lakhs)

| 39 PROVISIONS MADE, UTILISED, WRITTEN BACK : | 31st March, 2018 | 31st March, 2017 |
|---|-------------------------|-------------------------|
| a) Provision for Custom Duty Demand: | | |
| Opening Balance | 426 | 426 |
| Additions | - | - |
| Utilised/Adjusted | - | - |
| Closing Balance | 426 | 426 |
| b) Provision for Liquidated Damages*: | | |
| Opening Balance | 102,415 | 102,415 |
| Additions | 1,864 | - |
| Utilised/Adjusted | 43 | - |
| Closing Balance | 104,236 | 102,415 |
| * Includes amount of ₹ 102049 Lakhs adjusted in retained earnings | | |
| c) Provision for Guarantee Repairs: | | |
| Opening Balance | 1,226 | 3,488 |
| Additions | 2,830 | 1,200 |
| Utilised/Adjusted | 1,200 | 3,462 |
| Closing Balance | 2,856 | 1,226 |
| d) Other Provisions: | | |
| Opening Balance | 107 | 228 |
| Additions | - | - |
| Utilised/Adjusted | - | 121 |
| Closing Balance | 107 | 107 |



40. Details of dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as on 31st March, 2018 based on available information with the Company are as under:

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| Principal amount due and remaining unpaid | 147 | 89 |
| Interest due on above and the unpaid interest | 12 | 8 |
| Interest paid | - | - |
| Payment made beyond the appointed day during the year | 1,318 | 877 |
| Interest accrued and remaining unpaid on above | 35 | 34 |
| Amount of further interest remaining due and payable in succeeding years | - | - |

41 Miscellaneous Expenses include:

(₹ in lakhs)

| | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| Remuneration to the Statutory Auditors | | |
| i) Audit fees | 8 | 10 |
| ii) Out of pocket expenses | - | - |
| iii) Tax audit fees | 1 | 1 |
| | 9 | 11 |

42 The Company has entered into Joint Venture with Reliance Defence and Engineering Limited and formed a Joint Venture company "Mazagon Dock Pipavav Defence Pvt. Ltd." incorporated in Mumbai, India during FY 2012-13. The Company's share in equity share capital of joint venture is 50%. Though company has subscribed 1,00,000 equity shares of ₹ 10 each, the same has not been paid. During FY 2017-18 both JV partners have passed resolution in their respective Board to wind up the Joint Venture. The Company has made provision of ₹ 6 lakhs towards its share of expenditure in the Joint Venture as per shareholders agreement.

43 Russian (USSR) deferred State Credit

An intergovernmental agreement between Russian Federation and Government of India was reached for reconstructing of Russian Deferred State Credit in Rouble in connection with procurement of equipment for certain ships built and delivered by the company to India Navy in earlier years. The deferred payment liability (non-interest bearing) of ₹ 9628 Lakhs, payable over 45 years from 1992-93, in equal annual installments of ₹ 214 Lakhs was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹ 391 lakhs (2017 - ₹ 405 lakhs) includes yearly instalment payable of ₹ 214 lakhs (2017 - ₹ 214 lakhs) and ₹ 177 lakhs (2017 - ₹ 191 lakhs) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 31st March 2018 which is ₹ 91.0858 for 1 SDR. These payments are reimbursable by Indian Navy. Accordingly, ₹ 7435 lakhs (amortised costs of ₹ 1984 lakhs) held at foreign supplier deferred credit as on 31st March, 2018.



- 44** Department of Public Enterprise (DPE) had issued a guideline for creation and contribution to a corpus fund to the extent of not more than 1.5% of profit before tax to cater to the medical and other emergency needs of employees retired prior to 1st January, 2007. No provision has, however, been made in the Accounts as the related DPE guideline is subject to directive / guideline from the concerned Administrative Ministry, i.e. Ministry of Defence (MoD) and no guideline / directive for mechanism and operation of the scheme has been received from MoD.
- 45** Pursuant to notification S.O. 2437(E) dated 4th September, 2015, the Board has approved the non disclosure following information on the exemption granted under section 129 of the Companies Act, 2013 and hence the same has not been disclosed in the financial statements.
- Goods purchased under broad heads
 - Value of import on CIF basis
 - Expenditure on foreign currency
 - Total value of imported raw material
 - Earning in foreign currency

46 Related Party Disclosure

(₹ in lakhs)

a) Name of related party and description of relationships

i) The Company is controlled by President of India having ownership interest of 100%

ii) Goa Shipyard Limited Associate company

iii) Key Managerial Personnel

| | | |
|------------------------------|-------------------|---|
| RAdm R K Shrawat AVSM (Retd) | (Upto 31.12.2016) | Chairman and Managing Director |
| Cmde Rakesh Anand (Retd) | (From 01.01.2017) | Chairman and Managing Director |
| Capt Rajiv Lath (Retd) | | Director (Submarine & Heavy Engineering) |
| Cmde T V Thomas | (From 02.11.2017) | Director (Corporate Planning & Personnel) |
| Shri Sanjiv Sharma | | Director (Finance) |
| RAdm A K Saxena (Retd) | (From 21.03.2018) | Director (Ship Building) |

b) Transactions with Related Parties

The total amount of transactions that have been entered with related parties for the relevant financial year is as given below:

| Particulars | Year ended | Sales to related parties | Dividend Received | Rent from related parties | Amounts receivable / (payable) by related parties |
|-----------------------------|------------------|--------------------------|-------------------|---------------------------|---|
| Associate: | | | | | |
| Goa Shipyard Ltd. | 31st March, 2018 | - | 4,671 | 7 | 3 |
| | 31st March, 2017 | - | 879 | 7 | 3 |
| Other Related Party: | | | | | |
| Indian Navy | 31st March, 2018 | 440,660 | - | - | 143,606 |
| | 31st March, 2017 | 352,631 | - | - | 76,227 |



| Remuneration to Key Managerial Personnel* | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| RAdm R K Shrawat AVSM (Retd) (Upto 31.12.16) | - | 114 |
| Cdr P R Raghunath (Retd) (Upto 27.02.2017) | - | 63 |
| Cmde Rakesh Anand (Retd) | 57 | 52 |
| Capt Rajiv Lath (Retd) | 55 | 51 |
| Cmde T V Thomas | 24 | - |
| Shri Sanjiv Sharma | 41 | 41 |
| RAdm A K Saxena (Retd) | 1 | - |

* 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"

47 Earnings per share (EPS)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| Earning Per Share (EPS) - Basic and Diluted | | |
| "Net Profit/(Loss) as per Profit and loss for calculation of basic EPS (₹ in lakhs)" | 43,980 | 54,899 |
| A Net Profit / (Loss) for calculation of basic EPS (₹ in lakhs) | 43,980 | 54,899 |
| Weighted average number of equity shares for calculating basic EPS | 24,900,000 | 24,900,000 |
| Number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS | 249,000,000 | 249,000,000 |
| Buyback of shares during FY 2017-18 | 24,900,000 | - |
| B Weighted average number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS | 240,700,000 | 249,000,000 |
| C EPS (₹) - Basic (A/B) | 18.27 | 22.05 |
| D Restated Net Profit / (Loss) for calculation of diluted EPS (₹ in lakhs) | 43,980 | 54,899 |
| Weighted average number of equity shares | 240,700,000 | 249,000,000 |
| Effect of dilution: | - | - |
| E Weighted average number of equity shares for calculating diluted EPS | 240,700,000 | 249,000,000 |
| F EPS (₹) - Diluted (D/E) | 18.27 | 22.05 |



48 Statement of Income tax expense and accounting

(₹ in lakhs)

| Particulars | | 31st March, 2018 | 31st March, 2017 |
|-------------|--|------------------|------------------|
| A | Profit Before Tax as per Statement of Profit & Loss | 69,637 | 83,700 |
| B | Tax at statutory rate (%) | 34.608% | 34.608% |
| C | Tax expenses at statutory rate | 24,100 | 28,967 |
| | Prior year tax | 1,064 | - |
| | | 25,164 | 28,967 |
| | Adjustment for permanent difference | | |
| 1 | Expenses disallowed/Income allowed | 2,508 | 465 |
| 2 | Income exempt under Income Tax Act | (4,856) | (1,077) |
| 3 | Others | 3,700 | - |
| D | Total Permanent Difference | 1,352 | (612) |
| | Adjustment for timing difference | | |
| 1 | Difference between book depreciation and income tax depreciation | (1,086) | (766) |
| 2 | Provision for anticipated losses and gains | (3,113) | (86) |
| 3 | Disallowances under Sec 43B | 2,550 | 1,902 |
| 4 | Others | 14,897 | 545 |
| E | Total timing difference | 13,248 | 1,596 |
| F | Net Adjustments | 14,600 | 984 |
| G=F*B | Tax expenses/(Savings) thereon | 5,052 | 341 |
| H | Current Tax (C+G) | 29,152 | 29,307 |
| | Current Tax as per Books | 29,152 | 29,307 |
| I | Short (excess provision for earlier year) | 1,064 | - |
| J | Deferred Tax charge /(Credit) | (4,559) | (506) |
| K | Total Tax expenses (H+I+J) | 25,657 | 28,801 |

49 Fair Value Measurement

Financial Instruments by Category

(₹ in lakhs)

| Particulars | 31st March 2018 | | | 31st March 2017 | | |
|-------------------------|-----------------|-------|----------------|-----------------|-------|----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial Assets | | | | | | |
| Security Deposits | - | - | 318 | - | - | 308 |
| Russian Deferred Debit | - | - | 1984 | - | - | 1,996 |
| Financial Liabilities | | | | | | |
| Russian Deferred Credit | - | - | 1984 | - | - | 1,996 |
| Security Deposits | - | - | 78 | - | - | 14 |



Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

- recognised and measured at fair value
- measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of input used in determining fair value, the company has classified the financial instruments in three levels prescribed under the Ind AS.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets and liabilities measured at amortised cost

(₹ in lakhs)

| Particulars | Fair value Hierarchy | As at 31st March 2018 | | As at 31st March 2017 | |
|------------------------------|----------------------|-----------------------|------------|-----------------------|------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets | | | | | |
| Security deposits | Level 3 | 376 | 318 | 376 | 308 |
| Russian Deferred Debit | Level 3 | 7435 | 1984 | 7826 | 1996 |
| Financial liabilities | | | | | |
| Russian Deferred Credit | Level 3 | 7435 | 1984 | 7826 | 1996 |
| Security Deposits | Level 3 | 101 | 78 | 16 | 14 |

49.1 Financial risk management

a) Credit Risk

Credit Risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

i) Trade Receivables and unbilled revenue

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying no credit terms. Outstanding customer receivables are regularly monitored. Trade receivables are primarily from Navy (being department of Govt. of India), hence the credit risk is considered low. Further the Company receives advance against orders which also mitigates the credit risk.



ii) Financial Instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Management in accordance with the company's investment policy. Investment of surplus funds are made only in accordance with the Department of Public Enterprises(DPE) guidelines on investemtn of surplus funds, with the approved banks and within credit limits assigned to each bank. The limits applicable to single bank and public / private sectors as per the DPE guidelines minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to repay the principal and interest.

b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation. The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, if any.

c) Market Risk

i) Foreign currency risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk since it imports components from foriegn vendors. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). In most of the Contracts, the gains / losses from forex exchange fluctuations are passed on / borne by the customer of the Company. Therefore, the foreign exchange risk and sensitivity of the Company is Nil.

ii) Foreign Currency Risk Exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:

| Particulars | (₹ in lakhs) | | | | | | |
|-----------------------|--------------|-------|-----|-----|-------|-----|-------|
| | CAD | EUR | GBP | NOK | SEK | SGD | USD |
| Financial Liabilities | | | | | | | |
| 31st March 2018 | 0 | 5,661 | 90 | 73 | 1 | - | 15100 |
| 31st March 2017 | 1 | 9,094 | 26 | 8 | 4,166 | - | 97 |



Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

| Particulars | Impact on Profit Before Tax | |
|-------------------------|-----------------------------|-----------------|
| | 31st March 2018 | 31st March 2017 |
| CAD Sensitivity* | | |
| INR/CAD increases by 5% | (0.06) | 0.10 |
| INR/CAD decreases by 5% | 0.06 | (0.10) |
| EUR Sensitivity* | | |
| INR/EUR increases by 5% | 283.03 | 454.69 |
| INR/EUR decreases by 5% | (283.03) | (454.69) |
| GBP Sensitivity* | | |
| INR/GBP increases by 5% | 4.49 | 1.29 |
| INR/GBP decreases by 5% | (4.49) | (1.29) |
| NOK Sensitivity* | | |
| INR/NOK increases by 5% | 3.63 | 0.42 |
| INR/NOK decreases by 5% | (3.63) | (0.42) |
| SEK Sensitivity* | | |
| INR/SEK increases by 5% | 0.07 | 208.28 |
| INR/SEK decreases by 5% | (0.07) | (208.28) |
| USD Sensitivity* | | |
| INR/USD increases by 5% | 754.99 | 4.85 |
| INR/USD decreases by 5% | (754.99) | (4.85) |

* Holding all other variables constant

50 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to

- maximise the shareholder value while providing stable capital structure that facilitate considered risk taking and pursuit of business growth
- safeguard the company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and business opportunities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.



51 Expenditure on Corporate Social Responsibilities (CSR) Activities

The various heads under which the CSR expenditure was incurred during the period is detailed as follows:

(₹ in lakhs)

| Relevant clause of Schedule VII to the Companies Act, 2013 | Description of CSR activities | 2017-18 | 2016-17 |
|--|---|--------------|--------------|
| Clause (i) | Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water. | 995 | 606 |
| Clause (ii) | Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled. | 1,188 | 565 |
| Clause (v) | Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries, promotion and development of traditional arts and handicrafts | - | 2 |
| Clause (vii) | Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports; | - | 50 |
| Clause (x) | Rural development projects; | 154 | 101 |
| Total | | 2,337 | 1,324 |

| Particulars | 2017-18 | 2016-17 |
|--|---------|---------|
| Amount required to be spent by the Company during the period | 1,674 | 1520 |
| Amount spent during the period (incl. Administration Expenses) | 2,435 | 1365 |



52 Restatement Adjustments to Audited Ind AS Financial Statements

| Sr No. | Particulars | 31st March, 2017 |
|----------|---|------------------|
| A | Net profit as per audited financial statements | 53,349 |
| B | Adjustments to net profit as per audited financial statements Restatements | |
| a. | Due to prior period items Increase/(Decrease) in Income | |
| | Unaccounted Revenue, now recognized- -Commission on B&D spares | 74 |
| b. | Material adjustments relating to previous years | |
| | Increase/(Decrease) in Income (Increase)/Decrease in Expenses | |
| | Reversal of actuarial gain / (Loss) on leave encashment | (1,146) |
| C | Total adjustments | (1,072) |
| D | Restated profit / (loss) before tax adjustments (A-C) | 52,277 |
| E | Tax impact of adjustments | |
| a. | On restatement adjustments-income/(expense) | 2,622 |
| b. | On Ind AS adjustments | - |
| F | Restated profit / (loss) after tax | 54,899 |

53 Effect of Regrouping / Restatement on the Balance Sheet

(₹ in lakhs)

| Particulars | As at 31st March, 2017 | | | As at 1st April, 2016 | | |
|-----------------------------------|------------------------|-------------------------|-----------------|-----------------------|-------------------------|-----------------|
| | Previous Ind AS | Regrouping/ Restatement | Restated Ind AS | Previous Ind AS | Regrouping/ Restatement | Restated Ind AS |
| ASSETS | | | | | | |
| (1) Non-current assets | | | | | | |
| (a) Property, Plant and Equipment | 52,490 | - | 52,490 | 34,493 | - | 34,493 |
| (b) Capital work-in-progress | 9,843 | - | 9,843 | 16,958 | - | 16,958 |
| (c) Other Intangible assets | 2,135 | - | 2,135 | 2,283 | - | 2,283 |
| (d) Financial Assets | | | | | | |
| (i) Investments | 600 | - | 600 | 600 | - | 600 |
| (ii) Trade Receivable | 1,605 | - | 1,605 | 1,674 | - | 1,674 |
| (iii) Loans | 309 | 560 | 869 | 293 | 551 | 844 |
| (iv) Other Financial Assets | 340 | - | 340 | 340 | - | 340 |
| (e) Deferred tax assets (net) | 49,882 | - | 49,882 | 49,329 | - | 49,329 |
| (f) Non current tax assets (Net) | 18,113 | - | 18,113 | 12,809 | - | 12,809 |
| (g) Other non-current assets | 14,216 | (15) | 14,201 | 11,339 | - | 11,339 |



(₹ in lakhs)

| Particulars | As at 31st March, 2017 | | | As at 1st April, 2016 | | |
|---|------------------------|-------------------------|------------------|-----------------------|-------------------------|------------------|
| | Previous Ind AS | Regrouping/ Restatement | Restated Ind AS | Previous Ind AS | Regrouping/ Restatement | Restated Ind AS |
| (2) Current assets | | | | | | |
| (a) Inventories | 402,865 | - | 402,865 | 424,467 | - | 424,467 |
| (b) Financial Assets | | | | | | |
| (i) Trade receivables | 74,696 | - | 74,696 | 91,972 | - | 91,972 |
| (ii) Cash and cashequivalents | 14,288 | - | 14,288 | 89,777 | - | 89,777 |
| (iii) Bank balances other than (ii) above | 822,000 | - | 822,000 | 790,500 | - | 790,500 |
| (iv) Loans | 662 | (560) | 102 | 696 | (551) | 145 |
| (v) Other Financial assets | 131,091 | - | 131,091 | 93,001 | - | 93,001 |
| (c) Assets held for sale | 3 | - | 3 | - | - | - |
| (d) Other current assets | 303,578 | 15 | 303,593 | 249,448 | - | 249,448 |
| Total Assets | 1,898,716 | - | 1,898,716 | 1,869,979 | - | 1,869,979 |
| EQUITY AND LIABILITIES | | | | | | |
| EQUITY | | | | | | |
| (a) Equity Share capital | 24,900 | - | 24,900 | 19,920 | - | 19,920 |
| (b) Other Equity | 237,554 | - | 237,554 | 211,698 | - | 211,698 |
| LIABILITIES | | | | | | |
| (1) Non-current liabilities | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Trade payables | 1,605 | - | 1,605 | 1,674 | - | 1,674 |
| (ii) Others | 14 | - | 14 | 8 | - | 8 |
| (b) Other long term liabilities | 16,694 | - | 16,694 | 13,163 | - | 13,163 |
| (c) Long term provisions | 121,104 | 108 | 121,212 | 118,568 | 108 | 118,676 |
| (2) Current liabilities | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Trade payables | 92,634 | - | 92,634 | 112,011 | - | 112,011 |
| (ii) Others | 17,471 | - | 17,471 | 21,119 | - | 21,119 |
| (b) Other current liabilities | 1,378,469 | - | 1,378,469 | 1,365,178 | - | 1,365,178 |
| (c) Short term provisions | 8,271 | (108) | 8,163 | 6,640 | (108) | 6,532 |
| Total Equity and Liabilities | 1,898,716 | - | 1,898,716 | 1,869,979 | - | 1,869,979 |



- 54** During FY 2016-17, the Company delivered ship and recognised liquidated damages of ₹ 4923 lakhs in FY 2016-17. The Company is confident that additional liquidated damages of ₹ 9718 lakhs (2017 - ₹ Nil) which are under discussions with customer, will not be levied and hence no provision is recognised for the same.
- 55** As on 31st March, 2018, Inventory held on behalf of Navy is ₹ 4096 lakhs (2017 - ₹ 9103 lakhs)
- 56** The Company is developing certain equipment for project as per customer's advice. The contract with customer does not include the development cost of the equipment. The Company has approached the customer for amending the contract and is confident of inclusion in contract for reimbursement of such costs. Accordingly, costs of ₹ 19702 lakhs has been recognised in financial statements along with corresponding revenue.
- 57** As per contract with customer for ships, Material Overheads (MOH) on variable cost components shall be charged to the vessel. However, payment will be made as per supplementary contract which is yet to be signed. Pending signing of the supplementary contract, the Company has recognised MOH of ₹2088 lakhs and profit there on of ₹ 157 lakhs in the Statement of Profit and Loss.
- 58** In the preparation of these Ind AS Financial Statements, figures for the previous year have been regrouped / reclassified, wherever considered necessary to conform to current year presentation.

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of 'Mazagon Dock Shipbuilders Limited' (hereinafter referred to as 'the Company') and its associate, which comprise the Consolidated Balance Sheet as at 31st March, 2018, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement for the year then ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated Ind AS financial statements').

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated state of affairs (financial position), consolidated profit or loss (financial performance including other comprehensive income), consolidated statement of changes in equity and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

The respective Board of Directors of the Company and its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its associate and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting

records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 of the consolidated Ind AS financial statements 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 Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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 consolidated Ind AS 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 Ind AS 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 including the Ind AS, of the consolidated state of affairs (financial position) of the Company as at 31st March, 2018 and its consolidated profit (financial performance including other comprehensive income), its consolidated statement of changes in equity and 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 Ind AS financial statements:

1. In respect to the balances due from / to Indian Navy which are in the process of reconciliation (Refer note no. 36.2).
2. Stating the reasons for non-provisioning of the liquidated damages pertaining to P15A (Refer note no. 53).
3. The financials of Joint Venture Company Mazagon Dock Pipava Defence Pvt. Ltd. in which the Company hold 50% of the equity has not been consolidated by the management in the consolidated Ind AS financial statements, both the parties have passed the resolution in their boards to wind-up the Joint Venture (Refer note no. 42).
4. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. (Refer Note no. 9 (and b)).
5. Registration formalities are pending in respect of certain properties. (Refer Note no. 2 (i)).

Our opinion is not modified in respect of these matters.

Other Matters

- a. The consolidated Ind AS financial statement includes the Company's share of net profit (including other comprehensive income) of ₹ 10,177 lakhs for the year ended 31st March, 2018, as considered in the consolidated Ind AS financial statement in respect of its associate, whose financial statements have not been audited by us. These financial statement have been audited by other auditor whose report has been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosure included in respect of this associate and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of the other auditor.
- b. Our opinion on the consolidated Ind AS financial statements, and our audit report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and 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 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 of the aforesaid consolidated Ind AS financial statements;



- b. in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors;
- c. the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- d. in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed 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 its associate company incorporated in India and the operating effectiveness of such controls, refer to our separate Report in 'Annexure II';
- 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 consolidated Ind AS financial statements disclose the impact of pending litigations on consolidated financial position of the Company (Refer note no. 35 to the consolidated Ind AS 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

Sd/-

Astha Kariya

Partner

Place: Mumbai

Date: 16th July, 2018

Membership No. 122491



Annexure - I (a) to the Independent Auditor's Report

To the Members of Mazagon Dock Shipbuilders Limited (pertaining to the Company)

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 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 | |
| 2 | Plot No. 355 PH II | Dockyard Road, Mumbai | Leasehold | 1960.93 | Lease renewal of the plots is under consideration of MBPT. Awaiting formulation of land policy. |
| 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 | Gaavan Land | Panvel, Navi Mumbai | Leasehold | 19402.35 | Contract is yet to be signed. |

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 lakhs) | Reasons |
|---------|-------------------|---------------------------------|---|
| 1 | PCDA(N) | 2,523 | Delivery of P15A-12702 Ship was due on 21st May, 2011 including the extended period for delivery. However, the same got delivered on 9th September, 2015, the customer has levied liquidated damages (LD) amounting to ₹ 3,887 lakhs calculated on total contract price. The total contract price includes B&D and BFE components on which LD is not leviable. The amount of ₹ 3,887 lakhs has been deducted by the Navy from one of the claim bill raised by the Company on the Navy. The Company has shown an amount of ₹ 3,887 lakhs as receivable in the earlier year out of which an amount of ₹ 2,523 lakhs (relating to LD on Contract Price excluding B&D and BFE components) has been adjusted with contract revenue during the year as the Company has accepted the deduction made by the Navy. |



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

The total value of inventory of the Company lying with third party is ₹ 66,689 lakhs as at 31st March, 2018. 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/-

Astha Kariya

Partner

Membership No. 122491

Place : Mumbai

Date : 16th July, 2018



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.

| Sr No. | Areas Examined | Observation/Findings |
|--------|---|--|
| 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. | Based on our examination of the records of the Company, the title deeds and lease deeds of immovable properties are held in the name of the Company, except for the following two cases, <ol style="list-style-type: none">1. In the case of company godown at Sada, Vasco Goa (Land Details: Part 2 of PT Sheet No. 52), having Land area 10775 Sq. Mtrs, lease deed is yet to be executed. The company took possession of land in September 1981, on the basis of Memorandum No. RB/CTN-2/107/72/625 dated 19/08/1981 executed with the Government.2. In the case of Company's Unit II at Sancoale Industrial Estate, Goa (GIDC Plot No. 8 & 9), having land area of 2240 Sq. Mtr lease deed was expired in the year 2014 and renewal is in process. |
| 2 | Whether there are any cases of waiver / write off of debts / loans / interest etc., if yes, the reasons there for and the amount involved. | During the financial year under audit, company has refunded liquidated damages, deducted in earlier years amounting to ₹ 46.12 lakhs, since, liquidated damages were not attributable to supplier. |
| 3 | Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities. | In our opinion and according to the information provided by the Company all the records with regarding inventories lying with third parties and Assets funded by Customer are maintained properly. There are no assets received as gift(s) from Government or other authorities. |

For Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm's Registration No. 102860W / W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Place : Mumbai

Date : 16th July, 2018



Annexure II

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Mazagon Dock Shipbuilders Limited ('the Company') as of and for the year ended 31st March, 2018, we have audited the internal financial controls over financial reporting of the 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 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 controls 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 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's, and its associate incorporated in India, 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 consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's and its associate incorporated in India, 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 consolidated Ind AS 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 Consolidated Ind AS 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 consolidated Ind AS 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.

Opinion

In our opinion, the Company and its associate, have in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal controls over financial reporting criteria established by the Company and its associate, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm's Registration No. 102860W / W100089

Sd/-

Astha Kariya

Partner

Place : Mumbai

Date : 16th July, 2018

Membership No. 122491



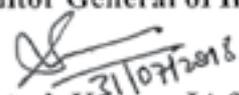
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF M/S. MAZAGON DOCK SHIPBUILDERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of Consolidated Financial Statements of Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2018 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 are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 16 July 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) read with section 129(4) of the Act of the consolidated financial statements of **Mazagon Dock Shipbuilders Limited, Mumbai** for the year ended 31 March 2018. We conducted a supplementary audit of the financial statements of Mazagon Dock Shipbuilders Limited, Mumbai and Goa Shipyard Limited, Goa but did not conduct supplementary audit of the Financial Statements of Mazagon Dock Pipavav Defence Private Limited, Mumbai 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 Private Limited, Mumbai 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.


(Santosh Kumar, IA&AS)

Pr. Director of Commercial Audit
& Ex-Officio Member Audit Board, Bangalore

Place: Bangalore
Date: 31 July 2018



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lakhs)

| Particulars | Notes | As at 31st March, 2018 | As at 31st March, 2017 | As at 1st April, 2016 |
|---|---------|---------------------------|---------------------------|--------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 2 | 61,796 | 52,490 | 34,493 |
| Capital work-in-progress | 3 | 8,538 | 9,843 | 16,958 |
| Other intangible assets | 2 | 2,841 | 2,135 | 2,283 |
| | | 73,175 | 64,468 | 53,734 |
| Financial assets | | | | |
| Investments | 4 | 42,915 | 38,359 | 32,422 |
| Trade receivable | 5 | 1,593 | 1,605 | 1,674 |
| Loans | 6 | 894 | 869 | 844 |
| Other financial assets | 7 | 340 | 340 | 340 |
| Deferred tax assets (net) | 8 | 54,441 | 49,882 | 49,329 |
| Non-current tax assets (net) | | 20,672 | 18,113 | 12,809 |
| Other non-current assets | 9 | 36,888 | 14,201 | 11,339 |
| Total non-current assets | | 230,918 | 187,837 | 162,491 |
| Current assets | | | | |
| Inventories | 10 | 378,597 | 402,865 | 424,467 |
| Financial assets | | | | |
| Trade receivables | 11 | 143,606 | 74,696 | 91,972 |
| Cash and cash equivalents | 12 | 37,356 | 14,288 | 89,777 |
| Bank balances other than cash and cash equivalents | 13 | 681,600 | 822,000 | 790,500 |
| Loans | 14 | 91 | 102 | 145 |
| Other financial assets | 15 | 85,007 | 131,091 | 93,001 |
| Assets held for sale | | 1 | 3 | - |
| Other current assets | 16 | 420,715 | 303,593 | 249,448 |
| Total current assets | | 1,746,973 | 1,748,638 | 1,739,310 |
| TOTAL ASSETS | | 1,977,891 | 1,936,475 | 1,901,801 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Equity share capital | 17 | 22,410 | 24,900 | 19,920 |
| Other equity | | 262,145 | 275,313 | 243,520 |
| Total equity | | 284,555 | 300,213 | 263,440 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Trade payables | 18 | 1,593 | 1,605 | 1,674 |
| Other financial liabilities | 19 | 68 | 14 | 8 |
| Other long-term liabilities | 20 | 15,974 | 16,694 | 13,163 |
| Long-term provisions | 21 | 122,460 | 121,212 | 118,676 |
| Total non-current liabilities | | 140,095 | 139,525 | 133,521 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Trade payables | 22 | 239,107 | 92,634 | 112,011 |
| Other financial liabilities | 23 | 25,787 | 17,471 | 21,119 |
| Other current liabilities | 24 | 1,275,027 | 1,378,469 | 1,365,178 |
| Short-term provisions | 25 | 13,320 | 8,163 | 6,532 |
| Total current liabilities | | 1,553,241 | 1,496,737 | 1,504,840 |
| Total liabilities | | 1,693,336 | 1,636,262 | 1,638,361 |
| TOTAL EQUITY AND LIABILITIES | | 1,977,891 | 1,936,475 | 1,901,801 |
| Significant accounting policies and notes to the financial statements | 1 to 58 | | | |

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

Cmdr. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

| Particulars | Notes | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|---------|--|--|
| INCOME | | | |
| Revenue from operations | 26 | 440,959 | 353,048 |
| Other income | 27 | 55,715 | 75,578 |
| Total income | | 496,674 | 428,626 |
| EXPENSES | | | |
| Cost of materials consumed | 28 | 269,288 | 214,008 |
| Employee benefit expenses | 29 | 89,903 | 72,884 |
| Finance costs | 30 | 385 | 390 |
| Depreciation and amortization expenses | | 5,021 | 3,939 |
| Sub-contracting charges | | 32,269 | 11,019 |
| Power and fuel | | 2,262 | 2,604 |
| Other expenses - project related | 31 | 15,123 | 14,171 |
| Other expenses | 32 | 13,714 | 15,945 |
| Provisions | 33 | 3,743 | 10,845 |
| Total expenses | | 431,708 | 345,805 |
| Profit before tax | | 64,966 | 82,821 |
| Tax expense | | | |
| Current tax | | 29,152 | 29,307 |
| Deferred tax (credit) / charge | | (4,559) | (506) |
| Adjustment of tax relating to earlier years | | 1,064 | - |
| Profit for the year attributable to equity shareholders | | 39,309 | 54,020 |
| Share of Net Profit/(loss) of associate | | 10,260 | 5,543 |
| Profit for the year | | 49,569 | 59,563 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined employee benefit plan | | (5,993) | (135) |
| Income tax effect | | 2,074 | 47 |
| Remeasurement of post employment benefit obligation of associate (net of tax) | | (83) | 36 |
| Total comprehensive income for the year | | 45,567 | 59,511 |
| Earning per share | | | |
| Basic and Diluted | | 20.59 | 23.92 |
| Significant accounting policies and notes to the financial statements | 1 to 58 | | |

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

| Sr. No. | Particulars | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|----------|--|--|--|
| A | Cash flow from operating activities | | |
| | Profit before tax (as restated) | 64,966 | 82,821 |
| | Adjustments for : | | |
| | (+) Non cash expenditure and non operating expenses | | |
| | Depreciation / amortization | 5,021 | 3,939 |
| | Finance cost | 385 | 390 |
| | Amortization of prepaid rentals | 66 | 66 |
| | (-) Non operating income | | |
| | Profit / Loss on sale of fixed assets | 19 | (31) |
| | Interest income | (48,271) | (63,288) |
| | Amortization gain on deferred deposits of vendors | (7) | (1) |
| | Amortization of deferred revenue (customer funded assets) | (733) | (254) |
| | Interest Income on deferred payment liability to foreign supplier | (379) | (388) |
| | Interest Income on deferred deposit with MbPT | (16) | (16) |
| | Operating profit before working capital changes | 21,051 | 23,238 |
| | Movement in working capital | | |
| | Decrease / (Increase) in Inventories | 24,268 | 21,602 |
| | Decrease / (Increase) in Trade receivables and loans and advances | (68,517) | 17,767 |
| | Decrease / (Increase) Other current and non current assets | 46,625 | (126,553) |
| | (Decrease) / Increase in Trade payables and provisions | 146,487 | (15,800) |
| | (Decrease) / Increase in Other current and non current liabilities | (95,052) | 13,434 |
| | Cash flow from operations | 74,863 | (66,312) |
| | Direct tax paid (net of refunds) | (30,701) | (34,612) |
| | Net cash from (used in) operating activities (A) | 44,162 | (100,924) |
| B | Cash flow from investing activities | | |
| | Purchase of property, plant and equipment (net of adjustments) | (15,087) | (21,836) |
| | Capital work in progress | 1,305 | 7,116 |
| | Proceeds from sale of property, plant and equipment | 35 | 76 |
| | Capital advance | (14) | (113) |
| | Interest received | 48,271 | 63,288 |
| | Dividend received from associate | 4,671 | 879 |
| | Net cash from / (used in) investing activities (B) | 39,181 | 49,410 |



(₹ in lakhs)

| Sr. No. | Particulars | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|----------|---|-------------------------------------|-------------------------------------|
| C | Cash flow from financing activities | | |
| | Buy back of equity share capital | (25,349) | - |
| | Payment of buy back tax | (5,389) | - |
| | Dividend paid (including dividend distribution tax thereon) | (29,537) | (23,975) |
| | Net cash from / (used in) financing activities (C) | (60,274) | (23,975) |
| | Net increase/(decrease) in cash and cash equivalents (A+B+C) | 23,068 | (75,489) |
| | Cash and cash equivalents at the beginning of the period | 14,288 | 89,777 |
| | Cash and cash equivalents at the end of the period | 37,356 | 14,288 |
| | Note: Figure in bracket indicate outflow | - | - |

| Sr. No. | Particulars | As at 31st March, 2018 | As at 31st March, 2017 |
|---------|---|------------------------|------------------------|
| | Components of cash and cash equivalents: | | |
| | Balances with banks:- | | |
| | - In Current accounts | | |
| | i) In India | 164 | 61 |
| | ii) Outside India | 97 | 79 |
| | - In flexi deposit accounts | 37,095 | 14,148 |
| | Cash on hand | - | - |
| | Total | 37,356 | 14,288 |

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants
Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner
Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

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

Sd/-

Sanjiv Sharma
Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar
Company Secretary



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(A) Equity share capital

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|---|------------------|------------------|-----------------|
| Opening balance | 24,900 | 19,920 | 19,920 |
| Changes in equity share capital during the year | (2,490) | 4,980 | - |
| Closing balance | 22,410 | 24,900 | 19,920 |

Shareholders in Annual General Meeting held on 28th September 2017 have approved split of equity shares from face value of ₹ 100 to ₹ 10 per share. Accordingly, the number of equity shares have increased from 249 lakhs to 2490 lakhs.

(B) Other equity

For the year ended 31st March, 2018

(₹ in lakhs)

| Particulars | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Total Other Equity |
|---|-------------------|-----------------|-----------------|----------------------------|--------------------|
| Balance as at 1st April, 2017 | 22,762 | 245,154 | 5 | 7,392 | 275,313 |
| Profit / (loss) for the year | 39,309 | | | | 39,309 |
| Other comprehensive income / (loss) for the year | | | | | |
| Remeasurement of defined employee benefit plan (net of tax) | (3,919) | | | | (3,919) |
| Share of change in reserves of associate | 9,227 | | | | 9,227 |
| Buyback of shares at premium | | (22,859) | | | (22,859) |
| Transfer from general reserve to capital redemption reserve | | (2,490) | | 2,490 | - |
| Tax on buyback | (5,389) | | | | (5,389) |
| Dividends | | | | | |
| Interim | (18,000) | | | | (18,000) |
| Final | (6,541) | | | | (6,541) |
| Tax on dividends | (4,996) | | | | (4,996) |
| Balance as at 31st March, 2018 | 32,453 | 219,805 | 5 | 9,882 | 262,145 |



For the year ended 31st March, 2017

(₹ in lakhs)

| Particulars | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | CSR Fund | Total Other Equity |
|---|-------------------|-----------------|-----------------|----------------------------|----------|--------------------|
| Balance as at 1st April, 2016 | (14,011) | 243,273 | 5 | 12,372 | 1,881 | 243,520 |
| Profit / (loss) for the year | 54,020 | | | | | 54,020 |
| Other comprehensive income / (loss) for the year | | | | | | |
| Remeasurement of defined employee benefit plan (net of tax) | (88) | | | | | (88) |
| Share of change in reserves of associate | 6,815 | | | | | 6,815 |
| Issue of bonus shares | | | | (4,980) | | (4,980) |
| Dividends | | | | | | |
| Interim | (10,000) | | | | | (10,000) |
| Final | (9,920) | | | | | (9,920) |
| Tax on dividends | (4,055) | | | | | (4,055) |
| Utilized for expenses | | | | | (1,881) | (1,881) |
| Transfer from surplus | | 1,881 | | | | 1,881 |
| Balance as at 31st March, 2017 | 22,762 | 245,154 | 5 | 7,392 | - | 275,313 |

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

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

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

Buyback: The Company has completed 10% buyback of equity shares (no. of shares: 249 lakhs of ₹10 each) for ₹ 25349 lakhs and ₹ 5389 lakhs tax thereon total amounting to ₹ 30738 lakhs in December 2017.

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



Note 1: Statement of Significant Accounting Policies

1) Principles of Consolidation

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

Investments in associates where the Company holds more than 20% of equity are accounted for using equity method as per Indian Accounting Standard (Ind AS) 28- “Investments in Associates and Joint Ventures”.

The consolidated financial statements are prepared using uniform accounting policies and are presented to the extent possible in the same manner as the Company’s separate financial statement except where adjustment for the differences are immaterial/ impractical.

The goodwill/capital reserve arising on acquisition of Associate is included in the carrying amount of the investment and disclosed separately. The carrying amount of the investment in associates is adjusted by the share of net profits / losses in the Consolidated Balance Sheet.

2) Corporate information:

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

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

3) Significant accounting policies:

3.1 Basis of preparation:

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

3.2 Summary of significant accounting policies:

a) Use of estimates:

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

Estimates and assumptions are required in particular for:

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

Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support.

ii. Recognition and measurement of defined benefit obligations:

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting



period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

iii. Recognition of deferred tax assets:

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

iv. Recognition and measurement of other provisions:

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

v. Discounting of long-term financial liabilities

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

vi. Determining whether an arrangement contains a lease:

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then

an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. In case of operating lease, the Company treats all payments under the arrangement as lease payments.

vii. Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 11 on 'Construction Contracts'. The estimates are revised periodically.

b) Current versus non-current classification:

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

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

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii. Held primarily for the purpose of trading
- iii. Expected to be realised within twelve months after the reporting period, or
- iv. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

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

- i. It is expected to be settled in normal operating cycle
- ii. It is held primarily for the purpose of trading
- iii. It is due to be settled within twelve months after the reporting period, or



- iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non - current.

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

c) Property, plant and equipment:

- i. Property, plant and equipment, including capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital works executed internally are valued at prime cost plus appropriate overheads.
- Cost means cost of acquisition, inclusive of inward freight, duties, taxes and other incidental expenses incurred in relation to acquisition of such assets. It also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised.
 - When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.
 - When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.
 - Spares purchased along with PPE are capitalised.

- The present value of the expected cost for decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.
- Unserviceable tangible assets are valued at the net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value. For IT hardware assets, i.e. end user devices such as desktops, laptops, etc. residual value is considered as nil.
- An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

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

ii. Depreciation:

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



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

- (b) Loose tools costing over ₹ 5000 is written off evenly over a period of five years commencing from the year of purchase.
- (c) Additions to assets individually costing ₹ 5000 or less are depreciated at 100%.
- (d) Spares purchased along-with the main asset are depreciated over the estimated useful life of that asset.
- (e) In respect of additions / extensions forming an integral part of the existing assets, depreciation has been provided over residual life of the respective assets.
- (f) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
- (g) Depreciation on property, plant and equipment commences when the assets are ready for intended use
- (h) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life of the assets.
- (i) The residual value of all the assets have been considered at 5% of the original cost of the respective assets, except for computer and related hardware assets, where the residual value is considered to be nil.
- (j) When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates

them separately based on their specific useful lives.

d) Intangible assets:

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

e) Impairment of assets:

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

f) Investment in associate:

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

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

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

g) Foreign currency transactions:

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



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

h) Borrowing costs:

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

i) Inventory valuation

- Raw materials and stores and general spares are valued at weighted average cost.
- Equipment for specific projects are valued at cost.
- Stock-in-transit is valued at cost.
- Cost of inventories comprises of purchase cost, conversion and other cost incurred in bringing them to the present location and condition.
- Provision for obsolescence will be made

for raw materials, stores and spares not moved for over 3 years. For Project specific material, obsolescence is provided to the items for which shelf life is expired.

- Scrap is valued at estimated net realizable value.
- Work in progress and finished goods other than construction contracts & ship repair contracts have been valued at lower of cost and net realizable value.

j) Revenue recognition

i. Construction & repair contracts

Fixed Price Contract:

When the outcome of a construction / repair contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The estimated cost of each contract is determined based on management estimate of cost to be incurred till final completion of the vessel and includes cost of material, services and other related overheads. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

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

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

Cost Plus Contract:

In case of Cost plus contracts, contract revenue is recognized on the basis of cost incurred plus profit margin applicable



on the contract, when such cost can be estimated reliably.

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

Unbilled Revenue:

When contract costs incurred till date plus recognized profits less recognized losses exceed progress billings, the surplus is shown as 'Unbilled Revenue'.

Unearned Income:

For contracts where gross billings exceed contract costs incurred to date plus recognized profits less recognized losses, the surplus is shown as 'Unearned Income'.

Amounts received in excess of trade receivables are presented in the statement of financial position as a liability, as 'Advances received'. Amounts billed as per terms of contract / work performed but not yet paid by the customer are classified under 'Trade receivables'.

ii. Dividend income

Dividend income from investments is recognized when the Company's right to receive payment has been established, which is generally when shareholders approve the dividend.

iii. Interest income

For all debt instruments, interest income is recorded using the effective interest rate (EIR). Interest income is included in finance income in the statement of profit and loss.

iv. Rendering of services

Revenue from services is recognized in the accounting period in which the services are rendered. For fixed price contracts exceeding 12 month tenure, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided.

If the work done against contract extending upto 12 months, revenue is recognized at cost or realizable value, whichever is lower.

v. Insurance claims:

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

k) Financial instruments:

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

Financial Assets:

i. Classification:

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

ii. Initial recognition and measurement:

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

iii. Financial assets measured at amortized cost:

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



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

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

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

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

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

vi. Investment in equity instruments:

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

vii. Investment in debt instruments:

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

viii. Impairment of financial asset:

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss of all the financial assets that are debt instrument and trade receivable.

ix. Derecognition of financial assets:

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

Financial liabilities:

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

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

i. Classification, initial recognition and measurement

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

ii. Subsequent measurement

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

iii. De-recognition of financial liability

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial



liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

iv. Retentions

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

v. Security deposit

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

l) Leases

i. As a lessee

Leases of property, plant and equipment where the Company, as lessee, where substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rent shall be charged as expense in the period in which they are incurred.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments

made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

ii. As a lessor

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

m) Employee benefits

i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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



recognised in the Statement of Profit and Loss.

iii. Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity

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

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

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

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

Post-retirement medical scheme

The post-retirement medical scheme to the non executives employees is a defined benefit plan

and is determined based on actuarial valuation as per Ind AS 19 on Employee Benefits using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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

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

Provident fund and Pension

Retirement benefits in the form of Provident fund and Family pension funds are defined contribution plans and the contribution is charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due in accordance with the relevant statute.

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

n) Dividend to equity shareholders

Dividend to Equity Shareholders is recognised as a liability and deducted from shareholders equity, in the period in which dividends are approved by the equity shareholders in the general meeting.

o) Provision for current & deferred tax

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



Current income tax:

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

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

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

Deferred tax:

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

- Entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

- Deferred tax assets and the deferred tax liabilities relate to the income taxes levied by the same taxation authority.

p) Provision for doubtful debts and loans and advances:

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

q) Warranty provision:

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

r) Provision, contingent liabilities and contingent assets:

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



Note 2

| Sr. No. | Particulars | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---------|---|---------------------|---------------|-------------|------------|------------------|-----------------------------|----------------|-------------|------------|------------------|----------------|----------------|
| | | Cost as on 01-04-17 | Additions | Adjustments | Disposal | Balance 31-03-18 | Opening 01-04-17 | For the period | Adjustments | Disposal | Balance 31-03-18 | As on 31-03-18 | As on 31-03-17 |
| A | Assets Owned by MDL | | | | | | | | | | | | |
| 1 | Freehold Land | 2,867 | 1,828 | - | - | 4,695 | - | - | - | - | - | 4,695 | 2,867 |
| 2 | Buildings: i) Factory Building | 1,741 | 32 | - | 1 | 1,772 | 104 | 85 | - | 1 | 188 | 1,584 | 1,637 |
| | ii) Office and Staff Quarters | | | | | | | | | | | | |
| | a) RCC | 1,878 | 19 | - | 1 | 1,896 | 81 | 57 | - | 1 | 137 | 1,759 | 1,797 |
| | b) Non RCC | 393 | 322 | - | - | 715 | 25 | 23 | - | - | 48 | 667 | 368 |
| 3 | Road | 667 | - | 6 | - | 673 | 232 | 126 | - | - | 358 | 315 | 435 |
| 4 | Other Civil Works | 9 | - | - | - | 9 | 6 | 3 | - | - | 9 | - | 3 |
| 5 | Plant and Equipment | 13,648 | 7,213 | (6) | 65 | 20,790 | 1,031 | 1,128 | - | 58 | 2,101 | 18,689 | 12,617 |
| 6 | Furniture and Fixtures | 1,345 | 96 | - | 3 | 1,438 | 302 | 160 | - | 3 | 459 | 979 | 1,043 |
| 7 | Vehicles | 1,728 | 220 | - | 24 | 1,924 | 437 | 242 | - | 23 | 656 | 1,268 | 1,291 |
| 8 | Office Equipment | 1,739 | 188 | - | 17 | 1,910 | 551 | 332 | - | 16 | 867 | 1,043 | 1,188 |
| 9 | Building Berths, Kasara Basin, Dry Docks and Launchways | - | - | - | - | - | - | - | - | - | - | - | - |
| 10 | Computers and Data Processing Units | - | - | - | - | - | - | - | - | - | - | - | - |
| | i) Desktops, Laptops etc. | 430 | 260 | - | 136 | 554 | 96 | 245 | - | 136 | 205 | 349 | 334 |
| | ii) Server and Network | 1,897 | 1,143 | - | 193 | 2,847 | 318 | 384 | - | 153 | 549 | 2,298 | 1,579 |
| 11 | Loose Tools | 251 | 129 | - | - | 380 | 192 | 79 | - | - | 271 | 109 | 59 |
| 12 | Ship - Launches and Boats | 302 | 134 | - | - | 436 | 30 | 16 | - | - | 46 | 390 | 272 |
| 13 | Electrical Installation and Equipments | 1,222 | 232 | - | - | 1,454 | 272 | 175 | - | - | 447 | 1,007 | 950 |
| | Sub-total | 30,117 | 11,816 | - | 440 | 41,493 | 3,677 | 3,055 | - | 391 | 6,341 | 35,152 | 26,440 |
| | Previous Year's Figures | 24,321 | 6,946 | - | 1,150 | 30,117 | 2,125 | 2,655 | - | 1,105 | 3,675 | 26,440 | 22,196 |

Note: 10 Vessels under the head "Launches and Boats" costing ₹ 436 lakhs (Previous year - ₹ 302 lakhs) out of which ₹ 302 lakhs (Previous year - ₹ 302 lakhs) are registered in the name of CMD of the Company to comply with the requirement of Indian Coastal Act, 1917 and registration of one vessel costing ₹ 134 lakhs in the name of CMD is under process as on 31st March, 2018.



(₹ in lakhs)

| Sr. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | | |
|---------|--|---------------------|-------------------------|-------------------------|----------------------|-----------------------------|------------------|----------------|-------------------------|----------------------|------------------|----------------|---------------|
| | | Cost as on 01-04-17 | Additions in the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-18 | Opening 01-04-17 | For the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-18 | As on 31-03-17 | |
| 1 | Buildings: i) Factory Building | 17,994 | 155 | - | - | 18,149 | 582 | 578 | - | - | 1,160 | 16,989 | 17,412 |
| | ii) Office and Staff Quarters | - | - | - | - | - | - | - | - | - | - | - | - |
| | a) RCC | 1,565 | 56 | - | - | 1,621 | 2 | 28 | - | - | 30 | 1,591 | 1,563 |
| | b) Non RCC | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Roads | 133 | - | - | - | 133 | 2 | 25 | - | - | 27 | 106 | 131 |
| 3 | Plant and Equipment | 5,294 | 1,362 | - | - | 6,656 | 615 | 298 | - | - | 913 | 5,743 | 4,679 |
| 4 | Electrical Installation and Equipments | 626 | 23 | - | - | 649 | 5 | 61 | - | - | 66 | 583 | 621 |
| 5 | Furniture and Fixtures | 226 | - | - | - | 226 | 6 | 21 | - | - | 27 | 199 | 220 |
| 6 | Office Equipment | 145 | 8 | - | - | 153 | 7 | 28 | - | - | 35 | 118 | 138 |
| 7 | Computers and Data Processing Units | - | - | - | - | - | - | - | - | - | - | - | - |
| | i) Server and Network | 338 | - | - | - | 338 | 58 | 57 | - | - | 115 | 223 | 280 |
| 8 | Ship - Launches and Boats | 1,017 | 125 | - | - | 1,142 | 11 | 38 | - | - | 49 | 1,093 | 1,006 |
| | Sub-total | 27,338 | 1,729 | - | - | 29,067 | 1,288 | 1,134 | - | - | 2,422 | 26,645 | 26,050 |
| | Previous Year's Figures | 12,996 | 14,341 | - | - | 27,338 | 699 | 590 | - | - | 1,289 | 26,050 | 12,297 |
| | Total Tangibles Assets (A+B) | 57,455 | 13,545 | - | 440 | 70,560 | 4,965 | 4,189 | - | 391 | 8,763 | 61,796 | 52,490 |
| | Previous Year's Figures | 37,317 | 21,287 | - | 1,150 | 57,455 | 2,824 | 3,245 | - | 1,105 | 4,964 | 52,490 | 34,493 |

(₹ in lakhs)

| Sr. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | | |
|----------|----------------------------|---------------------|-------------------------|-------------------------|----------------------|-----------------------------|------------------|--------------|-------------------------|----------------------|------------------|----------------|--------------|
| | | Cost as on 01-04-17 | Additions in the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-18 | Opening 01-04-17 | For the Year | Adjustments in the Year | Disposal in the Year | Balance 31-03-18 | As on 31-03-17 | |
| A | Assets Owned by MDL | | | | | | | | | | | | |
| 1 | Computer Software/SAP-ERP | 727 | 67 | - | - | 794 | 242 | 158 | - | - | 400 | 394 | 485 |
| 2 | Other than SAP-ERP | 2,385 | 1,475 | - | 60 | 3,800 | 877 | 638 | - | 56 | 1,459 | 2,341 | 1,508 |
| | Sub Total | 3,112 | 1,542 | - | 60 | 4,594 | 1,119 | 796 | - | 56 | 1,859 | 2,735 | 1,993 |
| | Previous Year's Figures | 2,566 | 546 | - | - | 3,112 | 461 | 658 | - | - | 1,119 | 1,993 | 2,105 |



| Sr. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|---------|--------------------------------------|---------------------|-------------------------|---------------------------|------------------------|-----------------------------|------------------|----------------|---------------------------|------------------------|------------------|----------------|
| | | Cost as on 01-04-17 | Additions in the period | Adjustments in the period | Disposal in the period | Balance 31-03-18 | Opening 01-04-17 | For the period | Adjustments in the period | Disposal in the period | Balance 31-03-18 | As on 31-03-17 |
| 1 | Computer Software/SAP-ERP | 1,000 | - | - | - | 1,000 | 1,000 | - | - | - | 1,000 | - |
| 2 | Other than SAP-ERP | 181 | - | - | - | 181 | 39 | 36 | - | - | 75 | 106 |
| | Sub Total | 1,181 | - | - | - | 1,181 | 1,039 | 36 | - | - | 1,075 | 106 |
| | Previous Year's Figures | 1,181 | - | - | - | 1,181 | 1,003 | 36 | - | - | 1,039 | 142 |
| | Total Intangible Assets (A+B) | 4,293 | 1,542 | - | 60 | 5,775 | 2,158 | 832 | - | 56 | 2,934 | 2,135 |
| | Previous Year's Figures | 3,747 | 546 | - | - | 4,293 | 1,464 | 694 | - | - | 2,158 | 2,283 |
| | Total Assets (i+ii) | 61,748 | 15,087 | - | 500 | 76,335 | 7,123 | 5,021 | - | 447 | 11,697 | 54,625 |
| | Previous Year's Figures | 41,064 | 21,833 | - | 1,150 | 61,748 | 4,288 | 3,939 | - | 1,105 | 7,122 | 36,776 |

(i) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 14 lakhs (2017: ₹ 114 lakhs)

(ii) Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the Company in September 2010 for setting up National Institute of Warship/Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the Company under the control of Ministry of Defence, Department of Defence Production. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.

(iii) Depreciation has been charged on single shift basis during the period except for wet basin on which depreciation has been charged on double shift basis.

(iv) No provision for impairment of assets has been considered necessary during the period as required under Indian Accounting Standard - 36.

(v) As envisaged under the Schedule II to the Companies Act 2013, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers, data processing units and loose tools where no residual value is retained.

(vi) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 12992 lakhs (2017: ₹ 11492 lakhs.) (net cost to Company) were capitalised upto 31st March 2018 as jointly funded by the Company and Indian Navy and depreciation of ₹ 4242 lakhs (2017: ₹ 3070 lakhs) has been accounted on it upto 31st March 2018. Total Assets of ₹ 103341 lakhs (2017: ₹ 101612 lakhs) are jointly funded by the Company and Indian Navy.

Assets jointly funded by MDL and Indian Navy

| Sr. No. | Particulars | NET BLOCK | | | | | | | | | | Total as on 31-03-17 | |
|---------|----------------------------|-----------------------------|------------------------------------|---------------------|----------|---------------------|-------------------------|------------------|------------------------|-------------------|------------|----------------------|----------------------|
| | | Office and Factory Building | Electric Installations & Equipment | Plant and Equipment | CDPU | Temporary Structure | Ships, Launches & Boats | Office Equipment | Furniture and Fixtures | Intangible assets | Roads | | Total as on 31-03-18 |
| 1 | Total Cost upto 31-03-2018 | 33999 | 649 | 65152 | 345 | 96 | 1142 | 166 | 241 | 1418 | 133 | 103341 | 101612 |
| 2 | Less: Funded By Navy | 25430 | 628 | 61287 | 345 | 96 | 983 | 158 | 241 | 1181 | - | 90349 | 90120 |
| 3 | Funded By MDL | 8569 | 21 | 3865 | - | - | 159 | 8 | - | 237 | 133 | 12992 | 11492 |
| | Previous Year's Figures | 8379 | - | 2692 | - | - | 51 | - | - | 237 | - | 11492 | 11135 |



Note 2

(₹ in lakhs)

| Sr. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|----------|--|---------------------|--------------|-------------|--------------|-----------------------------|------------------|--------------|-------------|--------------|------------------|----------------|
| | | Cost as on 01-04-16 | Additions | Adjustments | Disposal | Balance 31-03-17 | Opening 01-04-16 | For the Year | Adjustments | Disposal | Balance 31-03-17 | As on 31-03-16 |
| A | Assets Owned by MDL | | | | | | | | | | | |
| 1 | Freehold Land | 2,867 | - | - | - | 2,867 | - | - | - | - | 2,867 | 2,867 |
| 2 | Buildings: i) Factory Building | 885 | 856 | - | - | 1,741 | 44 | 60 | - | - | 1,637 | 841 |
| | ii) Office and Staff Quarters | | | | | | | | | | | |
| | a) RCC | 1,585 | 293 | - | - | 1,878 | 27 | 53 | - | - | 1,798 | 1,558 |
| | b) Non RCC | 256 | 137 | - | - | 393 | 10 | 15 | - | - | 368 | 246 |
| 3 | Road | 667 | - | - | - | 667 | 98 | 134 | - | - | 232 | 435 |
| 4 | Other Civil Works | 9 | - | - | - | 9 | 3 | 3 | - | - | 6 | 3 |
| 5 | Plant and Equipment | 11,964 | 2,449 | - | 765 | 13,648 | 765 | 993 | - | 727 | 1,031 | 12,617 |
| 6 | Furniture and Fixtures | 1,035 | 310 | - | - | 1,345 | 148 | 154 | - | - | 302 | 1,043 |
| 7 | Vehicles | 1,677 | 63 | - | 12 | 1,728 | 212 | 236 | - | 11 | 437 | 1,291 |
| 8 | Office Equipment | 1,061 | 757 | - | 79 | 1,739 | 306 | 320 | - | 75 | 551 | 1,188 |
| 9 | Computers and Data Processing Units | - | - | - | - | - | - | - | - | - | - | - |
| | i) Desktops, Laptops etc. | 370 | 307 | - | 247 | 430 | 142 | 200 | - | 246 | 96 | 334 |
| | ii) Server and Network | 598 | 1,333 | - | 34 | 1,897 | 158 | 194 | - | 34 | 318 | 1,579 |
| 10 | Loose Tools | 144 | 107 | - | - | 251 | 62 | 130 | - | - | 192 | 59 |
| 11 | Ship - Launches and Boats | 302 | - | - | - | 302 | 15 | 15 | - | - | 30 | 272 |
| 12 | Electrical Installation and Equipments | 901 | 334 | - | 13 | 1,222 | 135 | 149 | - | 12 | 272 | 950 |
| | Sub-total | 24,321 | 6,946 | - | 1,150 | 30,117 | 2,125 | 2,656 | - | 1,105 | 3,676 | 22,196 |
| | Previous Year's Figures | 16,082 | 8,379 | (36) | 105 | 24,321 | - | 2,218 | - | 93 | 2,125 | 16,082 |

Note: 9 Nos Vessels under the head "Launches and Boats" costing ₹ 302 lakhs are registered in the name of CMD of the Company to comply with the requirement of Indian Coastal Act, 1938 / Indian Vessels Act, 1917.



| B | Jointly Funded Assets | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|--|---------------------|---------------|-------------|--------------|------------------|-----------------------------|--------------|-------------|--------------|------------------|----------------|----------------|
| | | Cost as on 01-04-16 | Additions | Adjustments | Disposal | Balance 31-03-17 | Opening 01-04-16 | For the Year | Adjustments | Disposal | Balance 31-03-17 | As on 31-03-17 | As on 31-03-16 |
| 1 | Buildings: i) Factory Building | 8,676 | 9,318 | - | - | 17,994 | 278 | 304 | - | - | 582 | 17,412 | 8,295 |
| | ii) Office and Staff Quarters | | | | | | | | | | | | |
| | a) RCC | - | 1,565 | - | - | 1,565 | - | 2 | - | - | 2 | 1,563 | - |
| | b) Non RCC | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Roads | - | 133 | - | - | 133 | - | 2 | - | - | 2 | 131 | - |
| 3 | Plant and Equipment | 3,982 | 1,312 | - | - | 5,294 | 419 | 196 | - | - | 615 | 4,679 | 3,160 |
| 4 | Electrical Installation and Equipments | - | 626 | - | - | 626 | - | 5 | - | - | 5 | 621 | - |
| 5 | Furniture and Fixtures | - | 226 | - | - | 226 | - | 6 | - | - | 6 | 220 | - |
| 6 | Office Equipment | - | 145 | - | - | 145 | - | 7 | - | - | 7 | 138 | - |
| 7 | Computers and Data Processing Units | | | | | | | | | | | | |
| | i) Server and Network | 338 | - | - | - | 338 | 2 | 56 | - | - | 58 | 280 | 336 |
| | 8 Ship - Launches and Boats | - | 1,017 | - | - | 1,017 | - | 11 | - | - | 11 | 1,006 | - |
| | Sub-total | 12,996 | 14,342 | - | - | 27,338 | 699 | 589 | - | - | 1,288 | 26,050 | 11,791 |
| | Previous Year's Figures | 10,066 | 2,603 | 327 | - | 12,996 | - | 699 | - | - | 699 | 12,297 | 11,598 |
| | Total (A+B) | 37,317 | 21,288 | - | 1,150 | 57,455 | 2,824 | 3,245 | - | 1,105 | 4,964 | 52,491 | 33,987 |
| | Previous Year's Figures | 26,148 | 10,982 | 291 | 105 | 37,316 | - | 2,917 | - | 93 | 2,824 | 34,493 | 27,680 |

| A | Intangible Assets | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|----------------------------|---------------------|------------|-------------|----------------------|------------------|-----------------------------|--------------|-------------------------|----------------------|------------------|----------------|----------------|
| | | Cost as on 01-04-16 | Additions | Adjustments | Disposal in the Year | Balance 31-03-17 | Opening 01-04-16 | For the Year | Adjustments in the Year | Disposal in the Year | Balance 31-03-17 | As on 31-03-17 | As on 31-03-16 |
| | Assets Owned by MDL | | | | | | | | | | | | |
| 1 | Computer Software/SAP-ERP | 727 | - | - | - | 727 | 93 | 149 | - | - | 242 | 485 | 634 |
| 2 | Other than SAP-ERP | 1,839 | 546 | - | - | 2,385 | 368 | 509 | - | - | 877 | 1,508 | 1,471 |
| | Sub-total | 2,566 | 546 | - | - | 3,112 | 461 | 658 | - | - | 1,119 | 1,993 | 2,105 |
| | Previous Year's Figures | 905 | 1,661 | - | - | 2,566 | - | 461 | - | - | 461 | 2,105 | 905 |



| B | Jointly Funded Assets | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|-------------------------|---------------------|---------------|-------------|----------------------|------------------|-----------------------------|--------------|-------------------------|----------------------|------------------|----------------|----------------|
| | | Cost as on 01-04-16 | Additions | Adjustments | Disposal in the Year | Balance 31-03-17 | Opening 01-04-16 | For the Year | Adjustments in the Year | Disposal in the Year | Balance 31-03-17 | As on 31-03-17 | As on 31-03-16 |
| | | | | | | | | | | | | | |
| 1 | Computer SAP-ERP | 1,000 | - | - | - | 1,000 | 1,000 | - | - | - | 1,000 | - | - |
| 2 | Other than SAP-ERP | 181 | - | - | - | 181 | 3 | 36 | - | - | 39 | 142 | 178 |
| | Sub Total | 1,181 | - | - | - | 1,181 | 1,003 | 36 | - | - | 1,039 | 142 | 178 |
| | Previous Year's Figures | - | 1,181 | - | - | 1,181 | - | 1,003 | - | - | 1,003 | 178 | - |
| | Total (A+B) | 3,747 | 546 | - | - | 4,293 | 1,464 | 694 | - | - | 2,158 | 2,135 | 2,283 |
| | Previous Year's Figures | 905 | 2,842 | - | - | 3,747 | - | 1,464 | - | - | 1,464 | 2,283 | 905 |
| | Total | 41,064 | 21,834 | - | 1,150 | 61,748 | 4,288 | 3,939 | - | 1,105 | 7,122 | 54,626 | 36,270 |
| | Previous Year's Figures | 27,053 | 13,824 | 291 | 105 | 41,063 | - | 4,381 | - | 93 | 4,288 | 36,776 | 28,585 |

- (i) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 114 lakhs (2016: ₹ 114 lakhs, 2015: ₹ 165.6 lakhs).
- (ii) Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the Company in September 2010 for setting up National Institute of Warship/Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the Company under the control of Ministry of Defence, Department of Defence Production. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.
- (iii) Depreciation has been charged on single shift basis during the year except for wet basin on which depreciation has been charged on double shift basis.
- (iv) No provision for impairment of assets has been considered necessary during the year as required under Indian Accounting Standard - 36.
- (v) "As envisaged under the Schedule II to the Companies Act 2013, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers and data processing units where no residual value is retained."
- (vi) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 11492 lakhs (2016: ₹ 11135 lakhs, 2015: ₹ 9572 lakhs) (net cost to Company) were capitalised upto 31st March 2017 as jointly funded by the Company and Indian Navy and depreciation of ₹ 3070 lakhs (2016: ₹ 1244 lakhs, 2015: ₹ 356 lakhs) has been accounted on it upto 31st March 2016. Total Assets of ₹ 101612 lakhs (2016: ₹ 87272 lakhs, 2015: ₹ 81924 lakhs) are jointly funded by the Company and Indian Navy.

| Sr. No. | Particulars | Assets jointly funded by MDL and Indian Navy | | | | | | | | | | Total as on 31-03-17 | Total as on 31-03-16 |
|----------|----------------------------|--|------------------------------------|---------------------|----------|---------------------|-------------------------|------------------|------------------------|----------------------|------------|----------------------|----------------------|
| | | Office and Factory Building | Electric Installations & Equipment | Plant and Equipment | CDPU | Temporary Structure | Ships, Launches & Boats | Office Equipment | Furniture and Fixtures | Intangible asset SAP | Roads | | |
| 1 | Total Cost upto 31.03.2017 | 33788 | 626 | 63790 | 345 | 96 | 1017 | 158 | 241 | 1418 | 133 | 101612 | 87272 |
| 2 | Less: Funded By Navy | 25409 | 626 | 61098 | 345 | 96 | 966 | 158 | 241 | 1181 | - | 90120 | 76137 |
| 3 | Funded By MDL | 8379 | - | 2692 | - | - | 51 | - | - | 237 | 133 | 11492 | 11135 |
| | Previous Year's Figures | 8221 | - | 2677 | - | - | - | - | - | 237 | - | 11135 | 9572 |



3 Capital work-in-progress

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|-------|------------------|-------|-----------------|--------|
| Capital work-in-progress | | | | | | |
| 1. Own resources | | | | | | |
| A. Tangible assets | | | | | | |
| Opening balance | 8,388 | | 3,176 | | 1,860 | |
| Add: Expenditure during the year | 11,828 | | 12,425 | | 9,794 | |
| Less: Capitalisation during the year | 11,817 | 8,399 | 7,213 | 8,388 | 8,479 | 3,175 |
| B. Intangible assets under development | | | | | | |
| Opening balance | | | | | | |
| Add: Expenditure during the year | 1,542 | | 546 | | 1,661 | |
| Less: Capitalisation / adjustments during the year | 1,542 | - | 546 | - | 1,661 | - |
| 2. Funded by Indian Navy | | | | | | |
| Submarine facilities upgradation project | | | | | | |
| Opening balance | 1,455 | | 13,784 | | 12,729 | |
| Add: Expenditure/adjustments during the year | 413 | | 1,656 | | 5,166 | |
| Less: Capitalisation / adjustments during the year | 1,729 | 139 | 13,985 | 1,455 | 4,112 | 13,783 |
| | 8,538 | | 9,843 | | 16,958 | |

4 Non-current investments

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|---|------------------|------------------|-----------------|
| Investments in equity instruments (unquoted) | | | |
| In associate | | | |
| 5,49,57,600 Equity shares of ₹ 5 each fully paid up (in FY 2016-17 - 5,49,57,600 Equity shares of ₹ 5 each fully paid up, in FY 2015-16 - 1,37,39,400 Equity shares of ₹ 10 each fully paid up) in Goa Shipyard Ltd (GSL has issued bonus shares in FY 2016-17 in the ratio of 1:1 and has also subdivided the face value from ₹ 10 to ₹ 5) | 42,915 | 38,359 | 32,422 |
| | 42,915 | 38,359 | 32,422 |



5 Trade receivables - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| (Unsecured, considered good) | | | |
| Deferred debts | 1,984 | 1,996 | 2,079 |
| Less: Amount receivable within 12 months | 391 | 391 | 405 |
| | 1,593 | 1,605 | 1,674 |

6 Loans - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| (Unsecured, considered good) | | | |
| Security deposits: | | | |
| Security deposits with Mumbai Port Trust | 324 | 308 | 293 |
| Other deposits | 570 | 561 | 551 |
| | 894 | 869 | 844 |

7 Other financial assets - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| Fixed deposits with bank with maturity over 12 months | 340 | 340 | 340 |
| (The above deposits are under lien with Mumbai Port Trust) | | | |
| | 340 | 340 | 340 |

8 Deferred tax assets (net)

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| Deferred tax assets / (liabilities) | | | |
| Deferred tax assets | | | |
| Provisions | 65,139 | 58,540 | 56,353 |
| Others | - 65,139 | 2,888 61,428 | 638 56,991 |
| Deferred tax liabilities | | | |
| Service tax | (1,456) | (1,442) | (1,690) |
| Depreciation | (9,242) | (8,715) | (3,047) |
| Others | - (10,698) | (1,389) (11,546) | (2,925) (7,662) |
| Deferred tax assets (net) | 54,441 | 49,882 | 49,329 |



9 Other non-current assets

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|---|------------------|---------------|------------------|---------------|-----------------|---------------|
| (Unsecured, considered good unless otherwise specified) | | | | | | |
| Capital advances | | 685 | | 671 | | 558 |
| Deposits with custom and excise authorities | | 24 | | 24 | | 20 |
| Deposits with excise authorities | | - | | - | | - |
| Other deposits | | - | | - | | 8 |
| Other receivables - considered good | | 19 | | 4 | | - |
| Other receivables - considered doubtful | | 2,796 | | 2,946 | | 2,946 |
| Less: Allowance for doubtful receivables | | 2,796 | 19 | 2,946 | 4 | 2,946 |
| Advances paid to vendors - considered doubtful | | 62 | | 2 | | 2 |
| Less: Allowance for doubtful advances | | 62 | - | 2 | - | 2 |
| VAT / sales tax receivable | | 11,574 | | 12,574 | | 9,763 |
| GST input tax credit | | 19,557 | | - | | - |
| Export incentive receivable | | | | | | |
| Considered good | | 371 | | 371 | | 478 |
| Considered doubtful | | 107 | | 107 | | - |
| | | 478 | | 478 | | 478 |
| Less: Allowance for doubtful receivables | | 107 | 371 | 107 | 371 | - |
| Prepaid expenses | | | | | | |
| Prepaid lease rent | | 4,633 | | 494 | | 558 |
| Less: amortisation / unwinding of prepaid rentals | | 15 | | 15 | | 15 |
| Less: current | | 66 | 4,552 | 66 | 413 | 51 |
| Others | | 106 | | 144 | | 20 |
| | | 36,888 | | 14,201 | | 11,339 |

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

- Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai.
- The Company is in possession of approx. 15.59 hectares of land at Nhava. Out of this, approximately 12.30 hectares is reclaimed land which is part of 23 hectares of reclaimed land jointly reclaimed by MDL and ONGC. The rest of the land i.e. approx. 3.29 hectares, belongs to CIDCO which ONGC ceded to the Company is or about the year 1984 for the cost of ₹ 20.00 Lakhs. The Company is having permanent tenancy rights to co-terminate with the lease hold right of ONGC with the CIDCO land in their possession.



Pending execution of lease deeds of above, initial premium paid has been treated as prepaid rent and is amortised on the basis of available information.

10 Inventories

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|---------|------------------|---------|-----------------|---------|
| Raw materials | | | | | | |
| Material in stores | 16,791 | | 17,164 | | 10,890 | |
| Less: Provision for obsolescence | 81 | 16,710 | 89 | 17,075 | 80 | 10,810 |
| Stores and spares | | | | | | |
| Material in stores | 1,745 | | 1,878 | | 1,517 | |
| Less: Provision for obsolescence | 111 | 1,634 | 73 | 1,805 | 21 | 1,496 |
| Equipment for specific projects | | | | | | |
| Material in stores/site | 329,527 | | 363,802 | | 390,366 | |
| Less: Provision for obsolescence | 155 | | 181 | | 140 | |
| | 329,372 | | 363,621 | | 390,226 | |
| Stock in transit | 9,475 | | 19,717 | | 21,583 | |
| Materials pending inspection | 21,317 | 360,164 | 539 | 383,877 | 272 | 412,081 |
| Scrap | | 89 | | 108 | | 80 |
| | 378,597 | | 402,865 | | 424,467 | |

Notes:

10.1 Inventory costing ₹ 62107 lakhs (2017: ₹ 62107 lakhs, 2016: ₹ 62107 lakhs) is held with Original Equipment Manufacturer (OEM) abroad. Inventory costing ₹ 89 lakhs (2017: Nil, 2016: ₹ 320 lakhs) is held with sub contractors.

10.2 Inventory costing ₹ 576 lakhs (2017: Nil, 2016: Nil) is held at customer's store.

11 Trade receivables - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|---------|------------------|--------|-----------------|---------|
| (Unsecured) | | | | | | |
| Considered good | 143,606 | | 74,696 | | 91,972 | |
| Considered doubtful | 16,298 | 159,904 | 18,616 | 93,312 | 19,053 | 111,025 |
| Less: Allowance for doubtful receivables | | 16,298 | | 18,616 | | 19,053 |
| | 143,606 | | 74,696 | | 91,972 | |



12 Cash and cash equivalents

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|---|------------------|-----|------------------|-----|-----------------|-------|
| Cash and cash equivalents | | | | | | |
| Balances with banks:- | | | | | | |
| - In current accounts | | | | | | |
| i) In India | 164 | | 61 | | 6,887 | |
| ii) Outside India | 97 | 261 | 79 | 140 | 83 | 6,970 |
| - In cash credit accounts | | | | | | |
| - In flexi deposit accounts | 37,095 | | 14,148 | | 26,807 | |
| - In fixed deposit accounts - maturity less than 3 months | | | | | 56,000 | |
| Cash on hand | | | | | | |
| | 37,356 | | 14,288 | | 89,777 | |

13 Bank balance other than cash and cash equivalents

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|---|------------------|--|------------------|--|-----------------|--|
| In fixed deposit accounts - more than 3 months but not more than 12 months maturity | 681,600 | | 822,000 | | 790,500 | |
| | 681,600 | | 822,000 | | 790,500 | |
| Note: Cash and other bank balance details | | | | | | |
| Cash and bank balances from stage payment received from customer for projects | 665,145 | | 771,928 | | 782,845 | |
| Other cash and bank balance | 53,811 | | 64,360 | | 97,432 | |
| | 718,956 | | 836,288 | | 880,277 | |

14 Loans - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|------------------------------|------------------|--|------------------|--|-----------------|--|
| (Unsecured, considered good) | | | | | | |
| Employee related | 91 | | 102 | | 145 | |
| | 91 | | 102 | | 145 | |



15 Other financial assets - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|---|------------------|------------------|-----------------|
| Insurance claims receivable | 510 | - | 81 |
| Interest accrued on deposits and advances | 10,487 | 14,714 | 14,924 |
| Other receivables | 25 | 53 | 67 |
| Unbilled revenue | 73,985 | 116,324 | 77,929 |
| | 85,007 | 131,091 | 93,001 |

16 Other current assets

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| (Unsecured, considered good, unless otherwise specified) | | | |
| Advances | | | |
| Advances paid to vendors | 409,179 | 296,359 | 221,292 |
| Advances paid on behalf of customer for B&D spares | | | |
| Considered good | 10,114 | 6,177 | 25,733 |
| Considered doubtful | 758 | 3,226 | 752 |
| | 10,872 | 9,403 | 26,485 |
| Less: Allowance for doubtful advance | 758 | 3,226 | 752 |
| | 10,114 | 6,177 | 25,733 |
| Travel advance to employees | 34 | 46 | 1,522 |
| Others | 28 | 15 | 24 |
| Prepaid expenses | | | |
| Prepaid lease rentals | 66 | 66 | 50 |
| Others | 1,294 | 930 | 827 |
| | 420,715 | 303,593 | 249,448 |



17 Share Capital

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|---------------|------------------|---------------|-----------------|---------------|
| Authorized share capital | | | | | | |
| 32,37,20,000 (FY 2016-17 - 3,23,72,000 equity shares of ₹ 100 each, FY 2015-16 - 2,00,00,000 equity shares of ₹ 100 each) equity shares of ₹ 10 each | | 32,372 | | 32,372 | | 20,000 |
| Nil ((FY 2016-17 - Nil, FY 2015-16 - 1,23,72,000 7% redeemable cumulative preference of ₹ 100 each) 7% redeemable cumulative preference shares of ₹ 100 each | | - | | - | | 12,372 |
| | | 32,372 | | 32,372 | | 32,372 |
| Issued, subscribed and fully paid-up shares | | | | | | |
| 22,41,00,000 ((FY 2016-17 - 2,49,00,000 equity shares of ₹ 100 each, FY 2015-16 - 1,99,20,000 equity shares of ₹ 100 each) equity shares of ₹ 10 each. | | 22,410 | | 24,900 | | 19,920 |
| | | 22,410 | | 24,900 | | 19,920 |

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|--------------------|------------------|--------------------|-----------------|--------------------|
| | No. of shares | Percentage holding | No. of shares | Percentage holding | No. of shares | Percentage holding |
| Details of shareholding more than 5% shares in the Company | | | | | | |
| Shareholder | | | | | | |
| President of India and his nominees | 224,100,000 | 100% | 24,900,000 | 100% | 24,900,000 | 100% |

18 Trade payables - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | | 1st April, 2016 | |
|--|------------------|--------------|------------------|--------------|-----------------|--------------|
| Deferred payment liability to a foreign supplier | | 1,984 | | 1,996 | | 2,079 |
| Less: Amount payable within 12 months | | 391 | | 391 | | 405 |
| | | 1,593 | | 1,605 | | 1,674 |

**19 Other financial liabilities - non-current**

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|-----------------------------|------------------|------------------|-----------------|
| Security and other deposits | 68 | 14 | 8 |
| | 68 | 14 | 8 |

20 Other long-term liabilities

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| Funds received from customer for infrastructure projects | 89,497 | 86,725 | 82,826 |
| Add: Received during the period | 1,014 | 3,786 | 3,899 |
| Less: Transferred to fixed assets for capitalisation | 72,352 | 72,352 | 72,352 |
| Less: Amortisation of deferred revenue | 2,199 | 15,960 | 1,212 |
| Deferred deposits | 14 | 1 | 2 |
| | 15,974 | 16,694 | 13,163 |

21 Provisions - non-current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 31st March, 2016 |
|----------------------------------|------------------|------------------|------------------|
| Employee benefits | | | |
| Post retirement benefit schemes | | | |
| Medical | 7,153 | 6,531 | 5,768 |
| Gift card | 79 | 73 | 76 |
| Leave salary encashment | 10,538 | 11,707 | 9,876 |
| Welfare expenses | 346 | 378 | 418 |
| Other provisions | | | |
| Provision for liquidated damages | 104,236 | 102,415 | 102,415 |
| Others | 108 | 108 | 123 |
| | 122,460 | 121,212 | 118,676 |

22 Trade payables - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|--|------------------|------------------|-----------------|
| MSME vendors (Refer to Note 40) | 1,342 | 1,316 | 1,130 |
| Other vendors | 237,374 | 90,927 | 110,476 |
| Deferred payment liability to a foreign supplier | 391 | 391 | 405 |
| | 239,107 | 92,634 | 112,011 |



23 Others financial liabilities - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|---|------------------|------------------|-----------------|
| Retention money payable | 495 | 606 | 3,266 |
| Liquidated damages payable | 1,690 | 8,886 | 7,838 |
| Interest payable on advances received from customer | 814 | 1,051 | 895 |
| Employee related | 22,034 | 6,404 | 8,471 |
| Others | 50 | 60 | 98 |
| Security and other deposits | 704 | 464 | 551 |
| | 25,787 | 17,471 | 21,119 |

24 Other current liabilities

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 1st April, 2016 |
|----------------------------------|------------------|------------------|------------------|
| Advances received from customers | 393,719 | 226,798 | 130,692 |
| Statutory dues | 1,437 | 2,511 | 5,474 |
| Unearned income | 879,861 | 1,149,159 | 1,228,224 |
| Deferred deposits | 10 | 1 | - |
| Others | - | - | 788 |
| | 1,275,027 | 1,378,469 | 1,365,178 |

25 Provisions - current

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 | 31st March, 2016 |
|-------------------------|------------------|------------------|------------------|
| Employee benefit | | | |
| Post retirement benefit | | | |
| Medical | 293 | 268 | 237 |
| Gift card | 9 | 22 | 22 |
| Leave salary encashment | 4,514 | 3,781 | 3,177 |
| Gratuity | 5,071 | 2,307 | 1,265 |
| Welfare Expenses | 152 | 134 | 112 |
| Other provisions | | | |
| Guarantee repairs | 2,855 | 1,225 | 1,188 |
| Custom duty demand | 426 | 426 | 426 |
| Others | - | - | 105 |
| | 13,320 | 8,163 | 6,532 |



26 Revenue from operations

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|-------------------------------------|------------------|------------------|
| Contract revenue | | |
| Ship construction | 439,916 | 352,367 |
| Sale of Services | | |
| Ship repair | - | (19) |
| Other operating revenue | | |
| Commission on procurement of spares | 744 | 282 |
| Sale of scrap and stores | 299 | 390 |
| Changes in inventory of scrap | - | 28 |
| | 440,959 | 353,048 |

Contract Revenue Recognition with Respect to Projects / Vessels in WIP:

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| The amount of contract revenue recognised as revenue for the period | 439,916 | 352,367 |
| Aggregate amount of cost incurred and recognised profits (less recognised losses, if any) | 1,740,376 | 1,659,401 |
| The amount of advances received (gross) | 2,985,857 | 2,916,226 |
| The amount of retentions by customers | 52,044 | 48,934 |

27 Other income

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| Interest from | | |
| Deposits with banks | 48,912 | 64,035 |
| Less: Interest liability to customer on advances | 814 | 1,051 |
| | 48,098 | 62,984 |
| Income tax refund | - | 118 |
| Financial assets measured at amortised cost | 16 | 16 |
| Other interest | 173 | 186 |
| | 48,287 | 63,304 |
| Other income | | |
| Liabilities / provisions no longer required written back | 5,674 | 2,297 |
| Provision for trade receivables reversed | - | 8,602 |
| Provision for obsolete stock reversed | - | 35 |
| Insurance claims | - | 16 |
| Sale / scrapping of fixed assets (net) | - | 31 |
| Liquidated damages recovered | | |
| Capital | 185 | 52 |
| Others | 31 | 198 |
| Miscellaneous income / recoveries | 419 | 400 |
| Amortisation gain on deferred deposits of vendors | 7 | 1 |
| Amortisation of deferred revenue (customer funded assets) | 733 | 254 |
| Interest Income on deferred payment liability to foreign supplier | 379 | 388 |
| | 55,715 | 75,578 |



28 Cost of materials consumed

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| Opening stock | | |
| Raw materials, stores and spares | 19,042 | 12,306 |
| Equipment for specific projects | 363,802 | 391,673 |
| Stock-in-transit and materials pending inspection | 20,256 | 21,855 |
| | 403,100 | 425,834 |
| Add: Purchases | 246,978 | 193,631 |
| | 650,078 | 619,465 |
| Less: Closing stock | | |
| Raw materials, stores and spares | 18,536 | 19,042 |
| Equipment for specific projects | 329,527 | 363,802 |
| Stock-in-transit and materials pending inspection | 30,792 | 20,256 |
| | 271,223 | 216,365 |
| Less: Provision for obsolete stock | 30 | 61 |
| Less: Stores and spares consumption included in repairs and maintenance | 2 | 13 |
| Less: Stores and spares consumption included in other expenses | 1,903 | 2,283 |
| | 269,288 | 214,008 |

29 Employee benefit expenses

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| Salaries, wages, allowances and bonus | 70,368 | 54,442 |
| Pension | 1,575 | 1,170 |
| Contribution to provident fund | 4,172 | 4,066 |
| Contribution to employees state insurance scheme | 623 | 186 |
| Workmen and staff welfare expenses | 5,858 | 6,519 |
| Gratuity | 3,901 | 1,510 |
| Encashment of privilege leave | 3,406 | 4,991 |
| | 89,903 | 72,884 |

**30 Finance cost**

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| Interest cost on deferred deposits of vendors | 6 | 2 |
| Interest cost on deferred payment liability to foreign supplier | 379 | 388 |
| | 385 | 390 |

31 Other expenses - Projects related

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| Technician fees and other expenses | 1,559 | 3,439 |
| Service tax expenses | 1,314 | 2,494 |
| Technical know-how expenses (net of reversals) | (98) | 99 |
| Advising team fees and other expenses | 3,817 | 2,100 |
| Facility hire | 748 | 690 |
| Rent | 70 | 67 |
| Insurance | - | 10 |
| Bank charges and guarantee commission | 235 | 278 |
| Travelling expenses | 158 | 320 |
| Sea trial, launching and commissioning expenses | 28 | 734 |
| Legal, professional and consultant fees | 1,920 | 1,068 |
| Training expenses | 4,637 | 2,584 |
| Miscellaneous expenses | 735 | 288 |
| | 15,123 | 14,171 |



32 Other expenses

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---|------------------|------------------|
| Repairs and maintenance: | | |
| Buildings | 267 | 713 |
| Plant and machinery | 1,964 | 1,687 |
| Steam launches and boats, motor cars, lorries, etc. | 834 | 1,329 |
| Less: Work done internally and other expenditure which has been included in other heads of expenses | 2,495 | 2,418 |
| | 570 | 1,311 |
| Facility hire | 742 | 729 |
| Water expenses | 182 | 264 |
| Rent | 735 | 773 |
| Insurance | 384 | 398 |
| Rates and taxes | 753 | 633 |
| Bank charges and guarantee commission | 15 | 24 |
| Printing and stationery | 103 | 64 |
| Travelling expenses | 596 | 766 |
| Business promotion expenses | 874 | 769 |
| Sea trial, launching and commissioning expenses | 15 | 176 |
| Corporate membership expenses | 23 | 18 |
| Changes in inventory of scrap | 19 | - |
| Foreign exchange variation (net) | 20 | 11 |
| Miscellaneous expenses | 1,072 | 2,142 |
| Lease charges | 33 | 33 |
| Legal, professional and consultant fees | 244 | 442 |
| Books and periodicals | 83 | 12 |
| Postage, telegrams and phones | 159 | 161 |
| Training expenses | 249 | 206 |
| CISF and security board expenses | 2,338 | 2,576 |
| Directors fees and expenses | 8 | 9 |
| Provision for obsolete stock | 30 | 137 |
| Consumption of stores and spares etc. | 1,903 | 2,283 |
| Other interest | 44 | 552 |
| Amortisation / unwinding of prepaid rentals | 66 | 66 |
| Advance write-off | - | 25 |
| Corporate social responsibility expenses | 2,435 | 1,365 |
| Sale / scrapping of fixed assets (net) | 19 | - |
| | 13,714 | 15,945 |



Foreign Exchange gain for FY 2017-18 ₹ 1146 lakhs and Foreign Exchange gain for Previous year ₹6161 lakhs on raw materials and project specific equipments has been considered in cost of material consumed.

Expenditure on Research and Development and allied expenses aggregating to ₹ 7511 lakhs (2017 - ₹7709) is reflected under respective various heads in the above note.

33 Provisions (₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|-----------------------------|------------------|------------------|
| Liquidated damages | 1,821 | - |
| Doubtful debts / receivable | 291 | 10,745 |
| Guarantee repairs | 1,630 | 100 |
| Others | 1 | - |
| | 3,743 | 10,845 |

34 Business Segment Reporting

- The Company is engaged in the production of defence equipment and was exempted from AS 17 'Segment Reporting' vide notification S.O. 802(E) dtd. 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In order to extend the exemption under Ind AS 108, an amendment to the aforesaid notification was required which the company understands is initiated by Ministry of Corporate Affairs. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 108.
- For management purposes, the Company is organized into two major segments – Shipbuilding (New Construction and Ship Repairs) and Submarine.
- There are no geographical segments within the business segments.

35 Contingent Liabilities and Commitments: (₹ in lakhs)

| Sr no. | Particulars | 31st March 2018 | 31st March 2017 |
|-------------|---|-----------------|-----------------|
| 35.1 | Amounts for which Company may be contingently liable: | | |
| (i) | Estimated amount of contracts remaining to be executed on capital account. | 6,059 | 5,754 |
| (ii) | b) Estimated amount of liquidated damages on contracts under execution. | 9,718 | - |
| (iii) | Position of non-fund based limits utilized for: | | |
| | (a) Letters of credit | 89,283 | 87,664 |
| | (b) Guarantees and counter guarantees | 843 | 726 |
| (iv) | Indemnity Bonds issued by the Company to customers for various contracts. | 5,060,410 | 4,833,875 |
| (v) | Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15. | 467 | 467 |



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

| Sr no. | Particulars | 31st March 2018 | 31st March 2017 |
|--------|--------------------------------|-----------------|-----------------|
| (i) | Suppliers and sub-contractors | 602 | 1,390 |
| (ii) | Others | 4,297 | 3,487 |
| (iii) | Interest on (i) and (ii) above | 12,457 | 12,957 |
| | | 17,356 | 17,834 |

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

| Sr no. | Particulars | 31st March 2018 | 31st March 2017 |
|--------|----------------|-----------------|-----------------|
| (i) | Sales Tax * | 115,231 | 112,287 |
| (ii) | Excise Duty | | |
| | (a) On Vendors | 184 | 177 |
| | (b) On MDL | 28 | 27 |
| | | 212 | 204 |
| | | 115,443 | 112,491 |

* Against the above claim, part payments of ₹ 614 lakhs (2017 : ₹ 584 lakhs) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 192 lakhs inclusive of interest and penalty (2017: ₹ 183 lakhs) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. The Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

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

| Sr no. | Particulars | 31st March 2018 | 31st March 2017 |
|--------|---|-----------------|-----------------|
| (i) | Excise Duty | 15 | 15 |
| (ii) | Service Tax* (including interest and penalties) | 6,972 | 6,877 |
| (iii) | Income Tax | 5,148 | 4,418 |
| | | 12,135 | 11,310 |

* Includes ₹ 2928 Lakhs (2017: ₹ 2927 lakhs) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2012-13.

35.5 Appeals pending against disputed demands pending before Adjudicating / Appellate authorities

| Particulars | 31st March 2018 | 31st March 2017 |
|-------------|-----------------|-----------------|
| Custom Duty | 28 | 28 |



36.1 Letters seeking confirmation of balances in the accounts of sundry creditors were sent to vendors. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.

36.2 Balances due to / from Indian Navy included in current assets / current liabilities are subject to reconciliation and confirmation. Consequent adjustments thereof, if any, will be given effect to in the books of account in the year of completion of the reconciliation process.

37 Normal Operating Cycle

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

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

- In case of ship / submarine building and ship/submarine repair and refit activities, normal operating cycle is considered as the time period from the effective date of the Contract/Letter of Intent (LOI) to the date of expiry of guarantee period.
- In case of other business activities, normal operating cycle will be the time period from the effective date of the contract/order to the date of expiry of guarantee period.

38 Employee Benefits

38.1 Various benefits provided to employees are classified as under:- (₹ in lakhs)

| (I) Defined Contribution Plans | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| (a) Provident Fund | | |
| (b) State Defined Contribution Plans | | |
| (i) Employers' Contribution to Employees' State Insurance | | |
| (ii) Employers' Contribution to Employees' Pension Scheme, 1995. | | |
| (iii) Employers' Contribution to Employees' Deposit Linked Insurance Scheme. | | |
| During the year, the Company has recognized the following amounts in the Profit and Loss Account:- | | |
| 1. Employers' Contribution to Provident Fund | 4,135 | 3,921 |
| 2. Employers' Contribution to Employees' State Insurance | 623 | 186 |
| 3. Employers' Contribution to EPS (Employees' Pension Scheme) | 1,575 | 1,170 |
| 4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme | 37 | 145 |

Retirement benefits in the form of Provident Fund and Pension are defined contribution schemes and the contribution is charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no obligations other than the contribution payable to the respective funds.



(II) Defined Benefit Plans

| Contribution to Gratuity Fund (Funded Scheme) | 31st March, 2018 | 31st March, 2017 |
|--|-------------------------|-------------------------|
| 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% | 7.25% |
| 2 Rate of increase in compensation levels | 7.00% | 7.50% |

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 interest declared by an insurer having regard to its investment earnings. It is known that insurer's overall portfolio of assets is well diversified and as such, the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by an insurer on such policies have been higher than Government Bond yields.

| Particulars | 31st March, 2018 | 31st March, 2017 |
|---------------------------------------|-------------------------|-------------------------|
| Opening Balance | 21,058 | 22,469 |
| Add : Credit from Company | 6,627 | 214 |
| Less : Amount paid towards claims | (3,244) | (3,339) |
| Add : Interest credited | 1,557 | 1,714 |
| Closing Balance | 25,999 | 21,058 |
| Present value of past service benefit | 28,072 | 22,366 |

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

38.2 Actuarial valuation of liability towards Gratuity

Defined Benefit Plans Gratuity - as per actuarial valuation

The Ind AS-19 stipulates that the rate used to discount post-employment benefit obligation (both funded & non-funded) shall be determined by reference to market yields at the end of reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligation.

In the computation of gratuity liability, Projected Unit Credit Method is used.

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|-------------------------|-------------------------|
| i) Assumptions | | |
| a) Discount Rate | 7.50% | 7.25% |
| b) Salary Escalation | 7.00% | 7.50% |
| c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March | 8.20% | 8.19% |
| d) Expected average remaining working lives of employees (years) | 14 | 14 |



(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| ii) Table showing changes in present value of obligations | | |
| Present value of obligations as at beginning of year | 22,366 | 22,750 |
| Interest cost | 1,622 | 1,706 |
| Current service cost | 1,284 | 1,114 |
| Benefits paid | (3,244) | (3,339) |
| Actuarial (gain) / loss on obligations | 6,044 | 135 |
| Present value of obligations as at end of year | 28,072 | 22,366 |
| iii) Table showing changes in the fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 21,058 | 22,469 |
| Expected return on plan assets | 1,557 | 1,714 |
| Contributions | 6,627 | 214 |
| Benefits paid | (3,244) | (3,339) |
| Actuarial (gain) / loss on plan assets | - | - |
| Fair value of plan assets at the end of year | 25,999 | 21,058 |
| iv) Table showing fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 21,058 | 22,469 |
| Actual return on plan assets | 1,557 | 1,714 |
| Contributions | 6,627 | 214 |
| Benefits paid | (3,244) | (3,339) |
| Fair value of plan assets at the end of year | 25,999 | 21,058 |
| Funded status | (2,073) | (1,308) |
| Excess of Actual over estimated return on plan assets | - | - |
| v) Actuarial gain / loss recognized | | |
| Actuarial (gain) / loss for the year - obligation | 6,044 | 135 |
| Actuarial (gain) / loss for the year - plan assets | - | - |
| Total (gain) / loss for the year | 6,044 | 135 |
| Actuarial (gain) / loss recognised in the year | 6,044 | 135 |
| Un-recognised actuarial (gains) / losses at the end of year | - | - |
| vi) The amounts to be recognized in the balance sheet | | |
| Present value of obligations as at the end of year | 28,072 | 22,366 |
| Fair value of plan assets as at the end of the year | 25,999 | 21,058 |
| Funded status | (2,073) | (1,308) |
| Net Asset / (Liability) recognized in balance sheet | (2,073) | (1,308) |
| vii) Expenses recognized in statement of Profit and Loss | | |
| Current service cost | 1,284 | 1,114 |
| Interest cost | 95 | 1,706 |
| Expected return on plan assets | (1,557) | (1,714) |
| Expenses recognized in statement of profit and loss | 1,379 | 1,106 |



(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| viii) Expenses recognized in Other Comprehensive Income | | |
| Actuarial (gain) / loss recognised in the year | 6,044 | 135 |
| ix) Current/Non-current Liability | | |
| Current Liability | 8,305 | 5,746 |
| Non-current Liability | 19,494 | 16,620 |
| Present Value of the Defined Gratuity Benefit Obligation | 27,799 | 22,366 |

Sensitivity of Gratuity Benefit Liability to key Assumptions

Key assumptions for determination of the Defined Benefit Obligation are Discount Rate (i.e Interest Rate) and Salary Growth rate

Impact on Defined Benefit Obligation

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | |
|--|------------------|----------|------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is decreased to 7.00% (2017 - 6.75%) | 554 | | 467 | |
| | 1.97% | | 2.09% | |
| if Discount rate is increased to 8.00% (2017 - 7.75%) | | 1,052 | | 443 |
| | | 3.75% | | 1.98% |
| Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is increased to 7.50% (2017 - 8.00%) | 421 | | 174 | |
| | 1.50% | | 0.78% | |
| if Discount rate is decreased to 6.50% (2017 - 7.00%) | | 932 | | 165 |
| | | 3.32% | | 0.74% |

38.3 Actuarial valuation of liability towards Leave Encashment

Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2018

The Ind AS-19 stipulates that the rate used to discount post-employment benefit obligation (both funded & non-funded) shall be determined by reference to market yields at the end of reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligation.

In the computation of leave encashment benefit liability, Projected Unit Credit Method is used.



(₹ in lakhs)

| i) Assumptions | 31st March, 2018 | 31st March, 2017 |
|--|-------------------------|-------------------------|
| Discount rate | 7.50% | 7.25% |
| Rate of increase in compensation levels | 7.00% | 7.50% |
| Expected average remaining working lives of employees (years) | 14 | 14 |
| ii) Table showing changes in present value of obligations | | |
| Present value of obligation as at the beginning of the year | 14,699 | 12,389 |
| Acquisition adjustment | - | - |
| Interest cost | 1,066 | 929 |
| Current service cost | 884 | 1,572 |
| Curtailement cost / (credit) | - | - |
| Settlement cost / (credit) | - | - |
| Benefits paid | (1,667) | (1,333) |
| Actuarial (gain) / loss on obligations | (1,046) | 1,142 |
| Present value of obligation as at the end of the year | 13,937 | 14,699 |
| iii) Table showing changes in the fair value of plan assets | | |
| Fair value of plan assets at the beginning of the year | - | - |
| Acquisition adjustments | - | - |
| Expected return on plan assets | - | - |
| Contributions | - | - |
| Benefits paid | - | - |
| Actuarial gain / (loss) on plan assets | - | - |
| Fair value of plan assets at the end of the year | - | - |
| iv) Tables showing fair value of plan assets | | |
| Fair value of plan asset at the beginning of the year | - | - |
| Acquisition adjustments | - | - |
| Actual return on plan assets | - | - |
| Contributions / (withdrawals) | - | - |
| Benefits paid | - | - |
| Fair value of plan asset at the end of the year | - | - |
| Funded status | (13,937) | (14,699) |
| Excess of actual over estimated return on plan assets | - | - |
| v) Actuarial gain / loss recognized | | |
| Actuarial (gain) / loss for the year - obligation | (1,046) | 1,142 |
| Actuarial (gain) / loss for the year - plan assets | - | - |
| Total (gain) / loss for the year | (1,046) | 1,142 |
| Actuarial (gain) / loss recognised in the year | (1,046) | 1,142 |
| Un-recognised actuarial (gains) / losses at the end of year | - | - |



(₹ in lakhs)

| i) Assumptions | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| vi) The amounts to be recognized in the balance sheet | | |
| Present value of obligation as at the end of the year | 13,937 | 14,699 |
| Fair value of plan assets as at end of the year | - | - |
| Funded status | (13,937) | (14,699) |
| Unrecognized actuarial (gains) / losses | - | - |
| Net asset / (liability) recognized in balance sheet | (13,937) | (14,699) |
| vii) Expenses recognized in statement of profit and loss | | |
| Current service cost | 884 | 1,572 |
| Interest cost | 1,066 | 929 |
| Expected return on plan assets | - | - |
| Curtailment cost / (credit) | - | - |
| Settlement cost / (credit) | - | - |
| Actuarial (gain) / loss recognised in the year | (1,046) | 1,142 |
| Expenses recognized in the statement of profit and loss | 904 | 3,643 |
| viii) Expenses recognized in Other Comprehensive Income | | |
| Actuarial (gain) / loss recognised in the year | (1,046) | 1,142 |
| ix) Current/Non-current Liability | | |
| Current Liability | 3,399 | 2,992 |
| Non-current Liability | 10,537 | 11,707 |
| Present Value of the Defined Leave Encashment Benefit Obligation | 13,937 | 14,699 |

Sensitivity of Leave Encashment Benefit Liability to key Assumptions

Key assumptions for determination of the Defined Benefit Obligation are Discount Rate (i.e Interest Rate) and Salary Growth rate

Impact on Defined Benefit Obligation

(₹ in lakhs)

| Particulars | 31st March, 2018 | | 31st March, 2017 | |
|--|------------------|----------|------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is decreased to 7.00% (2017 - 6.75%) | 403 | | 435 | |
| | 2.89% | | 2.96% | |
| if Discount rate is increased to 8.00% (2017 - 7.75%) | | 376 | | 406 |
| | | 2.70% | | 2.76% |
| Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is increased to 7.50% (2017 - 8.00%) | 403 | | 432 | |
| | 2.89% | | 2.94% | |
| if Discount rate is decreased to 6.50% (2017 - 7.00%) | | 379 | | 407 |
| | | 2.72% | | 2.77% |



| 39 PROVISIONS MADE, UTILISED, WRITTEN BACK : | 31st March, 2018 | 31st March, 2017 |
|---|-------------------------|-------------------------|
| a) Provision for Custom Duty Demand: | | |
| Opening Balance | 426 | 426 |
| Additions | - | - |
| Utilised/Adjusted | - | - |
| Closing Balance | 426 | 426 |
| b) Provision for Liquidated Damages*: | | |
| Opening Balance | 102,415 | 102,415 |
| Additions | 1,864 | - |
| Utilised/Adjusted | 43 | - |
| Closing Balance | 104,236 | 102,415 |
| * Includes amount of ₹ 102049 Lakhs adjusted in retained earnings | | |
| c) Provision for Guarantee Repairs: | | |
| Opening Balance | 1,226 | 3,488 |
| Additions | 2,830 | 1,200 |
| Utilised/Adjusted | 1,200 | 3,462 |
| Closing Balance | 2,856 | 1,226 |
| d) Other Provisions: | | |
| Opening Balance | 107 | 228 |
| Additions | - | - |
| Utilised/Adjusted | - | 121 |
| Closing Balance | 107 | 107 |

40 Details of dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as on 31st March, 2018 based on available information with the Company are as under:

(₹ in lakhs)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|-------------------------|-------------------------|
| Principal amount due and remaining unpaid | 147 | 89 |
| Interest due on above and the unpaid interest | 12 | 8 |
| Interest paid | - | - |
| Payment made beyond the appointed day during the year | 1,318 | 877 |
| Interest accrued and remaining unpaid on above | 35 | 34 |
| Amount of further interest remaining due and payable in succeeding years | - | - |



(₹ in lakhs)

| 41 Miscellaneous Expenses include: | 31st March, 2018 | 31st March, 2017 |
|---|-------------------------|-------------------------|
| Remuneration to the Statutory Auditors | | |
| i) Audit fees | 8 | 10 |
| ii) Out of pocket expenses | - | - |
| iii) Tax audit fees | 1 | 1 |
| | 9 | 11 |

42 The Company has entered into Joint Venture with Reliance Defence and Engineering Limited and formed a Joint Venture company "Mazagon Dock Pipavav Defence Pvt. Ltd." incorporated in Mumbai, India during FY 2012-13. The Company's share in equity share capital of joint venture is 50%. Though company has subscribed 1,00,000 equity shares of ₹ 10 each, the same has not been paid. During FY 2017-18 both JV partners have passed resolution in their respective Board to wind up the Joint Venture. The Company has made provision of ₹ 6 lakhs towards its share of expenditure in the Joint Venture as per shareholders agreement.

43 Russian (USSR) deferred State Credit

An intergovernmental agreement between Russian Federation and Government of India was reached for reconstructing of Russian Deferred State Credit in Rouble in connection with procurement of equipment for certain ships built and delivered by the company to India Navy in earlier years. The deferred payment liability (non-interest bearing) of ₹ 9628 Lakhs, payable over 45 years from 1992-93, in equal annual installments of ₹ 214 Lakhs was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹ 391 lakhs (2017 - ₹ 405 lakhs) includes yearly instalment payable of ₹ 214 lakhs (2017 - ₹ 214 lakhs) and ₹ 177 lakhs (2017 - ₹ 191 lakhs) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 31st March 2018 which is ₹ 91.0858 for 1 SDR. These payments are reimbursable by Indian Navy. Accordingly, ₹ 7435 lakhs (amortised costs of ₹ 1984 lakhs) held at foreign supplier deferred credit as on 31st March, 2018.

44 Department of Public Enterprise (DPE) had issued a guideline for creation and contribution to a corpus fund to the extent of not more than 1.5% of profit before tax to cater to the medical and other emergency needs of employees retired prior to 1st January, 2007. No provision has, however, been made in the Accounts as the related DPE guideline is subject to directive / guideline from the concerned Administrative Ministry, i.e. Ministry of Defence (MoD) and no guideline / directive for mechanism and operation of the scheme has been received from MoD.

45 Pursuant to notification S.O. 2437(E) dated 4th September, 2015, the Board has approved the non disclosure following information on the exemption granted under section 129 of the Companies Act, 2013 and hence the same has not been disclosed in the financial statements.

- i) Goods purchased under broad heads
- ii) Value of import on CIF basis
- iii) Expenditure on foreign currency
- iv) Total value of imported raw material
- v) Earning in foreign currency



46 Related Party Disclosure

(₹ in lakhs)

| | | |
|--|-------------------|---|
| a) Name of related party and description of relationships | | |
| i) The Company is controlled by President of India having ownership interest of 100% | | |
| ii) Goa Shipyard Limited | | Associate company |
| iii) Key Managerial Personnel | | |
| RAdm R K Shrawat AVSM (Retd) | (Upto 31.12.2016) | Chairman and Managing Director |
| Cmde Rakesh Anand (Retd) | (From 01.01.2017) | Chairman and Managing Director |
| Capt Rajiv Lath (Retd) | | Director (Submarine & Heavy Engineering) |
| Cmde T V Thomas | (From 02.11.2017) | Director (Corporate Planning & Personnel) |
| Shri Sanjiv Sharma | | Director (Finance) |
| RAdm A K Saxena (Retd) | (From 21.03.2018) | Director (Ship Building) |

b) Transactions with Related Parties

The total amount of transactions that have been entered with related parties for the relevant financial year is as given below:

| Particulars | Year ended | Sales to related parties | Rent from related parties | Amounts receivable / (payable) by related parties |
|-----------------------------|------------------|--------------------------|---------------------------|---|
| Associate: | | | | |
| Goa Shipyard Ltd. | 31st March, 2018 | - | 7 | 3 |
| | 31st March, 2017 | - | 7 | 3 |
| Other Related Party: | | | | |
| Indian Navy | 31st March, 2018 | 440,660 | - | 143,606 |
| | 31st March, 2017 | 352,631 | - | 76,227 |

| Remuneration to Key Managerial Personnel* | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| RAdm R K Shrawat AVSM (Retd) (Upto 31.12.16) | - | 114 |
| Cdr P R Raghunath (Retd) (Upto 27.02.2017) | - | 63 |
| Cmde Rakesh Anand (Retd) | 57 | 52 |
| Capt Rajiv Lath (Retd) | 55 | 51 |
| Cmde T V Thomas | 24 | - |
| Shri Sanjiv Sharma | 41 | 41 |
| RAdm A K Saxena (Retd) | 1 | - |

* 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"



47 Earnings per share (EPS)

| Particulars | 31st March, 2018 | 31st March, 2017 |
|--|------------------|------------------|
| Earning Per Share (EPS) - Basic and Diluted | | |
| Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in lakhs) | 49,569 | 59,563 |
| A Net Profit / (Loss) for calculation of basic EPS (₹ in lakhs) | 49,569 | 59,563 |
| Weighted average number of equity shares for calculating basic EPS | 24,900,000 | 24,900,000 |
| Number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS | 249,000,000 | 249,000,000 |
| Buyback of shares during FY 2017-18 | 24,900,000 | - |
| B Weighted average number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS | 240,700,000 | 249,000,000 |
| C EPS (₹) - Basic (A/B) | 20.59 | 23.92 |
| D Restated Net Profit / (Loss) for calculation of diluted EPS (₹ in lakhs) | 49,569 | 59,563 |
| Weighted average number of equity shares | 240,700,000 | 249,000,000 |
| Effect of dilution: | - | - |
| E Weighted average number of equity shares for calculating diluted EPS | 240,700,000 | 249,000,000 |
| F EPS (₹) - Diluted (D/E) | 20.59 | 23.92 |

48 Fair Value Measurement

Financial Instruments by Category

(₹ in lakhs)

| Particulars | 31st March 2018 | | | 31st March 2017 | | |
|-------------------------|-----------------|-------|----------------|-----------------|-------|----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial Assets | | | | | | |
| Security Deposits | - | - | 318 | - | - | 308 |
| Russian Deferred Debit | - | - | 1984 | - | - | 1,996 |
| Financial Liabilities | | | | | | |
| Russian Deferred Credit | - | - | 1984 | - | - | 1,996 |
| Security Deposits | - | - | 78 | - | - | 14 |

Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

The fair value of the remaining financial instruments is determined using discounted cash flow analysis.



Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

- (a) recognised and measured at fair value
- (b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of input used in determining fair value, the company has classified the financial instruments in three levels prescribed under the Ind AS.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets and liabilities measured at amortised cost (₹ in lakhs)

| Particulars | Fair value Hierarchy | As at 31st March 2018 | | As at 31st March 2017 | |
|------------------------------|----------------------|-----------------------|------------|-----------------------|------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets | | | | | |
| Security deposits | Level 3 | 376 | 318 | 376 | 308 |
| Russian Deferred Debit | Level 3 | 7435 | 1984 | 7826 | 1996 |
| Financial liabilities | | | | | |
| Russian Deferred Credit | Level 3 | 7435 | 1984 | 7826 | 1996 |
| Security Deposits | Level 3 | 101 | 78 | 16 | 14 |

48.1 Financial risk management

a) Credit Risk

Credit Risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

i) Trade Receivables and unbilled revenue

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying no credit terms. Outstanding customer receivables are regularly monitored. Trade receivables are primarily from Navy (being department of Govt. of India), hence the credit risk is considered low. Further the Company receives advance against orders which also mitigates the credit risk.



ii) Financial Instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Management in accordance with the company's investment policy. Investment of surplus funds are made only in accordance with the Department of Public Enterprises(DPE) guidelines on investemnt of surplus funds, with the approved banks and within credit limits assigned to each bank. The limits applicable to single bank and public / private sectors as per the DPE guidelines minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to repay the principal and interest.

b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, if any.

c) Market Risk

i) Foreign currency risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk since it imports components from foriegn vendors. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). In most of the Contracts, the gains / losses from forex exchange fluctuations are passed on / borne by the customer of the Company. Therefore, the foreign exchange risk and sensitivity of the Company is Nil.

ii) Foreign Currency Risk Exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:

| | (₹ in lakhs) | | | | | | |
|------------------------------|--------------|-------|-----|-----|-------|-----|-------|
| Particulars | CAD | EUR | GBP | NOK | SEK | SGD | USD |
| Financial Liabilities | | | | | | | |
| 31st March 2018 | 0 | 5,661 | 90 | 73 | 1 | - | 15100 |
| 31st March 2017 | 1 | 9,094 | 26 | 8 | 4,166 | - | 97 |



Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

| Particulars | Impact on Profit Before Tax | |
|--|-----------------------------|-----------------|
| | 31st March 2018 | 31st March 2017 |
| CAD Sensitivity* | | |
| INR/CAD increases by 5% | (0.06) | 0.10 |
| INR/CAD decreases by 5% | 0.06 | (0.10) |
| EUR Sensitivity* | | |
| INR/EUR increases by 5% | 283.03 | 454.69 |
| INR/EUR decreases by 5% | (283.03) | (454.69) |
| GBP Sensitivity* | | |
| INR/GBP increases by 5% | 4.49 | 1.29 |
| INR/GBP decreases by 5% | (4.49) | (1.29) |
| NOK Sensitivity* | | |
| INR/NOK increases by 5% | 3.63 | 0.42 |
| INR/NOK decreases by 5% | (3.63) | (0.42) |
| SEK Sensitivity* | | |
| INR/SEK increases by 5% | 0.07 | 208.28 |
| INR/SEK decreases by 5% | (0.07) | (208.28) |
| SGD Sensitivity* | | |
| INR/SGD increases by 5% | - | - |
| INR/SGD decreases by 5% | - | - |
| USD Sensitivity* | | |
| INR/USD increases by 5% | 754.99 | 4.85 |
| INR/USD decreases by 5% | (754.99) | (4.85) |
| * Holding all other variables constant | | |

49 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to

- maximise the shareholder value while providing stable capital structure that facilitate considered risk taking and pursuit of business growth
- safeguard the company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and business opportunities. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.



50 Expenditure on Corporate Social Responsibilities (CSR) Activities

The various heads under which the CSR expenditure was incurred during the period is detailed as follows:

(₹ in lakhs)

| Relevant clause of Schedule VII to the Companies Act, 2013 | Description of CSR activities | 2017-18 | 2016-17 |
|--|---|--------------|--------------|
| Clause (i) | Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water. | 995 | 606 |
| Clause (ii) | Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled. | 1,188 | 565 |
| Clause (v) | Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries, promotion and development of traditional arts and handicrafts | - | 2 |
| Clause (vii) | Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports; | - | 50 |
| Clause (x) | Rural development projects; | 154 | 101 |
| | | 2,337 | 1,324 |

| Particulars | 2017-18 | 2016-17 |
|--|---------|---------|
| Amount required to be spent by the Company during the period | 1,674 | 1520 |
| Amount spent during the period (incl. Administration Expenses) | 2,435 | 1365 |


51 Restatement Adjustments to Audited Ind AS Financial Statements

(₹ in lakhs)

| Sr no. | Particulars | 31st March, 2017 |
|-----------|--|------------------|
| A | Net profit as per audited financial statements | 58,510 |
| B | Adjustments to net profit as per audited financial statements | |
| | Restatements | |
| a. | Due to prior period items | |
| | Increase/(Decrease) in Income | |
| | Unaccounted Revenue, now recognized-Commission on B&D spares | 74 |
| | Decrease in share of profit in Associate | (496) |
| b. | Material adjustments relating to previous years | |
| | Increase/(Decrease) in Income | |
| | (Increase)/Decrease in Expenses | |
| | Reversal of actuarial gain / (Loss) on leave encashment | (1,146) |
| C | Total adjustments | (1,569) |
| D | Restated profit / (loss) before tax adjustments (A-C) | 56,941 |
| E | Tax impact of adjustments | |
| a. | On restatement adjustments-income/(expense) | 2,622 |
| b. | On Ind AS adjustments | - |
| F | Restated profit / (loss) after tax | 59,563 |

52 Effect of Regrouping / Restatement on the Balance Sheet

(₹ in lakhs)

| Particulars | As at 31st March, 2017 | | | As at 1st April, 2016 | | |
|-----------------------------------|------------------------|--------------------------|-----------------|-----------------------|--------------------------|-----------------|
| | Previous Ind AS | Regrouping / Restatement | Restated Ind AS | Previous Ind AS | Regrouping / Restatement | Restated Ind AS |
| ASSETS | | | | | | |
| (1) Non-current assets | | | | | | |
| (a) Property, Plant and Equipment | 52,490 | - | 52,490 | 34,493 | - | 34,493 |
| (b) Capital work-in-progress | 9,843 | - | 9,843 | 16,958 | - | 16,958 |
| (c) Other Intangible assets | 2,135 | - | 2,135 | 2,283 | - | 2,283 |
| (d) Financial Assets | | | | | | |
| (i) Investments | 38,359 | - | 38,359 | 32,422 | - | 32,422 |
| (ii) Trade Receivable | 1,605 | - | 1,605 | 1,674 | - | 1,674 |
| (iii) Loans | 309 | 560 | 869 | 293 | 551 | 844 |
| (iv) Other Financial Assets | 340 | - | 340 | 340 | - | 340 |
| (e) Deferred tax assets (net) | 49,882 | - | 49,882 | 49,329 | - | 49,329 |



(₹ in lakhs)

| Particulars | As at 31st March, 2017 | | | As at 1st April, 2016 | | |
|---|------------------------|--------------------------|------------------|-----------------------|--------------------------|------------------|
| | Previous Ind AS | Regrouping / Restatement | Restated Ind AS | Previous Ind AS | Regrouping / Restatement | Restated Ind AS |
| (f) Non current tax assets (Net) | 18,113 | - | 18,113 | 12,809 | - | 12,809 |
| (g) Other non-current assets | 14,216 | (15) | 14,201 | 11,339 | - | 11,339 |
| (2) Current assets | | | | | | |
| (a) Inventories | 402,865 | - | 402,865 | 424,467 | - | 424,467 |
| (b) Financial Assets | | | | | | |
| (i) Trade receivables | 74,696 | - | 74,696 | 91,972 | - | 91,972 |
| (ii) Cash and cash equivalents | 14,288 | - | 14,288 | 89,777 | - | 89,777 |
| (iii) Bank balances other than (ii) above | 822,000 | - | 822,000 | 790,500 | - | 790,500 |
| (iv) Loans | 662 | (560) | 102 | 696 | (551) | 145 |
| (v) Other Financial assets | 131,091 | - | 131,091 | 93,001 | - | 93,001 |
| (c) Assets held for sale | 3 | - | 3 | - | - | - |
| (d) Other current assets | 303,578 | 15 | 303,593 | 249,448 | - | 249,448 |
| Total Assets | 1,936,475 | - | 1,936,475 | 1,901,801 | - | 1,901,801 |
| EQUITY AND LIABILITIES | | | | | | |
| EQUITY | | | | | | |
| (a) Equity Share capital | 24,900 | - | 24,900 | 19,920 | - | 19,920 |
| (b) Other Equity | 275,313 | - | 275,313 | 243,520 | - | 243,520 |
| LIABILITIES | | | | | | |
| (1) Non-current liabilities | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Trade payables | 1,605 | - | 1,605 | 1,674 | - | 1,674 |
| (ii) Others | 14 | - | 14 | 8 | - | 8 |
| (b) Other long term liabilities | 16,694 | - | 16,694 | 13,163 | - | 13,163 |
| (c) Long term provisions | 121,104 | 108 | 121,212 | 118,568 | 108 | 118,676 |
| (2) Current liabilities | | | | | | |
| (a) Financial Liabilities | | | | | | |
| (i) Trade payables | 92,634 | - | 92,634 | 112,011 | - | 112,011 |
| (ii) Others | 17,471 | - | 17,471 | 21,119 | - | 21,119 |
| (b) Other current liabilities | 1,378,469 | - | 1,378,469 | 1,365,178 | - | 1,365,178 |
| (c) Short term provisions | 8,271 | (108) | 8,163 | 6,640 | (108) | 6,532 |
| Total Equity and Liabilities | 1,936,475 | - | 1,936,475 | 1,901,801 | - | 1,901,801 |



- 53** During FY 2016-17, the Company delivered ship and recognised liquidated damages of ₹ 4923 lakhs in FY 2016-17. The Company is confident that additional liquidated damages of ₹ 9718 lakhs (2017 - ₹ Nil) which are under discussions with customer, will not be levied and hence no provision is recognised for the same.
- 54** As on 31st March, 2018, Inventory held on behalf of Navy is ₹ 4096 lakhs (2017 - ₹ 9103 lakhs)
- 55** The Company is developing certain equipment for project as per customer's advice. The contract with customer does not include the development cost of the equipment. The Company has approached the customer for amending the contract and is confident of inclusion in contract for reimbursement of such costs. Accordingly, costs of ₹ 19702 lakhs has been recognised in financial statements along with corresponding revenue.
- 56** As per contract with customer for surface ships, Material Overheads (MOH) on variable cost components shall be charged to the vessel. However, payment will be made as per supplementary contract which is yet to be signed. Pending signing of the supplementary contract, the Company has recognised MOH of ₹ 2088 lakhs and profit there on of ₹ 157 lakhs in the Statement of Profit and Loss.

57 Additional Notes to the Consolidated Financial Statements

57.1 Interest In Associate

| Name of the Company | Country of Incorporation | % of Ownership as at 31st March 2018 | % of Ownership as at 31st March 2017 |
|----------------------|--------------------------|--------------------------------------|--------------------------------------|
| Goa Shipyard Limited | India | 47.21% | 47.21% |

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

| Name of the Company | Share of Profit/(Loss) | | | | | | |
|-------------------------------|--------------------------------------|-------------------|--------------------------|----------------|--------------------------|---------------|--|
| | 31st March, 2018 | | | | | | |
| | As % of consolidated profit / (loss) | Amount in ₹ lakhs | As % of consolidated OCI | OCI | As % of consolidated TCI | TCI | |
| Mazagon Dock Shipbuilders Ltd | 79.30% | 39,309 | 97.93% | (3,919) | 77.67% | 35,390 | |
| Goa Shipyard Ltd | 20.70% | 10,260 | 2.07% | (83) | 22.33% | 10,177 | |
| Total | 100.00% | 49,569 | 100.00% | (4,002) | 100.00% | 45,567 | |

| Name of the Company | Share of Profit/(Loss) | | | | | | |
|-------------------------------|--------------------------------------|-------------------|--------------------------|-------------|--------------------------|---------------|--|
| | 31st March, 2017 | | | | | | |
| | As % of consolidated profit / (loss) | Amount in ₹ lakhs | As % of consolidated OCI | OCI | As % of consolidated TCI | TCI | |
| Mazagon Dock Shipbuilders Ltd | 90.69% | 54,020 | 169% | (88) | 90.63% | 53,932 | |
| Goa Shipyard Ltd | 9.31% | 5,543 | -69% | 36 | 9.37% | 5,579 | |
| Total | 100.00% | 59,563 | 100% | (52) | 100.00% | 59,511 | |



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

- a) The joint venture partners have not yet paid for share subscription.
- b) The joint venture company has not commenced operation.
- c) The amount of total assets and liabilities are not material.
- d) The financial statements of the joint venture for the year ended 31st March, 2018 are yet to be audited.

58 In the preparation of these Ind AS Financial Statements, figures for the previous year have been regrouped / reclassified, wherever considered necessary to conform to current year presentation.

As per our report of even date

Ford Rhodes Parks & Co. LLP

Chartered Accountants

Firm Registration No. 102860W/W100089

Sd/-

Astha Kariya

Partner

Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

Sd/-

Cmdr. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



National Covention on quality concepts, 2017, MYSURU



Quality & Productivity Association of the Philippines Plaque of Recognition



BML Munjal Award 2018



SCOPE Corporate Communication Excellence Award 2017



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

CIN: U35100 MH1934 GOI 002079

Dockyard Road, Mumbai 400 010

Tel.: +91 22 2376 2000 / 3000 / 4000

www.mazdock.com