

वार्षिक रिपोर्ट
Annual Report
2012-13



माझगांव डॉक लिमिटेड
MAZAGON DOCK LTD.

Shipbuilders to the Nation



Mazagon Dock Ltd.

Vision

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

Mission

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

Objectives

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



Mazagon Dock Ltd.

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

Authenticated

Raksha Mantri



Mazagon Dock Ltd.

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

Authenticated

Raksha Mantri

Chairman's Statement at 80th Annual General Meeting



Dear Share Holders,

On behalf of the Board of Directors of your Company, I am delighted to extend a warm welcome to each one of you, at this 80th Annual General Meeting of the Company. I would like to convey sincere gratitude to all for being with us on this important occasion. The Directors' Report and Annual Accounts of the Company for the financial year 2012-13 have already been circulated to you. It is my privilege as well as responsibility to announce the results of this fiscal year through the Annual Report of the Company.

2. I am indeed glad to report that your Company has done well during the last fiscal year and the MOU achievement is likely to be "Excellent" as against "Very Good" during the past two years. During the year your company achieved a Profit Before Tax (PBT) of Rs. 638.89 crores and recorded a Value of Production (VoP) of Rs. 2290.64 crores. The recommendation of the Board of Directors for a dividend of Rs. 100 crores, i.e. 50.2% on the Equity share capital for the financial year 2012-13 is the highest dividend ever declared in the history of 53 years of your company.



माझगांव डॉक लिमिटेड MAZAGON DOCK LTD.

3. The Year 2012-13 marked yet again another year of achievements for your Company and witnessed culmination of a number of projects that bear testimony to your company's relentless pursuit to deliver high-technology war platforms to your primary customer viz. Indian Navy. I would like to briefly highlight some of the important events.

- a) 'Sahyadri', the third Ship of Project 17 was delivered to the Indian Navy on 25 June 2012 and was thereafter commissioned into Indian Navy on 21 July 2012. This completes the delivery of three ships of the much acclaimed 'Shivalik Class' of stealth frigates. With the induction of Shivalik Class into the fleet, the blue water prowess of the Indian Navy has received a significant filip. As a company, it is indeed a moment of pride that MDL has been part of this historic achievement.
- b) The first Multi-support vessel (MSV-I) was delivered to M/s. Cotemar, Mexico on 26 Sept 2012. The MSV is a high-technology platform for aiding multifaceted offshore operations. It is noteworthy that this high-value sale has materialized in the face of the global shipbuilding and offshore economy being hit by the general economic recession.
- c) Production of the first ship of Project 15B commenced on 23 Jan 2013 with steel sourced from indigenous sources.
- d) Wet Basin and 300 Ton Goliath Crane of Mazdock Modernization Project were commissioned on 23 May 2012 and 13 Aug 2012 respectively.

This is an important step in our infrastructure upgrades. The wet basin has been already put in use for berthing operations of MSV and Project 15A Ships.

4. The order book position continues to be satisfactory. Three important Naval Projects comprising of three destroyers of P-15A, four destroyers of P-15B, and six submarines of Scorpene class are in hand. These projects are at various stages of construction. Seven multi-mission frigates under Project 17A which are follow-on of the Project 17, are in the pipe line and would be built between MDL and GRSE Kolkata.
5. The shipbuilding and submarine building infrastructure has been gradually ramped up and should enhance throughput and improve productivity. This will go a long way in ensuring the stated motto of Your Company, viz. *"Deliver Quality Ships on Time"*. The Defence Procurement procedure 2013 has been promulgated with major thrust on indigenization and technological self-reliance. Nevertheless, the private sector also is likely to be opened up in an unprecedented manner for defence production with an aim to meet the force levels of the Indian Navy. In this context, your company is committed to take adequate steps to emerge stronger and more competitive with capabilities that can withstand external shocks better. A multi-pronged strategy involving, shipyard processes, procedures and practices will have to be carried out that will enable the Yard to survive in a competitive environment.
6. Your company continues to be ISO certified for its quality management system for the shipbuilding and submarine divisions. At the grass root level a number of quality circles





have been developed for sensitizing the personnel involved on the nuances of quality. The quality circles continued to receive several laurels during the year and bagged many top awards by participating in various national and international conventions of Quality Circles. As an organization, your company is resolved to foster a culture of quality that would consistently exceed customer expectations.

7. I am delighted to inform that we are already leveraging the benefits of the Mazdock Modernization Project (MMP). Destroyer sized vessels have been berthed in the wet basin on several occasions, considerably bringing down the strain on the impounded Kasara wet basin and also obviated the need to move compulsorily to either MbPT or the space starved Naval Wharves. The Modular Assembly Facility and Cradle Assembly Shop and Stores for submarines are expected to be completed by December 2013.
8. I am glad to inform that your company has taken a number of initiatives towards achieving improved transparency and fairness in the system including implementation of e-tendering for high value procurements of goods and services, e-payment etc. Your company has also taken initiative to benchmark key performance parameters against global shipyards with an aim to improve our productivity and performance levels. A Research and Development (R&D) policy for the company has been promulgated although the specific R&D areas are still in the embryonic form. On the technological front, your company has become India's first shipbuilder to commission a Virtual Reality Lab, enabling its Naval Architects and

Engineers to virtually walk through the warship compartments being digitally designed. This will, from now onwards obviate the need for constructing mock-ups, that are time-consuming, and will also contribute greatly towards avoiding rework at later dates.

9. The Corporate Social Responsibility (CSR) initiative of your Company encapsulates value addition and growth for the under privileged in our society. The CSR projects of your company target various activities that includes education to the under privileged and mentally retarded children, health care, nutrition, sanitation and waste management, environmental cleanliness etc., Your company strives to continue to perform its role as a responsible Corporate Social entity.
10. Your company is committed to aligning its business model with the philosophy of Sustainable Development. During the year many initiatives have been taken in the areas such as energy efficiency, renewable energy, minimization of waste generation. I would also like to state that your company remains committed to good corporate governance in accordance with the guidelines issued by Dept. of Public Enterprises, Govt. of India.
11. As we look ahead, we see a year of continuing challenges but at the same time full of opportunities. I have no doubt that MDL will continue to play a critical role in shaping the maritime defence of our country. The yard has all the capabilities and strength to navigate through the challenges presented by the complexities of building frontline warships and submarines.
12. The Board of Directors joins me in expressing our deep appreciation to all the



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MAZAGON DOCK LTD.

stakeholders. The Ministry of Defence, Government of India, has imparted their guidance and encouragement in all the endeavors of the company. I also acknowledge the support of the Government of India, the State Governments and all other Authorities and Agencies concerned. I would like to place on record my appreciation for the patronage and support received from Indian Navy and other clients of the company. Lastly, on behalf of the Board of Directors, I must heartily compliment all the

employees of MDL whose dedication and commitment have earned us all the successes.

Jai Hind!

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





Board of Directors



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



Shri. ASHOK K.K. MEENA



Shri. PREMKUMAR KATARIA



Shri. V.V.R. SASTRY



Prof. S.L. BAPAT



Prof. PANKAJ CHANDRA



Shri. PANKAJ AGARWAL



Cdr. (Retd.) P.R. RAGHUNATH



Shri. M. SELVARAJ



Cmde. (Retd.) RAKESH ANAND



माझगांव डॉक लिमिटेड
MAZAGON DOCK LTD.

Mazagon Dock Ltd.

Board of Directors

RAAdm. R.K. Shrawat, AVSM, IN (Retd)
CHAIRMAN & MANAGING DIRECTOR

(From 29.02.2012)

Shri Ashok K.K. Meena

(From 22.01.2013)

Shri Prem Kumar Kataria

(From 12.07.2010)

Shri V.V.R. Sastry

(From 07.12.2010)

Prof. S.L. Bapat

(From 07.12.2010)

Prof. Pankaj Chandra

(From 07.12.2010)

Shri Pankaj Agarwal

(From 07.12.2010)

Cdr. P.R. Raghunath, IN (Retd)

(From 01.07.2011)

Shri M. Selvaraj

(From 01.11.2012)

Cmde. R. Anand, IN (Retd)

(From 01.01.2013)

Shri G.A.R. Rao

(Upto 18.10.2012)

RAAdm. Rakesh Bajaj, IN (Retd)

(Upto 31.12.2012)

Cmde. Gopal Bharti, IN (Retd)

(Upto 01.01.2013)

Shri Gyanesh Kumar

(Upto 22.01.2013)

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

BANKERS

State Bank of India
Canara Bank

AUDITORS

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

REGISTERED OFFICE

Dockyard Road
Mumbai – 400 010





Mazagon Dock Ltd.

Notice

NOTICE IS HEREBY GIVEN that the Eightieth Annual General Meeting of the Company will be held on Friday, the 23rd August 2013 at 1230 hours at the Registered office of the Company at Dockyard Road, Mazagon, Mumbai-400 010, to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt the Balance Sheet as at 31st March 2013 and the Statement of Profit & Loss for the year ended 31st March 2013 and the Reports of the Directors and Auditors thereon.
- (2) To declare Dividend.
- (3) To fix the remuneration of the Auditors to be appointed by the Comptroller & Auditor General of India for the Financial Year 2013-14.

BY ORDER OF THE BOARD

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

Mazagon Dock Limited
Dockyard Road
Mumbai 400 010

Dated 29 July 2013

NOTES:

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



माझगांव डॉक लिमिटेड
MAZAGON DOCK LTD.

DIRECTORS' REPORT 2012-13

To,
The Shareholders,
Mazagon Dock Limited.

Gentlemen,

Your Directors have a great pleasure in presenting this Eightieth Annual Report on the working of the Company, together with the Audited Accounts



Commissioning of Wet Basin and Goliath Crane of Mazdock Modernisation Project by
Hon'ble Raksha Rajya Mantri Shri Jitendra Singh.

and Auditors' Report for the financial year ended 31 March 2013.

1. IMPORTANT EVENTS FOR THE YEAR 2012-13

- 1.1 The Third Ship of P17 Frigate Series 'Sahyadri' was delivered to Indian Navy on 25 June 2012 and commissioned into Indian Navy on 21 July 2012.
- 1.2 The first ship of Multi-support vessel (MSV-I) was delivered to M/s. Cotemar, Mexico on 26 Sept 2012.
- 1.3 Production of first ship of P15B commenced on 23 Jan 2013.
- 1.4 Wet Basin and 300T Goliath Crane of Mazdock Modernization Project were completed on 23 May 2012 and 13 Aug 2012 respectively.



Multi Support Vessel-I constructed by MDL with representatives of M/s Cotemar, Mexico.

2. FINANCIAL HIGHLIGHTS

The Value of Production for the Financial Year 2012-13 is Rs. 2290.64 crore as against Rs.2523.69 crore in the previous year. The Profit before tax is Rs. 638.89 crore for 2012-13 as against Rs. 691.78 crore in the previous year.

3. CAPITAL STRUCTURE

The Authorized Equity Share Capital and Preference Share Capital of the Company as on 31 March 2013 stood at Rs. 200.00 crore and Rs.123.72 crore respectively. The Paid-up Equity share capital as on 31 March 2013 remained at Rs.199.20 crore.



Lifting and shifting of Section 4 of Submarine-1 on Pontoon.





During the year there was no increase in the Authorized or Paid up Equity Share Capital.

4. DIVIDEND

The Board of Directors recommended Dividend at 50.2 % on the Equity Share Capital amounting to Rs 100 crore for the year 2012-13.

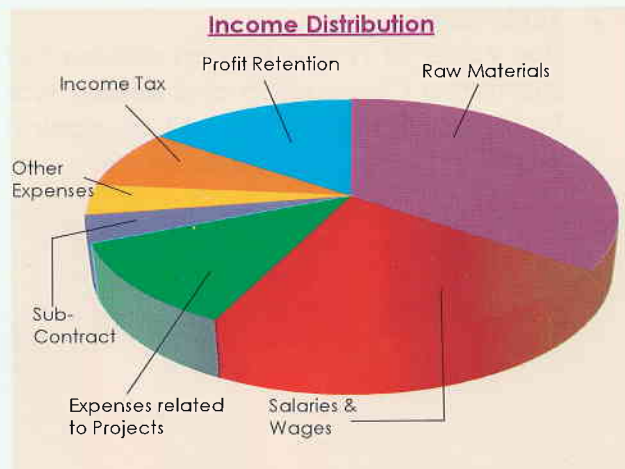
5. CONTRIBUTION TO CENTRAL EXCHEQUER:

Your Company's contribution during 2012-13 to the Central Exchequer by way of Income Tax, Service Tax, Custom Duty, Excise Duty, & Dividend with associated taxes was Rs. 334.64 crore.

6. OPERATIONS FOR THE YEAR 2012-13 VIS-A-VIS THE PREVIOUS TWO YEARS

6.1 The results of the Company's operations for the year 2012-13 and the comparative figures for the previous two years are summarized below:

	(Rs. in Crore)		
	2010-11	2011-12	2012-13
Sales	636.56	2262.87	2404.69
Value of Production	2611.41	2523.69	2290.64
Profit before Tax	366.05	691.78	638.89
Net Profit after Tax	243.52	494.31	412.72
Capital Employed	837.06	1486.62	1438.29
Gross Block	301.87	314.81	312.79
Net Block	114.78	123.36	126.03
Working Capital	722.28	1363.26	1312.26
Net Worth	1140.02	1518.57	1807.03
Value Added	947.60	1127.87	1160.34
Interest	0.17	0.22	0.90
RATIOS:-			
Profit before Interest and Tax: Capital Employed	0.438	0.465	0.445
Profit after Interest and Tax: Capital Employed	0.291	0.333	0.287
Production: Gross Block	8.651	8.017	7.323
Value added: Production	0.363	0.447	0.507



6.2 Income Distribution for the year 2012-13 as against previous year is summarized as under:-

INCOME DISTRIBUTION

	2011-12	2012-13
Raw Material	39.66	33.47
Salaries & Wages	19.19	21.17
Expenses related to Projects	14.06	11.18
Changes in Inventory	-3.30	1.03
Sub-Contract	3.55	3.46
Other Expenses	3.65	3.93
Interest	0.01	0.03
Power & Fuel	0.37	0.60
Depreciation	0.43	0.51
Other Provisions	0.00	3.22
Previous Year's Adjustment	0.02	-0.81
Transfer to Fixed Assets	-0.10	-0.12
Income Tax	6.41	7.91
Profit Retention	16.05	14.42
Total	100.00	100.00

7. DIVISION-WISE PERFORMANCE

7.1 SHIPBUILDING:

The Shipbuilding Division of your Company achieved a Value of Production of Rs. 978.14 crore for 2012-13 as against Rs.1638.82 crore of the previous year.



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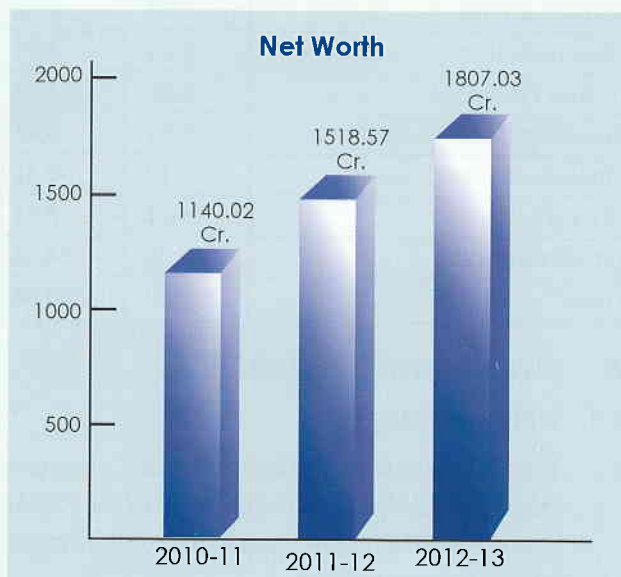
7.2 SUBMARINE:

The Value of Production on account of Submarine Construction and Repairs was Rs.1312.50 crore for 2012-13 as against Rs. 884.87 crore of the previous year.



7.3 COMMERCIAL VESSELS

The first Multi-Support Vessel (MSV-I) was delivered to M/s. Cotemar, Mexico on 26 Sept 2012. Work on the second vessel



(MSV II) is under progress to meet the requirements of International Maritime Organization and it is expected to be delivered by end 2013.

8. MAZDOCK MODERNISATION PROJECT

8.1 Mazdock Modernization Project (MMP), a prestigious project of the Company, is nearing completion. With the commissioning of the New Wet Basin and Heavy duty (300 Ton) Goliath Crane, your company has achieved two of the major milestones under Mazdock Modernization Project (MMP). Work on Module workshop and Cradle



Visit of Shri G. C. Pati, Secretary, Department of Defence Production, Ministry of Defence.

Assembly Shop under MMP have also achieved substantial progress. Introduction of these facilities will augment the shipyard's capacity and effectively reduce the build period of warships/submarines. The total cost of the project is expected to be Rs. 1100 crore. These infrastructure facilities are being created in large part as Customer Financed Assets with funds from Naval Projects and balance with internal accruals.

9. OTHER INFRASTRUCTURE PROJECTS

The existing facility available at East Yard, is not adequate to meet the timelines of phased delivery of six submarines. To



overcome this shortfall, it has been planned to develop a second assembly line in the unused premises of MDL. Accordingly, a Submarine Section Assembly workshop is being built at Alcock Yard, part of MDL to cater to the requirement of construction of submarines.

10. AWARDS AND RECOGNITION

- 10.1 'Golden Peacock Corporate Social Responsibility Award' for the year 2012 was awarded to your Company by Golden Peacock National Award Secretariat, New Delhi, India.
- 10.2 'BT-STAR PSU Excellence Award for Innovation' for the year 2012 was awarded to your Company by Bureaucracy Today, India.
- 10.3 'Performance Award' in Gold Category for 2011-12 was awarded to your Company by Indian Institute of Industrial Engineering, Mumbai, India.

11. BUSINESS PROMOTION

Your company has participated in various Naval & Defence related exhibitions in India as well as abroad during the year 2012-13.



Visit of Shri A. K. Gupta, Addl. Secretary (Defence Production) to MDL on 09-03-2013.



Visit of VAdm. R. K. Nair, Controller of Warship Production & Acquisition (CWPA) IN, to MDL on 23-01-2013.

Details are provided under Appendix 'F' under the heading "Marketing & Business Development".

12. FUTURE OUTLOOK

- 12.1 Your Company continues to concentrate on meeting the demands of the Defence Sector. Substantial growth in the value of production of the company is envisaged with equipment deliveries of Mazagon Dock Procured Materials (MPM) orders of Scorpene Project, the production of Project-15 B and the anticipated orders of Project-17A. The following infrastructure augmentation are being progressed:
- 12.2 Company's modernization programme which includes creation of facilities such as additional wet basin, module workshops, heavy duty Goliath crane, cradle assembly shop and stores is expected to complete by end 2013. The infrastructure thus created will facilitate reduction in build period of vessels and enable creation of additional assembly lines in both, shipbuilding and submarine divisions.
- 12.3 The company is trying to acquire adjacent land so as to enable capacity augmentation. The land is geographically contiguous to Company's Alcock and South Yards which is suitable for shipbuilding activities.



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MAZAGON DOCK LTD.



Visit of Shri Ashok K. K. Meena, Jt. Secretary (NS), MOD to MDL on 08-01-2013.

13. QUALITY CIRCLES

13.1 Your company is committed to implement Quality Circle (QC) philosophy and 5S quality concepts throughout the yard. In all, 46 QCs have already been developed in the past 08 years. QC teams represented MDL in various conventions on Quality Circles and received awards in the year 2012-13 the details of which are as follows:

13.2 Two quality circle teams participated in International Convention on Quality Circles (ICQCC) held at Kuala Lumpur, Malaysia in October 2012 and both the teams won 3 Star (topmost) award.

13.3 QC teams participated at National Convention on Quality Concepts (NCQC) held at Kanpur, in December 2012 in which 22 teams won Par Excellence awards (Gold) and 05 teams won Excellent awards (Silver). 39 QC teams participated at Chapter Convention on Quality Circles (CCQC) held in Mumbai on 01 Sept 2012 in which 29 teams won gold awards and 07 teams won Silver awards.

14. QUALITY CONCEPT

Your company, has implemented 5S quality concept in four workshops (Platter & Assembly Shop-South Yard, Ship Building-

Pipe shop & Sheet Metal shop and East Yard Workshops 'A' & 'B') and it is committed to implement 5S all over the yard progressively. 5S certification audit of all the said four workshops was carried out by auditors of M/s. Quality Circle Forum of India (QCFI), Hyderabad and all the four workshops were certified and awarded with 5S certificates and trophies on 18 Jan 2013. Your company was also awarded with special award for propagation of 5S concept.

15. BENCHMARKING

In accordance with the Quality Objectives as per Memorandum of Understanding targets for the year 2013-14, your company is committed to benchmark Quality and Productivity for progressive adoption of best international practices in warship-design, planning and construction. A consultant is being appointed for execution of the tasks towards formulation of Benchmarks.

16. ISO QUALITY MANAGEMENT SYSTEM

16.1 The 2nd ISO 9001-2008 Surveillance Audit was successfully conducted by M/s. Indian Register Quality System for manufacturing of Submarine Hull & Structural outfitting.

16.2 The Shipbuilding Division, Submarine Division and Corporate: Planning & Personnel



Visit of Japanese Ambassador Mr. Akita Saiki to MDL on 22-06-2012.



Division (Marine Engineering Training Centre & Training Department of Personnel Division) obtained /continued 'Certificate of Approval' for quality management system to the requirements of the ISO 9001:2008 Standard and this certificate is valid for three years.

17. INFORMATION TECHNOLOGY

- 17.1 Your company has been leveraging information technology for supporting functions. Some of the key developments in information technology are:
- 17.2 Implementation of SAP ERP in April 2009 has streamlined processes across Procurement, Production, Finance and Human Resources Department.
- 17.3 Guidelines received from MOD on Cyber Security measures are being complied with, which include use of internet on standalone Personal Computer and installation of firewall at entry point.
- 17.4 On implementation of online recruitment in July 2012, candidates aspiring to join can now apply "online" against job opportunities with a facility to upload their photograph and signature in digitized form. Lists of the short listed candidates are published on the website.



Visit of Hon'ble French Minister of Defence
Mr. Jean-Yves Le Drian, to MDL on 15-02-2013.



Visit of VAdm. Paul A. Maddison, CMM, MSMCD, Commander
of the Royal Canadian Navy to MDL on 23-01-2013.

- 17.5 Online vendor registration was implemented in November 2012 to facilitate vendors to apply online for registration. Vendors can upload the applications with necessary documents in the digitized form. Vendors can also send their queries regarding the registration process online on the website. The status of registration is also made available online to the vendors.
- 17.6 Online bills tracking was implemented in November 2012 to facilitate vendors to track status of their bills.
- 17.7 Target of setting Disaster Recovery Site (DRS) in different seismic zones was achieved in August 2012 and the site has been hosted at ITI Ltd. Bengaluru. The SAP data is now continuously being replicated for business continuity and data security.

18. ENVIRONMENTAL ASPECT

Your Company has fulfilled all statutory requirements of Central and State Pollution Control Boards. Various activities/Projects have been taken up by your company for Environmental Development.

19. INDUSTRIAL RELATIONS

During the period, industrial relations were cordial and harmonious. In the absence of



Republic Day 2013 celebration in MDL.

a recognized union, efforts were made to resolve the day to day industrial relations issues through deliberation with the unions on bargaining council. The Memorandum of Settlement (MOS), which is valid till 31 Dec 2016, was the mode by which the revised wages, allowances and other benefits were regulated.

20. WELFARE ACTIVITIES

- 20.1 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.
- 20.2 Your company has arranged various Group Savings Linked Insurance Schemes which provide financial assistance in case of natural or accidental death of an employee, while on duty. Besides, Group Personal Accident Insurance Scheme is also in place which provides for 24 hours coverage for compensation in the event of an accident of an employee resulting in death or permanent/partial disability. With a view to promote family culture in the organization "Yard Open day" is observed every year when family members of the employees are allowed to visit the yard and

see the activities undertaken by MDL. Scholarships are awarded to deserving children of employees for pursuing various academic courses. All Fixed Term employees are also paid wages at par with permanent employees complying to the principle of Equal Pay for Equal Work.

- 20.3 With a view to recognize merit in the organization, Commendation and Awards of Chairmn & Managing Director and Directors are given for excellent performance. A workman is chosen every month and given "Workman of the month Award" on meeting the laid down production norms. The Mazagon Dock Recreation Club supported by the company looks after the recreational facility for all the employees.

21. MEDICAL SCHEME

All the employees, including their dependent family members, are covered under the Medical scheme for hospitalization. Hospital claims of around Rs. 19.00 crore were disbursed towards treatment to the employees and their dependent family members during the financial year 2012-13.



Inauguration of High Risk Oncogenic HPV Screening Laboratory, sponsored by MDL for Cancer Aid Society under CSR programme.





Handing over of cheque to Hon'ble Chief Minister of Uttarakhand towards relief of flood affected people.

22. POST RETIREMENT MEDICAL SCHEME (PRMS)

In order to provide medical facilities to the retired employees and their spouses, your company has introduced post retirement medical scheme. The same is being regulated through group medical policy taken from an insurance company. The insurance cover is to the extent of Rs.5 lakh each in case of executive and his/her spouse and Rs. 2.5 lakh each for non-executive and his/her spouse.

23. HUMAN RESOURCE DEVELOPMENT

Realizing the importance that the key driver to Company's organizational success has always been its employees, your Company has continued its efforts in updating the competency of its employees at various levels through exposure to various training development programmes organized by premier management institutions viz. IIM, XLRI & ISB and through specified conferences and workshops. Training of Trade apprentices under Apprentices Act, 1961, Graduate Apprentices, Diploma holders and Marine engineering students is

being undertaken regularly at your company.

24. HUMAN RESOURCE INITIATIVES

To align with the business requirements of the company and to withstand the open competition, several HR Initiatives have been introduced in the company such as Mentoring policy for new recruits, exit interview policy, employees' satisfaction survey by outside agency, online recruitment procedures etc.

25. GRIEVANCE REDRESSAL COMMITTEE FOR SCs/STs

Weaker sections of the society are given adequate protection in the form of just and equitable treatment at the hands of employer. To ensure the same, a separate "Grievance Redressal Cell" has been constituted for SC/ST employees.

26. RESERVATION OF POSTS FOR SCs/STs/OBCs

Your company has been observing the directives of the government issued from time to time on reservation of posts for SCs/STs/OBCs. Detailed statistics regarding the total number of employees, number of women employees, recruitment made during the calendar year 2012 and the representation of SCs/STs/Ex-servicemen as on 01 Jan 2013 are given at Appendices A, B & C to this Report.

27. OFFICIAL LANGUAGE IMPLEMENTATION

27.1 Your Company has been following the directives issued by the Govt. of India from time to time for progressive use of Hindi for official purposes. To monitor and enhance the progressive use of Hindi, quarterly meetings were held headed by Chairman & Managing Director. In addition,



sub-committees for Hindi implementation under the chairmanship of respective Directors have also been constituted in each Division and these sub-committees meet every quarter. This has helped effective and progressive use of Hindi language. Executives and clerical staff, who make maximum use of Hindi in correspondence, are suitably rewarded. All the English typists and stenographers of MDL, who have been working in English, have been imparted training in Hindi typing and Hindi stenography. Hindi workshops were conducted every quarter to impart training in the working knowledge of Hindi. The company has already installed Hindi software viz. Shivaji and Unicode in almost all Personal computers.

- 27.2 During the subject year, on the occasion of Hindi fortnight, "Hindi Pakhwada" was arranged from 03 to 14 Sept 2012. Various competitions viz. Hindi typing, translation, essay writing, debate, poem and the most popular Hindi singing competition were organized. In these competitions executives as well as non-executives had participated enthusiastically. The winners of the competitions were felicitated by Chairman & Managing Director.

28. ACTIVITIES OF VIGILANCE DEPARTMENT

- 28.1 As an arm of Central Vigilance Commission (CVC), the Vigilance Department of your company takes appropriate action to carry out preventive and punitive vigilance. It promotes transparency and fairness in various activities including procurement, subcontract, recruitment etc. The Vigilance Department also attempts to ensure that integrity is maintained in all domains of the Company's functioning. The vigilance function inter alia include following activities.
- 28.2 As a part of the activities CTE type (as conducted by Central Technical Examiner,

CVC) intensive examination of Purchase/ Subcontract/Service Orders were under taken to verify compliance of prescribed procedures and statutory norms / regulations in the entire procedure. During the year, twelve such CTE examinations were carried out by Vigilance Department which resulted in overall improvement in system.

- 28.3 During the year under review, Vigilance department received sixty six complaints, out of which forty one nos. were anonymous/ pseudonymous while remaining twenty five were signed complaints. Out of signed complaints, investigation of fourteen complaints was completed and for remaining, investigation is in progress. On investigation of complaints, major penalty proceedings against two concerned executives have been recommended.
- 28.4 During Vigilance awareness week from 29 Oct 2012 to 03 Nov 2012, in-house journal "Sucharita" Volume XV was released followed by pledge taking ceremony. A special speech of Shri SD. Shivanandan, Ex-DGP, Maharashtra, on the subject "Corruption & National Security" was arranged. Vendors' meet of MDL Contractors/suppliers along with senior executive of MDL was arranged during the awareness week. An interactive session with senior executives of MDL including Directors was held by CVO. Posters, slogans and essay competition for MDL employees and their family members were arranged to spread vigilance awareness. On-line quiz contest on Vigilance related topics was held for MDL employees during the week and prizes were distributed to the winners in each category.
- 28.5 Integrity Pact, a vigilance tool first promoted by the Transparency International has been adopted by your company. Further, as envisaged by Integrity Pact, Independent External Monitors (IEM) have been appointed by your company.





29. CONSERVATION OF ENERGY

Information required by the Companies (Amendment) Act, 1988 pertaining to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo is given in Appendix 'D' to this Report.

30. PARTICULARS OF EMPLOYEES

The information as required under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules as amended is 'NIL'.

31. 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.

32. CORPORATE GOVERNANCE

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

33. CORPORATE SOCIAL RESPONSIBILITY

33.1 Corporate Social responsibility and sustainability is company's commitment to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical.

33.2 Your company is committed to undertake various programmes to integrate the social and business goals in a sustainable manner to create social impact through inclusive planning and increased visibility and its activities.

33.3 Your company has spent Rs. 2.63 crore towards CSR activities for the year 2012-13.

34. SUSTAINABLE DEVELOPMENT PROGRAMME

34.1 Mazagon Docks Limited, in alignment with its philosophy, is engaged to enhance value creation in society, community and environment so as to promote sustainable development growth agenda. To initiate the long term sustainability agenda, your Company created its first Sustainable Development Policy with a theme focussed on conserving natural resources, using energy efficient equipment, minimizing waste generation and using low carbon technologies and renewable energy resources. Multiple underlying and related objectives have been taken to support the sustainable development agenda over the next 5 years. The policy with short and long term plans has been approved by the Board.

34.2 Sustainable Projects have led to your Company in achieving its MoU targets for Sustainable Development. Your Company has also taken up the task of preparing a dedicated sustainability report on a global framework GRI 3.1. Sustainability reporting is



a standard practice under the guidelines of Global Reporting Initiatives (GRI). Your Company will be the first ship building company in India and amongst a handful of global companies in the world to produce a dedicated Sustainability Report.

35. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A report on management discussion and analysis has been prepared in line with the guidelines issued by the department of Public Enterprises, Govt of India to Public Sector Enterprises (PSEs) and the same has been annexed at Annexure -'F' to this Report.

36. 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 117 applications and 6 appeals. The information/replies sought for, were duly furnished. Quarterly and Annual Return for the year to be submitted to Central Information Commission (CIC) have been duly filed and uploaded in RTI MIS updation system.

37. CHANGES IN THE BOARD

37.1 Shri G.A.R. Rao, Director (Finance) ceased to be Director w.e.f. 18 Oct 2012 due to his repatriation to parent Company i.e. ONGC Ltd. RAdm (Retd.) Rakesh Bajaj Director (CP&P) and Cmde (Retd) Gopal Bharti, Director(S&HE) opted for premature

retirement w.e.f. 31 Dec 2012 and 01 Jan 2013 respectively. Shri Gyanesh Kumar, Jt. Secretary (NS) MoD & Director ceased to be a Member of the Board w.e.f. 22 Jan 2013. The Board placed on record its appreciation for the valuable support, contribution and guidance provided by the said Directors during their tenure.

37.2 Shri M.Selvaraj was appointed as Director (Finance) and Cmde (Retd.) Rakesh Anand was appointed as Director (CP&P) and they assumed the charge as directors w.e.f. 01 Nov 2012 and 01 Jan 2013 respectively. Shri Ashok K K Meena, JS(NS) was appointed as Part time official Director on the Board w.e.f. 22 Jan 2013. The Board welcomed all the new Directors.

38. DIRECTORS' RESPONSIBILITY STATEMENT

38.1 Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 2000 the Directors' Responsibility statement is given as under: -

- (i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) That 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 or loss of the company for that period;
- (iii) That the Directors had taken proper and sufficient care for the 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 fraud and other irregularities;

- (iv) That the Directors had prepared the Annual Accounts on a going concern basis.

39. STATUTORY AUDITORS AND THEIR REPORT

The Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956, appointed M/s. Ford, Rhodes, Parks & Co., Mumbai, as the Statutory Auditors of the Company for the year 2012-13. The Auditors have certified the Accounts and their Report is placed as a part of Annual Report.

40. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

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

41. ACKNOWLEDGEMENTS

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

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

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

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

Place: Mumbai,

Date: 24 July 2013



APPENDIX 'A' TO THE DIRECTORS' REPORT

STATEMENT SHOWING POSITION REGARDING REPRESENTATION OF SCHEDULED CASTES AND SCHEDULED TRIBES IN VARIOUS CATEGORIES OF POST AS ON 01 JANUARY 2012 AND 01 JANUARY 2013.

Classification of Posts/Services	As on 01 January 2012			As on 01 January 2013		
	Total Strength	Scheduled Caste	Scheduled Tribe	Total Strength	Scheduled Caste	Scheduled Tribe
<u>PERMANENT :</u>						
GROUP "A "	1050	178	54	1026	175	62
GROUP "B"	Nil	Nil	0	2	0	NIL
GROUP "C"	785	42	6	705	39	5
GROUP "D" (Excluding Safaiwala)	4068	456	205	3734	415	194
GROUP "D" (Safaiwala)	17	15	0	17	15	0
TEMPORARY :						
GROUP "A "	0	0	0	0	0	0
GROUP "B"	0	0	0	0	0	0
GROUP "C"	0	0	0	0	0	0
GROUP "D" (Excluding Safaiwala)	0	0	0	0	0	0
GROUP "D" (Safaiwala)	0	0	0	0	0	0
GROUP "D" (Apprentice under Act)	407	71	31	438	73	30
<u>FIXED TERM CONTRACT FOR TWO YEARS :</u>						
GROUP "A "	0	0	0	0	0	0
GROUP "B"	0	0	0	0	0	0
GROUP "C"	81	12	5	130	19	4
GROUP "D" (Excluding Safaiwala)	2455	429	171	3232	541	219
GROUP "D" (Safaiwala)	0	0	0	0	0	0





APPENDIX 'B' TO THE DIRECTORS' REPORT

PARTICULARS OF RECRUITMENT MADE DURING THE CALENDAR YEAR 2012. THE NUMBER FILLED BY MEMBERS OF SC'S/ ST'S REASON FOR SHORTFALL AND STEPS TAKEN TO IMPROVE THE POSITION.

Classification of Posts/Services	Total Number of posts filled during the year	Scheduled Caste		Scheduled Tribe		Reason for shortfall and steps taken to improve the position
		Posts Reserved	Posts filled	Posts Reserved	Posts filled	
PERMANENT:						
GROUP "A"	36	5	5	2	2	
GROUP "B"	2	0	0	0	0	
GROUP "C"	4	1	1	1	1	
GROUP "D" (Excluding Safaiwala)	25	4	4	20	20	
GROUP "D" (Apprentices under Act.1961)	207	20	41	19	13	
GROUP "D" (Safaiwala)	0	0	0	0	0	
CONTRACT EMPLOYEES FOR TWO YEARS:						
GROUP "A"	0	0	0	0	0	
GROUP "B"	0	0	0	0	0	
GROUP "C"	87	10	6	7	2	*
GROUP "D" (Excluding safaiwala)	2170	237	207	128	105	*
GROUP"D" (Safaiwala)	0	0	0	0	0	

* Suitable SC, ST candidate were not available, hence Reserved vacancies could not be filled and carried forward to the year 2013.

APPENDIX 'C' TO THE DIRECTORS' REPORT

STATEMENT SHOWING REPRESENTATION OF EX-SERVICEMEN IN GROUP "C" AND "D" AND NUMBER OF WOMEN EMPLOYEES AS ON 01 JANUARY 2013.

Classification of Posts/Services	Total Strength	EX-SERVICEMEN		WOMEN EMPLOYEES	
		No.	%	No.	%
PERMANENT :					
GROUP "A"	1026	90	8.77	46	4.48
GROUP "B"	2	0	0	0	0
GROUP "C"	705	4	0.57	38	5.39
GROUP "D" (Excluding Safaiwala)	3734	104	2.79	10	0.27
GROUP "D" (Safaiwala)	17	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"	130	0	0	15	11.54
GROUP "D" (Excluding Safaiwala)	3232	14	0.43	75	2.33
GROUP "D" (Safaiwala)	0	0	0	0	0

N.B. 1) Reservation of posts for Ex-Servicemen and dependants of those killed in action was introduced in MDL, as per directive of the Ministry of Defence vide their letter No. 17(1)/72/D(PS) dated 09 May 1972.

2) Ministry of Defence, Department of Defence Production & Supplies vide their letter No. 39(6)/99/D(B&C) dated 27 Aug 1999 directed to include information on women employees on the recommendation of National Commission for Women.



APPENDIX 'D' TO THE DIRECTORS' REPORT

ADDL. INFORMATION UNDER SECTION 217(1)(E) OF THE COMPANIES ACT 1956.

1. CONSERVATION OF ENERGY:

Expenditure incurred by your Company on environmental up gradation, pollution control and energy conservation during the year 2012-13 are as under:-

- | | | |
|---|---|-----------------|
| 1.1. Sixty five nos. of old window air-conditioners replaced with BEE three star rated energy efficient air conditioners. | - | Rs. 14,92,587/- |
| 1.2. Civil construction of Biogas plant for the part fulfilment of canteen fuel requirement, out of canteen waste, completed. | - | Rs. 25,84,595/- |
| 1.3. Feasibility study of solar photo-voltaic panels on workshop completed. | - | Rs. 5,00,002/- |

2. RESEARCH & DEVELOPMENT:

2.1) Virtual reality solution has been implemented to aid design and construction of the projects undertaken.

2.2) Technology absorption, adaption and innovation :

Constructed one 4000DWT Multi support Vessel(MSV) an export order, for M/s. Cotemar SA de CV Mexico with technology support from Marin Teknisk AS, designed by company from Norway. The MSV is a high technology content platform comprising of state of the art Dynamic Positioning System, Electrical Propulsion System and a provision for Helicopter deck and Active Heave compensated crane.

3. FOREIGN EXCHANGE EARNINGS AND OUTGO.

The information in respect of foreign exchange earnings and outgo is contained at paras 2.22.1 & 2.38 of Notes to the Accounts.





APPENDIX 'E' TO THE DIRECTORS' REPORT

CORPORATE GOVERNANCE

1. PHILOSOPHY ON CORPORATE GOVERNANCE

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

In keeping with its professional approach, your company is implementing the precepts of Corporate Governance in letter and spirit.

2. COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors of the company as on 31 March 2013 consisted of Chairman & Managing Director (CMD), three functional directors, two part time official directors and four part-time non official Directors. The post of functional Director viz. D(S&HE) was vacant due to premature retirement of Cmde. (Retd.) Gopal Bharti, w.e.f. 02 Jan 2013. CMD is holding additional charge of the said post. The names of the Directors are as under:

3. WHOLE TIME DIRECTORS

RAAdm R.K. Shrawat, AVSM, IN (Retd.) Chairman & Managing Director & Director (S&HE).
Cdr P.R. Raghunath, IN (Retd.) Director (Shipbuilding).
Shri M. Selvaraj, Director (Finance).
Cmde R. Anand, IN (Retd.) Director (Corporate Planning & Personnel).

4. PART-TIME OFFICIAL DIRECTORS

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

5. PART-TIME NON-OFFICIAL DIRECTORS

Shri V.V.R. Sastry
Prof. S.L. Bapat
Prof. Pankaj Chandra
Shri Pankaj Agarwal

As per the directives issued by Ministry of Defence, the following are the Permanent Special Invitees/ Special Invitees on the Board of MDL as on 31 March 2013.

6. PERMANENT SPECIAL INVITEE

VAdm K.R. Nair, IN, CWP&A
RAAdm Anil Kumar Saxena, IN, DGND
Shri Rajnish Kumar, Addl. FA (RK) & JS, MoD
Dr.V Bhujanga Rao, DS, CCR&D (NSIC) DRDO



7. SPECIAL INVITEES

RArm. Vineet Bakshi, CMD, GSL

RArm. A.K.Verma, CMD, GRSE

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

8.1 During the financial year ended 31 Mar 2013 seven meetings of Board of Directors were held on 30 April 2012, 06 July 2012, 28 Aug 2012, 31 Oct 2012, 29 Nov 2012, 18 Dec 2012 & 20 Feb 2013. The Annual General Meeting was held on 29 Aug 2012.

8.2 Details of attendance of the Directors at the Board Meeting & Annual General Meeting during 2012-13 are given below:

Sr. No.	Directors	Meetings held during respective tenure of Director	No. of Board Meeting Attended	Attendance in the last AGM
1.	RArm. R.K.Shrawat AVSM,IN (Retd)	7	7	Y
2.	Shri Ashok K.K. Meena @@@	1	1	NA
3.	Shri Gyanesh Kumar *	6	6	By proxy
4.	Shri Prem Kumar Kataria	7	6	By proxy
5.	Shri V.V.R. Sastry	7	7	-
6.	Prof. S.L. Bapat	7	6	Y
7.	Prof. Pankaj Chandra	7	4	-
8.	Shri Pankaj Agarwal	7	7	Y
9.	Cdr P.R. Raghunath, IN (Retd)	7	7	Y
10.	Shri M. Selvaraj @	4	4	NA
11.	Cmde. R. Anand, IN(Retd) @@	1	1	NA
12.	Shri G.A.R. Rao **	3	3	Y
14.	RArm. Rakesh Bajaj, IN (Retd) ***	6	6	-
13.	Cmde. Gopal Bharti, IN (Retd) ****	6	5	Y

* Ceased to be Part-time official Director w.e.f. 22 Jan 2013.

** Repatriated w.e.f. 18 Oct 2012.

*** Retired w.e.f. 31 Dec 2012.

**** Retired w.e.f. 01 Jan 2013.

@ Appointed as Director (Finance) w.e.f. 01 Nov 2012

@@ Appointed as Director (CP&P) w.e.f. 01 Jan 2013

@@@ Appointed as Part-time Official Director w.e.f. 22 Jan 2013





SUB-COMMITTEES OF BOARD OF DIRECTORS

9. AUDIT COMMITTEE

9.1 The Board at its meeting held on 19 Mar 2001 constituted the Audit Committee of Mazagon Dock Limited. The Audit Committee consisted of following Directors as on 31 March 2013.

Shri Pankaj Agarwal – Chairman
Prof. S.L. Bapat – Member
Cmde R. Anand, IN(Retd.) – Member

9.2 During the financial year ending 31 March 2013., the Audit Committee met nine times on 16 April 2012, 29 Jun 2012, 06 Aug 2012, 28 Aug 2012, 17 Sept 2012, 15 Oct 2012, 26 Nov 2012, 10 Dec 2012 and 20 Feb 2013. The attendance of Chairman and members of the Audit Committee in these meetings was as follows:

Name	Number of meetings held during the tenure of the respective member	Number of meetings attended
Shri Pankaj Agarwal	9	9
Prof. S.L. Bapat	9	9
RA dm.Rakesh Bajaj IN(Retd.) *	8	6
Cmde. R. Anand, IN(Retd.) **	1	1

* Retired w.e.f. 31 Dec 2012

** Became Member w.e.f. 01 Jan 2013

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

- Oversee of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing the annual financial statements before submission to the Board for approval.
- Reviewing performance of internal auditors, and adequacy of the internal control systems.
- Discussion with internal auditors and / or auditors any significant findings and follow up thereon.
- 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.
- To review the follow up action on the audit observations of the C&AG audit.

9.3 Three Chartered Accountant firms have been appointed to conduct Internal Audit of specific areas of the company operations. These are in addition to the in-house Internal Audit department. Audit reports given by Internal Auditors were reviewed by Audit Committee and necessary directives were issued. The Company had initiated suitable actions on the said directions.



10. PROCUREMENT SUB COMMITTEE (PSC)

10.1 The Procurement Sub Committee (PSC) of Directors, constituted by the Board consisted of the following Directors as on 31 March 2013.

RArm. R.K. Shrawat, IN (Retd.)	–	Chairman
Prof. S.L. Bapat or in his absence Shri V.V.R. Sastry, Director, MDL }	–	Member
Cdr.P.R. Raghunath, IN (Retd.)	–	Member
Shri M. Selvaraj, Director (Finance)	–	Member
Cmde.R. Anand, IN(Retd), D(CP&P)	–	Member
Director (S&HE)	–	Member

10.2 The Sub-Committee of the Board of Directors approves the procurement proposals as per the powers delegated by the Board. The Minutes of the Meetings of the said committee are placed before the Board in the subsequent meeting for information.

11. REMUNERATION COMMITTEE

11.1 The Remuneration Committee constituted by the Board consisted of following Members as on 31 Mar 2013 and they had one meeting on 13 Oct 2012.

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

11.2 The Remuneration Committee recommends matters related to variable pay / performance related pay of officers. The Chairman and the members of the Remuneration Committee are Independent Directors.

12. BUDGET SUB COMMITTEE

12.1 The Budget Sub-Committee constituted by the Board consisted of following Members as on 31 Mar 2013 and they had two meetings on 06 July 2012 and 20 July 2012.

Shri V.V.R. Sastry	–	Chairman
Prof. S.L. Bapat	–	Member
Prof. Pankaj Chandra	–	Member
Cdr P.R. Raghunath, IN (Retd)	–	Member
Shri M. Selvaraj	–	Member
Cmde R. Anand, IN(Retd)	–	Member
Director (S&HE)	–	Member

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

13. SHAREHOLDERS AGREEMENT COMMITTEE

13.1 The Board constituted Shareholders Agreement Committee (SHA) on 09 Sept 2011 which consisted of following members. They had four meetings on 23 May 2012, 04 June 2012, 16 June 2012 and 05 July 2012 during the FY 2012-13.





Shri Pankaj Agarwal	-	Chairman
Shri V.V.R. Sastry	-	Member
Cmde Gopal Bharti, IN (Retd.)	-	Member
Shri G.A.R. Rao	-	Member
Cdr P.R. Raghunath, IN (Retd.)	-	Member
RAdm Rakesh Bajaj, IN (Retd.)	-	Member

- 13.2 The SHA committee was specifically entrusted the task to formulate and finalise the Shareholders Agreement between MDL and JV partner.

14. JOINT VENTURE COMMITTEE

- 14.1 The Joint Venture Committee constituted on 28 Feb 2011 by the Board consisted of following members and they had two Meetings on 18 April 2012 and 23 April 2012 during the FY 2012-13.

Shri Pankaj Agarwal	-	Chairman
Prof. S.L. Bapat	-	Member
RAdm. Rakesh Bajaj, IN (Retd.)	-	Member

- 14.2 The Joint Venture Committee upon evaluation of the offers received and after due process of selection, recommended the prospective joint venture partner M/s. Pipavav Defence & Offshore Engg. Pvt. Ltd. (PDOEPL) and upon acceptance by Board a JV Company has been formed in the name of Mazagon Dock Pipavav Defence Private Ltd. (MDPDPL).

15. INVESTMENT COMMITTEE

- 15.1 A Sub Committee of Board of Directors for investment of company's short term surplus funds was constituted by the Board and the following Directors were the members of the committee as of 31 March 2013.

RAdm R.K. Shrawat, IN (Retd.)	-	Chairman and Managing Director,
Shri M. Selvaraj	-	Director (Finance)
Cmde. R. Anand IN (Retd.)	-	Director (CP&P)

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

16. PROJECT REVIEW SUB-COMMITTEE

- 16.1 The Project Review Sub-Committee (PRSC) a sub-committee of the Board of Directors to review the Project on continuous basis sanctioned by Government for execution as per time lines and price lines was constituted by the Board on 28 Aug 2012. The PRSC had two meetings on 20 Oct 2012 and 08 Dec 2012 and reviewed Shipbuilding Project 15A. The Members of the PRSC as on 31 March 2013 are as under:

Shri V.V.R. Sastry	-	Chairman
Director (Finance)	-	Member
Concerned Functional Director	-	Member



माझगांव डॉक लिमिटेड

MAZAGON DOCK LTD.

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

17.1 The Board constituted Corporate Social Responsibility and Sustainable Development (CSR & SD) Committee on 31 Oct 2012. The Committee is headed by an Independent Director to oversee CSR & SD activities and to implement the revised DPE guidelines on the subject. The following are the Members of the Committee as on 31 March 2013.

Prof. S. L. Bapat	–	Chairman
Cdr. P. R. Raghunath, IN (Retd.), D(S)	–	Member
Cmde. R. Anand IN (Retd.), D(CP&P)	–	Member

ANNUAL GENERAL MEETINGS

Details of last three Annual General Meetings are as follows :

FY	Location	Date and time
2009-10	Registered Office of the Company at Dockyard Road, Mumbai-400 010.	21 September 2010 at 12.30 hrs.
2010-11	Registered Office of the Company at Dockyard Road, Mumbai-400 010	25 September 2011 at 12.30 hrs.
2011-12	Registered Office of the Company at Dockyard Road, Mumbai-400 010	29 August 2012 at 1200 Noon

18. CODE OF BUSINESS CONDUCT AND ETHICS

18.1 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 personnel have affirmed the compliance with the code of Business Conduct and Ethics.

19. DISCLOSURE

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

19.2 The company has complied with Presidential directives issued by the central government.


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

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

20. DECLARATION

As provided under the guidelines on Corporate Governance for CPSEs 2010 issued by the Government, it is hereby declared that all Board Members and Senior Management personnel affirmed compliance with the code of conduct for Directors and Senior Management Personnel of Mazagon Dock Limited, for the year ended 31 March 2013.

Mumbai.
24 July 2013


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





Ragini Chokshi & Co.
Company Secretaries

34, Kamer Building, 5th Floor,
38 Cawasji Patel Street, Fort,
Mumbai – 400 001

Email : ragini.c@rediffmail.com
mail@csraginichokshi.com

TO,

The Members,
Mazagon Dock Limited,

We have examined the compliance of conditions of corporate governance by Mazagon Dock Limited, for the year ended on 31.03.2013, as stipulated in the Department of Public Enterprises(DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises(CPSEs) 2010 issued by the Government.

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

3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has substantially complied with the aforesaid Guidelines on Corporate Governance including the requirement of number of Independent Directors on the Board as on 31.03.2013.

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

For Ragini Chokshi & Co.
Company Secretaries

sd/-

Mrs. Ragini Chokshi
Partner

Membership No.2390

Place: Mumbai.
Date : 30.08.2013



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

THE REPORT ON MANAGEMENT DISCUSSION AND ANALYSIS IS PRESENTED UNDER THE FOLLOWING MAJOR HEADS :

- (A) NATURE AND SCOPE OF THE SHIPBUILDING INDUSTRY
- (B) SWOT ANALYSIS
- (C) CORPORATE INITIATIVES
- (D) FINANCIAL OUTLOOK

A-1 NATURE AND SCOPE OF THE SHIPBUILDING INDUSTRY

1.1 Shipbuilding as an industry in general is highly capital intensive requiring high technology and highly skilled labour. The Merchant shipbuilding is driven by market forces and by its very nature is highly volatile. Commercial Shipbuilding is also cyclical in nature and is influenced by a host of variables like fresh developments in the shipping industry, oil prices, global economic scenario, current perception, tax and government policies. Warship building addresses the maritime security requirements of the nation and is governed by threat perceptions and strategic decisions. Warships are highly complex and potent platforms with defence technology changing very rapidly. To keep pace with the state-of-the-art technology is one of the difficult challenges in warship design and construction.

1.2 Warships are custom-built platforms and the build period can range anywhere between 6-8 years. A fully frozen design and availability of material and equipment in time are prerequisites for reducing the build periods. Adoption of new construction approaches like Integrated Construction can help reduce the build periods. With shipyards facing stiff competition from within the industry, adopting best practices in the industry becomes imperative for survival. The Indian shipbuilding industry comprise of both public and private sector yards. With the opening of the defence production to private sector, your Company may face stiff competition and it has to gear up to meet the competition.

1.3 As a DPSU your company has a rich heritage of building world class warships and has adopted the motto of "Deliver quality ships on time". MDL had embarked on a modernization programme of which most of the elements have been commissioned. The infrastructure upgrade now enables MDL to resort to integrated construction of destroyer-sized war vessels. With optimal utilization of the modernized infrastructure, it is envisaged that there would be a definite reduction in build periods, increased throughputs, enhanced capacities and VoP. The main objective of MDL is to build and deliver the quality warships within required time frame for its major/sole customer, the Indian Navy. The gestation period for construction of frontline warships like frigates and destroyers are quite long and in this period technology can change in leaps and bounds. Design changes in the course of building to some extent becomes an unavoidable necessity. MDL have been enjoying the privilege of receiving orders on nomination basis. However, the situation is changing quite fast on the shipbuilding front with good number of private companies stepping into the fray and vying for the orders from the Indian Navy. MDL has to inculcate new procedures/culture which could reduce the productions cycle time as well as the cost of production. A transformation in the key engineering processes, change in mind set of all the personnel involved, adoption of 'industry best practices' will become imperative for MDL to remain buoyant in a highly competitive environment.





1.4. Indian shipyards need to go a long way to graduate commercially and technically to the level of shipyards in developed nations. Further, the Indian industry has to be globally competitive against the best yards in the world. The shipyard gets orders only if they are credible (deliver quality ships on time) and it can be credible only after successfully executing consistently under domestic and international competition. Unfortunately, the shipyards in India are faced with very stiff taxes, tariff, duties, and financing charges as compared to foreign yards.

1.5. With the completion of Mazdock Modernization Project (MMP), the capacity of the yard would increase significantly and the value of production is also expected to increase considerably. MDL as the premier defence shipyard in the country will remain poised to continue to cater to the maritime capability of our nation. With huge requirement for ships of various types to meet the requisite force levels of the Indian Navy, MDL is expected to be major player and contributor in the coming decades to enhance our blue water capability. Your company, therefore, shall continue to make efforts to secure orders from its major customers, viz. the Indian Navy and maintain the growth momentum.

B. SWOT ANALYSIS

1. STRENGTHS:

1.1 The company has a long tradition of shipbuilding dating back to 1774. The rich heritage and tradition of the company are major drivers in its sustained position as the lead shipyard in warship construction, in the country.

1.2 The company is the only defence public sector shipyard, capable of constructing conventional submarines. This unique position gives the company an advantage over other defence shipyards in the future submarine induction plan of the Indian Navy.

1.3 The company is located at Mumbai, the commercial capital of India and the headquarter of the largest Navy and Coast Guard Fleet which facilitate intimate association with the customers for ready feed back to help and improve performance. Further, access to the a host of ancillary industry in Mumbai is an added advantage.

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

1.5 The company has institutionalized SAP/ERP and other administrative and management reforms in tune with state-of-the-art practices in shipbuilding.

2. OPPORTUNITIES:

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

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

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

2.4 Modernization of the yard usher in better capabilities to cut down build periods.



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

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

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

3. WEAKNESSES

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

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

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

3.4 The water front available is limited to 700.21 meters and depth alongside is limited to -2.0 meters below chart datum. This is a severe constraint for rapid productivity. Tidal constraints also bring in enormous strain on planning various activities like launching, dry docking and other vessel movements.

3.5 An accurate interlinking is required between planning and production schedule to optimise the infrastructure utilisation.

3.6 Lack of outsourcing facilities/resources in the country directly impinging the delivery schedule.

4. THREATS

4.1 It may not be commercially viable to continue with telescopic designing of warship.

4.2 Aging work force and lack of vertical expertise amongst operatives, large non-core workforce and reluctance to adopt multi-skilling etc. are major HR issues which need to be addressed to improve productivity.

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

C. CORPORATE INITIATIVES FOR ENSURING SUSTAINED PERFORMANCE AND GROWTH

1. INFRASTRUCTURE MODERNISATION

1.1 Mazdock Modernization Project (MMP), a prestigious project of the Company, is nearing completion. With the commissioning of the New Wet Basin and Heavy duty (300 Tons) Goliath Crane, your company has achieved two of the major milestones under Mazdock Modernization Project (MMP). Work on Module workshop and Cradle Assembly Shop under MMP have also achieved substantial progress. Introduction of these facilities will augment the shipyard's capacity and effectively reduce the build period of warships/submarines. The total cost of the project is expected to be Rs. 1100 crore. These infrastructure facilities are being created in large part as Customer Financed Assets with funds from Naval Projects and balance with internal accruals.

1.2 The existing facility available at East Yard, is not adequate to meet the timelines of phased delivery of six submarines. To overcome this shortfall, it has been planned to develop a second assembly line in





the unused premises of MDL. Accordingly, a Submarine Section Assembly workshop is being built at Alcock Yard part of MDL to cater to the requirement of construction of submarines.

2. BENCHMARKING

In accordance with our Quality Objectivities and as per the MOU Targets for the year 2013-14, your company is committed to benchmark Quality and Productivity for progressive adoption of best international practices in warship/design, planning and construction. A consultant is being appointed for execution of the tasks towards formulation of Benchmarks.

3. INFORMATION TECHNOLOGY

The company has been leveraging technology for supporting function. The details are provided in the Directors' Report.

4. MARKETING AND BUSINESS DEVELOPMENT

4.1 The company has participated in various Naval Defence related exhibitions in India as well as abroad. During the FY 2012-13 which are as under:

4.2 Exhibition for Land, Air-Land and Security and Defence (EUROSATORY-2012) held from 11- 15 June 2012 at Paris-France.

4.3 Africa Aerospace and Defence Exhibition (AAD-12) held at Centurion, South Africa from 19-23 Sept. 2012.

4.4 IITF-2012 Trade Fair at Pragati Maidan, New Delhi, from 14-27 November 2012.

4.5 India Maritime 2012 International Exhibition at Campal Parade Ground, Panaji, Goa, from 17-20 October 2012

4.6 25th Industrial India Trade Fair organised by Bengal National Chamber of Commerce and Industry (BNCCI) from 2-11 November 2012 at Science City, Kolkata.

4.7 Aero India – 2013 from 6-10 February 2013 at Air Force Station Yelahanka, Bengaluru.

4.8 SMM-INDIA 2013 exhibition at BEC, Goregaon, Mumbai from 4-6 April 2013.

4.9 The Company continues to concentrate on meeting the demands of the Defence Sector. Substantial growth in the value of production of the company is envisaged with equipment deliveries of Mazagon Dock Procured Materials (MPM) orders of Scorpene Project, the production of Project 15B and the anticipated orders of Project 17A. The following infrastructure augmentation are being progressed:

4.10 The Company's modernization programme which includes creation of facilities such as additional wet basin, module workshops, heavy duty Goliath crane, cradle assembly shop and stores is expected to complete by end 2013 and infrastructure thus created will facilitate reduction in build period of vessels and enable creation of additional assembly lines in both, shipbuilding and submarine divisions.

4.11 The Company is trying to acquire adjacent land so as to enable capacity augmentation. The land is geographically contiguous to Company's Alcock and South Yards which is suitable for shipbuilding activities.

5. HUMAN RESOURCE DEVELOPMENT

5.1 The Company values its Human resources the most. To align with the business requirements of the company and to withstand the open competition, several HR Initiatives have been introduced in the



company. These are Mentoring policy for new recruits, exit interview policy, employees' satisfaction survey by outside agency, online recruitment procedures etc.

5.2 Realising the importance that the key drivers to organizational success have always been its employees, the Company has continued its efforts in updating the competency of its employees at various levels through exposure to various training development programmes organized by premiere management institutions viz. IIM, XLRI & ISB and through specific conferences and workshops. Training of Trade apprentices under Apprentices Act, 1961, Graduate Apprentices and Diploma Technicians and Marine engineering students at MDL is being undertaken regularly.

5.3 Apart from statutory welfare measures, the company extends several other welfare activities. The company has arranged various Group Savings Linked Insurance Schemes which provide financial assistance in case of natural or accidental death of an employee, while on duty. Besides, Group Personal Accident Insurance Scheme which is already in place which provides for 24 hours coverage for compensation in the event of an accident of an employee resulting in death or permanent/partial disability. With a view to promote family culture in the organisation "Yard Open day" is observed when family members of all employees are allowed to visit the yard and see the yard activities undertaken by MDL.

5.4 All the employees including their dependent family members are covered under the Medical scheme for hospitalisation. Hospital claims of around Rs. 19.00 crores were disbursed towards treatment to all the employees and their dependent family members during the financial year 2012-13. In order to provide medical facilities to the retired employees and their spouse. The company has introduced post retirement medical scheme. The same is being regulated through group medical policy taken from an Insurance company. The insurance cover is to the extent of Rs.5 lacs each in case of Executive and his/her spouse and Rs. 2.5 lacs each for non-executive and his/her spouse. This has given a lot of relief to the retired employees.

5.5 The Scholarships are awarded to deserving children, for pursuing various academic course. With a view to recognise the meritocracy in the organisation, Commendation and Awards of CMD and Directors are given for excellent performance. A workman is chosen every month and given "workman of the month Award" on meeting the laid down production norms.

5.6 The Mazagon Dock Recreation Club further supported by the company looks after the recreational facility for all the employees.

6. CORPORATE SOCIAL RESPONSIBILITY

6.1 The company has taken several major initiatives.

6.2 Project "Chunauti" is a project for child care and to rehabilitate a group of children suffering from severe malnutrition and subjected to abuse who were rescued and have been assigned by the High Court to Ms. Asha Bajpai, a Professor in the centre for Socio- Legal studies & Human Rights, Tata Institute of Social Sciences, Mumbai. Beneficiaries – 93 children.

6.3 Health, Education, Nutrition and Institutional Support to NGO, "Asha Sadan," to reach out to orphan/destitute adolescent girls and girls in conflict with law so as to ensure a better life by empowering them with optimum facilities possible for their care, protection, development, rehabilitation and social integration. Beneficiaries – 160 children.





6.4 Educational Support to mentally deficient children of "Mankhurd Children's Home (Children's Aid Society)" to provide vocational training and training on personal hygiene etc. to mentally deficient destitute children from 06 years and above admitted through the Juvenile Court and Child Welfare Committee. Beneficiaries – 300 children.

6.5 Education to poor children in areas surrounding MDL through NGO, Door Step School intended to provide primary education for children upto 14 years of age by setting up Balwadis & Mobile School on wheels. Beneficiaries – 1365 children.

6.6 Sanitation & Waste Management in areas surrounding MDL through NGO, Environmental Greenliness to create Health & Hygiene awareness through medical check-up camps, preparing self-help groups of women, provision of chemical environmental friendly toilet and installation of Bio-waste Converter for proper Solid Waste Management. Beneficiaries – 52 Families.

6.7 Sponsorship of 54 seater bus to NGO Bharat Sevashram Sangh to transport poor outstation cancer patients and their attendants lodged in their Navi Mumbai Cancer Home to Tata Memorial Hospital, Parel and back for treatment. Beneficiaries – 105 patients.

6.8 Sponsorship of an advanced Scanner for Cancer Patients' Aid Association to facilitate early diagnosis of cancer in marginalized population of Mumbai. Beneficiaries – 200 patients per month

6.9 Sponsorship of Cancer screening and early detection camp for below poverty line villagers in LOC area of Jammu & Kashmir. Beneficiaries – 428 BPL Villagers

6.10 Funding and renovation of a library and provision of digital classroom with educational software to assist poor, orphan / destitute girls studying from Std. VI to SSC to NGO Shraddhanand Mahila Ashram for educational support and empowerment of women. Beneficiaries – 110 girls.

6.11 Funding of HPV screening Lab facility for early diagnosis of Cervical Cancer amongst women and free testing of women from BPL families to a NGO Cancer Patients' Aid Association. Beneficiaries – 5000 women.

6.12 Support for rehabilitation of persons with mental deficiencies to NGO – M/s. Chellamuthu Trust & Research Foundation, Madurai, for providing treatment and rehabilitation of persons with mental disabilities. Beneficiaries – 250 patients.

6.13 Support for Doorstep Child Care Centre in Slum areas to benefit children upto 5 years suffering from malnutrition through NGO Child Rights And You (CRY). Beneficiaries – 920 children

6.14 Support for Health & Education of children in villages from backward districts of Maharashtra in Nanded and Gadchiroli for improvement of health, nutrition, education of children. Beneficiaries – 3610 children.

6.15 Improvement in quality of health, hygiene, water & sanitation of two slum pockets of Mumbai 'E' ward, Darukhana & Reti Bunder Area through NGO Aga Khan Health Services and Aga Khan Planning & Building Services for the period from March 2013 to February 2018. Beneficiaries - 2500 Households.

7. SUSTAINABLE DEVELOPMENT PROGRAMME

7.1 In today's world focussed on increasing economic activity, it is becoming ever more important for organizations to focus on inclusive growth, encompassing social & environmental factors along with financial parameters. These Sustainability efforts reflect the commitment of an organization to



excellent long term business performance through improved social, economic & environmental practices. Undermentioned initiatives have been in respect of Sustainable Development.

7.2 Energy Efficiency: Working on the theme of "Measurement before Management", MDL conducted third party Energy Audit for the production yard and office premises. MDL is now working on the recommendations of the report that focus on streamlining consumption of energy in various production processes, office building and other ancillary activities without compromising the quality and production volume. Energy conservation has become the theme while procuring new machines and equipment or replacing older ones.

7.2.1 Acting on audit findings, Company took up the task of replacing all the old drives of E.O.T. cranes in East Yard with new technology drives having both VFD control and regenerative braking capabilities. Specific energy consumption in the new crane drive installed in East Yard is about 31 % lower than that of other cranes. Old air compressors in the East Yard have been replaced with new screw compressors with VFD control, which are more efficient. Similarly, a project to replace 50 old welding machines with inverter based ones was completed. Various other replacement projects were also taken up to switch to efficient lighting and cooling such as replacing 65 old air conditioners with new and more efficient ones and replacing conventional tube lights with T5 lamps. The above energy efficiency measures have led to a saving of 3,30,700 kWh and directly decreases our energy bills by approximately INR 31, 76,000 per annum.

7.3 Low Carbon Technologies / Renewable Energy: Eliminating usage of non-renewable energy sources is the best way to reduce MDL's impact on environment. Realising this, multiple projects have been undertaken to bring up the use of renewable energy within the premise. Pre-feasibility study for installation of rooftop solar power plant was completed and it was estimated that approximately 650kWp of solar photovoltaic panels can be installed across various roofs within MDL's premise. A detailed feasibility study for installing 90kWp solar photovoltaic plant on rooftop of SB-Pipe workshop has been completed. This project is focussed on reducing dependence on purchased electricity for internal lighting requirements.

7.4 Training: Following its tradition of training its employees on various upcoming trends, MDL has been conducting a series of programmes to create awareness among the employees on the factors leading to increase in carbon emission and global warming. These programmes aim towards educating the employees on ways and means of reducing Greenhouse Gas emission for ensuring sustainable development. The management conducted one such training program each for higher management and middle management executives on Sustainable Development covering a total of 67 employees.

7.5 Dedicated Sustainability Committee: A dedicated sustainability committee has been formed with the twin objectives of looking into sustainability issues.

7.6 Minimisation of Waste Generation: A project to harness biogas for cooking purpose is being installed to treat and process daily canteen waste. The project is expected to treat 500 kgs of waste every day and generate 16-17 kg of biogas.

7.7 Each of the above initiatives has led Company exceeding its MoU targets for Sustainable Development.





D. FINANCIAL OUTLOOK

Company's financial operations for the year 2012-13 compared to last two years.

(Rs. in Crore)

	2010-11	2011-12	2012-13
Sales	636.56	2262.87	2404.69
Value of Production	2611.41	2523.69	2290.64
Profit before Tax	366.05	691.78	638.89
Net Profit after Tax	243.52	494.31	412.72
Capital Employed	837.06	1486.62	1438.29
Gross Block	301.87	314.81	312.79
Net Block	114.78	123.36	126.03
Working Capital	722.28	1363.26	1312.26
Net Worth	1140.02	1518.57	1807.03
Value Added	947.60	1127.87	1160.34
Interest	0.17	0.22	0.90
Ratios			
Profit before Interest and Tax: Capital Employed	0.438	0.465	0.445
Profit after Interest and Tax: Capital Employed	0.291	0.333	0.287
Production: Gross Block	8.651	8.017	7.323
Value Added : Production	0.363	0.447	0.507



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MAZAGON DOCK LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Mazagon Dock Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statement

The Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.





Emphasis of Matter

We draw attention to :

1. In respect of certain leasehold properties, depreciation has been charged on the basis of available information pending execution of lease agreements. (Refer note 2.9.1.(i))
2. Registration formalities are pending in respect of certain properties. (Refer note 2.9.1.(ii))
3. Balance of current assets, loans and advances, current liabilities, GR/IR material/services, clearing accounts are as per books of accounts of MDL and are under the process of reconciliation and confirmation. (Refer Note 2.19.1)
4. Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory/consumption is done at the time of settlement, cannot be determined. (Refer Note 2.15.4)
5. Pursuant to the observation of the Comptroller and Auditor General of India under section 619 (4) of the Companies Act, 1956, the financial statements adopted by the Board of Directors on 24th July, 2013 has been revised for disclosure made under note 2.45 of the Notes to Accounts (Refer Note 2.46)

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section(4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub- section (3C) of section 211 of the Companies Act, 1956;
 - e. The provisions of Section 274(1)(g) of the Companies Act, 1956 are not applicable to the Government Company in terms of Notification No. GSR 829 (E) dated 21st October, 2003, issued by the Department of the Company Affairs, Ministry of Finance, Government of India.

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

Place : Mumbai
Date : 21st August, 2013

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296



Annexure to the Auditors' Report

- 1 (a) As per the information and explanations given to us, the fixed asset register showing full particulars including quantitative details and situation of fixed assets is compiled by the Company.
- (b) As per the information and explanations given to us the fixed assets of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of operations of the Company and on the basis of explanations received material discrepancies were adjusted in the books during the verification.
- (c) In our opinion, fixed assets disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- 2 (a) As per the information and explanations given to us the inventory (except those held with third parties) has been physically verified by the management during the year. Inventory lying with third parties and at Nhava Yard have been verified by the management under the perpetual inventory system. The management as at the year end has physically verified the work in progress in the company's custody.
- (b) In our opinion and as per the information and explanations given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and as per the information and explanations given to us, the Company has maintained proper records of its inventories. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- 3 (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly clause 4(iii) (b) to (d) of the order is not applicable to the Company.
- (b) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from Companies, firms and other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly clause 4(iii) (f) and (g) of the order is not applicable to the Company.
- 4 In our opinion and according to the information and explanations given to us, the Company has adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventories and fixed assets and for the sale of goods and services. Further on the basis of the examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any instance continuing failure to correct major weaknesses in internal control.
- 5 According to the information and explanations given to us, there are no contracts and agreements referred to in section 301 of the Companies Act, 1956, particulars of which need to be entered into a register maintained under Section 301 of the Act. Accordingly clause 4(v) (b) of the order is not applicable to the Company.





6. The Company has not accepted any deposits from the public within the meaning of the directives issued by the Reserve Bank of India and provisions of Sections 58A, 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion and according to the information and explanations given to us, the Company has an internal audit system commensurate with its size and nature of business.
8. We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956, and are of the opinion that, prima facie, the prescribed cost records have been maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.
- 9 (a) According to the information and explanations given to us and according to books and records as produced and examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of provident fund, investors education and protection fund, employees' state insurance income-tax, VAT, wealth tax, service tax, custom duty, excise duty, cess and other as applicable with appropriate authorities.
- (b) According to the information and explanations given to us, no undisputed dues payable in respect of provident fund, investors education and protection fund, employees state insurance, income tax, VAT, wealth tax, service tax, custom duty, excise duty, cess and other as applicable were outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable
- (c) According to the information and explanations given to us, there are no dues of Sales Tax, Income Tax, Custom Duty, Wealth Tax, Service Tax, Excise Duty, Cess that have not been deposited on account of any dispute, other than those mentioned below:

Sr. No.	Name of Statute	Period	Amount (Rupees in lacs)	Forum where dispute is pending
1.	Central Excise Act, 1944	F.Y. 2001-02 to F.Y.2009-10	174	CESTAT
2.	Central Excise Act, 1944	F.Y. 2001 – 02	10	High Court
3.	Central Excise Act, 1944	F.Y. 2000 - 01	15	Additional Commissioner
4.	Central Excise Act, 1944	F.Y. 2007 – 08	150	Commissioner of Central Excise, Raigad
5.	BST Act, 1959	F.Y. 1980-81 to F.Y. 2004-05	108,232	Maharashtra Sales Tax Tribunal
6.	Karnataka Sales Tax Act	F.Y. 1989- 90 to F.Y. 1996-97	304	Karnataka High Court, Bengaluru
7.	Service tax	F.Y. 2001 – 02	3386	Bombay High Court

10. The Company has neither accumulated losses as at 31st March, 2013, nor has it incurred any cash loss during the financial year ended on that date and the immediately preceding financial year.



11. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institution or debenture holders during the year.
12. According to the information and explanations given to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
13. The Company is not a chit or a nidhi / mutual benefit fund / society, therefore, the clause 4(xiii) of the Companies (Auditors Report) Order, 2003 is not applicable to the Company.
14. The Company has not dealt or traded in shares, securities, debentures or other investments. Hence the question of maintenance of proper records of the transactions and contracts and making timely entries in the same does not arise.
15. According to the information given to us, the Company has not given any guarantee for the loans taken by others from banks or financial institutions and the question of terms and conditions being prejudicial to the interests of the Company does not arise.
16. According to the information given to us and records examined by us, the Company has not availed term loans from banks during the year.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we are of the opinion that there are no funds raised on short-term basis.
18. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. The Company has not issued any debentures in the current year. Hence the issue of creation of charge does not arise.
20. The Company has not raised money by public issue and hence the question of disclosure by management on the end use of money raised by public issue and its verification does not arise.
21. In our opinion and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported during the year.

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

Place : Mumbai
Date : 21st August, 2013

Sd/-
Shrikant Prabhu
Partner
Membership No. 35296





**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE
ACCOUNTS OF MAZAGON DOCK LIMITED, MUMBAI
FOR THE YEAR ENDED 31 MARCH 2013.**

The preparation of financial statements of Mazagon Dock Limited, Mumbai for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 24 July 2013 and their revised report dated 21 August 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Mazagon Dock Limited, Mumbai for the year ended 31st March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. In view of the *revisions made to the Accounts as indicated in item No.2.46 of Notes to Accounts and revisions made in Independent Auditors' Report item No. 5 (Emphasis of Matter)* as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 619(4) of the Companies Act, 1956.

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

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

Place : Bangalore

Dated : 22 August 2013



TEN YEARS AT A GLANCE – FINANCIAL POSITION & OPERATING RESULTS

Rs in crore

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

Note : The previous period (FY 2011-12) figures have been regrouped/reclassified wherever necessary to conform to the current presentation.





MAZAGON DOCK LIMITED
BALANCE SHEET AS AT 31st March 2013

	Note	2012-13 (₹ in lakhs)	2011-12 (₹ in lakhs)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Fund			
(a) Share Capital	2.1	19920	19920
(b) Reserves and Surplus	2.2	161509	131937
		181429	151857
(2) Non-current Liabilities			
(a) Long-term Borrowings	2.3	8149	8171
(b) Other Long-term Liabilities	2.4	0	34410
(c) Long-term Provisions	2.5	19086	13249
Total - Non-current Liabilities		27235	55830
(3) Current Liabilities			
(a) Trade Payables	2.6	125573	189492
(b) Other Current Liabilities	2.7	2202986	2020776
(c) Short-term Provisions	2.8	17152	17225
Total - Current Liabilities		2345711	2227493
TOTAL		2554375	2435180
II. ASSETS			
(1) Non-current Assets			
(a) Fixed Assets			
(i) Tangible Assets	2.9(i)	11614	11439
(ii) Intangible Assets	2.9(ii)	989	897
(iii) Capital Work-in-Progress	2.10	7821	3815
		20424	16151
(b) Non-current Investments	2.11	600	600
(c) Deferred Tax Assets (Net)	2.12	7959	4473
(d) Long-term Loans and Advances	2.13	34234	34427
(e) Other Non-current Assets	2.14	14221	15710
Total - Non-current Assets		77438	71361
(2) Current Assets			
(a) Inventories	2.15	1437079	1381927
(b) Trade Receivables	2.16	39446	29249
(c) Cash and Bank Balances	2.17	600479	521605
(d) Short-term Loans and Advances	2.18	388735	415990
(e) Other Current Assets	2.19	11198	15048
Total - Current Assets		2476937	2363819
TOTAL		2554375	2435180

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS 1 & 2

AS PER OUR REPORT ATTACHED
FOR AND ON BEHALF OF

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

sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Date : 21.08.2013
Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

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

sd/-
M. Selvaraj
Director (Finance)

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



MAZAGON DOCK LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

	Note	2013 (₹ in lakhs)	2012 (₹ in lakhs)
I. Revenue from Operations			
1 Turnover	2.20	229064	252369
2 Other operating revenue	2.21	4075	1471
		<u>233139</u>	<u>253840</u>
II. Other Income	2.22	52891	54052
III. Total Revenue (I + II)		286030	307892
IV. Expenses:			
1 Cost of Materials Consumed	2.23	95747	122101
2 Changes in Inventory of Work-in-progress	2.24	2939	(10160)
3 Employees Benefit Expenses	2.25	60542	59082
4 Sub-Contract		9894	10944
5 Power and Fuel		1702	1127
6 Finance Costs	2.26	90	22
7 Depreciation and Amortization Expenses	2.9	1464	1314
8 Other expenses : (a) Project related	2.27	31976	43290
(b) Others	2.28	11228	11227
9 Adjustment for Expenses Transferred to Fixed Assets	2.29	(330)	(306)
10 Provisions made	2.30	9215	12
Total Expenses		224467	238653
Profit for the Year		61563	69239
11 Prior Period Adjustments	2.31	(2326)	61
V. Profit before exceptional items and tax		63889	69178
VI. Exceptional items		0	0
VII. Profit Before Tax		63889	69178
VIII. Tax expense: (1) Current Tax for Current year		24454	23218
(2) Current Tax relating to prior years		1650	352
(3) Deferred Tax		(3487)	(3823)
IX. Profit/(Loss) for the year		41272	49431
X. Earnings per Equity Share (₹)		207.19	248.15

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATMENTS

AS PER OUR REPORT ATTACHED
FOR AND ON BEHALF OF

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

sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Date : 21.08.2013
Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

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

sd/-
M. Selvaraj
Director (Finance)

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





MAZAGON DOCK LIMITED
CASH FLOW STATEMENT

(₹ in lakhs)

	2012-2013			2011-2012		
Cash flow from operating activities						
Cash receipt from customers		422605			349838	
Proceeds from sale of scrap & Stores		739			684	
Cash paid to suppliers & contractors	(319180)			(257773)		
Cash paid to Employees	(53389)	(372569)		(52261)	(310034)	
Cash generated from operations		50775			40488	
Income Tax paid (Net)		(11421)			(11105)	
Cash flow before extra-ordinary items		39354			29383	
Extraordinary receipt		0			0	
Net cash from operating activities			39354			29383
Cash flow from investing activities						
Purchase of fixed assets		(2321)			(7705)	
Proceeds from sale of fixed assets		74			874	
Interest received		52997			43624	
Dividend received		811			1676	
Net cash from investing activities			51561			38469
Cash flow from financing activities						
Repayment of Preferential Share capital					0	
Repayment of long term borrowings		(376)			(287)	
Interest paid		(90)			(1,126)	
Dividend paid		(11576)			(5886)	
Net cash used in financing activities			(12041)			(7299)
Net increase in Cash & Cash Equivalents			78874			60553
Opening Cash & Cash Equivalents			521605			461052
Closing Cash & Cash Equivalents			600479			521605

Note: Figure in bracket indicate out flow.

AS PER OUR REPORT ATTACHED
FOR AND ON BEHALF OF

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

sd/-
Shrikant Prabhu
Partner
Membership No. 35296

Date : 21.08.2013
Place : Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

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

sd/-
M. Selvaraj
Director (Finance)

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



1. SIGNIFICANT ACCOUNTING POLICIES :

I. ACCOUNTING METHOD:

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

II. USE OF ESTIMATES:

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

III. VALUATION OF INVESTMENTS:

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

IV. FIXED ASSETS:

a) Tangible

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

b) Intangible

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

- (i) procurement of software
- (ii) acquisition/development of software
- (iii) upgradation/enhancement of existing software resulting in enhancement in economic benefit.

V. DEPRECIATION:

- a) Depreciation on fixed assets is charged on the straight-line method at the rate and manner prescribed under Schedule XIV to the Companies Act, 1956, except for the following –
 - i) No residual value is retained in case of computers and other peripherals;
 - ii) On major additions to the acquisition cost of the buildings, the revised cost has been considered under a separate asset class with depreciation rate of 1.95%, being enhanced rate of depreciation to make it co-terminus with the residual life of the asset.
- b) Additions to assets costing Rs. 5000/- or less are depreciated at 100%.
- c) Lease rent on leasehold land is amortised over the lease period.
- d) Intangible Assets are amortised over a period of five years or over a period of their useful life, whichever is less.





- e) Cost of loose tools, individually costing over Rs. 5,000/-, is written off evenly over a period of five years, commencing from the year of purchase.

VI. VALUATION OF INVENTORIES:

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

- (i) Raw materials, stores and spares are valued at the weighted average cost.
- (ii) Equipment for specific projects are valued at cost. In case of cancelled projects and surplus items, at cost or estimated realizable value, whichever is lower. Valuation of partial issues, where break-up values are not available, is based on technical estimates.
- (iii) Stock-in-transit including non-codified items are valued at cost.
- (iv) Inventory of Foreclosed Projects are valued at cost or estimated realizable value, whichever is lower.
- (v) Scrap is valued at cost or estimated realizable value whichever is lower.
- (vi) Work-in-Progress is valued as under:-

1) Cost Plus Contracts:

"At costs incurred plus profits accrued up to the reporting date as per Contract/Letter of Intent"

2) Fixed Price Contracts:

- (a) Where profit can be reliably measured:

"At costs incurred up to the reporting date plus profits recognized under percentage completion method in the proportion the actual costs incurred bear to the estimated total cost to completion as on that date."

- (b) Where loss is anticipated:

"When it is probable that total contract costs will exceed the total contract revenue, the expected loss is fully recognized as an expense immediately, irrespective of physical progress achieved on the reporting date."

3) Ship Repair Contracts:

- (a) Work Done against contracts extending up to 12 months is valued at cost or realizable value, whichever is lower. Profit, if any, is recognized in the year in which the repair is completed.

- (b) For contracts extending beyond 12 months the valuation is done as per policy for construction contracts as stated above.

- (vii) Finished products are valued at lower of cost or net realizable value.

- (viii) Medical stores are charged off to revenue at the time of purchase.

VII. SALES:

- (i) Sales against contracts are reflected in the accounts of the year in which the deliveries are made to the customer.



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MAZAGON DOCK LTD.

- (ii) Sale values are ascertained in accordance with the contractual provisions.
- (iii) Where the contract prices are not finalized, sales are accounted for on provisional basis.
- (iv) Additional revenue, in respect of contracts completed in earlier years, is accounted for as sales in the year in which such revenue materializes.
- (v) Credit notes issued to customers and deductions accepted are reduced from sales in the year in which they are effected.
- (vi) Sales include Excise Duty and Service Tax, wherever applicable, and exclude Value Added Tax, Central Sales Tax, Works Contract Tax etc.

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

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

IX. INSURANCE CLAIMS:

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

X. LIQUIDATED DAMAGES:

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

XI. INTEREST EXPENSES:

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

XII. EMPLOYEES BENEFITS:

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

XIII. VARIATION IN FOREIGN EXCHANGE RATES:

i) Initial recognition

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





ii) Conversion

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

iii) Exchange Differences

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

XIV. TAXES ON INCOME:

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

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

XV. IMPAIRMENT OF ASSETS:

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

XVI. PROVISIONS:

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



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2. NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

2.1 SHARE CAPITAL

2.1.1 Authorized

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

20000

20000

12372

12372

32372

32372

2.1.2 Issued, Subscribed And Fully Paid-up

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

19920

19920

19920

19920

2.2 RESERVES AND SURPLUS

Capital Reserve

Balance as per last Balance Sheet

5

5

Capital Redemption Reserve

Balance as per last Balance Sheet

12372

12372

General Reserve

Balance as per last Balance Sheet

118000

80500

Add: Transfer from Surplus

28500

146500

37500

118000

Corporate Social Responsibility Fund

Balance as per last Balance Sheet

0

0

Add: Transfer from Surplus

726

726

0

0

Surplus: Opening Balance

1560

1205

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

41272

49431

42832

50636

Less: Appropriations

Transfer to General Reserve

28500

37500

Transfer to Corporate Social Responsibility Fund

726

0

Proposed Dividend Payment on Equity Shares

10000

9960

Dividend Distribution tax on Proposed Dividend

1700

1616

40926

49076

Surplus: Closing Balance

1906

1560

161509

131937

2.2.1 As per DPE guidelines, the Company has to spend 2% of previous year Profit After Tax during the year 2012-13 towards Corporate Social Responsibility (CSR) i.e. ₹ 989 lakhs. The Company has incurred expenditure of ₹ 263 lakhs during the year. (Refer Note No. 2.28). CSR Fund has been created for the balance amount of ₹ 726 lakhs by appropriation of Surplus.

2.3 LONG-TERM BORROWINGS (Unsecured)

Deferred payment liability to a foreign supplier against
supply of materials

8502

8564

Less: Amount payable within 12 months

353

393

8149

8171

2.3.1 The deferred payment liability (non-interest bearing) of ₹ 9628 lakhs, payable over 45 years from 1992-93, in equal annual installment of ₹ 214 lakhs was converted from Rouble to units of Special Drawings Rights (SDR) and stated in ₹. The amount payable within a year of ₹ 353 lakh includes yearly instalment payable of ₹ 214 lakhs (previous year: ₹ 214 lakhs) and ₹ 139 lakhs (previous year: ₹ 179 lakhs) towards exchange variation fluctuation. The loan amount has been reinstated at the present rate of SDR announced by RBI as on 01-04-2013, which is ₹ 82.2493 for 1 SDR.





NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.4 OTHER LONG-TERM LIABILITIES

1. Other Payables

- a) Advances received from Customer for Infrastructure Projects
Add: Received During the Year
Less: Transferred to Projects
Less: Deducted from Capital Work-in-Progress (as per contra - 2.10)

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

76671		27109	
7934		49562	
24233	60372	0	76671
	60372		42261
	0		34410

2.5 LONG-TERM PROVISIONS

1. Provision for Employee Benefits

- a) Provision for Post Retirement Benefit Scheme
Less: Payable within 12 months
b) Provision for Contribution to Pension Scheme
c) Provision for Leave Salary Encashment (Note 2.37)
Less: Payable within 12 months
d) Provision for Gratuity

3350		2067	
259	3091	530	1537
	3055		2392
12218		10290	
3275	8943	2201	8089
	12		55

2. Other Provisions

- a) Provision for Liquidated Damages
b) Provision for Welfare Expenses
c) Provision for Tax
d) Others

	366		366
	261		388
	310		310
	3048		112
	19086		13249

2.6 TRADE PAYABLES (Current)

1. Trade payables

- a) MSME Vendors
b) Other Vendors
(Refer to Note no. 2.41 for MSME dues)

521		566	
	125052		188926
	125573		189492

2.7 OTHER CURRENT LIABILITIES

1. Other payables

- a) Advances Received from Customers
Less: Advances received for Infrastructure Projects
b) Employees related
c) Statutory dues
d) Deferred Payment Liability payable
e) Provision for Expenses
f) Deposits
g) Others

2247616		2080904	
60372	2187244	76671	2004233
	5052		5843
	973		543
	353		393
	7626		8560
	738		736
	1000		468
	2202986		2020776

2.8 SHORT-TERM PROVISIONS

1. Provision for Employee Benefits

- Provision for Leave Salary Encashment
- Provision for Gratuity
- Provision for Post Retirement Benefit Scheme

3275		2201	
600		603	
259		530	

2. Other Provisions

- Provision for Guarantee Repairs
- Provision for Custom Duty Demand
- Provision for Wealth Tax
- Provision for Proposed Dividend on Equity Shares
- Provision for Dividend Distribution Tax
- Provision for Interest Payable on Advances
- Provision for Welfare Expenses

808		527	
426		426	
1		1	
10000		9960	
1700		1616	
0		1331	
83		30	
17152		17225	



2.9 (i) TANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost as on 01.04.2012	Additions in the year	Adjustments in the Year	Balance 31.03.2013	For the Year	Adjustments in the Year	Balance 31.03.2013	As on 31.03.2013	As on 31.03.2012
1 Land:	791	0	0	791	40	0	339	452	492
2 Buildings:	4132	0	0	3909	0	0	0	1	1
3 Plant and Equipment	639	0	223	3056	87	181	2962	947	1076
4 Building Berths, Kasara Basin, Dry Docks & Launchways	13001	837	6	13069	10	2	227	406	420
5 Other Civil Works	3325	0	50	3275	0	724	7285	5784	5394
6 Office Equipment	1781	0	807	974	16	47	3116	159	162
7 Furniture, fixtures	3832	783	457	4158	401	352	217	757	1228
8 Vehicles	937	165	166	936	48	432	2058	2100	1743
9 Launches & Boats	287	20	41	266	14	158	401	535	426
Sub-total	900	0	3	897	23	1	557	340	365
Previous Year's Figures	29626 (28631)	1805 (1970)	2522 (975)	28909 (29626)	1041 (977)	1933 (878)	17295 (18187)	11614 (11439)	11439 (10643)

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

2.9 (ii) INTANGIBLE ASSETS

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
	Cost as on 01.04.2012	Additions in the year	Adjustments in the Year	Balance 31.03.2013	For the Year	Adjustments in the Year	Balance 31.03.2013	As on 31.03.2013	As on 31.03.2012
1 Computer Software/SAP-ERP	1385	0	0	1385	277	0	1108	277	554
2 Other than SAP-ERP	470	516	1	985	146	0	273	712	343
Sub Total	1855 (1556)	516 (299)	1	2370 (1855)	423 (337)	0	1381 (958)	989 (897)	897 (935)
Previous Year's Figures	31481 (30187)	2321 (2269)	2523 (975)	31279 (31481)	1464 (1314)	1933 (878)	18676 (19145)	12603 (12336)	12336 (11478)

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

- Land at Anik Chembur, Mumbai taken from the Government of Maharashtra and is not included on cost of leasehold land shown above;
- Land at Mumbai taken from Mumbai Port Trust (MBPT) Mumbai.
- Land at Nhava (Dist: Raigad) is taken over from ONGC. The company is in possession of land admeasuring 3.99 hectares and 12.3 hectares of reclaimed land for which negotiations towards lease/ title is in process with ONGC. Pending execution of lease deeds, depreciation has been charged on the basis of available information in respect of b & c above.

(ii) Registration formalities are pending in respect of flats at Vashi and Belapur, Navi Mumbai purchased from CIDCO amounting to ₹ 65.60 lacs.

(iii) Govt. of India, re-vested all the rights of the properties of Alcock Ashdown Co. Ltd. at Mumbai with Mazagon Dock Ltd. vide Govt. of India Gazette Notification dated 06.07.1990. Registering the name of MDL on Property Card is pending.

2.9.2 Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the company in September 2010 for setting up National Institute of Warship/Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the company under the control of Ministry of Defence, Department of Defence Production. The company is in the process of completing formalities for handing over the land to NIRDESH.

2.9.3 Depreciation has been charged on single shift basis during the year after review.

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

2.9.5 Out of ₹ 299 lakh worth of assets identified for disposal, ₹ 195 lakh worth of assets have been disposed off during the FY 2012-13 and the balance ₹ 104 lakh worth of assets is yet to be disposed off.

2.9.6 Significant Accounting Policy: There is change in Accounting Policy of Depreciation / Amortization in respect of Intangible Assets. Due to which additional amortization of ₹ 4.42 lakhs has been charged to Profit & Loss account



NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.10 CAPITAL WORK-IN-PROGRESS

1. Own Resources

Add: Expenditure during the year
Less: Capitalisation/Adjustments during the year

2. Funded by Indian Navy

a) Mazdock Modernisation Project
Add: Expenditure during the year

b) Submarine Facilities Upgradation Project
Add: Expenditure/Adjustments during the year

Less: Advances received from Customer
(as per contra-2.4)

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

3815		1843	
2051		4241	
4957	909	2269	3815
40164		27239	
19827		12925	
59991		40164	
2097		1874	
5196		223	
7293		2097	
67284		42261	
60372	6912	42261	0
	7821		3815

2.10.1 Capital Work in Progress includes Navy funded Mazagon Modernization Project (MMP) and Submarine Facilities Upgradation Project (SFU). Part of the MMP project namely Goliath Crane, Wet Basin and Extension of Slip way were completed. Pending completion of other assets of the MMP, the cost incurred for modernisation project (net of funds received from the Navy) as on 31/03/2013 is shown as capital work in progress and balance amount of capital work in progress of MMP and SFU after reducing advance from customer will be capitalized based on the cost receivable from the customer. The asset so constructed will be accounted as Navy Funded Assets to the extent of funds received from Indian Navy separately.

2.11 NON-CURRENT INVESTMENTS

Other Investments (At Cost, Unquoted)

Investment in Equity Instruments - 1,37,39,400 (1,37,39,400)

Equity shares of ₹ 10/- each fully paid up in Goa Shipyard Limited

600	600
600	600

2.12 DEFERRED TAX (NET)

1. Deferred Tax Assets

Provisions

11529 7634

2. Deferred Tax Liabilities

Service Tax

(1247) (1137)

Depreciation

(2073) (2024)

Gratuity

(250) (3570) (3161)

7959 4473

2.13 LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise specified)

1. Capital Advances

7094 975

2. Sales Tax(VAT)/Service Tax Set Off receivable

3580 3726

3. Advance payment of Tax & Tax deducted at source

81528 77779

Less: Provision for Tax

63455 18073 53089 24690

4. Other Loans and Advances -

a) Deposits

855 596

b) Balance with Sales Tax Authorities

581 581

c) Balances with Port Trust

803 803

d) Balance with Customs Authorities

20 20

e) Foreign Exchange Fluctuation on Deferred Debts

3367 3215

Less: Exchange fluctuation receivable within 12 months

139 3228 179 3036

34234 34427



NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

2.14 OTHER NON-CURRENT ASSETS (Unsecured)

1. Long-term Trade Receivables (as per contra-2.16)				
a) Deferred Debts considered good		4921		5135
b) Other debts				
i) Considered good	1250		2484	
ii) Considered doubtful	472		359	
	1722		2843	
Less: Provision for doubtful debts and disallowances	472	1250	359	2484
2. Other Receivables (as per contra-2.16)				
a) Considered doubtful	232		232	
Less: Provision for doubtful debts and disallowances	232	0	232	0
3. Leave Salary Encashment Fund with SBI Life	10869		11027	
Less: Receivable within 12 months	2820	8049	2938	8089
4. Interest Receivable on Loans to Employees (Secured)		1		2
		14221		15710

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

1. Raw Materials				
a) Material in Stores	15542		8301	
Less: Provision for Obsolescence	33			
b) Stock in Transit	0	15509	0	8301
2. Stores & Spares				
a) Material in Stores	1481		1713	
Less: Provision for Obsolescence	26			
b) Stock in Transit	0	1455	0	1713
3. Equipment for Specific Projects				
a) Material in Stores	329870		233910	
b) Stock in Transit	58347	388217	91535	325445
4. Scrap		112		310
5. Loose Tools		133		161
6. Work-in-progress		1031653		1045997
		1437079		1381927

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

i) Raw material, Stores, Spares & Equipment	342440	238647
ii) Work-in-progress	1010583	1004538

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

	2167	1150
--	------	------

2.15.2.a The expenditure towards the preservation and insurance charges of Gas Turbine (value of Gas Turbine is ₹ 759 lakhs included above) held at M/S HAL, Bengaluru is recoverable from the Customer. Claim, if any, made for insurance and preservation will be considered on the basis of advice of the Customer.

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

	3805	3963
--	------	------

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





NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.15.5 Considering the physical progress on contract achieved till 31st March 2013 and contractual delivery schedule including grace period available, ships could not be delivered for reasons not solely attributable to the company. The matter was taken up with the customer for extension of delivery dates of ships. On that customer has indicated its willingness to consider this at an appropriate time, closer to delivery period of the ship. In view of this and based on the past experience, no liability is foreseen towards liquidated damages.

However, the contingent liability, if devolved, on the contract value of ships not delivered within the contracted delivery date and on the portion of the contract value progressed on the other ships up to 31.03.13 works out to ₹ 56403 lacs (previous year: ₹ 52510 lacs) for which no provision has been considered necessary. (Ref Note No. 2.34.1(b)). This includes an amount of ₹ 34938 lacs (previous year: ₹ 24427 lacs) in respect of delivered ships.

2.16 TRADE RECEIVABLES (Current)

	31st March, 2013 (₹ in lakhs)		31st March, 2012 (₹ in lakhs)	
(Unsecured, Considered good unless otherwise specified)				
Total Receivables	53045		38713	
Less: Long Term Trade Receivables (as per contra-2.14)	6643		7978	
Less: Long Term Other Receivables (as per contra-2.14)	232		232	
Less: Other Receivables - Current (as per contra-2.19)	15	46155	213	30290
1. Out of above:				
a) Debts Outstanding over six months				
i) Considered good	10949		12362	
ii) Considered doubtful	2553		1220	
	13502		13582	
Less: Provision for doubtful debts and disallowances	2553	10949	1220	12362
b) Other Debts				
i) Considered good	28358		16708	
ii) Considered doubtful	4295		0	
	32653		16708	
Less: Provision for doubtful debts and disallowances	4295	28358	0	16708
2. Deferred Debt Exchange fluctuation receivable		139		179
		39446		29249

2.17 CASH AND BANK BALANCES

1. Cash and Cash Equivalents				
a) Balances with Banks:-				
- In current accounts				
i) In India	3228		2556	
ii) Outside India	63	3291	63	2619
- In cash credit accounts		1		1
- In deposit accounts		35937		19885
b) In fixed deposit accounts less than 3 months maturities		45100		15000
c) Cash on hand (Ref Note No.2.43)		1		0
		84330		37505
2. Other Bank Balances				
a) In fixed deposit accounts more than 3 months maturities	516100		484100	
(No deposit having original maturity of more than 1 year)				
b) In Margin Money Deposits	49	516149	0	484100
		600479		521605



NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

2.18 SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered good unless otherwise specified)

1. Advances Paid to Vendors

i) Considered good

ii) Considered doubtful

376255

395846

10

10

376265

395856

10

10

Less : Provision for doubtful advances

376255

395846

2. Advances Paid on Behalf of Customer for B&D Spares

10839

18355

3. Employee Related

885

104

4. Prepaid Expenses

391

1392

5. Others

365

293

388735

415990

2.19 OTHER CURRENT ASSETS

A (Unsecured, Considered good unless otherwise specified)

1. Insurance Claims Receivable

460

586

2. Interest accrued on Deposits

7900

11307

3. Leave Salary Encashment Fund with SBI Life

2820

2938

4. Assets Under Disposal

2

0

5. Other Receivables (as per contra 2.16)

15

213

Less: Provision for doubtful debts and disallowances

0

15

0

213

B. (Secured and Considered Good)

1. Interest Receivable on Loans to Employees

1

4

11198

15048

2.19.1 Certain balances under current Assets, loans and advances, Current Liabilities, GR/IR material / services, clearing accounts etc. are subject to confirmation and reconciliation. Consequent adjustments thereof, if any, will be given effect in the books of accounts during the year of adjustments.

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

2.20 REVENUE FROM OPERATIONS

1. Sales

(a) Sale of Products

i) Ship Construction

238062

219986

ii) Ship Repair (Submarine Refit)

2303

6301

iii) Other Engineering

104

0

240469

226287

Less : Excise Duty

0

240469

0

226287

2. Revenue from On-going Contracts

Closing Work-in-progress

1010583

1004538

Less: Opening Work-in-progress

1004538

Add: Transferred From Changes in Inventories of WIP

17450

1021988

978456

(11405)

26082

229064

252369

TURNOVER (VALUE OF PRODUCTION)

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

Amount recognized as Revenue in Statement of Profit & Loss

229064

252369

Aggregate amount incurred less loss charged to P&L (Cumulative)

1010583

1004538

Advance payment received (Cumulative)

2156980

1972793

Gross dues from customers as at balance sheet date

2264

2234





NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.21 Other Operating Revenue

	31st March, 2013 (₹ in lakhs)	31st March, 2012 (₹ in lakhs)
(a) Sale of Services		
i) Commission earned on procurement of spares	3535	639
(b) Sale of Scrap & Stores	738	650
(c) Changes in Inventory of Scrap		
Closing Scrap	112	310
Less : Opening Scrap	310	128
	4075	1471

2.22 OTHER INCOME

Interest			
a) On Deposits with Banks	49693	47886	
Less: Interest Liability to Customer on Advances	1537	374	
	48156	47512	
b) On Income Tax Refund	598	846	
c) Other Interest	1162	1145	49503
Dividend from Goa Shipyard Ltd.		811	1676
Liabilities/Provisions no longer required written back		1563	1223
Insurance Claims		56	45
Sale of fixed assets (Net)			
Profit		778	
Less: Loss		0	772
Miscellaneous Income/Recoveries		545	833
	52891	54052	

2.22.1 Earnings in Foreign Exchange:

Sale of Multi Purpose Support Vessel.	27780	0
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2.22.2 Interest received from Privilege Leave Encashment Fund with SBI Life (Refer Note No. 2.14.3) is credited to other interest during FY 2012-13. In previous years this interest was credited to Privilege Leave Encashment expenditure (Refer Note No. 2.25). Therefore, previous year's figure is regrouped.

2.23 COST OF MATERIALS CONSUMED

A. Opening Stock

Raw materials, Stores and Spares	10014	4576	
Equipment for Specific Projects	233910	179241	
Material at site	0	9249	
Stock-in-transit	91535	13466	206532

B. Add : Purchases

	167074	252531
	502533	459063

C. Less : Closing Stock

Raw materials, Stores and Spares	16964	10014	
Equipment for Specific Projects	329870	233910	
Material at site	0	0	
Stock-in-transit	58347	91535	335459

	97352	123604
--	--------------	---------------

Less: Reduction in Value-included in other expenses	39	0
Less: Stores & Spares consumption included in Repairs & Maint.	60	42
Less: Stores & Spares consumption included in other expenses	1506	1461
	95747	122101



NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

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

		%		%
1. Imported	84636	86.94	47856	38.72
2. Indigenous	12716	13.06	75748	61.28
	97352		123604	

2.23.2 Consumption consists of

1. Iron & Steel	7172	3115
2. Non-ferrous Metals & Alloys	366	142
3. Machinery & Equipment fitting on ships etc.	89669	120265
4. Others	145	82
	97352	123604

2.23.3 Value of Imports on CIF basis

1. Raw material including machinery, equipment for construction of ships, submarine, repairs and other production jobs.	197290	141213
2. Stores, Spares and Components	0	67
3. Capital goods	0	150

2.24 Changes in Inventory of Work-In-Progress

Opening Work-in-progress	41459	31299
Less: Transferred to Revenue from Ongoing Contracts	17450	24009
Less: Closing Work-in-progress	21070	41459
	2939	(10160)

2.25 EMPLOYEE BENEFITS EXPENSES

Salaries, Wages, Allowances and Bonus	46025	45735
Pension	6	7
Contribution to Provident Fund	3307	3104
Contribution to Employees State Insurance Scheme	150	273
Contribution to Pension Scheme	663	2392
Workmen and Staff Welfare Expenses	5535	4419
Gratuity	1249	1287
Encashment of Privilege Leave	3607	1865
	60542	59082

2.25.1 Workmen and Staff Welfare expenses includes cost of salary of canteen employees. The liability of existing canteen employees as on 31.03.2013 in relation to Privilege Leave and Gratuity is worked out from Actuarial valuer at ₹ 344 Lakhs. In earlier years, these liabilities were worked out internally based on accrual basis. If similar methodology was adopted, the liability would have been ₹ 447 Lakhs as compared to ₹ 344 lakhs as on 31.03.2013.

2.26 FINANCE COSTS

Others	90	22
	90	22

2.26.1 The interest paid on the refund of Advance received from customer due to cancellation is disclosed under Other Expenses - Project Related (Note No. 2.27) as on 31.03.2013 as per opinion of Expert Advisory Committee of Institute of Chartered Accountants of India. In the previous year, it was disclosed under Finance Cost, therefore previous year figures are regrouped.





NOTES TO ACCOUNTS FOR THE YEAR ENDING

2.27 OTHER EXPENSES - PROJECTS RELATED

	31st March, 2013 (₹ in lakhs)	31st March, 2012 (₹ in lakhs)
Technicians' Fees and Other Expenses	3166	4925
Service Tax Expenses	4082	3907
Technical Know How Expenses	1157	4569
Advising Team Fees and other expenses	19915	14906
Licensing Fees	946	10676
Facility Hire	388	539
Rent	64	77
Insurance	231	312
Bank Charges and Guarantee Commission	449	425
Travelling Expenses	286	122
Sea Trial, Launching and Commissioning Expenses	73	36
Legal, Professional and Consultant Fees	687	133
Miscellaneous Expenses	176	82
Interest Expenses - Project Related	356	2581
	31976	43290

2.28 OTHER EXPENSES

Repairs and Maintenance:				
1. Buildings	593		605	
2. Plant and Machinery	1957		1848	
3. Steam Launches & Boats, Motor Cars, Lorries, etc.	1409		660	
4. Dredging	83	4042	1269	4382
Less : Work done internally and other expenditure which has been included in other heads of expenses		2480		1846
		1562		2536
Facility Hire		373		299
Water expenses		163		104
Rent		1378		1291
Insurance		253		156
Rates and Taxes		842		554
Bank Charges and Guarantee Commission		136		133
Printing and Stationery		74		58
Traveling Expenses		586		579
Business Promotion Expenses		560		522
Sea Trial, Launching and Commissioning Expenses		104		90
Foreign Exchange Variation (Net)				
Expenditure	1050		1458	
Less: Income	775	275	242	1216
Corporate Membership Expenses		11		7
Sale of fixed assets (Net)				
Loss	581			
Less: Profit	41	540		0
Miscellaneous Expenses		341		302
Legal, Professional and Consultant Fees		204		109
Books and Periodicals		11		6
Postage, Telegrams and Phones		102		97
Training Expenses		162		160
CISF and Security Board Expenses		1432		1189
Advertising Expenses		99		111
Custom Office Establishment Expenses		55		33
Loose Tools consumed		135		96
Directors Fees & Expenses		16		11



NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

2.28 OTHER EXPENSES CONTD....

Reduction in Value of Materials	39	0
Liquidated Damages	6	0
Consumption of Stores & Spares etc.	1506	1461
Corporate Social Responsibility Expenses (Refer Note 2.2.1)	263	107
	11228	11227

2.29 EXPENSES TRANSFERRED TO FIXED ASSETS

Employee Cost	(330)	(306)
	(330)	(306)

2.30 PROVISIONS MADE

1. Liquidated Damages	2	12
2. Guarantee Repairs	478	0
3. Doubtful Debts	5739	0
4. Others	2996	0
	9215	12

2.31 PREVIOUS YEARS' ADJUSTMENTS

1. Expenses		
a) Cost of Scrap Credit paid to Customer	0	37
b) Subcontract	(141)	0
c) Gratuity Expenses	(918)	0
d) Others	0	24
	(1059)	61
2. Income		
a) Sale of Product - Ship Construction	(1267)	
Net Expenses / (Income)	(2326)	61

ADDITIONAL NOTES TO ACCOUNTS - INFORMATIVE

2.32 Computation of Profit/Loss for Earnings Per Share

Profit after Tax	41272	49431
Profit including exceptional items attributable to Equity Shares	41272	49431
Profit excluding exceptional items attributable to Equity Shares	41272	49431
Earnings per share Basic (in ₹)	207.19	248.15
Earnings per share Diluted (in ₹)	207.19	248.15
(Share having nominal value of ₹ 100/- each)		

2.33 Business Segment Reporting

A) Segment-wise Turnover (Value of Production)

Shipbuilding	97814	163882
Submarine	131250	88487
Total	229064	252369

B) Result

i) Segment-wise Result

Shipbuilding	8091	14400
Submarine	6301	2974
Sub-total	14392	17374

ii) Income not allocated to segments

Interest on Deposits	48156	47512
Dividend	811	1676
Others	530	2616
Sub-total	49497	51804

Profit/Loss before Tax

	63889	69178
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NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

C) Other Information

i) Segment-wise Assets as on Balance Sheet date

Shipbuilding	1029415	798824
Submarine	1337575	1076341
Unallocated	187385	560015
	<u>2554375</u>	<u>2435180</u>

ii) Segment-wise Liabilities as on Balance Sheet date

Shipbuilding	1072783	1119235
Submarine	1208292	1135059
Unallocated	80171	29029
	<u>2361246</u>	<u>2283323</u>

iii) Segment-wise Capital Expenditure during the year

Shipbuilding	486	2570
Submarine	3466	1187
Unallocated	20485	13632
	<u>24437</u>	<u>17389</u>

iv) Segment-wise Depreciation for the year

Shipbuilding	608	515
Submarine	334	290
Unallocated	522	509
	<u>1464</u>	<u>1314</u>

D) Notes :

- For management purposes, the Company is organized into two major segments – Shipbuilding (New Construction and Ship Repairs) & Submarine.
- There are no geographical segments within the business segments.
- Most of the items of assets/liabilities, expense and income are identified segment wise. Common unidentified items are apportioned on a rational basis to the extent possible.

2.34 Contingent Liabilities and Commitments:

2.34.1 Amounts for which Company may be contingently liable:

a) Estimated amount of contracts remaining to be executed on capital account.	34148	32533
b) Estimated amount of Liquidated Damages on contracts under Execution	56403	52510
c) Position of non-fund based limits utilized for:		
(i) Letters of Credit	127738	113822
(ii) Guarantees and counter guarantees	11599	8385
d) Indemnity Bonds issued by the Company to Customers for various contracts	2947990	2944759

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

(i) Suppliers and Sub-contractors*	2062	1454
(ii) Others	3820	3608
(iii) Interest on (i) & (ii) above	22220	19667
	<u>28102</u>	<u>24729</u>

* Against the above claim, an amount of ₹ 264 Lakhs has been paid under protest.



NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

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

i) Sales Tax	108936*	108526*
ii) Excise Duty **	184	176
	<u>109120</u>	<u>108702</u>

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

** Commissioner, Central Excise, Raigad Commissionerate, has passed order in original dated 31.05.2013 (received on 07.06.2013) in the matter of Central Excise Duty Demand amounting to ₹150.49 Lakhs (inclusive of interest u/s 11 AB and penalty u/s 11 AC) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period 2007-08. The Company is in the process of filing an appeal at CESTAT within the stipulated time i.e. on or before 06.09.2013 against the order of the Commissioner.

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

(i) Excise Duty	15	15
(ii) Service Tax* (including interest and penalties)	6305	5970
	<u>6320</u>	<u>5985</u>

This includes ₹ 2919 lakhs (previous years ₹ 2699 lakhs) towards Show Cause Notices issued by the Service Tax Dept. for the years from 2005-06 to 2011-12.

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

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

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

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

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

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

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





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

2.37 Employee Benefits

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

(I) Defined Contribution Plans

(a) Provident Fund

(b) State Defined Contribution Plans

(i) Employers' Contribution to Employees' State Insurance

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

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

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

1 Employers' Contribution to Provident Fund	2767	2565
2 Employers' Contribution to Employees' State Insurance	150	273
3 Employers' Contribution to EPS (Employees' Pension Scheme)	503	482
4 Employers' Contribution to Employees' Deposit Linked Insurance Scheme	38	56

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

(II) Defined Benefit Plans

(a) Contribution to Gratuity Fund (Funded Scheme)

Actuarial valuation was performed by an insurer in respect of the aforesaid Defined Benefit Plans based on the following assumptions:-

1 Discount Rate (per annum)	8.00%	8.00%
2 Rate of increase in compensation levels	9.00%	9.00%

Gratuity liability is a defined benefit obligation and is provided for, on the basis of an actuarial valuation on projected net credit method made at the end of each financial year. The Gratuity Fund is invested in a Group Gratuity-cum-Life Assurance cash accumulation policy by an insurer. The investment return earned on the policy comprises bonuses declared by an insurer having regard to its investment earnings. It is known that insurer's overall portfolio of assets is well diversified and as such, the long term return on the policy is expected to be higher than the rate of return on Central Government Bonds. Historically too, the returns declared by an insurer on such policies have been higher than Government Bond yields.

Opening Balance as on 01.04.2012	25335	25160
Add : Credit from MDL	855	1081
Less : Amount paid towards claims	(2980)	(3159)
Add : Interest credited	2268	2088
Closing Balance as on 31.3.2013	25478	25169
Present value of past service benefit	24707	24417

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

(b) Leave Encashment (Funded Scheme)

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

Opening Balance as on 01.04.2012	11027	9405
Add : Contribution during 2012-13	0	720
	11027	10125
Less : Withdrawals, if any	1139	0
	9888	10125
Add : Interest credited to Fund as on 31.03.2013	981	902
Fund balance as on 31.03.2013	10869	11027
Fund requirement as per Actuarial Valuation as on 31.03.2013	11763	9895



NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

The actuarial liability excludes the fixed term employees, for which separate short-term provision of ₹455 lakh (previous year: ₹ 395 lakh) exists.

(III) Post Retirement Benefits

- a) Significant Accounting Policy: There is a change in Accounting Policy of Employee Benefits in respect of Post Retirement Medical Benefits. In earlier years, these liabilities were worked out internally on pro-rata basis on straight line method. As on 31.03.2013, actuarial liability in respect of insurance premium payable towards Post Retirement Mediclaim Policy is estimated yearwise and based on the retirement profile of all existing employees worked out to ₹ 3186 lakhs. If earlier methodology was adopted, the liability would have been ₹ 856 lakhs as on 31/03/2013.
- b) The methodology of estimating Gift Cards liability is changed to actuarial valuation. If earlier methodology of estimating liability on pro-rata basis straight line method was adopted, the liability would have been ₹ 49 lakhs as compared to ₹ 112 lakhs as on 31.03.2013.

2.37.2 Actuarial valuation of liability towards Gratuity - Note No. 2.37.1 (II) (a) above refers.

Defined Benefit Plans Gratuity - as per actuarial valuation on March 31, 2013

i) Assumptions

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

ii) Table showing changes in present value of obligations

Present value of obligations as at beginning of year	24417	24153
Interest Cost	1953	1932
Current Service Cost	731	791
Benefits Paid	(2980)	(3155)
Actuarial (gain) / Loss on obligations	586	696
Present value of obligations as at end of year	24707	24417

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

Fair value of plan assets at beginning of year	25335	25160
Expected return on plan assets	2268	2240
Contributions	855	1091
Benefits paid	(2980)	(3155)
Actuarial (gain) / Loss on Plan assets	NIL	NIL
Fair value of plan assets at the end of year	25478	25336

iv) Table showing fair value of plan assets

Fair value of plan assets at beginning of year	25335	25160
Actual return on plan assets	2268	2240
Contributions	855	1091
Benefits paid	(2980)	(3155)
Fair value of plan assets at the end of year	25478	25336
Funded status	770	918
Excess of Actual over estimated return on plan assets	NIL	NIL

v) Actuarial Gain / Loss recognized

Actuarial (gain) / Loss for the year - Obligation	(586)	(696)
Actuarial (gain) / Loss for the year - plan assets	NIL	NIL
Total (gain) / Loss for the year	586	696
Actuarial (gain) / Loss recognized in the year	586	696





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

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

Present value of obligations as at the end of year	24707	24417
Fair value of plan assets as at the end of the year	25478	25336
Funded status	770	918
Net Asset / (Liability) recognized in balance sheet	770	(918)

vii) Expenses recognized in statement of Profit & Loss

Current Service Cost	731	791
Interest Cost	1953	1932
Expected return on Plan Assets	(2268)	(2240)
Net Actuarial (gain) / Loss recognized in the year	586	696
Expenses recognized in statement of Profit & Loss	1003	1179

2.37.3 Actuarial valuation of liability towards Leave Encashment - Note No. 2.37.1 (II) (b) above refers.

Defined benefit Plans Leave Encashment as per actuarial valuation on March 31, 2013

i) Assumptions

Discount Rate	8.00%	8.00%
Rate of Increase in Compensation Levels	10.00%	10.00%
Rate of Return on Plan Assets	8.00%	9.50%
Expected Average remaining working lives of employees (years)	10.00	9.99

ii) Table Showing Changes in Present Value of Obligations

Present Value of Obligation as at the beginning of the year	9895	9003
Acquisition adjustment	NIL	NIL
Interest Cost	792	720
Current Service Cost	756	1324
Curtailment Cost / (Credit)	NIL	NIL
Settlement Cost / (Credit)	NIL	NIL
Benefits Paid	(1368)	NIL
Actuarial(gain)/Loss on Obligations	1688	(1152)
Present Value of Obligation as at the end of the year	11763	9895

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

Fair Value of Plan Assets at the beginning of the year	11027	9405
Acquisition Adjustments	NIL	NIL
Expected Return on Plan Assets	1931	783
Contributions	0	720
Benefits Paid	(1367)	NIL
Actuarial Gain / (Loss) on Plan Assets	(950)	119
Fair Value of Plan Assets at the end of the year	10869	11027

iv) Tables Showing Fair Value of Plan Assets

Fair Value of Plan Asset at the beginning of the year	11027	9405
Acquisition Adjustments	NIL	NIL
Actual Return on Plan Assets	981	902
Contributions	0	720
Benefits Paid	(1367)	NIL
Fair Value of Plan Asset at the end of the year	10869	11027
Funded Status	(894)	1132
Excess of Actual over estimated return on Plan Assets	(950)	119



NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

v) Actuarial Gain / Loss recognized

Actuarial (gain) / Loss for the year - Obligation	1688	(1152)
Actuarial (gain) / Loss for the year - Plan Assets	950	(119)
Total (gain) / Loss for the year	2638	(1271)
Actuarial (gain) / Loss recognised in the year	2638	(1271)
Un-recognised Actuarial (gains) / losses at the end of year	NIL	NIL

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

Present Value of Obligation as at the end of the year	11763	9895
Fair Value of Plan Assets as at end of the year	10869	11027
Funded Status	(894)	1132
Unrecognized Actuarial (gains)/ Losses	NIL	NIL
Net Asset / (Liability) Recognized in Balance Sheet	(894)	1132

vii) Expenses recognized in statement of Profit & Loss

Current Service Cost	756	1324
Interest Cost	792	720
Expected Return on Plan Assets	1931	(783)
Curtailment Cost / (Credit)	NIL	NIL
Settlement Cost / (Credit)	NIL	NIL
Net Actuarial (gain) / loss recognized in the year	2638	(1271)
Expenses Recognized in the statement of Profit & Loss	2255	(10)

2.38 Expenditure in Foreign Currency:

1. Royalty	864	9608
2. Technical Know-how	5367	8425
3. Interest	0	2317
4. Other matters	23232	13308
	29463	33658

2.39 Directors' Remuneration :

(i) Salaries and Allowances	84	87
(ii) Contribution to Provident Fund and other Funds (exclusive of Provision for Gratuity and leave encashment)	9	9
(iii) Medical Expenses reimbursed	2	4
(iv) Leave Travel Concession	6	3
(v) Annual Performance Related Pay	47	32
(vi) Sitting Fees & other expenses	17	11

Besides the remuneration indicated above, the Chairman & Managing Director and four Functional Directors are allowed to use Company's Car for private purposes upto 1000 kms. per month, for which charges were collected at the rates prescribed by Government of India.

2.40 PROVISIONS MADE, UTILISED, WRITTEN BACK :

	As on 01/4/2012	Additions	Utilised #	As on 31/3/2013
Provision for Gratuity	658	217	263	612
Provision for Leave Salary Encashment	10290	2323	395	12218
Provision for Post Retirement Benefit Scheme	2067	1283	0	3350
Provision for Pension for Officers	2392	663	0	3055
Provision for Custom Duty Demand	426	0	0	426
Provision for doubtful debts and disallowances	1811	5741	0	7552
Provision for Liquidated Damages	366	0	0	366
Provision for Guarantee Repairs	527	628	347	808
Provision for Interest Payable	1331	240	1571	0
Other Provisions	541	3546	684	3403
Total	20409	14641	3260	31790

It includes the ₹ 233.10 lakhs provisions written back.





NOTES TO ACCOUNTS FOR THE YEAR ENDING

31st March, 2013
(₹ in lakhs)

31st March, 2012
(₹ in lakhs)

- 2.41** Details of the dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as on 31st March 2013 based on available information with the Company are as under:

Particulars

Principal amount due and remaining unpaid	0	15
Interest due on above and the unpaid interest	0	2
Interest paid	0	0
Payment made beyond the appointed day during the year	1168	659
Interest accrued and remaining unpaid on above	42	34
Amount of further interest remaining due and payable in succeeding years	0	0

- 2.42** 'Miscellaneous Expenses' include:

Remuneration to the Statutory Auditors

i) Audit Fees	7	9
ii) Out of pocket expenses	1	1
iii) Tax Audit Fees	1	2
	<u>9</u>	<u>12</u>

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

Balance Sheet Items -

Note No. 2.17	₹	₹
Cash on hand	0	43372

- 2.44** The Company has entered into Joint Venture with Pipavav Defence & Offshore Engg. Co. Ltd. and formed a Joint Venture Company "Mazagon Dock Pipavav Defence Pvt. Ltd." incorporated in Mumbai, India, during Financial Year 2012-13. The Company's share in the Joint Venture is 50% of total Share Capital and subscribed to 100000 equity shares of each ₹ 10/- at par, to the Joint Venture Company. As on 31st March 2013, the joint venture company has not commenced its operation.

- 2.45** P-17 Contract envisages 1st ship to be built on a cost plus basis while 2nd and 3rd ships on a firm and fixed price calculated after cost confirmation of 1st ship available subject to overall ceiling. Pending refixation of contract value and cost of ship(s), the sale of P-17 ships is recognized on the basis of cost incurred till 31.03.2013 for material element which is above the present ceiling in the contract by Rs. 27.35 Cr. (Profit of Rs. 1.91 Cr.)

- 2.46** Item No. 2.45 of Notes to Accounts has been revised in the light of the observations made by the C&AG under section 619(4) of the Companies Act, 1956 on the accounts for the year approved by the Board of Directors and certified by the Statutory Auditors on 24th July 2013.

- 2.47** The previous period figures have been regrouped/reclassified wherever necessary to conform to the current presentation.

**AS PER OUR REPORT ATTACHED
FOR AND ON BEHALF OF**

Ford, Rhodes, Parks & Co.

Chartered Accountants
Firm Registration No. 102860W

sd/-

Shrikant Prabhu

Partner
Membership No. 35296

Date : 21-08-2013
Mumbai

FOR & ON BEHALF OF BOARD OF DIRECTORS

sd/-

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

sd/-

M. Selvaraj
Director (Finance)

sd/-

E.S.Selvaraj
Company Secretary & GM(L&E)



MAZAGON DOCK LIMITED

SOCIAL OVERHEADS

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

(₹ in lakhs)

Particulars	Staff Quarters	Canteen	Total
ASSETS			
Cost as on 1-4-2012	639	164	803
	(638)	(136)	(774)
Additions during the year	0	33	33
	(1)	(28)	(29)
Deductions during the year	6	45	51
	0	0	0
Total Cost as at 31-03-2013	633	152	785
	(639)	(164)	(803)
Depreciation up to 31-03-2013	228	27	255
	(220)	(58)	(278)
Net Block as at 31-03-2013	406	125	531
	(419)	(106)	(525)
Note : Figures in brackets relate to previous year			
EXPENDITURE		2012-13	2011-12
Welfare Expenses		266	150
Medical Expenses		3505	2846
Canteen Subsidy & Expenses (Net)		1063	1149
Staff Quarter Expenses		41	42
Transport Subsidy		701	284
Rates & Taxes		18	18
Insurance		2	2
Depreciation		18	18
Repairs & Maintenance		187	142
TOTAL		5800	4651

FOR & ON BEHALF OF BOARD OF DIRECTORS

Sd/-

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

Chairman & Managing Director

Sd/-

M Selvaraj

Director (Finance)

Sd/-

E. S. Selvaraj

Company Secretary & GM(L&E)

Date : 21.08.2013

Place : Mumbai





Golden Peacock Corporate Social Responsibility Award for 2012.



Performance Excellence Award in Gold category for 2011-12.



BT Star PSU Excellence Award for Innovation (Tech/R&D) 2012.

MAZDOCK MODERNISATION PROJECT - HEAVY DUTY 300 TON GOLIATH CRANE AT MDL, MUMBAI.

