INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of 'Mazagon Dock Shipbuilders Limited' ('the Company'), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

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

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of Matters

We draw attention to note no. 2.36.2 to the standalone Ind AS financial statements relating to the balances due from / to Indian Navy which are in the process of reconciliation.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in Annexure - I, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by the directions issued by the Office of the Comptroller and Auditor General of India under section 143(5) of the Act, we give in Annexure - II, a statement on the matters referred to in those directions.

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3. As required by section 143(3) of the Act, we report that:

   a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d. in our opinion, the aforesaid Standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act

   e. the provisions of Section 164(2) of the Act are not applicable to Government Company;

   f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure III';

   g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements (Refer note no. 2.35 to the standalone Ind AS financial statements).

      ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. However, the Company does not have any derivative contracts.

      iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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iv) The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company (Refer note no. 2.49 to the standalone Ind AS financial statements).

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

FORD RHODES PARKS & CO. LLP
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Shrikant Prabhu
Partner
Membership No. 35296

Place: Mumbai
Date: 23rd August, 2017

Annexure - I

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

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

As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government in terms of sub section (11) of section 143 of the Act, and on the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of the audit, we further report that: -

1. (a) As per the information and explanations given to us, the fixed asset register showing full particulars including quantitative details and situation of its fixed assets is compiled by the Company.

(b) As per the information and explanations given to us the fixed assets of the Company have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable having regard to the size of operations of the Company and the nature of its assets. No material discrepancy were noticed on physical verification.

(c) The title deeds of immovable properties are held in the name of the Company except for the following:

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

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Sr. No.	Plot No.	Location	Type of Property	Area (in Sq Mtrs)	Remarks
5	F Type Sector – ¾	Vashi, Navi Mumbai	Quarters	96.95	Deed of Apartments & its registration is under process.
6	F Type Sector - 10	Vashi, Navi Mumbai	Quarters	100.00	
7	JN – 1 Type Sector -10	Vashi, Navi Mumbai	Quarters	19.25	
8	JN-2 Type Sector -10	Vashi, Navi Mumbai	Quarters	45.85	
9	JN – 4 Type Sector- 10	Vashi, Navi Mumbai	Quarters	61.20	

2. (a) As per the information and explanations given to us the inventory (except those held with third parties) has been physically verified by the management during the year at reasonable intervals.

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

3. The Company has not granted any loan or given any guarantee or provided any security to companies, firms or other parties covered in the register maintained under Section 189 of the Act.

4. The Company has not granted any loan, given any guarantee or provided any security covered u/s 185 of the Act. Section 186 of the Act relating to investments, loans granted, guarantees given and security provided is not applicable to the Company being a Government company engaged in defense production.

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5. The Company has not accepted any deposits from the public within the meaning of the provisions of Section 73 to 76 or any other relevant provisions of the Act and Rules framed thereunder.

6. We have broadly reviewed the cost records maintained by the Company, as prescribed by the Central Government under sub section (1) of section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.

7. (a) According to the information and explanations given to us by the management and on the basis of examination of the books of accounts carried out by us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other statutory dues, as applicable, with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us by the management and the records of the Company examined by us, there were no disputed dues in respect of Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st March, 2017 except as stated below:

Sr. No.	Name of Statute	Period	Amount (₹ in lakhs)	Forum where dispute is pending
1.	Central Excise Act,1944	F.Y. 2001-02 to F.Y. 2003–04 and F.Y.2007-08	383	CESTAT, Mumbai
2.	Central Excise Act, 1944	F.Y. 2000-01	15	Additional Commissioner, Mumbai
3.	BST Act,1959	F.Y. 1980-81 to F.Y. 2004-05	107,983	Maharashtra Sales Tax Tribunal,Mumbai

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4.	MVAT Act, 2002	F.Y. 2005-06, F.Y. 2006-07, F.Y. 2008-09, F.Y. 2009-10, F.Y. 2010-11, F.Y. 2011-12 and F.Y. 2012-13	3,420	Jt. Commissioner of Sales Tax
5.	Karnataka Sales Tax Act	F.Y. 1989-90, F.Y. 1990-91, F.Y. 1992-93, F.Y. 1995-96 to F.Y. 1996-97	304	Karnataka Sales Tax Appellate Tribunal
6.	Service tax	F.Y. 2001–02 to F.Y. 2003-04	3,949	Bombay High Court
7.	Service tax	F.Y. 2004-05 to F.Y. 2013-14	2,928	Commissioner of Service Tax – I Mumbai
8.	Income Tax	A.Y. 2014-15	4,418	Commissioner of Income Tax (Appeals)
9.	Custom Duty	F.Y. 2007-08	8	Asst. Commissioner of Customs

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

9. According to the information given to us and as per the records examined by us, the Company has not made any public offer during the year and has not availed term loans from banks during the year.

10. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

11. Section 197 of the Act relating to managerial remuneration is not applicable to the Company being a Government Company.

12. Clause (xii) of the Order is not applicable to the Company since the Company is not a Nidhi Company.

13. All the transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable and the details as required by the Accounting Standards have been disclosed in the standalone Ind AS financial statements.

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14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. The Company has not entered into any non-cash transactions covered in Section 192 of the Act with Directors or persons connected with him during the year.

16. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

FORD RHODES PARKS & CO. LLP
SBP
C.A.s

Shrikant Prabhu
Partner
Membership No. 35296

Place: Mumbai
Date: 23rd August, 2017

Annexure - II to the Independent Auditor's Report

To the Members of Mazagon Dock Shipbuilders Limited

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

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

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

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

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

Sr. No.	Name of the Party	Amount written off (₹ in lakhs)	Reasons
1	PCDA(N)	925.00	Delivery of P15A-12701 Ship was due on 29th June, 2014 including the extended period for delivery. However, the same got delivered on 9th July, 2014, resulting in a levy of LD for 11 days amounting to ₹ 1,425.35 lakhs calculated on total contract price. The total contract price includes B&D and BFE components on which LD is not leviable. The amount of ₹ 1,425.35 lakhs has been deducted by the Navy from one of the claim bill raised by the Company on the Navy. The Company has shown an amount of ₹ 1,425.35 lakhs as receivable in the earlier year out of which an amount of ₹ 925.00 lakhs (relating to LD on Contract Price excluding B&D and BFE components) has been charged off as an expense during the year as the Company has accepted the deduction made by the Navy.

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

The total value of inventory of the Company lying with third parties is ₹ 353.09 lakhs as at 31st March, 2017. The Company has maintained only manual records identifying inventories lying with third parties. In our opinion, track of such inventories needs to be maintained through the ERP system operated by the Company in order to have proper control on such inventories. There are no assets received as gift from Government.

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

FORD RHODES PARKS & CO. LLP SBP C.A.s

Shrikant Prabhu
Partner
Membership No. 35296

Place: Mumbai
Date: 23rd August, 2017

Annexure III

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

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

We have audited the internal financial controls over financial reporting of Mazagon Dock Shipbuilders Limited ('the Company') as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

FORD RHODES PARKS & CO. LLP SBP C.As

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Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

FORD RHODES PARKS & CO. LLP SBP C.A.s

Shrikant Prabhu
Partner
Membership No. 35296

Place: Mumbai
Date: 23rd August, 2017

MAZAGON DOCK SHIPBUILDERS LIMITED

CIN : U35100MH1934GOI002079

BALANCE SHEET AS AT 31ST MARCH 2017

		Notes	As at 31st March, 2017 Amount in ₹ Lakhs	As at 31st March, 2016 Amount in ₹ Lakhs	As at 1st April, 2015 Amount in ₹ Lakhs
	ASSETS				
(1)	**Non-current assets**				
(a)	Property, Plant and Equipment	2.1.1	52492	34493	26148
(b)	Capital work-in-progress	2.2	9843	16958	14589
(c)	Other intangible assets	2.1.2	2135	2283	905
			64470	**53734**	**41642**
(d)	**Financial assets**				
(i)	Investments	2.3	600	600	600
(ii)	Trade receivable	2.4	1605	1674	1569
(iii)	Loans	2.5	308	293	271
(iv)	Other financial assets	2.6	340	340	340
(e)	Deferred tax assets (net)	2.7	48381	50054	46278
(f)	Non-current tax assets (net)		18114	12809	22036
(g)	Other non-current assets	2.8	14215	11339	7739
	Total non-current assets		**148033**	**130843**	**120475**
(2)	**Current assets**				
(a)	Inventories	2.9	402865	424467	443573
(b)	Financial assets				
(i)	Trade receivables	2.10	74620	91973	150967
(ii)	Cash and cash equivalents	2.11	14288	89777	21488
(iii)	Bank balances other than cash and cash equivalents	2.12	822000	790500	740000
(iv)	Loans	2.13	664	696	615
(v)	Others	2.14	14765	16592	18904
(c)	Assets held for sale		2	-	-
(d)	Other current assets	2.15	419902	325853	340894
	Total current assets		**1749106**	**1739858**	**1716441**
	Total Assets		**1897139**	**1870701**	**1836916**
	EQUITY AND LIABILITIES				
	EQUITY				
	Equity Share capital	2.16	24900	19920	19920
	Other equity	2.17	235978	212421	168102
	Total equity		**260878**	**232341**	**188022**
	LIABILITIES				
(1)	**Non-current liabilities**				
(a)	Financial liabilities				
(i)	Trade payable	2.18.1	1605	1674	1569
(ii)	Others	2.18.2	14	8	-
(b)	Other long-term liabilities	2.19	16695	13163	10474
(c)	Long-term provisions	2.20	121104	118568	119378
	Total non-current liabilities		**139418**	**133413**	**131421**
(2)	**Current liabilities**				
(a)	Financial liabilities				
(i)	Trade payables	2.21	89826	109275	86498
(ii)	Others	2.22	17007	20568	17563
(b)	Other current liabilities	2.23	1381739	1368465	1408156
(c)	Short-term provisions	2.24	8271	6639	5256
	Total current liabilities		**1496843**	**1504947**	**1517473**
	Total liabilities		**1636261**	**1638360**	**1648894**
	Total Equity and Liabilities		**1897139**	**1870701**	**1836916**
	Significant accounting policies and notes to the financial statements	1 and 2			

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 23rd August, 2017
Mumbai.

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Madhavi Kulkarni
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED

CIN : U35100MH1934GOI002079

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

		Notes	2016-17 Amount in ₹ Lakhs	2015-16 Amount in ₹ Lakhs
I	**Revenue from operations**			
	i Contract revenue	2.25	3,52,367	4,10,622
	ii Other operating revenue	2.26	607	2,084
			3,52,974	4,12,706
II	Other income	2.27	76,456	75,963
III	**Total revenue**		**4,29,430**	**4,88,669**
IV	**Expenses:**			
	Cost of materials consumed	2.28	2,14,007	2,64,497
	Employee benefits expense	2.29	71,738	75,472
	Finance costs	2.30	390	390
	Depreciation and amortization expenses		3,939	4,381
	Sub-contract		11,019	13,492
	Power and fuel		2,604	2,822
	Other expenses :(a) Project related	2.31	14,171	20,352
	(b) Others	2.32	15,945	12,161
	Provisions	2.33	10,845	2,170
	Total expenses		**3,44,658**	**3,95,737**
V	**Profit before tax**	84772	**84,772**	**92,932**
VI	Tax expense:			
	Current tax		29,307	35,220
	Deferred tax		2,116	407
	Tax adjustments relating to prior years		-	457
VII	**Profit / (Loss) for the year**	53349	**53,349**	**56,848**
VIII	**Other comprehensive income**			
	A Items that will not be reclassified to profit or loss			
	i Remeasurement of defined employee benefit plan (net of tax)		(837)	675
	B Items that will be reclassified to profit or loss		-	-
IX	**Total comprehensive income for the year**		**52,512**	**57,523**
X	**Earning per share**			
	Basic and Diluted		214.25	228.31

Significant accounting policies and notes to the financial statements 1 and 2

As per our report of even date

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

FORD RHODES PARKS & CO. LLP SBP C.A.s

Shrikant Prabhu
Partner
Membership No. 35296

Date: 23rd August, 2017
Mumbai.

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Madhavi Kulkarni
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED MUMBAI

MAZAGON DOCK SHIPBUILDERS LIMITED

(CIN : U35100MH1934GOI0020790)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lakhs)

Sr. No.	Particulars	2016-17	2015-16
A	**Cash flow from operating activities**		
	Net Profit Before Tax	84772	92932
	Adjustments for :		
	(+) Non cash expenditure and non operating expenses		
	Depreciation / Amortisation	3939	4381
	Finance cost	390	390
	(-) Non operating income		
	Profit / Loss on sale of fixed assets	(31)	(7)
	Interest income	(63288)	(67806)
	Dividend received	(879)	(742)
	Other items		
	Fund utilised for CSR	-	(1169)
	Operating profit before working capital changes	**24902**	**27979**
	Adjustment for (increase) / decrease in working capital		
	Adjustments for :		
	Inventories	21602	19106
	Trade receivables and loans and advances	17439	58787
	Other current and non current assets	(126929)	(36225)
	Trade payables and provisions	(16578)	24104
	Other current and non current liabilties	13252	(33990)
	Cash generated from operations	(66312)	59761
	Direct tax paid (net)	(34612)	(30990)
	Net cash from (used in) operating activities	**(100924)**	**28771**
B	**Cash flow from investing activities**		
	Purchase of fixed assets (net of adjustments)	(21836)	(14115)
	Capital work in progress	7116	(2369)
	Sale of fixed assets	76	19
	Capital advance	(113)	(522)
	Interest income	63288	67806
	Dividend received	879	742
	Net cash from / (used in) investing activities	**49410**	**51561**
C	**Cash flow from financing activities**		
	Dividend paid (including tax on dividend)	(23975)	(12036)
	Interest paid	-	(7)
	Net cash from / (used in) financing activities	**(23975)**	**(12043)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(75489)**	**68289**
	Cash and cash equivalents at the beginning of the year	**89777**	**21488**
	Cash and cash equivalents at the end of the year	**14288**	**89777**

Note: Figure in bracket indicate outflow

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 23rd August, 2017
Mumbai.

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Madhavi Kulkarni
Company Secretary

Note 1: Statement of Significant Accounting Policies

1) Corporate information:

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

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

2) Significant accounting policies:

2.1 Basis of preparation:

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

2.2 Summary of significant accounting policies:

a) Use of estimates:

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

Estimates and assumptions are required in particular for:

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

Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support.

ii. Recognition and measurement of defined benefit obligations:

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

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maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

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

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

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

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

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

b) Current versus non-current classification:
The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

i. An asset is treated as current when it is:

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle
- ii. Held primarily for the purpose of trading
- iii. Expected to be realised within twelve months after the reporting period, or

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iv. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non - current.

ii. A liability is treated as current when it is:

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

All other liabilities are treated as non - current.

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

c) Property, plant and equipment:

i. Property, plant and equipment, including capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital works executed internally are valued at prime cost plus appropriate overheads.

- Cost means cost of acquisition, inclusive of inward freight, duties, taxes and other incidental expenses incurred in relation to acquisition of such assets. It also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. In respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised.

- When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

- When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

- Spares purchased along with PPE are capitalised.

- The present value of the expected cost for decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

- Unserviceable tangible assets are valued at the net realisable value. In case the net realisable value is not available, the same is considered at 5% of original cost as scrap value. For IT hardware assets, i.e. end user devices such as desktops, laptops, etc. residual value is considered as nil.

- An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

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

ii. Depreciation:

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

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

(b) Loose tools costing over ₹ 5000 is written off evenly over a period of five years commencing from the year of purchase.

(c) Additions to assets individually costing ₹ 5000 or less are depreciated at 100%.

(d) Spares purchased along-with the main asset are depreciated over the estimated useful life of that asset.

(e) In respect of additions / extensions forming an integral part of the existing assets, depreciation has been provided over residual life of the respective assets.

(f) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(g) Depreciation on property, plant and equipment commences when the assets are ready for intended use

(h) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life of the assets.

(i) The residual value of all the assets have been considered at 5% of the original cost of the respective assets, except for computer and related hardware assets, where the residual value is considered to be nil.

(j) When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

d) Intangible assets:

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

e) Impairment of assets:

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

f) Investment in associate:

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

Company has investment in equity shares of its associate and it is measured at cost. Provision for Impairment loss on such investment is made only when there is a diminution in value of the investment which is other than temporary.

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

g) Foreign currency transactions:

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

- Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing on the date of the transaction:
- Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the reporting date.

- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.
- Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

h) Borrowing costs:

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

i) Inventory valuation

i. Raw materials and stores and general spares are valued at weighted average cost.

ii. Equipment for specific projects are valued at cost.

iii. Stock-in-transit is valued at cost.

iv. Cost of inventories comprises of purchase cost, conversion and other cost incurred in bringing them to the present location and condition.

v. Provision for obsolescence will be made for raw materials, stores and spares not moved for over 3 years. For Project specific material, obsolescence is provided to the items for which shelf life is expired.

vi. Scrap is valued at estimated net realizable value.

vii. Work in progress and finished goods other than construction contracts & ship repair contracts have been valued at lower of cost and net realisable value.

j) Revenue recognition

i. **Construction & repair contracts**

Fixed Price Contract:

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

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

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

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

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

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

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

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

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

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

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

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

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k) Financial instruments:

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

Financial Assets:

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

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

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

iv. **Financial assets measured at fair value through other comprehensive income (FVTOCI):**
Financial assets under this category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income.

v. **Financial assets measured at fair value through profit or loss (FVTPL):**
Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

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

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vii. **Investment in debt instruments:**
A debt instrument is measured at amortised cost or at FVTPL. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

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

ix. **Derecognition of financial assets:**
A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Financial liabilities:

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

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

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

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

iii. **De-recognition of financial liability**
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the

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consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance cost.

iv. **Retentions**

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

v. **Security deposit**

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

l) Leases

i. As a lessee

Leases of property, plant and equipment where the Company, as lessee, where substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Contingent rent shall be charged as expense in the period in which they are incurred.

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

ii. As a lessor

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

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m) **Employee benefits**

i. **Short-term obligations**

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

ii. **Other long-term employee benefit obligations**

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

iii. **Post-employment obligations**

The Company operates the following post-employment schemes:

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

Gratuity

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive

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income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Post-retirement medical scheme

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

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

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

Provident fund and Pension

Retirement benefits in the form of Provident fund and Family pension funds are defined contribution plans and the contribution is charged to Statement of Profit and Loss of the year when the contributions to the respective funds are due in accordance with the relevant statute. Defined contribution to Superannuation Pension Scheme is charged to statement of Profit & Loss at the applicable contribution rate as per approved Pension scheme.

n) Dividend to equity shareholders

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

o) Provision for current & deferred tax

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

Current income tax:

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

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

- has a legally enforceable right to set off the recognised amounts; and

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- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax:
Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date using the tax rates and laws that are enacted or substantively enacted as on reporting date. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences, unused tax losses and credits can be utilised. Deferred tax relating to items recognised in other comprehensive income and directly in equity is recognised in correlation to the underlying transaction.

Deferred tax assets and liabilities are offset only if:

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

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

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

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

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2.1.1 TANGIBLE ASSETS

(₹ in Lakhs)

Sr. No.	Particulars	GROSS BLOCK Cost as on 01-04-16	Additions	Adjustments	Disposal	Balance 31-03-17	DEPRECIATION / AMORTISATION Opening 01-04-16	For the Year	Adjustments	Disposal	Balance 31-03-17	NET BLOCK As on 31-03-17	As on 31-03-16
A	**Assets Owned by MDL**												
1	Freehold Land	2867	-	-	-	2867	-	-	-	-	-	2867	2,867
2	Buildings: i) Factory Building	3622	856	-	-	4478	2781	60	-	-	2841	1637	841
	ii) Office and Staff Quarters												
	a) RCC	2145	293	-	-	2438	587	54	-	-	641	1797	1558
	b) Non RCC	295	137	-	-	432	49	15	-	-	64	368	246
3	Road	735	-	-	-	735	166	133	-	-	299	436	569
4	Other Civil Works	9	-	-	-	9	3	3	-	-	6	3	6
5	Plant and Equipment	22762	2449	-	765	24446	11563	993	-	727	11828	12617	11199
6	Furniture and Fixtures	1573	310	-	-	1883	685	154	-	-	839	1044	888
7	Vehicles	2016	63	-	12	2067	551	236	-	11	776	1291	1465
8	Office Equipment	2099	757	-	79	2777	1344	320	-	75	1589	1188	755
9	Building Berths, Kasara Basin, Dry Docks and Launchways	-	-	-	-	-	-	-	-	-	-	-	-
10	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	1872	307	-	247	1932	1644	200	-	246	1598	334	228
	ii) Server and Network	1462	1333	-	34	2761	1022	194	-	34	1182	1579	440
11	Loose Tools	1386	107	-	-	1493	1304	129	-	-	1433	60	82
12	Ship - Launches and Boats	897	-	-	-	897	610	15	-	-	625	272	287
13	Electrical Installation and Equipments	1587	334	-	13	1908	821	149	-	12	957	951	766
	Sub-total	**45327**	**6946**	**-**	**1150**	**51123**	**23130**	**2655**	**-**	**1105**	**24680**	**26444**	**22197**
	Previous Year's Figures	37089	8379	(36)	105	45327	21005	2218	-	93	23130	22197	16083

Note : 9 Nos. Vessels under the head "Launches and Boats" costing ₹ 897 Lakhs are registered in the name of CMD of the Company to comply with the requirement of Indian Costal Act,1838 / Indian Vessels Act, 1917.

(₹ in Lakhs)

B	Jointly Funded Assets	GROSS BLOCK Cost as on 01-04-16	Additions	Adjustments	Disposal	Balance 31-03-17	DEPRECIATION / AMORTISATION Opening 01-04-16	For the Year	Adjustments	Disposal	Balance 31-03-17	NET BLOCK As on 31-03-17	As on 31-03-16
1	Buildings: i) Factory Building	8779	9,318	-	-	18096	381	304	-	-	685	17412	8398
	ii) Office and Staff Quarters	-	-	-	-		-		-	-	-	-	-
	a) RCC	-	1,565	-	-	1565	-	2	-	-	2	1563	-
	b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	
2	Roads		133	-	-	133		2	-	-	2	131	-
2	Plant and Equipment	4385	1,312	-	-	5696	822	196	-	-	1018	4679	3563
3	Electrical Installation and Equipments	-	626	-	-	626	-	5	-	-	5	621	-
4	Furniture and Fixtures	-	226	-	-	226	-	5	-	-	5	221	-
5	Office Equipment	-	145	-	-	145	-	7	-	-	7	138	-
6	Computers and Data Processing Units												-
	i) Server and Network	338	-	-	-	338	2	56	-	-	58	280	336
7	Ship - Launches and Boats	-	1,017	-	-	1017	-	11	-	-	11	1006	-
	Sub-total	**13502**	**14341**	**-**	**-**	**27843**	**1204**	**590**	**-**	**-**	**1794**	**26049**	**12297**
	Previous Year's Figures	10571	2603	327	-	13501	505	699	-	-	1204	12297	10066
	Total Tangibles Assets (A+B)	**58829**	**21287**	**-**	**1150**	**78966**	**24334**	**3245**	**-**	**1105**	**26474**	**52492**	**34493**
	Previous Year's Figures	47660	10982	291	105	58828	21510	2917		93	24334	34493	26148

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SHIPBUILDERS LIMITED MUMBAI

Fixed Assets Schedule 2016-17

2.1.2 INTANGIBLE ASSETS

(₹ in Lakhs)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	Opening 01-04-16	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	As on 31-03-17	As on 31-03-16
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	892	-	-	-	892	258	149	-	-	407	485	634
2	Other than SAP-ERP	2632	546	-	-	3178	1161	509	-	-	1670	1508	1471
	Sub Total	**3524**	**546**	-	-	**4070**	**1419**	**658**	-	-	**2077**	**1993**	**2105**
	Previous Year's Figures	1863	1661	-	-	3524	958	461	-	-	1419	2105	905

(₹ in Lakhs)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	Opening 01-04-16	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	As on 31-03-17	As on 31-03-16
1	Computer Software/SAP-ERP	1237	-	-	-	1237	1237	-	-	-	1237	-	-
2	Other than SAP-ERP	181	-	-	-	181	3	36	-	-	39	142	178
	Sub Total	**1,418**	-	-	-	**1,418**	**1,240**	**36**	-	-	**1,276**	**142**	**178**
	Previous Year's Figures	237.00	1181	-	-	1418	237.00	1003	-	-	1240	178	-
	Total Intangible Assets (A+B)	**4942**	**546**	-	-	**5488**	**2659**	**694**	-	-	**3353**	**2135**	**2283**
	Previous Year's Figures	2100	2842	-	-	4942	1195	1464	-	-	2659	2283	905
	Total Assets (i+ii)	**63771**	**21833**	-	**1150**	**84454**	**26993**	**3939**	-	**1105**	**29827**	**54627**	**36776**
	Previous Year's Figures	49760	13824	291	105	63770	22705	4381	-	93	26993	36776	27053

2.1.3 (i) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 114 lakhs (Previous year ₹ 114 lakhs).

2.1.4 Government of Kerala has assigned "Free of Cost" 40.52 acres of land and handed over the same to the Company in September 2010 for setting up National Institute of Warship/Submarine design and indigenisation centre. A society titled "National Institute for Research and Design in Defence Shipbuilding" (NIRDESH) has been formed in 2010-11 by Government of India, Ministry of Defence, having representation from all the shipyards including the Company under the control of Ministry of Defence, Department of Defence Production. As per the order of Government of Kerala dated 24.04.2015, the ownership of land shall be retained by the Company and only possession will be handed over to NIRDESH for undertaking future infrastructure development.

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

2.1.6 No provision for impairment of assets has been considered necessary during the year as required under Indian Accounting Standard - 36.

2.1.7 As envisaged under the Schedule II to the Companies Act 2013, the Company has charged the depreciation on its existing tangible assets on straight line basis over the balance life of the assets keeping a residual value of five percent, except for computers and data processing units where no residual value is retained.

2.1.8 As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 11492 lakhs (Previous Year ₹ 11135 lakhs) (net cost to Company) were capitalised upto 31st March 2017 as jointly funded by the Company and Indian Navy and depreciation of ₹ 3070 lakhs (Previous Year ₹ 1244 lakhs) has been accounted on it upto 31st March 2016. Total Assets of ₹ 101612 lakhs (Previous Year ₹ 87272 lakhs) are jointly funded by the Company and Indian Navy.

Assets jointly funded by MDL and Indian Navy

(₹ in Lakhs)

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

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MAZAGON DOCK SHIPBUILDERS LIMITED
MUMBAI

2.1.1 TANGIBLE ASSETS (₹ in Lakhs)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions	Adjustments	Disposal	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments	Disposal	Balance 31-03-16	As on 31-03-16	As on 31-03-15
A	**Assets Owned by MDL**												
1	Freehold	1	2866	-	-	2867	-	-	-	-	-	2867	1
2	Buildings: i) Factory Building	3543	79	-	-	3622	2737	44	-	-	2781	841	806
	ii) Office and Staff Quarters												
	a) RCC	1489	659	-	3	2145	560	29	-	2	587	1558	929
	b) Non RCC	137	158	-	-	295	39	10	-	-	49	246	98
3	Road	72	663	-	-	735	68	98	-	-	166	569	4
4	Other Civil Works	-	9	-	-	9	-	3	-	-	3	6	-
5	Plant and Equipment	20096	2765	(36)	63	22762	10798	821	-	56	11563	11199	9298
6	Furniture and Fixtures	1303	277	-	7	1573	537	154	-	6	685	888	766
7	Vehicles	1873	158	-	15	2016	339	226	-	14	551	1465	1534
8	Office Equipment	1737	368	-	6	2099	1038	311	-	5	1344	755	699
9	Building Berths, Kasara Basin, Dry Docks and Launchways	-	-	-	-	-	-	-	-	-	-	-	-
10	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	1723	154	-	5	1872	1502	147	-	5	1644	228	221
	ii) Server and Network	1381	81	-	-	1462	864	158	-	-	1022	440	517
11	Loose Tools	1335	51		-	1386	1242	62	-	-	1304	82	93
12	Ship - Launches and Boats	897	-	-	-	897	595	15	-	-	610	287	302
13	Electrical Installation and Equipments	1502	91	-	6	1587	686	140		5	821	766	816
	Sub-total	**37089**	**8379**	**(36)**	**105**	**45327**	**21005**	**2218**	**-**	**93**	**23130**	**22197**	**16083**

Note : 9 Nos. Vessels under the head "Launches and Boats" costing ₹ 897 lakhs are registered in the name of CMD of the Company to comply with the requirement of Indian Costal Act,1838 / Indian Vessels Act, 1917.

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions	Adjustments	Disposal	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments	Disposal	Balance 31-03-16	As on 31-03-16	As on 31-03-15
1	Factory Building	8106	558	115	-	8779	103	278	-	-	381	8398	8003
2	Plant and Equipment	2465	1,707	212	-	4384	402	419	-	-	821	3563	2063
3	Computers and Data Processing Units												
	i) Server and Network	-	338	-	-	338	-	2	-	-	2	336	-
	Sub-total	**10571**	**2603**	**327**	**-**	**13501**	**505**	**699**	**-**	**-**	**1204**	**12297**	**10066**
	Total Tangibles Assets (A+B)	**47660**	**10982**	**291**	**105**	**58828**	**21510**	**2917**	**-**	**93**	**24334**	**34493**	**26148**

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MAZAGON DOCK SHIPBUILDERS LIMITED
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2.1.2 INTANGIBLE ASSETS

(₹ in Lakhs)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	As on 31-03-16	As on 31-03-15
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	242	650	-	-	892	165	93	-	-	258	634	77
2	Other than SAP-ERP	1621	1011	-	-	2632	793	368	-	-	1161	1471	828
	Sub Total	**1863**	**1661**	-	-	**3524**	**958**	**461**	-	-	**1419**	**2105**	**905**

(₹ in Lakhs)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	Opening 01-04-15	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	As on 31-03-16	As on 31-03-15
1	Computer Software/SAP-ERP	237	1,000	-	-	1237	237	1,000	-	-	1237	-	-
2	Other than SAP-ERP	-	181	-	-	181	-	3	-	-	3	178	-
	Sub Total	**237**	**1,181**	-	-	**1,418**	**237**	**1,003**	-	-	**1,240**	**178**	-
	Total Intangible Assets (A+B)	**2100**	**2842**	-	-	**4942**	**1195**	**1464**	-	-	**2659**	**2283**	**905**
	Total Assets (i+ii)	**49760**	**13824**	**291**	**105**	**63770**	**22705**	**4381**	-	**93**	**26993**	**36776**	**27053**

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MAZAGON DOCK SHIPBUILDERS LIMITED * MUMBAI *

2. NOTES TO THE FINANCIAL STATEMENTS

Note	Particulars	31st March, 2017 Amount in ₹ Lakhs		31st March, 2016 Amount in ₹ Lakhs		31st March, 2015 Amount in ₹ Lakhs	
2.2	**Capital work-in-progress**						
	1. Own resources						
	A. Tangible assets						
	Opening balance	3,175		1,860		1,864	
	Add: Expenditure during the year	12,425		9,794		6,429	
	Less: Capitalisation during the year	7,213	8,388	8,479	3,175	6,433	1,860
	B. Intangible assets under development						
	Opening balance			-		106	
	Add: Expenditure during the year	546		1,661		324	
	Less: Capitalisation/adjustments during the year	546	-	1,661	-	430	-
	2. Funded by Indian Navy						
	a) Mazdock Modernisation Project						
	Opening balance	-		-		18,177	
	Add: Expenditure / adjustments during the year	-		-		4,033	
	Less: Capitalisation/adjustments during the year	-		-		22,210	
		-		-		-	
	b) Submarine facilities upgradation project						
	Opening balance	13,784		12,729		8,753	
	Add: Expenditure/adjustments during the year	1,656		5,166		6,188	
	Less: Capitalisation/Adjustments during the year	13,985		4,112		2,212	
		1,455		13,783		12,729	
	2 (a) + 2 (b)	1,455		13,783		12,729	
		-	1,455		13,783		12,729
			9,843		**16,958**		**14,589**
	Financial assets						
2.3	**Investments**						
	Investments in equity instruments (At cost, unquoted)						
	In associate						
	5,49,57,600 Equity shares of ₹ 5 each fully paid up (previous year 1,37,39,400 Equity shares of ₹ 10 each fully paid up) in Goa Shipyard Ltd		600		600		600
	(GSL has issued Bonus shares during the year in the ratio of 1:1 and has also subdivided the face value from ₹ 10 to ₹ 5)		**600**		**600**		**600**
2.4	**Trade receivable**						
	(Unsecured, Considered good, unless otherwise stated)						
	Deferred debts		1,996		2,079		1,947
	Less: Amount receivable within 12 months		391		405		378
			1,605		**1,674**		**1,569**
2.5	**Loans**						
	(Unsecured, Considered good, unless otherwise stated)						
	Security deposits						
	Security deposits with Mumbai Port Trust		293		278		444
	Less: Deferred deposits		-		-		(173)
	Add: Interest income		15		15		-
			308		**293**		**271**
2.6	**Other financial assets**						
	Fixed deposits with bank with maturity over 12 months		340		340		340
	(The above deposit is under lien with Mumbai Port Trust)						
			340		**340**		**340**
2.7	**Deferred tax assets / (liabilities)**						
	Deferred tax assets						
	Provisions		58,539		56,353		50,844
	Deferred tax liabilities						
	Service tax	(1,443)		(1,690)		(1,660)	
	Depreciation	(8,715)		(3,047)		(2,166)	
	Others	-	(10,158)	(1,562)	(6,299)	(740)	(4,566)
	Deferred tax assets (net)		**48,381**		**50,054**		**46,278**
2.8	**Other non-current assets**						
	(Unsecured, Considered good unless otherwise stated)						
	Capital advances		671		558		36
	Deposits with custom authorities		20		20		20
	Deposits with excise authorities		4				
	Other deposits		-		8		8
	Other receivables - considered good	4					
	Other receivables - considered doubtful	2,946		2,946		3,076	
	Less: Provision for doubtful receivables	2,946	4	2,946	-	3,076	-
	Advances paid to vendors - considered doubtful	2		2			
	Less Provisions for doubtful advances	2	-	2	-		-
	VAT/Sales tax credit		12,574		9,763		6,627
	Export incentive receivable						
	Considered good	371		478		478	
	Considered doubtful	107		-		-	
		478		478		478	
	Less: Provision for doubtful receivables	107	371	-	478		478
	Advance income tax (net)						
	Prepaid expenses (Refer Note 2.8.1)						
	Rent	371		421		471	
	Less: Current	51	320	51	370	51	421
	Others		144		20		12
	Prepaid lease rentals	122		137		137	
	Less: Amortisation of prepaid lease	15	107	15	122	-	137
			14,215		**11,339**		**7,739**

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MAZAGON DOCK SHIPBUILDERS LIMITED MUMBAI

2. NOTES TO THE FINANCIAL STATEMENTS

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

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

b. Land at Nhava (Dist: Raigad): MDL possesses approximately 15.59 hectares of land (12.30 hectares reclaimed plus 3.29 hectares from CIDCO firm land). The Pending execution of lease deeds of above, initial premium paid has been treated as prepaid rent and charged on the basis of available information in respect of a and

		31st March, 2017 Amount in ₹ Lakhs		31st March, 2016 Amount in ₹ Lakhs		31st March, 2015 Amount in ₹ Lakhs	
2.9	**Inventories**						
	Raw materials						
	Material in stores	17,164		10,890		11,097	
	Less: Provision/reduction for obsolescene	89	17,075	80	10,810	31	11,066
	Stores and spares	-					
	Material in stores	1,878		1,517		1,572	
	Less: Provision/reduction for obsolescene	73	1,805	21	1,496	25	1,547
	Equipment for specific projects	-					
	Material in stores/site	3,63,802		3,90,366		4,12,712	
	Less: Provision/reduction for obsolescene	181		140			
		3,63,621		3,90,226		4,12,712	
	Stock in transit	19,717		21,583		17,803	
	Materials pending inspection	539	3,83,877	272	4,12,081	313	4,30,828
	Scrap	-	108		80		132
			4,02,865		**4,24,467**		**4,43,573**
2.10	**Trade receivables**						
	(Unsecured, Considered good unless otherwise stated)						
	Debts outstanding over six months						
	Considered good	74,620		91,973		1,50,967	
	Considered doubtful	18,616		19,053		17,746	
		93,236		1,11,026		1,68,713	
	Less: Provision for doubtful receivable	18,616	74,620	19,053	91,973	17,746	1,50,967
			74,620		**91,973**		**1,50,967**
2.11	**Cash and cash equivalents**						
	Cash and cash equivalents						
	Balances with banks:-						
	- In Current accounts						
	i) In India	61		6,887		2,803	
	ii) Outside India	79	140	83	6,970	69	2,872
	- In cash credit accounts		-		-		-
	- In deposit accounts		14,148		26,807		17,615
	- In fixed deposit accounts - maturity less than 3 months		-		56,000		1,000
	Cash on hand		-		-		1
			14,288		**89,777**		**21,488**
2.12	**Bank balance other than cash and cash equivalents**						
	In fixed deposit accounts - more than 3 months but not more than 12 months maturity		8,22,000		7,90,500		7,40,000
			8,22,000		**7,90,500**		**7,40,000**
2.12.1	Cash and bank balances from stage payment received from customer for projects		7,71,928		7,82,845		6,89,404
	Other cash and bank balance		64,360		97,432		72,084
			8,36,288		**8,80,277**		**7,61,488**
2.13	**Loans**						
	(Unsecured, Considered good)						
	Employee related		102		145		117
	Security deposits		561		551		470
	Others		-		-		28
			664		**696**		**615**
2.14	**Others**						
	Insurance claims receivable		-		81		791
	Interest accrued on deposits and advances		14,714		14,924		16,524
	Interest receivable on income tax refund		-		1,522		1,522
	Other receivables		51		65		67
			14,765		**16,592**		**18,904**
2.15	**Other current assets**						
	(Unsecured, Considered good)						
	Advances other than capital advances						
	Advances paid to vendors		2,96,359		2,21,291		2,89,135
	Advances paid on behalf of customer for B&D spares						
	Considered good	6,177		25,733		15,553	
	Considered doubtful	3,226		752		752	
		9,404		26,485		16,305	
	Less: Provision for doubtful debts	3,226	6,177	752	25,733	752	15,553
	Travel advance to employees		46		24		18
	Others		15		2		2
	Prepaid expenses						
	Rent		51		51		51
	Others		931		825		667
	Unbilled revenue		1,16,323		77,927		35,469
			4,19,902		**3,25,853**		**3,40,894**

2.17

(A) Equity share capital

(₹ Lakhs)

Particulars	2016-17	2015-16
Opening balance	19920	19920
Changes in equity share capital during the year		
Issue of Bonus shares (in the ratio of 1:4)	4980	-
Closing balance	**24900**	**19920**

(B) Other equity

For the year ended 31st March, 2017

(₹ Lakhs)

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	CSR Fund	Total Equity
Balance as at 1st April, 2016	(44,337)	242500	5	12372	1881	212421
Profit / (loss) for the year	53349					53349
Other comprehensive income / (loss) for the year						-
Remeasurement of defined employee benefit plan (net of tax)	(837)					(837)
Changes in accounting policies / prior period items						-
Issue of bonus shares				(4,980)		(4980)
Dividends						-
Interim	(10000)					(10000)
Final	(9920)					(9920)
Tax on dividends	(4055)					(4055)
Utilised for expenses					(1881)	(1881)
Transfer from surplus		1881				1881
Transferred on amalgamation of subsidiary						-
Transferred on demerger						-
Reserves held for disposal						-
Balance as at 31st March, 2017	**(15800)**	**244381**	**5**	**7392**	**-**	**235978**

For the year ended 31st March, 2016

(₹ Lakhs)

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	CSR Fund	Total Equity
Balance as at 1st April, 2015	(53509)	207500	5	12372	1734	168102
Profit for the year	56848					56848
Other comprehensive income / (loss) for the year						-
Remeasurement of defined employee benefit plan (net of tax)	675					675
Changes in accounting policies / prior period items						-
Dividends						-
Interim	(10000)					(10000)
Final						-
Tax on dividends	(2036)					(2036)
Utilised for expenses					(1169)	(1169)
Transfer from surplus	(36316)	35000			1316	-
Transferred on amalgamation of subsidiary						-
Reserves held for disposal						-
Balance as at 31st March, 2016	**(44337)**	**242500**	**5**	**12372**	**1881**	**212421**

The description of the nature and purpose of each reserve within equity is as follows:
Capital reserve: The capital reserve was created till 1974 on the realised profit on sale of fixed asset.

Capital redemption reserve: These reserves created out of redemption of 7% Redeemable cumulative preference shares.

CSR fund: CSR reserve had been created for unspent amount in the CSR budget to be utilised exclusively for CSR activities.

Proposed Dividend: The Compnay has paid interim dividend of Rs 10000 Lakhs (Rs 10000 Lakhs for FY 2015-16). In addition,The Board has recommended the payment of final dividend of Rs 6541 Lakhs (Rs 9920 Lakhs for FY 2015-16). This proposed dividend is subject to the approval of shareholders in ensuing Annual General Meeting.

2. NOTES TO THE FINANCIAL STATEMENTS

		31st March, 2017 Amount in ₹ Lakhs	31st March, 2016 Amount in ₹ Lakhs	31st March, 2015 Amount in ₹ Lakhs
2.16	**Share Capital**			
2.16.1	**Authorized**			
	3,23,72,000 (previous year 2,00,00,000) equity shares of ₹ 100 each	32,372	20,000	20,000
	Nil (previous year 1,23,72,000) 7% redeemable cumulative preference shares of ₹ 100 each	-	12,372	12,372
		32,372	**32,372**	**32,372**
2.16.2	**Issued, subscribed and fully paid-up**			
	2,49,00,000 (previous year 1,99,20,000) equity shares of ₹ 100 each.	24,900	19,920	19,920
		24,900	**19,920**	**19,920**
	All 2,49,00,000 (previous year 1,99,20,000) equity shares are held by the President of India and his nominees.			

		No. Of Shares	Percentage holding	No. Of Shares	Percentage holding	No. Of Shares	Percentage holding
2.16.3	**Details of shareholding more than 5% shares in the Company**						
	Shareholder						
	President of India and his nominees	24900000	100%	19920000	100%	19920000	100%

			31st March, 2017		31st March, 2016	31st March, 2015
2.18.1	**Trade payables**					
	Deferred payment liability to a foreign supplier		1,996		2,079	1,947
	Less: Amount payable within 12 months		391		405	378
			1,605		**1,674**	**1,569**
2.18.2	**Others**					
	Security and other deposits		12		8	-
	Add: Interest cost on deferred deposits		2		0	-
			14		**8**	-
2.19	**Other long-term liabilties**					
	Funds received from customer for infrastructure projects		18,159		14,373	10,474
	Less: Amortisation of deferred revenue		1,466		1,212	-
	Deferred deposits	4		2		
	Less: Amortised gain	2	2	0	2	-
			16,695		**13,163**	**10,474**
2.20	**Long-term provisions**					
	Employee benefits					
	Post retirement benefit schemes					
	Medical		6,531		5,768	6,099
	Gift card		73		76	80
	Leave salary encashment		11,707		9,876	10,300
	Welfare Expenses		378		418	451
	Other provisions					
	Provision for liquidated damages		1,02,415		1,02,415	1,02,415
	Others		0		15	33
			1,21,104		**1,18,568**	**1,19,378**
2.21	**Trade payables**					
	MSME vendors		1,316		1,130	227
	Other vendors		88,119		1,07,740	85,893
	Deferred payment liability to a foreign supplier		391		405	378
			89,826		**1,09,275**	**86,498**
2.22	**Others**					
	Retention money payable		606		3,266	3,145
	Liquidated damages payable		8,886		7,838	6,619
	Interest payable on advances received from customer		1,051		895	701
	Employee related		6,404		8,471	7,074
	Others		60		98	24
			17,007		**20,568**	**17,563**
2.23	**Other current liabilities**					
	Security and other deposits		464		551	443
	Advances received from customers		2,26,798		1,30,692	1,09,005
	Statutory dues		2,511		5,474	2,171
	Provision for expenses		2,808		2,736	7,700
	Unearned income		11,49,159		12,28,224	12,88,004
	Others		-		788	833
			13,81,739		**13,68,465**	**14,08,156**
2.24	**Short-term provisions**					
	Employee benefit					
	Post retirement benefit					
	Medical		268		237	319
	Gift card		22		21	24
	Leave salary encashment		3,781		3,177	2,800
	Gratuity		2,307		1,265	846
	Welfare Expenses		134		112	83
	Other provisions					
	Guarantee repairs		1,225		1,188	545
	Custom duty demand		426		426	426
	Others		108		213	213
			8,271		**6,639**	**5,256**

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Note	Particulars		31st March, 2017 Amount in ₹ Lakhs		31st March, 2016 Amount in ₹ Lakhs
2.25	**Revenue from operations**				
	Contract revenue				
	Ship construction		3,52,367		4,10,622
			3,52,367		**4,10,622**
2.26	**Sale of services**				
	Ship Repair		(19)		66
	Other operating revenue				
	Commission on procurement of spares		208		1,504
	Sale of scrap and stores		390		514
	Changes in inventory of scrap		28		-
			607		**2,084**
2.27	**Other income**				
	Interest				
	On deposits with banks	64,035		68,452	
	Less: Interest liability to customer on advances	1,051		895	
		62,984		67,557	
	On income tax refund	118		1	
	Other interest	186	63,288	248	67,806
	Dividend from Goa Shipyard Ltd.		879		742
	Other non operating income				
	Rent refund on right to occupancy		-		495
	Liabilities / provisions no longer required written back		2,297		4,601
	Provision for trade receivables reversed		8,602		291
	Provision for obsolete stock reversed		35		-
	Insurance claims		16		-
	Sale / scrapping of fixed assets (net)				
	Profit	53		12	
	Less: Loss	22	31	5	7
	Liquidated damages recovered				
	Capital		52		-
	Others		198		165
	Miscellaneous income / recoveries		400		246
	Amortisation gain on deferred deposits of Vendors		2		0
	Amortisation of deferred revenue (Customer funded assets)		254		1,212
	Interest Income on deferred payment liability to foreign supplier		388		383
	Interest Income on deferred deposit with MbPT		15		15
			76,456		**75,963**
2.28	**COST OF MATERIALS CONSUMED**				
	Opening stock				
	Raw materials, stores and spares	12,307		12,613	
	Equipment for specific projects	3,90,366		4,12,951	
	Stock-in-transit and materials pending inspection	21,855	4,24,527	18,116	4,43,680
	Add: Purchases		1,94,938		2,48,856
			6,19,465		6,92,536
	Less: Closing stock				
	Raw materials, stores and spares	19,042		12,306	
	Equipment for specific projects	3,63,802		3,91,673	
	Stock-in-transit and materials pending inspection	20,256	4,03,100	21,855	4,25,834
			2,16,365		**2,66,702**
	Less: Provision for obsolete stock		61		45
	Less: Stores and spares consumption included in repairs and maintenance		13		13
	Less: Stores and spares consumption included in other expenses		2,283		2,147
			2,14,007		**2,64,497**
2.29	**Employee benefits expense**				
	Salaries, wages, allowances and bonus		54,442		57,607
	Pension		1,170		4,039
	Contribution to provident fund		4,066		4,015
	Contribution to employees state insurance scheme		186		71
	Workmen and staff welfare expenses		6,518		5,682
	Gratuity		1,510		1,613
	Encashment of privilege leave		3,845		2,445
			71,738		**75,472**
2.30	**Finance costs**				
	Interest cost on deferred deposit of vendors		2		0
	Interest cost on deferred payment liability to foreign supplier		388		383
	Others		-		7
			390		**390**
2.31	**Other expenses - Projects related**				
	Technicians' fees and other expenses		3,439		4,806
	Service tax expenses		2,494		3,266
	Technical know-how expenses		98		993
	Advising team fees and other expenses		2,100		5,033
	Facility hire		690		913
	Rent		67		65
	Insurance		10		37
	Bank charges and guarantee commission		278		264
	Travelling expenses		320		83
	Sea Trial, launching and commissioning expenses		734		364
	Legal, professional and consultant fees		1,068		29
	Training expenses		2,584		4,389
	Miscellaneous expenses		288		110
			14,171		**20,352**

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2. NOTES TO THE FINANCIAL STATEMENTS

2.32 Other expenses

		31st March, 2017 Amount in ₹ Lakhs		31st March, 2016 Amount in ₹ Lakhs
Repairs and maintenance:				
Buildings	713		785	
Plant and machinery	1,687		2,135	
Steam launches and boats, motor cars, lorries, etc.	1,329	3,729	1,154	4074
Less: Work done internally and other expenditure which has been included in other heads of expenses		2,418		2821
		1311		1253
Facility hire		729		446
Water expenses		264		239
Rent		825		764
Insurance		398		288
Rates and taxes		633		641
Bank charges and guarantee commission		24		54
Printing and stationery		64		73
Travelling expenses		766		459
Business promotion expenses		769		966
Sea trial, launching and commissioning expenses		176		46
Corporate membership expenses		19		159
Changes in inventory of scrap				
Opening scrap	-		132	
Less: Closing scrap	-	-	80	52
Foreign exchange variation (net)				
Loss	209		444	
Less: Income	198	10	441	3
Miscellaneous expenses		784		297
Lease charges		33		20
Research and development expenses		1358		1047
Legal, professional and consultant fees		442		177
Books and periodicals		12		9
Postage, telegrams and phones		161		124
Training expenses		206		155
CISF and security board expenses		2576		2226
Directors fees and expenses		9		1
Provision for obsolete stock		136		185
Consumption of stores and spares etc.		2283		2147
Other interest		552		25
Amortisation of prepaid rentals		15		15
Bad debts		-		290
Advance write off		25		
Corporate social responsibility expenses	-	1,365	1,169	-
Less: Utilised from CSR fund	-	-	1,169	-
		15,945		**12,161**

2.33 PROVISIONS MADE

	31st March, 2017	31st March, 2016
Doubtful debts / receivable	10,745	1,467
Guarantee repairs	100	700
Others	-	3
	10,845	**2,170**

		31st March, 2017 Amount in ₹ Lakhs	31st March, 2016 Amount in ₹ Lakhs

2.34 Business Segment Reporting

a) The Company is engaged in the production of defence equipment and was exempted from AS 17 'Segment Reporting' vide notification 464(E) dt. 05.06.2015. In order to extend the exemption under Indian AS 108, an amendment to the aforesaid notification is required which, the Compnay understands is initiated by Ministry of Coporate Affairs. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 108.

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

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

2.35 Contingent Liabilities and Commitments:

		31st March, 2017	31st March, 2016
2.35.1	Amounts for which Company may be contingently liable:		
	a) Estimated amount of contracts remaining to be executed on capital account.	5754	17461
	b) Estimated amount of liquidated damages on contracts under execution.	-	33046
	c) Position of non-fund based limits utilized for:		
	(i) Letters of credit	87664	115128
	(ii) Guarantees and counter guarantees	726	3269
	d) Indemnity Bonds issued by the Company to customers for various contracts.	4833875	4733080
	e) Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	467	467
2.35.2	Claims against the Company pending under litigation not acknowledged as debts in respect of claims made by:		
	(i) Suppliers and sub-contractors	1390	2183
	(ii) Others	3487	3820
	(iii) Interest on (i) and (ii) above	12957	13265
		17834	19268

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

	31st March, 2017	31st March, 2016
i) Sales Tax *	112287	111625
ii) Excise Duty		
a) On Vendors	177	171
b) On MDL	27	26
	204	197
	112491	111822

* Against the above claim, part payments of ₹ 583.92 lakhs (Previous year ₹ 583.92 lakhs) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 183.28 lakhs inclusive of interest and penalty (Previous year ₹ 177.95 lakhs) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. The Company has filed an appeal at CESTAT against the order of the Commisioner. The final hearing is in progress.

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

	31st March, 2017	31st March, 2016
(i) Excise Duty	15	15
(ii) Service Tax* (including interest and penalties)	6877	6770
(iii) Income Tax	4418	178
	11310	6963

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

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

	31st March, 2017	31st March, 2016
Custom Duty	28	20

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

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

2.37 Normal Operating Cycle

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

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

a) In case of ship / submarine building and ship/submarine repair and refit activities, normal operating cycle is considered as the time period from the effective date of the Contract/LOI to the date of expiry of guarantee period.

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

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	31st March, 2017 Amount in ₹ Lakhs	31st March, 2016 Amount in ₹ Lakhs

2.38 Employee Benefits

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

(I) Defined Contribution Plans

(a) Provident Fund

(b) State Defined Contribution Plans

(i) Employers' Contribution to Employees' State Insurance

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

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

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

	31st March, 2017	31st March, 2016
1. Employers' Contribution to Provident Fund	3921	3926
2. Employers' Contribution to Employees' State	186	71
3. Employers' Contribution to EPS (Employees' Pension Scheme)	1170	4039
4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme	145	89

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

(II) Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme)

Actuarial valuation was performed by an insurer in respect of the aforesaid Defined Benefit Plans based

	31st March, 2017	31st March, 2016
1 Discount Rate (per annum)	7.25%	7.50%
2 Rate of increase in compensation levels	7.50%	7.50%

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

	31st March, 2017	31st March, 2016
Opening Balance	22469	23866
Add : Credit from Company	214	242
Less : Amount paid towards claims	(3339)	(3636)
Add : Interest credited	1714	1997
Closing Balance	21058	22469
Present value of past service benefit	22366	22750

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

2.38.2 Actuarial valuation of liability towards Gratuity

Defined Benefit Plans Gratuity - as per actuarial valuation on 31st March, 2017

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

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

	31st March, 2017	31st March, 2016
i) Assumptions		
a) Discount Rate	7.25%	7.50%
b) Salary Escalation	7.50%	7.50%
c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March	8.19%	8.37%
d) Expected average remaining working lives of employees (years)	14	13
ii) Table showing changes in present value of obligations		
Present value of obligations as at beginning of year	22750	24092
Interest cost	1706	1915
Current service cost	1114	1044
Benefits paid	(3339)	(3636)
Actuarial (gain) / loss on obligations	135	(665)
Present value of obligations as at end of year	22366	22750
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at beginning of year	22469	23866
Expected return on plan assets	1714	1997
Contributions	214	242
Benefits paid	(3339)	(3636)
Actuarial (gain) / loss on plan assets	-	-
Fair value of plan assets at the end of year	21058	22469
iv) Table showing fair value of plan assets		
Fair value of plan assets at beginning of year	22469	23866
Actual return on plan assets	1714	1997
Contributions	214	242
Benefits paid	(3339)	(3636)
Fair value of plan assets at the end of year	21058	22469

	31st March, 2017 Amount in ₹ Lakhs	31st March, 2016 Amount in ₹ Lakhs
Funded status	(1308)	(281)
Excess of Actual over estimated return on plan assets	-	-
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	135	(665)
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	135	(665)
Actuarial (gain) / loss recognised in the year	135	(665)
Un-recognised actuarial (gains) / losses at the end of year	-	-
vi) The amounts to be recognized in the balance sheet		
Present value of obligations as at the end of year	22366	22750
Fair value of plan assets as at the end of the year	21058	22469
Funded status	(1308)	(281)
Net Asset / (Liability) recognized in balance sheet	(1308)	(281)
vii) Expenses recognized in statement of Profit and Loss		
Current service cost	1114	1044
Interest cost	1706	1915
Expected return on plan assets	(1714)	(1997)
Expenses recognized in statement of profit and loss	1106	962
viii) Expenses recognized in Other Comprehensive Income		
Actuarial (gain) / loss recognised in the year	135	(665)
ix) Current/Non-current Liability		
Current Liability	5746	5582
Non-current Liability	16620	17168
Present Value of the Defined Gratuity Benefit Obligation	22366	22750

Sensitivity of Gratuity Benefit Liability to key Assumptions

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

Particulars	**Impact on Defined Benefit Obligation**			
	31st March, 2017		**31st March, 2016**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is decreased to 6.75% (Previous Year 7%)	467 2.09%		308 1.35%	
if Discount rate is increased to 7.75% (Previous Year 8%)		443 1.98%		174 0.77%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is increased to 8% (Previous Year 8%)	174 0.78%		201 0.88%	
if Discount rate is decreased to 7% (Previous Year 7%)		165 0.74%		71 0.31%

2.38.3 Actuarial valuation of liability towards Leave Encashment

Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2017

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

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

	31st March, 2017	31st March, 2016
i) Assumptions		
Discount rate	7.25%	7.50%
Rate of increase in compensation levels	7.50%	7.50%
Expected average remaining working lives of employees (years)	14	13
ii) Table showing changes in present value of obligations		
Present value of obligation as at the beginning of the year	12389	12792
Acquisition adjustment	-	-
Interest cost	929	991
Current service cost	1572	390
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Benefits paid	(1333)	(1416)
Actuarial (gain) / loss on obligations	1142	(368)
Present value of obligation as at the end of the year	14699	12389
iii) Table showing changes in the fair value of plan assets		
Fair value of plan assets at the beginning of the year	-	-
Acquisition adjustments	-	-
Expected return on plan assets	-	-
Contributions	-	-
Benefits paid	-	-
Actuarial gain / (loss) on plan assets	-	-
Fair value of plan assets at the end of the year	-	-

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	31st March, 2017 Amount in ₹ Lakhs	31st March, 2016 Amount in ₹ Lakhs
iv) Tables showing fair value of plan assets		
Fair value of plan asset at the beginning of the year	-	-
Acquisition adjustments	-	-
Actual return on plan assets	-	-
Contributions / (withdrawals)	-	-
Benefits paid	-	-
Fair value of plan asset at the end of the year	-	-
Funded status	(14699)	(12389)
Excess of actual over estimated return on plan assets	-	-
v) Actuarial gain / loss recognized		
Actuarial (gain) / loss for the year - obligation	1142	(368)
Actuarial (gain) / loss for the year - plan assets	-	-
Total (gain) / loss for the year	1142	(368)
Actuarial (gain) / loss recognised in the year	1142	(368)
Un-recognised actuarial (gains) / losses at the end of year	-	-
vi) The amounts to be recognized in the balance sheet		
Present value of obligation as at the end of the year	14699	12389
Fair value of plan assets as at end of the year	-	-
Funded status	(14699)	(12389)
Unrecognized actuarial (gains) / losses	-	-
Net asset / (liability) recognized in balance sheet	(14699)	(12389)
vii) Expenses recognized in statement of profit and loss		
Current service cost	1572	390
Interest cost	929	991
Expected return on plan assets	-	-
Curtailment cost / (credit)	-	-
Settlement cost / (credit)	-	-
Expenses recognized in the statement of profit and loss	2501	1381
viii) Expenses recognized in Other Comprehensive Income		
Actuarial (gain) / loss recognised in the year	1142	(368)
ix) Current/Non-current Liability		
Current Liability	2992	2513
Non-current Liability	11707	9876
Present Value of the Defined Leave Encashment Benefit Obligation	14699	12389

Sensitivity of Leave Encashment Benefit Liability to key Assumptions

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

Particulars	**Impact on Defined Benefit Obligation**			
	31st March, 2017		**31st March, 2016**	
	Increase	**Decrease**	**Increase**	**Decrease**
Discount Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is decreased to 6.75%	435		339	
(Previous Year 7%)	2.96%		2.74%	
if Discount rate is increased to 7.75%		406		319
(Previous Year 8%)		2.76%		2.57%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is increased to 8%	432		337	
(Previous Year 8%)	2.94%		2.72%	
if Discount rate is decreased to 7%		407		320
(Previous Year 7%)		2.77%		2.58%

2.39 PROVISIONS MADE, UTILISED, WRITTEN BACK :	As at 01.04.2016	Additions	Utilised/ Adjustment	As at 31.03.2017
Provision for Custom Duty Demand	426	-	-	426
Provision for Liquidated Damages*	102415			102415
Provision for Guarantee Repairs	3488	1200	3462	1226
Other Provisions	21	-	15	6

* Includes amount of ₹ 102049 Lakhs adjusted in retained earnings

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2.40 Details of dues to Micro, Small and Medium Enterprises (MSME), as defined in the Micro, Small and Medium Enterprises Development Act, 2006, as on 31st March, 2017 based on available information with the Company are as under:

Particulars	31st March, 2017 ₹ Lakhs	31st March, 2016 ₹ Lakhs
Principal amount due and remaining unpaid	89	-
Interest due on above and the unpaid interest	8	-
Interest paid	-	-
Payment made beyond the appointed day during the year	877	495
Interest accrued and remaining unpaid on above	34	22
Amount of further interest remaining due and payable in succeeding years	-	-

2.41 Miscellaneous Expenses include:

Remuneration to the Statutory Auditors		
i) Audit fees	10	10
ii) Out of pocket expenses	-	-
iii) Tax audit fees	1	1
	11	11

2.42 The Company has entered into a Joint Venture with Reliance Defence and Engineering Ltd and formed a Joint Venture Company - "Mazagon Dock Pipavav Defence Pvt Ltd." incorporated in Mumbai, India, during FY 2012-13. The Company's equity share in the Joint Venture is 50%. The Company has subscribed to 100000 equity shares of ₹ 10 each at par in the Joint Venture Company but the same has not been paid. As on 31st March, 2017, the Joint Venture Company has not commenced its operations and reported loss of ₹ 11,615 (₹ 11,773 for FY 2015-16) as per latest audited results of FY 2016-17.

2.43 Russian (USSR) deferred State Credit

An intergovernmental agreement between Russian Federation and Government of India was reached for reconstructing of Russian Deferred State Credit in Rouble in connection with procurement of equipment for certain ships built and delivered by the company to India Navy in earlier years. The deferred payment liability (non-interest bearing) of ₹ 9628 lakhs, payable over 45 years from 1992-93, in equal annual installments of ₹ 214 lakhs was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹ 405 lakhs (Previous year ₹ 378 lakhs) includes yearly instalment payable of ₹ 214 lakhs (Previous year ₹ 214 lakhs) and ₹ 191 lakhs (Previous year ₹164 lakhs) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 31st March 2017 which is ₹ 91.0858 for 1 SDR. These payments are reimbursable by Indian Navy. Accordingly, ₹ 7826 lakhs (amortised costs of ₹ 1996 lakhs) held at foreign supplier deferred credit as on 31st March 2017.

2.44 DPE had issued a guideline for creation and contribution to a corpus fund to the extent of not more than 1.5% of profit before tax to cater to the medical and other emergency needs of employees retired prior to 01st January, 2007. No provision has, however, been made in the Accounts as the related DPE guideline is subject to directive / guideline from the concerned Administrative Ministry, i.e. MoD and no guideline / directive for mechanism and operation of the scheme has been received from MoD.

2.45 "Liquidated damages of ₹ 102049 lakhs for delays in future deliveries relating to a Project was not accounted in earlier years anticipating a reversal of liquidated damages upon negotion with customer. This expectation was erroneous based on communication received from customer conforming the liquidated damages. The amount is provided and adjusted in the retained earning as on 01st April, 2015, since the delays were anticipated in FY 2014-15 and earlier years".

2.46 Pursuant to notification S.O. 2437(E) dated 04th September, 2015, the Board has approved the non disclosure following information on the exemption granted under section 129 of the Compnaies Act, 2013 and hence the same has not been disclosed in the financial statements.

i) Goods purchased under broad heads
ii) Value of import on CIF basis
iii) Expenditure on foreign currency
iv) Total value of imported raw material
v) Earning in foreign currency

2.47 Related Party Disclosure:

a) Name of related party and description of relationships

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

ii) Goa Shipyard Limited — Associate Compnay

iii) Key Managerial Personnel

RAdm R K Shrawat AVSM (Retd)	(Upto 31.12.2016)	Chairman and Managing Director
Cmde Rakesh Anand (Retd)	(From 01.01.2017)	Chairman and Managing Director
		Director (Corporate Planning & Personnel)
	(From 28.02.2017)	Director (Shipbuilding)
Cdr P R Raghunath (Retd)	(Upto 27.02.2017)	Director (Shipbuilding)
Capt Rajiv Lath (Retd)		Director (Submarine & Heavy Engineering)
Shri Sanjiv Sharma		Director (Finance)

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b) Transactions with Related Parties

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

Particulars	Year ended	Sales to related parties	Rent from related parties	Amounts receivable /(payable) by related parties
		₹ Lakhs	₹ Lakhs	₹ Lakhs
Associate:				
Goa Shipyard Ltd.	31 March 2017	-	7	3
	31 March 2016	-	7	3
Indian Navy	31 March 2017	352367	-	76227
	31 March 2016	410622	-	81932

Remuneration to Key Managerial Personnel*	31st March, 2017	31st March, 2016
	₹ Lakhs	₹ Lakhs
RAdm R K Shrawat AVSM (Retd) (Upto 31.12.16)	114	29
Cdr P R Raghunath (Retd) (Upto 27.02.2017)	63	28
Shri M Selvaraj (Upto 31.05.2015)	-	7
Cmde Rakesh Anand (Retd)	52	27
Capt Rajiv Lath (Retd)	51	28
Shri Sanjiv Sharma	41	21
Balance Outstanding	-	-

* As per Statement of Profit and Loss Account.

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

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2.48 Construction Contracts

Disclosure in respect of ships under construction contracts (undelivered) as on :

Particulars	31st March, 2017 ₹ Lakhs	31st March, 2016 ₹ Lakhs
i) Aggregate amount of costs incurred and recognized profit (less recognized losses)	1659401	1559914
ii) Amount of customer advances received	2916226	2801030

2.49 Specified Bank Notes

In accordance with the MCA Notifification No. G.S.R. 308 (E) dt. 30th March, 2017, every company shall disclose the details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016. The denomination wise SBNs and other notes as per the notification is given below:-

Sl .No.	SBNs denominations	Specified	Other	Total
1	Closing Cash in hand as on 08.11.2016	0.74	0.00	0.74
2	Permitted receipts	4.28	26.58	30.86
3	Permitted payments	-	-	-
4	Amount deposited in Banks	5.02	25.84	30.86
6	Closing Cash in hand as on 30.12.2016	-	0.74	0.74

2.50 Earnings per share (EPS)

Computation of Profit/Loss for Earnings Per Share	31st March, 2017	31st March, 2016
Profit attributable to equity shareholders of the company used in calculating basic and diluted earnings per share (₹ Lakhs)	53349	56848
Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per share	24900000	24900000
Earnings per share Basic & Diluted (in ₹) (Share having nominal value of ₹ 100 each)	214.25	228.31

During FY 2016-17 the Company issued bonus shares in the ratio of 1:4. As per Ind AS 33, weighted average number of total equity shares for FY 2015-16 has been adjusted for bonus issue.

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2.51 Income Tax Reconciliation 2016-17

This note provides an analysis of the Company's income tax expense, show amounts that are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items.

(a) Income Tax Expenses

(₹ in Lakhs)

Particulars	Year ended 31st March 2017	Year ended 31st March 2016
Current tax		
Current tax on profits for the year	29341	35220
Tax adjustments relating to prior years	-	457
Total current tax expense	**29341**	**35677**
Deferred tax		
Deferred tax benefit	(2082)	(407)
Total deferred tax benefit	**(2082)**	**(407)**
Income tax expense	**27259**	**35270**

(b) Reconciliation of tax expense and the accounting profit multiplied by tax rate:

(₹ in Lakhs)

Enacted income tax rate in India applicable to the Company	**34.608%**	**34.608%**
Profit before tax	84772	92932
Current tax expenses on Profit before tax expenses at the enacted Income Tax rate in India	29338	32162
Tax effect of the amounts which are not deductible/(taxable) in calculating taxable income		
Permanent disallowances	161	163
Other	(2240)	(3271)
Total Tax Expenses	**27259**	**35270**

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2.52 Fair Value Measurement

Financial Instrtuments by Category

(₹ Lakhs)

Particulars	31st March 2017			31st March 2016		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Security Deposits	-	-	301	-	-	286
Financial Liabilities						
Russian Deferred Credit	-	-	1996	-	-	2079
Security Deposits	-	-	14	-	-	8

Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:
the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are
(a) recognised and measured at fair value
(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of input used in determining fair value, the company has classified the financial instruments in three levels prescribed under the Ind AS.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets and liabilities measured at amortised cost

(₹ Lakhs)

Particulars	Fair value Hierarchy	As at 31st March 2017		As at 31st March 2016	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Security deposits	Level 3	376	301	376	286
Financial liabilities					
Russian Deferred Credit	Level 3	7826	1996	8514	2079
Security Deposits	Level 3	16	14	10	8

2.53 Financial risk management

a) Credit Risk

Credit Risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Compnay is exposed to credit risk from its operating activities (primarily trade receivables) including deposits with banks and financial institutations, foreign exchange transactions and other financial instruments.

i)Trade Recivables and unbileld revenue

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally carrying no credit terms. Outstanding customer receivables are regularly monitored. Trade receivables are primarily from Navy (being department of Govt. of India), hence the credit risk is considered low. Further the Company receives advance against orders which also mitigates the credit risk.

ii) Financial Instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Management in accordance with the company's investment policy. Investment of surplus funds are made only in accordance with the Department of Public Enterprises(DPE) guidelines on investemtnt of surplus funds, with the approved banks and within credit limits assigned to each bank. The limits applicable to single bank and public / private sectors as per the DPE guidelines minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to repay the principal and interest.

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b) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.

The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, if any.

c) Market Risk

i) Foreign currency risk and sensitivity

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk since it imports components from foriegn vendors. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (₹). In most of the Contracts, the gains / losses from forex exchange fluctuations are passed on / borne by the customer of the Company. Therefore, the foreign exchange risk and sensitivity of the Company is Nil.

ii) Foreign Currency Risk Exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR (foreign currency amount multiplied by closing rate), are as follows:

(₹ Lakhs)

Particulars	CAD	EUR	GBP	NOK	SEK	SGD	USD
Financial Liabilities							
31st March 2017	1	9094	26	8	4166	-	97
31st March 2016	1	18633	7	3	8	9	4305

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ Lakhs)

Particulars		Impact on Proft Before Tax	
		31st March 2017	**31st March 2016**
*CAD Sensitivity**			
	INR/CAD increases by 5%	0.07	0.07
	INR/CAD decreases by 5%	(0.07)	(0.07)
*EUR Sensitivity**			
	INR/EUR increases by 5%	454.69	931.64
	INR/EUR decreases by 5%	(454.69)	(931.64)
*GBP Sensitivity**			
	INR/EUR increases by 5%	1.29	0.36
	INR/EUR decreases by 5%	(1.29)	(0.36)
*NOK Sensitivity**			
	INR/NOK increases by 5%	0.42	0.16
	INR/NOK decreases by 5%	(0.42)	(0.16)
*SEK Sensitivity**			
	INR/SEK increases by 5%	208.28	0.42
	INR/SEK decreases by 5%	(208.28)	(0.42)
*SGD Sensitivity**			
	INR/SGD increases by 5%	-	0.45
	INR/SGD decreases by 5%	-	(0.45)
*USD Sensitivity**			
	INR/USD increases by 5%	4.85	215.26
	INR/USD decreases by 5%	(4.85)	(215.26)
	* Holding all other variables constant		

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2.54 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objectives of the Company's capital management are to

- maximise the shareholder value while providing stable capital structure that facilitate considered risk taking and pursued of business growth
- safeguard the company's ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders
- maintain an optimal capital structure to reduce the cost of capital.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and business opportunities. To maintain or adjust the capital structure, the Compnay may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

2.55 Expenditure on Corporate Social Responsibilities (CSR) Activities

The various heads under which the CSR expenditure was incurred during the year is detailed as follows:

(₹ Lakhs)

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	Amount Spent (₹ in Lakhs)	
		2016-17	2015-16
Clause (i)	Eradicating hunger, poverty and malnutrition,promoting health care, sanitation and making available safe drinking water.	606	603
Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled.	565	282
Clause (v)	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public liabraries, promotion and development of traditional arts and handicrafts	2	15
Clause (vii)	Training to promote rural sports, nationally recognised sports,paralympic sports and Olympic sports;	50	
Clause (x)	Rural development projects;	101	232
	Total	**1324**	**1132**

Particulars	2016-17	2015-16
Amount required to be spent by the Company during the year	1548	1316
Amount spent during the year (incl. Administration Expenses)	1365	1169

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Note 2.56.1 First-time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1, have been applied in preparing the financial statements for the year ended 31 March, 2017, the comparative information presented in these financial statements for the year ended 31 March, 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A. Exemptions and exceptions availed

Set below are the applicable Ind AS optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

A.1.2 Transfer of assets from Customers

As per Ind AS 101 a first time adopter should apply Appendix C of Ind AS 18 prospectively to transfer of assets from customers received on or after the transition date. A first time adopter elects to apply appendix C retrospectively, it may do so only if the valuations and other information needed to apply the Appendix to past transfer were obtained at the time those transfer occurred.

The Company has applied Appendix C of Ind AS 18 prospectively to transfer of assets from customers received on or after the transition date from 1 April 2015.

A.1.3 Investments in Associate

Company has availed the option to continue recording of Investments (in each of these cases) at cost as per IGAAP as on transition date amongst available options of fair valuation or cost as per Ind AS 27 'separate financial statement'.

A.2 Ind AS mandatory exceptions

A.2.1 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the fact and circumstances that exists at the date of transition to Ind AS. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing on the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets on the basis of the fact and circumstances that exists at the date of transition to Ind AS. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

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2.56.2 Effect of Ind AS adoption on the Balance Sheet

(₹ in Lakhs)

Particulars	As at 31st March, 2016			As at 1st April, 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS						
(1) Non-current assets						
(a) Property, Plant and Equipment	32354	2139	34493	25676	472	26148
(b) Capital work-in-progress	6461	10497	16958	4014	10575	14589
(c) Other Intangible assets	2105	178	2283	905	-	905
(d) Financial Assets						
(i) Investments	600	-	600	600	-	600
(ii) Trade Receivable	8109	(6435)	1674	7943	(6374)	1569
(iii) Loans	-	293	293		271	271
(iv) Other Financial Assets	340	-	340	340	-	340
(e) Deferred tax assets (net)	15745	34309	50054	12019	34259	46278
(f) Non current tax assets (Net)	-	12809	12809	-	22036	22036
(g) Other non-current assets	23629	(12290)	11339	24657	(16919)	7739
(2) Current assets						
(a) Inventories	2032591	(1608124)	424467	1854192	(1410619)	443573
(b) Financial Assets						
(i) Trade receivables	78264	13709	91973	76097	74870	150967
(ii) Cash and cash equivalents	880277	(790500)	89777	761488	(740000)	21488
(iii) Bank balances other than (ii) above	-	790500	790500	-	740000	740000
(iv) Loans	1155	(459)	696	1067	(452)	615
(v) Other Financial assets	16594	(2)	16592	18906	(2)	18904
(d) Other current assets	248644	77209	325853	306137	34757	340894
Total Assets	**3346868**	**(1476167)**	**1870701**	**3094041**	**(1257125)**	**1836916**
EQUITY AND LIABILITIES						
EQUITY						
(a) Equity Share capital	19920	-	19920	19920	-	19920
(b) Other Equity	264703	(52282)	212421	226065	(57963)	168102
LIABILITIES						
(1) Non-current liabilities						
(a) Financial Liabilities						
(i) Trade payables	8109	(6435)	1674	7943	(6374)	1569
(ii) Others		8	8			
(b) Other long term liabilities	-	13163	13163	-	10474	10474
(c) Long term provisions	16518	102050	118568	17329	102049	119378
(2) Current liabilities						
(a) Financial Liabilities						
(i) Trade payables	114034	(4759)	109275	94849	(8351)	86498
(ii) Others	20568	-	20568	17563	-	17563
(b) Other current liabilities	2882138	(1513673)	1368465	2704399	(1296243)	1408156
(c) Short term provisions	20878	(14239)	6639	5973	(717)	5256
Total Equity and Liabilities	**3346868**	**(1476167)**	**1870701**	**3094041**	**(1257126)**	**1836916**

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(₹ in Lakhs)

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31.03.2016	Previous GAAP	Effect of transition to Ind AS	IndAS
Contract revenue	412099	(1477)	410622
Other operating revenue	2084	-	2084
Total revenue from operations	**414183**	**(1477)**	**412706**
Other income	74353	1610	75963
Total revenue	**488536**	**133**	**488669**
Expenses:			
Cost of materials consumed	265804	(1307)	264497
Employee benefits expense	74439	1033	75472
Finance costs	7	383	390
Depreciation and amortization expense	3100	1281	4381
Sub-contract	13492	-	13492
Power and fuel	2822	-	2822
Other expenses - Project related	20352	-	20352
Other expenses - Others	12208	(47)	12161
Provisions	3753	(1583)	2170
Total expenses	**395977**	**(240)**	**395737**
Profit before prior period adjustments	**92559**	**373**	**92932**
Prior period adjustments	3174	(3174)	-
Profit before tax	**95733**	**(2801)**	**92932**
Less: Tax expense			
(1) Current tax	35220	-	35220
(2) Deferred tax	(3726)	4133	407
(3) Prior tax adjustment	457	-	457
Profit (Loss) for the period	**63782**	**(6934)**	**56848**
Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
(i) Remeasurements of post employment benefit obligations	-	675	675
(ii) Income tax relating to items that will be not be reclassified to profit or loss			
B Items that will be reclassified to profit or loss			
Total Comprehensive Income for the period comprising Profit / (Loss) and Other Comprehensive Income for the period	**63782**	**(6258)**	**57523**
Earnings per equity share:	256.15		228.31

Material adjustments made while transition form previous GAAP

Proposed dividend

Under the previous GAAP, dividends proposed by the Board of directors after the Balance sheet date but before the approval of the financial statements were considered as adjusting events, accordingly the provision for proposed dividend was recognised as a liabilitiy . Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for Proposed Dividend and Dividend Distribution Tax of ₹ 11939 lakhs as at 31st March 2016 (₹ Nil as at 01st April 2015) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently the total equity has increased by an equivalent amount.

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Reclassification of Lease hold land

Under the IGAPP land obtained on lease from various authorities was disclosed under fixed assets schedule at initial premium paid. The premium paid was amortised over the period of lease. Since lease is cancellable and significant risk and reward has not been transferred to MDL, lease hold land is treated as operating lease. The initial premium paid is considered as advance lease rental. Accordingly, while transition from IGAAP to Ind AS, the Company has reclassified the unamortised portion of leasehold land of ₹ 471 lakhs (net of amortisation) from PPE to other non-current assets as prepaid lease rentals which will be amortised as operating lease over the remaining period of lease. During the year ended March 17, under Ind AS, Company has reversed depreciation expenses of ₹ 51 lakhs which was earlier charged off as per IGAAP & recognised as lease rental of ₹ 51 lakhs as per Ind AS.

Amortisation of Security deposit

Under Ind AS security deposits paid are measured at amorstised cost, accordingly Company has adjusted ₹ 36 lakhs against retained earnings which resulted in decrease in retained earnings and net deferred lease expenses asset is recognised of ₹ 137 lakhs on transtiton date. During the year ended 31st March 16, Company has expensed out deferred lease expenses of ₹ 15 lakhs with a closing balance of ₹ 122 lakhs and ₹ 15 lakhs are recorded as interest income on security deposit paid.

Employee Benefits

Under Ind AS, ₹ 1033 lakhs has been regrouped from employee benefit expenses to other comprehensive income on account of remeasurement of actuarial gains and losses as on 31st March 2016.

Contract Revenue as per Ind AS 11 Construction Contracts

a. The Company was accounting, hitherto, the revenue from shipbuilding as a sale of ship in respect of completed ship upon delivery and in respect of ongoing contracts, based on accretion/decretion in work in progress. The Company has changed this practice and is accounting for such revenue as Contract Revenue as per Ind AS 11 Construction Contracts. This change has no impact on revenues and profits of FY 2015-16 and FY 2016-17.

b. The Company was providing hitherto the estimated cost of work yet to be completed in respect of the fixed price element of delivered ship, in the year of delivery. During the year in line with Ind AS 11, the Company has changed the practice and is accounting for cost based on actual incurred and revenue on percentage completion basis after taking into consideration the future cost to be incurred on unfinished work on the project as part of total estimated cost of the project. Due to this change, provision of ₹ 717 lakhs was reversed in retained earning along with revenue of ₹ 730 lakhs as at 1st April 2015. During FY 2015-16, provision of ₹ 2300 lakhs and revenue of ₹ 1578 lakhs was reversed.

c. The Company was hitherto reflecting cost incurred on ships under construction as Work in Progress (WIP) under inventory. During the year the Company has changed this practice and is recognising progressive billings on such contract work in progress as "Trade Receivables". The difference between such Trade Receivables and the Contract revenue earned calculated as per percentage completion method is reflected as unbilled revenue or unearned income under current assets or current liabilities as the case may be. Due to this change Current assets have gone up by ₹ 14087 lakhs in FY 2015-16 with corresponding reduction in inventory.

2.57 In the preparation of these Ind AS Financial Statements, figures for the previous year have been regrouped/reclassified, wherever considered necessary to conform to current year presentation.

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 23rd August, 2017
Mumbai.

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Madhavi Kulkarni
Company Secretary