INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Report on the Standalone Ind AS Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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

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

Auditor's Responsibility

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

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

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

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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, of the state of affairs of the Company as at 31st March, 2018, and its profit, other comprehensive income, the statement of changes in equity and its cash flows for the year ended on that date.

Emphasis of Matters

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

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

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

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

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

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

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

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

      i) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements (Refer note. 35 to the standalone Ind AS financial statements).

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

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

Astha Kariya
Partner
Membership No. 122491

Place: Mumbai
Date: 16th July, 2018

Annexure – I

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

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

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

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

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

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

Sr. No.	Plot No.	Location	Type of Property	Area (in Sq. Mtrs)	Remarks
1	Plot No. 355 PH I	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	
5	Gaavan Land	Panvel, Navi Mumbai	Leasehold	19402.35	Contract is yet to be signed.

(Contd....2)

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

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

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

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

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

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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 Section 148(1) of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of these records with a view to determine whether they are accurate and complete.

7. (a) According to the information and explanations given to us by the management and on the basis of examination of the books of accounts carried out by us, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales-tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Value Added Tax, Cess and any other material statutory dues, as applicable, with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2018 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us by the management and the records of the Company examined by us, there were no disputed dues in respect of Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st March, 2018 except as stated below:

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

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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 F.Y. 2012-13 and F.Y. 2013-14	2,896	Jt. Commissioner of Sales Tax
5.	Karnataka Sales Tax Act	F.Y. 1989-90, F.Y. 1990-91, F.Y. 1992-93, F.Y. 1995-96 to F.Y. 1996-97	304	Karnataka Sales Tax Appellate Tribunal
6.	Service tax	F.Y. 2001–02 to F.Y. 2003-04	4,044	Bombay High Court
7.	Service tax	F.Y. 2004-05 to F.Y. 2013-14	2,928	Commissioner of Service Tax – I Mumbai
8.	Income Tax	A.Y. 2010-11	318	Commissioner of Income Tax (Appeals)
8.	Income Tax	A.Y. 2014-15	4,418	Commissioner of Income Tax (Appeals)
9.	Custom Duty	F.Y. 2007-08	8	Asst. Commissioner of Customs

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

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

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

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

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

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

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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

Astha Kariya
Partner
Membership No. 122491

Place: Mumbai
Date: 16th July, 2018

Annexure - II to the Independent Auditor's Report

To the Members of Mazagon Dock Shipbuilders Limited

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

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

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

Sr. No.	Plot No.	Location	Type of Property	Area (in SqMtrs)	Remarks
1	Plot No. 355 PH I	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	
5	Gaavan Land	Panvel, Navi Mumbai	Leasehold	19402.35	Contract is yet to be signed.

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

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

The total value of inventory of the Company lying with third parties is ₹ 66,689 lakhs as at 31st March, 2018. The Company has maintained only manual records identifying inventories lying with third parties. In our opinion, track of such inventories needs to be maintained through the ERP system operated by the Company in order to have proper control on such inventories. There are no assets received as gift from Government.

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

Astha Kariya
Partner
Membership No. 122491

Place: Mumbai
Date: 16th July, 2018

Annexure III

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

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

We have audited the internal financial controls over financial reporting of Mazagon Dock Shipbuilders Limited ('the Company') as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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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.

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Opinion

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

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

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

Astha Kariya
Partner
Membership No. 122491

Place: Mumbai
Date: 16th July, 2018

MAZAGON DOCK SHIPBUILDERS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2018

(₹ in lakhs)

Particulars	Notes	As at 31st March, 2018	As at 31st March, 2017	As at 1st April, 2016
ASSETS				
Non-current assets				
Property, plant and equipment	2	61,796	52,490	34,493
Capital work-in-progress	3	8,538	9,843	16,958
Other intangible assets	2	2,841	2,135	2,283
		73,175	**64,468**	**53,734**
Financial assets				
Investments	4	600	600	600
Trade receivable	5	1,593	1,605	1,674
Loans	6	894	869	844
Other financial assets	7	340	340	340
Deferred tax assets (net)	8	54,441	49,882	49,329
Non-current tax assets (net)		20,672	18,113	12,809
Other non-current assets	9	36,888	14,201	11,339
Total non-current assets		**1,88,603**	**1,50,078**	**1,30,669**
Current assets				
Inventories	10	3,78,597	4,02,865	4,24,467
Financial assets				
Trade receivables	11	1,43,606	74,696	91,972
Cash and cash equivalents	12	37,356	14,288	89,777
Bank balances other than cash and cash equivalents	13	6,81,600	8,22,000	7,90,500
Loans	14	91	102	145
Other financial assets	15	85,007	1,31,091	93,001
Assets held for sale		1	3	-
Other current assets	16	4,20,715	3,03,593	2,49,448
Total current assets		**17,46,973**	**17,48,638**	**17,39,310**
TOTAL ASSETS		**19,35,576**	**18,98,716**	**18,69,979**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	17	22,410	24,900	19,920
Other equity		2,19,830	2,37,554	2,11,698
Total equity		**2,42,240**	**2,62,454**	**2,31,618**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Trade payables	18	1,593	1,605	1,674
Other financial liabilities	19	68	14	8
Other long-term liabilities	20	15,974	16,694	13,163
Long-term provisions	21	1,22,460	1,21,212	1,18,676
Total non-current liabilities		**1,40,095**	**1,39,525**	**1,33,521**
Current liabilities				
Financial liabilities				
Trade payables	22	2,39,107	92,634	1,12,011
Other financial liabilities	23	25,787	17,471	21,119
Other current liabilities	24	12,75,027	13,78,469	13,65,178
Short-term provisions	25	13,320	8,163	6,532
Total current liabilities		**15,53,241**	**14,96,737**	**15,04,840**
Total liabilities		**16,93,336**	**16,36,262**	**16,38,361**
TOTAL EQUITY AND LIABILITIES		**19,35,576**	**18,98,716**	**18,69,979**
Significant accounting policies and notes to the financial statements	1 to 58			

As per our report of even date
Ford Rhodes Parks & Co. LLP
Chartered Accountants
Firm Registration No. 102860W/W100089

Astha Kariya
Partner
Membership No. 122491

Mumbai 16th July, 2018

FORD RHODES PARKS ABK C.A.s

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED

MAZAGON DOCK SHIPBUILDERS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2018 **(₹ in lakhs)**

Particulars	Notes	For the year ended 31st March, 2018	For the year ended 31st March, 2017
INCOME			
Revenue from operations	26	4,40,959	3,53,048
Other income	27	60,386	76,457
Total income		**5,01,345**	**4,29,505**
EXPENSES			
Cost of materials consumed	28	2,69,288	2,14,008
Employee benefit expenses	29	89,903	72,884
Finance costs	30	385	390
Depreciation and amortization expenses		5,021	3,939
Sub-contracting charges		32,269	11,019
Power and fuel		2,262	2,604
Other expenses - project related	31	15,123	14,171
Other expenses	32	13,714	15,945
Provisions	33	3,743	10,845
Total expenses		**4,31,708**	**3,45,805**
Profit before tax		**69,637**	**83,700**
Tax expense			
Current tax		29,152	29,307
Deferred tax (credit) / charge		(4,559)	(506)
Adjustment of tax relating to earlier years		1,064	-
Profit for the year		**43,980**	**54,899**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plan		(5,993)	(135)
Income tax effect		2,074	47
Total comprehensive income for the year		**40,061**	**54,811**
Earning per share			
Basic and Diluted		18.27	22.05
Significant accounting policies and notes to the financial statements	1 to 58		

As per our report of even date

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

Astha Kariya
Partner
Membership No. 122491

Mumbai 16th July, 2018

FORD RHODES PARKS & CO. LLP
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For and on behalf of the Board of Directors

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

Saniiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED

MAZAGON DOCK SHIPBUILDERS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
A	**Cash flow from operating activities**		
	Profit before tax (as restated)	69,637	83,700
	Adjustments for :		
	(+) Non cash expenditure and non operating expenses		
	Depreciation / amortization	5,021	3,939
	Finance cost	385	390
	Amortization of prepaid rentals	66	66
	(-) Non operating income		
	Profit / Loss on sale of fixed assets	19	(31)
	Interest income	(48,271)	(63,288)
	Dividend received	(4,671)	(879)
	Amortization gain on deferred deposits of vendors	(7)	(1)
	Amortization of deferred revenue (customer funded assets)	(733)	(254)
	Interest Income on deferred payment liability to foreign supplier	(379)	(388)
	Interest Income on deferred deposit with MbPT	(16)	(16)
	Operating profit before working capital changes	**21,051**	**23,238**
	Movement in working capital		
	Decrease / (Increase) in Inventories	24,268	21,602
	Decrease / (Increase) in Trade receivables and loans and advances	(68,517)	17,767
	Decrease / (Increase) Other current and non current assets	46,625	(1,26,553)
	(Decrease) / Increase in Trade payables and provisions	1,46,487	(15,800)
	(Decrease) / Increase in Other current and non current liabilities	(95,052)	13,434
	Cash flow from operations	**74,863**	**(66,312)**
	Direct tax paid (net of refunds)	(30,701)	(34,612)
	Net cash from (used in) operating activities (A)	**44,162**	**(1,00,924)**
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment (net of adjustments)	(15,087)	(21,836)
	Capital work in progress	1,305	7,116
			-
	Proceeds from sale of property, plant and equipment	35	76
	Capital advance	(14)	(113)
	Interest received	48,271	63,288
	Dividend received	4,671	879
	Net cash from / (used in) investing activities (B)	**39,181**	**49,410**
C	**Cash flow from financing activities**		
	Buy back of equity share capital	(25,349)	
	Payment of buy back tax	(5,389)	
	Dividend paid (including dividend distribution tax thereon)	(29,537)	(23,975)
	Net cash from / (used in) financing activities (C)	**(60,274)**	**(23,975)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**23,068**	**(75,489)**
	Cash and cash equivalents at the beginning of the period	**14,288**	**89,777**
	Cash and cash equivalents at the end of the period	**37,356**	**14,288**

Note: Figure in bracket indicate outflow

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

As per our report of even date

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

Astha Kariya
Partner
Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2018

(A) Equity share capital

(₹ in lakhs)

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

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

(B) Other equity

For the year ended 31st March, 2018

(₹ in lakhs)

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Total Other Equity
Balance as at 1st April, 2017	(14,224)	2,44,381	5	7,392	2,37,554
Profit / (loss) for the year	43,980				43,980
Other comprehensive income / (loss) for the year					
Remeasurement of defined employee benefit plan (net of ta	(3,919)				(3,919)
Buyback of shares at premium		(22,859)			(22,859)
Transfer from general reserve to capital redemption reserve		(2,490)		2,490	-
Tax on buyback	(5,389)				(5,389)
Dividends					
Interim	(18,000)				(18,000)
Final	(6,541)				(6,541)
Tax on dividends	(4,996)				(4,996)
Balance as at 31st March, 2018	**(9,089)**	**2,19,032**	**5**	**9,882**	**2,19,830**

For the year ended 31st March, 2017

(₹ in lakhs)

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	CSR Fund	Total Other Equity
Balance as at 1st April, 2016	(45,060)	2,42,500	5	12,372	1,881	2,11,698
Profit / (loss) for the year	54,899					54,899
Other comprehensive income / (loss) for the year						
Remeasurement of defined employee benefit plan (net of ta	(88)					(88)
Issue of bonus shares				(4,980)		(4,980)
Dividends						
Interim	(10,000)					(10,000)
Final	(9,920)					(9,920)
Tax on dividends	(4,055)					(4,055)
Utilized for expenses					(1,881)	(1,881)
Transfer from surplus		1,881				1,881
Balance as at 31st March, 2017	**(14,224)**	**2,44,381**	**5**	**7,392**	**-**	**2,37,554**

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

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

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

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

As per our report of even date

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

Astha Kanya
Partner
Membership No. 122491

Mumbai 16th July, 2018

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

Note 1: Statement of Significant Accounting Policies

1) Corporate information:

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

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

2) Significant accounting policies:

2.1 Basis of preparation:

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

2.2 Summary of significant accounting policies:

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

Estimates and assumptions are required in particular for:

i. Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized:
Useful life of tangible assets is based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful life is different from that prescribed in Schedule II, it is based on technical advice, taking into account the nature of the asset, estimated usage and operating conditions of the asset, past history of replacement and maintenance support.

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

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

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

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

MAZAGON DOCK SHIPBUILDERS LIMITED

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

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

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

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

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

All other assets are classified as non - current.

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

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

All other liabilities are treated as non - current.

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

c) Property, plant and equipment:

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

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

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

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

- Spares purchased along with PPE are capitalised.

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

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

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

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

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

ii. Depreciation:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

g) Foreign currency transactions:
The financial statements are prepared in Indian Rupees being the functional currency.

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

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

i) Inventory valuation

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

ii. Equipment for specific projects are valued at cost.

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

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

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

vi. Scrap is valued at estimated net realizable value.

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

j) Revenue recognition

i. **Construction & repair contracts**

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial Assets:

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

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

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

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

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

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

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

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

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

Financial liabilities:

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

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

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

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

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

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

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

l) Leases

i. As a lessee

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

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

ii. As a lessor

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

m) Employee benefits

i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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

iii. Post-employment obligations

The Company operates the following post-employment schemes:

(a) defined benefit plans such as gratuity and post-retirement medical scheme for non executives; and

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

Gratuity

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

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

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

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

Post-retirement medical scheme

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

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

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

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

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

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

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

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

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

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

Deferred tax assets and liabilities are offset only if:

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

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

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

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

MAZAGON DOCK SHIPBUILDERS LIMITED
Note 2

(₹ in lakhs)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions	Adjustments	Disposal	Balance 31-03-18	Opening 01-04-17	For the period	Adjustments	Disposal	Balance 31-03-18	As on 31-03-18	As on 31-03-17
A	Assets Owned by MDL												
1	Freehold Land	2,867	1,828	-	-	4,695	-	-	-	-	-	4,695	2,867
2	Buildings: i) Factory Building	1,741	32	-	1	1,772	104	85	-	1	188	1,584	1,637
	ii) Office and Staff Quarters							-	-				
	a) RCC	1,878	19	-	1	1,896	81	57	-	1	137	1,759	1,797
	b) Non RCC	393	322	-	-	715	25	23	-	-	48	667	368
3	Road	667	-	6	-	673	232	126	-	-	358	315	435
4	Other Civil Works	9	-	-	-	9	6	3	-	-	9	-	3
5	Plant and Equipment	13,648	7,213	(6)	65	20,790	1,031	1,128	-	58	2,101	18,689	12,617
6	Furniture and Fixtures	1,345	96	-	3	1,438	302	160	-	3	459	979	1,043
7	Vehicles	1,728	220	-	24	1,924	437	242	-	23	656	1,268	1,291
8	Office Equipment	1,739	188	-	17	1,910	551	332	-	16	867	1,043	1,186
9	Building Berths, Kasara Basin, Dry Docks and Launchways	-	-	-	-	-	-	-	-	-	-	-	-
10	Computers and Data Processing Units		-		-			-	-	-			
	i) Desktops, Laptops etc.	430	260	-	136	554	96	245	-	136	205	349	334
	ii) Server and Network	1,897	1,143	-	193	2,847	318	384	-	153	549	2,298	1,579
11	Loose Tools	251	129	-	-	380	192	79	-	-	271	109	59
12	Ship - Launches and Boats	302	134	-	-	436	30	16	-	-	46	390	272
13	Electrical Installation and Equipments	1,222	232	-	-	1,454	272	175	-	-	447	1,007	950
	Sub-total	**30,117**	**11,816**	-	**440**	**41,493**	**3,677**	**3,055**	-	**391**	**6,341**	**35,152**	**26,440**
	Previous Year's Figures	24,320	6,946	-	1,150	30,117	2,125	2,655	-	1,105	3,675	26,440	22,196

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

(₹ in lakhs)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions	Adjustments	Disposal	Balance 31-03-18	Opening 01-04-17	For the period	Adjustments	Disposal	Balance 31-03-18	As on 31-03-18	As on 31-03-17
1	Buildings: i) Factory Building	17,994	155	-	-	18,149	582	578	-	-	1,160	16,989	17,412
	ii) Office and Staff Quarters		-	-	-	-	-	-	-		-	-	-
	a) RCC	1,565	56	-	-	1,621	2	28	-	-	30	1,591	1,563
	b) Non RCC	-	-	-	-	-	-	-	-		-	-	-
2	Roads	133	-	-	-	133	2	25	-	-	27	106	131
3	Plant and Equipment	5,294	1,362	-	-	6,656	615	298	-	-	913	5,743	4,679
4	Electrical Installation and Equipments	626	23	-	-	649	5	61	-	-	66	583	621
5	Furniture and Fixtures	226	-	-	-	226	6	21	-	-	27	199	220
6	Office Equipment	145	8	-	-	153	7	28	-	-	35	118	138
7	Computers and Data Processing Units	-	-			-	-				-		-
	i) Server and Network	338	-	-	-	338	58	57	-	-	115	223	280
8	Ship - Launches and Boats	1,017	125	-	-	1,142	11	38	-	-	49	1,093	1,006
	Sub-total	**27,338**	**1,729**	-	-	**29,067**	**1,288**	**1,134**	-	-	**2,422**	**26,645**	**26,050**
	Previous Year's Figures	12,996	14,341	-	-	27,336	699	590	-	-	1,289	26,050	12,297
	Total Tangibles Assets (A+B)	**57,455**	**13,545**	-	**440**	**70,560**	**4,965**	**4,189**	-	**391**	**8,763**	**61,796**	**52,490**
	Previous Year's Figures	37,316	21,287	-	1,150	57,455	2,824	3,245	-	1,105	4,964	52,490	34,493

Intangible Assets

(₹ in lakhs)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions in the period	Adjustments in the Year	Disposal in the Year	Balance 31-03-18	Opening 01-04-17	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-18	As on 31-03-18	As on 31-03-17
A	Assets Owned by MDL												
1	Computer Software/SAP-ERP	727	67	-	-	794	242	158	-	-	400	394	485
2	Other than SAP-ERP	2,385	1,475	-	60	3,800	877	638	-	56	1,459	2,341	1,508
	Sub Total	**3,112**	**1,542**	-	**60**	**4,594**	**1,119**	**796**	-	**56**	**1,859**	**2,735**	**1,993**
	Previous Year's Figures	2,566	546	-	-	3,112	461	658	-	-	1,119	1,993	2,105

(₹ in lakhs)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions in the period	Adjustments in the period	Disposal in the period	Balance 31-03-18	Opening 01-04-17	For the period	Adjustments in the period	Disposal in the period	Balance 31-03-18	As on 31-03-18	As on 31-03-17
1	Computer Software/SAP-ERP	1,000	-	-	-	1,000	1,000	-	-	-	1,000	-	-
2	Other than SAP-ERP	181	-	-	-	181	39	36	-	-	75	106	142
	Sub Total	1,181	-	-	-	1,181	1,039	36	-	-	1,075	106	142
	Previous Year's Figures	1,181	-	-	-	1,181	1,003	36	-	-	1,039	142	178
	Total Intangible Assets (A+B)	4,293	1,542	-	60	5,775	2,158	832	-	56	2,934	2,841	2,135
	Previous Year's Figures	3,747	546	-	-	4,293	1,464	694	-	-	2,158	2,135	2,283
	Total Assets (i+ii)	61,748	15,087	-	500	76,335	7,123	5,021	-	447	11,697	64,637	54,625
	Previous Year's Figures	41,063	21,833	-	1,150	61,748	4,288	3,939	-	1,105	7,122	54,625	36,776

(i) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 14 lakhs (2017: ₹ 114 lakhs)

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

(iii) Depreciation has been charged on single shift basis during the period except for wet basin on which depreciation has been charged on double shift basis.

(iv) No provision for impairment of assets has been considered necessary during the period as required under Indian Accounting Standard - 36.

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

(vi) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 12992 lakhs (2017: ₹ 11492 lakhs,) (net cost to Company) were capitalised upto 31st March 2018 as jointly funded by the Company and Indian Navy and depreciation of ₹ 4242 lakhs (2017: ₹ 3070 lakhs) has been accounted on it upto 31st March 2018. Total Assets of ₹ 103341 lakhs (2017: ₹ 101612 lakhs) are jointly funded by the Company and Indian Navy.

Assets jointly funded by MDL and Indian Navy

(₹ 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 assets	Roads	Total as on 31-03-18	Total as on 31-03-17
1	Total Cost upto 31.03.2018	33,999	649	65,152	345	96	1,142	166	241	1,418	133	1,03,341	1,01,612
2	Less: Funded By Navy	25,430	628	61,287	345	96	983	158	241	1,181	-	90,349	90,120
3	Funded By MDL	8,569	21	3,865	-	-	159	8	-	237	133	12,992	11,492
	Previous Year's Figures	8,379	-	2,692	-	-	51	-	-	237	133	11,492	11,135

MAZAGON DOCK SHIPBUILDERS LIMITED
Note 2

(₹ in lakhs)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions	Adjustments	Disposal	Balance 31-03-17	Opening 01-04-16	For the Year	Adjustments	Disposal	Balance 31-03-17	As on 31-03-17	As on 31-03-16
A	**Assets Owned by MDL**												
1	Freehold Land	2,867	-	-	-	2,867	-	-	-	-	-	2,867	2,867
2	Buildings: i) Factory Building	885	856	-	-	1,741	44	60	-	-	104	1,637	841
	ii) Office and Staff Quarters			-	-		-	-	-	-			-
	a) RCC	1,585	293	-	-	1,878	27	54	-	-	81	1,797	1,558
	b) Non RCC	256	137	-	-	393	10	15	-	-	25	368	246
3	Road	667	-	-	-	667	98	134	-	-	232	435	569
4	Other Civil Works	9	-	-	-	9	3	3	-	-	6	3	6
5	Plant and Equipment	11,964	2,449	-	765	13,648	765	993	-	727	1,031	12,617	11,199
6	Furniture and Fixtures	1,035	310	-	-	1,345	148	154	-	-	302	1,043	887
7	Vehicles	1,677	63	-	12	1,728	212	236	-	11	437	1,291	1,465
8	Office Equipment	1,061	757	-	79	1,739	306	320	-	75	551	1,188	755
9	Computers and Data Processing Units	-	-	-	-	-	-	-	-	-	-	-	-
	i) Desktops, Laptops etc.	370	307	-	247	430	142	200	-	246	96	334	228
	ii) Server and Network	598	1,333	-	34	1,897	158	194	-	34	318	1,579	440
10	Loose Tools	144	107	-	-	251	62	130	-	-	192	59	82
11	Ship - Launches and Boats	302	-	-	-	302	15	15	-	-	30	272	287
12	Electrical Installation and Equipments	901	334	-	13	1,222	135	149	-	12	272	950	766
	Sub-total	**24,321**	**6,946**	-	**1,150**	**30,117**	**2,125**	**2,657**	-	**1,105**	**3,677**	**26,440**	**22,196**
	Previous Year's Figures	16,082	8,379	(36)	105	24,321	-	2,218	-	93	2,125	22,196	16,082

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

(₹ in lakhs)

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

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	727	-	-	-	727	93	149	-	-	242	485	634
2	Other than SAP-ERP	1,839	546	-	-	2,385	368	509	-	-	877	1,508	1,471
	Sub-total	**2,566**	**546**	-	-	**3,112**	**461**	**658**	-	-	**1,119**	**1,993**	**2,105**
	Previous Year's Figures	905	1,661	-	-	2,566	-	461	-	-	461	2,105	905

(₹ in lakhs)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions 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	1,000	-	-	-	1,000	1,000	-	-	-	1,000	-	-
2	Other than SAP-ERP	181	-	-	-	181	3	36	-	-	39	142	178
	Sub Total	**1,181**	-	-	-	**1,181**	**1,003**	**36**	-	-	**1,039**	**142**	**178**
	Previous Year's Figures	-	1,181	-	-	1,181	-	1,003	-	-	1,003	178	-
	Total (A+B)	**3,747**	**546**	-	-	**4,293**	**1,464**	**694**	-	-	**2,158**	**2,135**	**2,283**
	Previous Year's Figures	905	2,842	-	-	3,747	-	1,464	-	-	1,464	2,283	905
	Total	**41,064**	**21,834**	-	**1,150**	**61,748**	**4,288**	**3,940**	-	**1,105**	**7,123**	**54,625**	**36,270**
	Previous Year's Figures	27,053	13,824	291	105	41,063	-	4,381	-	93	4,288	36,776	28,585

(i) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 114 lakhs (2016: ₹ 114 lakhs, 2015: ₹ 165.6 lakhs).

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

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

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

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

(vii) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹ 11492 lakhs (2016: ₹ 11135 lakhs, 2015: ₹ 9572 lakhs) (net cost to Company) were capitalised upto 31st March 2017 as jointly funded by the Company and Indian Navy and depreciation of ₹ 3070 lakhs (2016: ₹ 1244 lakhs, 2015: ₹ 356 lakhs) has been accounted on it upto 31st March 2016. Total Assets of ₹ 101612 lakhs (2016: ₹ 87272 lakhs, 2015: ₹ 81924 lakhs) are jointly funded by the Company and Indian Navy.

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	33,788	626	63,790	345	96	1,017	158	241	1,418	133	**1,01,612**	87,272
2	Less: Funded By Navy	25,409	626	61,098	345	96	966	158	241	1,181	-	**90,120**	76,137
3	**Funded By MDL**	**8,379**	-	**2,692**	-	-	**51**	-	-	**237**	**133**	**11,492**	**11,135**
	Previous Year's Figures	8,221	-	2,677	-	-	-	-	-	237	-	**11,135**	**9,572**

3 Capital work-in-progress

(₹ in lakhs)

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

4 Non-current investments

(₹ in lakhs)

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

5 Trade receivables - non-current (₹ in lakhs)

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

6 Loans - non-current (₹ in lakhs)

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

7 Other financial assets - non-current (₹ in lakhs)

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

8 Deferred tax assets (net) (₹ in lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
Deferred tax assets / (liabilities)						
Deferred tax assets						
Provisions	65,139		58,540		56,353	
Others	-	65,139	2,888	61,428	638	56,991
Deferred tax liabilities						
Service tax	(1,456)		(1,442)		(1,690)	
Depreciation	(9,242)		(8,715)		(3,047)	
Others	-	(10,698)	(1,369)	(11,546)	(2,925)	(7,662)
Deferred tax assets (net)		**54,441**		**49,882**		**49,329**

9 Other non-current assets (₹ in lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
(Unsecured, considered good unless otherwise specified)						
Capital advances		685		671		558
Deposits with custom and excise authorities		24		24		20
Deposits with excise authorities		-				
Other deposits		-				8
Other receivables - considered good	19		4		-	
Other receivables - considered doubtful	2,796		2,946		2,946	
Less: Allowance for doubtful receivables	2,796	19	2,946	4	2,946	-
Advances paid to vendors - considered doubtful	62		2		2	
Less: Allowance for doubtful advances	62	-	2	-	2	-
VAT / sales tax receivable		11,574		12,574		9,763
GST input tax credit		19,557		-		-
Export incentive receivable						
Considered good	371		371		478	
Considered doubtful	107		107		-	
	478		478		478	
Less: Allowance for doubtful receivables	107	371	107	371	-	478
Prepaid expenses						
Prepaid lease rent	4,633		494		558	
Less: amortisation / unwinding of prepaid rentals	15		15		15	
Less: current	66	4,552	66	413	51	492
Others		106		144		20
		36,888		**14,201**		**11,339**

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

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

b. The Company is in possession of approx. 15.59 hectares of land at Nhava. Out of this, approximately 12.30 hectares is reclaimed land which is part of 23 hectares of reclaimed land jointly reclaimed by MDL and ONGC. The rest of the land i.e. approx. 3.29 hectares, belongs to CIDCO which ONGC ceded to the Company is or about the year 1984 for the cost of ₹ 20.00 Lakhs. The Company is having permanent tenancy rights to co-terminate with the lease hold right of ONGC with the CIDCO land in their possession.

Pending execution of lease deeds of above, initial premium paid has been treated as prepaid rent and is amortised on the basis of available information.

10 Inventories

(₹ in lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
Raw materials						
Material in stores	16,791		17,164		10,890	
Less: Provision for obsolescence	81	16,710	89	17,075	80	10,810
Stores and spares						
Material in stores	1,745		1,878		1,517	
Less: Provision for obsolescence	111	1,634	73	1,805	21	1,496
Equipment for specific projects						
Material in stores/site	3,29,527		3,63,802		3,90,366	
Less: Provision for obsolescence	155		181		140	
	3,29,372		3,63,621		3,90,226	
Stock in transit	9,475		19,717		21,583	
Materials pending inspection	21,317	3,60,164	539	3,83,877	272	4,12,081
Scrap		89		108		80
Work-in-progress	17,40,376					
Less: Advances received from customers	17,40,376	-				
		3,78,597		**4,02,865**		**4,24,467**

Notes:

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

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

11 Trade receivables - current

(₹ in lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
(Unsecured)						
Considered good	1,43,606		74,696		91,972	
Considered doubtful	16,298	1,59,904	18,616	93,312	19,053	1,11,025
Less: Allowance for doubtful receivables		16,298		18,616		19,053
		1,43,606		**74,696**		**91,972**

12 Cash and cash equivalents

(₹ in lakhs)

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

13 Bank balance other than cash and cash equivalents

(₹ in lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
In fixed deposit accounts - more than 3 months but not more than 12		6,81,600		8,22,000		7,90,500
		6,81,600		**8,22,000**		**7,90,500**

Note: Cash and other bank balance details

Cash and bank balances from stage payment received from customer		6,65,145		7,71,928		7,82,845
Other cash and bank balance		53,811		64,360		97,432
		7,18,956		**8,36,288**		**8,80,277**

14 Loans - current

(₹ in lakhs)

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

15 Other financial assets - current

(₹ in lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
Insurance claims receivable		510		-		81
Interest accrued on deposits and advances		10,487		14,714		14,924
Other receivables		25		53		67
Unbilled revenue		73,985		1,16,324		77,929
		85,007		**1,31,091**		**93,001**

16 Other current assets

(₹ in lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
(Unsecured, considered good, unless otherwise specified)						
Advances						
Advances paid to vendors		4,09,179		2,96,359		2,21,292
Advances paid on behalf of customer for B&D spares						
Considered good	10,114		6,177		25,733	
Considered doubtful	758		3,226		752	
	10,872		9,403		26,485	
Less: Allowance for doubtful advance	758	10,114	3,226	6,177	752	25,733
Travel advance to employees		34		46		1,522
Others		28		15		24
Prepaid expenses						
Prepaid lease rentals		66		66		50
Others		1,294		930		827
		4,20,715		**3,03,593**		**2,49,448**

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17 Share Capital

(₹ in lakhs)

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

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
Details of shareholding more than 5% shares in the Company	**No. of shares**	**Percentage holding**	**No. of shares**	**Percentage holding**	**No. of shares**	**Percentage holding**
Shareholder President of India and his nominees	2,24,10,000	100%	2,49,00,000	100%	2,49,00,000	100%

18 Trade payables - non-current

(₹ in lakhs)

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

19 Other financial liabilities - non-current

(₹ in lakhs)

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

20 Other long-term liabilities

(₹ in lakhs)

Particulars	31st March, 2018		31st March, 2017		1st April, 2016	
Funds received from customer for infrastructure projects	89,497		86,725		82,826	
Add: Received during the period	1,014		3,786		3,899	
Less: Transferred to fixed assets for capitalisation	72,352		72,352		72,352	
Less: Amortisation of deferred revenue	2,199	15,960	1,466	16,693	1,212	13,161
Deferred deposits		14		1		2
		15,974		**16,694**		**13,163**

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21 Provisions - non-current

(₹ in lakhs)

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Employee benefits			
Post retirement benefit schemes			
Medical	7,153	6,531	5,768
Gift card	79	73	76
Leave salary encashment	10,538	11,707	9,876
Welfare expenses	346	378	418
Other provisions			
Provision for liquidated damages	1,04,236	1,02,415	1,02,415
Others	108	108	123
	1,22,460	**1,21,212**	**1,18,676**

22 Trade payables - current

(₹ in lakhs)

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
MSME vendors (Refer to Note 40)	1,342	1,316	1,130
Other vendors	2,37,374	90,927	1,10,476
Deferred payment liability to a foreign supplier	391	391	405
	2,39,107	**92,634**	**1,12,011**

23 Others financial liabilities - current

(₹ in lakhs)

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

24 Other current liabilities

(₹ in lakhs)

Particulars	31st March, 2018	31st March, 2017	1st April, 2016
Advances received from customers	3,93,719	2,26,798	1,30,692
Statutory dues	1,437	2,511	5,474
Unearned income	8,79,861	11,49,159	12,28,224
Deferred deposits	10	1	-
Others	-	-	788
	12,75,027	**13,78,469**	**13,65,178**

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25 Provisions - current

(₹ in lakhs)

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

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26 Revenue from operations

(₹ in lakhs)

Particulars	31st March, 2018	31st March, 2017
Contract revenue		
Ship construction	4,39,916	3,52,367
Sale of Services		
Ship repair	-	(19)
Other operating revenue		
Commission on procurement of spares	744	282
Sale of scrap and stores	299	390
Changes in inventory of scrap	-	28
	4,40,959	**3,53,048**

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

Particulars	31st March, 2018	31st March, 2017
The amount of contract revenue recognised as revenue for the period	4,39,916	3,52,367
Aggregate amount of cost incurred and recognised profits (less recognised losses, if any)	17,40,376	16,59,401
The amount of advances received (gross)	29,85,857	29,16,226
The amount of retentions by customers	52,044	48,934

27 Other Income

(₹ in lakhs)

Particulars	31st March, 2018		31st March, 2017	
Interest from				
Deposits with banks	48,912		64,035	
Less: Interest liability to customer on advances	814		1,051	
	48,098		62,984	
Income tax refund	-		118	
Financial assets measured at amortised cost	16		16	
Other interest	173	48,287	186	63,304
Dividend from Goa Shipyard Ltd.		4,671		879
Other income				
Liabilities / provisions no longer required written back		5,674		2,297
Provision for trade receivables reversed		-		8,602
Provision for obsolete stock reversed		-		35
Insurance claims		-		16
Sale / scrapping of fixed assets (net)		-		31
Liquidated damages recovered				
Capital		185		52
Others		31		198
Miscellaneous income / recoveries		419		400
Amortisation gain on deferred deposits of vendors		7		1
Amortisation of deferred revenue (customer funded assets)		733		254
Interest Income on deferred payment liability to foreign supplier		379		388
		60,386		**76,457**

28 Cost of materials consumed (₹ in lakhs)

Particulars	31st March, 2018	31st March, 2017
Opening stock		
Raw materials, stores and spares	19,042	12,306
Equipment for specific projects	3,63,802	3,91,673
Stock-in-transit and materials pending inspection	20,256	21,855
	4,03,100	4,25,834
Add: Purchases	2,46,978	1,93,631
	6,50,078	6,19,465
Less: Closing stock		
Raw materials, stores and spares	18,536	19,042
Equipment for specific projects	3,29,527	3,63,802
Stock-in-transit and materials pending inspection	30,792	20,256
	2,71,223	2,16,365
Less: Provision for obsolete stock	30	61
Less: Stores and spares consumption included in repairs and maintenance	2	13
Less: Stores and spares consumption included in other expenses	1,903	2,283
	2,69,288	**2,14,008**

29 Employee benefit expenses (₹ in lakhs)

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

30 Finance cost (₹ in lakhs)

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

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31 Other expenses - Projects related

(₹ in lakhs)

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

32 Other expenses (₹ in lakhs)

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

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

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

33 Provisions (₹ in lakhs)

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

34 Business Segment Reporting

a) The Company is engaged in the production of defence equipment and was exempted from AS 17 'Segment Reporting' vide notification S.O. 802(E) dtd. 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In order to extend the exemption under Ind AS 108, an amendment to the aforesaid notification was required which the company understands is initiated by Ministry of Corporate Affairs. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 108.

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.

35 Contingent Liabilities and Commitments: **(₹ in lakhs)**

	Sr no.	Particulars	31st March 2018	31st March 2017
35.1		Amounts for which Company may be contingently liable:		
	(i)	Estimated amount of contracts remaining to be executed on capital account.	6,059	5,754
	(ii)	b) Estimated amount of liquidated damages on contracts under execution.	9,718	-
	(iii)	Position of non-fund based limits utilized for:		
		(a) Letters of credit	89,283	87,664
		(b) Guarantees and counter guarantees	843	726
	(iv)	Indemnity Bonds issued by the Company to customers for various contracts.	50,60,410	48,33,875
	(v)	Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	467	467

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

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

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

Sr no.	Particulars	31st March 2018	31st March 2017
(i)	Sales Tax *	1,15,231	1,12,287
(ii)	Excise Duty		
	(a) On Vendors	184	177
	(b) On MDL	28	27
		212	204
		1,15,443	1,12,491

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

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

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

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

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

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

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

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

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

37 **Normal Operating Cycle**

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

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

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/Letter of Intent (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.

38 Employee Benefits

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

(₹ in Lakhs)

(I)

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

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

(II) Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme)	31st March, 2018	31st March, 2017
Actuarial valuation was performed by an insurer in respect of the aforesaid Defined Benefit Plans based on the following assumptions:-		
1 Discount Rate (per annum)	7.50%	7.25%
2 Rate of increase in compensation levels	7.00%	7.50%

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

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

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

38.2 Actuarial valuation of liability towards Gratuity

Defined Benefit Plans Gratuity - as per actuarial valuation

by reference to market yields at the end of reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligation.

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

(₹ in Lakhs)

	Particulars	31st March, 2018	31st March, 2017
i)	**Assumptions**		
	a) Discount Rate	7.50%	7.25%
	b) Salary Escalation	7.00%	7.50%
	c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March	8.20%	8.19%
	d) Expected average remaining working lives of employees (years)	14	14
ii)	**Table showing changes in present value of obligations**		
	Present value of obligations as at beginning of year	22,366	22,750
	Interest cost	1,622	1,706
	Current service cost	1,284	1,114
	Benefits paid	(3,244)	(3,339)
	Actuarial (gain) / loss on obligations	6,044	135
	Present value of obligations as at end of year	28,072	22,366
iii)	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	21,058	22,469
	Expected return on plan assets	1,557	1,714
	Contributions	6,627	214
	Benefits paid	(3,244)	(3,339)
	Actuarial (gain) / loss on plan assets	-	-
	Fair value of plan assets at the end of year	25,999	21,058
iv)	**Table showing fair value of plan assets**		
	Fair value of plan assets at beginning of year	21,058	22,469
	Actual return on plan assets	1,557	1,714
	Contributions	6,627	214
	Benefits paid	(3,244)	(3,339)
	Fair value of plan assets at the end of year	25,999	21,058
	Funded status	(2,073)	(1,308)
	Excess of Actual over estimated return on plan assets	-	-
v)	**Actuarial gain / loss recognized**		
	Actuarial (gain) / loss for the year - obligation	6,044	135
	Actuarial (gain) / loss for the year - plan assets	-	-
	Total (gain) / loss for the year	6,044	135
	Actuarial (gain) / loss recognised in the year	6,044	135
	Un-recognised actuarial (gains) / losses at the end of year	-	-
vi)	**The amounts to be recognized in the balance sheet**		
	Present value of obligations as at the end of year	28,072	22,366
	Fair value of plan assets as at the end of the year	25,999	21,058
	Funded status	(2,073)	(1,308)
	Net Asset / (Liability) recognized in balance sheet	(2,073)	(1,308)
vii)	**Expenses recognized in statement of Profit and Loss**	-	
	Current service cost	1,284	1,114
	Interest cost	95	1,706
	Expected return on plan assets	(1,557)	(1,714)
	Expenses recognized in statement of profit and loss	1,379	1,106
viii)	**Expenses recognized in Other Comprehensive Income**		
	Actuarial (gain) / loss recognised in the year	6,044	135
ix)	**Current/Non-current Liability**		
	Current Liability	8,305	5,746
	Non-current Liability	19,494	16,620
	Present Value of the Defined Gratuity Benefit Obligation	27,799	22,366

Sensitivity of Gratuity Benefit Liability to key Assumptions

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

Impact on Defined Benefit Obligation

(₹ in Lakhs)

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

38.3 Actuarial valuation of liability towards Leave Encashment

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

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

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

(₹ in Lakhs)

		31st March, 2018	31st March, 2017
i)	**Assumptions**		
	Discount rate	7.50%	7.25%
	Rate of increase in compensation levels	7.00%	7.50%
	Expected average remaining working lives of employees (years)	14	14
ii)	**Table showing changes in present value of obligations**		
	Present value of obligation as at the beginning of the year	14,699	12,389
	Acquisition adjustment	-	-
	Interest cost	1,066	929
	Current service cost	884	1,572
	Curtailment cost / (credit)	-	-
	Settlement cost / (credit)	-	-
	Benefits paid	(1,667)	(1,333)
	Actuarial (gain) / loss on obligations	(1,046)	1,142
	Present value of obligation as at the end of the year	13,937	14,699
iii)	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at the beginning of the year	-	-
	Acquisition adjustments	-	-
	Expected return on plan assets	-	-
	Contributions	-	-
	Benefits paid	-	-
	Actuarial gain / (loss) on plan assets	-	-
	Fair value of plan assets at the end of the year	-	-
iv)	**Tables showing fair value of plan assets**		
	Fair value of plan asset at the beginning of the year	-	-
	Acquisition adjustments	-	-
	Actual return on plan assets	-	-
	Contributions / (withdrawals)	-	-
	Benefits paid	-	-
	Fair value of plan asset at the end of the year	-	-
	Funded status	(13,937)	(14,699)
	Excess of actual over estimated return on plan assets	-	-
v)	**Actuarial gain / loss recognized**		
	Actuarial (gain) / loss for the year - obligation	(1,046)	1,142
	Actuarial (gain) / loss for the year - plan assets	-	-
	Total (gain) / loss for the year	(1,046)	1,142
	Actuarial (gain) / loss recognised in the year	(1,046)	1,142
	Un-recognised actuarial (gains) / losses at the end of year	-	-
vi)	**The amounts to be recognized in the balance sheet**		
	Present value of obligation as at the end of the year	13,937	14,699
	Fair value of plan assets as at end of the year	-	-
	Funded status	(13,937)	(14,699)
	Unrecognized actuarial (gains) / losses	-	-
	Net asset / (liability) recognized in balance sheet	(13,937)	(14,699)
vii)	**Expenses recognized in statement of profit and loss**		
	Current service cost	884	1,572
	Interest cost	1,066	929
	Expected return on plan assets	-	-
	Curtailment cost / (credit)	-	-
	Settlement cost / (credit)	-	-
	Actuarial (gain) / loss recognised in the year	(1,046)	1,142
	Expenses recognized in the statement of profit and loss	904	3,643
viii)	**Expenses recognized in Other Comprehensive Income**		
	Actuarial (gain) / loss recognised in the year	(1,046)	1,142
ix)	**Current/Non-current Liability**		
	Current Liability	3,399	2,992
	Non-current Liability	10,537	11,707
	Present Value of the Defined Leave Encashment Benefit Obligation	13,937	14,699

Sensitivity of Leave Encashment Benefit Liability to key Assumptions

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

Impact on Defined Benefit Obligation (₹ in Lakhs)

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

(₹ in Lakhs)

39	PROVISIONS MADE, UTILISED, WRITTEN BACK :	31st March, 2018	31st March, 2017
a)	**Provision for Custom Duty Demand:**		
	Opening Balance	426	426
	Additions	-	-
	Utilised/Adjusted	-	-
	Closing Balance	**426**	**426**
b)	**Provision for Liquidated Damages*:**		
	Opening Balance	1,02,415	1,02,415
	Additions	1,864	-
	Utilised/Adjusted	43	-
	Closing Balance	**1,04,236**	**1,02,415**
	* Includes amount of ₹ 102049 Lakhs adjusted in retained earnings		
c)	**Provision for Guarantee Repairs:**		
	Opening Balance	1,226	3,488
	Additions	2,830	1,200
	Utilised/Adjusted	1,200	3,462
	Closing Balance	**2,856**	**1,226**
d)	**Other Provisions:**		
	Opening Balance	107	228
	Additions	-	-
	Utilised/Adjusted	-	121
	Closing Balance	**107**	**107**

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

(₹ in Lakhs)

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

(₹ in Lakhs)

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

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

43 **Russian (USSR) deferred State Credit**

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

44 Department of Public Enterprise (DPE) had issued a guideline for creation and contribution to a corpus fund to the extent of not more than 1.5% of profit before tax to cater to the medical and other emergency needs of employees retired prior to 1st January, 2007. No provision has, however, been made in the Accounts as the related DPE guideline is subject to directive / guideline from the concerned Administrative Ministry, i.e. Ministry of Defence (MoD) and no guideline / directive for mechanism and operation of the scheme has been received from MoD.

45 Pursuant to notification S.O. 2437(E) dated 4th September, 2015, the Board has approved the non disclosure following information on the exemption granted under section 129 of the 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

46 Related Party Disclosure

(₹ in lakhs)

a) Name of related party and description of relationships

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

ii) Goa Shipyard Limited — Associate company

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

b) Transactions with Related Parties

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

Particulars	Year ended	Sales to related parties	Dividend Received	Rent from related parties	Amounts receivable /(payable) by related parties
Associate:					
Goa Shipyard Ltd.	31st March, 2018	-	4,671	7	3
	31st March, 2017	-	879	7	3
Other Related Party:					
Indian Navy	31st March, 2018	4,40,660	-	-	1,43,606
	31st March, 2017	3,52,631	-	-	76,227

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

* As per Statement of Profit and Loss Account.

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

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

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47 Earnings per share (EPS)

	Particulars	31st March, 2018	31st March, 2017
	Earning Per Share (EPS) - Basic and Diluted		
	Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in lakhs)	43,980	54,899
A	Net Profit / (Loss) for calculation of basic EPS (₹ in lakhs)	43,980	54,899
	Weighted average number of equity shares for calculating basic EPS	2,49,00,000	2,49,00,000
	Number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS	24,90,00,000	24,90,00,000
	Buyback of shares during FY 2017-18	2,49,00,000	-
B	Weighted average number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS	24,07,00,000	24,90,00,000
C	**EPS (₹) - Basic (A/B)**	**18.27**	**22.05**
D	Restated Net Profit / (Loss) for calculation of diluted EPS (₹ in lakhs)	43,980	54,899
	Weighted average number of equity shares	24,07,00,000	24,90,00,000
	Effect of dilution:	-	-
E	Weighted average number of equity shares for calculating diluted EPS	24,07,00,000	24,90,00,000
F	**EPS (₹) - Diluted (D/E)**	**18.27**	**22.05**

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48 Statement of Income tax expense and accounting

(₹ in Lakhs)

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

49 Fair Value Measurement

Financial Instrtuments by Category

(₹ in lakhs)

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

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

Fair Value Hierarchy

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

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

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

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

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

Financial assets and liabilities measured at amortised cost

(₹ in lakhs)

Particulars	Fair value Hierarchy	As at 31st March 2018		As at 31st March 2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Security deposits	Level 3	376	318	376	308
Russian Deferred Debit	Level 3	7435	1984	7826	1996
Financial liabilities					
Russian Deferred Credit	Level 3	7435	1984	7826	1996
Security Deposits	Level 3	101	78	16	14

49.1 Financial risk management

a) Credit Risk

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

i)Trade Receivables and unbilled revenue

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

ii) Financial Instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Management in accordance with the company's investment policy. Investment of surplus funds are made only in accordance with the Department of Public Enterprises(DPE) guidelines on 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.

b) Liquidity Risk

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

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

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

c) Market Risk

i) Foreign currency risk and sensitivity

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

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

ii) Foreign Currency Risk Exposure

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

(₹ in lakhs)

Particulars		CAD	EUR	GBP	NOK	SEK	SGD	USD
Financial Liabilities								
31st March 2018		0	5,661	90	73	1	-	15100
31st March 2017		1	9,094	26	8	4,166	-	97

Sensitivity

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

(₹ in lakhs)

Particulars		Impact on Proft Before Tax	
		31st March 2018	31st March 2017
CAD Sensitivity*			
	INR/CAD increases by 5%	(0.06)	0.10
	INR/CAD decreases by 5%	0.06	(0.10)
EUR Sensitivity*			
	INR/EUR increases by 5%	283.03	454.69
	INR/EUR decreases by 5%	(283.03)	(454.69)
GBP Sensitivity*			
	INR/EUR increases by 5%	4.49	1.29
	INR/EUR decreases by 5%	(4.49)	(1.29)
NOK Sensitivity*			
	INR/NOK increases by 5%	3.63	0.42
	INR/NOK decreases by 5%	(3.63)	(0.42)
SEK Sensitivity*			
	INR/SEK increases by 5%	0.07	208.28
	INR/SEK decreases by 5%	(0.07)	(208.28)
USD Sensitivity*			
	INR/USD increases by 5%	754.99	4.85
	INR/USD decreases by 5%	(754.99)	(4.85)
	* Holding all other variables constant		

50 **Capital management**

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

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

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

51 Expenditure on Corporate Social Responsibilities (CSR) Activities

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

(₹ in lakhs)

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	2017-18	2016-17
Clause (i)	Eradicating hunger, poverty and malnutrition,promoting health care, sanitation and making available safe drinking water.	995	606
Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled.	1,188	565
Clause (v)	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public liabraries, promotion and development of traditional arts and handicrafts	-	2
Clause (vii)	Training to promote rural sports, nationally recognised sports,paralympic sports and Olympic sports;	-	50
Clause (x)	Rural development projects;	154	101
	Total	**2,337**	**1,324**

Particulars	2017-18	2016-17
Amount required to be spent by the Company during the period	1,674	1520
Amount spent during the period (incl. Administration Expenses)	2,435	1365

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52 Restatement Adjustments to Audited Ind AS Financial Statements

(₹ in lakhs)

Sr no.	Particulars	31st March, 2017
A	**Net profit as per audited financial statements**	**53,349**
B	**Adjustments to net profit as per audited financial statements**	
	Restatements	
a.	**Due to prior period items**	
	Increase/(Decrease) in Income	
	Unaccounted Revenue, now recognized-	
	-Commission on B&D spares	74
b.	**Material adjustments relating to previous years**	
	Increase/(Decrease) in Income	
	(Increase)/Decrease in Expenses	
	Reversal of actuarial gain / (Loss) on leave encashment	(1,146)
C	**Total adjustments**	**(1,072)**
D	**Restated profit / (loss) before tax adjustments (A-C)**	**52,277**
E	**Tax impact of adjustments**	
a.	On restatement adjustments-income/(expense)	2,622
b.	On Ind AS adjustments	-
F	**Restated profit / (loss) after tax**	**54,899**

53 Effect of Ind AS adoption on the Balance Sheet

(₹ in lakhs)

Particulars	As at 31st March, 2017			As at 1st April, 2016		
	Previous Ind AS	Restatement	Restated Ind AS	Previous Ind AS	Restatement	Restated Ind AS
ASSETS						
(1) Non-current assets						
(a) Property, Plant and Equipment	52,490	-	52,490	34,493	-	34,493
(b) Capital work-in-progress	9,843	-	9,843	16,958	-	16,958
(c) Other Intangible assets	2,135	-	2,135	2,283	-	2,283
(d) Financial Assets						
(i) Investments	600	-	600	600	-	600
(ii) Trade Receivable	1,605	-	1,605	1,674	-	1,674
(iii) Loans	309	560	869	293	551	844
(iv) Other Financial Assets	340	-	340	340	-	340
(e) Deferred tax assets (net)	49,882	-	49,882	49,329	-	49,329
(f) Non current tax assets (Net)	18,113	-	18,113	12,809	-	12,809
(g) Other non-current assets	14,216	(15)	14,201	11,339	-	11,339
(2) Current assets						
(a) Inventories	4,02,865	-	4,02,865	4,24,467	-	4,24,467
(b) Financial Assets						
(i) Trade receivables	74,696	-	74,696	91,972	-	91,972
(ii) Cash and cash equivalents	14,288	-	14,288	89,777	-	89,777
(iii) Bank balances other than (ii) above	8,22,000	-	8,22,000	7,90,500	-	7,90,500
(iv) Loans	662	(560)	102	696	(551)	145
(v) Other Financial assets	1,31,091	-	1,31,091	93,001	-	93,001
(c) Assets held for sale	3	-	3	-	-	-
(d) Other current assets	3,03,578	15	3,03,593	2,49,448	-	2,49,448
Total Assets	**18,98,716**	-	**18,98,716**	**18,69,979**	-	**18,69,979**
EQUITY AND LIABILITIES						
EQUITY						
(a) Equity Share capital	24,900	-	24,900	19,920	-	19,920
(b) Other Equity	2,37,554	-	2,37,554	2,11,698	-	2,11,698
LIABILITIES						
(1) Non-current liabilities						
(a) Financial Liabilities						
(i) Trade payables	1,605	-	1,605	1,674	-	1,674
(ii) Others	14	-	14	8	-	8
(b) Other long term liabilities	16,694	-	16,694	13,163	-	13,163
(c) Long term provisions	1,21,104	108	1,21,212	1,18,568	108	1,18,676
(2) Current liabilities						
(a) Financial Liabilities						
(i) Trade payables	92,634	-	92,634	1,12,011	-	1,12,011
(ii) Others	17,471	-	17,471	21,119	-	21,119
(b) Other current liabilities	13,78,469	-	13,78,469	13,65,178	-	13,65,178
(c) Short term provisions	8,271	(108)	8,163	6,640	(108)	6,532
Total Equity and Liabilities	**18,98,716**	-	**18,98,716**	**18,69,979**	-	**18,69,979**

MAZAGON DOCK SHIPBUILDERS LIMITED

54 During FY 2016-17, the Company delivered ship and recognised liquidated damages of ₹ 4923 lakhs in FY 2016-17. The Company is confident that additional liquidated damages of ₹ 9718 lakhs (2017 - ₹ Nil) which are under discussions with customer, will not be levied and hence no provision is recognised for the same.

55 As on 31st March, 2018, Inventory held on behalf of Navy is ₹ 4096 lakhs (2017 - ₹ 9103 lakhs)

56 The Company is developing certain equipment for project as per customer's advice. The contract with customer does not include the development cost of the equipment. The Company has approached the customer for amending the contract and is confident of inclusion in contract for reimbursement of such costs. Accordingly, costs of ₹ 19702 lakhs has been recognised in financial statements along with corresponding revenue.

57 As per contract with customer for ships, Material Overheads (MOH) on variable cost components shall be charged to the vessel. However, payment will be made as per supplementary contract which is yet to be signed. Pending signing of the supplementary contract, the Company has recognised MOH of ₹ 2088 lakhs and profit there on of ₹ 157 lakhs in the Statement of Profit and Loss.

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

As per our report of even date

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

Astha Kakiya
Partner
Membership No. 122491

Mumbai 16th July, 2018

FORD RHODES PARKS & CO. LLP ABK C.As

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED