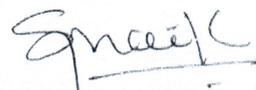


PAPER TO BE LAID ON THE TABLE OF THE
LOK SABHA/RAJYA SABHA

AUTHENTICATED



(SHRIPAD NAIK)
RAKSHA RAJYA MANTRI
Ministry of Defence, Govt. of India
New Delhi

REVIEW OF THE GOVERNMENT ON THE ANNUAL REPORT 2018-19 AND ON THE
WORKING OF AND AFFAIRS OF MAZAGON DOCK SHIPBUILDERS LIMITED (MDL),
MUMBAI.

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

During the financial year 2018-19, the Company has achieved Revenue from Operations of Rs. 4649.15 Cr. and earned a Profit Before Tax of Rs. 826.68 Cr. as against Rs.696.53 Cr. in the previous year which is year-on-year increase of close to 19%. MDL has a healthy order book of Rs.51025 Cr. as on 31st March, 2019.

For the first time in the warship building history of the country, the Product Data Management (PDM)/ Product Lifecycle Management (PLM) is being implemented on a live project in MDL. PLM will serve as an information management system to foster seamless collaboration between various disciplines associated with the production of the ship including planning, design, production, procurement, maintenance and quality assurance.

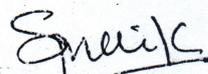
MDL has been able to indigenise some of the critical equipment/ items required for Warship and Submarines. The major items indigenized till date include Sonar Dome, SICADS, Bridge Window Glass, MCT-Glands, Remote Controlled Valves, Helo Landing Grid, Honeycomb Filters, Pressure Reducing Station, NBC Filters, Asbestos Free & High Temperature Gaskets, Flame/Control/Smoke Dampers for HVAC System, Chladon Gas for MFFS. MDL has signed MoUs with seven (07) of India's premier institutes like IITs for projects/ collaboration in Research and Development. Under Government's "Make in India" initiative, MDL has placed orders for indigenous development and procurement of Air-Conditioning Plants and Refrigeration Plants. Indigenisation of Magazine Fire Fighting System, Battery Monitoring System, Static Frequency Converters and Sacrificial Zinc Anode Steel Flanges are in progress.

MDL is planning to develop a greenfield shipyard at Nhava, Navi Mumbai with a shiplift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of 40 acres. Infrastructure development will be initiated on obtaining all relevant title of land and statutory clearances.

MDL has been awarded Governance Now 6th PSU Award 2019 for CSR. MDL has also been awarded 12 Par Excellence and 11 Excellence award in National Convention on Quality Concepts in December, 2018.

The Government is in agreement with Annual Report of Mazagon Dock Shipbuilders Limited for the year 2018-19.

Authenticated



(SHRIPAD NAIK)
RAKSHA RAJYA MANTRI

(Shripad Naik)
Raksha Rajya Mantri
Ministry of Defence, Govt. of India
New Delhi



माझगांव डॉक शिपबिल्डर्स लिमिटेड MAZAGON DOCK SHIPBUILDERS LIMITED



वार्षिक रिपोर्ट
Annual Report
2018-19



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

Vision

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

Mission

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

Objectives

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



Mazagon Dock Shipbuilders Limited

(Formerly known as Mazagon Dock Limited)

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

Authenticated

Raksha Rajya Mantri



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Chairman's Statement

Dear Shareholders,

I am indeed delighted to welcome you all to the eighty sixth Annual General Meeting of your Company. The Directors' Report and Annual Accounts of the Company for the financial year 2018-19 had been circulated to you. It is with an immense sense of privilege and responsibility that I am announcing the audited results of this fiscal year through the Annual Report of the Company.

At the outset let me compliment the Mazagon Dock Shipbuilders Limited (MDL) team, which has showcased - what I can proudly say- one of the best performances of the Company in the recent times.

It has been a truly enriching experience to engage with and witness the evolution of the Company in its growth trajectory to emerge as a vibrant and a valuable defence public sector undertaking. It is our aspiration to be a leader in all our business endeavors and to be acknowledged as a trusted provider of state-of-the-art shipbuilding and submarine construction and related services.

PERFORMANCE IN FY19

During FY19 we further pursued our strategic intent to be a progressive, technologically advanced and profitable shipyard that is at par with global standards. Our performance was excellent with respect to our revenue, margins as well as operations.

During the year under review, the Company achieved the Revenue from operations of Rs.4649.15 crore as compared to Rs.4487.98 crore of the previous year. The Profit before tax is Rs.826.68 crore for 2018-19 as against Rs.696.53 crore in the previous year which is year-on-year increase of close to 19%.

As regards our core competence, we have been able to demonstrate our technological capabilities a notch above what we have been doing traditionally. The P17A shipbuilding project, is being built by resorting to the Integrated Construction(IC) methodology wherein the hull construction and outfitting progresses concurrently with attendant savings in the build timelines not to mention enhanced quality. This method is being implemented for the first time in the history of warship building in India wherein the conventional shipbuilding process is re-engineered with a different Build Strategy, Detailed Design, procurement process and inspection sequencing. While adopting this construction approach, we are also fully leveraging the modernized infrastructure that has been exclusively created for the purpose.

During the year our company has taken multipronged initiatives that can bring about an overall transformation in the way in which we function and perform our business. Industry 4.0 standards are being implemented and three components of Ind.4.0 viz. Virtual reality(VR), Product Lifecycle Management(PLM) and artificial intelligence are already at an advanced stage of implementation. Big data analytics, cyber security, welding automation using robotics are also in the anvil.



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



PERFORMANCE AGAINST MOU

During the year, MDL had signed Memorandum of Undertaking (MoU) with Ministry of Defence, Government of India for the financial year 2018-19. The MoU outlines targets and various performance parameters for the Company. The revenue from operations was targeted at Rs 4,500 Crore. Significant milestones are required to be achieved under Project 75 (submarines) and shipbuilding projects of 15B and 17A.

It's a great honour to report that MDL had performed remarkably well during the last fiscal year. In particular, the achievement vis-à-vis the MoU targets set with the Ministry of Defence during the year is rated as "Excellent" (Provisional).

While we are embarking on our voyage to 2020 and beyond we have a healthy order book of Rs.51025 crore as on 31 March 2019. I thank MDL team consisting of our experienced naval architects, engineers, draftsmen, operatives and supporting staff for their firm resolve and commitment to fulfil our vision to continue as a centre of excellence and a profitable shipyard.

IMPORTANT EVENTS FY19

Let me briefly take you through some of the important events that we witnessed during the financial year.

- (a) D448 reading of the first and second ships of P-15A, INS Kolkata and INS Kochi, was completed on 01 Aug and 18 Sep 2018 respectively. It marks closure of MDL's contractual liability towards delivery of these two ships to the Indian Navy.
- (b) We commenced production of the third ship of P-17A (Y-12653) on 31 Jan 2019.
- (c) During the year our company also signed the contract with M/s BEL for LRSAM and MFSTAR for P15B and P17A ships.
- (d) The upgrade and refurbishment activity of the Virtual Reality Lab(VRL) which is an important technology enabler and a vital component of Ind 4.0 was initiated and is expected to be functional in Aug 2019.
- (e) For first time in the warship building history of the country, the Product Data Management (PDM)/Product Lifecycle Management (PLM) is being implemented on a live project. PDM/PLM will serve as an information management

system to foster seamless collaboration between various disciplines associated with the production of the ship including planning, design, production, procurement, maintenance and Quality Assurance. The first wave of PLM is expected to go-live in Mid-2019.

For more details, I welcome you to read about the important events under Directors' Report.

EXPORTS

Our company cherishes a rich legacy in exports. Since 1960 our company has exported 243 vessels both in the defence and civil sectors. Aligning with the thrust of GoI for defence exports, the company constituted an International Marketing team headed by an executive in the rank of General Manager functioning under Director(Shipbuilding). An export plan/strategy wherein target countries, product/service portfolios have been identified is already in place. The team is aligning themselves with the MEA desks for export initiatives and is in liaison with Defence and Naval attaches and also Indian Missions abroad for exploring export opportunities.

Since last financial year we started actively participating in the global tenders issued by various countries and are in dialogue with foreign navies and business entities to fulfil their requirements. In this regard, the company has appointed agents in some of the target countries. Furthermore, MDL in the current year have entered into tie-ups with local shipyards as well as design houses for exporting a wide gamut of product and services both in military and non-military sectors. MDL is committed to service the export markets at three levels viz. Platforms, Products and services.

REPAIRS AND REFITS

MDL has opened up one more business vertical for Refit and Repairs of Warships, Submarines and Merchant ships. Development of MDL's land at Nhava/Gavan into a greenfield shipyard and the contiguous land parcel that MDL will be acquiring from MbPT will step-up MDL's capacity and capability to undertake refits and repairs simultaneously with new builds. MDL's strategic positioning on the west coast of the country provides proximity to the main sea-routes criss-crossing the Arabian Sea and Indian Ocean with accessibility to Europe and Middle East can open up immense business potential. Tie-ups with other small shipyards in the country are also in place to mitigate capacity shortfalls if any.



Dr. Ajay Kumar, IAS, Secretary(DP) visit to Gavhan Land in May 2019

RESEARCH & DEVELOPMENT

Our R&D efforts are aimed at developing in-house practices and capabilities that can reduce build periods of warships and submarines. Further 'Industry best practices' are being imbibed, customized and adopted for the key processes of warship building. MDL has drawn up a broad R&D policy which has been approved by the Board of Directors of MDL on 24 Jun 13. MDL has already signed MoUs with seven (7) of India's premier institutes like IITs for projects/collaboration in Research and Development. In addition to this, MDL has in-house specialist groups who work in various areas like Materials, Standards, Finite Element Analysis(FEA), Ergonomics and Human Factors Engineering(HFE), Heating Ventilation and Air Conditioning (HVAC), Propeller Shaft Integration(PSI)

Your Company aspires to play a contributory role in fulfilling the national strategy for building a vibrant Artificial Intelligence(AI) ecosystem in the country. There are three Projects currently being executed with IIT Madras for developing Artificial Intelligence enabled products. These products, once developed will improve the production processes in MDL. The products are primarily in the areas of Non-Destructive Testing(NDT) and under-water inspection. A team has been constituted for spearheading AI initiatives in the company. The team has been mandated to draw up concrete action plans for leveraging technologies in vogue for development of AI enabled products and processes.

The company has recognized the importance of innovation for sustaining in the business in the long run. An innovation cell has been constituted that will foster a culture of innovation in the company across the board and will facilitate infusing innovative thinking into the DNA of the organization. Incentivising of ideas has been institutionalized wherein any worthwhile and implementable ideas emanating from any employee in the organization

will be suitably rewarded. Innovation champions have been identified in the various domains of company's functions. These champions facilitate creation and documentation of intellectual capital that can be patented. The company has already filed fifty seven applications for patents with the patenting authority. The amount spent on R&D during the year ended 31 Mar 2019 amounts to Rs. 85.40 crore. The various projects undertaken under R&D have been elaborated in Appendix 'H'.

HUMAN RESOURCES

Your Company has been accentuating on the human resource development for updating the competencies of our personnel through exposure to various Learning & Development programs organized by Institutes of National Importance and through sponsoring function based Seminar / Conferences / workshops. During the year I had the privilege of attending a "Strategic Conclave for Board Level Executives" in which I participated with our Functional Directors & CVO.

A total of 87 external training programs and 72 In-House training were conducted in the FY 2018-19 attended by 287 and 1282 Executives respectively to keep abreast with the pace of transformation that is happening world over.

A robust Performance Management System (PMS) has been put in place in our company that provides avenues for fulfilling career growth aspirations of individuals.

INDIGENISATION EFFORTS

Indigenization continues to be one of the prime initiatives of the company keeping in line with the clarion call of Hon'ble Prime Minister of India for self-reliance through "Make in India". MDL has been able to successfully indigenise some of the critical equipment/items required for Warships and Submarines.

During the year we have placed orders for indigenous development and procurement of Air-Conditioning Plants and Refrigeration Plants. Further, indigenisation of Magazine Fire Fighting System, Battery Monitoring System, Static Frequency Converters and Sacrificial Zinc Anode Steel Flanges are presently in progress.

A sum of Rs. 25 Cr has also been contributed to Defence Innovation Fund for Innovation for Defence Excellence(iDEX).



SWACHH BHARAT INITIATIVE

Your Company has always adhered to the Prime Minister's Abhiyaan on Swachh Bharat. Through the participation of all sections of employees and people from surrounding areas, MDL could make it a mass awareness movement and continuing to bring about a lasting behavior change in the society. As a part of the Abhiyan, your company has organised Swachhata Hi Seva Campaign and observed Swachhata Pakhwada. The Abhiyaan is underway at three levels i) within the Shipyard, ii) adjacent areas and iii) rural areas.

CORPORATE GOVERNANCE

Your Company is complying with the Guidelines on Corporate Governance for CPSEs 2010 issued by the Department of Public Enterprises (DPE). Necessary disclosures have been made in this regard in the Corporate Governance Report.

GREEN INITIATIVES

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

Your company has installed 360KWp Grid Interactive Solar Power Plant on the un-utilised roof tops of workshops or terrace areas. Your company has installed Net Meters to export excess energy generated out of Solar Power plant.

Your company is continuing the process of changing conventional lights into LED Lights to save energy.

CORPORATE SOCIAL RESPONSIBILITY

MDL is committed to undertake various programs for integrating social and business goals in a sustainable manner to create social impact through inclusive growth activities to bring about impact on people and society at large. Your Company has spent Rs.22.45 crores excluding administrative expenses towards CSR activities during FY 2018-19. MDL is well poised to benefit from the anticipated acceleration in the growth trajectory whilst simultaneously making a meaningful contribution to the Government's vision for inclusive socioeconomic development.

LEGACY FROM THE PAST

MDL has a very rich legacy that has been inherited. The shipyard has constructed and delivered about

750 ships since its inception by the Government of India (GoI) in the 1960. The history traces back to a small dry dock of 1774 vintage which is still functioning within the company's premises. Feeling the need for showcasing our heritage, action has been initiated during the year to construct a state-of-the-art heritage gallery within the premises which will display MDL's glorious past and show cases the company's vibrant journey in contributing to the maritime capabilities of the nation through indigenous shipbuilding and submarine construction as well as earning of foreign exchange through exports.

FUTURE OUTLOOK

Your Company is currently undertaking capital expenditure by way of construction of a submarine launch facility, for the newly built Submarine Assembly Workshop. This would enable creation of capacity and launching of two independent lines of submarines.

The facility being developed at Nhava, Navi Mumbai adds new dimension to company's business by catering to new project requirements in the future. The unstinted support rendered by MoD(DDP), the Govt of Maharashtra and District Collector of Raigad for regularising the acquisition of the land parcels at Nhava and Gavan is highly appreciated. As a Greenfield shipyard at Nhava, would be based around a shiplift and wet basin with a focus on setting up a ship repair facility. This facility can also be leveraged for construction of commercial ships. MDL's initiative of outsourcing of mega block is likely to increase PPP and enable MDL to undertake parallel construction of ships' blocks with private shipyards, thereby resulting in a win-win situation for the DPSU and the private shipyards.





MDL is seeking necessary approvals for acquiring approximately 12 acres of contiguous MbPT land. I would like to place on record that the support rendered by MoD(DDP) for facilitating the land acquisition is highly commendable. The facility when fully developed can double-bank for undertaking new builds and repair/refits. A graving dry-dock that can simultaneously accommodate two large destroyer sized vessels is one of the key marine infrastructure that is envisaged in this facility.

The above infrastructure would be augmenting the existing modernized facilities/capacity. MDL is now fully poised to take up future front line projects of the Indian Navy viz. Submarines(P75i), Next Generation Missile Vessels(NGMV), Next Generation Destroyers(NGD), Next Generation Corvettes(NGC) and Next Generation Frigates(NGF).

MDL has evolved a set of standards to measure its processes and performance against the best practices followed across the globe. Further improvement in key areas such as human resources development, outsourcing, indigenisation and import substitution will continue to contribute and achieve enhanced productivity. Marketing initiatives for penetrating hitherto untried territories, vendor development with particular focus on MSMEs, implementation of Health Safety and Environmental standards, IT enablement in all spheres of company's operation with adequate cyber security and sustenance of the ISO Quality Management System to inscribe quality in both at the product and system levels provides a very holistic ecosystem for nurturing future growth.

Multifaceted initiatives covering a broad spectrum of thrust areas viz. Indigenization, exports, implementation of Industry 4.0 standards, Virtual reality, PLM, automation, innovation, virtual reality, cyber security, big data analytics etc is expected to bring about an unprecedented digital transformation that will catapult MDL to the league of companies that have a global strategic footprint.

During the period under review MDL won ten accolades in the form of recognition and awards that bears testimony to the company's myriad capabilities and such laurels gives me immense confidence to propel towards the future with increased vigour.

CONCLUDING REMARKS

The Board of Directors joins me in expressing our sincere gratitude to all the stakeholders. I am grateful to the Board of Directors for their unwavering support and guidance, in maintaining the corporate image and branding of your company. I also gratefully acknowledge the valuable guidance from the Ministry of Defence (DDP) in shaping and framing the policies as well as helping us in implementing them.

The high standard of professional acumen, patronage and support displayed by the Indian Navy and other clients of the Company are incredible and I would like to place on record my appreciation for all of them. The gestation period involved in the construction of high-tech and complex platforms like warships and submarines is considerably long and only with the unstinted efforts of all the stakeholders, the targets can be met. On behalf of the Board of Directors, I acknowledge and appreciate the excellent commitment and efforts and continuous contribution of all the employees of MDL, who have enabled your Company to maintain its upwardly mobile growth trajectory.

We have to keep pace with the exponential technological leaps and seize every opportunity for your Company to play a critical role in shaping the maritime defence of our country and endeavour to constantly enhance our human skills and innovate and transform as required to meet the challenges of the future. MDL's pledge to serve national priorities whilst achieving international benchmarks in competitiveness is evident in our chosen approach to growth which we call 'Responsible Competitiveness' –a philosophy that remains at the core of our thought, strategy and action. MDL recognizes that reforming transforming and performing is the need of the hour and in this regard we along with all the stakeholders are committed to put our best foot forward.

MDL has been and shall always remain committed towards "self reliance in defence preparedness" by producing state of the art combat platforms thereby adding teeth to Naval fleet and coast guard, and to play a pivotal role in the maritime defence of our great nation.

Jai Hind!

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



Board of Directors



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



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



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



Shri Sanjiv Sharma
Director (Finance) &
Chief Financial Officer



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



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



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



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



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



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



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



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



BOARD OF DIRECTORS

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

Government Nominee Directors* :

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

Functional Directors :

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

Shri Sanjiv Sharma (From 01.06.2015)

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

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

Independent Directors:

Prof S L Bapat (From 27.11.2015)

Smt Usha Sankar (From 27.11.2015)

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

Shri Devi Prasad Pande (From 13.09.2017)

Prof B. Kamaiah (From 10.10.2017)

Dr. Mailareshwar Jeevannavar (From 09.03.2018)

*** Shri Subhash Chandra, IAS** (Upto 17.07.2018)
Ex-Additional Secretary (Defence Producton) Ministry of Defence

COMPANY SECRETARY
Mrs. VIJAYALAKSHMI K KUMAR

BANKERS
STATE BANK OF INDIA
CANARA BANK

AUDITORS
M/s. JCR & Co.
CHARTERED ACCOUNTANTS

REGISTERED OFFICE
Dockyard Road
Mumbai – 400 010



FINANCIAL HIGHLIGHTS

REVENUE FROM OPERATIONS (₹ in crore)

| | |
|----------|---------|
| FY 14-15 | 3592.60 |
| FY 15-16 | 4106.22 |
| FY 16-17 | 3523.67 |
| FY 17-18 | 4487.98 |
| FY 18-19 | 4649.15 |

PROFIT BEFORE TAX (₹ in crore)

| | |
|----------|--------|
| FY 14-15 | 746.00 |
| FY 15-16 | 924.35 |
| FY 16-17 | 837.00 |
| FY 17-18 | 696.53 |
| FY 18-19 | 826.68 |

GROSS MARGIN (EBIDTA) (₹ in crore)

| | |
|----------|--------|
| FY 14-15 | 776.33 |
| FY 15-16 | 972.06 |
| FY 16-17 | 880.29 |
| FY 17-18 | 750.59 |
| FY 18-19 | 892.20 |

NET WORTH (₹ in crore)

| | |
|----------|---------|
| FY 14-15 | 1880.22 |
| FY 15-16 | 2316.18 |
| FY 16-17 | 2624.54 |
| FY 17-18 | 2422.53 |
| FY 18-19 | 2805.89 |

GROSS BLOCK (₹ in crore)

| | |
|----------|--------|
| FY 14-15 | 497.60 |
| FY 15-16 | 410.65 |
| FY 16-17 | 617.48 |
| FY 17-18 | 763.35 |
| FY 18-19 | 919.12 |

EQUITY SHARE CAPITAL (₹ in crore)

| | |
|----------|--------|
| FY 14-15 | 199.20 |
| FY 15-16 | 199.20 |
| FY 16-17 | 249.00 |
| FY 17-18 | 224.10 |
| FY 18-19 | 224.10 |



TEN YEARS AT A GLANCE

(₹ in crore)

| Particulars | 2018-19 | 2017-18 | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| (A) FINANCIAL POSITION : | | | | | | | | | | |
| 1 Equity Share Capital | 224.10 | 224.10 | 249.00 | 199.20 | 199.20 | 199.20 | 199.20 | 199.20 | 199.20 | 199.20 |
| 2 Preference Share Capital | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 24.74 |
| 3 Other Equity | 2581.79 | 2198.43 | 2375.54 | 2116.98 | 1681.02 | 1894.04 | 1615.09 | 1319.37 | 940.82 | 756.15 |
| 4 Net Worth | 2805.89 | 2422.53 | 2624.54 | 2316.18 | 1880.22 | 2093.24 | 1814.29 | 1518.57 | 1140.02 | 980.09 |
| 5 Gross Block | 919.12 | 763.35 | 617.48 | 410.65 | 497.60 | 375.20 | 312.79 | 314.81 | 301.87 | 297.55 |
| 6 Net Fixed Assets (Net Block) | 753.96 | 646.37 | 546.25 | 367.77 | 270.53 | 176.12 | 126.03 | 123.36 | 114.78 | 113.73 |
| 7 Capital Employed | 2805.89 | 2422.53 | 2624.54 | 2316.18 | 2260.21 | 1776.91 | 1438.29 | 1486.62 | 837.06 | 842.66 |
| 8 Working Capital | 1907.17 | 1941.96 | 2519.01 | 2344.70 | 1989.68 | 1600.79 | 1312.26 | 1363.26 | 722.28 | 728.93 |
| (B) OPERATING RESULTS : | | | | | | | | | | |
| 1 Revenue from Operations | 4649.15 | 4487.98 | 3523.67 | 4106.22 | 3592.60 | 2865.51 | 2290.64 | 2523.69 | 2611.41 | 2856.13 |
| 2 Value Added | 1288.82 | 1343.08 | 1213.76 | 1265.45 | 1312.16 | 1337.09 | 1160.34 | 1127.87 | 947.60 | 896.76 |
| 3 Gross Margin (EBIDTA) | 892.20 | 750.59 | 880.29 | 972.06 | 776.33 | 606.03 | 631.17 | 705.75 | 378.79 | 398.66 |
| 4 Gross Profit | 830.78 | 700.38 | 840.90 | 928.25 | 745.47 | 587.80 | 616.53 | 692.61 | 366.23 | 386.49 |
| 5 Profit/(Loss) Before Tax | 826.68 | 696.53 | 837.00 | 924.35 | 746.00 | 587.57 | 638.89 | 691.78 | 366.05 | 386.47 |
| 6 Provision for Tax | 298.97 | 235.86 | 288.01 | 321.84 | 254.41 | 189.96 | 226.17 | 197.47 | 122.53 | 146.28 |
| 7 Total Comprehensive Income | 503.92 | 400.74 | 548.11 | 606.86 | 491.59 | 397.61 | 412.72 | 494.31 | 243.52 | 240.19 |
| (C) APPROPRIATION: | | | | | | | | | | |
| 1 Dividend-Equity Shares (Declared) | 155.82 | 180.00 | 165.41 | 199.20 | 100.00 | 100.00 | 100.00 | 99.60 | 49.80 | 49.80 |
| 2 Tax on Dividend | 20.56 | 49.96 | 40.55 | 20.36 | 19.99 | 17.00 | 17.00 | 16.16 | 8.21 | 8.68 |
| (D) RATIOS : | | | | | | | | | | |
| 1 Gross Profit : Capital Employed | 0.296 | 0.289 | 0.320 | 0.401 | 0.330 | 0.331 | 0.429 | 0.466 | 0.438 | 0.458 |
| 1 Net Profit : Net Worth | 0.180 | 0.165 | 0.209 | 0.262 | 0.261 | 0.190 | 0.228 | 0.326 | 0.214 | 0.245 |
| 2 Gross Margin : Gross Block | 0.971 | 0.983 | 1.426 | 2.367 | 1.560 | 1.615 | 2.018 | 2.242 | 1.255 | 1.340 |
| 3 Profit Before Tax : Revenue from Operations | 0.178 | 0.155 | 0.238 | 0.225 | 0.208 | 0.205 | 0.279 | 0.274 | 0.140 | 0.135 |
| 4 Revenue from Operations : Gross Block | 5.058 | 5.879 | 5.707 | 9.999 | 7.220 | 7.637 | 7.323 | 8.017 | 8.651 | 9.599 |
| 5 Value Added : Revenue from Operations | 0.277 | 0.299 | 0.344 | 0.308 | 0.365 | 0.467 | 0.507 | 0.447 | 0.363 | 0.314 |
| 6 Current Ratio | 1.118 | 1.129 | 1.168 | 1.156 | 1.131 | 1.063 | 1.056 | 1.061 | 1.034 | 1.045 |
| No. of Employees : | 6933 | 8790 | 8655 | 8945 | 9131 | 8640 | 8670 | 8325 | 8090 | 8072 |
| Gross Margin per employee | 0.129 | 0.085 | 0.102 | 0.109 | 0.085 | 0.070 | 0.073 | 0.085 | 0.047 | 0.049 |

Note: - The figures for FY 2018-19 to FY 2015-16 are in accordance with Ind AS, whereas, rest of the financials are as per IGAAP



Notice

NOTICE IS HEREBY GIVEN that the Eighty Sixth Annual General Meeting of Mazagon Dock Shipbuilders Limited ("Company") will be held on Friday, the 19th July, 2019 at 1200 hours at the Registered office of the Company at Dockyard Road, Mazgaon, Mumbai-400 010, to transact the following business:

ORDINARY BUSINESS:

- (1) To receive, consider and adopt:
 - (a) the Audited Standalone Financial Statements of the Company for the Financial year ended 31st March, 2019, the reports of the Board of Directors' and Auditors' thereon; and
 - (b) the Audited Consolidated Financial Statement of the Company for the financial year ended 31st March, 2019 and the report of the Auditors' thereon.
- (2) To declare dividend on equity shares.
- (3) To authorise the Board of Directors to fix remuneration of Statutory auditors of the Company for the financial year 2019-2020 in compliance with the orders and directions of appointment by the Comptroller and Auditor-General of India.

SPECIAL BUSINESS:

- (4) To ratify the remuneration payable to the Cost auditor appointed by the Board of Directors of the Company for the financial year 2019-20 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 148 (3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors Rules), 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of ₹ 2,25,000/- (Rupees two lakhs and twenty five thousand only) excluding applicable taxes payable to M/s. ABK & Associates., Mumbai, Cost Accountants, for conducting cost audit of

the Company for the financial year 2019-20, as approved by the Board of Directors of the Company be and is hereby ratified."

- (5) To appoint Shri S.L. Bapat, (DIN: 03363761), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Shri S. L. Bapat (DIN: 03363761) who was appointed as an non official Part-time Independent Director, by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter No. PC No.11(57)/2017/Misc/D(NS) dated 23 Nov 2018, be and is hereby appointed as non-official Part-time Independent Director of the Company on same terms & conditions as determined by the Govt. of India"

- (6) To appoint Smt. Usha Sankar (DIN:06998746), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made there under, Smt. Usha Sankar (DIN:06998746), who was appointed as non-official Part-time Independent Director, by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter PC No.11(57)/2017/Misc/D(NS) dated 23 Nov 2018, be and is hereby appointed as non-official Part-time Independent Director of the Company on same terms & conditions as determined by the Govt. of India".

- (7) To appoint VAdm. Sanjeev Bhasin IN (Retd) (DIN: 07413068), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable



provisions, if any, of the Companies Act, 2013, and the Rules made there under, VAdm. Sanjeev Bhasin IN (Retd) (DIN: 07413068), who was appointed as non-official Part-time Independent Director, by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter PC No.11(57)/2017/Misc/D(NS) dated 23 Nov 2018, be and is hereby appointed as non-official Part-time Independent Director of the Company on same terms & conditions as determined by the Govt. of India”.

BY ORDER OF THE BOARD
Mazagon Dock Shipbuilders Limited

Sd/-
(Vijayalakshmi Kumar)
COMPANY SECRETARY

Dockyard Road
Mumbai 400 010
Dated: 17 June 2019

Notes:

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

In pursuance to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014, Proxies in Form MGT-11, in order to be valid and effective, should be duly stamped, completed, signed and deposited at the Registered office of the company not less than 48 hours before Meeting. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital carrying voting right. A member holding more than ten percent of the total share capital of the Company may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

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

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

The following statement sets out all material facts relating to special business mentioned in the accompanying notice.

Item No. 4

The Board, on the recommendation of the Audit Committee, has approved the appointment of M/s. ABK Associates, Mumbai, Cost Accountants, at a remuneration of ₹ 2,25,000/- (Rupees two lakhs and twenty five thousand only) excluding applicable Tax payable to conduct the Cost Audit of the Company for the financial year 2019-2020.

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

None of the Directors, Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval

Item No. 5

Shri S. L. Bapat (DIN: 03363761) was re-appointed as an non official Part-time Independent Director by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter PC No.11(57)/2017/Misc/D(NS) dated 23 Nov 2018 for a period of one year.



Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 and Schedule IV of the Act the appointment of Independent Director(s) has to be approved at the meeting of shareholders of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Shri S. L. Bapat (DIN: 03363761) as an non official Part-time Independent Director on same terms and conditions as determined by the Government of India. Shri S.L Bapat, if appointed as Independent Director, will not be liable to retire by rotation under Section 152 of the Act.

Shri S. L. Bapat has furnished declaration of independence as specified in Section 149 of the Act and is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Shri S. L Bapat was appointed as an Independent Director on November 27, 2015. He holds a bachelor's degree in mechanical engineering from Nagpur University, a master's degree of technology in thermal engineering and a doctorate of philosophy from Indian Institute of Technology, Delhi. He has over 37 years of experience in the field of teaching and research. He is currently holding the post of emeritus fellow in the Department of Mechanical Engineering in IIT, Bombay.

Other particulars as per Reg. 36(3) of SEBI (LODR) Regulations, 2015 are provided as under:

- Disclosure of relationship between directors inter se: Nil
- Directorship held in other listed Companies: Nil
- Membership/Chairmanship in other listed Companies: Nil
- Shareholding in Mazagon Dock Shipbuilders Limited: Nil

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

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

Item No. 6

Smt. Usha Sankar (DIN:06998746) was re-appointed as an non official Part-time Independent Director by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter PC No.11(57)/2017/Misc/D(NS) dated 23 Nov 2018 for a period of one year.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 and Schedule IV of the Act the appointment of Independent Director(s) has to be approved at the meeting of shareholders of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Smt. Usha Sankar (DIN:06998746) as an non official Part-time Independent Director on same terms and conditions as determined by the Government of India. Smt. Usha Sankar, if appointed as Independent Director, will not be liable to retire by rotation under Section 152 of the Act.

Smt. Usha Sankar has furnished declaration of independence as specified in Section 149 of the Act and is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Smt. Usha Sankar was appointed as an Independent Director on November 27, 2015. She holds a master's degree in arts from the University of Madras and a master's degree in business laws from National Law School of India University. She has about 36 years of experience in the field of government audit and accounts and has retired as deputy Comptroller and Auditor General (commercial) from the office of the Comptroller and Auditor General of India.

Other particulars as per Reg. 36(3) of SEBI (LODR) Regulations, 2015 are provided as under:

- Disclosure of relationship between directors inter se: Nil
- Directorship held in other listed Companies: Nil
- Membership/Chairmanship in other listed Companies: Nil
- Shareholding in Mazagon Dock Shipbuilders Limited: Nil



None of the Directors, Key Managerial Personnel of the Company or their relatives except Smt. Usha Sankar, is in any way, concerned or interested, financially or otherwise, in the resolution.

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

Item No. 7

VAdm. Sanjeev Bhasin IN (Retd) (DIN: 07413068) was re-appointed as an non official Part-time Independent Director by the Department of Defence Production, Ministry of Defence, Govt. of India vide letter PC No.11(57)/2017/Misc/D(NS) dated 23 Nov 2018 for a period of one year.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 and Schedule IV of the Act the appointment of Independent Director(s) has to be approved at the meeting of shareholders of the Company. Therefore, approval of the shareholders is sought for regularisation of the appointment of Vadm. Sanjeev Bhasin IN (Retd) (DIN: 07413068) as an non official Part-time Independent Director on same terms and conditions as determined by the Government of India. Vadm. Sanjeev Bhasin IN (Retd) if appointed as Independent Director, will not be liable to retire by rotation under Section 152 of the Act.

Vadm. Sanjeev Bhasin IN (Retd) has furnished declaration of independence as specified in Section 149 of the Act and is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Vadm. Sanjeev Bhasin IN (Retd) was appointed as an Independent Director on January 07, 2016. He holds a diploma on graduation from the Naval Command College from the United States Naval War College, a diploma of naval higher command course from College of Naval Warfare and a master's degree of philosophy in defence and strategic studies from University of Madras. He has over 40 years of experience with the Indian Navy including navigation and has held a variety of command and human resource management positions. He has commissioned two indigenously built guided missile warships INS Khukri and INS Mumbai as commanding officer. Previously, he was holding the position of flag officer commanding-in-chief, Western Naval Command and retired as a vice admiral naval flag officer.

Other particulars as per Reg. 36(3) of SEBI (LODR) Regulations, 2015 are provided as under:

- Disclosure of relationship between directors inter se: Nil
- Directorship held in other listed Companies: Nil
- Membership/Chairmanship in other listed Companies: Nil
- Shareholding in Mazagon Dock Shipbuilders Limited: Nil

None of the Directors, Key Managerial Personnel of the Company or their relatives except Vadm. Sanjeev Bhasin IN (Retd), is in any way, concerned or interested, financially or otherwise, in the resolution.

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

BY ORDER OF THE BOARD
Mazagon Dock Shipbuilders Limited

Sd/-
(Vijayalakshmi Kumar)
COMPANY SECRETARY

Dockyard Road
Mumbai 400 010
Dated : 17 June 2019

Directors' Report

Dear Members,

Your Directors have immense pleasure in presenting the 86th Annual Report together with the audited financial statements of the Company for the year ended 31 Mar 2019 and reports of the Statutory Auditors and the Auditor General of India thereon.

Important Events:

1. Production of the fourth ship of project P-15B commenced on 19 Jul 2018.
2. Final reading of D-448 for Y-12701 and Y-12702, the first and second ships of P-15A, INS Kolkata and INS Kochi, was completed on 01 Aug and 18 Sep 2018 respectively. It marks closure of MDL's contractual liability towards delivery of the ships to the Indian Navy.
3. Contract with BEL for LRSAM (Long Range Surface to Air Missile) and MFSTAR (Multi-Function Surveillance, Track and Guidance Radar) was signed on 08 Aug 2018.
4. First load-out from Nhava Yard was done on 07 Sep 2018. On this occasion, a unit of the Y-12651 of Project 17A was loaded out.



5. Production of Third Ship of Project 17A (Y-12653) commenced on 31 Jan 2019.



6. Third Ship of Project 15B " Imphal" was launched by Smt Reena Lanba, wife of Chief Guest, Admiral Sunil Lanba, PVSM, AVSM, ADC, Chief of Naval Staff, on 20 April 2019.



7. The Fourth submarine "Vela" was launched by Smt. Veena Ajay Kumar, wife of Dr. Ajay Kumar, IAS Secretary (Defence Production) on 06 May 2019.



8. Keel laying of Project -17A Y-12652 by Dr. Ajay Kumar, IAS Secretary(Defence Production) on 07 May 2019.



9. Induction ceremony of Tug Andaman & Tug Nicobar by Dr. Ajay Kumar, IAS Secretary (Defence Production) on 07 May 2019.



10. Inauguration of Nhava Yard and Workshop by Dr. Ajay Kumar, IAS Secretary (Defence Production) on 07 May 2019.

1. Financial Review

1.1 Financial Results and Performance Highlights

₹ in crore)

| | 2018-19 | 2017-18 |
|-------------------------|---------|---------|
| Revenue from operations | 4649.15 | 4487.98 |
| Profit before Tax | 826.68 | 696.53 |
| Profit for the year | 519.40 | 439.93 |
| Gross Block | 919.12 | 763.35 |
| Net Block | 753.96 | 646.37 |
| Working Capital | 1907.17 | 1941.96 |
| Net Worth | 2805.89 | 2422.53 |
| Finance Cost | 4.10 | 3.85 |

During the year under review, the Company achieved the Revenue from operations of Rs. 4649.15 crore as compared to the previous year Rs. 4487.98 crore. The Profit before tax is Rs. 826.68 crore for 2018-19 as against Rs. 696.53 crore in the previous year.

Income Distribution for the year 2018-19 as against previous year is summarised as under:-

| INCOME DISTRIBUTION | % | % |
|--|---------|---------|
| | 2018-19 | 2017-18 |
| Cost of materials consumed | 59.84 | 54.69 |
| Employee benefit expenses | 13.03 | 17.39 |
| Finance costs | 0.08 | 0.07 |
| Depreciation and amortization expenses | 1.16 | 0.99 |
| Sub-Contracting charges | 3.33 | 6.34 |
| Power & Fuel | 0.36 | 0.44 |
| Expenses related to Projects | 1.53 | 2.97 |
| Other Expenses | 3.63 | 2.69 |
| Provisions | 1.41 | 0.74 |
| Tax Expense | 5.65 | 4.63 |
| Other Comprehensive Income | 0.45 | 1.18 |
| Total Comprehensive Income | 9.53 | 7.87 |
| Total | 100.00 | 100.00 |

1.2 Consolidated Financial Statement

The consolidated financial statements of the Company and its associate Company Goa Shipyard Ltd (GSL) prepared pursuant to provisions of section 129(3) of the Companies

Act, 2013 and applicable accounting standards together with the Auditors' Report forms part of this Report.

The Audited standalone and consolidated financial statements for financial year 2018-19 shall be laid before the Annual General Meeting for approval of the Members of the Company.

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

1.3 Capital Structure

The Authorized Equity Share Capital of the Company as on 31 Mar 2019 stood at Rs. 323.72 crore comprising of 323720000 (Thirty Two crore Thirty Seven lakh Twenty Thousand) Equity shares of Rs. 10 each in view of the sub division of the face value of the share from Rs. 100 per share to Rs. 10 per share during the previous year.

The Paid-up Equity Share Capital as on 31 Mar 2019 is Rs. 224.10 crore comprising of 224100000 (Twenty Two crore Forty One lakh) shares of Rs. 10 each in view of 24900000 Equity shares of Rs. 10 /- each bought back during the previous year. During the year there was no increase in the Authorised or Paid up Share Capital.

1.4 Proposal for Initial Public Offer

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

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

The Company has changed its status to public Company and a fresh certificate of incorporation consequent upon conversion to public limited Company was issued by the Registrar of Companies, Mumbai in the previous year.



1.5 Dividend

The Interim dividend of Rs. 4.46 per equity share (44.62%), amounting to Rs. 100 crore was paid in the year 2018-19 (excluding dividend distribution tax of Rs. 20.56 crore) as approved by the Board of Directors in their meeting held on 25 Jan 2019. The Board of Directors recommended a Final Dividend at 69.53% on the Equity Share Capital amounting to Rs. 155.82 crore including the interim dividend amounting to Rs. 100 crore paid for FY 2018-19.

1.6 Contribution to Central Exchequer

Your Company's contribution during 2018- 19 to the Central Exchequer by way of Income tax, dividend and tax on dividend, GST, IGST on imports and custom duty was Rs. 599.55 crore.

1.7 Public Deposits

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

1.8 Loans, Guarantees or Investments

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

2. Review of Operations

Your Company recorded a Revenue of Rs. 4649.15 crore for 2018-19 as against Rs. 4487.98 crore of the previous year.

At present MDL is handling two Shipbuilding projects for the Indian Navy comprising of four destroyers and four frigates.

P15B ships have the latest weapon package, and state-of-the-art platform management systems. First and second destroyers of this series were launched on 20 Apr 2015 and 17 Sep 2016 respectively. The first & second ships are in advanced stage of outfitting. Production of third ship had commenced on 26 Jul 2016 & keel was laid on 19 May 2017 and was launched on 20 April 2019. Production of fourth Ship commenced on 19 Jul 2018.

Production of first P17A ship had commenced on 16 Feb 2017 & keel was laid on 28 Dec 2017. Production of Second (Y.12652) &

Third (Y 12653) ships were commenced on 27 Feb 2018 & 31 Jan 2019. For the first time in the history of warship building, the modernised infrastructure will be fully leveraged for realizing the Integrated Construction Methodology in P17A project.

The P75 Submarines under construction at the East Yard are state-of-the art conventional submarines in collaboration with Naval Group (NG), France. First Submarine of P75 'INS Kalvari' was delivered by MDL to Indian Navy on 21 Sep 2017 which was commissioned into Indian Navy on 14 Dec 2017. Construction of remaining submarines of P 75 Project, is at different stages.

2.1 Modernisation & Infrastructure Projects

Mazagon Dock Shipbuilders Limited (MDL) had successfully put in to use its infrastructure under Mazdock Modernisation Project (MMP) comprising of a new Wet Basin, a Heavy Duty Goliath Crane, a Module Workshop, a Cradle Assembly Shop, Store Building and associated ancillary structures.

In addition, the extension of Goliath Crane track by 50 mtr towards sea is facilitating lifting/shifting of heavy components/units/blocks directly from vessel/barges, thereby facilitating construction of parts of hull at multi locations to speed up construction schedule.

Committed towards environment, your Company's state-of-the-art Submarine Section Assembly(SSA) Workshop has green building features such as rain water harvesting, sewage treatment plant, grey water treatment plant and oily water separator with zero discharge into the municipal drains. With this your Company has developed a second assembly line for submarines and is geared up to meet the timelines of present order book as well as anticipated future orders.

Work on New improvised network of piped services across MDL is in advance stage. Work for construction of Submarine launch facility to boost its Submarine construction capacity has commenced at site and is expected to be completed by March 2020.



MDL is further exploring the possibility for setting up a green field shipyard at its Nhava Yard. The proposed shipyard is planned to be equipped with a Ship lift facility and a dry dock to accommodate larger ships with approx. 240 M length. Consultant has already submitted the Feasibility Study Report in this regard.



Foundation stone of Security Complex by CMD, MDL on Nov 28, 2018

2.2 Performance against MOUs:

During the year, MDL had signed Memorandum of Undertaking (MoU) with Ministry of Defence, Government of India for the financial year 2018-19. The MoU outlines targets and various performance parameters for the Company. The revenue from operations was targeted at Rs 4,500 Crore. Significant milestones are required to be achieved under Project 75 (submarines) and shipbuilding projects of 15B and 17A .

It's a great honour to report that MDL had performed remarkably well during the last fiscal year. In particular, the achievement vis-à-vis the MoU targets set with the Ministry of Defence during the year is rated as "Excellent" (Provisional). During the year MDL achieved a Profit Before Tax (PBT) of Rs. 826.68 Crore, and the Revenue from Operation of Rs. 4649.15 Crore.

2.3 Research & Development

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

R&D budget with the approval of board. The guidelines stipulate the promulgation of R&D policy and plan by all CPSEs (including DPSUs). The R&D policy of the Company was approved by the Board (June 2013) and a committee was formed to drive the implementation of the R&D policy.

Your company had promulgated an R&D policy in the year 2013 with a five year R & D Plan for five (05) years from 2014-15 to 2018-19 depicting the R&D activities that the Company intends to take up during the period. During this period, eight projects have been executed.

The R&D initiatives have taken a two pronged approach. There would be in-house projects as well as projects in collaboration with academic institutions of repute like Welding Research Institute, Trichy, IISc Bangalore, NID, etc. The thrust of the R&D is to develop practices and processes that can reduce build periods of warships and submarines. Further 'Industry best practices' will also be imbibed, customized and adopted for the key processes of warship building. A R&D team headed by Director (Shipbuilding) has been set-up and General Manager (Design) is also one of the members in the team. Eight specialist's groups consisting of 40 executives are functioning under GM(Design) specialist's domains relevant to shipbuilding, viz Structural analysis, Ergonomics & HFE, Noise & Vibration Control, RCS Management, Propulsion System Integration, Materials and HVAC.

MDL has obtained registration and recognition as In-house R&D unit from Department of Scientific and Industrial Research(DSIR), Ministry of Science and Technology from 30 Jan 2017. The amount spent on R&D during the year ended 31 Mar 2019 amounts to Rs. 8540 lakh. The various projects undertaken under R&D have been elaborated in Appendix 'H'.

2.4. 5s (Work Place Management System)

MDL is committed to progressively implement 5S all over the yard. Till date 22 nos. workshops/ offices/stores had implemented 5S-Workplace Management System.



During the year 2018-19, the following 07 nos Workshops/Stores have successfully implemented 5S-Workplace Management System.

- i) Rigging shop
- ii) Joiner shop
- iii) Common stock stores
- iv) Linen stores
- v) Goods Receipt and Stationery Stores
- vi) Engineering workshop-EY
- vii) SSA workshop-EY

Implementation Certificates have been awarded in the category of "Diamond" for the above workshops/stores by M/s NCQM Consultant on 20 Nov 2018.

5S internal audits are carried out on quarterly basis in the above mentioned 22 workshops/offices/stores. In addition to that, Certification, 1st surveillance and 2nd surveillance audits are conducted in a span of one year by the external agency to assess the effectiveness of 5S implemented in the above 22 workshops/offices/stores.

2.5 Quality Management System

ISO 9001:2015 QUALITY MANAGEMENT SYSTEM

Your company is committed to implement Quality Management Systems (QMS) as per ISO 9001:2015 standard. 43 Lead auditors and 52 Internal auditors were trained for conducting 02 Internal Audits for sustenance of QMS in Shipbuilding Division. The 1st Surveillance Audit of Shipbuilding Division as per ISO 9001:2015 Standard was conducted on 21 and 22 Feb 2019 by M/s IRQS audit team. Certificate of Approval has been recommended to Shipbuilding Division as per the ISO 9001:2015 Standard.

Quality Management System (Submarine Division)

1. Renewal audit for Submarine Division as per new ISO 9001:2015 QMS standard was conducted by Indian Register Quality Systems (IRQS) on 23 & 24 May 2018 with scope "Design, Development, Construction, Refit, Test & Trials of Submarines.

2. M/s IRQS certified that Submarine Division of Mazagon Dock Shipbuilders Ltd has been assessed and found conforming to the requirements of standard ISO 9001:2015.
3. Submarine Division is awarded with "Certificate of Approval" on 30 May 2018 with expiry date 29 May 2021 as per ISO 9001:2015 QMS Standard

ISO 9001:2015 IRQS CERTIFICATION IN ATS, MDC

During the year your Company received IRQS certification for being compliant with ISO 9001:2015 standards on imparting training to Trade Apprentices & employees in ATS, MDC & all Shops.

2.6 Information Technology

- MDL has achieved stabilization of SAP. BW reports & Dash Boards are under preparation.
- MDL has implemented Data leak/Loss prevention(DLP) solution to strengthen the data security.
- MoD guidelines on information security are complied.
- MDL has implemented Information Technology Service & Support Management (ITSSM) i.e. Service Desk for resolving the issues related to IT.
- MDL has set and achieved following targets for F.Y.2018-19:
 - Network Access Control(NAC) to restrict unauthorized user to access MDL infrastructure.
 - Active Directory(AD) implemented for central user authentication
 - Loggers to collect the logs
 - Audit by CERT-In empaneled agencies
 - Old PCs are replaced in phased manner
- MDL has promulgated the Cyber Security Policy



2.7 Procurement from MSMEs

Your Company is complying with Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012. Accordingly, out of the total annual procurement, 25 % procurement is to be made from MSEs. During the FY 2018- 19, your Company has achieved 30.74 % procurement from MSEs.

During the FY 2018-19, your Company had conducted three vendor development programmes, out of which two were exclusively for MSEs owned by SC/ ST Enterprises. Your Company had also arranged supplier meet (Buyer-Seller) during the year. To further enhance the vendor base, your Company had participated in national level programmes conducted by MSME-Development Institute(DI) and other government bodies.

2.8 Marketing initiatives

During the financial Year 2018-19, MDL participated in three International & five national exhibitions for business promotions. The exhibitions immensely helped in showcasing MDL's capabilities and technical strength in warship building and submarine construction. The exhibitions were successful in projecting the image and capabilities of India in the defence production sector in general and warship/ submarine building capabilities in particular.

MDL participated in Vendor Development meet held at Aligarh & Kanpur for registration of Vendors.

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

2.9 Exports

Your Company has a rich legacy in contributing to the defence needs of our country and exported 243 vessels since 1960. The last export order was delivered in 2014 and now MDL intends to revamp their presence in the export market. Highly competitive markets, changing technology, stringent quality criteria, increased

expectations of the customer and low pricing of the products from North –East Asian countries are all realities.

The commercial shipbuilding sector world-wide is passing through a down turn and MDL is deeply aware of the situation. Nevertheless, the defence needs in the international market continues to rise. MDL has certain unique strengths and skill sets that have been painstakingly developed in the past eight decades and are adapted in the complex activities of weapon integration sensors for high tech defence platforms. This gives a cutting edge for MDL against their competitors and MDL is all set to cash-in this scenario. MDL has also been in dialogue with various Indian Embassies/High Commissions abroad to expand its product outreach to prospective customers.

MDL commenced participating aggressively in the global tenders issued by various countries and are in dialogue with foreign navies to fulfil their requirements. In addition to constructing vessels, MDL is also ready to provide the services like Design of Warships and Commercial Ships, Transfer of Technology and imparting training in construction of Large Warships, auxiliary boats and ferries, Handholding to the Customer's Shipyard for construction and first line repairs of Warships and auxiliary vessels and Training the technical teams from customer's side in the field of Setting to work of systems and Ship trials.

MDL has opened up one more business vertical for Refit and Repairs of Warships, Submarines and Merchant ships. MDL's strategic positioning on the west coast of the country provides proximity to the main sea routes criss-crossing the Arabian Sea and Indian Ocean with accessibility to Europe and Middle East. Tie-ups with other small shipyards in the country are in place to mitigate capacity shortfalls if any.

2.10. Health Safety & Environment Management System

MDL is committed to implementation & compliance of "Occupational Health & Safety Assessment Series" (OHSAS) – 18001:2007 and "Environment Management System (EMS)" – ISO 14001:2004.



The above standards together are referred to as standards for “Health, Safety & Environment” & abbreviated as HSE Standards. These standards lay the very foundation of MDL’s “Health, Safety & Environment Management System (HSEMS)”.

MDL has promulgated its own policy on HSE Management System. Implementation of OHSAS and EMS standards is in progress.

MDL under its HSEMS implementation uses “Environment Aspect Impact Analysis” (EAIA) to analyse the impact of production activities on environment and subsequent preventive measures to mitigate/reduce the impact on environment by following operation control procedures(OCP). This helped MDL in achieving reduction of air & noise pollution levels. Testing of air, water and noise is being conducted at regular intervals.

3. Human Resource Development

Your Company has been emphasizing on the overall growth & development of Human Resources and is committed to continue its relentless efforts in updating the competencies of its executives through exposure to various Learning & Development programs organized by Institutes of National Importance and through sponsoring function based Seminar / Conferences / workshops. Besides, in order to ensure smooth supply of skillsets for Company’s requirement and shipbuilding industry, various training programs viz. trainings of Trade Apprentices under the Apprentices Act, 1961, BOAT Apprentices and Marine Engineering students under the aegis of DG, Shipping at the Company’s run Apprentice Training School have regularly been organized. For adequate and uninterrupted supply of skillsets MDL has increased the capacity of its Apprentice Training School by way of inducting 100 more Trainees.

In the FY 2018-19, a “Strategic Conclave for Board Level Executives” was organized wherein CMD, Functional Directors & CVO participated. An outbound program for executives at the level of AGM & above was also organized wherein 46 executives actively participated.

Similarly, two training programs were organized for Non Executives by Jeevanvidya Foundation from 30 to 31 Aug & 20 to 21 Dec 2018. Around 117 Non Executives were benefitted.

Regular in-house training programs were organized on various topics like Lead & Internal auditors, Cyber Security awareness, 5 S Implementation, People Capability Maturity Model etc. Special in-house training program was also organized for women Executives on ‘Management soft skills & Life Skills Management’. In order to spread awareness on Health & Environment, training on First Aid, Safety, Firefighting, Yoga etc. was organized during the FY 2018-19.

MOD, GOI Flagship program on IPR was conducted for 721 Executives with the aim to spread awareness on Intellectual Property Rights (IPR) and to create an IPR driven Innovation Culture. A total number of 21 programs on Innovation for Executives was organized by Internal faculty.

A customized Management Development Program was conducted at IIM, Indore for capacity building of Middle Level Executives from 18 to 23 Feb 2018. 32 executives participated in the program. Executives were also nominated for Advanced Global Leadership & Advanced Management Program on Strategic Leadership Transformation in the Digital Age conducted by SCOPE & MDI respectively.

As part of encouraging higher education, 7 (seven) executives have been sent to DIAT Pune and 3 (three) executives have been sent to IIT Kharagpur for M. Tech courses for the academic years 2017-2019.

Some important events like Observance of productivity Week, International Yoga Day, Safety Week, Vigilance Awareness Week, Rajbhasa Divas were also celebrated in order to spread awareness amongst Executives & Non-Executives.

A total of 87 external training programs and 72 In-House training were conducted in the FY 2018-19 attended by 287 and 1282 Executives respectively.



Similarly, Re-Skilling of a total of 278 Non Executives was done through On the Job Training and 21 In-house training programs were conducted for Non-Executives wherein 1235 Non-Executives have been trained.

The Performance Management System (PMS) for executives provides meaningful inputs for individual development vis-a-vis taking care of their promotional aspiration as well.

3.1 Welfare Activities

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

i) Life Insurance Coverage:

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

ii) Medical Scheme:

All the serving employees, including their dependent family members, are covered under the Medical scheme. Hospitalization claims of around Rs. 22.86 Crore were disbursed towards treatment to the employees and their dependent family members during the FY 2018-19.

iii) Other Welfare Activities:

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

iv) Post Retirement Medical Scheme (PRMS):

In order to provide medical facilities to the retired employees and their spouses, your

company has Post Retirement Medical Scheme in place. The same is being regulated through Group Mediclaim policy taken from an Insurance Company. Your Company has an annual basic sum insured coverage to the extent of Rs. 2.00, 3.00 & 4.00 Lakh and an additional top-up of 4.00, 6.00 & 8.00 lakh for self & spouse in case of Executives. There is also a provision for reimbursing additional hospitalization expenses involving critical diseases. In addition, Executives are also entitled to Outpatient/Domiciliary Medical Expenses to the tune of Rs.15000/-, 20000/- & 25000/- every year. In case of Non-executives, annual basic sum coverage of Rs. 2.00 lakh and voluntary sum insured for Rs. 1.00 lakh for self & spouse (each) is also extended.

3.1.5 Executives' Superannuation (Pension) Scheme:

Your Company has introduced a Defined Contributory Superannuation Pension Benefit Scheme to the executives w.e.f. 01 Jan 2007. The Company contributes 7% of basic pay + DA towards the corpus of the pension scheme for each eligible executive of the Company w.e.f. 01 Jan 2007. MDL has also introduced similar scheme for non-executives and Company contributes 5% of basic pay + DA towards the corpus of the pension scheme for each eligible non-executive of the Company w.e.f. 01 Apr 2012.

3.2 Manpower and Reservation of Posts for SCs/ STs:

The Company has been following Presidential Directives of the Government with regard to reservation of posts for SCs/STs in recruitments. Total manpower strength as on 31 Mar 2019 is at 6933 (including functional directors) out of which the number of persons on temporary rolls was 2520. Of the total strength, 113 are ex-servicemen, 966 are of Schedule Caste and 537 are of Scheduled Tribes. The percentage of Scheduled Caste and Scheduled Tribes in respect of Employees was at 13.93% and 7.74% respectively. Number of persons on temporary rolls as on 31 Mar 2019 is 2520, out of which

393 belong to Scheduled Caste and 293 belong to the Scheduled Tribes category. Details of the statement showing position regarding representation of Schedule Castes and Schedule Tribes in various categories of post on 01 Jan 2018 and 01 Jan 2019 is annexed at Appendix 'A'

3.3 Employment of Women:

As per the recommendation No.51, Para (ii)(a) of the National Commission for Women (NCW) in its Annual Report for the year 1995-96, the employment position of Women as on 31 Mar 2019 is given below as directed by the Ministry of Defence, vide their letter Nos. 39(6)/99/D(B&C), dated 27 Aug 1999.

Executives

| Grade | No. of Employees | Women | Percentage |
|----------------------|------------------|-------|------------|
| I | 102 | 12 | 11.76 |
| II | 147 | 17 | 11.56 |
| III | 106 | 6 | 5.66 |
| IV | 364 | 16 | 4.4 |
| V | 188 | 7 | 3.72 |
| VI | 108 | 14 | 12.96 |
| VII | 40 | 1 | 2.50 |
| VIII | 19 | - | |
| IX | 3 | - | |
| CVO on deputation | 1 | - | |
| Functional Directors | 4 | - | |
| CMD | 1 | - | |
| Total | 1083 | 73 | 6.74 |

II.Non-Executives

| Grade | No. of Employees | Women | Percentage |
|-------|------------------|-------|------------|
| WG-0 | 0 | 0 | 0 |
| WG-1 | 3 | 0 | 0 |
| WG-2 | 348 | 0 | 0 |
| WG-3 | 86 | 0 | 0 |
| WG-4 | 154 | 0 | 0 |
| WG-5 | 2904 | 80 | 2.75 |
| WG-6 | 894 | 27 | 3.02 |

| Grade | No. of Employees | Women | Percentage |
|-------|------------------|-------|------------|
| WG-7 | 112 | 1 | 0.89 |
| WG-8 | 777 | 2 | 0.26 |
| WG-9 | 173 | 0 | 0 |
| WG-10 | 183 | 11 | 6.01 |
| WG-3A | 38 | 0 | 0 |
| WG-4A | 178 | 0 | 0 |
| Total | 5850 | 121 | 2.07 |



Women's Day celebration at MDL

3.4 Persons with Disabilities (PWD) As On 31 Mar 2019:

The total number of physically challenged employees as on 31 Mar 2019 was 109 and its percentage to total employees works out to 1.57%.

| | HI | LD | VI | Total |
|---------|----|----|----|-------|
| Group-A | 8 | 14 | 8 | 30 |
| Group-B | 0 | 0 | 0 | 0 |
| Group-C | 0 | 15 | 0 | 15 |
| Group-D | 11 | 50 | 3 | 64 |
| Total | 19 | 79 | 11 | 109 |

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

3.5 Industrial Relations

Industrial relation scenario during this period was cordial and harmonious. There were no man-hours lost on account of Industrial conflict. In the absence of a recognized Union, efforts were made to resolve issues of mutual concern through deliberations with the Unions on the Bargaining Council and other unions.

MDL Management and the nine Unions on Bargaining Council viz. Association of Engineering Workers (AEW), Dockyard



Employees Union (DEU), Engineering Workers Union (EWU), Bharatiya Kamgar Karmachari Mahasangh (BKKMS), Mazagon Dock Staff Association (MDSA), Bharatiya Kamgar Sena (BKS), Mazagon Godi Kamgar Sanghatana (MGKS), Mazagon Dock Karmachari Sansad (MDKS) & Mazagon Dock Kamgar Ekta Union (MDKEU) have entered into a Settlement for revision of wages and other benefits & allowances on 16th November 2018 under Section 2 (p) read with Section 18 (1) of the Industrial Disputes Act, 1947. All the nine unions have signed the settlement and this settlement will be in operation for a period of 10 years from 1st January 2017 to 31st December 2026 and shall continue thereafter also till a new Settlement is arrived at.

This Memorandum of Settlement is applicable to all non-executives in the categories of Operatives, Storekeepers, Clerical, Technical & Sub-staff of all Divisions of MDL who were on the permanent rolls of the Company as on 01st January, 2017 and joining MDL services on permanent roll thereafter.

3.6 Reservation of Posts

Your Company has been observing all Government directives and instructions issued from time to time on reservation of posts for SCs / STs / OBCs. All the rosters of SC / ST / OBC / PWD are maintained, which are inspected by the respective Liason Officer from time to time and also perused by the SC/ST Unions. Detailed statistics regarding the total number of employees, number of women employees, recruitment made during the calendar year 2018 and the representation of SCs / STs / Ex-servicemen as on 01 Jan 2019 are given at Appendix A, B & C to this Report.

3.7 Grievance Redressal Committees for SCs/STs:

Weaker sections of the society are given adequate protection in the form of just and equitable treatment at the hands of employer. To ensure the same, a separate "grievance redressal cell" has been constituted for SC/ST employees. Quarterly meetings of representatives of SC/ST is held with Director (CP&P) wherein grievances related to SC/ST are discussed and resolved.

3.8 Prohibition of Sexual Harassment of Women at Workplace

An Internal Complaint Committee (ICC) has been in place to deal with and redress complaints on sexual harassment in accordance with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Sensitization program like 'Prevention of Sexual Harassment at Workplace', Management Soft Skills, Life Skills Management were conducted in-house for Lady Executives. A total number of 117 executives were benefited.

02 (Two) complaints were received during the fiscal year and the same were disposed as the same was outside the ambit and scope of ICC. A meeting of the ICC with the external member Advocate Sumangala Biradar was held on 07 Mar 2019 and a status report vetted by her has been submitted to the Management.

3.9 Public Grievance Committee

- a) Your Company constituted a Public Grievance Committee headed by an executive of the rank of Executive Director. The Committee examined and disposed grievances based on their merit.
- b) CPGRAMS (Central Public Grievance Redress and Monitoring System): An executive of the rank of General Manager has been appointed as Nodal Officer to deal with redressal of grievances registered on CPGRAMS Portal from the Department of Administrative Reforms & Public Grievances and ensures settlement of online grievances with proper feedback.

4. Indigenisation & Make in India

MDL, having set-up a dedicated 'Department of Indigenisation' in Nov 2015, to provide focused impetus to the Hon'ble Prime Minister's "Make-in-India" initiative has been successfully able to partner with the Indian industry to undertake indigenisation/import substitution of various equipment/items which have been imported since long.



As on date, MDL has been able to successfully indigenise some of the critical equipment/ items required for Warships and Submarines. The major items indigenized till date include Sonar Dome, SICADS, Bridge Window Glass, MCT-Glands, Remote Controlled Valves, Helo Landing Grid, Honeycomb Filters, Pressure Reducing Station, NBC Filters, Asbestos Free & High Temperature Gaskets, Flame/Control/ Smoke Dampers for HVAC System, Chladon Gas for MFFS. The procurement of the above indigenised items from the Indian industry

would result in substantial savings in foreign exchange to the exchequer.

In addition, orders have also been placed for indigenous development and procurement of Air-Conditioning Plants and Refrigeration Plants on Indian firms. Further, indigenisation of Magazine Fire Fighting System, Battery Monitoring System, Static Frequency Converters and Sacrificial Zinc Anode Steel Flanges are presently in progress.

A sum of Rs. 25 Cr has also been contributed to Defence Innovation Fund for Innovation for Defence Excellence(iDEX).

5. Awards and Recognitions

| S. No | Awarding Authority | Awards For |
|-------|---|--|
| 1 | SKOCH | Community Outreach & Development (Village Adoption for Overall Development of Kharade Gram Panchayat) SKOCH CSR Silver Award & Order of Merit for qualifying amongst Top CSR Projects in India received on 19 Sept 2018 at New Delhi |
| 2 | TOLIC (Town Official Language Implementation Committee) | 'Jal Tarang' was awarded 1st Prize by TOLIC on July 21, 2018 at Mumbai. |
| 3 | NIPM (National Institute of Personnel Management) | NIPM award (Certificate of Merit - 3rd Position) for Best Practices in HR at NATCON 2018, Pune on 28 Sept 2018 |
| 4 | Governance Now | Governance now "6th PSU award 2019 for CSR" on 17th January 2019 at the Imperial, New Delhi |
| 5 | GreenTech CSR Award | Received 6 th Annual GreenTech CSR Silver Award 2018 on 26 Feb 2019 in Panaji, Goa. (Counseling & Support to Cancer Patients across Nine Regional Cancer Hospitals in different parts of the Country) |
| 6 | Golden Peacock Award 2019 | Golden Peacock Innovative Product / Service Award 2019 received on 05 Mar at Dubai |
| 7 | India CSR Community | India CSR Community Initiative Award 2019. (Vision Restoration of 11000 Persons through Free Cataract Surgeries in Thane and Raigad District through Laxmi Charitable Trust, Panvel) received on 01 Apr 2019 at New Delhi |
| 8 | International Convention on Quality Control Circles (ICQCC) | 02 Quality circle teams participated in International Convention on Quality Control Circles (ICQCC) held at Singapore from 22 to 25 Oct 2018. Both the Quality Circle team won Gold (highest) Award. |
| 9 | Chapter Convention on Quality Concepts (CCQC) | 23 Gold awards in Chapter Convention on Quality Concepts 2018 (CCQC 2018) held at Mumbai |
| 10 | National Convention on Quality Concepts (NCQC) | 12 Par Excellence and 11 Excellence award in National Convention on Quality Concepts 2018 (NCQC 2018) held at Gwalior on 22 Dec 2018. |



NIPM Award ceremony at Natcon, 2018, Pune



MDL Rajbhasha Patrika wins 1st Prize from TOLIC

6. Official Language Implementation

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

- a. Quarterly Departmental Official Language Implementation Committee meetings are chaired by the Chairman & Managing Director and Sub-Committees under the chairmanship of the respective Directors.
- b. All the Formats/ Manuals of MDL are made bilingual.
- c. Hindi books worth of Rs. 45,000/- have been purchased during the FY 2018-19.
- d. 06 Digital Boards have been installed at conspicuous places displaying 'Aaj ka Shabd' and 'Aaj Ka Suvichar' to develop the awareness among the employees. We are in process of purchasing 05 (five) more Digital Boards.
- e. Many cash prizes are given on writing and Typing Hindi letters.
- f. Three prizes of Rs.3000/-, Rs.2000/- and Rs.1000/- for writing Article for Jaltarang patrika.
- g. Employees have been given prize on passing 'Praveen', 'Pragya' and 'Parangat' examinations respectively Rs. 10,000/-, Rs. 12,000/- and Rs. 15,000/-

- h. Unicode Hindi software is installed on all the 1905 PCs. All the executives and staff have been trained on Unicode.
- i. TOLIC award was presented for MDL Rajbhasha Patrika 'Jal Tarang' 1st Prize on 21st July, 2018.
- j. MDL Rajbhasha Patrika "JALTARANG" was awarded for Utkrshth Hindi Patrika by Rajbhasha Academi at Kanya Kumari, Tamilnadu.
- k. 'Hindi Diwas' was celebrated on 14 Sep 2018 and Shri Karuna Shankar Upadhyay, Head of Hindi Deptt. Mumbai University was invited as a Chief Guest on the occasion of Hindi Diwas. "Hindi Pakhwada" having 07 competitions was celebrated from 10th September to 30th September 2018.
- l. 'Jal Tarang' was awarded 'Shresth Grih Patrikayen' by Aashirwaad on 27 Sep 2018 at Mumbai
- m. Hindi correspondence is at 97% and Hindi Tippani is at 90%.

7. Vigilance Activities

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



1. CTE Type Examination:

As a part of Preventive Vigilance activities CTE type (i.e. as conducted by Central Technical Examiner, CVC), intensive examination of Purchase / Subcontracts / Outsourcing orders are taken to verify compliance to prescribed procedures and statutory norms/ regulations. During the period 01 Apr 2018 to 31 Mar 2019, 04 such CTE type examinations have been carried out by Vigilance Department & 03 are under examination/scrutiny.

2. Complaints:

During the period 01 Apr 2018 to 31 Mar 2019, Vigilance Department received 45 complaints. Investigation has been completed for 35 complaints and is in progress for the rest.

3. Spot Checks / Inspections:

Surprise/Spot checks are also being conducted by Vigilance Department. During the period 1 Apr 2018 to 31 Mar 2019, 09 nos. Spot checks / inspections have been conducted and suggestions/corrective measures were recommended for systemic improvement.

4. Disciplinary Proceedings:

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

5. Vigilance clearances:

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

6. Vigilance Awareness Week Activities:

The following activities/functions have been held at MDL during Vigilance Awareness Week (VAW) observed from 29 Oct 2018 to 03 Nov 2018.



Vigilance Awareness Week Inaugural ceremony on Oct 29, 2018

a. CMD formally inaugurated VAW – 2018 on Monday 29th October 2018 by garlanding the portrait of Sardar Vallabhbhai Patel and then administered the Integrity Pledge to the Functional Directors, EDs, GMs and Senior Executives of MDL. Messages received for the occasion from Hon'ble President of India, Vice President of India, Central Vigilance Commission and other dignitaries were read out by Executive Directors.

b. CMD addressed the Directors & Senior Executives asking them to perform their duties with due diligence & not to indulge in any act which would tarnish the image of MDL.

The Integrity Pledge was also administered to all the employees in different yards/departments at 1100 hours by their respective HODs or the senior-most official of the Department. Vigilance Department's in-house journal SUCHARITA Vol. XXI was released by CMD and Functional Directors, immediately after pledge taking ceremony to mark the occasion. The majority of articles, poems etc. for the in-house journal Sucharita were contributed by MDL employees and their family members. SUCHARITA Vol. XXI has been distributed amongst all senior executives of MDL & soft copy of the same has been uploaded on MDL's Intranet Portal for access by all MDL employees. A copy of the in-house journal SUCHARITA Vol. XXI was sent to CVC. CVO, MDL attended the inaugural function of the VAW 2018 organized by CVC at New Delhi on 31st Oct 2018. Citizens visiting MDL also undertook Online Integrity Pledge.

c. On 29th October 2018, a talk by eminent guest speaker Shri Prateek Goswami, IRSS, Chief Materials Manager, Central Railways, Mumbai was arranged followed by an interactive session between Speaker and MDL Executives. Shri Prateek Goswami, IRSS dealt with the subject "Procurement" with a lively speech combined with anecdotes from his practical experience.

- d. Banners were displayed at all strategic locations in all the yards of MDL. Also posters were displayed at prominent locations in MDL. Additionally, posters were displayed at nearby Bank, School and Petrol Pump.
- e. A sensitization programme through Elocution Contest on the theme “Eradicate Corruption –Build a New India” was conducted for students of Zilla Parishad School, Anandwan, Distt-Chandrapur & in M.H.Saboo Siddik Polytechnic, Mumbai on 11th Oct & 04th Oct 2018 respectively and an Essay writing competition on the same theme was conducted for the students of Anand Niketan Science College, Anandwan. Chandrapur & Sir Elly Kadoorie School & Junior College, Mumbai on 11th Oct & 15th Oct 2018 respectively. Poster/ Cartoon Drawing competition on the theme of Vigilance Awareness Week 2018 was also conducted in Anandwan Deaf & Mute School, Anandwan, District – Chandrapur & at Bombay Institution of Deaf & Mutes, Mumbai on 11th Oct & 19th Oct 2018 respectively. CVO administered the Integrity Pledge to the students and teachers.
- f. Slogan, Poster & Essay competitions on Vigilance related topics in Hindi, Marathi & English language were conducted among MDL employees (including family members) to enhance Vigilance Awareness. Additionally, Quiz competitions were organized among students of various Schools. The topic for the Essay was linked to the year’s theme viz. My Vision – Corruption Free India. All categories of MDL employees and an appreciable number of school students actively participated in these competition.
- g. Preventive Vigilance Awareness Program was conducted in the Integrity Club of the Apprentice Training School (ATS), MDL on 02.11.2018.
- h. “Vendors / Suppliers Meet” was arranged on 14th November 2018 which was attended by CMD, Directors, CVO, Senior Executives and other Executives of the Commercial Departments of the organization besides a host of vendors /suppliers in which various issues raised by the Vendors / Suppliers were discussed. CVO administered the Integrity Pledge to the suppliers during the meet.
- i. CMD, MDL presented the awards to the winners of various competition organized for MDL employees and their family members during the VAW 2018 with prizes at a prize distribution ceremony held on 18th December 2018.



Vigilance Awareness at Sir Elly Kaduri School and Junior College, Mumbai

- f. Gram Sabha was held at Anandwan Village, District- Chandrapur (Maharashtra) as a part of Vigilance Awareness Week and nearly 250 Villagers participated. An elocution competition & Poster/ Cartoon Drawing competition was held in Zilla Parishad school, Anandwan Deaf & Mute school in Anandwan village, Chandrapur and Integrity Pledge was administered to 201 students. Essay writing competition was organized in Anand Niketan Science College, Anandwan, Chandrapur.

7. Systemic Improvement:

32 Nos Systemic Improvements were suggested during the year by Vigilance Department based on Investigations of Complaints/CTE’s/Surprise checks.

8. Training Programmes :

Vigilance Executive(s) had jointly conducted 7 in-house training programme in the Management Development Centre of MDL on Preventive Vigilance, Organization / Administration, Procurement procedures, CDA Rules, Property Returns, Cost Estimation etc. An in-house training programme in the MDC on Public Procurement Policy with special emphasis on Make in India for Finance & Commercial Executives was conducted



on 28th Feb 2019. A training programme was conducted in MDC on Procurement through GeM for Finance & Commercial Executives was held on 6th Mar 2019. Shri Abdul Rashid, Dy.Chief Materials Manager, Central Railway conducted the training programme.

8. Governance & Sustainability

8.1 Corporate Governance

The Corporate Governance Report for the year under review as stipulated under the Guidelines forms part of the Annual Report along with the Certificate from the Practicing Company Secretary, confirming compliance of conditions of Corporate Governance is placed at Appendix 'D'.

Your Company is complying with the Guidelines on Corporate Governance for CPSEs 2010 issued by the Department of Public Enterprises (DPE). Necessary disclosures have been made in this regard in the Corporate Governance Report.

8.2 Implementation of RTI Act, 2005

Under the Right to Information (RTI) Act, 2005, to facilitate provision of information to the citizens requesting for the same, your Company has evolved necessary structure by designating officers as Assistant Public Information Officer, Public Information Officer and Appellate Authority for the purpose of implementation of the Right to Information Act in the Company. During the year, the Company received 115 applications & 15 First appeals and 02 second appeals before Central Information Commission. The information / replies sought for were duly furnished. Quarterly and Annual Return for the year to be submitted online to Central Information Commission (CIC) had been duly filed and uploaded in RTI - MIS updation system.

8.3 Meetings of the Board

During the financial year ended on 31 Mar 2019, six meetings of the Board of Directors of the Company were held. These were on 23 June 2018, 16 July 2018, 10 Aug 2018, 05 Oct 2018, 30 Nov 2018 and 25 Jan 2019.

8.4 Appointment, Remuneration and Performance Evaluation of Board, Board Sub-committees and individual Directors

Notification No F No. 1/2/2014-CL.V dated 5th June 2015 issued by the Ministry of Corporate Affairs, Government of India the requirement for framing policy on Directors' appointment and remuneration including criteria for determining qualifications, evaluation etc, is not required as your Company is a Government Company.

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

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

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

8.5 Changes in the Board

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

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

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

Shri S.L. Bapat was re-appointed as Independent Director (Part Time Non- Official) pursuant to appointment letter PC No.11(57)/2017/Misc/D(NS) dated 23 Nov 2018 for a period of one year.

Smt. Usha Sankar was re-appointed as Independent Director (Part Time Non- Official) pursuant to appointment letter PC No.11(57)/2017/Misc/D(NS) dated 23 Nov 2018 for a period of one year.

VAdm. Sanjeev Bhasin IN (Retd) was re-appointed as Independent Director (Part Time Non- Official) pursuant to appointment letter PC No.11(57)/2017/Misc/D(NS) dated 23 Nov 2018 for a period of one year.

8.6 Constitution of Audit Committee

The Board has constituted Audit Committee pursuant to the provisions of Section 177 of the Companies Act, 2013 and the Rules made thereunder. The Committee acts in accordance with the terms of reference as approved by the Board. The composition and other details are disclosed in the Corporate Governance Report.

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

8.7 Declaration Given by the Independent Directors

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

8.8 Corporate Social Responsibility



SKOCH CSR Silver Award ceremony

The Company is committed to all its stakeholders to conduct business in an Economically, Socially and Environmentally Sustainable manner as part of its CSR & Sustainability policy.

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

The CSR Budget of your company for the FY 2018-19 was Rs. 16.13 crore (2% of average profit of the previous three FYs as per section 198 of Companies Act – 2013). In addition, a sum of Rs 13.12 crore was carried forward from the last Financial Year. Out of this, your Company has spent Rs.23.47 crore towards CSR activities during FY 2018-19. A sum of Rs. 5.78 crore remains unspent due to delay in the execution of some projects by the implementing agencies.

Your company has received several prestigious awards in FY 2018-19 under CSR. “CSR Project of the Year - 2019” was conferred to MDL by India-CSR. MDL was conferred this award in recognition of the excellent work done by MDL towards successful completion of 11000 cataract surgeries in Raigad & Thane districts. Further, MDL has also received “6th Annual Greentech CSR Award – 2018” & “SKOCH CSR Award -2018” for Cancer Counselling and Village Development Project respectively.

Your company has executed various projects as part of its CSR initiatives mainly in sectors of Education, Health & Sanitation, Skill Development and Village Development. The executed projects are in line with schedule VII of the Companies Act. The details of the major projects executed in FY 2018-19 are as under:-

Education Sector: Your company has continued its support for Tribal Girl’s Residential School at Kharade Gram Panchayat, Shahpur. Post construction of Cadets Mess at Bhonsala Military School (BMS), Nagpur, MDL has equipped the Kitchen & Dining-hall of the school with automated machines and furniture so students could get the food in a clean & hygienic manner. Further, your company has supported for mid-day-meal of 10000 students in Govt. Schools of Surat (Gujarat).



CMD, MDL inaugurating Cadet's Mess at Bhonsla Military School

MDL has also initiated a Flagship Project i.e. "MDL Super 10" under which 10 students from tribal belt of Shahpur (Thane district) would be selected every year to study at Bhonsala Military School, Nagpur. MDL would bear entire expenditure of these selected students towards study at this residential school. The first batch of 10 such students have successfully completed their 1st year in the school.

Village Development: Your company has continued its support for Kharade Gram Panchayat under Model Village Development project and have taken several new initiatives like starting of sanitary pad manufacturing unit, piped drinking water at Nisan Pada, ISO certification of Govt. School, establishing mushroom spawn production unit etc. This year MDL has supported another 100 families through goat rearing and thereby generated livelihood opportunities for a total of 200 families under this project.

Further, for the drought prone Marathwada region, your company has continued its support for environment & livelihood development project at Parner village of Beed district. Under this project, MDL had organized the farmers of the region to form a Farmers Producer Company (FPC). The FPC, once fully operational, would help farmers in getting better price of their farm produce.



Cmde T V Thomas, Director (CP&P) distributing relief material to flood victims in Kerala

Health & Sanitation: Your company has completed renovation of Laxmi Charitable Trust (LCT) Eye Hospital at Panvel and equipped the hospital with latest equipment and machines. Post renovation, this state-of-the-art hospital has been able to treat not only cataract patients but would also treat patients with glaucoma and childhood blindness. The project would go a long way in eradication of avoidable blindness. Further, MDL had continued its project of supporting & counseling of cancer patients at 9 cancer hospitals in 5 different states. This year meaningful difference in the lives of over 26000 cancer patients had been made under this project. Further, MDL had continued its support for 278 mentally deficient children at Children's Home in Mankhurd.

In line with the Swachh Bharat Mission of Govt. of India, your company has undertaken some mega projects in Sanitation sector i.e. Mechanization of five Municipal Councils/ Urban Local Bodies (ULBs) of Nandurbar district for waste management. Under this project, MDL had supplied machines & equipment like vacuum emptier machines, auto tipper, road sweeper machines, drain cleaning machines, mobile toilets etc. to respective municipal councils for proper waste management. With a view to make villages open defecation free (ODF), MDL has continued its on-going project i.e. construction of 1000 individual toilets in Karjat block of Raigad district. Other on-going sanitation projects of MDL i.e. construction of community Toilet Block at Jai Bheem Nagar, Mumbai and Clean-ship of area around MDL were also continued in FY 2018-19. MDL has also made contributions to Swachh Bharat Kosh & Clean Ganga Fund of Govt. of India.

Skill Development: Your Company has taken huge strides in the field of skill training with adoption of ITIs/ VTCs along with training of Apprentices and skill training through third party agencies. At Industrial Training Institute (ITI), Shenva in Thane district, MDL has completed renovation of the building. MDL had also supported ITI, Chikaldhara (Amravati district) through organization of industrial visits, soft skill training and scholarship to students.



Your company has also continued support for construction of state-of-the-art Vocational Training Centre (VTC) at Anandvan (Chandrapur) for skill training of PWD youth. Further, infrastructure support to Thane District Administration’s Center for Skill Development & Apprenticeship Training (TDACSDAT) was also continued in FY 2018-19.

Your company has also imparted vocational training to around 400 youth in motor driving (LMV) trade. The project not only provides training to youth but also ensured their placements in reputed organizations. MDL is also supporting training of apprentices through the in-house Apprentice Training School (ATS).



GM (I&A) distributing training completion certificate to trainees under Motor Driving Training Project

The CSR committee has certified that the implementation and monitoring of the CSR projects being executed are in accordance with the CSR objectives and policy of the company.

The Annual Report on CSR contains the requisite details as specified in the Companies Act, 2013 and is placed at Appendix ‘E’.

8.9 Environment and Pollution Control:

Your company has taken various initiatives towards Sustainable Development and Energy Conservation in the year under report. In alignment with the Govt. of India’s policy to increase the quantum of renewable energy and to reduce energy consumption various projects were undertaken by your company. The Installation of Solar Power Plant, Changing of conventional lights into LED lights, procurement of energy efficient welding machines etc. are some of the areas where your company had focused.

1. Installation of 360 KWp Solar Power Plant

Your company has installed 360 KWp Grid Interactive Solar Power Plant on the roof tops of workshops. By installing this 360 KWp Solar Power Plant your company has achieved a cumulative capacity of 1850 KWp (1.85 MWp) Solar Power Plant in the company premises. All these solar power plants were installed on the unutilised roof tops of workshops or terrace areas. The installed cumulative capacity 1850 KWp Solar Power plant will generate nearly 23.00 lakhs units of energy per annum. Your company has installed Net Meters to export excess energy generated out of Solar Power plant.

2. Your company is continuing the process of changing conventional lights into LED Lights to save energy. In the financial year under report, the conventional lights installed for illumination in office building area are changed with LED lights. In earlier FY 2017-18 all the conventional lights of workshops were changed to LED lights. This has yielded saving of energy to the extent of 6.4 Lakh units per annum.

3. Due to stagnation of Slurry & water under Deck floor of Workshop C, the structure was corroded & mosquitoes menace including foul smell was also observed. The Slurry below Deck floor of workshop C has been removed completely & the strengthening of the RCC structure viz columns, Beams, Pile, etc. including Deck floor, has been done.

The Common Workers Toilets at workshop A , workshop C and Ground floor of Reclamation Building has been renovated & kept/maintained under hygiene conditions.

All Conventional light fixtures of workshops A, B, C, CAS and office buildings has been replaced with LED lights by which approx. 15000 units is being saved per month.

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



8.10 Swachh Bharat Initiatives

Your Company has always adhered to the Prime Minister's Abhiyaan on Swachh Bharat. Through the participation of all sections of employees and people from surrounding areas, MDL could make it a mass awareness movement and continuing to bring about a lasting behavior change in the society. As a part of the Abhiyan, your company has organised Swachhata Hi Seva Campaign and observed Swachhata Pakhwada. The Abhiyan is underway at three levels i) within the Shipyard, ii) adjacent areas and iii) rural areas.



Swachh Bharat Pakhwada Aug 16,2018 - Aug 31, 2018

i) Activities Within MDL Premises:-

Your Company has created awareness about cleanliness amongst employees through display of posters, signage, boards, standees etc. Cleanship within premises is ensured by appointing Block In-charges. Mini marathon has been organized during Swachhata Hi Seva Campaign to generate liking for cleanliness amongst employees. Identification and removal of obsolete records, e-waste, heavy debris, repairs of drainage lines continue to be a regular activity. Your company has appointed Facility Management Services for professionalism in the cleanliness of the yard.



Organise waste Collection Drive in Households and common spaces on Sep 18,2018

ii) Activities outside MDL Premises: -

Your company has engaged a cleanship-specific agency for carrying out daily cleaning of adopted 4.5 km roads surrounding MDL. Centralised Shramdan by all employees, led by CMD and Directors is carried out at regular intervals. Construction of a community toilet block at adjacent Jai Bhim Nagar is nearing completion. Beautification of boundary wall and road dividers below adjacent eastern freeway has been undertaken.

iii) Activities in Rural Areas:

In line with the Swachh Bharat Abhiyaan of Govt. of India, your company has undertaken a mega project in **Sanitation sector** i.e. Mechanization of five Municipal Councils/ Urban Local Bodies (ULBs) of Nandurbar district for waste management. Under this project, MDL had supplied machines & equipment like vacuum emptier machines, auto tipper, road sweeper machines, drain cleaning machines, mobile toilets etc. to respective municipal councils for proper waste management. With a view to make villages 'open defecation free' (ODF), MDL has continued its on-going efforts through the project of construction of 1000 individual toilets in Karjat block of Raigad district. MDL has also made contributions to Swachh Bharat Kosh & Clean Ganga Fund of Government of India.

8.11 Vigil Mechanism

The Company being a CPSE, Central Vigilance Commission guidelines are applicable, which provides adequate safeguards against victimization of employees.

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



8.12 Particulars of Contracts or Arrangements with Related Parties

Your Company being a Government Company with 100% shareholding by the President of India and under the administrative control of the Ministry of Defence is subject to strict rules and norms for every transaction entered into during the normal course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company. Transactions with related parties that were entered into during the financial year were in the ordinary course of business. All Related Party Transactions were placed before the Audit Committee and the Board for approval, if required. Information pursuant to Section 134(3) (h) of the Companies Act, 2013 read with rule 8(2) of the Companies (Accounts) Rules, 2014 is attached to this report in form AOC 2 (Appendix 2)

8.13 Particulars of Employees and Related Disclosures

Disclosure pertaining to remuneration and other details as required under section 197(12) read with rule 5 (1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report (Appendix D).

None of the employees of the Company was in receipt of remuneration in excess of limits prescribed in Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 during the financial year under review.

8.14 Extract of Annual Return

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

8.15 Directors' Responsibility Statement

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

- (a) In the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period;
- (c) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The Directors had prepared the Annual Accounts on a going concern basis;
- (e) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

8.16 Statutory Auditors and their Report

The Comptroller and Auditor General of India under Companies Act 2013, appointed M/s. JCR & Co., Chartered Accountants Mumbai, as the Statutory Auditors of the Company for the year 2018-19. The Auditors have certified the Accounts and their Report is placed as a part of Annual Report.

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

8.17 Comments of the Comptroller & Auditor General of India

The Comments of the Comptroller and Auditor General of India under Section 143 of the



Companies Act 2013 have been received and placed as a part of Annual Report.

8.18 Cost Auditors

M/s R. Nanabhoy & Co., were appointed as Cost Auditors for conducting cost Audit of the Company under section 148 of the Companies Act, 2013 for the year 2018-19 and accordingly such accounts and records are made and maintained.

8.19 Secretarial Auditors

M/s Ragini Chokshi & Co., Practicing Company Secretaries, Mumbai were appointed to conduct Secretarial Audit of the Company for the financial year 2018-2019. The Secretarial Audit Report is annexed to the Directors' Report as Appendix 3 and forms part of this report. The said report does not contain any qualification, reservation or adverse remarks.

8.20 Adequacy of Internal Financial Controls with Reference to The Financial Statements

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

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

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

Internal audit of specific areas of the Company's operations has been outsourced to Chartered Accountant firm. In addition to outsourced audit

activities, other audit activities are carried out by in-house Internal Audit department. Audit reports given by Internal Auditors were reviewed by Audit Committee and necessary directives were issued. The Company had initiated suitable actions on the said directives.

9. Management Discussion & Analysis Report

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

10. Future Outlook

MDL has initiated the process of expansion by way of acquiring adjacent MbPT land for building next generation warships.

MDL is developing a Greenfield shipyard at Nhava, which would be based around a shiplift and wet basin with a focus on setting up a ship repair facility over an area of 40 acres. This facility would also aim for construction of commercial ships.

MDL is currently undertaking capital expenditure by way of construction of a submarine launch facility, for the newly built Submarine Assembly Workshop. This would enable creation of capacity and launching of two independent lines of submarines.

EXPORTS:

The Government of India has been taking various steps towards boosting its trade with the rest of the world. Your company has aligned itself with the new thrust on Defence exports. In this regard an international marketing team is functioning under Director(Shipbuilding). A road map for exports have been drawn-up, targets countries have been identified and agents have been appointed in some of the territories where export potential exist. Publicity in terms of showcasing MDL's export portfolio during international exhibitions, running advertorials and advertisements in world renowned publications, marketing efforts in synergy with sister DPSUs are some of the initiatives that have already been taken.



MDL'S export portfolio covers a wide gamut of products comprising of New Builds for civilian and military end-use, repairs of commercial vessels and refits of war vessels. Customized service portfolios wherein MDL can pitch-in as a Know-How Provider for specific needs of developing nations are also in the offer.

Efforts are on for pursuing exports with various countries following both the G2G route wherein the Government of India have opened Lines of Credit with funding typically extended by EXIM bank as well as the B2B route with sovereign guarantee of the recipient nation. MDL's rich legacy of building close to 800 ships since inception, a broad spectrum of exports carried out in the past comprising of more than 250 vessels, the impeccable quality of the products delivered that has been internationally acclaimed are all being leveraged in a concerted manner for exports.

The general down turn in the commercial shipbuilding industry, cutting edge price competition presented by some of the developing nations continues to be ground realities that impede export volumes.

INDUSTRY 4.0 STANDARDS

Artificial Intelligence:

Artificial Intelligence (AI) which is a key component of the Ind 4.0 revolution is poised to disrupt our world. AI presents opportunities to complement and supplement human intelligence and enrich the way people live and work. Intelligent machines are now enabling high-level cognitive processes like thinking, perceiving, learning, problem solving and decision making. This enablement is coupled with advances in data collection and aggregation, analytics and computer processing power.

MDL aspires to play a contributory role in fulfilling the national strategy for building a vibrant AI ecosystem in the country. MDL has taken an initiative in this direction by setting-up an AI team functioning under Director (Shipbuilding). Three projects for development of AI enabled

products have been commissioned in collaboration with IIT Madras Chennai. The products are primarily in the areas of Non-Destructive Testing (NDT) and under-water inspection. Roll-out of these products is expected within a couple of years.

Projects that cater to the defense needs of the country are in the anvil. AI is still in its nascent stage in the country. Therefore, it is imperative that MDL harness collaborations and partnerships with various experts, leading AI technology players to implement AI projects. Apart from IITM, MDL would be partnering with AI leaders for leveraging transformative and disruptive technologies for maritime defense needs of the nation.

Adoption of PPP model:

MDL will be leveraging spare capacities available in the Private Sector within the country for liquidating MDL's tasks in hand and for ensuring timely completion of projects. MDL's capacity augmentation and expansion plans by way of next phase of modernisation will create additional facilities and capacities resulting in reducing delays in project completion. MDL has acquired an additional land admeasuring 10.58 ha at Nhava, Navi Mumbai thus adding new dimensions in developing greenfield shipbuilding yard which shall also cater for new project requirements in the future. Going ahead mega outsourcing is likely to increase on account of PPP and enable MDL executing projects concurrently resulting in a win-win situation for the DPSU and the private shipyards.

Productivity Enhancement

Apart from modernising infrastructure and up-gradation of technology, MDL has evolved set of standards to measure its processes and performance against the best practices followed across the globe. Optimum utilisation of resources and facilities will remain as focus area in the company's growth trajectory. Further improvement in key areas such as human resources development, outsourcing, indigenisation and import substitution will continue to contribute and achieve enhanced productivity.



Acknowledgements

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

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

For and on behalf of the Board

Cmde Rakesh Anand IN (Retd)

Chairman & Managing Director

DIN: 06461099

Place : Mumbai

Date : 17 June, 2019



APPENDIX 'A' TO THE DIRECTORS' REPORT

STATEMENT SHOWING POSITION REGARDING REPRESENTATION OF SCHEDULE CASTES AND SCHEDULE TRIBES IN VARIOUS CATEGORIES OF POST ON 01 JAN 2018 AND 01 JAN 2019

| Classification of Posts / services | As on 01st January 2018 | | | As on 01st January 2019 | | |
|---|-------------------------|----------------|----------------|-------------------------|----------------|----------------|
| | Total Strength | Schedule Caste | Schedule Tribe | Total Strength | Schedule Caste | Schedule Tribe |
| Permanent: | | | | | | |
| Group "A" | 1096* | 200 | 63 | 1087* | 202 | 66 |
| Group "B" | 0 | 0 | 0 | 0 | 0 | 0 |
| * Includes Board level executives | | | | | | |
| Group "C" | 377 | 30 | 0 | 359 | 32 | 7 |
| Group "D" (Excluding Safaiwala) | 3360 | 364 | 191 | 3026 | 313 | 184 |
| Group "D" Safaiwala | 11 | 9 | 0 | 8 | 7 | 0 |
| Temporary: | | | | | | |
| Group "A" | 0 | 0 | 0 | 0 | 0 | 0 |
| Group "B" | 0 | 0 | 0 | 0 | 0 | 0 |
| Group "C" | 0 | 0 | 0 | 0 | 0 | 0 |
| Group "D" (Excluding Safaiwala) | 0 | 0 | 0 | 0 | 0 | 0 |
| Group "D" Safaiwala | 0 | 0 | 0 | 0 | 0 | 0 |
| Group D (Apprentice Under Act) | 603 | 109 | 46 | | | |
| Fixed Term Contract for Two Years: | | | | | | |
| Group "A" | 10 | 1 | 1 | 7 | 0 | 1 |
| Group "B" | 0 | 0 | 0 | 0 | 0 | 0 |
| Group "C" | 237 | 27 | 18 | 168 | 17 | 18 |
| Group "D" (Excluding Safaiwala) | 3257 | 485 | 258 | 2288 | 368 | 240 |
| Group "D" Safaiwala | 0 | 0 | 0 | 0 | 0 | 0 |



APPENDIX 'B' TO THE DIRECTORS' REPORT

PARTICULARS OF RECRUITMENT MADE DURING THE CALENDAR YEAR 2018. THE NUMBER FILLED BY MEMBERS OF SC'S / ST'S, REASON FOR SHORTFALL AND STEPS TAKEN TO IMPROVE THE POSITION

| Classification of Posts / services | Total Number of posts Advertised | Schedule Caste | | Schedule Tribes | | Reason for shortfall and steps taken to improve the position |
|---|----------------------------------|----------------|--------|-----------------|--------|--|
| | | Notified | Filled | Notified | Filled | |
| Permanent: | | | | | | |
| Group "A" | 28 | 3 | 2 | 10 | 7 | Selected but yet to join |
| Group "B" | 5 | 1 | 0 | 0 | 0 | Insufficient candidates |
| Group "C" | 0 | 0 | 0 | 0 | 0 | |
| Group "D" (Excluding Safaiwala) | 0 | 0 | 0 | 0 | 0 | |
| Group "D" (Safaiwala) | 0 | 0 | 0 | 0 | 0 | |
| Fixed Term Contract for Two Years: | | | | | | |
| Group "A" | 0 | 0 | 0 | 0 | 0 | |
| Group "B" | 0 | 0 | 0 | 0 | 0 | |
| Group "C" | 60 | 5 | 5 | 5 | 3 | Insufficient candidates |
| Group "D" (Excluding Safaiwala) | 925 | 80 | 64 | 107 | 65 | Insufficient candidates |
| Group "D" (Safaiwala) | 0 | 0 | 0 | 0 | 0 | |



APPENDIX 'C' TO THE DIRECTORS' REPORT

STATEMENT SHOWING REPRESENTATION OF EX-SERVICEMEN IN GROUP 'C' & 'D' AND NUMBER OF WOMEN EMPLOYEES AS ON 01ST JAN 2019

| Classification of Posts / services | Total Strength | Ex service men | | Women Employees | |
|--|----------------|----------------|------|-----------------|------|
| | | No | % | No | % |
| Permanent | | | | | |
| Group "A" | 1087 | 103 | 9.48 | 72 | 6.62 |
| Group "B" | 0 | 0 | 0 | 0 | 0 |
| Group "C" | 359 | 0 | 0 | 26 | 7.24 |
| Group "D" (Excluding Safaiwala) | 3026 | 2 | 0.06 | 33 | 1.09 |
| Group "D" (Safaiwala) | 8 | 0 | 0 | 0 | 0 |
| Fixed Term Contract for Two Years | | | | | |
| Group "A" | 7 | 0 | 0 | 1 | 14 |
| Group "B" | 0 | 0 | 0 | 0 | 0 |
| Group "C" | 168 | 0 | 0 | 26 | 15 |
| Group "D" (Excluding Safaiwala) | 2288 | 8 | 0.35 | 51 | 2.23 |
| Group "D" (Safaiwala) | 0 | 0 | 0 | 0 | 0 |



APPENDIX 'D' TO DIRECTORS' REPORT

CORPORATE GOVERNANCE

1.1 PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company has meticulously stood by the core principles of Corporate Governance, which have been the order of its governance model, with the Board of Directors and the Committees of the Board at the apex level, and the Management structure at the operational level. The Board and its Committees guide, support and complement the Management team, which in turn assumes accountability and endeavours to achieve the set objectives and enhancing stakeholder value.

Responsible governance on the philosophy of fairness, accountability, disclosures and transparency is imbibed in your Company's work culture which has enabled it to achieve sustainable growth on its journey to continued success, thereby maximizing shareholders returns, optimizing the utilization of resources towards the corporate goal, increasing the value of Organization, strengthening its relationships with employees, shareholders, creditors, and practicing highest degree of professionalism and integrity within the Organization.

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

1.2 COMPOSITION OF BOARD OF DIRECTORS

The Board of Directors of the company as on 31 Mar 2019 consisted of Chairman & Managing Director (CMD), four functional directors, one Government Nominee Director and six part time non official directors. The Directors as on 31Mar 2019 were as under:

WHOLE TIME DIRECTORS

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

PART-TIME OFFICIAL (GOVERNMENT) DIRECTOR:

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

INDEPENDENT DIRECTORS (PART-TIME NON OFFICIAL DIRECTORS):

Prof. S. L. Bapat

Smt. Usha Sankar

VAdm.Sanjeev Bhasin IN (Retd)

Shri Devi Prasad Pande

Prof Kamaiah Bandi

Dr. Mailareshwar Jeevanna Jeevannavar



1.3 ATTENDANCE OF DIRECTORS IN THE MEETINGS OF BOARD AND SHAREHOLDERS

During the financial year ended 31 Mar 2019, six meetings of the Board of Directors were held i.e. on 23 June 2018, 16 July 2018, 10 Aug 2018, 05 Oct 2018, 30 Nov 2018 and 25 Jan 2019. The Annual General Meeting was held on 25 Sep 2018. Details of attendance of the Directors at the Board Meetings & Annual General Meeting during 2018-19 are given below:

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

1.4 SUB-COMMITTEES OF BOARD OF DIRECTORS

AUDIT COMMITTEE

The Audit Committee consisted of following Directors as on 31 Mar 2019:

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

During the financial year ending 31 Mar 2019, the Audit Committee met five times i.e on 23 June 2018, 16 July 2018, 10 Aug 2018, 30 Nov 2018 and 25 Jan 2019. The attendance of Chairperson and Members of the Audit Committee in these meetings was as follows :-

| Sl. | Name | Number of meetings held during the tenure of the respective member | Number of meetings attended |
|-----|-----------------------------|--|-----------------------------|
| a. | Smt. Usha Sankar | 5 | 4 |
| b. | Prof. S.L. Bapat | 5 | 5 |
| c. | Cmde T. V. Thomas IN (Retd) | 5 | 5 |
| d. | Prof Kamaiah Bandi | 5 | 5 |



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

- (a) oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (b) recommendation to the Board for fixation of remuneration to the auditors;
- (c) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (d) reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:
 - (i) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (ii) changes, if any, in accounting policies and practices and reasons for the same;
 - (iii) major accounting entries involving estimates based on the exercise of judgement by management;
 - (iv) significant adjustments made in the financial statements arising out of audit findings;
 - (v) compliance with listing and other legal requirements relating to financial statements;
 - (vi) disclosure of any related party transactions;
 - (vii) modified opinion(s) in the draft audit report.
- (e) reviewing, with the management, the quarterly/half yearly financial statements before submission to the Board for approval;
- (f) reviewing with the management, the statement of uses/application of funds raised through an issue (i.e. public issue, rights issue, preferential issue etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus, notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in these matters;
- (g) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (h) approval or any subsequent modification of transactions of the Company with related parties;
- (i) scrutiny of inter-corporate loans and investments;
- (j) valuation of undertakings or assets of the Company wherever it is necessary;
- (k) evaluation of internal financial controls and risk management systems;
- (l) reviewing with the management, performance of Internal Auditors, adequacy of the internal control systems;
- (m) appointment and removal of internal auditors and determining the scope of internal audit in consultation with the internal auditors;
- (n) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (o) discussion with internal auditors of any significant findings and follow up there on;



- (p) review the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (q) review observations of statutory, internal & government auditors and provide recommendations based on the same;
- (r) to review the follow up action on the audit observations of the C&AG audit;
- (s) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (t) to look into the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders (in case of non-payment of declared dividend and creditors);
- (u) to review the functioning of the whistle blower mechanism;
- (v) approval of appointment of chief financial officer after assessing the qualifications, experience and background etc., of the candidate;
- (w) review and monitor the auditor's independence and performance and effectiveness of audit process;
- (x) examination of the financial statements and auditor's report thereon;
- (y) Carrying out any other function or matter that may be referred to the Audit Committee by the Board from time to time.

A. The Audit Committee shall mandatorily review the following information:

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

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



1.6 PROCUREMENT SUB COMMITTEE (PSC)

The Procurement Sub Committee consisted of following Directors as on 31 Mar 2019

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

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

The Procurement Sub-Committee (PSC) of the Board of Directors reviews and approves the procurement proposals as per the powers delegated by the Board. During the year PSC had 11 meetings. The minutes of the meetings of PSC are placed before the Board for information.

1.7 NOMINATION AND REMUNERATION COMMITTEE

The HR and Remuneration Committee was renamed as Nomination and Remuneration Committee and consisted of following Directors as on 31 Mar 2019.

Prof S. L. Bapat

Smt. Usha Sankar

VAdm Sanjeev Bhasin IN (Retd)

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

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

During the year, the Nomination and Remuneration Committee had 4 meetings. The minutes of the meetings of the Committee are placed before the Board for information.



1.8 INVESTMENT COMMITTEE

A Sub Committee of Board of Directors for investment of company's short term surplus funds was constituted by the Board and the following Directors were the members of the committee as of 31 Mar 2019.

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

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

Shri Sanjiv Sharma - Director (Finance)

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

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

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

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

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

Scope and terms of reference:

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

1.10 STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

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

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



(b) Carrying out any other function as prescribed under applicable law.

1.11 IPO COMMITTEE

Our IPO committee was constituted for considering matters related to the on going IPO of the Company. The IPO committee currently consists of:

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

1.12 ANNUAL GENERAL MEETINGS

Details of last three Annual General Meetings are as follows:

| FY | Place of Meeting | Date and time |
|---------|---|-------------------------|
| 2015-16 | Registered Office of the Company at Dockyard Road, Mumbai-400 010 | 28 Sep 2016 at 1230 hrs |
| 2016-17 | Registered Office of the Company at Dockyard Road, Mumbai-400 010 | 22 Sep 2017 at 1130 hrs |
| 2017-18 | Registered Office of the Company at Dockyard Road, Mumbai-400 010 | 25 Sep 2018 at 1200 hrs |

1.13 CODE OF BUSINESS CONDUCT AND ETHICS

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

1.14 WHISTLE BLOWER POLICY

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

1.15 RISK MANAGEMENT POLICY

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

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



1.16 REMUNERATION OF DIRECTORS

MDL being a Central Government Public Sector Undertaking, the appointment, tenure and remuneration of Directors of the Company is decided by the Government of India. Part-time Non- official (Independent) Directors are paid only sitting fees for attending meetings of the Board of Directors and Committees thereof. The Independent Directors are paid sitting fees of ₹ 15,000/- per meeting of the Board or Committee thereof attended by them. In case more than one meeting of the Board or Committee thereof is held on the same day, the sitting fees payable is ₹ 15,000/- for the first meeting and ₹ 10,000/- for every additional meeting on the same day attended by the independent Director. The company does not pay any commission to its Directors.

Part-time official (Government) Directors are not paid sitting fees or any other remuneration.

1.17 DEMATERIALISATION OF SHARES

The Company has entered into agreements with The National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) for dematerialisation of the Equity Shares of the Company. The Equity Shares of the Company are admitted in the depository systems of the NSDL & CDSL.

1.18 REGISTRAR AND SHARE TRANSFER AGENTS:

The Company has appointed the following Registrar & Transfer Agents for servicing the Equity Shares of the Company:

Alankit Assignments Limited
 Add: Alankit Heights, IE/13 Jhandelwala Extension,
 New Delhi – 110055
 Tel: +911- 4245 1952/54
 Fax: +911-4154 3474

1.19 DISCLOSURE

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

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

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

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

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

1.20 DECLARATION

As provided under the guidelines on Corporate Governance for CPSEs 2010 issued by Department of Public Enterprises, Government of India, it is hereby declared that all Board Members and Senior Management Executives had affirmed compliance with the code of conduct for Directors and Senior Management Executives of Mazagon Dock Shipbuilders Limited, for the year ended 31 Mar 2019.

Place : Mumbai
 Date : 17 June, 2019

Cmde Rakesh Anand IN (Retd)
Chairman & Managing Director



CORPORATE GOVERNANCE CERTIFICATE

To,
The Members
MAZAGON DOCK SHIPBUILDERS LIMITED
Dockyard road,
MUMBAI – 400010

I have examined the compliance of the conditions of Corporate Governance by M/s **MAZAGON DOCK SHIPBUILDERS LIMITED (CIN: U35100MH1934GOI002079)** for the year ended March 31, 2019, as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.

I have obtained all the necessary information and explanations which to the best of my knowledge and belief were necessary for the purpose of certification.

The compliance of conditions of corporate governance is the responsibility of the management. My examination was limited to a review of procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

On the basis of my examination of the records produced, explanations and information furnished, I certify that the company has complied with all the conditions of the corporate governance as stipulated in the Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.



For Ragini Chokshi & Co.
(Company Secretaries)

Makarand Patwardhan
(Partner)
C.P.NO. 9031
ACS NO. 11872

Place: Mumbai
Date: 29/05/2019



Appendix 'E' TO DIRECTORS' REPORT

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

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

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

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

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

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

| (₹ in Lakhs) | | | |
|----------------------------------|---------|---------|---------|
| FY | 2015-16 | 2016-17 | 2017-18 |
| PAT | 56848 | 54899 | 43993 |
| PAT for CSR | 91989 | 83386 | 66607 |
| Average Net Profit: ₹80661 Lakhs | | | |

- 4) **Prescribed CSR Expenditure (2% of the amount as in Item 3 above): ₹ 1613.21 Lakhs**

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

- a) Total amount to be spent for the financial year (2018-19): ₹ 2925.16 Lakhs (i.e. ₹ 1613.21 Lakhs as CSR Budget for FY 2018-19 + ₹ 1311.95 Lakhs as carry forward from last FY)
- b) Amount unspent, if any: ₹ 578.25 lakhs



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

FY 2018-19

(₹ in Lakhs)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken | Amount Outlay (budgeted) project or program wise | Amount Spent on project or programs Sub heads | | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
|---------|---|--|---|--|---|------------|---|--|
| | | | | | Direct expenditure on projects or programs | Over-heads | | |
| 1 | Adoption of Tribal Girls School (Shahpur) | Education | Local/ Maharashtra/ Thane | 42.35 | 42.354 | 1.86 | 150.91 | ABM Samaj Prabodhan Sanstha |
| 2 | Creating 20 Child Friendly village (3 yrs) | Education | Other/ Rajasthan/ Alwar | 50.98 | 50.986 | 2.33 | 83.46 | Bal Ashram Trust |
| 3 | Support to Mid Day Meal of 10000 students in Govt School of Surat District | Education | Other/ Gujarat/ Surat | 91.14 | 91.142 | 4.16 | 141.57 | The Akshay Patra Foundation |
| 4 | Kitchen Equipment at BMS Nagpur | Education | Other / Maharashtra / Nagpur | 125.26 | 125.237 | 5.72 | 130.95 | Bhonsala Military School (BMS), Nagpur |
| 5 | Super 10 (Sponsoring of 10 Students from Kharade Area to BMS Nagpur) | Education | Local/ Maharashtra/ Thane | 13.30 | 13.077 | 0.60 | 13.67 | Bhonsala Military School (BMS), Nagpur |
| 6 | Support to Mentally Deficient Children (MDC) at Children's Home in Mankhurd, Mumbai | Health | Local/ Maharashtra/ Mumbai | 21.96 | 20.392 | 0.93 | 81.36 | Children Aid Society |
| 7 | Renovation of GTB hospital, Sewree, Mumbai | Health | Local/ Maharashtra/ Mumbai | 93.54 | 7.826 | 0.36 | 13.71 | Mumbai District TB Control Society |
| 8 | Support & Counselling to Cancer Patients across Regional nine Cancer Centres | Health | Other/ Mumbai, Raigad, Nagpur & Wardha districts of Maharashtra, Ahmedabad district of Gujarat, Jaipur & Bikaner districts of Rajasthan, Kolkata district of West Bengal, Pudu-cherry district of Pudu-cherry | 34.26 | 34.461 | 1.57 | 89.27 | Sanjeevani Life Beyond Cancer |
| 9 | Prevention of Transmission of HIV from Mother to Child | Health | Other/ Maharashtra/ Kolhapur | 10.00 | 9.919 | 0.45 | 20.64 | Lotus Medical Foundation, Kolhapur |
| 10 | Conduction of 6000 cataract surgeries in Thane & Raigad district | Health | Local/ Maharashtra/ Thane & Raigad | 18.36 | 18.360 | 0.84 | 187.61 | Laxmi Charitable Trust |
| 11 | Renovation of OPD at Laxmi Trust Eye Hospital, Panvel | Health | Local/ Maharashtra/ Thane & Raigad | 122.00 | 106.418 | 4.86 | 111.27 | Laxmi Charitable Trust |
| 12 | Equipment at Laxmi Trust Eye Hospital, Panvel | Health | Local/ Maharashtra/ Thane & Raigad | 8.79 | 8.792 | 0.40 | 121.02 | Laxmi Charitable Trust |
| 13 | Quality Health & Sanitation Project at Kharade Gram Panchayat, Shahpur, Thane | Health | Local/ Maharashtra/ Thane | 18.49 | 18.491 | 0.84 | 21.05 | Karve Institute of Social Service (KINSS), Pune |
| 14 | Contribution to Swachh Bharat Kosh, Gol | Sanitation | Other/ Pan India | 100.00 | 100.00 | 4.56 | 584.46 | Govt of India |
| 15 | Contribution to Clean Ganga Fund, Gol | Sanitation | Other/ Pan India | 200.00 | 200.00 | 9.13 | 512.80 | Govt of India |



FY 2018-19

(₹ in Lakhs)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken | Amount Outlay (budgeted) project or program wise | Amount Spent on project or programs Sub heads | | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
|---------|---|--|---|--|---|------------|---|--|
| | | | | | Direct expenditure on projects or programs | Over-heads | | |
| 16 | Construction of Toilet at Jai Bhim Nagar, Mumbai | Sanitation | Local/ Maharashtra/ Mumbai | 26.00 | 24.411 | 1.11 | 42.99 | Directly by MDL |
| 17 | Clean-ship around MDL | Sanitation | Local/ Maharashtra/ Mumbai | 31.00 | 25.872 | 1.18 | 196.84 | Directly by MDL |
| 18 | Construction of 1000 individual toilets at Raigad district | Sanitation | Local/ Maharashtra/ Raigad | 197.00 | 40.725 | 1.86 | 180.30 | Society for Educational Welfare and Economic Development |
| 19 | Improvement in the hygienic Condition of Sr. Secondary School at Amarpur, Palwal | Sanitation | Other/ Haryana/ Palwal | 18.93 | 18.930 | 0.86 | 19.79 | Govt Sr Sec School, Amarpur, Palwal |
| 20 | Mechanization of five ULBs at Nandurbar | Sanitation | Other/ Maharashtra/ Nandurbar | 209.00 | 110.717 | 5.05 | 115.77 | District Administration, Nandurbar |
| 21 | Flood Relief Work in Kerala under Swachh Bharat | Sanitation | Other / Kerala/ Kozhikode | 25.00 | 24.613 | 1.12 | 25.73 | National Institute of Research & Development in Defence Shipbuilding |
| 22 | Afforestation at Tetvali - Rabale, Navi Mumbai | Environment | Local/ Maharashtra/ Thane | 34.05 | 34.057 | 1.55 | 43.83 | International Association for Human Values |
| 23 | Contribution to Coimbatore Innovation & Business Incubator | Research | Other/ Tamil Nadu/ Coimbatore | 40.00 | 40.00 | 1.83 | 41.83 | Coimbatore Innovation & Business Incubator |
| 24 | Adoption of ITI Chikhaldhara, Amrawati | Skill Development | Other/ Maharashtra/ Amrawati | 10.00 | 9.938 | 0.45 | 33.23 | DVET, Govt of Maharashtra |
| 25 | Construction of Vocational Training Centre for PWD youths in Anandvan | Skill Development | Other/ Maharashtra/ Chandrapur | 390.88 | 172.869 | 7.89 | 275.21 | Maharogi Sewa Samiti |
| 26 | 300 Apprenticeship trained under CSR | Skill Development | Local/ Maharashtra/ Mumbai | 300.00 | 308.931 | 14.10 | 1052.71 | Directly by MDL |
| 27 | CAPEX Support for Fr Agnel VTC at Thane | Skill Development | Local/ Maharashtra/ Thane | 48.83 | 30.429 | 1.39 | 78.48 | Agnel Institute of Tech Training & EDP, Bandra |
| 28 | Training of 500 PWD candidates in Maharashtra | Skill Development | Local/ Maharashtra/ Mumbai, Thane, Raigad & Palghar | 33.45 | 33.452 | 1.53 | 86.99 | National Handicapped Finance Development Corporation |
| 29 | Adoption of ITI Shenave in Thane district for overall development | Skill Development | Local/ Maharashtra/ Thane | 6.25 | 6.257 | 0.29 | 13.38 | Karve Institute of Social Service (KINSS), Pune |
| 30 | Training of 500 Youths in Driving Trade (LMV level) in Mumbai, Thane & Raigad districts | Skill Development | Local/ Maharashtra/ Mumbai, Thane & Raigad | 95.20 | 56.498 | 2.58 | 59.07 | Lok Bharti Skilling Solutions Pvt Ltd & Don Bosco tech Society |



FY 2018-19

(₹ in Lakhs)

| Sr. No. | CSR project or activity identified | Sector in which the project is covered | Projects or programs (1) Local Area or other (2) Specify the state and district where projects or programs was undertaken | Amount Outlay (budgeted) project or program wise | Amount Spent on project or programs Sub heads | | Cumulative expenditure up to the reporting period | Amount spent : Direct or through implementing agency |
|--------------|--|--|---|--|---|---------------|---|--|
| | | | | | Direct expenditure on projects or programs | Over-heads | | |
| 31 | Construction of 30 SDCs at Nashik & Dhule | Skill Development | Other/ Maharashtra/ Nashik & Dhule | 300.00 | 179.732 | 8.20 | 187.94 | Borse Brothers & Namrata Construction |
| 32 | Goat Farming Project at Kharade Gram panchayat in Shahpur, Thane (Phase 1) | Livelihood | Local/ Maharashtra/ Thane | 20.68 | 19.541 | 0.89 | 39.32 | ESHEIN AGRO LIVESTOCK PVT LTD |
| 33 | Goat Farming Project at Kharade Gram panchayat in Shahpur, Thane (Phase 2) | Livelihood | Local/ Maharashtra/ Thane | 31.09 | 32.235 | 1.47 | 33.70 | ESHEIN AGRO LIVESTOCK PVT LTD |
| 34 | Enhancement of Quilt Making Activity at Kharade Gram panchayat in Shahpur, Thane | Livelihood | Local/ Maharashtra/ Thane | 2.34 | 2.332 | 0.11 | 4.03 | Karve Institute of Social Service (KINSS), Pune |
| 35 | Mushroom Cultivation with 45 families at Kharade Gram panchayat in Shahpur, Thane | Livelihood | Local/ Maharashtra/ Thane | 13.28 | 13.293 | 0.61 | 17.76 | Karve Institute of Social Service (KINSS), Pune |
| 36 | Support to Golden Globe Race of Indian Navy | Sports | Other/ Pan India | 35.40 | 30.00 | 1.37 | 31.37 | Indian Naval Benevolent Association |
| 37 | Village Adoption for overall Development at Kharade Gram Panchayat, Shahpur, Thane | Village Development | Local/ Maharashtra/ Thane | 34.18 | 34.318 | 1.57 | 156.49 | Karve Institute of Social Service (KINSS), Pune |
| 38 | Developing Environment and Livelihood Generation, at Parner village, Beed | Village Development | Other / Maharashtra/ Beed | 23.01 | 23.936 | 1.09 | 87.29 | Karve Institute of Social Service (KINSS), Pune |
| 39 | Installation of SPV solar lights at Pali & Bhadoi | Village Development | Other / Uttar Pradesh & Rajasthan/ Bhadoi & Pali | 116.21 | 116.212 | 5.30 | 121.51 | Social Engineering Pvt Ltd |
| 40 | Water Pipeline at Nisan Pada at Kharade Gram Panchayat, Shahpur, Thane | Village Development | Local/ Maharashtra/ Thane | 6.52 | 2.769 | 0.13 | 2.90 | Karve Institute of Social Service (KINSS), Pune |
| 41 | Contribution to Armed Force Flag Day Fund | Welfare of Armed Force Veterans & Dependents | Other/ Pan India | 5.00 | 5.00 | 0.23 | 10.41 | Armed Force Flag Day Fund |
| Total | | | | | 2244.522 | 102.39 | | |



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

The total amount budgeted for CSR could not be consumed, as following major projects earmarked for the financial year 2018-19 couldn't commence due to the reasons stated below:

(₹ in Lakhs)

| Sr. No. | Project | Amount Budgeted | Reasons |
|---------|---|-----------------|---|
| 1 | Construction of Vocational Training Centre for PWD Youth at Anandvan, Chandrapur district | 390.88 | Major amount unspent due to delay in execution of civil work |
| 2 | Renovation & development of Radiology Department Unit at GTB Hospital, Siwri, Mumbai | 93.54 | Major amount unspent due to change in requirement of machines |
| 3 | Construction of 1000 Individual Household Toilets in Raigad district | 197.00 | Major amount unspent due to delay in execution of civil work |
| 4 | Construction of 30 Skill Development Centres (SDCs) in Nashik & Dhule districts | 300.00 | Major amount unspent due to delay in execution of work |
| 5 | Mechanization of five ULBs at Nandurbar district | 209.00 | Entire amount could not be spent due to delay in commercial procedure |

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

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

Sd/-
Cmdr. Rakesh Anand, IN (Retd)
 Chairman and Managing Director

Place : Mumbai
 Date : 17 June, 2019

Sd/-
VAdm Sanjeev Bhasin, IN (Retd)
 Chairman, CSR & SD Committee



APPENDIX 'F' TO THE DIRECTORS' REPORT

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

1. CONSERVATION OF ENERGY

Expenditure incurred by your Company towards Sustainable Development and Energy Conservation projects for the FY 2018 -19 was as under:

A. Sustainable Development Projects

| Sr. No. | ITEM DESCRIPTION | Qty. | Order No. | Order Date | Order Value ₹ |
|---------|---|-------|------------|------------|---------------|
| 1. | Installation of 360 KWp Solar Power Plant on Roof Top of New Assembly Shop & FOB Engg. Workshop | 1 set | 3020001869 | 03/12/2018 | 156.66 lakhs |

B. Energy Conservation Projects

| | | | | | |
|----|--|-------|------------|------------|-------------|
| 1. | Replacement of conventional T-5 tube lights with LED tube lights in office buildings | 1 set | 3020001749 | 31/01/2018 | 69.91 lakhs |
|----|--|-------|------------|------------|-------------|

2. TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

1. Warship building in the country has been adopting the sequential conventional construction methodology. MDL post modernisation of its infrastructure has now graduated into the state of the art 'Integrated Construction' methodology followed by developed countries. MDL has tied up with a renowned European shipyard for handholding for the absorption of the new approach. Key personnel have been trained at their premises as well as continuous technical assistance is being imparted by the European shipyard to the yard personnel.
2. MDL has commissioned three projects with IIT Madras, Chennai for developing Artificial Intelligence enabled products. Two start ups from the Tamil Nadu Industrial Corridor are also participating in this initiative. Non destructive testing like RT, UT and underwater inspection using remotely operated vehicle (ROV) that functions on an AI backbone is envisaged. The product roll-out is expected in a phased manner beginning end 2020. All the three products are envisaged to be customized innovative products.
3. Product Life Cycle Management (PLM) is not yet implemented in warship building in the country. PLM is an important element of Ind 4.0 standards. MDL will be one of the first organisation in the country to implement PLM on a live project of a front line warship. 'Team Centre' PLM solution offered by M/s Siemens will be customized and implemented on the frigate project. The go-live of the first wave of implementation is expected by end July 2019. The PLM would be capturing product data through out the lifecycle of the ship and operated on a womb to tomb concept. The PLM will cut across conceptual and functional designs, contracts, build, delivery and post commissioning phases of the vessel.



Appendix 'G' TO DIRECTORS' REPORT

FORM NO.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH 2019

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

| | | |
|-------------|---|---|
| i. | CIN | U35100MH1934GOI002079 |
| ii. | Registration Date | 26th FEBRUARY 1934 |
| iii. | Name of the Company | MAZAGON DOCK SHIPBUILDERS LIMITED |
| iv. | Category/Sub-Category of the Company | Public Company limited by shares |
| v. | Address of the Registered office and contact details | DOCKYARD ROAD, MUMBAI-400 010. Tel No: 022 23762000 Fax No : 022 23726293 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, If any | ALANKIT ASSIGNMENTS LIMITED, 205-208 ANARKALI COMPLEX JHANDEWALAN EXTENSION NEW DELHI 110055 India |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| S I . No. | Name and Description of main products /services | NIC Code of the Product/ service | % to total turnover of the Company |
|-----------|---|----------------------------------|------------------------------------|
| 1. | SHIPBUILDING | 89061000 | 100% |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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



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

i. Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | | No. of Shares held at the end of the year | | | | % Change during The year | |
|--|---|------------------|------------------|-------------------|---|------------|------------------|-------------------|--------------------------|------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | | |
| A. Promoter | | | | | | | | | | |
| 1) Indian | | | | | | | | | | |
| a) Individual/ HUF | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Central Govt | Nil | 224100000 | 224100000 | 100 | 224099940 | 60 | 224100000 | 100 | Nil | Nil |
| c) State govt(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) Bodies Corp | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Any Other | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total(A)(1):- | Nil | 224100000 | 224100000 | 100 | 224099940 | 60 | 224100000 | 100 | Nil | Nil |
| 2) Foreign | | | | | | | | | | |
| g) NRIs-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| h) Other-Individuals | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i) Bodies Corp. | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| j) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| k) Any Other.... | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total(A)(2):- | Nil | 224100000 | 224100000 | 100 | 224099940 | 60 | 224100000 | Nil | Nil | Nil |
| B. Public Shareholding | | | | | | | | | | |
| 1. Institutions | | | | | | | | | | |
| a) Mutual Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Banks / FI | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Central Govt | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| d) State Govt(s) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| e) Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| f) Insurance Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| g) FIs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| h) Foreign Venture Capital Funds | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| i) Others (specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total(B)(1) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| 2. Non Institutions | | | | | | | | | | |
| a) Bodies Corp. (i) Indian (ii) Overseas | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| b) Individuals (i) Individual shareholders holding nominal share capital upto ₹1 lakh (ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| c) Others (Specify) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Sub-total(B)(2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total Public Shareholding (B)=(B)(1)+ (B)(2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| C. held by Custodian for GDRs & ADRs | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Grand Total (A+B+C) | Nil | 224100000 | 224100000 | 100 | 224099940 | 60 | 224100000 | 100 | Nil | Nil |



ii. Shareholding of Promoters

| Sr. No | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in share holding during the year |
|--------|--------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1. | President of India | 224099940 | 99.99 | - | 224099940 | 99.99 | - | Nil |
| 2. | Vijayendra* | 10 | | - | 10 | | - | Nil |
| 3. | Rakesh Anand* | 10 | | - | 10 | | - | Nil |
| 4. | Ashwani Kumar* | 10 | | - | 10 | | - | Nil |
| 5. | Ajay Kumar* | 10 | | - | 10 | | - | Nil |
| 6. | Subhash Chandra* | 10 | | - | 0 | | - | Negligible |
| 7. | Barun Mitra* | 0 | | - | 10 | | - | Negligible |
| 8. | Sadhana Khanna* | 10 | | - | 0 | | - | Negligible |
| 9. | Sharda Prasad* | 0 | | - | 10 | | - | Negligible |
| | Total | 224100000 | 100 | | 224100000 | 100 | - | Nil |

*held as nominee shareholders of the President of India.

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

| Sr. no | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | | |
|--------|---|----------------------------------|---|----------------------------------|-----|
| | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company | |
| | At the beginning of the year | 224100000 | 100 | 224100000 | 100 |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | Nil | Nil | Nil | Nil |
| | At the End of the year | 224100000 | 100 | 224100000 | 100 |



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

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

v. Shareholding of Directors and KMP

| Sr. No | Directors | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-----------|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Cmde Rakesh Anand CMD MDL* | | | | |
| | At the beginning of the year | 10 | Nil | 10 | Nil |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | Nil | |
| | At the End of the year | 10 | Nil | 10 | Nil |
| 2. | Shri Subhash Chandra, AS(DP) MOD* | | | | |
| | At the beginning of the year | 10 | Nil | 10 | Nil |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | Transferred to Shri Barun Mitra, AS(DP) on 19.09.2018 | (10) | Negligible | (10) | Negligible |
| | At the End of the year | Nil | Nil | Nil | Nil |
| 3. | Shri Barun Mitra ,AS(DP) MOD* | | | | |
| | At the beginning of the year | Nil | Nil | Nil | Nil |
| | Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | Transferred from Shri Subhash Chandra, AS(DP) on 19.09.2018 | 10 | Negligible | 10 | Negligible |
| | At the End of the year | 10 | Nil | 10 | Nil |



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

*held as nominee shareholders of the President of India

V. INDEBTEDNESS

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

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



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Lakhs)

| Sl. No. | Particulars of Remuneration | Name of MD/ WTD/Manager | | | | | Total Amount |
|-----------|---|--|--------------|---------------|--------------|--------------|---------------|
| | | Rakesh Anand | Rajiv Lath | Sanjiv Sharma | T. V. Thomas | A. K. Saxena | |
| 1. | Gross salary | | | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 50.28 | 46.38 | 49.02 | 40.36 | 40.62 | 226.66 |
| | (b) Value of perquisites u/s 17(2) of Income-tax Act, 1961 | 7.97 | 7.13 | 7.30 | 6.36 | 6.22 | 34.98 |
| | (c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961 | - | - | - | - | - | - |
| 2. | Stock Option | - | - | - | - | - | - |
| 3. | Sweat Equity | - | - | - | - | - | - |
| 4. | Commission | - | - | - | - | - | - |
| | - as % of profit | | | | | | |
| | - others, specify... | | | | | | |
| 5. | Others, specify (net of perquisite value) | 1.29 | 1.09 | 1.19 | 0.92 | 0.72 | 5.21 |
| 6. | Total(A) | 59.54 | 54.60 | 57.51 | 47.64 | 47.56 | 266.85 |
| | Ceiling as per the Act | Exempted as per the MCA Notification No. 463(E) dated 05.06.2015 | | | | | |

B. Remuneration to other directors:

(₹ In Lakhs)

| Sl. No. | Particulars of Remuneration | S. L. Bapat | Usha Sankar | Sanjeev Bhasin | Devi Prasad Pande | Kamaiah Bandi | Mailareshwar Jeevannavar | Total |
|-------------------------------|---|--|-------------|----------------|-------------------|---------------|--------------------------|-------------|
| Directors | | | | | | | | |
| | • Fee for attending board/ committee meetings | 3.80 | 1.65 | 1.50 | 0.70 | 1.50 | 0.30 | 9.45 |
| | • Commission | | | | | | | |
| | • Others, please specify | | | | | | | |
| | Total(1) | 3.80 | 1.65 | 1.50 | 0.70 | 1.50 | 0.30 | 9.45 |
| Other Non-Executive Directors | | | | | | | | |
| | • Fee for attending board/ committee meetings | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | • Commission | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | • Others, please specify | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total(2) | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| | Total(B)=(1+2) | 3.80 | 1.65 | 1.50 | 0.70 | 1.50 | 0.30 | 9.45 |
| | Total Managerial Remuneration | 3.80 | 1.65 | 1.50 | 0.70 | 1.50 | 0.30 | 9.45 |
| | Overall Ceiling as per the Act | Exempted as per the MCA Notification No. 463(E) dated 05.06.2015 | | | | | | |



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

(₹ In Lakhs)

| Sl. no. | Particulars of Remuneration | Key Managerial Personnel | | Total |
|-----------|--|--------------------------|------------------------------|--------------|
| | | CFO Sanjiv Sharma | CS Vijayalakshmi Kumar | |
| 1. | Gross salary | | | |
| | (a)Salary as per provisions contained in section 17(1)of the Income-tax Act,1961 | Nil | 16.35 | 16.35 |
| | (b)Value of perquisites u/s 17(2) of Income-tax Act,1961 | - | - | - |
| | (c)Profits in lieu of salary under section 17(3) of Income-tax Act,1961 | - | - | - |
| 2. | Stock Option | - | - | - |
| 3. | Sweat Equity | - | - | - |
| 4. | Commission | - | - | - |
| | - as %of profit | - | - | - |
| | - others, specify... | - | - | - |
| 5. | Others, please specify | - | - | - |
| 6. | Total | Nil | 16.35 | 16.35 |

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

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

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

Cmde Rakesh Anand IN (Retd)
Chairman & Managing Director

Date : 17 June, 2019
Place : Mumbai



APPENDIX 'H' TO DIRECTORS' REPORT

Forward looking statements

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT 2018-19

(A) Industry Structure and Developments, Strengths, Weaknesses, Opportunities and Threats, Major initiatives undertaken and planned to ensure sustained Performance and Growth:

1. India's dependence on her maritime environment expanded in the last decade substantially as her economic, military and technological strength grew, her global interaction widened and her national security imperatives and political interests stretched gradually beyond Indian Ocean Region. It can thus be assumed that the 21st century will be the 'Century of the Seas' for India and the oceans will remain a key enabler in her global resurgence.

India's economic resurgence is directly linked to her overseas trade and energy needs, most of which are transported by sea. Mercantile trade constitute more than 40% of India's GDP, and is likely to increase in the future. Maintenance of a secure maritime environment, which enables unhindered pursuit of economic activities is therefore, essential for the overall economic development and security of the country.

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

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

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

Your company has played a vital role in fulfilling aspirations of the Indian navy as major contributor to the Indian defence shipbuilding and submarine construction requirements. Your company has a rich legacy of building wide variety of high-tech warships and has adopted the motto "Building Quality Ships On Time". A modern infrastructure, highly skilled workforce, a group of dedicated engineers has collectively transferred the yard into a center of excellence.

Your Company's current operations include shipbuilding, submarine and heavy engineering and the building and repair of naval ships for the



Ministry of Defence for use by the Indian Navy. Your company makes concentrated efforts to maintain growth by securing orders from their major customer, the Indian navy apart from exploring possibilities of export orders.

With the evolving threat perception, defence technology as such is very dynamic and to keep pace with the technological developments world over is indeed one of the major challenges of defence warship building segment. Shipbuilding Industry has its unique set of nuances and is multidisciplinary in nature.

(B) SWOT ANALYSIS

2. STRENGTHS

- Your Company has a rich legacy of building close to 800 ships since inception, and a broad spectrum of exports carried out in the past comprising of more than 250 vessels. Your Company is India’s only shipyard to have built destroyers and conventional submarines for the Indian Navy.
- Your Company has delivered cargo ships, passenger ships, supply vessels, multipurpose support vessels, water tankers, tugs, dredgers, fishing trawlers, barges and border outposts for various customers in India as well as abroad.
- Enhanced maturity in design and equipment availability at the time of commencement of production giving an impetus to the pace of construction.
- Your shipyard is strategically located on the west coast of India, on the sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route and is headquartered in Mumbai which is also the headquarters of the Western Naval Command of the Indian Navy.
- Your shipbuilding and submarine and heavy engineering divisions are both ISO 9001:2015 certified.
- Your company endeavors to increase the quantum of indigenised components for warships and submarines in order to give an impetus to the GoI’s “Make in India” campaign.
- Your company is having a fairly good order book position at present with order book

for shipbuilding and submarines and heavy engineering projects.

- Your Company has an experienced senior management team in the industry and a large pool of experienced naval architects, engineers and draftsmen.

3. WEAKNESSES

- Frontline war vessels and submarines, considering their complexity have a long gestation period for functional design, detailed design, construction and delivery.
- Warship building industry is highly capital intensive with the requirement of highly skilled workforce and involves integration of high technology, weapon-sensor platforms to meet the strategic mission requirements of the Navy.
- The general down turn in the commercial shipbuilding industry, cutting edge price competition presented by some of the developing nations continues to be ground realities that impede export volumes.
- The complex manufacturing processes for our products involves hazards.
- Depleting strengths of experienced blue collar work force due to retirements.
- Dependence on suppliers and subcontractors for timely delivery of products and delay or failure in delivery may result in adverse effect on our business, financial condition and results of operations.

4. OPPORTUNITIES

- Modernization and indigenization of manufacturing have emerged as focus areas under the Make in India’s program. This is an opportune time to embark upon a new phase of self-reliance by manufacturing technologically advanced equipment within India. Your company can facilitate the ‘Make In India’ initiative promulgated by the GoI, for some of the critical ship-borne systems/ equipment in close liaison with OEMs.
- DDP 2018 is a step towards creating an industry friendly structure to facilitate better contract negotiations and improve the pace of contract awards with



breakthroughs like Make procedure, strategic partnership mode and liberalization of FDI norms.

- Your shipyard is also exploring the possibilities of developing a greenfield shipyard at Nhava, Navi Mumbai with a shiplift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of 40 acres.
- It is always advantageous for a shipyard to take series orders so that enhancement of maturity and learning curve in the first ship can be effectively leveraged for construction of follow-on ships.
- Primary driver for warship building is the force level requirements of the Navy and is governed by threat perception and security calculus of the pertinent region. Warships and conventional Submarines are high technology platforms and that can engage the enemy multi-dimensional in an asymmetrical threat scenario.
- Artificial Intelligence (AI) which is a key component of the Ind 4.0 revolution is poised to disrupt our world. AI presents opportunities to complement and supplement human intelligence and enrich the way people live and work.
- Your Company as the lead shipyard for construction of frontline warships and submarines could be highly potential contender to build warships and submarines envisaged to meet Indian Navy's acquisition plan.
- Modernized infrastructure is a key enabler for reducing build timelines and this opens up opportunities for quick liquidation of orders.
- Coastal states are likely to approach your Company to set up ship building infrastructure considering the longstanding reputation of your Company.
- The export potential especially with developing countries is a good opportunity.
- With the improvement in vessel traffic at Indian ports, requirement for tugs and other port crafts are also expected to be substantial, further boosting the domestic non-cargo order book.

- The Financial Assistance Policy of 2015 coupled with exemption from customs and central excise duties on all raw material and parts for use in the manufacture of ships/vessels/tugs, pusher crafts etc. shall reduce the cost of manufacturing ships in India, thus improving the competitiveness of Indian shipbuilders.

5. THREATS

- In May 2017, the Government introduced a strategic partnership model under DPP 2016 (the "DPP Strategic Partnership Model") under which the GoI identified a few Indian private companies as strategic partners who would tie up with shortlisted foreign OEMs to manufacture military platforms and equipments. These policies have raised the level of competition and we cannot assure you that we will be as competitive under the new policy or that we will continue to be awarded contracts by our customers.
- Our results of operations may be impacted by our ability to formulate and adjust business strategies in accordance with market demand as influenced by changing GoI regulations and policies and competitive landscape.
- Imposition of liquidated damages and invocation of performance bank guarantees / indemnity bonds by our customers
- Frozen design which ensures design and procurement maturities become inevitable for honouring contractual timelines and price-lines and it may not be commercially viable to continue with telescopic designing of warship.
- We believe that customers consider, among other things, the technical capabilities, quality and efficiency of vessels constructed by us. However there is stiff competition from various private sector shipyards in the international markets such as China, Japan and South Korea. Based on their stronger market positions, competitive labor cost, government supports and larger production capacities, these shipyards may compete vigorously on price.
- We are dependent on foreign suppliers for weapons and propulsions systems to be fitted on the warships and the submarines.



- Excessive dependence on the Ministry of Defence and the Indian Navy to procure orders and change in the existing government policies may affect our business.
- Post freight revival in the shipping market, competition from major global shipyards is expected to intensify to an extent that offsets the excess cost competitiveness gained through financial assistance and tax exemptions.

(C) BUSINESS RISKS AND CONCERNS

6. Your Company has developed an appropriate risk management framework to strategize, monitor, identify, assess and mitigate risks that may potentially impact the Company's performance and barriers to success. The risks that may affect the Company include:

- Recent changes in the policy framework governing defence procurement and manufacturing in India may result in our Company no longer being given such orders.
- Unforeseen environmental costs could affect our future earnings as well as the affordability of our products and services. The water front of our Company is prone to siltation and involves constant maintenance of dredging to maintain the water depth.
- Unsatisfactory quality of work performed by subcontractors could result in a negative impact on our business, reputation, financial condition and results of operations.
- Delay in the deliveries may materially and adversely affect our reputation, results of operations and financial condition.
- Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and cash flows.
- The volatile nature of prices and non-availability of critical imported raw material in the international market coupled with exchange rate fluctuation play adversely on the competitive edge of the Company.

7. CORPORATE INITIATIVES FOR ENSURING SUSTAINED PERFORMANCE AND GROWTH: INFRASTRUCTURE MODERNISATION

- Your Company has successfully put in to use its infrastructure under Mazdock Modernisation Project (MMP) comprising of a new Wet Basin, a Heavy Duty Goliath Crane, a Module Workshop, a Cradle Assembly Shop, Store Building and associated ancillary structures. Introduction of these facilities will augment the shipyards capacity & effectively reduce construction period of warships/ Submarines.
- Company's aim is to achieve its customers stringent and dynamic technical specifications with innovative activities and improvements in processes, products, product applications, etc with technological excellence and expertise.
- Your Company has acquired an additional land admeasuring 10.58 ha. at Nhava, Navi Mumbai thus adding new dimensions in developing greenfield shipbuilding yard which shall also cater for new project requirements in the future.
- Your Company initiated the process of expansion by way of acquiring adjacent MbPT land for building next generation destroyers and missile boats.
- Your Company aspires to play a contributory role in fulfilling the national strategy for building a vibrant AI ecosystem in the country.
- A road map for exports have been drawn-up, targets countries have been identified and agents have been appointed in some of the territories where export potential exist.

8. INFORMATION TECHNOLOGY

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

9. MARKETING AND BUSINESS DEVELOPMENT

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



10. HUMAN RESOURCE INITIATIVES

- Your company has taken a number of initiatives on the HRM front. Some of the initiatives are as below:
- Gap analysis in line with People Capability Maturity Model has been completed. Your company has been placed at Level 1 of PCMM as per the Model. The same was put before the Board of Directors and Board has approved for up-gradation to Level 2 along with timelines,
- MDL Management and the nine Unions on Bargaining Council have entered into a Settlement for revision of wages and other benefits & allowances on 16th November 2018. All the nine unions have signed the settlement and this settlement will be in operation for a period of 10 years from 1st January 2017 to 31st December 2026.
- Required changes as per MoS was implemented in SAP Payroll System and payment of arrears was made in Dec '18,
- Online Scheme for Innovative Ideas "Rachnatmak" went LIVE on MDL Intranet Portal on 19 Dec 2018,
- Post implementation of 3rd Pay Revision Committee recommendation in respect of executives some provisions of Post-Retirement Medical Scheme (PRMS) was amended wherein the benefits have been increased including, inter alia, enhancing the limit by providing Super top up twice the amount of annual monetary ceiling and an equal amount has been provided as corporate buffer for critical disease,
- Online system for monitoring and payment of OPD under PRMS has been developed for the executives as per the PRMS scheme,
- The Annual Performance Linked Incentive Scheme (APLIS) amended and linked to company making operating profit and incremental operating profit,
- A Steering Committee for formulation of Production Norms for Non-Executives by revisiting the existing Production Norms for optimization of productivity and maximize Value of Production (VoP) with help of a consultant,

- A Committee for creation of Assessment Development Centre for Succession Planning with help of a consultant has been set up,
- With a view to create a Centre of Excellence for Innovation and filing of IPR in the company an Innovation and IPR Centre is created and it will function from the Management Development Centre (MDC)

11. SKILL INDIA INITIATIVES:

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

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

Your Company trains 625 Apprentices in various designated trades at the Apprentice Training School. This, not only, provides skilled manpower to MDL but also to other industries.

- (b) Through adoption of ITIs and Polytechnics:

Your Company has taken huge strides in the field of skill training with adoption of ITIs/VTCs along with training of Apprentices and skill training through third party agencies. Your Company has adopted two Govt. run Industrial Training Institutes (ITIs) at Chikaldhara (Amrawati district) and Shenave (Thane district) and approximately 340 students are benefitted. At Industrial Training Institute (ITI), Shenave in Thane district, MDL has completed renovation of the building. MDL had also supported ITI, Chikaldhara (Amrawati district) through organization of industrial visits, soft skill training and scholarship to students.

- (c) Skill development through Vocational Training Centers:

Your company has also continued support for construction of state-of-the-art Vocational Training Centre (VTC) at Anandvan (Chandrapur) for skill training of PWD youth. Further, infrastructure support to Thane District Administration's Center for Skill Development & Apprenticeship Training (TDACSDAT) was also continued in FY 2018-19.



Your company has also imparted vocational training to around 400 youth in motor driving (LMV) trade. The project not only provides training to youth but also ensured their placements in reputed organizations. MDL is also supporting training of apprentices through the in-house Apprentice Training School (ATS).

12. RESEARCH & DEVELOPMENT

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

- (a) Buckling analysis of Pole mast structure : Analysed the Pole Mast structure for given loads to ascertain the adequacy of Pole Mast structure to withstand weight of equipment and other loads coming onto the pole mast.
- (b) Analysis of the structure in way of dual probe receiver: Seat for dual probe receiver is placed on the sloping bulkhead between 01 deck and 02 deck of the ship. As per outfit requirement, to analyze the structure in way of seat for dual probe receiver for given proof load of 16,329 kgs.
- (c) Shaft Alignment Calculations : Innovation to establish the procedure for doing the complete shaft alignment in dry dock.
- (d) Aerodynamic simulation for modified superstructure using CFD for Destroyer class vessels: Aerodynamic Simulation of air flow around the full beam superstructure and interaction of plume in Engine intake, surveillance electronics and Helicopter hovering area.
- (e) Enhancement of Ergonomics onboard Ships: Ergonomic and Human Machine Interface (HMI) Enhancement in Machinery and Accommodation compartments of P17A/P15B ships.
- (f) Structural response to Thermal loads on foundations of Reduction Gear

for ensuring accurate alignment of propeller shaft: A finite element (FEM) based structural analysis where in the geometry and thermal loads were modeled and the deflection due to the thermal loads are factored for accurate alignment of shaft line.

- (g) Initial Design of Ships: Initial design of following types of vessels are carried out:
 - (i) Naval Vessels-Corvette, Missile Boats
 - (ii) Auxiliary vessels-Offshore Patrol Vessels, Cadet training ships, hydrographic survey vessels
 - (iii) Cutter suction dredgers
 - (iv) High speed landing craft
 - (v) Speed launches
 - (vi) Bulk Carriers

13. INTERNAL CONTROL SYSTEM

The Company has an Internal control system commensurate with the nature and size of business which monitors efficient use and safeguarding of resources, compliance with statutes, policies and procedure and maintains accuracy of recording transactions and reporting the same to the Audit Committee and Board. The system of Internal Control comprises well defined organization structures, pre-identified authority level and procedure issued by management covering all vital and important areas of activities which includes Purchase, Inventory consumption, Fixed Assets, Cash & Bank management & Treasury, Payroll, Statutory Compliance, Personnel & all other activities involved in financial statement closing process.

The Internal Audit function is headed at the level of Addl. General Manager who is reporting directly to the Chairman & Managing Director. Internal audit of specific areas of the Company's operations has been outsourced to Chartered Accountant firm.

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



Appendix 1

Form AOC-I

(₹ in Lakhs)

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

| Part 'B' Associates & Joint Ventures | | | |
|--------------------------------------|--|---------------|--------------------------------------|
| Sl. NO | Name of Associates | GSL | Mazagon Dock Pipavav Defence Pvt Ltd |
| 1 | Latest audited Balance Sheet Date | 31 March 2019 | 31 March 2017 |
| 2 | Shares of Associates held by the company on the year end Numbers | 54957600 | Subscribed and not paid (100000) |
| | Amount of Investment in Associates | 600 | Nil |
| | Extent of Holding % | 47.21% | 50% |
| 3 | Description of how there is significant influence | Voting Rights | Voting Rights |



Appendix 2

Form No. AOC-2

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

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

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

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

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

2.1

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

2.2

| | |
|---|------------------------|
| (a) Name (s) of the related party and nature of relationship | : Goa Shipyard Limited |
| (b) Nature of contracts /agreements/transactions | : Supply of material |
| (c) Duration of the contracts/agreements/transaction | : 10 months |
| (d) Salient terms of the contracts or agreements or transaction including the value, if any | : ₹ 259 lakhs |
| (e) Date (s) of approval by the Board | : Not Applicable |
| (f) Amount paid as advances, if any | : Not Applicable |



Ragini Chokshi & Co.
Company Secretaries

Tel. : 022-2283 1120
022-2283 1134

34, Kamer Building, 5th Floor, 38 Cawasji Patel Street, Fort, Mumbai - 400 001.
E-mail : ragini.c@rediffmail.com / mail@csraginichokshi.com
web: csraginichokshi.com

Form No. MR – 3
Secretarial Audit Report

For the financial year ended March 31, 2019
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the
Companies(Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members
MAZAGON DOCK SHIPBUILDERS LIMITED
Dockyard road,
Mumbai – 400010

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **MAZAGON DOCK SHIPBUILDERS LIMITED (CIN: U35100MH1934GOI002079)** (hereinafter called “the Company”) for the year ended on March 31, 2019. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company’s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 (Audit Period) complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended March 31, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;





- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period);**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period);**
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not applicable to the Company during the Audit Period);**
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d. The Securities and Exchange Board of India (Share based employee benefits) Regulations, 2014 **(Not applicable to the Company during the Audit Period);**
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period);**
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period);**
 - g. The Securities and Exchange Board of India (Delisting of equity shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period);** and
 - h. The Securities and Exchange Board of India (Buyback of Securities Regulations, 1998; **(Not applicable to the Company during the Audit Period);**
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We are of the opinion that the management has complied with the following laws specifically applicable to the Company:

1. Factories Act, 1948
2. Industrial Disputes Act, 1947
3. Environment Protection Act, 1986
4. Water (Prevention and Control of pollution) Act, 1981





5. Air (Prevention and Control of pollution) Act, 1974
6. Hazardous Waste (Management and handling) Rules, 1989
7. Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010
8. Guidelines on Corporate Social Responsibility and sustainability for Central Public Sector Enterprises.

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

1. Secretarial Standards issued by The Institute of Company Secretaries of India.
2. The Securities and Exchange Board of India (Listing obligations and Disclosure Requirement) Regulation 2015; **(Not applicable to the Company during the Audit Period);**

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

We further report that:

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

We further report that during the audit period, the company had following specific events or actions which might have a bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

1. Appointment of Shri Barun Mitra, Additional Secretary (Defence Production) as a Nominee Director representing Government of India in place of Shri Subash Chandra vide letter dated July 17, 2018 issued by Department of Defence Production, Ministry of Defence.





2. Re-appointment of Prof. S L Bapat, Ms Usha Shankar and Vice Admiral (Retd.) Sanjeev Bhasin as Part-time Non-official Director on Board of Directors of the Company for a period of 1 year from date of completion of their existing tenure vide letter dated November 22, 2018 issued by Department of Defence Production, Ministry of Defence.
3. Company has filed Draft Offer Documents with SEBI for proposed Initial Public Offer/Offer for sale by promoter of the Company on September 07, 2018.

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



**Makarand Patwardhan
(Partner)
C.P.NO. 9031
ACS NO. 11872**

**Place: Mumbai
Date: 29/05/2019**



INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Mazagon Dock Shipbuilders Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone

financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

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 Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast

significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emphasis of Matter

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

1. Registration formalities are pending in respect of certain properties. (Refer Note 2 Point no. (i))
2. In respect of the balances due from / to Indian Navy. (Refer Note 36 Point no. 2)



3. Balance of Advance to Vendors and balance outstanding in Trade Payables are subject to confirmation. (Refer Note 36 Point no. 1)

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 in terms of Section 143(11) of the Act, we give in "Annexure I" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by the directions issued by the office of the Comptroller & 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, based on our audit 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, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The provisions of Section 164(2) of the Companies Act, 2013 are not applicable to the 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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 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 including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-

Mitesh Chheda

Partner

Mem. No. - 160688

Date: 17/06/2019

Place: Mumbai



Annexure – I

TO THE INDEPENDENT AUDITOR'S REPORT

(Refer to paragraph 3 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mazagon Dock Shipbuilders Limited of even date)

- i. In respect of the Company's Fixed Assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - The Title deeds of the immovable properties are held in the name of the Company except for the following-

| Sr. No. | Plot No. | Location | Type of Property | Area (in Sq. Mtrs) | Remarks |
|---------|---|-----------------------|------------------|--------------------|---|
| 1 | Plot No. 355 PH-I | Dockyard Road, Mumbai | Leasehold | 6240.14 | |
| 2 | Plot No. 355 PH-II | Dockyard Road, Mumbai | Leasehold | 1960.93 | Lease renewal of the plots is under consideration of MBPT. Awaiting formulation of Land Policy. |
| 3 | Extension | Dockyard Road, Mumbai | Leasehold | 3746.00 | |
| 4 | Additional Water Area for further extension of slipway to 20 Mtr. | Dockyard Road, Mumbai | Leasehold | 1850.00 | |
| 5 | JN- 4 Type Sector 10 | Vashi, Navi Mumbai | Quarters | 61.20 | |

- ii. In respect of the Company's Inventory:
- As per the information and explanations given to us, the Inventory (except those held with third parties) has been physically verified by the management and the external auditor during the year at reasonable intervals.
 - 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 accounts.
- iii. 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.
- iv. 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.



- v. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2019 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
- vi. 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.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed arrears of statutory dues outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2019 on account of dispute are given below:

| Name of Statute | Period | Amount (₹ in lakhs) | Forum where dispute is pending |
|--------------------------|--|------------------------|---|
| Central Excise Act, 1944 | FY 2001-02 to FY 2003-04 and FY 2007-08 | 421 | CESTAT, Mumbai |
| | FY 2000-01 | 15 | Additional Commissioner, Mumbai |
| BST Act, 1959 | FY 1980-81 to FY 2004-05 | 1,07,983 | Maharashtra Sales Tax Tribunal, Mumbai |
| MVAT Act, 2002 | FY 2005-06 to FY 2013-14 | 6,467 | Jt. Commissioner of Sales Tax |
| Karnataka Sales Tax Act | FY 1989-90, FY 1990-91, FY 1992-93, FY 1995-96 to FY 1996-97 | 304 | Karnataka Sales Tax Appellate Tribunal |
| Service Tax | FY 2001-02 to FY 2003-04 | 4,140 | Bombay High Court |
| | FY 2004-05 to FY 2013-14 | 2,928 | Commissioner of Service Tax-I, Mumbai |
| Custom Duty | FY 2007-08 | 8 | Assistant Commissioner of Customs |

- viii. The Company has taken Short Term Loans or borrowings from banks against the Fixed Deposits amounting to ₹ 335 Crores and was also repaid during the year.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.



- xi. In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. According to the information given to us and as per the records examined by us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-
Mitesh Chheda

Partner

Mem. No. - 160688

Date: 17/06/2019
Place: Mumbai



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 Auditor's Report of even date and as required by the directions issued by the Office of the Comptroller & 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 System in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.**
 - According to the information and explanations given to us and based on the records of the Company examined by us, the Company has ERP system in place to process all the transactions through IT System. All the processes and transactions are mapped through ERP.
- 2. Whether there is restructuring of an existing loan or cases of waiver/ write off of debt/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.**
 - According to the information and explanations given to us and based on the records of the Company examined by us, there were no cases of waiver/ write off of debt/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan in FY 2018-19.
- 3. Whether funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.**
 - According to the information and explanations given to us and based on the records of the Company examined by us, there were no cases of any funds received by the Company during FY 2018-19 from Central/State governments under any schemes.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-
Mitesh Chheda
Partner

Mem. No. - 160688

Date: 17/06/2019
Place: Mumbai



Annexure III

TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 3 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Mazagon Dock Shipbuilders Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause

- (i) Of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of MAZAGON DOCK SHIPBUILDERS LIMITED ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an

audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the



company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Date: 17/06/2019
Place: Mumbai

Sd/-
Mitesh Chheda
Partner
Mem. No. - 160688



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF MAZAGON DOCK SHIPBUILDERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of financial statements (Standalone Financial Statement) of **Mazagon Dock Shipbuilders Limited, Mumbai** for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 17 June 2019.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of Mazagon Dock Shipbuilders Limited, Mumbai for the year ended 31 March 2019 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

**(Santosh Kumar, IA&AS)
Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bangalore.**

**Bangalore
Date: /2 July 2019.**



BALANCE SHEET AS AT 31ST MARCH, 2019

(₹ in lakhs)

| Particulars | Notes | As at 31st March, 2019 | As at 31st March, 2018 (Restated) | As at 1st April, 2017 |
|---|---------|---------------------------|--------------------------------------|--------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 2 | 73,098 | 61,796 | 52,490 |
| Capital work-in-progress | 3 | 8,877 | 8,538 | 9,843 |
| Other intangible assets | 2 | 2,298 | 2,841 | 2,135 |
| | | 84,273 | 73,175 | 64,468 |
| Financial assets | | | | |
| Investments | 4 | 600 | 600 | 600 |
| Trade receivable | 5 | 1,578 | 1,593 | 1,605 |
| Loans | 6 | 666 | 894 | 869 |
| Other financial assets | 7 | 14,352 | 340 | 340 |
| Deferred tax assets (net) | 8 | 57,464 | 54,438 | 49,882 |
| Non-current tax assets (net) | | 19,338 | 20,672 | 18,113 |
| Other non-current assets | 9 | 54,251 | 36,440 | 14,201 |
| Total non-current assets | | 232,522 | 188,152 | 150,078 |
| Current assets | | | | |
| Inventories | 10 | 379,030 | 378,597 | 402,865 |
| Financial assets | | | | |
| Trade receivables | 11 | 147,131 | 110,883 | 80,873 |
| Cash and cash equivalents | 12 | 72,968 | 37,356 | 14,288 |
| Bank balances other than cash and cash equivalents | 13 | 674,000 | 681,600 | 822,000 |
| Loans | 14 | 429 | 91 | 102 |
| Other financial assets | 15 | 22,130 | 11,054 | 14,767 |
| Contract assets | | 90,131 | 73,794 | 116,324 |
| Assets held for sale | | 205 | 1 | 3 |
| Other current assets | 16 | 421,665 | 410,601 | 297,416 |
| Total current assets | | 1,807,689 | 1,703,977 | 1,748,638 |
| TOTAL ASSETS | | 2,040,211 | 1,892,129 | 1,898,716 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Equity share capital | 17 | 22,410 | 22,410 | 24,900 |
| Other equity | | 258,179 | 219,843 | 237,554 |
| Total equity | | 280,589 | 242,253 | 262,454 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Trade payables | 18 | 1,578 | 1,593 | 1,605 |
| Other financial liabilities | 19 | 102 | 68 | 14 |
| Other long-term liabilities | 20 | 15,784 | 15,974 | 16,694 |
| Long-term provisions | 21 | 125,186 | 122,460 | 121,212 |
| Total non-current liabilities | | 142,650 | 140,095 | 139,525 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Trade payables | | | | |
| i. total outstanding dues of micro and small enterprises | | 1,868 | 1,342 | 1,316 |
| ii. total outstanding dues other than (i) above | 22 | 289,857 | 237,765 | 91,318 |
| Other financial liabilities | 23 | 23,670 | 25,787 | 17,471 |
| Contract liability | | 1,289,554 | 1,231,888 | 1,375,957 |
| Other current liabilities | 24 | 2,206 | 988 | 2,512 |
| Short-term provisions | 25 | 9,817 | 12,011 | 8,163 |
| Total current liabilities | | 1,616,972 | 1,509,781 | 1,496,737 |
| Total liabilities | | 1,759,622 | 1,649,876 | 1,636,262 |
| TOTAL EQUITY AND LIABILITIES | | 2,040,211 | 1,892,129 | 1,898,716 |
| Significant accounting policies and notes to the financial statements | 1 to 56 | | | |

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 17th June, 2019

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in lakhs)

| Particulars | Notes | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 (Restated) |
|---|---------|--|--|
| INCOME | | | |
| Revenue from operations | 26 | 464,915 | 448,798 |
| Other income | 27 | 64,038 | 60,386 |
| Total income | | 528,953 | 509,184 |
| EXPENSES | | | |
| Cost of materials consumed | 28 | 255,712 | 269,288 |
| Procurement of base and depot spares | | 60,805 | 9,172 |
| Employee benefit expenses | 29 | 68,947 | 88,562 |
| Finance costs | 30 | 410 | 385 |
| Depreciation and amortization expenses | | 6,142 | 5,021 |
| Sub-contract | | 17,590 | 32,269 |
| Power and fuel | | 1,926 | 2,262 |
| Other expenses - project related | 31 | 8,091 | 15,123 |
| Other expenses | 32 | 19,184 | 13,706 |
| Provisions | 33 | 7,478 | 3,743 |
| Total expenses | | 446,285 | 439,531 |
| Profit before tax | | 82,668 | 69,653 |
| Tax expense | | | |
| Current tax | | 33,211 | 29,152 |
| Deferred tax (credit) / charge | | (3,026) | (4,556) |
| Adjustment of tax relating to earlier years | | 543 | 1,064 |
| Profit for the year | | 51,940 | 43,993 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined employee benefit plan | | (2,379) | (5,993) |
| Income tax effect | | 831 | 2,074 |
| Total comprehensive income for the year | | 50,392 | 40,074 |
| Earning per share | | | |
| Basic and Diluted | | 23.18 | 18.28 |
| Significant accounting policies and notes to the financial statements | 1 to 56 | | |

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 17th June, 2019

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in lakhs)

| Sr. No. | Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 (Restated) |
|----------|--|-------------------------------------|--|
| A | Cash flow from operating activities | | |
| | Profit before tax (as restated) | 82,668 | 69,653 |
| | Adjustments for : | | |
| | (+) Non cash expenditure and non operating expenses | | |
| | Depreciation / amortization | 6,142 | 5,021 |
| | Finance cost | 410 | 385 |
| | Amortization of prepaid rentals | 15 | 15 |
| | (-) Non operating income | | |
| | Profit / Loss on sale of fixed assets | 18 | 19 |
| | Interest income | (54,115) | (48,271) |
| | Dividend received | (4,700) | (4,671) |
| | Amortization gain on deferred deposits of vendors | (13) | (7) |
| | Amortization of deferred revenue (customer funded assets) | (737) | (733) |
| | Interest Income on deferred payment liability to foreign supplier | (377) | (379) |
| | Interest Income on deferred deposit with MbPT | (18) | (16) |
| | Operating profit before working capital changes | 29,293 | 21,016 |
| | Movement in working capital | | |
| | Decrease / (Increase) in Inventories | (433) | 24,268 |
| | Decrease / (Increase) in Trade receivables and loans and advances | (35,948) | (29,617) |
| | Decrease / (Increase) Other current and non current assets | (63,290) | 51,220 |
| | (Decrease) / Increase in Trade payables and provisions | 50,346 | 145,179 |
| | (Decrease) / Increase in Other current and non current liabilities | 57,382 | (137,203) |
| | Cash flow from operations | 37,350 | 74,863 |
| | Direct tax paid (net of refunds) | (31,589) | (30,701) |
| | Net cash from (used in) operating activities (A) | 5,761 | 44,162 |



(₹ in lakhs)

| Sr. No. | Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 (Restated) |
|----------|---|-------------------------------------|--|
| B | Cash flow from investing activities | | |
| | Purchase of property, plant and equipment (net of adjustments) | (17,154) | (15,087) |
| | Capital work in progress | (339) | 1,305 |
| | Proceeds from sale of property, plant and equipment | 27 | 35 |
| | Capital advance | 579 | (14) |
| | Interest received | 54,115 | 48,271 |
| | Dividend received | 4,700 | 4,671 |
| | Net cash from / (used in) investing activities (B) | 41,928 | 39,181 |
| 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) | (12,056) | (29,537) |
| | Finance Cost | (21) | - |
| | Net cash from / (used in) financing activities (C) | (12,077) | (60,275) |
| | Net increase/(decrease) in cash and cash equivalents (A+B+C) | 35,612 | 23,068 |
| | Cash and cash equivalents at the beginning of the period | 37,356 | 14,288 |
| | Cash and cash equivalents at the end of the period | 72,968 | 37,356 |

Note: Figure in bracket indicate outflow

| Sr. No. | Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 (Restated) |
|---------|---|-------------------------------------|--|
| | Components of cash and cash equivalents: | | |
| | Balances with banks:- | | |
| | - In Current accounts | | |
| | i) In India | 3,205 | 164 |
| | ii) Outside India | 71 | 97 |
| | - In cash credit accounts | 2 | - |
| | - In flexi deposit accounts | 69,690 | 37,095 |
| | Total | 72,968 | 37,356 |

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner

Membership No. 160688

Mumbai 17th June, 2019

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

(A) Equity share capital

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 | 1st April, 2017 |
|---|------------------|------------------|-----------------|
| Opening balance | 22,410 | 24,900 | 24,900 |
| Changes in equity share capital during the period | | | |
| Buy Back of Equity Shares | - | (2,490) | - |
| Closing balance | 22,410 | 22,410 | 24,900 |

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

(B) Other equity

For the year ended 31st March, 2019

(₹ in lakhs)

| Particulars | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Other Comprehensive Income (OCI) | Total Other Equity |
|---|-------------------|-----------------|-----------------|----------------------------|----------------------------------|--------------------|
| Balance as at 1st April, 2018 | (5,497) | 219,032 | 5 | 9,882 | (3,579) | 219,843 |
| Profit / (loss) for the year | 51,940 | | | | | 51,940 |
| Remeasurement of defined employee benefit plan (net of tax) | | | | | (1,548) | (1,548) |
| Dividends | | | | | | |
| Interim | (10,000) | | | | | (10,000) |
| Final | | | | | | - |
| Tax on dividends | (2,056) | | | | | (2,056) |
| Balance as at 31st March, 2019 | 34,387 | 219,032 | 5 | 9,882 | (5,127) | 258,179 |



For the year ended 31st March, 2018 (Restated)

(₹ in lakhs)

| Particulars | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Other Comprehensive Income (OCI) | Total Other Equity |
|---|-------------------|-----------------|-----------------|----------------------------|----------------------------------|--------------------|
| Balance as at 1st April, 2017 | (14,564) | 244,381 | 5 | 7,392 | 340 | 237,554 |
| Profit / (loss) for the year | 43,993 | | | | | 43,993 |
| Remeasurement of defined employee benefit plan (net of tax) | | | | | (3,919) | (3,919) |
| Buyback of shares at premium | | | | | | (22,859) |
| | | (22,859) | | | | |
| Transfer from general reserve to capital redemption reserve | | (2,490) | | 2,490 | | - |
| Tax on buyback | (5,389) | | | | | (5,389) |
| Dividends | | | | | | - |
| Interim | (18,000) | | | | | (18,000) |
| Final | (6,541) | | | | | (6,541) |
| Tax on dividends | (4,996) | | | | | (4,996) |
| Balance as at 31st March, 2018 | (5,497) | 219,032 | 5 | 9,882 | (3,579) | 219,843 |

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

Dividend: The board has recommended the final dividend for FY 2018-19 of ₹ 5582 lakhs. This proposed dividend is subject to the approval of shareholders in ensuing Annual General Meeting.

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.

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 17th June, 2019

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



Note 1: Statement of Significant Accounting Policies

1) Corporate information:

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

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

2) Significant accounting policies:

2.1 Basis of preparation:

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

2.2 Summary of significant accounting policies:

a) Use of estimates:

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

Estimates and assumptions are required in particular for:

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

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

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

ii. Recognition and measurement of defined benefit obligations:

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

iii. Recognition of deferred tax assets:

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

iv. Recognition and measurement of other provisions:

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

v. Discounting of long-term financial liabilities

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



- vi. Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue from contracts with customers'. 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. Ship construction & repair contracts

Revenue from Ship Construction / repair Contracts shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met-

- (a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs
- (b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced or
- (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

When the control of the produced good and rendered services is transferred over time to the customer, revenue is recognised over time (i.e. under the percentage of completion method).

For the application of the overtime method (PoC method), the measure of the progress towards complete satisfaction of a performance obligations is based on inputs (i.e. cost incurred).

Fixed Price Contract:

Revenues from construction contracts with customers are recognized over time using input method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.

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.

Contract Asset:

The company's right to consideration in exchange for goods or services that the company has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Contract Liability:

The company's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer

Revenue from supply of Base & Depot (B&D) spares:

Revenue from supply of B&D spares is to be recognised based on satisfaction of performance obligation satisfied at a point in time based on proof of receipts of goods from Naval stores.

ii. Dividend income

Dividend income from investments is recognized when the Company's right to receive payment has been established.

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. Insurance claims:

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

k) Financial instruments:

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

Financial Assets:

i. Classification:

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

ii. Initial recognition and measurement:

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

iii. Financial assets measured at amortised cost:

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

loss. This category generally applies to trade and other receivables.

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

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

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

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

vi. Investment in equity instruments:

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

vii. Investment in debt instruments:

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

viii. Impairment of financial asset:

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

ix. Derecognition of financial assets:

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



Financial liabilities:

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

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

i. Classification, initial recognition and measurement

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

ii. Subsequent measurement

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

iii. De-recognition of financial liability

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

iv. Retentions

Retention amount payable / receivable under the terms of the contracts with the

vendors / customers are retained towards performance obligation under the normal terms of trade and do not constitute financial arrangement and hence are not amortised.

v. Security deposit

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

l) Leases

i. As a lessee

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

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

ii. As a lessor

Lease income from operating leases where the Company is a lessor is recognised



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

m) Employee benefits

i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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

iii. Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity

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

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

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

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

Post-retirement medical scheme

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

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



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

Provident fund and Pension

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

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

n) Dividend to equity shareholders

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

o) Provision for current & deferred tax

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

Current income tax:

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

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

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

Deferred tax:

Deferred tax is provided on temporary differences between the tax bases of assets

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

Deferred tax assets and liabilities are offset only if:

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

p) Provision for doubtful debts and loans and advances:

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

q) Warranty provision:

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

r) Provision, contingent liabilities and contingent assets:

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



Note 2

| Sr. No. | Particulars | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|------------------------------|--|---------------------|---------------|-------------|--------------|------------------|-----------------------------|--------------|-------------|--------------|------------------|----------------|----------------|
| | | Cost as on 01-04-18 | Additions | Adjustments | Disposal | Balance 31-03-19 | Opening 01-04-18 | For the year | Adjustments | Disposal | Balance 31-03-19 | As on 31-03-18 | As on 31-03-18 |
| A Assets Owned by MDL | | | | | | | | | | | | | |
| 1 | Freehold Land | 4,695 | 5,000 | - | - | 9,695 | - | - | - | - | - | 9,695 | 4,695 |
| 2 | Buildings: i) Factory Building | 1,772 | 1,018 | - | 4 | 2,786 | 188 | 103 | - | 3 | 288 | 2,498 | 1,584 |
| | ii) Office and Staff Quarters | | | | | | | | | | | | |
| | a) RCC | 1,897 | 766 | - | 1 | 2,662 | 137 | 106 | - | 1 | 242 | 2,420 | 1,759 |
| | b) Non RCC | 715 | 102 | - | 28 | 789 | 48 | 33 | - | 26 | 55 | 734 | 667 |
| | iii) Others (Temporary structure) | 9 | 4 | - | - | 13 | 9 | 1 | - | - | 10 | 3 | - |
| 3 | Road | 673 | - | - | - | 673 | 358 | 126 | - | - | 484 | 189 | 315 |
| 4 | Plant and Equipment | 20,790 | 2,010 | - | 188 | 22,612 | 2,101 | 1,517 | - | 153 | 3,465 | 19,147 | 18,689 |
| 5 | Furniture and Fixtures | 1,438 | 187 | - | 16 | 1,609 | 459 | 160 | - | 7 | 612 | 997 | 979 |
| 6 | Vehicles | 1,924 | 24 | - | 28 | 1,920 | 656 | 255 | - | 26 | 885 | 1,035 | 1,268 |
| 7 | Office Equipment | 1,910 | 738 | - | 686 | 1,962 | 867 | 341 | - | 501 | 707 | 1,255 | 1,043 |
| 8 | Computers and Data Processing Units | - | - | - | - | - | - | - | - | - | - | - | - |
| | i) Desktops, Laptops etc. | 554 | 468 | - | 399 | 623 | 205 | 367 | - | 399 | 173 | 450 | 349 |
| | ii) Server and Network | 2,847 | 1,187 | - | 211 | 3,823 | 549 | 657 | - | 198 | 1,008 | 2,815 | 2,298 |
| 9 | Loose Tools | 380 | 160 | - | 8 | 532 | 270 | 71 | - | 8 | 333 | 199 | 109 |
| 10 | Ship - Launches and Boats | 436 | 4,500 | - | - | 4,936 | 46 | 41 | - | - | 87 | 4,849 | 390 |
| 11 | Electrical Installation and Equipments | 1,454 | 388 | - | - | 1,842 | 446 | 185 | - | - | 631 | 1,211 | 1,007 |
| | Sub-total | 41,494 | 16,552 | - | 1,569 | 56,477 | 6,339 | 3,963 | - | 1,322 | 8,980 | 47,497 | 35,152 |
| | Previous Year's Figures | 30,117 | 11,816 | - | 440 | 41,493 | 3,677 | 3,055 | - | 391 | 6,341 | 35,152 | 26,440 |

Note: Vessels under the head "Launches and Boats" costing ₹ 4936 lakhs (Previous year - ₹ 436 lakhs) out of which ₹ 4936 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.



| B | Jointly Funded Assets | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|--|---------------------|-------------------------|-------------------------|----------------------|------------------|-----------------------------|----------------|-------------------------|----------------------|------------------|----------------|----------------|
| | | Cost as on 01-04-18 | Additions in the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-19 | Opening 01-04-18 | For the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-19 | As on 31-03-19 | As on 31-03-18 |
| 1 | Buildings: i) Factory Building | 18,149 | 54 | - | - | 18,203 | 1,159 | 580 | - | - | 1,739 | 16,464 | 16,989 |
| | ii) Office and Staff Quarters | - | - | - | - | - | - | - | - | - | - | - | - |
| | a) RCC | 1,621 | - | - | - | 1,621 | 31 | 28 | - | - | 59 | 1,562 | 1,591 |
| | b) Non RCC | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Roads | 133 | - | - | - | 133 | 27 | 25 | - | - | 52 | 81 | 106 |
| 3 | Plant and Equipment | 6,656 | 59 | - | - | 6,715 | 914 | 308 | - | - | 1,222 | 5,493 | 5,743 |
| 4 | Electrical Installation and Equipments | 649 | - | - | - | 649 | 67 | 62 | - | - | 129 | 520 | 583 |
| 5 | Furniture and Fixtures | 226 | - | - | 10 | 216 | 27 | 21 | - | 3 | 45 | 171 | 199 |
| 6 | Office Equipment | 153 | - | - | - | 153 | 35 | 28 | - | - | 63 | 90 | 118 |
| 7 | Computers and Data Processing Units | - | - | - | - | - | - | - | - | - | - | - | - |
| | i) Server and Network | 338 | - | - | - | 338 | 115 | 57 | - | - | 172 | 166 | 223 |
| 8 | Ship - Launches and Boats | 1,143 | - | - | - | 1,143 | 50 | 39 | - | - | 89 | 1,054 | 1,093 |
| | Sub-total | 29,068 | 113 | - | 10 | 29,171 | 2,425 | 1,148 | - | 3 | 3,570 | 25,601 | 26,645 |
| | Previous Year's Figures | 27,338 | 1,729 | - | - | 29,067 | 1,288 | 1,134 | - | - | 2,422 | 26,645 | 26,050 |
| | Total Tangibles Assets (A+B) | 70,562 | 16,665 | - | 1,579 | 85,648 | 8,764 | 5,111 | - | 1,325 | 12,550 | 73,098 | 61,796 |
| | Previous Year's Figures | 57,455 | 13,545 | - | 440 | 70,560 | 4,965 | 4,189 | - | 391 | 8,763 | 61,796 | 52,490 |

| A | Intangible Assets | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|----------------------------|---------------------|-------------------------|-------------------------|----------------------|------------------|-----------------------------|--------------|-------------------------|----------------------|------------------|----------------|----------------|
| | | Cost as on 01-04-18 | Additions in the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-19 | Opening 01-04-18 | For the Year | Adjustments in the Year | Disposal in the Year | Balance 31-03-19 | As on 31-03-19 | As on 31-03-18 |
| | Assets Owned by MDL | | | | | | | | | | | | |
| 1 | Computer Software/SAP-ERP | 794 | - | - | - | 794 | 400 | 162 | - | - | 562 | 232 | 394 |
| 2 | Other than SAP-ERP | 3,800 | 489 | - | - | 4,289 | 1,459 | 833 | - | - | 2,292 | 1,997 | 2,341 |
| | Sub Total | 4,594 | 489 | - | - | 5,083 | 1,859 | 995 | - | - | 2,854 | 2,229 | 2,735 |
| | Previous Year's Figures | 3,112 | 1,542 | - | 60 | 4,594 | 1,119 | 796 | - | 56 | 1,859 | 2,735 | 1,993 |



| B | Jointly Funded Assets | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|---|--------------------------------------|---------------------|-------------------------|---------------------------|------------------------|------------------|-----------------------------|----------------|---------------------------|------------------------|------------------|----------------|----------------|
| | | Cost as on 01-04-18 | Additions in the period | Adjustments in the period | Disposal in the period | Balance 31-03-19 | Opening 01-04-18 | For the period | Adjustments in the period | Disposal in the period | Balance 31-03-19 | As on 31-03-19 | As on 31-03-18 |
| 1 | Computer Software/SAP-ERP | 1,000 | - | - | - | 1,000 | 1,000 | - | - | - | 1,000 | - | - |
| 2 | Other than SAP-ERP | 181 | - | - | - | 181 | 76 | 36 | - | 112 | 69 | 106 | |
| | Sub Total | 1,181 | - | - | - | 1,181 | 1,076 | 36 | - | 1,112 | 69 | 106 | |
| | Previous Year's Figures | 1,181 | - | - | - | 1,181 | 1,039 | 36 | - | 1,075 | 106 | 142 | |
| | Total Intangible Assets (A+B) | 5,775 | 489 | - | - | 6,264 | 2,935 | 1,031 | - | 3,966 | 2,298 | 2,841 | |
| | Previous Year's Figures | 4,293 | 1,542 | - | 60 | 5,775 | 2,158 | 832 | - | 2,934 | 2,841 | 2,135 | |
| | Total Assets (i+ii) | 76,337 | 17,154 | - | 1,579 | 91,912 | 11,699 | 6,142 | - | 1,325 | 16,516 | 64,637 | |
| | Previous Year's Figures | 61,748 | 15,087 | - | 500 | 76,335 | 7,123 | 5,021 | - | 447 | 64,637 | 54,625 | |

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

| Sr. No. | Assets jointly funded by MDL and Indian Navy | | | | | | | | | | Total as on 31-03-18 | | |
|---------|--|-----------------------------|------------------------------------|---------------------|------|---------------------|-------------------------|------------------|------------------------|-------------------|----------------------|----------------------|----------------------|
| | 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 31-03-19 | Total as on 31-03-18 |
| 1 | Total Cost upto 31.03.2019 | 34,053 | 649 | 65,211 | 345 | 96 | 1,142 | 166 | 241 | 1,418 | 133 | 103,454 | 103,341 |
| 2 | Less: Funded By Navy | 25,484 | 628 | 61,346 | 345 | 96 | 983 | 158 | 241 | 1,181 | - | 90,462 | 90,349 |
| 3 | Funded By MDL | 8,569 | 21 | 3,865 | - | - | 159 | 8 | - | 237 | 133 | 12,992 | 12,992 |
| | Previous Year's Figures | 8,569 | 21 | 3,865 | - | - | 159 | 8 | - | 237 | 133 | 12,992 | 11,492 |



Note 2

| Sr. No. | Particulars | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION | | | | | NET BLOCK | |
|------------------------------|--|---------------------|---------------|-------------|------------|------------------|-----------------------------|----------------|-------------|------------|------------------|----------------|----------------|
| | | Cost as on 01-04-17 | Additions | Adjustments | Disposal | Balance 31-03-18 | Opening 01-04-17 | For the period | Adjustments | Disposal | Balance 31-03-18 | As on 31-03-18 | As on 31-03-17 |
| A Assets Owned by MDL | | | | | | | | | | | | | |
| 1 | Freehold Land | 2,867 | 1,828 | - | - | 4,695 | - | - | - | - | - | 4,695 | 2,867 |
| 2 | Buildings: i) Factory Building | 1,741 | 32 | - | 1 | 1,772 | 104 | 85 | - | 1 | 188 | 1,584 | 1,637 |
| | ii) Office and Staff Quarters | - | - | - | - | - | - | - | - | - | - | - | - |
| | a) RCC | 1,878 | 19 | - | 1 | 1,896 | 81 | 57 | - | 1 | 137 | 1,759 | 1,797 |
| | b) Non RCC | 393 | 322 | - | - | 715 | 25 | 23 | - | - | 48 | 667 | 368 |
| | iii) Others (Temporary structure) | 9 | - | - | - | 9 | 6 | 3 | - | - | 9 | - | 3 |
| 3 | Road | 667 | - | 6 | - | 673 | 232 | 126 | - | - | 358 | 315 | 435 |
| 4 | Plant and Equipment | 13,648 | 7,213 | (6) | 65 | 20,790 | 1,031 | 1,128 | - | 58 | 2,101 | 18,689 | 12,617 |
| 5 | Furniture and Fixtures | 1,345 | 96 | - | 3 | 1,438 | 302 | 160 | - | 3 | 459 | 979 | 1,043 |
| 6 | Vehicles | 1,728 | 220 | - | 24 | 1,924 | 437 | 242 | - | 23 | 656 | 1,268 | 1,291 |
| 7 | Office Equipment | 1,739 | 188 | - | 17 | 1,910 | 551 | 332 | - | 16 | 867 | 1,043 | 1,188 |
| 8 | 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 |
| 9 | Loose Tools | 251 | 129 | - | - | 380 | 192 | 79 | - | - | 271 | 109 | 59 |
| 10 | Ship - Launches and Boats | 302 | 134 | - | - | 436 | 30 | 16 | - | - | 46 | 390 | 272 |
| 11 | Electrical Installation and Equipments | 1,222 | 232 | - | - | 1,454 | 272 | 175 | - | - | 447 | 1,007 | 950 |
| | Sub-total | 30,117 | 11,816 | - | 440 | 41,493 | 3,677 | 3,055 | - | 391 | 6,341 | 35,152 | 26,440 |
| | Previous Year's Figures | 24,321 | 6,946 | - | 1,150 | 30,117 | 2,125 | 2,657 | - | 1,105 | 3,677 | 26,440 | 22,196 |

Note: 10 Vessels under the head "Launches and Boats" costing ₹ 4,36 lakhs (Previous year - ₹ 302 lakhs) out of which ₹ 302 lakhs (Previous year - ₹ 302 lakhs) are registered in the name of CMD of the Company to comply with the requirement of Indian Coastal Act, 1938 / 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 31-03-17 | |
| 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 | 14,342 | - | - | 27,338 | 699 | 589 | - | - | 1,288 | 26,050 | 12,297 |
| | Total (A+B) | 57,455 | 13,545 | - | 440 | 70,560 | 4,965 | 4,189 | - | 391 | 8,763 | 61,796 | 52,490 |
| | Previous Year's Figures | 37,317 | 21,288 | - | 1,150 | 57,455 | 2,824 | 3,246 | - | 1,105 | 4,965 | 52,490 | 34,493 |

(₹ in lakhs)

| A | Intangible 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 31-03-17 | |
| | 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 |



| 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 | 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 (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 | 61,748 | 15,087 | - | 500 | 76,335 | 7,123 | 5,021 | - | 447 | 11,697 | 64,637 | 54,625 |
| | Previous Year's Figures | 41,064 | 21,834 | - | 1,150 | 61,748 | 4,288 | 3,940 | - | 1,105 | 7,123 | 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.

| Sr. No. | Particulars | Assets jointly funded by MDL and Indian Navy | | | | | | | | | | Total as on 31-03-18 | Total as on 31-03-17 |
|----------|----------------------------|--|------------------------------------|---------------------|------|---------------------|-------------------------|------------------|------------------------|-------------------|------------|----------------------|----------------------|
| | | Office and Factory Building | Electric Installations & Equipment | Plant and Equipment | CDPU | Temporary Structure | Ships, Launches & Boats | Office Equipment | Furniture and Fixtures | Intangible assets | Roads | | |
| 1 | Total Cost upto 31.03.2018 | 33,999 | 649 | 65,152 | 345 | 96 | 1,142 | 166 | 241 | 1,418 | 133 | 103,341 | 101,612 |
| 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 | 8,569 | 21 | 3,865 | - | - | 159 | 8 | - | 237 | 133 | 11,492 | 11,135 |



3 Capital work-in-progress

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|--|------------------|-------|--------------------------------|-------|-----------------|-------|
| Capital work-in-progress | | | | | | |
| 1. Own resources | | | | | | |
| A. Tangible assets | | | | | | |
| Opening balance | 8,399 | | 8,388 | | 3,176 | |
| Add: Expenditure during the period | 16,988 | | 11,828 | | 12,425 | |
| Less: Capitalisation during the period | 16,551 | 8,836 | 11,817 | 8,399 | 7,213 | 8,388 |
| B. Intangible assets under development | | | | | | |
| Opening balance | - | | | | | |
| Add: Expenditure during the period | 489 | | 1,542 | | 546 | |
| Less: Capitalisation/adjustments during the period | 489 | - | 1,542 | - | 546 | - |
| 2. Funded by Indian Navy | | | | | | |
| Submarine facilities upgradation project | | | | | | |
| Opening balance | 139 | | 1,455 | | 13,784 | |
| Add: Expenditure/adjustments during the period | 16 | | 413 | | 1,656 | |
| Less: Capitalisation/adjustments during the period | 114 | 41 | 1,729 | 139 | 13,985 | 1,455 |
| | | 8,877 | | 8,538 | | 9,843 |

4 Non-current investments

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Investments in equity instruments (At cost, unquoted) | | | |
| In associate | | | |
| Equity shares of Goa Shipyard Limited | 600 | 600 | 600 |
| 5,49,57,600 Equity shares of ₹5 each fully paid up (in Previous year - 5,49,57,600 Equity shares of ₹ 5 each fully paid up) | | | |
| | 600 | 600 | 600 |



5 Trade receivables - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| (Unsecured, considered good) | | | |
| Deferred debts | 1,969 | 1,984 | 1,996 |
| Less: Amount receivable within 12 months | 391 | 391 | 391 |
| | 1,578 | 1,593 | 1,605 |

6 Loans - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| (Unsecured, considered good) | | | |
| Security deposits: | | | |
| Security deposits with Mumbai Port Trust | 343 | 324 | 308 |
| Other deposits | 323 | 570 | 561 |
| | 666 | 894 | 869 |

7 Other financial assets - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Fixed deposits with bank with maturity over 12 months (The above deposits are under lien with Mumbai Port Trust) | 340 | 340 | 340 |
| Leave encashment fund | 14,012 | - | - |
| | 14,352 | 340 | 340 |

8 Deferred tax assets (net)

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|------------------|
| Deferred tax assets / (liabilities) | | | |
| Deferred tax assets | | | |
| Provisions | 68,585 | 65,136 | 58,540 |
| Others | - 68,585 | - 65,136 | 2,888 61,428 |
| Deferred tax liabilities | | | |
| Service tax | (1,457) | (1,456) | (1,442) |
| Depreciation | (9,664) | (9,242) | (8,715) |
| Others | - (11,121) | - (10,698) | (1,389) (11,546) |
| Deferred tax assets (net) | 57,464 | 54,438 | 49,882 |



9 Other non-current assets

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|---|------------------|---------------|--------------------------------|---------------|-----------------|---------------|
| Capital advances | | 106 | | 685 | | 671 |
| Deposits with custom and excise authorities | | 24 | | 24 | | 24 |
| Other receivables - considered good | 9 | | 19 | | 4 | |
| Other receivables - considered doubtful | 2,791 | | 2,795 | | 2,946 | |
| Less: Allowance for doubtful receivables | 2,791 | 9 | 2,795 | 19 | 2,946 | 4 |
| Advances paid to vendors - considered doubtful | 62 | | 62 | | 2 | |
| Less: Allowance for doubtful advances | 62 | - | 62 | - | 2 | - |
| VAT / sales tax receivable | | 12,504 | | 11,574 | | 12,574 |
| GST input tax credit | | | | | | |
| Services | 21,857 | | 7,439 | | - | |
| Materials | 15,085 | 36,942 | 11,671 | 19,110 | - | - |
| Export incentive receivable | | | | | | |
| Considered good | 193 | | 371 | | 371 | |
| Considered doubtful | 107 | | 107 | | 107 | |
| | 300 | | 478 | | 478 | |
| Less: Allowance for doubtful receivables | 107 | 193 | 107 | 371 | 107 | 371 |
| Prepaid expenses | | | | | | |
| Prepaid lease rent | 4,504 | | 4,633 | | 494 | |
| Less: amortisation / unwinding of prepaid rentals | 15 | | 15 | | 15 | |
| Less: current | 78 | 4,411 | 66 | 4,552 | 66 | 413 |
| Others | | 62 | | 105 | | 144 |
| | | 54,251 | | 36,440 | | 14,201 |



10 Inventories

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|--|------------------|----------------|--------------------------------|----------------|-----------------|----------------|
| Raw materials | | | | | | |
| Material in stores | 15,245 | | 16,791 | | 17,164 | |
| Less: Provision for obsolescence | 111 | 15,134 | 81 | 16,710 | 89 | 17,075 |
| Stores and spares | | | | | | |
| Material in stores | 2,051 | | 1,745 | | 1,878 | |
| Less: Provision for obsolescence | 107 | 1,944 | 111 | 1,634 | 73 | 1,805 |
| Equipment for specific projects | | | | | | |
| Material in stores/site | 357,945 | | 329,527 | | 363,802 | |
| Less: Provision for obsolescence | - | | 155 | | 181 | |
| | 357,945 | | 329,372 | | 363,621 | |
| Stock in transit | 2,217 | | 9,475 | | 19,717 | |
| Materials pending inspection | 1,714 | 361,876 | 21,317 | 360,164 | 539 | 383,877 |
| Scrap | | 76 | | 89 | | 108 |
| | | 379,030 | | 378,597 | | 402,865 |

Note:

(i) Inventory costing ₹ 2383 lakhs (Previous year: 89 lakhs) is held with other vendors.

(ii) Inventory costing ₹ 576 lakhs (Previous year: ₹ 576 lakhs) is held at customer's store.

11 Trade receivables - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|---|------------------|----------------|--------------------------------|----------------|-----------------|---------------|
| (Unsecured) | | | | | | |
| Against sale and repair of ships and submarines | | | | | | |
| Considered good | 135,652 | | 100,768 | | 74,696 | |
| Considered doubtful | 18,031 | | 16,299 | | 18,616 | |
| | 153,683 | | 117,067 | | 93,312 | |
| Less: Loss allowance | 18,031 | 135,652 | 16,299 | 100,768 | 18,616 | 74,696 |
| Against B&D Spares | | | | | | |
| Considered good | 11,479 | | 10,115 | | 6,177 | |
| Considered doubtful | 758 | | 758 | | 3,226 | |
| | 12,237 | | 10,873 | | 9,403 | |
| Less: Loss allowance | 758 | 11,479 | 758 | 10,115 | 3,226 | 6,177 |
| | | 147,131 | | 110,883 | | 80,873 |



Break-up of Trade Receivables

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| Trade receivables considered good - secured | - | - | - |
| Trade receivables considered good - unsecured | 147,131 | 110,883 | 80,873 |
| Trade receivables considered doubtful - secured | - | - | - |
| Trade receivables considered doubtful - unsecured | 18,789 | 17,057 | 21,842 |
| Trade receivables which have significant increase in credit risk | - | - | - |
| Trade receivables - credit impaired | - | - | - |
| Total | 165,920 | 127,940 | 102,715 |
| Loss allowance | 18,789 | 17,057 | 21,842 |
| Total trade receivables (current) | 147,131 | 110,883 | 80,873 |

12 Cash and cash equivalents

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|----------------------------------|------------------|--------------------------------|-----------------|
| Cash and cash equivalents | | | |
| Balances with banks:- | | | |
| - In current accounts | | | |
| i) In India | 3,205 | 164 | 61 |
| ii) Outside India | 71 | 97 | 79 |
| - In cash credit accounts | 2 | - | - |
| - In flexi deposit accounts | 69,690 | 37,095 | 14,148 |
| | 72,968 | 37,356 | 14,288 |

13 Bank balance other than cash and cash equivalents

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| In fixed deposit accounts - more than 3 months but not more than 12 months maturity | 674,000 | 681,600 | 822,000 |
| | 674,000 | 681,600 | 822,000 |



14 Loans - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|------------------------------|------------------|--------------------------------|-----------------|
| (Unsecured, considered good) | | | |
| Employee related | 385 | 91 | 102 |
| Others | 44 | - | - |
| | 429 | 91 | 102 |

15 Other financial assets - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Insurance claims receivable | 606 | 510 | - |
| Interest accrued on deposits and advances | 18,935 | 10,487 | 14,714 |
| Other receivables | 2,589 | 57 | 53 |
| | 22,130 | 11,054 | 14,767 |

16 Other current assets

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| (Unsecured, considered good, unless otherwise specified) | | | |
| Advances | | | |
| Advances paid to vendors | 419,342 | 409,028 | 296,359 |
| Travel advance to employees | 12 | 34 | 46 |
| Others | 25 | 177 | 15 |
| Prepaid expenses | | | |
| Prepaid lease rentals | 78 | 66 | 66 |
| Others | 2,208 | 1,296 | 930 |
| | 421,665 | 410,601 | 297,416 |

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

1. Certain Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. However MDL continues to occupy the land and is paying rent according to the terms and conditions of the contract. The lease period is assumed to be 29 years from the date of expiry of the leases.
2. The company is in possession of approx. 10 acre land belonging to CIDCO which ONGC ceded to MDL is or about the year 1984 for the cost of ₹ 20 lakhs. MDL is having permanently tenancy rights to co-terminate with the leasehold right of ONGC with the CIDCO land in their possession.



17 Share Capital

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Authorized share capital | | | |
| 32,37,20,000 (Previous year - 32,37,20,000 equity shares of ₹ 10 each) equity shares of ₹ 10 each | 32,372 | 32,372 | 32,372 |
| | 32,372 | 32,372 | 32,372 |
| Issued, subscribed and fully paid-up shares | | | |
| 22,41,00,000 ((Previous year - 22,41,00,000 equity shares of ₹ 10 each) equity shares of ₹ 10 each. | 22,410 | 22,410 | 24,900 |
| | 22,410 | 22,410 | 24,900 |

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|---|------------------|--------------------|--------------------------------|--------------------|-----------------|--------------------|
| | No. of shares | Percentage holding | No. of shares | Percentage holding | No. of shares | Percentage holding |
| Details of shareholding more than 5% shares in the Company | | | | | | |
| Shareholder | | | | | | |
| President of India and his nominees | 22,41,00,000 | 100% | 22,41,00,000 | 100% | 24,900,000 | 100% |

18 Trade payables - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| Deferred payment liability to a foreign supplier | 1,969 | 1,984 | 1,996 |
| Less: Amount payable within 12 months | 391 | 391 | 391 |
| | 1,578 | 1,593 | 1,605 |



19 Other financial liabilities - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|-----------------------------|------------------|--------------------------------|-----------------|
| Security and other deposits | 102.00 | 68.00 | 14 |
| | 102.00 | 68.00 | 14 |

20 Other long-term liabilities

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 | | | |
|--|------------------|--------------------------------|-----------------|--------|-------|--------|
| Funds received from customer for infrastructure projects | 90,511 | 89,497 | 86,725 | | | |
| Add: Received during the period | 544 | 1,014 | 3,786 | | | |
| Less: Transferred to fixed assets for capitalisation | 72,352 | 72,352 | 72,352 | | | |
| Less: Amortisation of deferred revenue | 2,935 | 15,768 | 2,199 | 15,960 | 1,466 | 16,693 |
| Deferred deposits | 16 | 14 | 4 | 1 | | |
| | 15,784 | 15,974 | 16,694 | | | |

21 Provisions - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|----------------------------------|------------------|--------------------------------|-----------------|
| Employee benefits | | | |
| Post retirement benefit schemes | | | |
| Medical | 5,810 | 7,153 | 6,531 |
| Gift card | 617 | 79 | 73 |
| Leave salary encashment | 10,272 | 10,538 | 11,707 |
| Welfare expenses | 399 | 346 | 378 |
| Other provisions | | | |
| Provision for liquidated damages | 107,825 | 104,236 | 102,415 |
| Others | 263 | 108 | 108 |
| | 125,186 | 122,460 | 121,212 |

22 Trade payables - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| Other vendors | 289,466 | 237,374 | 90,927 |
| Deferred payment liability to a foreign supplier | 391 | 391 | 391 |
| | 289,857 | 237,765 | 91,318 |



23 Others financial liabilities - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Retention money payable | 668 | 495 | 606 |
| Liquidated damages payable | 4,090 | 1,690 | 8,886 |
| Interest payable on advances received from customer | 2,646 | 814 | 1,051 |
| Employee related | 10,593 | 22,034 | 6,404 |
| Others | 5,047 | 50 | 60 |
| Security and other deposits | 626 | 704 | 464 |
| | 23,670 | 25,787 | 17,471 |

24 Other current liabilities

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|-------------------|------------------|--------------------------------|-----------------|
| Statutory dues | 2,192 | 978 | 2,511 |
| Deferred deposits | 14 | 10 | 1 |
| | 2,206 | 988 | 2,512 |

25 Provisions - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|-------------------------|------------------|--------------------------------|-----------------|
| Employee benefit | | | |
| Post retirement benefit | | | |
| Medical | 362 | 293 | 268 |
| Gift card | 80 | 9 | 22 |
| Leave salary encashment | 4,215 | 4,514 | 3,781 |
| Gratuity | 2,609 | 3,762 | 2,307 |
| Welfare expenses | 97 | 152 | 134 |
| Other provisions | - | | |
| Guarantee repairs | 2,028 | 2,855 | 1,225 |
| Custom duty | 426 | 426 | 426 |
| | 9,817 | 12,011 | 8,163 |



26 Revenue from operations

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|--------------------------------|------------------|--------------------------------|
| Contract revenue | | |
| Ship construction | 399,095 | 438,584 |
| Sale of goods | | |
| Sale of base and depot spares | 65,194 | 9,915 |
| Other operating revenue | | |
| Sale of scrap and stores | 626 | 299 |
| | 464,915 | 448,798 |

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

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| The amount of contract revenue recognised as revenue for the period | 399,095 | 438,584 |
| Aggregate amount of cost incurred and recognised profits (less recognised losses, if any) | 2,129,368 | 1,739,087 |
| The amount of advances received (gross) | 3,418,320 | 2,985,857 |
| The amount of retentions by customers | 34,623 | 52,044 |

Note

1. The company has adopted Ind AS 115 from 1st April, 2018 with modified retrospective approach. However, adoption of Ind AS 115 has no effect on profitability and turnover of the company except that from FY 2018-19 onwards, company as principal has recognised revenue for supply of base and depot spares at the time of satisfactory completion of delivery as against recognition of only service charges as revenue in previous years as agent. This has resulted in increase in total revenue by ₹ 60865 lakhs (Previous Year - ₹ 9172) lakhs in FY 2018-19. This change has not impacted the profitability of any of the year.
2. The Company is engaged in the production of defence equipment and was exempted from '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 view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 115.



27 Other Income

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | |
|---|------------------|---------------|--------------------------------|---------------|
| Interest from | | | | |
| Deposits with banks | 55,118 | | 48,912 | |
| Less: Interest liability to customer on advances | 2,646 | | 814 | |
| | 52,472 | | 48,098 | |
| On income tax refund | 1,410 | | - | |
| Other interest | 233 | 54,115 | 173 | 48,271 |
| Dividend from Goa Shipyard Ltd. | | 4,700 | | 4,671 |
| Liabilities / provisions no longer required written back | | 2,196 | | 5,674 |
| Insurance claims | | 108 | | - |
| Liquidated damages recovered | | | | |
| Capital | | 73 | | 185 |
| Others | | 302 | | 31 |
| Miscellaneous income / recoveries | | 1,399 | | 419 |
| Amortisation gain on deferred deposits of vendors | | 13 | | 7 |
| Amortisation of deferred revenue (customer funded assets) | | 737 | | 733 |
| Interest Income on deferred payment liability to foreign supplier | | 377 | | 379 |
| Interest Income on deferred deposit with MbPT | | 18 | | 16 |
| | | 64,038 | | 60,386 |



28 Cost of materials consumed

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| Opening stock | | |
| Raw materials, stores and spares | 18,534 | 19,042 |
| Equipment for specific projects | 329,527 | 363,802 |
| Stock-in-transit and materials pending inspection | 30,792 | 20,256 |
| | 378,854 | 403,100 |
| Add: Purchases | 258,438 | 246,978 |
| | 637,292 | 650,078 |
| Less: Closing stock | | |
| Raw materials, stores and spares | 17,296 | 18,536 |
| Equipment for specific projects | 357,945 | 329,527 |
| Stock-in-transit and materials pending inspection | 3,930 | 30,792 |
| | 258,121 | 271,223 |
| Less: Reduction in Value-included in Other Expenses | | |
| Less: Provision for obsolete stock | 26 | 30 |
| Less: Stores and spares consumption included in repairs and maintenance | 1 | 2 |
| Less: Stores and spares consumption included in other expenses | 2,382 | 1,903 |
| | 255,712 | 269,288 |

29 Employee benefit expenses

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|--|------------------|--------------------------------|
| Salaries, wages, allowances and bonus | 51,550 | 70,335 |
| Pension | 1,939 | 1,575 |
| Contribution to provident fund | 4,876 | 4,172 |
| Contribution to employees state insurance scheme | 381 | 623 |
| Workmen and staff welfare expenses | 4,590 | 5,858 |
| Gratuity | 2,355 | 2,593 |
| Encashment of privilege leave | 3,256 | 3,406 |
| | 68,947 | 88,562 |



30 Finance cost

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| Interest cost on deferred deposits of vendors | 12 | 6 |
| Interest cost on deferred payment liability to foreign supplier | 377 | 379 |
| Others | 21 | - |
| | 410 | 385 |

31 Other expenses - Projects related

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| Technician fees and other expenses | 2,528 | 1,559 |
| Service tax expenses | - | 1,314 |
| Technical know-how expenses (net of reversals) | - | (98) |
| Advising team fees and other expenses | 1,733 | 3,817 |
| Facility hire | 1,482 | 748 |
| Rent | 84 | 70 |
| Bank charges and guarantee commission | (11) | 235 |
| Travelling expenses | 72 | 158 |
| Sea trial, launching and commissioning expenses | 31 | 28 |
| Legal, professional and consultant fees | 862 | 1,920 |
| Training expenses | 1,043 | 4,637 |
| Miscellaneous expenses | 267 | 735 |
| | 8,091 | 15,123 |



32 Other expenses

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| Repairs and maintenance: | | |
| Buildings | 1,871 | 267 |
| Plant and machinery | 1,915 | 1,964 |
| Steam launches and boats, motor cars, lorries, etc. | 1,008 | 834 |
| Less: Work done internally and other expenditure which has been included in other heads of expenses | (2,399) | (2,495) |
| | 2,395 | 570 |
| Facility hire | 600 | 742 |
| Water expenses | 235 | 182 |
| Rent | 820 | 786 |
| Insurance | 379 | 384 |
| Rates and taxes | 857 | 753 |
| Bank charges and guarantee commission | 17 | 15 |
| Printing and stationery | 76 | 103 |
| Travelling expenses | 610 | 596 |
| Business promotion expenses | 557 | 874 |
| Sea trial, launching and commissioning expenses | 5 | 15 |
| Corporate membership expenses | 32 | 23 |
| Changes in inventory of scrap | 13 | 19 |
| Foreign exchange variation (net) | 7 | 20 |
| Miscellaneous expenses | 4,242 | 1,065 |
| Audit fees | 8 | 8 |
| Lease charges | 34 | 33 |
| Legal, professional and consultant fees | 408 | 244 |
| Books and periodicals | 66 | 83 |
| Postage, telegrams and phones | 113 | 159 |
| Training expenses | 143 | 249 |
| CISF and security board expenses | 2,725 | 2,338 |
| Directors fees and expenses | 9 | 8 |
| Provision for obsolete stock | 26 | 30 |
| Consumption of stores and spares etc. | 2,382 | 1,903 |
| Other interest | 45 | 44 |
| Amortisation / unwinding of prepaid rentals | 15 | 15 |
| Corporate social responsibility expenses | 2,347 | 2,426 |
| Sale / scrapping of fixed assets (net) | 18 | 19 |
| | 19,184 | 13,706 |



Foreign Exchange gain for period ended 31st March 2019 is ₹ 2569 lakhs and foreign exchange gain for previous year is ₹ 1146 lakhs on raw materials and project specific equipments has been considered in cost of material consumed.

Expenditure on Research and Development and allied expenses aggregating to ₹ 8540 lakhs (Previous year - ₹ 7511 lakhs) is reflected under respective various heads in the above note.

33 Provisions

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|-----------------------------|------------------|--------------------------------|
| Liquidated damages | 3,589 | 1,821 |
| Doubtful debts / receivable | 3,889 | 291 |
| Guarantee repairs | - | 1,630 |
| Others | - | 1 |
| | 7,478 | 3,743 |

34 Business Segment Reporting

- The Company is engaged in the production of defence equipment and was exempted from '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 view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 108.
- For management purposes, the Company is organized into two major segments – Shipbuilding (New Construction and Ship Repairs) and Submarine.
- There are no geographical segments within the business segments.

35 Contingent Liabilities and Commitments:

(₹ in lakhs)

| Sr no. | Particulars | 31st March 2019 | 31st March 2018 |
|-------------|---|-----------------|-----------------|
| 35.1 | Amounts for which Company may be contingently liable: | | |
| (i) | Estimated amount of contracts remaining to be executed on capital account. | 7,847 | 6,059 |
| (ii) | b) Estimated amount of liquidated damages on contracts under execution. | 110,045 | 9,718 |
| (iii) | Position of non-fund based limits utilized for: | | |
| | (a) Letters of credit | 76,899 | 89,283 |
| | (b) Guarantees and counter guarantees | 1,883 | 843 |
| (iv) | Indemnity Bonds issued by the Company to customers for various contracts. | 5,076,633 | 5,060,410 |
| (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 2019 | 31st March 2018 |
|--------|--------------------------------|-----------------|-----------------|
| (i) | Suppliers and sub-contractors | 498 | 602 |
| (ii) | Others | 5,832 | 4,297 |
| (iii) | Interest on (i) and (ii) above | 12,948 | 12,457 |
| | | 19,277 | 17,356 |

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 2019 | 31st March 2018 |
|--------|----------------|-----------------|-----------------|
| (i) | Sales Tax * | 115,150 | 115,231 |
| (ii) | Excise Duty | | |
| | (a) On Vendors | 190 | 184 |
| | (b) On MDL | 29 | 28 |
| | | 219 | 212 |
| | | 115,369 | 115,443 |

* Against the above claim, part payments of ₹ 676 lakhs (Previous year - ₹ 614 lakhs) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 197 lakhs inclusive of interest and penalty (Previous year - ₹ 192 lakhs) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. The Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

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

| Sr no. | Particulars | 31st March 2019 | 31st March 2018 |
|--------|---|-----------------|-----------------|
| (i) | Excise Duty | 15 | 15 |
| (ii) | Service Tax* (including interest and penalties) | 7,067 | 6,972 |
| (iii) | Income Tax | - | 5,148 |
| | | 7,082 | 12,135 |

* Includes ₹ 2928 Lakhs (Previous year - ₹ 2928 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 2019 | 31st March 2018 |
|-------------|-----------------|-----------------|
| Custom Duty | 8 | 28 |



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

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

37 Normal Operating Cycle

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

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

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

38 Employee Benefits

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

| (I) Defined Contribution Plans | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| (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 | 4,742 | 4,135 |
| 2. Employers' Contribution to Employees' State Insurance | 381 | 623 |
| 3. Employers' Contribution to EPS (Employees' Pension Scheme) | 1,939 | 1,575 |
| 4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme | 134 | 37 |

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, 2019 | 31st March, 2018 |
|--|-------------------------|-------------------------|
| 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% | 7.50% |
| 2 Rate of increase in compensation levels | 7.00% | 7.00% |

Gratuity liability is a defined benefit obligation and is provided for, on the basis of an actuarial valuation on projected net credit method made at the end of each financial year. The Gratuity Fund is invested in a Group Gratuity-cum-Life Assurance cash accumulation policy by an insurer. The investment return earned on the policy comprises 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, 2019 | 31st March, 2018 |
|---------------------------------------|-------------------------|-------------------------|
| Opening Balance | 25,999 | 21,058 |
| Add : Credit from Company | 5,000 | 6,627 |
| Less : Amount paid towards claims | (5,035) | (3,244) |
| Add : Interest credited | 1,821 | 1,557 |
| Closing Balance | 27,785 | 25,999 |
| Present value of past service benefit | 28,716 | 28,072 |

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

38.2 Actuarial valuation of liability towards Gratuity

Defined Benefit Plans Gratuity - as per actuarial valuation

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

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

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--|-------------------------|-------------------------|
| i) Assumptions | | |
| a) Discount Rate | 7.50% | 7.50% |
| b) Salary Escalation | 7.00% | 7.00% |
| c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March | 7.00% | 8.20% |
| d) Expected average remaining working lives of employees (years) | 14 | 14 |



(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| ii) Table showing changes in present value of obligations | | |
| Present value of obligations as at beginning of year | 28,072 | 22,366 |
| Interest cost | 2,105 | 1,622 |
| Current service cost | 1,349 | 1,284 |
| Benefits paid | (5,035) | (3,244) |
| Actuarial (gain) / loss on obligations | 2,224 | 6,044 |
| Present value of obligations as at end of year | 28,716 | 28,072 |
| iii) Table showing changes in the fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 25,999 | 21,058 |
| Expected return on plan assets | 1,821 | 1,557 |
| Contributions | 5,000 | 6,627 |
| Benefits paid | (5,035) | (3,244) |
| Actuarial (gain) / loss on plan assets | - | - |
| Fair value of plan assets at the end of year | 27,785 | 25,999 |
| iv) Table showing fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 25,999 | 21,058 |
| Actual return on plan assets | 1,821 | 1,557 |
| Contributions | 5,000 | 6,627 |
| Benefits paid | (5,035) | (3,244) |
| Fair value of plan assets at the end of year | 27,785 | 25,999 |
| Funded status | (931) | (2,073) |
| Excess of Actual over estimated return on plan assets | - | - |
| v) Actuarial gain / loss recognized | | |
| Actuarial (gain) / loss for the year - obligation | 2,224 | 6,044 |
| Actuarial (gain) / loss for the year - plan assets | - | - |
| Total (gain) / loss for the year | 2,224 | 6,044 |
| Actuarial (gain) / loss recognised in the year | 2,224 | 6,044 |
| 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 | 28,716 | 28,072 |
| Fair value of plan assets as at the end of the year | 27,785 | 25,999 |
| Funded status | (931) | (2,073) |
| Net Asset / (Liability) recognized in balance sheet | (931) | (2,073) |
| vii) Expenses recognized in statement of Profit and Loss | | |
| Current service cost | 1,349 | 1,284 |
| Interest cost | 156 | 95 |
| Expenses recognized in statement of profit and loss | 1,505 | 1,379 |



(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| viii) Expenses recognized in Other Comprehensive Income | | |
| Actuarial (gain) / loss recognised in the year | 2,224 | 6,044 |
| ix) Current/Non-current Liability | | |
| Current Liability | 9,344 | 8,305 |
| Non-current Liability | 19,372 | 19,494 |
| Present Value of the Defined Gratuity Benefit Obligation | 28,716 | 27,799 |

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, 2019 | | 31st March, 2018 | |
|--|------------------|----------|------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is decreased to 7% | 570 | | 554 | |
| (Previous year - 7.50%) | 1.99% | | 1.97% | |
| if Discount rate is increased to 8.00% | | 538 | | 1,052 |
| (Previous year - 8.50%) | | 1.87% | | 3.75% |
| Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is increased to 7.50% | 385 | | 421 | |
| (Previous year - 7.50%) | 1.34% | | 1.50% | |
| if Discount rate is decreased to 6.50% | | 367 | | 932 |
| (Previous year - 6.50%) | | 1.28% | | 3.32% |

38.3 Actuarial valuation of liability towards Leave Encashment

Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2019

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

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



(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| i) Assumptions | | |
| Discount rate | 7.50% | 7.50% |
| Rate of increase in compensation levels | 7.00% | 7.00% |
| 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 | 13,937 | 14,699 |
| Acquisition adjustment | - | - |
| Interest cost | 1,045 | 1,066 |
| Current service cost | 102 | 884 |
| Curtailement cost / (credit) | - | - |
| Settlement cost / (credit) | - | - |
| Benefits paid | (2,790) | (1,667) |
| Actuarial (gain) / loss on obligations | 1,744 | (1,046) |
| Present value of obligation as at the end of the year | 14,039 | 13,937 |
| 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 | 10 | - |
| Contributions | 14,002 | - |
| Benefits paid | - | - |
| Actuarial gain / (loss) on plan assets | - | - |
| Fair value of plan assets at the end of the year | 14,012 | - |
| 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 | 14,012 | - |
| Fair value of plan asset at the end of the year | - | - |
| Funded status | (27) | (13,937) |
| Excess of actual over estimated return on plan assets | - | - |
| v) Actuarial gain / loss recognized | | |
| Actuarial (gain) / loss for the year - obligation | 1,744 | (1,046) |
| Actuarial (gain) / loss for the year - plan assets | - | - |
| Total (gain) / loss for the year | 1,744 | (1,046) |
| Actuarial (gain) / loss recognised in the year | 1,744 | (1,046) |
| Un-recognised actuarial (gains) / losses at the end of year | - | - |



(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| vi) The amounts to be recognized in the balance sheet | | |
| Present value of obligation as at the end of the year | 14,039 | 13,937 |
| Fair value of plan assets as at end of the year | 14,012 | - |
| Funded status | (27) | (13,937) |
| Unrecognized actuarial (gains) / losses | - | - |
| Net asset / (liability) recognized in balance sheet | (27) | (13,937) |
| vii) Expenses recognized in statement of profit and loss | | |
| Current service cost | 102 | 884 |
| Interest cost | 1,045 | 1,066 |
| Actuarial (gain) / loss recognised in the year | 1,744 | (1,046) |
| Expenses recognized in the statement of profit and loss | 2,892 | 904 |
| viii) Expenses recognized in Other Comprehensive Income | | |
| Actuarial (gain) / loss recognised in the year | 1,744 | (1,046) |
| ix) Current/Non-current Liability | | |
| Current Liability | 3,766 | 3,399 |
| Non-current Liability | 10,272 | 10,537 |
| Present Value of the Defined Leave Encashment Benefit Obligation | 14,039 | 13,937 |

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, 2019 | | 31st March, 2018 | |
|--|------------------|----------|------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is decreased to 7.00% | 411 | | 403 | |
| (Previous year - 7.50%) | 2.93% | | 2.89% | |
| if Discount rate is increased to 8.50% | | 383 | | 376 |
| (Previous year - 8.00%) | | 2.73% | | 2.70% |
| Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is increased to 7.50% | 411 | | 403 | |
| (Previous year - 7.50%) | 2.93% | | 2.89% | |
| if Discount rate is decreased to 6.50% | | 386 | | 379 |
| (Previous year - 6.50%) | | 2.75% | | 2.72% |



(₹ in lakhs)

| 39 PROVISIONS MADE, UTILISED, WRITTEN BACK : | 31st March, 2019 | 31st March, 2018 |
|---|-------------------------|-------------------------|
| a) Provision for Custom Duty Demand: | | |
| Opening Balance | 426 | 426 |
| Additions | - | - |
| Utilised/Adjusted | - | - |
| Closing Balance | 426 | 426 |
| b) Provision for Liquidated Damages*: | | |
| Opening Balance | 104,236 | 102,415 |
| Additions | 3,589 | 1,864 |
| Utilised/Adjusted | - | 43 |
| Closing Balance | 107,825 | 104,236 |
| c) Provision for Guarantee Repairs: | | |
| Opening Balance | 2,856 | 1,226 |
| Additions | - | 2,830 |
| Utilised/Adjusted | 798 | 1,200 |
| Closing Balance | 2,058 | 2,856 |
| d) Other Provisions: | | |
| Opening Balance | 107 | 107 |
| Additions | - | - |
| Utilised/Adjusted | - | - |
| 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, 2019 based on available information with the Company are as under:

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--|-------------------------|-------------------------|
| Principal amount due and remaining unpaid | 160 | 147 |
| Interest due on above and the unpaid interest | 7 | 12 |
| Interest paid | - | - |
| Payment made beyond the appointed day during the year | 2,310 | 1,318 |
| Interest accrued and remaining unpaid on above | 103 | 35 |
| Amount of further interest remaining due and payable in succeeding years | | - |



41 Miscellaneous Expenses include:

(₹ in lakhs)

| | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| Remuneration to the Statutory Auditors | | |
| i) Audit fees | 8 | 8 |
| ii) Out of pocket expenses | - | - |
| iii) Tax audit fees | 1 | 1 |
| | 9 | 9 |

42 The Company has entered into Joint Venture with Reliance Defence and Engineering Limited and formed a Joint Venture company "Mazagon Dock Pipavav Defence Pvt. Ltd." incorporated in Mumbai, India during FY 2012-13. The Company's share in equity share capital of joint venture is 50%. Though company has subscribed 1,00,000 equity shares of ₹ 10 each, the same has not been paid. During FY 2017-18 both JV partners have passed resolution in their respective Board to wind up the Joint Venture. The company has filed application with the Registrar of Company, Mumbai for striking off a Joint Venture company Mazagon Dock Pipavav Defence Pvt. Ltd on 24th November 2018 which is under process for closure.

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 (Previous year - ₹ 391 lakhs) includes yearly installment of ₹ 214 (Previous year - ₹ 214 lakhs) and ₹ 177 lakhs (Previous year - ₹ 177 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 2019 which is ₹ 91.0858 for 1 SDR. These payments are reimbursable by Indian Navy. Accordingly, ₹ 7043 lakhs (amortised costs of ₹ 1970 lakhs) held at foreign supplier deferred credit as on 31st March 2019.

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

45 Pursuant to notification S.O. 2437(E) dated 4th September, 2015, the Board has approved the non disclosure following information on the exemption granted under section 129 of the Companies Act, 2013 and hence the same has not been disclosed in the financial statements.

- Goods purchased under broad heads
- Value of import on CIF basis
- Expenditure on foreign currency
- Total value of imported raw material
- Earning in foreign currency



46 Related Party Disclosure

(₹ in lakhs)

a) Name of related party and description of relationships

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

ii) Goa Shipyard Limited Associate company

iii) Key Managerial Personnel

| | | |
|--------------------------|-------------------|---|
| 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, 2019 | - | 4,700 | 8 | 4 |
| | 31st March, 2019 | | | | (13) |
| | 31st March, 2018 | - | 4,671 | 7 | 3 |
| | 31st March, 2018 | | | | - |
| Other Related Party: | | | | | |
| Indian Navy | 31st March, 2019 | 464,289 | - | - | 165,920 |
| | 31st March, 2018 | 440,660 | - | - | 143,606 |

| Remuneration to Key Managerial Personnel* | 31st March, 2019 | 31st March, 2018 |
|---|------------------|------------------|
| Cmde Rakesh Anand (Retd) | 59 | 57 |
| Capt Rajiv Lath (Retd) | 54 | 55 |
| Shri Sanjiv Sharma | 57 | 41 |
| Cmde T V Thomas | 48 | 24 |
| RAdm A K Saxena (Retd) | 47 | 1 |

* As per Statement of Profit and Loss Account.

The company has procured spares amounting to ₹ 259 lakhs (excluding tax) from M/s Goa Shipyard limited out of which ₹ 13 lakhs (2018-Nil) is outstanding as on 31.03.2019.

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 Ind AS 24 "Related Party Disclosures"



47 Earnings per share (EPS)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| Earning Per Share (EPS) - Basic and Diluted | | |
| Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in lakhs) | 51,940 | 43,993 |
| A Net Profit / (Loss) for calculation of basic EPS (₹ in lakhs) | 51,940 | 43,993 |
| Weighted average number of equity shares for calculating basic EPS | 224,100,000 | 24,900,000 |
| Number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS | - | 249,000,000 |
| Buyback of shares during FY 2017-18 | - | 24,900,000 |
| B Weighted average number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS | 224,100,000 | 240,700,000 |
| C EPS (₹) - Basic (A/B) | 23.18 | 18.28 |
| D Restated Net Profit / (Loss) for calculation of diluted EPS (₹ in lakhs) | 51,940 | 43,993 |
| Weighted average number of equity shares | 224,100,000 | 240,700,000 |
| Effect of dilution: | - | - |
| E Weighted average number of equity shares for calculating diluted EPS | 224,100,000 | 240,700,000 |
| F EPS (₹) - Diluted (D/E) | 23.18 | 18.28 |



48 Statement of Income tax expense and accounting

(₹ in lakhs)

| Particulars | | 31st March, 2019 | 31st March, 2018 |
|-------------|--|------------------|------------------|
| A | Profit Before Tax as per Statement of Profit & Loss | 82,668 | 69,653 |
| B | Tax at statutory rate (%) | 34.944% | 34.608% |
| C | Tax expenses at statutory rate | 28,892 | 24,106 |
| | Prior year tax | 543 | 1,064 |
| | | 29,435 | 25,170 |
| | Adjustment for permanent difference | | |
| 1 | Expenses disallowed/Income allowed | 4,868 | 2,499 |
| 2 | Income exempt under Income Tax Act | (4,772) | (4,856) |
| 3 | Others | (968) | 3,700 |
| D | Total Permanent Difference | (872) | 1,343 |
| | Adjustment for timing difference | | |
| 1 | Difference between book depreciation and income tax depreciation | (203) | (1,086) |
| 2 | Provision for anticipated losses and gains | 4,011 | (3,113) |
| 3 | Disallowances under Sec 43B | (2,384) | 2,532 |
| 4 | Others | 11,819 | 14,897 |
| E | Total timing difference | 13,242 | 13,230 |
| F | Net Adjustments | 12,370 | 14,573 |
| G=F*B | Tax expenses/(Savings) thereon | 4,323 | 5,043 |
| H | Current Tax (C+G) | 33,211 | 29,149 |
| | Current Tax as per Books | 33,211 | 29,152 |
| I | Short (excess provision for earlier year) | 543 | 1,064 |
| J | Deferred Tax charge /(Credit) | (3,026) | (4,556) |
| K | Total Tax expenses (H+I+J) | 30,728 | 25,657 |

49 Fair Value Measurement

Financial Instruments by Category

(₹ in lakhs)

| Particulars | 31st March 2019 | | | 31st March 2018 | | |
|-------------------------|-----------------|-------|----------------|-----------------|-------|----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial Assets | | | | | | |
| Security Deposits | - | - | 343 | - | - | 318 |
| Russian Deferred Debit | - | - | 1970 | - | - | 1,984 |
| Financial Liabilities | | | | | | |
| Russian Deferred Credit | - | - | 1970 | - | - | 1,984 |
| Security Deposits | - | - | 118 | - | - | 78 |



Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

Fair Value Hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are

- recognised and measured at fair value
- measured at amortised cost and for which fair values are disclosed in the financial statements.

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

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

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

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

Financial assets and liabilities measured at amortised cost

(₹ in lakhs)

| Particulars | Fair value Hierarchy | 31st March 2019 | | 31st March 2018 | |
|------------------------------|----------------------|-----------------|------------|-----------------|------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets | | | | | |
| Security deposits | Level 3 | 376 | 343 | 376 | 318 |
| Russian Deferred Debit | Level 3 | 7043 | 1970 | 7435 | 1984 |
| Financial liabilities | | | | | |
| Russian Deferred Credit | Level 3 | 7043 | 1970 | 7435 | 1984 |
| Security Deposits | Level 3 | 149 | 118 | 101 | 78 |

49.1 Financial risk management

a) Credit Risk

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

i) Trade Receivables and unbilled revenue

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



ii) Financial Instruments and cash deposits

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

b) Liquidity Risk

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

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

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

c) Market Risk

i) Foreign currency risk and sensitivity

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

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

ii) Foreign Currency Risk Exposure

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

(₹ in lakhs)

| Particulars | CAD | EUR | GBP | NOK | SEK | SGD | USD |
|-----------------------|-----|--------|-----|-----|-----|-----|--------|
| Financial Liabilities | | | | | | | |
| 31st March 2019 | 2 | 12,964 | 17 | 4 | 1 | - | 7,863 |
| 31st March 2018 | - | 5,661 | 90 | 73 | 1 | - | 15,100 |



Sensitivity

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

(₹ in lakhs)

| Particulars | Impact on Profit Before Tax | |
|-------------------------|-----------------------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| CAD Sensitivity* | | |
| INR/CAD increases by 5% | 0 | (0) |
| INR/CAD decreases by 5% | (0) | 0 |
| EUR Sensitivity* | | |
| INR/EUR increases by 5% | 648 | 283 |
| INR/EUR decreases by 5% | (648) | (283) |
| GBP Sensitivity* | | |
| INR/GBP increases by 5% | 1 | 4 |
| INR/GBP decreases by 5% | (1) | (4) |
| NOK Sensitivity* | | |
| INR/NOK increases by 5% | 0 | 4 |
| INR/NOK decreases by 5% | (0) | (4) |
| SEK Sensitivity* | | |
| INR/SEK increases by 5% | 0 | 0 |
| INR/SEK decreases by 5% | (0) | (0) |
| SGD Sensitivity* | | |
| INR/SGD increases by 5% | - | - |
| INR/SGD decreases by 5% | - | - |
| USD Sensitivity* | | |
| INR/USD increases by 5% | 393 | 755 |
| INR/USD decreases by 5% | (393) | (755) |

* 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 | 2018-19 | 2017-18 |
|--|--|--------------|--------------|
| Clause (i) | Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water. | 837 | 995 |
| Clause (ii) | Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled. | 1,121 | 1,187 |
| Clause (iv) | Ensuring environment sustainability, ecological balance, protection of flora & fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air & water. | 34 | - |
| Clause (vi) | Measures for the benefit of armed forces veterans, war widows and their dependents | 5 | - |
| Clause (vii) | Training to promote rural sports, nationally recognised sports,paralympic sports and Olympic sports; | 30 | - |
| Clause (ix) | Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government | 40 | - |
| Clause (x) | Rural development projects; | 178 | 145 |
| | Total | 2,245 | 2,327 |

| Particulars | 2018-19 | 2017-18 |
|--|---------|---------|
| Amount required to be spent by the Company during the period | 1,613 | 1,674 |
| Amount spent during the period (incl. Administration Expenses) | 2,347 | 2,426 |



52 Restatement Adjustments to Audited Ind AS Financial Statements

(₹ in lakhs)

| Sr No. | Particulars | 31st March, 2018 |
|----------|--|------------------|
| A | Net profit as per audited financial statements | 43,980 |
| 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 | |
| b. | Material adjustments relating to previous years | |
| | Increase/(Decrease) in Income | |
| | Change in Revenue | (1,333) |
| | (Increase)/Decrease in Expenses | |
| | Reversal of actuarial gain / (Loss) on leave encashment | |
| | Reversal of actuarial gain / (Loss) on gratuity | 1,309 |
| | Reversal of CSR expenditure | 9 |
| | Reversal of Employee benefit expense | 32 |
| C | Total adjustments | 17 |
| D | Restated profit / (loss) before tax adjustments (A-C) | 43,997 |
| E | Tax impact of adjustments | |
| a. | On restatement adjustments-income/(expense) | (4) |
| b. | On Ind AS adjustments | - |
| F | Restated profit / (loss) after tax | 43,993 |

53 During FY 2016-17, the Company delivered ship and recognised liquidated damages of ₹4923 lakhs in FY 2016-17. The Company is confident that the additional liquidated damages, which are under discussion with customer will not levy and hence no provision is recognised for the same.

54 As on 31st March, 2019, Inventory held on behalf of Navy is ₹ 4074 lakhs (Previous year - ₹ 4096 lakhs)

55 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 ₹ 2504 lakhs (Previous year ₹ 2088 lakhs) and profit there on of ₹ 189 lakhs (Previous year ₹ 157 lakhs) in the Statement of Profit and Loss.

56 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

JCR & Co

Chartered Accountants

Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner

Membership No. 160688

Date - 17th June, 2019

Place - Mumbai

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



INDEPENDENT AUDITOR'S REPORT

To the Members of Mazagon Dock Shipbuilders Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Mazagon Dock Shipbuilders Limited ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, the consolidated profit, consolidated total comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements

that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of the adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of



accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the

operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Emphasis of Matters

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

1. Registration formalities are pending in respect of certain properties. (Refer Note 2 Point no. (i))
2. In respect to the balances due from / to Indian Navy, (Refer Note 36 Point no. 2)
3. Balance of Advance to Vendors and balance outstanding in Trade Payables are subject to confirmation. (Refer Note 36 Point no. 1)

Our opinion is not modified in respect of these matters.

Other Matters

1. The Consolidated Ind AS Financial Statements include the Company's share of Net Profit (including other comprehensive income) of ₹ 5817 Lakhs for the year ended 31st March, 2019, as considered in the Consolidated Ind AS Financial Statements in respect of its Associate, whose Financial Statements have not been audited by us. These financial statements have been audited by other auditor whose report has been furnished to us by the management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amount and disclosure included in respect of this associate and our report in terms of Section 143(3) of the Act, in so far as it relates to the aforesaid associate, is based solely on the report of the other auditor.
2. Our opinion on the Consolidated Ind AS Financial Statements and our audit report on Other Legal

and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and report of the other auditor.

Report on Other Legal and Regulatory Requirements

1. As required by the directions issued by the Office of the Comptroller and Auditor General of India under Section 143(5) of the Act, we give in "Annexure I", a statement on the matters referred to in those directions.
2. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including (including Other Comprehensive Income), Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - e) The provisions of Section 164(2) of the Companies Act, 2013 are not applicable to the Government Company.
 - f) With respect to the adequacy of the internal financial controls over financial reporting



and the operating effectiveness of such controls; refer to our separate Report in "Annexure II" which is based on the auditor's reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) 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 consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the Group.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-
Mitesh Chheda

Partner
Mem. No. - 160688

Date: 17/06/2019
Place: Mumbai



ANNEXURE 'I' 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 Auditor's Report of even date and as required by the directions issued by the Office of the Comptroller & 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 System in place to process all the accounting transactions through IT System? If yes, the implications of processing of accounting transactions outside IT System on the integrity of the accounts along with the financial implications, if any, may be stated.**
 - According to the information and explanations given to us and based on the records of the Company examined by us, the Company has ERP system in place to process all the transactions through IT System. All the processes and transactions are mapped through ERP.
- 2. Whether there is restructuring of an existing loan or cases of waiver/ write off of debt/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.**
 - According to the information and explanations given to us and based on the records of the Company examined by us, there were no cases of waiver/ write off of debt/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan in FY 2018-19.
- 3. Whether funds received/ receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation.**
 - According to the information and explanations given to us and based on the records of the Company examined by us, there were no cases of any funds received by the Company during FY 2018-19 from Central/State governments under any schemes.

Date: 17/06/2019
Place: Mumbai

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Sd/-
Mitesh Chheda
Partner
Mem. No. - 160688



ANNEXURE “II” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Mazagon Dock Shipbuilders Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of MAZAGON DOCK SHIPBUILDERS LIMITED (hereinafter referred to as “Company”) and its subsidiary companies, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (“ the ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor’s Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies, which

are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable



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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s. JCR & Co.
Chartered Accountants
FRN- 105270W

Date: 17/06/2019
Place: Mumbai

Sd/-
Mitesh Chheda
Partner
Mem. No. - 160688



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF MAZAGON DOCK SHIPBUILDERS LIMITED, MUMBAI FOR THE YEAR ENDED 31 MARCH 2019.

The preparation of consolidated financial statements of **Mazagon Dock Shipbuilders Limited, Mumbai** for the year ended 31 March 2019 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor/ auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 17 June 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of **Mazagon Dock Shipbuilders Limited, Mumbai** for the year ended 31 March 2019 under section 143(6)(a) read with section 129(4) of the Act. We conducted a supplementary audit of the financial statements of **Mazagon Dock Shipbuilders Limited, Mumbai** and its associate, **Goa Shipyard Limited, Goa**, but did not conduct supplementary audit of the financial statements of its Joint venture, **Mazagon Dock Pipavav Defence Private Limited, Mumbai** for the year ended on that date. **Further, section 139(5) and 143(6)(a) of the Act are not applicable to Mazagon Dock Pipavav Defence Private Limited, Mumbai, being private entity, for appointment of their Statutory Auditor and for conduct of supplementary audit. Accordingly, Comptroller and Auditor General of India has neither appointed the Statutory Auditor nor conducted the supplementary audit of this company.** This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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


(Santosh Kumar, IA&AS)

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

Bangalore

Dated: 12 July 2019



CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2019

(₹ in lakhs)

| Particulars | Notes | As at 31st March, 2019 | As at 31st March, 2018 (Restated) | As at 1st April, 2017 |
|---|---------|---------------------------|--------------------------------------|--------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 2 | 73,098 | 61,796 | 52,490 |
| Capital work-in-progress | 3 | 8,877 | 8,538 | 9,843 |
| Other intangible assets | 2 | 2,298 | 2,841 | 2,135 |
| | | 84,273 | 73,175 | 64,468 |
| Financial assets | | | | |
| Investments | 4 | 43,067 | 42,915 | 38,359 |
| Trade receivable | 5 | 1,578 | 1,593 | 1,605 |
| Loans | 6 | 666 | 894 | 869 |
| Other financial assets | 7 | 14,352 | 340 | 340 |
| Deferred tax assets (net) | 8 | 57,464 | 54,438 | 49,882 |
| Non-current tax assets (net) | | 19,338 | 20,672 | 18,113 |
| Other non-current assets | 9 | 54,251 | 36,440 | 14,201 |
| Total non-current assets | | 274,989 | 230,467 | 187,837 |
| Current assets | | | | |
| Inventories | 10 | 379,030 | 378,597 | 402,865 |
| Financial assets | | | | |
| Trade receivables | 11 | 147,131 | 110,883 | 80,873 |
| Cash and cash equivalents | 12 | 72,968 | 37,356 | 14,288 |
| Bank balances other than cash and cash equivalents | 13 | 674,000 | 681,600 | 822,000 |
| Loans | 14 | 429 | 91 | 102 |
| Other financial assets | 15 | 22,130 | 11,054 | 14,767 |
| Contract assets | | 90,131 | 73,794 | 116,324 |
| Assets held for sale | | 205 | 1 | 3 |
| Other current assets | 16 | 421,665 | 410,601 | 297,416 |
| Total current assets | | 1,807,689 | 1,703,977 | 1,748,638 |
| TOTAL ASSETS | | 2,082,678 | 1,934,444 | 1,936,475 |
| EQUITY AND LIABILITIES | | | | |
| EQUITY | | | | |
| Equity share capital | 17 | 22,410 | 22,410 | 24,900 |
| Other equity | | 300,646 | 262,158 | 275,313 |
| Total equity | | 323,056 | 284,568 | 300,213 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| Trade payables | 18 | 1,578 | 1,593 | 1,605 |
| Other financial liabilities | 19 | 102 | 68 | 14 |
| Other long-term liabilities | 20 | 15,784 | 15,974 | 16,694 |
| Long-term provisions | 21 | 125,186 | 122,460 | 121,212 |
| Total non-current liabilities | | 142,650 | 140,095 | 139,525 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| Trade payables | | | | |
| i. total outstanding dues of micro and small enterprises | | 1,868 | 1,342 | 1,316 |
| ii. total outstanding dues other than (i) above | 22 | 289,857 | 237,765 | 91,318 |
| Other financial liabilities | 23 | 23,670 | 25,787 | 17,471 |
| Contract liability | | 1,289,554 | 1,231,888 | 1,375,957 |
| Other current liabilities | 24 | 2,206 | 988 | 2,512 |
| Short-term provisions | 25 | 9,817 | 12,011 | 8,163 |
| Total current liabilities | | 1,616,972 | 1,509,781 | 1,496,737 |
| Total liabilities | | 1,759,622 | 1,649,876 | 1,636,262 |
| TOTAL EQUITY AND LIABILITIES | | 2,082,678 | 1,934,444 | 1,936,475 |
| Significant accounting policies and notes to the financial statements | 1 to 56 | | | |

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 17th June, 2019

For and on behalf of the Board of Directors

Sd/-

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

Sd/-

Sanjiv Sharma
Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar
Company Secretary



CONSOLIDATED STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in lakhs)

| Particulars | Notes | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 (Restated) |
|---|---------|--|--|
| INCOME | | | |
| Revenue from operations | 26 | 464,915 | 448,798 |
| Other income | 27 | 59,338 | 55,715 |
| Total income | | 524,253 | 504,513 |
| EXPENSES | | | |
| Cost of materials consumed | 28 | 255,712 | 269,288 |
| Procurement of base and depot spares | | 60,805 | 9,172 |
| Employee benefit expenses | 29 | 68,947 | 88,562 |
| Finance costs | 30 | 410 | 385 |
| Depreciation and amortization expenses | | 6,142 | 5,021 |
| Sub-contract | | 17,590 | 32,269 |
| Power and fuel | | 1,926 | 2,262 |
| Other expenses - project related | 31 | 8,091 | 15,123 |
| Other expenses | 32 | 19,184 | 13,706 |
| Provisions | 33 | 7,478 | 3,743 |
| Total expenses | | 446,285 | 439,531 |
| Profit before tax | | 77,968 | 64,982 |
| Tax expense | | | |
| Current tax | | 33,211 | 29,152 |
| Deferred tax (credit) / charge | | (3,026) | (4,556) |
| Adjustment of tax relating to earlier years | | 543 | 1,064 |
| | | 47,240 | 39,322 |
| Share of Net Profit/(loss) of associate | | 6,209 | 10,260 |
| Profit for the year | | 53,449 | 49,582 |
| Other comprehensive income | | | |
| Items that will not be reclassified subsequently to profit or loss | | | |
| Remeasurement of defined employee benefit plan | | (2,379) | (5,993) |
| Income tax effect | | 831 | 2074 |
| Remeasurement of post employment benefit obligation of associate (net of tax) | | (392) | (83) |
| Total comprehensive income for the year | | 51,509 | 45,580 |
| Earning per share | | | |
| Basic and Diluted | | 23.85 | 20.60 |
| Significant accounting policies and notes to the financial statements | 1 to 56 | | |

As per our report of even date

JCR & CoChartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh ChhedaPartner
Membership No. 160688

Mumbai 17th June, 2019

For and on behalf of the Board of Directors

Sd/-

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

Sd/-

Sanjiv Sharma
Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar
Company Secretary



CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in lakhs)

| Sr. No. | Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 (Restated) |
|----------|--|--|--|
| A | Cash flow from operating activities | | |
| | Profit before tax (as restated) | 77,968 | 64,982 |
| | Adjustments for : | | |
| | (+) Non cash expenditure and non operating expenses | | |
| | Depreciation / amortization | 6,142 | 5,021 |
| | Finance cost | 410 | 385 |
| | Amortization of prepaid rentals | 15 | 15 |
| | (-) Non operating income | | |
| | Profit / Loss on sale of fixed assets | 18 | 19 |
| | Interest income | (54,115) | (48,271) |
| | Amortization gain on deferred deposits of vendors | (13) | (7) |
| | Amortization of deferred revenue (customer funded assets) | (737) | (733) |
| | Interest Income on deferred payment liability to foreign supplier | (377) | (379) |
| | Interest Income on deferred deposit with MbPT | (18) | (16) |
| | Operating profit before working capital changes | 29,293 | 21,016 |
| | Movement in working capital | | |
| | Decrease / (Increase) in Inventories | (433) | 24,268 |
| | Decrease / (Increase) in Trade receivables and loans and advances | (35,948) | (29,617) |
| | Decrease / (Increase) Other current and non current assets | (63,290) | 51,220 |
| | (Decrease) / Increase in Trade payables and provisions | 50,346 | 145,179 |
| | (Decrease) / Increase in Other current and non current liabilities | 57,382 | (137,203) |
| | Cash flow from operations | 37,350 | 74,863 |
| | Direct tax paid (net of refunds) | (31,589) | (30,701) |
| | Net cash from (used in) operating activities (A) | 5,761 | 44,162 |
| B | Cash flow from investing activities | | |
| | Purchase of property, plant and equipment (net of adjustments) | (17,154) | (15,087) |
| | Capital work in progress | (339) | 1,305 |
| | Proceeds from sale of property, plant and equipment | 27 | 35 |
| | Capital advance | 579 | (14) |
| | Interest received | 54,115 | 48,271 |
| | Dividend received | 4,700 | 4,671 |
| | Net cash from / (used in) investing activities (B) | 41,928 | 39,181 |



(₹ in lakhs)

| Sr. No. | Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 (Restated) |
|----------|---|-------------------------------------|--|
| 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) | (12,056) | (29,537) |
| | Finance costs | (21) | - |
| | Net cash from / (used in) financing activities (C) | (12,077) | (60,275) |
| | Net increase/(decrease) in cash and cash equivalents (A+B+C) | 35,612 | 23,068 |
| | Cash and cash equivalents at the beginning of the period | 37,356 | 14,288 |
| | Cash and cash equivalents at the end of the period | 72,968 | 37,356 |

Note: Figure in bracket indicate outflow

| Sr. No. | Particulars | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 (Restated) |
|---------|---|-------------------------------------|--|
| | Components of cash and cash equivalents: | | |
| | Balances with banks:- | | |
| | - In Current accounts | | |
| | i) In India | 3,205 | 164 |
| | ii) Outside India | 71 | 97 |
| | - In cash credit accounts | 2 | - |
| | - In flexi deposit accounts | 69,690 | 37,095 |
| | Total | 72,968 | 37,356 |

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 17th June, 2019

For and on behalf of the Board of Directors

Sd/-

Cmdr. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2019

(A) Equity share capital

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 | 1st April, 2017 |
|---|------------------|------------------|-----------------|
| Opening balance | 22,410 | 24,900 | 24,900 |
| Changes in equity share capital during the period | | | |
| Buy Back of Equity Shares | - | (2,490) | - |
| Closing balance | 22,410 | 22,410 | 24,900 |

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

(B) Other equity

For the year ended 31st March, 2019

(₹ in lakhs)

| Particulars | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Other Comprehensive Income (OCI) | Total Other Equity |
|---|-------------------|-----------------|-----------------|----------------------------|----------------------------------|--------------------|
| Balance as at 1st April, 2018 | 36,045 | 219,805 | 5 | 9,882 | (3,579) | 262,158 |
| Profit / (loss) for the year | 47,240 | | | | | 47,240 |
| Share of change in reserves of associate | 4,852 | | | | | 4,852 |
| Remeasurement of defined employee benefit plan (net of tax) | | | | | (1,548) | (1,548) |
| Dividends | | | | | | |
| Interim | (10,000) | | | | | (10,000) |
| Final | | | | | | - |
| Tax on dividends | (2,056) | | | | | (2,056) |
| Balance as at 31st March, 2019 | 76,081 | 219,805 | 5 | 9,882 | (5,127) | 300,646 |



For the year ended 31st March, 2018 (Restated)

(₹ in lakhs)

| Particulars | Retained Earnings | General Reserve | Capital Reserve | Capital Redemption Reserve | Other Comprehensive Income (OCI) | Total Other Equity |
|---|-------------------|-----------------|-----------------|----------------------------|----------------------------------|--------------------|
| Balance as at 1st April, 2017 | 22,422 | 245,154 | 5 | 7,392 | 340 | 275,313 |
| Profit / (loss) for the year | 39,322 | | | | | 39,322 |
| Share of change in reserves of associate | 9,227 | | | | | 9,227 |
| Remeasurement of defined employee benefit plan (net of tax) | | | | | (3,919) | (3,919) |
| Buyback of shares at premium | | (22,859) | | | | (22,859) |
| Transfer from general reserve to capital redemption reserve | | (2,490) | | 2,490 | | - |
| Tax on buyback | (5,389) | | | | | (5,389) |
| Dividends | | | | | | - |
| Interim | (18,000) | | | | | (18,000) |
| Final | (6,541) | | | | | (6,541) |
| Tax on dividends | (4,996) | | | | | (4,996) |
| Balance as at 31st March, 2018 | 36,045 | 219,805 | 5 | 9,882 | (3,579) | 262,158 |

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

Dividend: The board has recommended the final dividend for FY 2018-19 of ₹ 5582 lakhs. This proposed dividend is subject to the approval of shareholders in ensuing Annual General Meeting.

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.

As per our report of even date

JCR & Co

Chartered Accountants
Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner
Membership No. 160688

Mumbai 17th June, 2019

For and on behalf of the Board of Directors

Sd/-

Cmde. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



Note 1: Statement of Significant Accounting Policies

1) Principles of Consolidation

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

Investments in associates where the Company holds more than 20% of equity are accounted for using equity method as per Indian Accounting Standard (Ind AS) 28- “Investments in Associates and Joint Ventures”.

The consolidated financial statements are prepared using uniform accounting policies and are presented to the extent possible in the same manner as the Company’s separate financial statement except where adjustment for the differences are immaterial/ impractical.

The goodwill/capital reserve arising on acquisition of Associate is included in the carrying amount of the investment and disclosed separately. The carrying amount of the investment in associates is adjusted by the share of net profits / losses in the Consolidated Balance Sheet.

2) Corporate information:

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

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

3) Significant accounting policies:

3.1 Basis of preparation:

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

3.2 Summary of significant accounting policies:

a) Use of estimates:

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

Estimates and assumptions are required in particular for:

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

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

ii. Recognition and measurement of defined benefit obligations:

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



period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

iii. Recognition of deferred tax assets:

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

iv. Recognition and measurement of other provisions:

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

v. Discounting of long-term financial liabilities

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

vi. Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue from contracts with customers'. The estimates are revised periodically.

b) Current versus non-current classification:

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

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

- i. Expected to be realised or intended to be sold or consumed in normal operating cycle

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

All other assets are classified as non - current.

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

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

All other liabilities are treated as non - current.

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

c) Property, plant and equipment:

- i. Property, plant and equipment, including capital work-in-progress are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Capital works executed internally are valued at prime cost plus appropriate overheads.
 - Cost means cost of acquisition, inclusive of inward freight, duties, taxes and other incidental expenses incurred in relation to acquisition of such assets. It also includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. In



respect of major projects involving construction, related pre-operational expenses form part of the value of assets capitalised.

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

The Company has elected to measure all

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

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

ii. Depreciation:

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

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

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



prospectively, if appropriate.

- (g) Depreciation on property, plant and equipment commences when the assets are ready for intended use
- (h) In respect of assets whose useful life has been revised, the unamortised depreciable amount has been charged over the revised remaining useful life of the assets.
- (i) The residual value of all the assets have been considered at 5% of the original cost of the respective assets, except for computer and related hardware assets, where the residual value is considered to be nil.
- (j) When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives.

d) Intangible assets:

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

e) Impairment of assets:

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

f) Investment in associate:

An associate is an entity over which the Company

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

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

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

g) Foreign currency transactions:

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

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

h) Borrowing costs:

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowings



of funds and includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

i) Inventory valuation

- 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 realizable value.

j) Revenue recognition

i. Ship construction & repair contracts

Revenue from Ship Construction / repair Contracts shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met-

- (a) the customer simultaneously receives and consumes the benefits provided

by the Company's performance as the Company performs

- (b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced or
- (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

When the control of the produced good and rendered services is transferred over time to the customer, revenue is recognised over time (i.e. under the percentage of completion method).

For the application of the overtime method (PoC method), the measure of the progress towards complete satisfaction of a performance obligations is based on inputs (i.e. cost incurred).

Fixed Price Contract:

Revenues from construction contracts with customers are recognized over time using input method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically.

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.

Contract Asset:

The company's right to consideration in exchange for goods or services that the company has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).

Contract Liability:

The company's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer

Revenue from supply of Base & Depot (B&D) spares:

Revenue from supply of B&D spares is to be recognised based on satisfaction of performance obligation satisfied at a point in time based on proof of receipts of goods from Naval stores.

ii. Dividend income

Dividend income from investments is recognized when the Company's right to receive payment has been established.

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. 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 Assets:

i. Classification:

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

ii. Initial recognition and measurement:

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

iii. Financial assets measured at amortized cost:

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

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

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



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

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

vi. Investment in equity instruments:

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

vii. Investment in debt instruments:

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

viii. Impairment of financial asset:

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

ix. Derecognition of financial assets:

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

Financial liabilities:

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

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

i. Classification, initial recognition and measurement

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

ii. Subsequent measurement

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

iii. De-recognition of financial liability

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

iv. Retentions

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



v. Security deposit

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

l) Leases

i. As a lessee

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

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

ii. As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected

general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature.

m) Employee benefits

i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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

iii. Post-employment obligations

The Company operates the following post-employment schemes:

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



Gratuity

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

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

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

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

Post-retirement medical scheme

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

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

in equity and in the balance sheet.

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

Provident fund and Pension

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

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

n) Dividend to equity shareholders

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

o) Provision for current & deferred tax

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

Current income tax:

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

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

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



Deferred tax:

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

Deferred tax assets and liabilities are offset only if:

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

p) Provision for doubtful debts and loans and advances:

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

q) Warranty provision:

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

r) Provision, contingent liabilities and contingent assets:

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



Note 2

| Sr. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|------------------------------|--|---------------------|---------------|-------------|--------------|-----------------------------|------------------|--------------|-------------|--------------|------------------|----------------|
| | | Cost as on 01-04-18 | Additions | Adjustments | Disposal | Balance 31-03-19 | Opening 01-04-18 | For the year | Adjustments | Disposal | Balance 31-03-19 | As on 31-03-18 |
| A Assets Owned by MDL | | | | | | | | | | | | |
| 1 | Freehold Land | 4,695 | 5,000 | - | - | 9,695 | - | - | - | - | 9,695 | 4,695 |
| 2 | Buildings: i) Factory Building | 1,772 | 1,018 | - | 4 | 2,786 | 188 | 103 | - | 3 | 288 | 2,498 |
| | ii) Office and Staff Quarters | | | | | | | | | | | |
| | a) RCC | 1,897 | 766 | - | 1 | 2,662 | 137 | 106 | - | 1 | 242 | 2,420 |
| | b) Non RCC | 715 | 102 | - | 28 | 789 | 48 | 33 | - | 26 | 55 | 734 |
| | iii) Others (Temporary structure) | 9 | 4 | - | - | 13 | 9 | 1 | - | - | 10 | 3 |
| 3 | Road | 673 | - | - | - | 673 | 358 | 126 | - | - | 484 | 189 |
| 4 | Plant and Equipment | 20,790 | 2,010 | - | 188 | 22,612 | 2,101 | 1,517 | - | 153 | 3,465 | 19,147 |
| 5 | Furniture and Fixtures | 1,438 | 187 | - | 16 | 1,609 | 459 | 160 | - | 7 | 612 | 997 |
| 6 | Vehicles | 1,924 | 24 | - | 28 | 1,920 | 656 | 255 | - | 26 | 885 | 1,035 |
| 7 | Office Equipment | 1,910 | 738 | - | 686 | 1,962 | 867 | 341 | - | 501 | 707 | 1,255 |
| 8 | Computers and Data Processing Units | | | | | | | | | | | |
| | i) Desktops, Laptops etc. | 554 | 468 | - | 399 | 623 | 205 | 367 | - | 399 | 173 | 450 |
| | ii) Server and Network | 2,847 | 1,187 | - | 211 | 3,823 | 549 | 657 | - | 198 | 1,008 | 2,815 |
| 9 | Loose Tools | 380 | 160 | - | 8 | 532 | 270 | 71 | - | 8 | 333 | 199 |
| 10 | Ship - Launches and Boats | 436 | 4,500 | - | - | 4,936 | 46 | 41 | - | - | 87 | 4,849 |
| 11 | Electrical Installation and Equipments | 1,454 | 388 | - | - | 1,842 | 446 | 185 | - | - | 631 | 1,211 |
| | Sub-total | 41,494 | 16,552 | - | 1,569 | 56,477 | 6,339 | 3,963 | - | 1,322 | 8,980 | 47,497 |
| | Previous Year's Figures | 30,117 | 11,816 | - | 440 | 41,493 | 3,677 | 3,055 | - | 391 | 6,341 | 35,152 |

Note: Vessels under the head "Launches and Boats" costing ₹ 4936 lakhs (Previous year - ₹ 436 lakhs) out of which ₹ 4936 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.



| B | Jointly Funded Assets | GROSS BLOCK | | | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | |
|---|--|---------------------|-------------------------|-------------|--------------|------------------|------------------|-----------------------------|-------------|--------------|------------------|----------------|----------------|
| | | Cost as on 01-04-18 | Additions in the period | Adjustments | Disposal | Balance 31-03-19 | Opening 01-04-18 | For the period | Adjustments | Disposal | Balance 31-03-19 | As on 31-03-19 | As on 31-03-18 |
| 1 | Buildings: i) Factory Building | 18,149 | 54 | - | - | 18,203 | 1,159 | 580 | - | - | 1,739 | 16,464 | 16,989 |
| | ii) Office and Staff Quarters | - | - | - | - | - | - | - | - | - | - | - | - |
| | a) RCC | 1,621 | - | - | - | 1,621 | 31 | 28 | - | - | 59 | 1,562 | 1,591 |
| | b) Non RCC | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Roads | 133 | - | - | - | 133 | 27 | 25 | - | - | 52 | 81 | 106 |
| 3 | Plant and Equipment | 6,656 | 59 | - | - | 6,715 | 914 | 308 | - | - | 1,222 | 5,493 | 5,743 |
| 4 | Electrical Installation and Equipments | 649 | - | - | - | 649 | 67 | 62 | - | - | 129 | 520 | 583 |
| 5 | Furniture and Fixtures | 226 | - | - | 10 | 216 | 27 | 21 | - | 3 | 45 | 171 | 199 |
| 6 | Office Equipment | 153 | - | - | - | 153 | 35 | 28 | - | - | 63 | 90 | 118 |
| 7 | Computers and Data Processing Units | - | - | - | - | - | - | - | - | - | - | - | - |
| | i) Server and Network | 338 | - | - | - | 338 | 115 | 57 | - | - | 172 | 166 | 223 |
| 8 | Ship - Launches and Boats | 1,143 | - | - | - | 1,143 | 50 | 39 | - | - | 89 | 1,054 | 1,093 |
| | Sub-total | 29,068 | 113 | - | 10 | 29,171 | 2,425 | 1,148 | - | 3 | 3,570 | 25,601 | 26,645 |
| | Previous Year's Figures | 27,338 | 1,729 | - | - | 29,067 | 1,288 | 1,134 | - | - | 2,422 | 26,645 | 26,050 |
| | Total Tangibles Assets (A+B) | 70,562 | 16,665 | - | 1,579 | 85,648 | 8,764 | 5,111 | - | 1,325 | 12,550 | 73,098 | 61,796 |
| | Previous Year's Figures | 57,455 | 13,545 | - | 440 | 70,560 | 4,965 | 4,189 | - | 391 | 8,763 | 61,796 | 52,490 |

| A | Intangible Assets | GROSS BLOCK | | | DEPRECIATION / AMORTISATION | | | NET BLOCK | | | | | |
|---|---------------------------|---------------------|-------------------------|-------------------------|-----------------------------|------------------|------------------|--------------|-------------------------|----------------------|------------------|----------------|--------------|
| | | Cost as on 01-04-18 | Additions in the period | Adjustments in the Year | Disposal in the Year | Balance 31-03-19 | Opening 01-04-18 | For the Year | Adjustments in the Year | Disposal in the Year | Balance 31-03-19 | As on 31-03-18 | |
| 1 | Assets Owned by MDL | | | | | | | | | | | | |
| 1 | Computer Software/SAP-ERP | 794 | - | - | - | 794 | 400 | 162 | - | - | 562 | 232 | 394 |
| 2 | Other than SAP-ERP | 3,800 | 489 | - | - | 4,289 | 1,459 | 833 | - | - | 2,292 | 1,997 | 2,341 |
| | Sub Total | 4,594 | 489 | - | - | 5,083 | 1,859 | 995 | - | - | 2,854 | 2,229 | 2,735 |
| | Previous Year's Figures | 3,112 | 1,542 | - | 60 | 4,594 | 1,119 | 796 | - | 56 | 1,859 | 2,735 | 1,993 |



| B | Jointly Funded Assets | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | |
|---|--------------------------------------|---------------------|-------------------------|---------------------------|------------------------|-----------------------------|------------------|----------------|---------------------------|------------------------|------------------|----------------|
| | | Cost as on 01-04-18 | Additions in the period | Adjustments in the period | Disposal in the period | Balance 31-03-19 | Opening 01-04-18 | For the period | Adjustments in the period | Disposal in the period | Balance 31-03-19 | As on 31-03-18 |
| 1 | Computer Software/SAP-ERP | 1,000 | - | - | - | 1,000 | 1,000 | - | - | - | 1,000 | - |
| 2 | Other than SAP-ERP | 181 | - | - | - | 181 | 76 | 36 | - | - | 112 | 69 |
| | Sub Total | 1,181 | - | - | - | 1,181 | 1,076 | 36 | - | - | 1,112 | 69 |
| | Previous Year's Figures | 1,181 | - | - | - | 1,181 | 1,039 | 36 | - | - | 1,075 | 106 |
| | Total Intangible Assets (A+B) | 5,775 | 489 | - | - | 6,264 | 2,935 | 1,031 | - | - | 3,966 | 2,841 |
| | Previous Year's Figures | 4,293 | 1,542 | - | 60 | 5,775 | 2,158 | 832 | - | 56 | 2,934 | 2,135 |
| | Total Assets (i+ii) | 76,337 | 17,154 | - | 1,579 | 91,912 | 11,699 | 6,142 | - | 1,325 | 16,516 | 64,637 |
| | Previous Year's Figures | 61,748 | 15,087 | - | 500 | 76,335 | 7,123 | 5,021 | - | 447 | 11,697 | 54,625 |

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

| Sr. No. | Particulars | (₹ in lakhs) | | | | | | | | | | | |
|---------|----------------------------|-----------------------------|------------------------------------|---------------------|------|---------------------|-------------------------|------------------|------------------------|-------------------|------------|----------------------|----------------------|
| | | 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 31-03-19 | Total as on 31-03-18 |
| 1 | Total Cost upto 31.03.2019 | 34,053 | 649 | 65,211 | 345 | 96 | 1,142 | 166 | 241 | 1,418 | 133 | 103,454 | 103,341 |
| 2 | Less: Funded By Navy | 25,484 | 628 | 61,346 | 345 | 96 | 983 | 158 | 241 | 1,181 | - | 90,462 | 90,349 |
| 3 | Funded By MDL | 8,569 | 21 | 3,865 | - | - | 159 | 8 | - | 237 | 133 | 12,992 | 12,992 |
| | Previous Year's Figures | 8,569 | 21 | 3,865 | - | - | 159 | 8 | - | 237 | 133 | 12,992 | 11,492 |



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 31-03-17 | As on 31-03-18 |
| 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 |
| | iii) Others (Temporary structure) | 9 | - | - | - | 9 | 6 | 3 | - | - | 9 | - | 3 |
| 3 | Road | 667 | - | 6 | - | 673 | 232 | 126 | - | - | 358 | 315 | 435 |
| 4 | Plant and Equipment | 13,648 | 7,213 | (6) | 65 | 20,790 | 1,031 | 1,128 | - | 58 | 2,101 | 18,689 | 12,617 |
| 5 | Furniture and Fixtures | 1,345 | 96 | - | 3 | 1,438 | 302 | 160 | - | 3 | 459 | 979 | 1,043 |
| 6 | Vehicles | 1,728 | 220 | - | 24 | 1,924 | 437 | 242 | - | 23 | 656 | 1,268 | 1,291 |
| 7 | Office Equipment | 1,739 | 188 | - | 17 | 1,910 | 551 | 332 | - | 16 | 867 | 1,043 | 1,188 |
| 8 | 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 |
| 9 | Loose Tools | 251 | 129 | - | - | 380 | 192 | 79 | - | - | 271 | 109 | 59 |
| 10 | Ship - Launches and Boats | 302 | 134 | - | - | 436 | 30 | 16 | - | - | 46 | 390 | 272 |
| 11 | Electrical Installation and Equipments | 1,222 | 232 | - | - | 1,454 | 272 | 175 | - | - | 447 | 1,007 | 950 |
| | Sub-total | 30,117 | 11,816 | - | 440 | 41,493 | 3,677 | 3,055 | - | 391 | 6,341 | 35,152 | 26,440 |
| | Previous Year's Figures | 24,321 | 6,946 | - | 1,150 | 30,117 | 2,125 | 2,657 | - | 1,105 | 3,677 | 26,440 | 22,196 |

Note: 10 Vessels under the head "Launches and Boats" costing ₹ 436 lakhs (Previous year - ₹ 302 lakhs) out of which ₹ 302 lakhs (Previous year - ₹ 302 lakhs) are registered in the name of CMD of the Company to comply with the requirement of Indian Coastal Act, 1938 / Indian Vessels Act, 1917 and registration of one vessel costing ₹ 134 lakhs in the name of CMD is under process as on 31st March, 2018.



| B | Jointly Funded Assets | GROSS BLOCK | | | | DEPRECIATION / AMORTISATION | | | | NET BLOCK | | | |
|---|--|---------------------|---------------|-------------|------------|-----------------------------|------------------|----------------|-------------|------------|------------------|----------------|---------------|
| | | Cost as on 01-04-17 | Additions | Adjustments | Disposal | Balance 31-03-18 | Opening 01-04-17 | For the period | Adjustments | Disposal | Balance 31-03-18 | As on 31-03-17 | |
| 1 | Buildings: i) Factory Building | 17,994 | 155 | - | - | 18,149 | 582 | 578 | - | - | 1,160 | 16,989 | 17,412 |
| | ii) Office and Staff Quarters | - | - | - | - | - | - | - | - | - | - | - | - |
| | a) RCC | 1,565 | 56 | - | - | 1,621 | 2 | 28 | - | - | 30 | 1,591 | 1,563 |
| | b) Non RCC | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Roads | 133 | - | - | - | 133 | 2 | 25 | - | - | 27 | 106 | 131 |
| 3 | Plant and Equipment | 5,294 | 1,362 | - | - | 6,656 | 615 | 298 | - | - | 913 | 5,743 | 4,679 |
| 4 | Electrical Installation and Equipments | 626 | 23 | - | - | 649 | 5 | 61 | - | - | 66 | 583 | 621 |
| 5 | Furniture and Fixtures | 226 | - | - | - | 226 | 6 | 21 | - | - | 27 | 199 | 220 |
| 6 | Office Equipment | 145 | 8 | - | - | 153 | 7 | 28 | - | - | 35 | 118 | 138 |
| 7 | Computers and Data Processing Units | - | - | - | - | - | - | - | - | - | - | - | - |
| | i) Server and Network | 338 | - | - | - | 338 | 58 | 57 | - | - | 115 | 223 | 280 |
| 8 | Ship - Launches and Boats | 1,017 | 125 | - | - | 1,142 | 11 | 38 | - | - | 49 | 1,093 | 1,006 |
| | Sub-total | 27,338 | 1,729 | - | - | 29,067 | 1,288 | 1,134 | - | - | 2,422 | 26,645 | 26,050 |
| | Previous Year's Figures | 12,996 | 14,342 | - | - | 27,338 | 699 | 589 | - | - | 1,288 | 26,050 | 12,297 |
| | Total (A+B) | 57,455 | 13,545 | - | 440 | 70,560 | 4,965 | 4,189 | - | 391 | 8,763 | 61,796 | 52,490 |
| | Previous Year's Figures | 37,317 | 21,288 | - | 1,150 | 57,455 | 2,824 | 3,246 | - | 1,105 | 4,965 | 52,490 | 34,493 |

| A | Intangible 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 31-03-17 | |
| 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 | Adjustments | Disposal | Balance 31-03-18 | Opening 01-04-17 | For the period | Adjustments | Disposal | Balance 31-03-18 | As on 31-03-17 |
| 1 | Computer Software/SAP-ERP | 1,000 | - | - | - | 1,000 | 1,000 | - | - | - | 1,000 | - |
| 2 | Other than SAP-ERP | 181 | - | - | - | 181 | 39 | 36 | - | - | 75 | 106 |
| | Sub Total | 1,181 | - | - | - | 1,181 | 1,039 | 36 | - | - | 1,075 | 106 |
| | Previous Year's Figures | 1,181 | - | - | - | 1,181 | 1,003 | 36 | - | - | 1,039 | 142 |
| | Total (A+B) | 4,293 | 1,542 | - | 60 | 5,775 | 2,158 | 832 | - | 56 | 2,934 | 2,135 |
| | Previous Year's Figures | 3,747 | 546 | - | - | 4,293 | 1,464 | 694 | - | - | 2,158 | 2,283 |
| | Total | 61,748 | 15,087 | - | 500 | 76,335 | 7,123 | 5,021 | - | 447 | 11,697 | 54,625 |
| | Previous Year's Figures | 41,064 | 21,834 | - | 1,150 | 61,748 | 4,288 | 3,940 | - | 1,105 | 7,123 | 54,625 |

(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.

(₹ in lakhs)

| Sr. No. | Particulars | Assets jointly funded by MDL and Indian Navy | | | | | | | | | | Total as on 31-03-18 | Total as on 31-03-17 |
|----------|----------------------------|--|------------------------------------|---------------------|------|---------------------|-------------------------|------------------|------------------------|-------------------|------------|----------------------|----------------------|
| | | Office and Factory Building | Electric Installations & Equipment | Plant and Equipment | CDPU | Temporary Structure | Ships, Launches & Boats | Office Equipment | Furniture and Fixtures | Intangible assets | Roads | | |
| 1 | Total Cost upto 31.03.2018 | 33,999 | 649 | 65,152 | 345 | 96 | 1,142 | 166 | 241 | 1,418 | 133 | 103,341 | 101,612 |
| 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 | 8,569 | 21 | 3,865 | - | - | 159 | 8 | - | 237 | 133 | 11,492 | 11,135 |



3 Capital work-in-progress

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|--|------------------|-------|--------------------------------|-------|-----------------|-------|
| Capital work-in-progress | | | | | | |
| 1. Own resources | | | | | | |
| A. Tangible assets | | | | | | |
| Opening balance | 8,399 | | 8,388 | | 3,176 | |
| Add: Expenditure during the period | 16,988 | | 11,828 | | 12,425 | |
| Less: Capitalisation during the period | 16,551 | 8,836 | 11,817 | 8,399 | 7,213 | 8,388 |
| B. Intangible assets under development | | | | | | |
| Opening balance | - | | | | | |
| Add: Expenditure during the period | 489 | | 1,542 | | 546 | |
| Less: Capitalisation/adjustments during the period | 489 | - | 1,542 | - | 546 | - |
| 2. Funded by Indian Navy | | | | | | |
| Submarine facilities upgradation project | | | | | | |
| Opening balance | 139 | | 1,455 | | 13,784 | |
| Add: Expenditure/adjustments during the period | 16 | | 413 | | 1,656 | |
| Less: Capitalisation/adjustments during the period | 114 | 41 | 1,729 | 139 | 13,985 | 1,455 |
| | | 8,877 | | 8,538 | | 9,843 |

4 Non-current investments

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Investments in equity instruments (At cost, unquoted) | | | |
| In associate | | | |
| Equity shares of Goa Shipyard Limited | 43,067 | 42,915 | 38,359 |
| 5,49,57,600 Equity shares of ₹5 each fully paid up (in Previous year - 5,49,57,600 Equity shares of ₹ 5 each fully paid up) | | | |
| | 43,067 | 42,915 | 38,359 |



5 Trade receivables - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| (Unsecured, considered good) | | | |
| Deferred debts | 1,969 | 1,984 | 1,996 |
| Less: Amount receivable within 12 months | 391 | 391 | 391 |
| | 1,578 | 1,593 | 1,605 |

6 Loans - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| (Unsecured, considered good) | | | |
| Security deposits: | | | |
| Security deposits with Mumbai Port Trust | 343 | 324 | 308 |
| Other deposits | 323 | 570 | 561 |
| | 666 | 894 | 869 |

7 Other financial assets - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Fixed deposits with bank with maturity over 12 months (The above deposits are under lien with Mumbai Port Trust) | 340 | 340 | 340 |
| Leave encashment fund | 14,012 | - | - |
| | 14,352 | 340 | 340 |

Note - MDL has created leave encashment fund from FY 2018-19 for discharging liability towards leave encashment of permanent employees.

8 Deferred tax assets (net)

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|------------------|
| Deferred tax assets / (liabilities) | | | |
| Deferred tax assets | | | |
| Provisions | 68,585 | 65,136 | 58,540 |
| Others | - 68,585 | - 65,136 | 2,888 61,428 |
| Deferred tax liabilities | | | |
| Service tax | (1,457) | (1,456) | (1,442) |
| Depreciation | (9,664) | (9,242) | (8,715) |
| Others | - (11,121) | - (10,698) | (1,389) (11,546) |
| Deferred tax assets (net) | 57,464 | 54,438 | 49,882 |



9 Other non-current assets

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|---|------------------|---------------|--------------------------------|---------------|-----------------|---------------|
| Capital advances | | 106 | | 685 | | 671 |
| Deposits with custom and excise authorities | | 24 | | 24 | | 24 |
| Other receivables - considered good | 9 | | 19 | | 4 | |
| Other receivables - considered doubtful | 2,791 | | 2,795 | | 2,946 | |
| Less: Allowance for doubtful receivables | 2,791 | 9 | 2,795 | 19 | 2,946 | 4 |
| Advances paid to vendors - considered doubtful | 62 | | 62 | | 2 | |
| Less: Allowance for doubtful advances | 62 | - | 62 | - | 2 | - |
| VAT / sales tax receivable | | 12,504 | | 11,574 | | 12,574 |
| GST input tax credit | | | | | | |
| Services | 21,857 | | 7,439 | | - | |
| Materials | 15,085 | 36,942 | 11,671 | 19,110 | - | - |
| Export incentive receivable | | | | | | |
| Considered good | 193 | | 371 | | 371 | |
| Considered doubtful | 107 | | 107 | | 107 | |
| | 300 | | 478 | | 478 | |
| Less: Allowance for doubtful receivables | 107 | 193 | 107 | 371 | 107 | 371 |
| Prepaid expenses | | | | | | |
| Prepaid lease rent | 4,504 | | 4,633 | | 494 | |
| Less: amortisation / unwinding of prepaid rentals | 15 | | 15 | | 15 | |
| Less: current | 78 | 4,411 | 66 | 4,552 | 66 | 413 |
| Others | | 62 | | 105 | | 144 |
| | | 54,251 | | 36,440 | | 14,201 |



10 Inventories

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|--|------------------|----------------|--------------------------------|----------------|-----------------|----------------|
| Raw materials | | | | | | |
| Material in stores | 15,245 | | 16,791 | | 17,164 | |
| Less: Provision for obsolescence | 111 | 15,134 | 81 | 16,710 | 89 | 17,075 |
| Stores and spares | | | | | | |
| Material in stores | 2,051 | | 1,745 | | 1,878 | |
| Less: Provision for obsolescence | 107 | 1,944 | 111 | 1,634 | 73 | 1,805 |
| Equipment for specific projects | | | | | | |
| Material in stores/site | 357,945 | | 329,527 | | 363,802 | |
| Less: Provision for obsolescence | - | | 155 | | 181 | |
| | 357,945 | | 329,372 | | 363,621 | |
| Stock in transit | 2,217 | | 9,475 | | 19,717 | |
| Materials pending inspection | 1,714 | 361,876 | 21,317 | 360,164 | 539 | 383,877 |
| Scrap | | 76 | | 89 | | 108 |
| | | 379,030 | | 378,597 | | 402,865 |

Note:

- (i) Inventory costing ₹ 2383 lakhs (Previous year: 89 lakhs) is held with other vendors.
- (ii) Inventory costing ₹ 576 lakhs (Previous year: ₹ 576 lakhs) is held at customer's store.

11 Trade receivables - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|---|------------------|----------------|--------------------------------|----------------|-----------------|---------------|
| (Unsecured) | | | | | | |
| Against sale and repair of ships and submarines | | | | | | |
| Considered good | 135,652 | | 100,768 | | 74,696 | |
| Considered doubtful | 18,031 | | 16,299 | | 18,616 | |
| | 153,683 | | 117,067 | | 93,312 | |
| Less: Loss allowance | 18,031 | 135,652 | 16,299 | 100,768 | 18,616 | 74,696 |
| Against B&D Spares | | | | | | |
| Considered good | 11,479 | | 10,115 | | 6,177 | |
| Considered doubtful | 758 | | 758 | | 3,226 | |
| | 12,237 | | 10,873 | | 9,403 | |
| Less: Loss allowance | 758 | 11,479 | 758 | 10,115 | 3,226 | 6,177 |
| | | 147,131 | | 110,883 | | 80,873 |



Break-up of Trade Receivables

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| Trade receivables considered good - secured | - | - | - |
| Trade receivables considered good - unsecured | 147,131 | 110,883 | 80,873 |
| Trade receivables considered doubtful - secured | - | - | - |
| Trade receivables considered doubtful - unsecured | 18,789 | 17,057 | 21,842 |
| Trade receivables which have significant increase in credit risk | - | - | - |
| Trade receivables - credit impaired | - | - | - |
| Total | 165,920 | 127,940 | 102,715 |
| Loss allowance | 18,789 | 17,057 | 21,842 |
| Total trade receivables (current) | 147,131 | 110,883 | 80,873 |

12 Cash and cash equivalents

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|----------------------------------|------------------|--------------------------------|-----------------|
| Cash and cash equivalents | | | |
| Balances with banks:- | | | |
| - In current accounts | | | |
| i) In India | 3,205 | 164 | 61 |
| ii) Outside India | 71 | 97 | 79 |
| - In cash credit accounts | 2 | - | - |
| - In flexi deposit accounts | 69,690 | 37,095 | 14,148 |
| | 72,968 | 37,356 | 14,288 |

13 Bank balance other than cash and cash equivalents

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| In fixed deposit accounts - more than 3 months but not more than 12 months maturity | 674,000 | 681,600 | 822,000 |
| | 674,000 | 681,600 | 822,000 |



14 Loans - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|------------------------------|------------------|--------------------------------|-----------------|
| (Unsecured, considered good) | | | |
| Employee related | 385 | 91 | 102 |
| Others | 44 | - | - |
| | 429 | 91 | 102 |

15 Other financial assets - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Insurance claims receivable | 606 | 510 | - |
| Interest accrued on deposits and advances | 18,935 | 10,487 | 14,714 |
| Other receivables | 2,589 | 57 | 53 |
| | 22,130 | 11,054 | 14,767 |

16 Other current assets

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| (Unsecured, considered good, unless otherwise specified) | | | |
| Advances | | | |
| Advances paid to vendors | 419,342 | 409,028 | 296,359 |
| Travel advance to employees | 12 | 34 | 46 |
| Others | 25 | 177 | 15 |
| Prepaid expenses | | | |
| Prepaid lease rentals | 78 | 66 | 66 |
| Others | 2,208 | 1,296 | 930 |
| | 421,665 | 410,601 | 297,416 |

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

1. Certain Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. However MDL continues to occupy the land and is paying rent according to the terms and conditions of the contract. The lease period is assumed to be 29 years from the date of expiry of the leases.
2. The company is in possession of approx. 10 acre land belonging to CIDCO which ONGC ceded to MDL is or about the year 1984 for the cost of ₹ 20 lakhs. MDL is having permanently tenancy rights to co-terminate with the leasehold right of ONGC with the CIDCO land in their possession.



17 Share Capital

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Authorized share capital | | | |
| 32,37,20,000 (Previous year - 32,37,20,000 equity shares of ₹ 10 each) equity shares of ₹ 10 each | 32,372 | 32,372 | 32,372 |
| | 32,372 | 32,372 | 32,372 |
| Issued, subscribed and fully paid-up shares | | | |
| 22,41,00,000 ((Previous year - 22,41,00,000 equity shares of ₹ 10 each) equity shares of ₹ 10 each. | 22,410 | 22,410 | 24,900 |
| | 22,410 | 22,410 | 24,900 |

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|---|------------------|--------------------|--------------------------------|--------------------|-----------------|--------------------|
| | No. of shares | Percentage holding | No. of shares | Percentage holding | No. of shares | Percentage holding |
| Details of shareholding more than 5% shares in the Company | | | | | | |
| Shareholder | | | | | | |
| President of India and his nominees | 22,41,00,000 | 100% | 22,41,00,000 | 100% | 24,900,000 | 100% |

18 Trade payables - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|--|------------------|--------------------------------|-----------------|
| Deferred payment liability to a foreign supplier | 1,969 | 1,984 | 1,996 |
| Less: Amount payable within 12 months | 391 | 391 | 391 |
| | 1,578 | 1,593 | 1,605 |

19 Other financial liabilities - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|-----------------------------|------------------|--------------------------------|-----------------|
| Security and other deposits | 102.00 | 68.00 | 14 |
| | 102.00 | 68.00 | 14 |



20 Other long-term liabilities

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|--|------------------|--------|--------------------------------|--------|-----------------|--------|
| Funds received from customer for infrastructure projects | 90,511 | | 89,497 | | 86,725 | |
| Add: Received during the period | 544 | | 1,014 | | 3,786 | |
| Less: Transferred to fixed assets for capitalisation | 72,352 | | 72,352 | | 72,352 | |
| Less: Amortisation of deferred revenue | 2,935 | 15,768 | 2,199 | 15,960 | 1,466 | 16,693 |
| Deferred deposits | 16 | | 14 | | 4 | |
| | 15,784 | | 15,974 | | 16,694 | |

21 Provisions - non-current

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|----------------------------------|------------------|--|--------------------------------|--|-----------------|--|
| Employee benefits | | | | | | |
| Post retirement benefit schemes | | | | | | |
| Medical | 5,810 | | 7,153 | | 6,531 | |
| Gift card | 617 | | 79 | | 73 | |
| Leave salary encashment | 10,272 | | 10,538 | | 11,707 | |
| Welfare expenses | 399 | | 346 | | 378 | |
| Other provisions | | | | | | |
| Provision for liquidated damages | 107,825 | | 104,236 | | 102,415 | |
| Others | 263 | | 108 | | 108 | |
| | 125,186 | | 122,460 | | 121,212 | |

22 Trade payables - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | | 1st April, 2017 | |
|--|------------------|--|--------------------------------|--|-----------------|--|
| Other vendors | 289,466 | | 237,374 | | 90,927 | |
| Deferred payment liability to a foreign supplier | 391 | | 391 | | 391 | |
| | 289,857 | | 237,765 | | 91,318 | |



23 Others financial liabilities - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|---|------------------|--------------------------------|-----------------|
| Retention money payable | 668 | 495 | 606 |
| Liquidated damages payable | 4,090 | 1,690 | 8,886 |
| Interest payable on advances received from customer | 2,646 | 814 | 1,051 |
| Employee related | 10,593 | 22,034 | 6,404 |
| Others | 5,047 | 50 | 60 |
| Security and other deposits | 626 | 704 | 464 |
| | 23,670 | 25,787 | 17,471 |

24 Other current liabilities

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|-------------------|------------------|--------------------------------|-----------------|
| Statutory dues | 2,192 | 978 | 2,511 |
| Deferred deposits | 14 | 10 | 1 |
| | 2,206 | 988 | 2,512 |

25 Provisions - current

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) | 1st April, 2017 |
|-------------------------|------------------|--------------------------------|-----------------|
| Employee benefit | | | |
| Post retirement benefit | | | |
| Medical | 362 | 293 | 268 |
| Gift card | 80 | 9 | 22 |
| Leave salary encashment | 4,215 | 4,514 | 3,781 |
| Gratuity | 2,609 | 3,762 | 2,307 |
| Welfare expenses | 97 | 152 | 134 |
| Other provisions | - | | |
| Guarantee repairs | 2,028 | 2,855 | 1,225 |
| Custom duty | 426 | 426 | 426 |
| | 9,817 | 12,011 | 8,163 |

**26 Revenue from operations**

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|--------------------------------|------------------|--------------------------------|
| Contract revenue | | |
| Ship construction | 399,095 | 438,584 |
| Sale of goods | | |
| Sale of base and depot spares | 65,194 | 9,915 |
| Other operating revenue | | |
| Sale of scrap and stores | 626 | 299 |
| | 464,915 | 448,798 |

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

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| The amount of contract revenue recognised as revenue for the period | 399,095 | 438,584 |
| Aggregate amount of cost incurred and recognised profits (less recognised losses, if any) | 2,129,368 | 1,739,087 |
| The amount of advances received (gross) | 3,418,320 | 2,985,857 |
| The amount of retentions by customers | 34,623 | 52,044 |

Note -

- The company has adopted Ind AS 115 from 1st April, 2018 with modified retrospective approach. However, adoption of Ind AS 115 has no effect on profitability and turnover of the company except that from FY 2018-19 onwards, company as principal has recognised revenue for supply of base and depot spares at the time of satisfactory completion of delivery as against recognition of only service charges as revenue in previous years as agent. This has resulted in increase in total revenue by ₹ 60865 lakhs (Previous Year - ₹ 9172) lakhs in FY 2018-19. This change has not impacted the profitability of any of the year.
- The Company is engaged in the production of defence equipment and was exempted from '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 view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 115.



27 Other Income

(₹ in lakhs)

| Particulars | 31st March, 2019 | | 31st March, 2018 (Restated) | |
|---|------------------|---------------|--------------------------------|---------------|
| Interest from | | | | |
| Deposits with banks | 55,118 | | 48,912 | |
| Less: Interest liability to customer on advances | 2,646 | | 814 | |
| | 52,472 | | 48,098 | |
| On income tax refund | 1,410 | | - | |
| Other interest | 233 | 54,115 | 173 | 48,271 |
| Dividend from Goa Shipyard Ltd. | | 2,196 | | 5,674 |
| Liabilities / provisions no longer required written back | | 108 | | - |
| Insurance claims | | | | |
| Liquidated damages recovered | | 73 | | 185 |
| Capital | | 302 | | 31 |
| Others | | 1,399 | | 419 |
| Miscellaneous income / recoveries | | 13 | | 7 |
| Amortisation gain on deferred deposits of vendors | | 737 | | 733 |
| Amortisation of deferred revenue (customer funded assets) | | 377 | | 379 |
| Interest Income on deferred payment liability to foreign supplier | | 18 | | 16 |
| Interest Income on deferred deposit with MbPT | | | | |
| | | 59,338 | | 55,715 |



28 Cost of materials consumed

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| Opening stock | | |
| Raw materials, stores and spares | 18,534 | 19,042 |
| Equipment for specific projects | 329,527 | 363,802 |
| Stock-in-transit and materials pending inspection | 30,792 | 20,256 |
| | 378,854 | 403,100 |
| Add: Purchases | 258,438 | 246,978 |
| | 637,292 | 650,078 |
| Less: Closing stock | | |
| Raw materials, stores and spares | 17,296 | 18,536 |
| Equipment for specific projects | 357,945 | 329,527 |
| Stock-in-transit and materials pending inspection | 3,930 | 30,792 |
| | 258,121 | 271,223 |
| Less: Reduction in Value-included in Other Expenses | | |
| Less: Provision for obsolete stock | 26 | 30 |
| Less: Stores and spares consumption included in repairs and maintenance | 1 | 2 |
| Less: Stores and spares consumption included in other expenses | 2,382 | 1,903 |
| | 255,712 | 269,288 |

29 Employee benefit expenses

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|--|------------------|--------------------------------|
| Salaries, wages, allowances and bonus | 51,550 | 70,335 |
| Pension | 1,939 | 1,575 |
| Contribution to provident fund | 4,876 | 4,172 |
| Contribution to employees state insurance scheme | 381 | 623 |
| Workmen and staff welfare expenses | 4,590 | 5,858 |
| Gratuity | 2,355 | 2,593 |
| Encashment of privilege leave | 3,256 | 3,406 |
| | 68,947 | 88,562 |



30 Finance cost

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| Interest cost on deferred deposits of vendors | 12 | 6 |
| Interest cost on deferred payment liability to foreign supplier | 377 | 379 |
| Others | 21 | - |
| | 410 | 385 |

31 Other expenses - Projects related

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| Technician fees and other expenses | 2,528 | 1,559 |
| Service tax expenses | - | 1,314 |
| Technical know-how expenses (net of reversals) | - | (98) |
| Advising team fees and other expenses | 1,733 | 3,817 |
| Facility hire | 1,482 | 748 |
| Rent | 84 | 70 |
| Bank charges and guarantee commission | (11) | 235 |
| Travelling expenses | 72 | 158 |
| Sea trial, launching and commissioning expenses | 31 | 28 |
| Legal, professional and consultant fees | 862 | 1,920 |
| Training expenses | 1,043 | 4,637 |
| Miscellaneous expenses | 267 | 735 |
| | 8,091 | 15,123 |

**32 Other expenses**

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|---|------------------|--------------------------------|
| Repairs and maintenance: | | |
| Buildings | 1,871 | 267 |
| Plant and machinery | 1,915 | 1,964 |
| Steam launches and boats, motor cars, lorries, etc. | 1,008 | 834 |
| Less: Work done internally and other expenditure which has been included in other heads of expenses | (2,399) | (2,495) |
| | 2,395 | 570 |
| Facility hire | 600 | 742 |
| Water expenses | 235 | 182 |
| Rent | 820 | 786 |
| Insurance | 379 | 384 |
| Rates and taxes | 857 | 753 |
| Bank charges and guarantee commission | 17 | 15 |
| Printing and stationery | 76 | 103 |
| Travelling expenses | 610 | 596 |
| Business promotion expenses | 557 | 874 |
| Sea trial, launching and commissioning expenses | 5 | 15 |
| Corporate membership expenses | 32 | 23 |
| Changes in inventory of scrap | 13 | 19 |
| Foreign exchange variation (net) | 7 | 20 |
| Miscellaneous expenses | 4,242 | 1,065 |
| Audit fees | 8 | 8 |
| Lease charges | 34 | 33 |
| Legal, professional and consultant fees | 408 | 244 |
| Books and periodicals | 66 | 83 |
| Postage, telegrams and phones | 113 | 159 |
| Training expenses | 143 | 249 |
| CISF and security board expenses | 2,725 | 2,338 |
| Directors fees and expenses | 9 | 8 |
| Provision for obsolete stock | 26 | 30 |
| Consumption of stores and spares etc. | 2,382 | 1,903 |
| Other interest | 45 | 44 |
| Amortisation / unwinding of prepaid rentals | 15 | 15 |
| Corporate social responsibility expenses | 2,347 | 2,426 |
| Sale / scrapping of fixed assets (net) | 18 | 19 |
| | 19,184 | 13,706 |



Foreign Exchange gain for period ended 31st March 2019 is ₹ 2569 lakhs and foreign exchange gain for previous year is ₹ 1146 lakhs on raw materials and project specific equipments has been considered in cost of material consumed.

Expenditure on Research and Development and allied expenses aggregating to ₹ 8540 lakhs (Previous year - ₹ 7511 lakhs) is reflected under respective various heads in the above note.

33 Provisions

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 (Restated) |
|-----------------------------|------------------|--------------------------------|
| Liquidated damages | 3,589 | 1,821 |
| Doubtful debts / receivable | 3,889 | 291 |
| Guarantee repairs | - | 1,630 |
| Others | - | 1 |
| | 7,478 | 3,743 |

34 Business Segment Reporting

- The Company is engaged in the production of defence equipment and was exempted from '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 view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 108.
- For management purposes, the Company is organized into two major segments – Shipbuilding (New Construction and Ship Repairs) and Submarine.
- There are no geographical segments within the business segments.

35 Contingent Liabilities and Commitments:

(₹ in lakhs)

| Sr no. | Particulars | 31st March 2019 | 31st March 2018 |
|-------------|---|-----------------|-----------------|
| 35.1 | Amounts for which Company may be contingently liable: | | |
| (i) | Estimated amount of contracts remaining to be executed on capital account. | 7,847 | 6,059 |
| (ii) | b) Estimated amount of liquidated damages on contracts under execution. | 110,045 | 9,718 |
| (iii) | Position of non-fund based limits utilized for: | | |
| | (a) Letters of credit | 76,899 | 89,283 |
| | (b) Guarantees and counter guarantees | 1,883 | 843 |
| (iv) | Indemnity Bonds issued by the Company to customers for various contracts. | 5,076,633 | 5,060,410 |
| (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 2019 | 31st March 2018 |
|--------|--------------------------------|-----------------|-----------------|
| (i) | Suppliers and sub-contractors | 498 | 602 |
| (ii) | Others | 5,832 | 4,297 |
| (iii) | Interest on (i) and (ii) above | 12,948 | 12,457 |
| | | 19,277 | 17,356 |

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 2019 | 31st March 2018 |
|--------|----------------|-----------------|-----------------|
| (i) | Sales Tax * | 115,150 | 115,231 |
| (ii) | Excise Duty | | |
| | (a) On Vendors | 190 | 184 |
| | (b) On MDL | 29 | 28 |
| | | 219 | 212 |
| | | 115,369 | 115,443 |

* Against the above claim, part payments of ₹ 676 lakhs (Previous year - ₹ 614 lakhs) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 197 lakhs inclusive of interest and penalty (Previous year - ₹ 192 lakhs) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. The Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

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

| Sr no. | Particulars | 31st March 2019 | 31st March 2018 |
|--------|---|-----------------|-----------------|
| (i) | Excise Duty | 15 | 15 |
| (ii) | Service Tax* (including interest and penalties) | 7,067 | 6,972 |
| (iii) | Income Tax | - | 5,148 |
| | | 7,082 | 12,135 |

* Includes ₹ 2928 Lakhs (Previous year - ₹ 2928 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 2019 | 31st March 2018 |
|-------------|-----------------|-----------------|
| Custom Duty | 8 | 28 |



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

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

37 Normal Operating Cycle

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

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

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

38 Employee Benefits

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

| (I) Defined Contribution Plans | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| (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 | 4,742 | 4,135 |
| 2. Employers' Contribution to Employees' State Insurance | 381 | 623 |
| 3. Employers' Contribution to EPS (Employees' Pension Scheme) | 1,939 | 1,575 |
| 4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme | 134 | 37 |

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, 2019 | 31st March, 2018 |
|--|-------------------------|-------------------------|
| 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% | 7.50% |
| 2 Rate of increase in compensation levels | 7.00% | 7.00% |

Gratuity liability is a defined benefit obligation and is provided for, on the basis of an actuarial valuation on projected net credit method made at the end of each financial year. The Gratuity Fund is invested in a Group Gratuity-cum-Life Assurance cash accumulation policy by an insurer. The investment return earned on the policy comprises 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, 2019 | 31st March, 2018 |
|---------------------------------------|-------------------------|-------------------------|
| Opening Balance | 25,999 | 21,058 |
| Add : Credit from Company | 5,000 | 6,627 |
| Less : Amount paid towards claims | (5,035) | (3,244) |
| Add : Interest credited | 1,821 | 1,557 |
| Closing Balance | 27,785 | 25,999 |
| Present value of past service benefit | 28,716 | 28,072 |

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

38.2 Actuarial valuation of liability towards Gratuity

Defined Benefit Plans Gratuity - as per actuarial valuation

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

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



(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| i) Assumptions | | |
| a) Discount Rate | 7.50% | 7.50% |
| b) Salary Escalation | 7.00% | 7.00% |
| c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March | 7.00% | 8.20% |
| 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 | 28,072 | 22,366 |
| Interest cost | 2,105 | 1,622 |
| Current service cost | 1,349 | 1,284 |
| Benefits paid | (5,035) | (3,244) |
| Actuarial (gain) / loss on obligations | 2,224 | 6,044 |
| Present value of obligations as at end of year | 28,716 | 28,072 |
| iii) Table showing changes in the fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 25,999 | 21,058 |
| Expected return on plan assets | 1,821 | 1,557 |
| Contributions | 5,000 | 6,627 |
| Benefits paid | (5,035) | (3,244) |
| Actuarial (gain) / loss on plan assets | - | - |
| Fair value of plan assets at the end of year | 27,785 | 25,999 |
| iv) Table showing fair value of plan assets | | |
| Fair value of plan assets at beginning of year | 25,999 | 21,058 |
| Actual return on plan assets | 1,821 | 1,557 |
| Contributions | 5,000 | 6,627 |
| Benefits paid | (5,035) | (3,244) |
| Fair value of plan assets at the end of year | 27,785 | 25,999 |
| Funded status | (931) | (2,073) |
| Excess of Actual over estimated return on plan assets | - | - |
| v) Actuarial gain / loss recognized | | |
| Actuarial (gain) / loss for the year - obligation | 2,224 | 6,044 |
| Actuarial (gain) / loss for the year - plan assets | - | - |
| Total (gain) / loss for the year | 2,224 | 6,044 |
| Actuarial (gain) / loss recognised in the year | 2,224 | 6,044 |
| Un-recognised actuarial (gains) / losses at the end of year | - | - |



(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|---|------------------|------------------|
| vi) The amounts to be recognized in the balance sheet | | |
| Present value of obligations as at the end of year | 28,716 | 28,072 |
| Fair value of plan assets as at the end of the year | 27,785 | 25,999 |
| Funded status | (931) | (2,073) |
| Net Asset / (Liability) recognized in balance sheet | (931) | (2,073) |
| vii) Expenses recognized in statement of Profit and Loss | | |
| Current service cost | 1,349 | 1,284 |
| Interest cost | 156 | 95 |
| Expenses recognized in statement of profit and loss | 1,505 | 1,379 |
| viii) Expenses recognized in Other Comprehensive Income | | |
| Actuarial (gain) / loss recognised in the year | 2,224 | 6,044 |
| ix) Current/Non-current Liability | | |
| Current Liability | 9,344 | 8,305 |
| Non-current Liability | 19,372 | 19,494 |
| Present Value of the Defined Gratuity Benefit Obligation | 28,716 | 27,799 |

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, 2019 | | 31st March, 2018 | |
|--|------------------|----------|------------------|----------|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is decreased to 7% | 570 | | 554 | |
| (Previous year - 7.50%) | 1.99% | | 1.97% | |
| if Discount rate is increased to 8.00% | | 538 | | 1,052 |
| (Previous year - 8.50%) | | 1.87% | | 3.75% |
| Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is increased to 7.50% | 385 | | 421 | |
| (Previous year - 7.50%) | 1.34% | | 1.50% | |
| if Discount rate is decreased to 6.50% | | 367 | | 932 |
| (Previous year - 6.50%) | | 1.28% | | 3.32% |



38.3 Actuarial valuation of liability towards Leave Encashment

Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2019

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

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

(₹ in lakhs)

| i) Assumptions | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| Discount rate | 7.50% | 7.50% |
| Rate of increase in compensation levels | 7.00% | 7.00% |
| 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 | 13,937 | 14,699 |
| Acquisition adjustment | - | - |
| Interest cost | 1,045 | 1,066 |
| Current service cost | 102 | 884 |
| Curtailment cost / (credit) | - | - |
| Settlement cost / (credit) | - | - |
| Benefits paid | (2,790) | (1,667) |
| Actuarial (gain) / loss on obligations | 1,744 | (1,046) |
| Present value of obligation as at the end of the year | 14,039 | 13,937 |
| 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 | 10 | - |
| Contributions | 14,002 | - |
| Benefits paid | - | - |
| Actuarial gain / (loss) on plan assets | - | - |
| Fair value of plan assets at the end of the year | 14,012 | - |
| 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 | 14,012 | - |
| Fair value of plan asset at the end of the year | - | - |
| Funded status | (27) | (13,937) |
| Excess of actual over estimated return on plan assets | - | - |



(₹ in lakhs)

| i) Assumptions | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| v) Actuarial gain / loss recognized | | |
| Actuarial (gain) / loss for the year - obligation | 1,744 | (1,046) |
| Actuarial (gain) / loss for the year - plan assets | - | - |
| Total (gain) / loss for the year | 1,744 | (1,046) |
| Actuarial (gain) / loss recognised in the year | 1,744 | (1,046) |
| 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 | 14,039 | 13,937 |
| Fair value of plan assets as at end of the year | 14,012 | - |
| Funded status | (27) | (13,937) |
| Unrecognized actuarial (gains) / losses | - | - |
| Net asset / (liability) recognized in balance sheet | (27) | (13,937) |
| vii) Expenses recognized in statement of profit and loss | | |
| Current service cost | 102 | 884 |
| Interest cost | 1,045 | 1,066 |
| Actuarial (gain) / loss recognised in the year | 1,744 | (1,046) |
| Expenses recognized in the statement of profit and loss | 2,892 | 904 |
| viii) Expenses recognized in Other Comprehensive Income | | |
| Actuarial (gain) / loss recognised in the year | 1,744 | (1,046) |
| ix) Current/Non-current Liability | | |
| Current Liability | 3,766 | 3,399 |
| Non-current Liability | 10,272 | 10,537 |
| Present Value of the Defined Leave Encashment Benefit Obligation | 14,039 | 13,937 |

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, 2019 | | 31st March, 2018 | |
|--|------------------|--------------|------------------|--------------|
| | Increase | Decrease | Increase | Decrease |
| Discount Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is decreased to 7.00% (Previous year - 7.50%) | 411 2.93% | | 403 2.89% | |
| if Discount rate is increased to 8.50% (Previous year - 8.00%) | | 383 2.73% | | 376 2.70% |
| Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged) | | | | |
| if Discount rate is increased to 7.50% (Previous year - 7.50%) | 411 2.93% | | 403 2.89% | |
| if Discount rate is decreased to 6.50% (Previous year - 6.50%) | | 386 2.75% | | 379 2.72% |

| 39 PROVISIONS MADE, UTILISED, WRITTEN BACK : | 31st March, 2019 | 31st March, 2018 |
|---|-------------------------|-------------------------|
| a) Provision for Custom Duty Demand: | | |
| Opening Balance | 426 | 426 |
| Additions | - | - |
| Utilised/Adjusted | - | - |
| Closing Balance | 426 | 426 |
| b) Provision for Liquidated Damages*: | | |
| Opening Balance | 104,236 | 102,415 |
| Additions | 3,589 | 1,864 |
| Utilised/Adjusted | - | 43 |
| Closing Balance | 107,825 | 104,236 |
| c) Provision for Guarantee Repairs: | | |
| Opening Balance | 2,856 | 1,226 |
| Additions | - | 2,830 |
| Utilised/Adjusted | 798 | 1,200 |
| Closing Balance | 2,058 | 2,856 |
| d) Other Provisions: | | |
| Opening Balance | 107 | 107 |
| Additions | - | - |
| Utilised/Adjusted | - | - |
| 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, 2019 based on available information with the Company are as under:

(₹ in lakhs)

| Particulars | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| Principal amount due and remaining unpaid | 160 | 147 |
| Interest due on above and the unpaid interest | 7 | 12 |
| Interest paid | - | - |
| Payment made beyond the appointed day during the year | 2310 | 1,318 |
| Interest accrued and remaining unpaid on above | 103 | 35 |
| Amount of further interest remaining due and payable in succeeding years | - | - |

(₹ in lakhs)

| 41 Miscellaneous Expenses include: | 31st March, 2019 | 31st March, 2018 |
|--|------------------|------------------|
| Remuneration to the Statutory Auditors | | |
| i) Audit fees | 8 | 8 |
| ii) Out of pocket expenses | - | - |
| iii) Tax audit fees | 1 | 1 |
| | 9 | 9 |

42 The Company has entered into Joint Venture with Reliance Defence and Engineering Limited and formed a Joint Venture company "Mazagon Dock Pipavav Defence Pvt. Ltd." incorporated in Mumbai, India during FY 2012-13. The Company's share in equity share capital of joint venture is 50%. Though company has subscribed 1,00,000 equity shares of ₹ 10 each, the same has not been paid. During FY 2017-18 both JV partners have passed resolution in their respective Board to wind up the Joint Venture. The company has filed application with the Registrar of Company, Mumbai for striking off a Joint Venture company Mazagon Dock Pipavav Defence Pvt. Ltd on 24th November 2018 which is under process for closure.

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 (Previous year - ₹ 391 lakhs) includes yearly installment of ₹ 214 (Previous year - ₹ 214 lakhs) and ₹ 177 lakhs (Previous year - ₹ 177 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 2019 which is ₹ 91.0858 for 1 SDR. These payments are reimbursable by Indian Navy. Accordingly, ₹ 7043 lakhs (amortised costs of ₹ 1970 lakhs) held at foreign supplier deferred credit as on 31st March 2019.



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

46 Related Party Disclosure

(₹ in lakhs)

| a) Name of related party and description of relationships | | |
|--|-------------------|---|
| i) The Company is controlled by President of India having ownership interest of 100% | | |
| ii) Goa Shipyard Limited | | Associate company |
| iii) Key Managerial Personnel | | |
| Cmde Rakesh Anand (Retd) | (From 01.01.2017) | Chairman and Managing Director |
| Capt Rajiv Lath (Retd) | | Director (Submarine & Heavy Engineering) |
| Cmde T V Thomas | (From 02.11.2017) | Director (Corporate Planning & Personnel) |
| Shri Sanjiv Sharma | | Director (Finance) |
| RAdm A K Saxena (Retd) | (From 21.03.2018) | Director (Ship Building) |

b) Transactions with Related Parties

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

| Particulars | Year ended | Sales to related parties | Rent from related parties | Amounts receivable / (payable) by related parties |
|-----------------------------|------------------|--------------------------|---------------------------|---|
| Associate: | | | | |
| Goa Shipyard Ltd. | 31st March, 2019 | - | 8 | 4 |
| | 31st March, 2019 | - | - | (13) |
| | 31st March, 2018 | - | 7 | 3 |
| | 31st March, 2018 | | | - |
| Other Related Party: | | | | |
| Indian Navy | 31st March, 2019 | 464,289 | - | 165,920 |
| | 31st March, 2018 | 440,660 | - | 143,606 |



| Remuneration to Key Managerial Personnel* | 31st March,2019 | 31st March, 2018 |
|---|-----------------|------------------|
| Cmde Rakesh Anand (Retd) | 59 | 57 |
| Capt Rajiv Lath (Retd) | 54 | 55 |
| Shri Sanjiv Sharma | 57 | 41 |
| Cmde T V Thomas | 48 | 24 |
| RAdm A K Saxena (Retd) | 47 | 1 |

* As per Statement of Profit and Loss Account.

The company has procured spares amounting to ₹ 259 lakhs (excluding tax) from M/s Goa Shipyard limited out of which ₹ 13 lakhs (2018-Nil) is outstanding as on 31.03.2019.

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 Ind AS 24 "Related Party Disclosures

47 Earnings per share (EPS)

| Particulars | 31st March,2019 | 31st March, 2018 |
|--|-----------------|------------------|
| Earning Per Share (EPS) - Basic and Diluted | | |
| Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in lakhs) | 53,449 | 49,582 |
| A Net Profit / (Loss) for calculation of basic EPS (₹ in lakhs) | 53,449 | 49,582 |
| Weighted average number of equity shares for calculating basic EPS | 224,100,000 | 24,900,000 |
| Number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS | - | 249,000,000 |
| Buyback of shares during FY 2017-18 | - | 24,900,000 |
| B Weighted average number of equity shares after considering share split (during year ended 31st March, 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS | 224,100,000 | 240,700,000 |
| C EPS (₹) - Basic (A/B) | 23.85 | 20.60 |
| D Restated Net Profit / (Loss) for calculation of diluted EPS (₹ in lakhs) | 53,449 | 49,582 |
| Weighted average number of equity shares | 224,100,000 | 240,700,000 |
| Effect of dilution: | - | - |
| E Weighted average number of equity shares for calculating diluted EPS | 224,100,000 | 240,700,000 |
| F EPS (₹) - Diluted (D/E) | 23.85 | 20.60 |



48 Restatement Adjustments to Audited Ind AS Financial Statements

(₹ in lakhs)

| Sr No. | Particulars | 31st March, 2018 |
|----------|--|------------------|
| A | Profit for the year as per audited financial statements | 49,569 |
| 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 | |
| b. | Material adjustments relating to previous years | |
| | Increase/(Decrease) in Income | |
| | Change in Revenue | (1,333) |
| | (Increase)/Decrease in Expenses | |
| | Reversal of actuarial gain / (Loss) on leave encashment | |
| | Reversal of actuarial gain / (Loss) on gratuity | 1,309 |
| | Reversal of CSR expenditure | 9 |
| | Reversal of Employee benefit expense | 32 |
| C | Total adjustments | 17 |
| D | Restated profit / (loss) before tax adjustments (A-C) | 49,586 |
| E | Tax impact of adjustments | |
| a. | On restatement adjustments-income/(expense) | (4) |
| b. | On Ind AS adjustments | - |
| F | Restated profit / (loss) after tax | 49,582 |

49 Fair Value Measurement

Financial Instruments by Category

(₹ in lakhs)

| Particulars | 31st March 2019 | | | 31st March 2018 | | |
|-------------------------|-----------------|-------|----------------|-----------------|-------|----------------|
| | FVPL | FVOCI | Amortised Cost | FVPL | FVOCI | Amortised Cost |
| Financial Assets | | | | | | |
| Security Deposits | - | - | 343 | - | - | 318 |
| Russian Deferred Debit | - | - | 1970 | - | - | 1,984 |
| Financial Liabilities | | | | | | |
| Russian Deferred Credit | - | - | 1970 | - | - | 1,984 |
| Security Deposits | - | - | 118 | - | - | 78 |

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 | 31st March 2019 | | 31st March 2018 | |
|------------------------------|----------------------|-----------------|------------|-----------------|------------|
| | | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| Financial assets | | | | | |
| Security deposits | Level 3 | 376 | 343 | 376 | 318 |
| Russian Deferred Debit | Level 3 | 7,043 | 1970 | 7435 | 1984 |
| Financial liabilities | | | | | |
| Russian Deferred Credit | Level 3 | 7,043 | 1970 | 7435 | 1984 |
| Security Deposits | Level 3 | 149 | 118 | 101 | 78 |

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 investemnt



of surplus funds, with the approved banks and within credit limits assigned to each bank. The limits applicable to single bank and public / private sectors as per the DPE guidelines minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to repay the principal and interest.

b) Liquidity Risk

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

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

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

c) Market Risk

i) Foreign currency risk and sensitivity

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

The Company is exposed to foreign currency risk since it imports components from foreign 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 2019 | 2 | 12,964 | 17 | 4 | 1 | - | 7,863 |
| 31st March 2018 | - | 5,661 | 90 | 73 | 1 | - | 15,100 |

Sensitivity

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



(₹ in lakhs)

| Particulars | Impact on Profit Before Tax | |
|--|-----------------------------|-----------------|
| | 31st March 2019 | 31st March 2018 |
| CAD Sensitivity* | | |
| INR/CAD increases by 5% | 0 | (0) |
| INR/CAD decreases by 5% | (0) | 0 |
| EUR Sensitivity* | | |
| INR/EUR increases by 5% | 648 | 283 |
| INR/EUR decreases by 5% | (648) | (283) |
| GBP Sensitivity* | | |
| INR/GBP increases by 5% | 1 | 4 |
| INR/GBP decreases by 5% | (1) | (4) |
| NOK Sensitivity* | | |
| INR/NOK increases by 5% | 0 | 4 |
| INR/NOK decreases by 5% | (0) | (4) |
| SEK Sensitivity* | | |
| INR/SEK increases by 5% | 0 | 0 |
| INR/SEK decreases by 5% | (0) | (0) |
| SGD Sensitivity* | | |
| INR/SGD increases by 5% | - | - |
| INR/SGD decreases by 5% | - | - |
| USD Sensitivity* | | |
| INR/USD increases by 5% | 393 | 755 |
| INR/USD decreases by 5% | (393) | (755) |
| * 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 | 2018-19 | 2017-18 |
|--|--|---------|---------|
| Clause (i) | Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water. | 837 | 995 |
| Clause (ii) | Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled. | 1,121 | 1,187 |
| Clause (iv) | Ensuring environment sustainability, ecological balance, protection of flora & fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air & water. | 34 | - |
| Clause (vi) | Measures for the benefit of armed forces veterans, war widows and their dependents | 5 | - |
| Clause (vii) | Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports; | 30 | - |
| Clause (ix) | Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government | 40 | - |
| Clause (x) | Rural development projects; | 178 | 145 |
| | | 2,245 | 2,327 |
| Particulars | | 2018-19 | 2017-18 |
| Amount required to be spent by the Company during the period | | 1,613 | 1,674 |
| Amount spent during the period (incl. Administration Expenses) | | 2,347 | 2,426 |

52 During FY 2016-17, the Company delivered ship and recognised liquidated damages of ₹ 4923 lakhs. The Company is confident that the additional liquidated damages, which are under discussion with customer will not be levied and hence no provision is recognised for the same.

53 As on 31st March, 2019, Inventory held on behalf of Navy is ₹ 4074 lakhs (Previous year - ₹ 4096 lakhs)

54 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 ₹ 2504 lakhs (Previous year ₹ 2088 lakhs) and profit there on of ₹ 189 lakhs (Previous year ₹ 157 lakhs) in the Statement of Profit and Loss.



55 Additional Notes to the Consolidated Financial Statements

55.1 Interest In Associate

| Name of the Company | Country of Incorporation | % of Ownership as at 31st March 2019 | % of Ownership as at 31st March 2018 |
|----------------------|--------------------------|--------------------------------------|--------------------------------------|
| Goa Shipyard Limited | India | 47.21% | 47.21% |

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

| Name of the Company | Share of Profit/(Loss) | | | | | |
|-------------------------------|--------------------------------------|-------------------|--------------------------|----------------|--------------------------|---------------|
| | 31st March, 2019 | | | | | |
| | As % of consolidated profit / (loss) | Amount in ₹ lakhs | As % of consolidated OCI | OCI | As % of consolidated TCI | TCI |
| Mazagon Dock Shipbuilders Ltd | 88.38% | 47,240 | 79.79% | (1,548) | 88.71% | 45,692 |
| Goa Shipyard Ltd | 11.62% | 6,209 | 20.21% | (392) | 11.29% | 5,817 |
| Total | 100.00% | 53,449 | 100.00% | (1,940) | 100.00% | 51,509 |

| Name of the Company | Share of Profit/(Loss) | | | | | |
|-------------------------------|--------------------------------------|-------------------|--------------------------|----------------|--------------------------|---------------|
| | 31st March, 2018 | | | | | |
| | As % of consolidated profit / (loss) | Amount in ₹ lakhs | As % of consolidated OCI | OCI | As % of consolidated TCI | TCI |
| Mazagon Dock Shipbuilders Ltd | 79.31% | 39,322 | 97.93% | (3,919) | 77.67% | 35,403 |
| Goa Shipyard Ltd | 20.69% | 10,260 | 2.07% | (83) | 22.33% | 10,177 |
| Total | 100.00% | 49,582 | 100.00% | (4,002) | 100.00% | 45,580 |

56 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

JCR & Co

Chartered Accountants

Firm Registration No. 105270W

Sd/-

Mitesh Chheda

Partner

Membership No. 160688

Date - 17th June, 2019

Place - Mumbai

For and on behalf of the Board of Directors

Sd/-

Cmdr. Rakesh Anand, IN (Retd)

Chairman and Managing Director

Sd/-

Sanjiv Sharma

Director (Finance)

Sd/-

Vijayalakshmi Kamal Kumar

Company Secretary



NOTES

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SKOCH CSR Silver Award 2018



National Institute of Personnel Management Award for Best Practices in HR , 2018



Golden Peacock Innovative Product/Service Award 2019



Gold Award at the International Convention on Quality Control Circles 2018



MAZAGON DOCK SHIPBUILDERS LIMITED

(Formerly known as Mazagon Dock Limited)

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