INDEPENDENT AUDITOR'S REPORT

To the members of MAZAGON DOCK SHIPBUILDERS LIMITED
Report on the Audit of the Standalone 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, 2020, 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, 2020, 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.

Emphasis of Matter

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

1. Registration formalities and Renewals of Leasehold are pending in respect of certain properties. (Refer Note 2 Point no. (ii, vii, viii))
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)
4. The company has opted for reduced rate of income tax by electing the non-reversible option U/s 115BAA of Income tax Act, 1961.This has resulted in one time effect on PAT by Rs.160.73 crores due to reduction in deferred tax assets. (Refer Note 53)

Our opinion is not modified in respect of these matters.

JCR & CO. MUMBAI CHARTERED ACCOUNTANTS

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' Report, Overall Business Operations, Management and Corporate Governance but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance / conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual report, if we conclude that there is a material misstatement therein, then we will communicate the matter to those charged with governance.

Other Matters

The opinion expressed in the present report includes the information, facts and inputs made available to us through electronic means by the Company's Management and relied upon by us because the COVID-19 induced restrictions on physical movements.

The Company has adequate resources to continue in operational existence for the foreseeable future. But going forward the uncertainties resulting from COVID-19 will results into delay in completion of projects and may increase the exceptional losses.

Our opinion is not modified in respect of this matter.

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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also 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

JCR & Co. MUMBAI CHARTERED ACCOUNTANTS

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.

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

J C R & CO. MUMBAI CHARTERED ACCOUNTANTS

FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date: 15/07/2020
Place: Mumbai
UDIN: 20160688AAAACI9522

ANNEXURE 'I' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in 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:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) 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.

(c) 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 (Sq. Mtrs.)	Remarks
1	Plot No. 355 PH-I	Dockyard Road, Mumbai	Leasehold	6240.14	Lease renewal of the plots is under consideration of MBPT. Awaiting formulation of Land Policy.
2	Plot No. 355 PH-II	Dockyard Road, Mumbai	Leasehold	1960.93	
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	Deed of Apartments & its registration is under process.

ii. In respect of the Company's Inventory:

(a) As per the information and explanations given to us, the Inventory (except those held with third parties) has been physically verified by the management and the external auditor during the year at reasonable intervals except in March due to Covid pandemic.

(b) The discrepancies between the physical inventory and the book records noticed on physical verification were not material and have been properly dealt with in the books of 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, 2020 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

J.C.R & CO. MUMBAI CHARTERED ACCOUNTANTS 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, 2020 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, 2020for 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, 2020on account of dispute are given below:

Name of the Statute	**Period**	**Amount (Rs. In Lakhs)**	**Forum where dispute is pending**
Central Excise Act, 1944	FY 2001-02 to FY 2003-04 and FY 2007-08	226.8	CESTAT, Mumbai
	FY 2000-01	15	Additional Commissioner, Mumbai
BST Act, 1959	FY 1980-81 to FY 2004-05	1,15,099.24	Maharashtra Sales Tax Tribunal, Mumbai
MVAT Act, 2002	FY 2005-06 to FY 2013-14		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	316.40	Karnataka Sales Tax Appellate Tribunal
Service Tax	FY 2001-02 to FY 2003-04	4,235.53	Bombay High Court
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.

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.

J.C.R & CO. MUMBAI CHARTERED ACCOUNTANTS

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

JCR & CO. MUMBAI CHARTERED ACCOUNTANTS

FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date:15/07/2020
Place: Mumbai
UDIN: 20160688AAAACI9522

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 2019-20.

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 2019-20 from Central/State governments under any schemes.

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

J C R & CO. MUMBAI CHARTERED ACCOUNTANTS

FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date: 15/07/2020
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, 2020 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 Section143(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 ethic al 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.

J C R & CO
MUMBAI
CHARTERED ACCOUNTANTS

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 acceptedaccountingprinciples.Acompany'sinternalfinancialcontroloverfinancialreporting 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, 2020, 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

JCR & CO. MUMBAI CHARTERED ACCOUNTANTS

FCA Mitesh Chheda
Partner
Mem. No. - 160688

Date: 15/07/2020
Place: Mumbai
UDIN: 20160688AAACI9522

MAZAGON DOCK SHIPBUILDERS LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2020

₹ in lakhs

Particulars	Notes	As at 31st March, 2020	As at 31st March, 2019 (Restated)	As at 1st April, 2018 (Restated)
ASSETS				
Non-current assets				
Property, plant and equipment	2	83,122	78,731	67,691
Capital work-in-progress	3	7,996	8,877	8,538
Other intangible assets	2	1,713	2,298	2,841
		92,831	**89,906**	**79,070**
Financial assets				
Investments	4	600	600	600
Trade receivable	5	1,562	1,578	1,593
Loans	6	689	666	894
Other financial assets	7	15,345	14,352	340
Deferred tax assets (net)	8	41,165	58,198	55,217
Non-current tax assets (net)		22,594	19,338	20,672
Other non-current assets	9	65,175	49,902	31,965
Total non-current assets		**2,39,961**	**2,34,540**	**1,90,351**
Current assets				
Inventories	10	4,62,270	3,79,030	3,78,597
Financial assets				
Trade receivables	11	1,45,878	1,47,289	1,11,338
Cash and cash equivalents	12	48,328	72,968	37,356
Bank balances other than cash and cash equivalents	13	5,31,500	6,74,000	6,81,600
Loans	14	211	429	91
Other financial assets	15	17,811	22,130	11,054
Contract assets		5,547	90,131	73,794
Assets held for sale		22	205	1
Other current assets	16	5,97,256	4,21,602	4,10,550
Total current assets		**18,08,823**	**18,07,784**	**17,04,381**
TOTAL ASSETS		**20,48,784**	**20,42,324**	**18,94,732**
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	17	20,169	22,410	22,410
Other equity		2,38,924	2,56,812	2,18,688
Total equity		**2,59,093**	**2,79,222**	**2,41,098**
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Trade payables	18	1,563	1,578	1,593
Other financial liabilities	19	3,600	3,552	3,727
Other long-term liabilities	20	16,947	15,784	15,974
Long-term provisions	21	1,21,507	1,19,776	1,20,639
Total non-current liabilities		**1,43,617**	**1,40,690**	**1,41,933**
Current liabilities				
Financial liabilities				
Trade payables				
i. total outstanding dues of micro and small enterprises		2,007	1,868	1,342
ii. total outstanding dues other than (i) above	22	4,75,072	2,89,857	2,37,765
Other financial liabilities	23	13,646	23,670	25,787
Contract liability		11,38,311	12,94,994	12,33,808
Other current liabilities	24	4,363	2,206	988
Short-term provisions	25	12,675	9,817	12,011
Total current liabilities		**16,46,074**	**16,22,412**	**15,11,701**
Total liabilities		**17,89,691**	**17,63,102**	**16,53,634**
TOTAL EQUITY AND LIABILITIES		**20,48,784**	**20,42,324**	**18,94,732**
Significant accounting policies and notes to the financial statements	1 to 58			

As per our report of even date
JCR & Co
Chartered Accountants
Firm Registration No. 105270W

Mitesh Chheda
Partner
Membership No. 160688

Date - 15th July, 2020
Place - Mumbai

For and on behalf of the Board of Directors

VAdm Narayan Prasad, IN (Retd)
Chairman and Managing Director

Sanjeev Singhal
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in lakhs

Particulars	Notes	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
INCOME			
Revenue from operations	26	4,97,765	4,61,395
Other income	27	58,900	63,771
Total income		**5,56,665**	**5,25,166**
EXPENSES			
Cost of materials consumed	28	2,50,319	2,55,712
Procurement of base and depot spares		36,223	60,805
Employee benefit expenses	29	79,292	68,947
Finance costs	30	926	907
Depreciation and amortization expenses		6,869	6,433
Sub-contract		74,409	17,590
Power and fuel		1,652	1,926
Other expenses - project related	31	11,370	8,102
Other expenses	32	13,840	18,354
Provisions	33	3,864	3,889
Total expenses		**4,78,764**	**4,42,665**
Profit before tax but before exceptional items		**77,901**	**82,501**
Exceptional items		1,232	-
Profit before tax but after exceptional items		**76,669**	**82,501**
Tax expense			
Current tax		18,043	33,211
Deferred tax (credit) / charge		17,032	(2,981)
Adjustment of tax relating to earlier years		92	543
Profit for the year		**41,502**	**51,728**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined employee benefit plan		(2,287)	(2,379)
Income tax effect		576	831
Total comprehensive income for the year		**39,791**	**50,180**
Earning per share			
Basic and Diluted		18.58	23.08
Significant accounting policies and notes to the financial statements	1 to 58		

As per our report of even date
JCR & Co
Chartered Accountants
Firm Registration No. 105270W

Mitesh Chheda
Partner
Membership No. 160688

Date - 15th July, 2020
Place - Mumbai

For and on behalf of the Board of Directors

VAdm Narayan Prasad, IN (Retd)
Chairman and Managing Director

Sanjeev Singhal
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

₹ in lakhs

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
A	**Cash flow from operating activities**		
	Profit before tax but after exceptional items	76,669	82,501
	Adjustments for :		
	(+) Non cash expenditure and non operating expenses		
	Depreciation / amortization	7,108	6,433
	Finance cost	926	907
	Amortization of prepaid rentals	15	15
	(-) Non operating income		
	Profit / Loss on sale of fixed assets	203	18
	Interest income	(52,778)	(54,115)
	Dividend received	(3,133)	(4,700)
	Amortization gain on deferred deposits of vendors	(14)	(13)
	Amortization of deferred revenue (customer funded assets)	(738)	(737)
	Interest Income on deferred payment liability to foreign supplier	(374)	(377)
	Interest Income on deferred deposit with MbPT	(19)	(18)
	Operating profit before working capital changes	**27,865**	**29,914**
	Movement in working capital		
	Decrease / (Increase) in Inventories	(83,240)	(433)
	Decrease / (Increase) in Trade receivables and loans and advances	2,015	(35,651)
	Decrease / (Increase) Other current and non current assets	39,569	(63,404)
	(Decrease) / Increase in Trade payables and provisions	1,87,219	46,757
	(Decrease) / Increase in Other current and non current liabilities	(1,62,167)	60,930
	Cash flow from operations	**11,261**	**38,113**
	Direct tax paid (net of refunds)	(20,815)	(31,589)
	Net cash from (used in) operating activities (A)	**(9,554)**	**6,524**
B	**Cash flow from investing activities**		
	Purchase of property, plant and equipment (net of adjustments)	(10,950)	(17,183)
	Capital work in progress	881	(339)
	Proceeds from sale of property, plant and equipment	17	27
	Capital advance	(101)	579
	Interest received	52,778	54,115
	Dividend received	3,133	4,700
	Principal portion of lease payments	(386)	(237)
	Net cash from / (used in) investing activities (B)	**45,372**	**41,662**
C	**Cash flow from financing activities**		
	Buy back of equity share capital	(27,788)	-
	Payment of buy back tax	(5,952)	-
	Dividend paid (including dividend distribution tax thereon)	(26,180)	(12,056)
	Finance costs - Lease	(504)	(497)
	Finance costs - Others	(34)	(21)
	Net cash from / (used in) financing activities (C)	**(60,458)**	**(12,574)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(24,640)**	**35,612**
	Cash and cash equivalents at the beginning of the period	**72,968**	**37,356**
	Cash and cash equivalents at the end of the period	**48,328**	**72,968**

Note: Figure in bracket indicate outflow

Sr. No.	Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019 (Restated)
	Components of cash and cash equivalents:		
	Balances with banks:-		
	- In Current accounts		
	i) In India	990	3,205
	ii) Outside India	87	71
	- In cash credit accounts	-	2
	- In flexi deposit accounts	47,251	69,690
	Total	**48,328**	**72,968**

As per our report of even date
JCR & Co
Chartered Accountants
Firm Registration No. 105270W

Mitesh Chheda
Partner
Membership No. 160688

For and on behalf of the Board of Directors

VAdm Narayan Prasad, IN (Retd)
Chairman and Managing Director

Sanjeev Singhal
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

Date - 15th July, 2020
Place - Mumbai

MAZAGON DOCK SHIPBUILDERS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

(A) Equity share capital

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019	1st April, 2018
Opening balance	22,410	22,410	24,900
Changes in equity share capital during the period			
Buy Back of Equity Shares	(2,241)	-	(2,490)
Closing balance	**20,169**	**22,410**	**22,410**

(B) Other equity

For the year ended 31st March, 2020

₹ in lakhs

Particulars	Retained Earnings	General Reserve	Capital Reserve	Indigenisation Fund	Capital Redemption Reserve	Other Comprehensive Income (OCI)	Total Other Equity
Balance as at 1st April, 2019	33,020	2,19,032	5	-	9,882	(5,127)	2,56,812
Profit / (loss) for the year	41,502						41,502
Other comprehensive income / (loss) for the year						(1,711)	(1,711)
Indigenisation Fund	(1,039)			1,039			-
Buyback of shares at premium		(25,547)					(25,547)
Transfer from general reserve to capital redemption reserve		(2,241)			2,241		-
Tax on buyback	(5,952)						(5,952)
Dividends							
Interim	(16,134)						(16,134)
Final	(5,582)						(5,582)
Tax on dividends	(4,464)						(4,464)
Transfer to General Reserve	(40,000)	40,000					
Balance as at 31st March, 2020	**1,351**	**2,31,244**	**5**	**1,039**	**12,123**	**(6,838)**	**2,38,924**

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	(6,652)	2,19,032	5	9,882	(3,579)	2,18,688
Profit / (loss) for the year	51,728					51,728
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	**33,020**	**2,19,032**	**5**	**9,882**	**(5,127)**	**2,56,812**

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

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

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

Other Comprehensive Income: These reserves are created on account of acturial valuation of defined employee benefit plan.

Buy-back: The Company has completed 10% Buy back of Equity Shares (No. of shares - 2,24,10,000 of ₹ 10 each) for ₹ 27788 lakhs and ₹ 5952 lakhs tax thereon total amounting to ₹ 33742 lakhs in March 2020.

Indigenisation Fund: These fund is created as per Indigenisation policy for providing support for future indigenisation.

Dividend: The Board has recommended the final dividend for FY 2019-20 of ₹ 4617 lakhs. This proposed dividend is subject to the approval of shareholders in ensuing Annual General Meeting.

As per our report of even date
JCR & Co
Chartered Accountants
Firm Registration No. 105270W

Mitesh Chheda
Partner
Membership No. 160688

Date - 15th July, 2020
Place - Mumbai

For and on behalf of the Board of Directors

VAdm Narayan Prasad, IN (Retd)
Chairman and Managing Director

Sanjeev Singhal
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED

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.

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MAZAGON DOCK SHIPBUILDERS LIMITED

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.

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(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.

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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.

Revenue for contract is yet to be finalized or under revision

Revenue is recognised based on agreed prices with customer. In certain cases, where the prices are yet to be agreed upon/ determined /revised the revenue is recognised on estimation basis. Upon the agreement with customer, differential revenue, if any, is recognised on the revision of contract amount.

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.

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

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

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

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

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

Financial liabilities:

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

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

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

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

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

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

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v. **Security deposit**

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

l) Leases

In March 2019 the Ministry of Corporate Affairs notified the new standard Ind AS 116 which replaces the Ind AS 17 "Leases", Appendix A of Ind AS 17 "Operating Leases—Incentives", Appendix B of Ind AS 17 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". and Appendix C of Ind AS 17 "Determining Whether an Arrangement Contains a Lease".

Ind AS 116 introduces a uniform lessee accounting model. Applying that model, a lessee is required to recognise a right-of-use asset representing the lessee's right to use the underlying asset and a financial liability representing the lessee's obligation to make future lease payments. There are exemptions for short-term leases and leases of low-value assets. Lessor accounting remains comparable to that provided by the existing leases standard and hence lessors will continue to classify their leases as operating leases or finance leases.

The Company adopted the new standard Ind AS 116 for accounting period beginning on or after April 1,2019 using retrospective method and therefore the cumulative effect of adopting Ind AS 116 has been recognised as an adjustment to the opening balance of retained earnings with restatement of comparative information.

Identifying a lease

Under Ind AS 116, the Company assesses whether a contract is or contains a lease based on the definition of a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a specified period of time in exchange for consideration. The previous determination pursuant to Ind AS 17 and Appendix C of Ind AS 17 of Determining Whether an Arrangement Contains a Lease" is maintained for existing contracts.

i. As a lessee

As a lessee, the Company previously classified leases as operating or finance leases based on assessment of whether the risks and rewards incidental to ownership of the underlying asset were transferred. Under Ind AS 116, the Company recognises right-of-use assets and lease liabilities for most of its leases. Leases which were classified as operating lessees under Ind AS 17 are now recognised on the balance sheet. Lease term includes Non-cancellable period (which includes the period covered by the option to terminate the lease, if only a lessor has right to terminate a lease), periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Lease term begins at the commencement date and include any rent free period. Termination options held by the lessor are not considered when determining the lease term.

Extension and termination options are taken into account on recognition of the lease liability if the Company is reasonably certain that these options will be exercised in the future.

As a general rule, the Company recognizes non-lease components such as services separately from lease payments. Non-lease components are identified and accounted for separately from the lease component in accordance with other Ind AS.

When applying Ind AS 116 for the first time, the Company has used the following practical expedients for leases previously classified as operating leases under Ind AS 17:

- To apply a single discount rate to a portfolio of leases with reasonably similar characteristics,
- The right-of-use to the leased asset has generally been measured at the amount of the lease liability, using the discount rate at the commencement of lease. Where accrued lease

liabilities existed, the right-of-use asset has been adjusted by the amount of the accrued lease liability under Ind AS 116. At initial application of Ind AS 116, the measurement of the right-of-use does not include initial direct costs. In some cases, the value of right-of-use assets may differ from the value of the liabilities due to offsetting against existing provisions or as a result of valuation allowances. - Initial direct costs have been excluded from the measurement of the right-of-use asset for all leases entered into or changed before April 1,2018..
- Not to apply the new recognition requirements to short-term leases and to leases of low value assets as soon as the new standard is effective.
- The definition of a lease in accordance with Ind AS 17 and Appendix C to Ind AS 17 will continue to be applied to leases entered or changed before April 1,2018, and as a result the Company has not reassessed whether a contract is or contains a lease on transition.
- Leases with a determined lease term of less than 12 months remaining from April 1,2018 have been treated as short term.

Availing exemption by the Company
Furthermore, the Company has also elected to make use of the following exemptions provided by Ind AS 116:
a) Leases with a determined lease term of 12 months or less from the commencement of the lease will be treated as short term and therefore not included in the right-of-use asset or lease liability. Instead, lease costs will be recognised on a straight line basis across the life of the lease.
b) Leases for which the underlying asset is of low value when new will be exempt from the requirements to value a right-of-use asset and lease liability. Instead, lease costs will be recognised on a straight line basis across the life of the lease. To apply this exemption, a threshold of Rs.1,00,000/- has been utilised to define "low value".
The Company's operating leases mainly relate to real estate assets, company cars and equipment. The most significant impact identified by the Company relates to its operating leases of real estate assets (such as land, warehouses, storage facilities and offices).
For leases that were classified as finance leases under Ind AS 17, the Company did not change the carrying amount of the right-of-use asset and the lease liability as of March 31,2019, measured under Ind AS 17.

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

J C R & CO. MUMBAI CHARTERED ACCOUNTANTS

- 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.

J C R & Co. MUMBAI CHARTERED ACCOUNTANTS

माझगांव डॉक शिपबिल्डर्स लिमिटेड MAZAGON DOCK SHIPBUILDERS LIMITED

MAZAGON DOCK SHIPBUILDERS LIMITED
Note 2 - Property, Plant and Equipment

₹ in lakhs

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-19	Additions	Adjustments	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Adjustments	Disposal	Balance 31-03-20	As on 31-03-2020	As on 31-03-19
A	Assets Owned by MDL												
1	Freehold Land	9,695	1,077	-	-	10,772	-	-	-	-	-	10,772	9,695
2	Buildings: i) Factory Building	2,786	3,096	-	40	5,842	288	190	-	38	440	5,402	2,498
	ii) Office and Staff Quarters												
	a) RCC	2,662	145	-	8	2,799	242	232	-	6	468	2,331	2,420
	b) Non RCC	789	640	-	-	1,429	55	50	-	-	105	1,324	734
	iii) Others (Temporary structure)	13	89	-	-	102	10	20	-	-	30	72	3
3	Road	673	-	-	-	673	484	126	-	-	610	63	189
4	Plant and Equipment	22,612	2,181	-	21	24,772	3,465	1,627	-	20	5,072	19,700	19,147
5	Furniture and Fixtures	1,609	147	-	59	1,697	612	171	-	44	739	958	997
6	Vehicles	1,920	22	-	-	1,942	885	252	-	-	1,137	805	1,035
7	Office Equipment	1,962	1,694	-	102	3,554	707	559	-	95	1,171	2,383	1,255
8	Computers and Data Processing Units												
	i) Desktops, Laptops etc	623	123	-	30	716	173	286	-	30	429	287	450
	ii) Server and Network	3,823	404	-	33	4,194	1,008	682	-	25	1,665	2,529	2,815
9	Loose Tools	532	88	-	4	616	333	81	-	4	410	206	199
10	Ship - Launches and Boats	4,936	-	-	-	4,936	87	172	-	-	259	4,677	4,849
11	Electrical Installation and Equipments	1,842	460	-	13	2,289	631	193	-	12	812	1,477	1,211
12	Right to use asset - Leasehold land	8,719	-	-	-	8,719	3,114	290	-	-	3,404	5,315	5,605
13	Right to use asset - Vehicles	29	420	-	-	449	1	105	-	-	106	343	28
	Sub-total	65,225	10,586	-	310	75,501	12,095	5,036	-	274	16,357	58,644	53,130
	Previous Year's Figures	50,213	16,581	-	1,569	65,225	9,163	4,254	-	1,322	12,095	53,130	41,047

Note: Vessels under the head "Launches and Boats" costing ₹ 4936 lakhs (2019 - ₹ 4936 lakhs) out of which ₹ 4936 lakhs (2019 - ₹ 4936 lakhs) are registered in the name of CMD of the Company to comply with the requirement of Indian Costal Act,1838 / Indian Vessels Act, 1917.

₹ in lakhs

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-19	Additions	Adjustments	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Adjustments	Disposal	Balance 31-03-20	As on 31-03-2020	As on 31-03-19
1	Buildings: i) Factory Building	18,203	-	-	-	18,203	1,739	580	-	-	2,319	15,884	16,464
	ii) Office and Staff Quarters	-	-	-	-	-	-	-	-	-	-	-	-
	a) RCC	1,621	25	-	-	1,646	59	29	-	-	88	1,558	1,562
	b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	-
2	Roads	133	-	-	-	133	52	25	-	-	77	56	81
3	Plant and Equipment	6,715	-	-	-	6,715	1,222	308	-	-	1,530	5,185	5,493
4	Electrical Installation and Equipments	649	-	-	-	649	129	62	-	-	191	458	520
5	Furniture and Fixtures	216	-	-	-	216	45	20	-	-	65	151	171
6	Office Equipment	153	-	-	-	153	63	28	-	-	91	62	90
7	Computers and Data Processing Units												
	i) Server and Network	338	-	-	-	338	172	57	-	-	229	109	166
8	Ship - Launches and Boats	1,143	-	-	-	1,143	89	39	-	-	128	1,015	1,054
	Sub-total	29,171	25	-	-	29,196	3,570	1,148	-	-	4,718	24,478	25,601
	Previous Year's Figures	29,068	113	-	10	29,171	2,425	1,148	-	3	3,570	25,601	26,645
	Total Tangibles Assets (A+B)	94,396	10,611	-	310	1,04,697	15,665	6,184	-	274	21,575	83,122	78,731
	Previous Year's Figures	79,281	16,694	-	1,579	94,396	11,588	5,402	-	1,325	15,565	78,731	67,691

Intangible Assets

₹ in lakhs

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-19	Additions	Adjustments	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Adjustments	Disposal	Balance 31-03-20	As on 31-03-2020	As on 31-03-19
A	Assets Owned by MDL												
1	Computer Software/SAP-ERP	794	171	-	-	965	562	162	-	-	724	241	232
2	Other than SAP-ERP	4,289	168	-	-	4,457	2,292	726	-	-	3,018	1,439	1,997
	Sub Total	5,083	339	-	-	5,422	2,854	888	-	-	3,742	1,680	2,229
	Previous Year's Figures	4,594	489	-	-	5,083	1,859	995	-	-	2,854	2,229	2,735

₹ in lakhs

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-19	Additions	Adjustments	Disposal	Balance 31-03-20	Opening 01-04-19	For the period	Adjustments	Disposal	Balance 31-03-20	As on 31-03-2020	As on 31-03-19
1	Computer Software/SAP-ERP	1,000	-	-	-	1,000	1,000	-	-	-	1,000	-	-
2	Other than SAP-ERP	181	-	-	-	181	112	36	-	-	148	33	69
	Sub Total	1,181	-	-	-	1,181	1,112	36	-	-	1,148	33	69
	Previous Year's Figures	1,181	-	-	-	1,181	1,076	36	-	-	1,112	69	106
	Total Intangible Assets (A+B)	6,264	339	-	-	6,603	3,966	924	-	-	4,890	1,713	2,298
	Previous Year's Figures	5,775	489	-	-	6,264	2,935	1,031	-	-	3,966	2,298	2,841
	Total Assets (i+ii)	1,00,660	10,950	-	310	1,11,300	19,631	7,108	-	274	26,465	84,835	81,029
	Previous Year's Figures	85,056	17,183	-	1,579	1,00,660	14,523	6,433	-	1,325	19,631	81,029	70,532

(i) Depreciation of ₹ 239 lakhs pertaining to lockdown period due to Covid - 19 pandemic is regrouped under Covid expenses.

(ii) 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)

(iii) 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.

(iv) 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.

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

(vi) 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.

(vii) 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 during the year 1984 for the cost of ₹ 20 lakhs. MDL is having permanently tenancy rights to co-terminus with the leasehold right of ONGC with the CIDCO land in their possession.

(viii) Some of the leases for plots taken on leasehold basis from MbPT have expired and are under renewal. MbPT has proposed the renewal of expired leases of four plots for a period of 30 years by an upfront payment of around ₹ 27214 lakhs plus applicable taxes towards the lease premium and ₹ 4183 lakhs plus applicable taxes towards the arrears of rent for the period from Fiscal 2006 onwards. This proposal of lease renewal also provides the option of annual payment of lease rent for a period of 10 years amounting to approximately 1944 lakhs per annum plus applicable taxes. MDL has contested MbPT proposal and has recognised estimated reasonable lease rent in financial statements.

(ix) The Company has implemented Ind AS 116 "Leases" from 01st April, 2019 with retrospective method and created "Right to use asset - Land" amounting to Rs. 8719 lakhs, "Right to use asset - Vehicles" amounting to ₹ 29 lakhs as on 01/04/2019. Leases that were accounted for as operating lease in accordance with Ind AS 17 Leases, are recognised at the present value retrospectively and discounted using lessee's Incremental borrowing rate as on the date of inception of lease. As a result of implementing standard, for FY 2019-20, there is increase in Finance cost by ₹ 504 lakhs, increase in depreciation and amortization expenses by ₹ 395 lakhs and decrease in other expenses by Rs. 762 lakhs. Opening Networth as on 01/04/2018 is reduced to the tune of ₹ 1490 lakhs (net of tax).

(x) Assets jointly funded by MDL and Indian Navy

₹ in lakhs

Sr. No.	Particulars	Office and Factory Building	Electric Installations & Equipment	Plant and Equipment	CDPU	Temporary Structure	Ships, Launches & Boats	Office Equipment	Furniture and Fixtures	Intangible assets	Roads	Total as on 31-03-2020	Total as on 31-03-19
1	Total Cost upto 31.03.2020	34,078	649	65,211	345	96	1,142	166	241	1,418	133	1,03,479	1,03,454
2	Less: Funded By Navy	25,509	628	61,346	345	96	983	158	241	1,181	-	90,487	90,462
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	12,992

MAZAGON DOCK SHIPBUILDERS LIMITED
Note 2 - Property, Plant and Equipment

₹ in lakhs

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 31.03.2019	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
12	Right to use asset - Leasehold land	8,719	-	-	-	8,719	2,824	290	-	-	3 114	5,605	5,895
13	Right to use asset - Vehicles	-	29	-	-	29	-	1	-	-	1	28	-
	Sub-total	**50,213**	**16,581**	-	**1,569**	**65,225**	**9,163**	**4,254**	-	**1,322**	**12,095**	**53,130**	**41,047**
	Previous Year's Figures	34,630	16,023	-	440	50,213	6,275	3,279	-	391	9,163	41,047	28,355

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.

₹ in lakhs

B	Jointly Funded Assets	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 31.03.2019	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	1,730	-	-	29,068	1,288	1,137	-	-	2,425	26,645	26,050
	Total Tangibles Assets (A+B)	**79,281**	**16,694**	-	**1,579**	**94,396**	**11,588**	**5,402**	-	**1,325**	**15,665**	**78,731**	**67,691**
	Previous Year's Figures	61,968	17,753	-	440	79,281	7,563	4,416	-	391	11,588	67,691	54,405

MAZAGON DOCK SHIPBUILDERS LIMITED

J C R & CO. MUMBAI CHARTERED ACCOUNTANTS

Intangible Assets

₹ in lakhs

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 31.03.2019	As on 31-03-18
A	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

₹ in lakhs

B	Jointly Funded Assets	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 31.03.2019	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	-	56	2,934	2,841	2,135
	Total Assets (I+II)	85,056	17,183	-	1,579	1,00,660	14,523	6,433	-	1,325	19,631	81,029	70,532
	Previous Year's Figures	66,261	19,295	-	500	85,056	9,721	5,248	-	447	14,523	70,532	56,540

(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.

(vi) 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 during the year 1984 for the cost of Rs. 20 lakhs. MDL is having permanently tenancy rights to co-terminus with the leasehold right of ONGC with the CIDCO land in their possession.

(vii) Assets jointly funded by MDL and Indian Navy

₹ in lakhs

Sr. No.	Particulars	Office and Factory Building	Electric Installations & Equipment	Plant and Equipment	CDPU	Temporary Structure	Ships, Launches & Boats	Office Equipment	Furniture and Fixtures	Intangible assets	Roads	Total as on 31-03-2019	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	1,03,454	1,03,341
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

3 Capital work-in-progress

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Capital work-in-progress						
1. Own resources						
A. Tangible assets						
Opening balance	8,836		8,399		8,388	
Add: Expenditure during the period	9,310		16,988		11,828	
Less: Capitalisation during the period	10,166	7,980	16,551	8,836	11,817	8,399
B. Intangible assets under development						
Opening balance	-		-			
Add: Expenditure during the period	339		489		1,542	
Less: Capitalisation/adjustments during the period	339		489	-	1,542	-
2. Funded by Indian Navy						
Submarine facilities upgradation project						
Opening balance	41		139		1,455	
Add: Expenditure/adjustments during the period	-		16		413	
Less: Capitalisation/adjustments during the period	25	16	114	41	1,729	139
		7,996		**8,877**		**8,538**

4 Non-current investments

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Investments in equity instruments (At cost, unquoted) In associate Equity shares of Goa Shipyard Limited 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
	600	**600**	**600**

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5 Trade receivables - non-current

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
(Unsecured, considered good)						
Deferred debts		1,953		1,969		1,984
Less: Amount receivable within 12 months		391		391		391
		1,562		1,578		1,593

6 Loans - non-current

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
(Unsecured, considered good)						
Security deposits:						
Security deposits with Mumbai Port Trust		361		343		324
Other deposits		328		323		570
		689		666		894

7 Other financial assets - non-current

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
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		15,005		14,012		-
		15,345		14,352		340

8 Deferred tax assets (net)

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Deferred tax assets / (liabilities)						
Deferred tax assets						
Provisions	48,181		68,540		65,115	
Others	-	48,181	779	69,319	800	65,915
Deferred tax liabilities						
Service tax	-		(1,457)		(1,456)	
Depreciation	(7,016)	(7,016)	(9,664)	(11,121)	(9,242)	(10,698)
Deferred tax assets (net)		41,165		58,198		55,217

9 Other non-current assets

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Capital advances		207		106		685
Deposits with custom and excise authorities		20		24		24
Other receivables - considered good	11		9		19	
Other receivables - considered doubtful	2,791		2,791		2,795	
Less: Allowance for doubtful receivables	2,791	11	2,791	9	2,795	19
Advances paid to vendors - considered doubtful	62		62		62	
Less: Allowance for doubtful advances	62	-	62	-	62	-
VAT / sales tax receivable		10,887		12,504		11,574
GST input tax credit						
Services	8,846		10,186		7,439	
Materials	44,874	53,720	26,756	36,942	11,671	19,110
Export incentive receivable						
Considered good	193		193		371	
Considered doubtful	107		107		107	
	300		300		478	
Less: Allowance for doubtful receivables	107	193	107	193	107	371
Prepaid expenses						
Prepaid deposits (MbPT)	76		92		107	
Less: amortisation / unwinding of prepaid deposits	15		15		15	
Less: current	15	46	15	62	15	77
Others		91		62		105
		65,175		49,902		31,965

10 Inventories

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Raw materials						
Material in stores	12,404		15,245		16,791	
Less: Provision for obsolescence	94	12,311	111	15,134	81	16,710
Stores and spares						
Material in stores	2,127		2,051		1,745	
Less: Provision for obsolescence	97	2,030	107	1,944	111	1,634
Equipment for specific projects						
Material in stores/site	3,68,167		3,57,945		3,29,527	
Less: Provision for obsolescence	-		-		155	
	3,68,167		3,57,945		3,29,372	
Stock in transit	79,685		2,217		9,475	
Materials pending inspection	-	4,47,852	1,714	3,61,876	21,317	3,60,164
Scrap		77		76		89
		4,62,270		**3,79,030**		**3,78,597**

Note:
(i) Inventory costing ₹ 160 lakhs (Previous year: 2383 lakhs) is held with other vendors.
(ii) Inventory costing ₹ 576 lakhs (Previous year: Rs. 576 lakhs) is held at customer's store.
(iii) The Company has provided obsolescence provision on the average of three years percentage due to lockdown situation. The cumulative provision is ₹ 191 lakhs (Previous year: ₹ 218 lakhs)
(iv) As on 31st March, 2020, Inventory held on behalf of Navy is ₹ 4074 lakhs (Previous year - ₹ 4074 lakhs) which is excluded from above inventory.

11 Trade receivables - current

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
(Unsecured)						
Against sale and repair of ships and submarines						
Considered good	1,40,845		1,35,810		1,01,223	
Considered doubtful	13,405		18,031		16,002	
	1,54,250		1,53,841		1,17,225	
Less: Loss allowance	13,405	1,40,845	18,031	1,35,810	16,002	1,01,223
Against B&D Spares						
Considered good	5,033		11,479		10,115	
Considered doubtful	3,226		758		758	
	8,259		12,237		10,873	
Less: Loss allowance	3,226	5,033	758	11,479	758	10,115
		1,45,878		**1,47,289**		**1,11,338**

Breakup of Trade receivables

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Trade receivables considered good - secured		-		-		-
Trade receivables considered good - unsecured		1,45,878		1,47,289		1,11,338
Trade receivables considered doubtful - secured		-		-		-
Trade receivables considered doubtful - unsecured		16,631		18,789		16,760
Trade receivables which have significant increase in credit risk		-		-		-
Trade receivables - credit impaired		-		-		-
Total		1,62,509		1,66,078		1,28,098
Loss allowance		16,631		18,789		16,760
Total trade receivables (current)		**1,45,878**		**1,47,289**		**1,11,338**

12 Cash and cash equivalents

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Cash and cash equivalents						
Balances with banks:-						
- In current accounts						
i. In India	990		3,205		164	
ii. Outside India	87	1,077	71	3,276	97	261
- In cash credit accounts		-		2		-
- In flexi deposit accounts		47,251		69,690		37,095
		48,328		**72,968**		**37,356**

13 Bank balance other than cash and cash equivalents

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
In fixed deposit accounts - more than 3 months but not more than 12 months maturity		5,31,500		6,74,000		6,81,600
		5,31,500		**6,74,000**		**6,81,600**

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14 Loans - current

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good)			
Employee related	148	385	91
Others	63	44	-
	211	429	91

15 Other financial assets - current

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Insurance claims receivable	510	606	510
Interest accrued on deposits and advances	16,270	18,935	10,487
Other receivables	1,031	2,589	57
	17,811	22,130	11,054

16 Other current assets

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
(Unsecured, considered good, unless otherwise specified)			
Advances			
Advances paid to vendors	5,96,916	4,19,342	4,09,028
Travel advance to employees	25	12	34
Others	26	25	177
Prepaid expenses			
Prepaid deposits (MbPT)	15	15	15
Others	274	2,208	1,296
	5,97,256	4,21,602	4,10,550

17 Share Capital

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
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			
20,16,90,000 (Previous year - 22,41,00,000 equity shares of ₹ 10 each) equity shares of ₹ 10 each.	20,169	22,410	22,410
	20,169	22,410	22,410

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Details of shareholding more than 5% shares in the Company	No. of shares	Percentage holding	No. of shares	Percentage holding	No. of shares	Percentage holding
Shareholder President of India and his nominees	20,16,90,000	100%	22,41,00,000	100%	22,41,00,000	100%

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18 Trade payables - non-current

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Deferred payment liability to a foreign supplier		1,954		1,969		1,984
Less: Amount payable within 12 months		391		391		391
		1,563		**1,578**		**1,593**

19 Other financial liabilities - non-current

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Security and other deposits		116		102		68
Lease Liability		3,484		3,450		3,659
		3,600		**3,552**		**3,727**

20 Other long-term liabilities

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)		1st April, 2018 (Restated)	
Funds received from customer for infrastructure projects	91,055		90,511		89,497	
Add: Received during the period	1,914		544		1,014	
Less: Transferred to fixed assets for capitalisation	72,352		72,352		72,352	
Less: Amortisation of deferred revenue	3,672	16,945	2,935	15,768	2,199	15,960
Deferred deposits		2		16		14
		16,947		**15,784**		**15,974**

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21 Provisions - non-current

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Employee benefits			
Post retirement benefit schemes			
Medical	7,115	5,810	7,153
Gift card	542	617	79
Leave salary encashment	11,169	10,272	10,538
Welfare expenses	-	399	346
Other provisions			
Provision for liquidated damages	1,02,415	1,02,415	1,02,415
Others	266	263	108
	1,21,507	**1,19,776**	**1,20,639**

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22 Trade payables - current

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Other vendors	4,74,681	2,89,466	2,37,374
Deferred payment liability to a foreign supplier	391	391	391
	4,75,072	**2,89,857**	**2,37,765**

23 Others financial liabilities - current

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Retention money payable	812	668	495
Liquidated damages payable	2,514	4,090	1,690
Interest payable on advances received from customer	2,276	2,646	814
Employee related	7,555	10,593	22,034
Others	46	5,047	50
Security and other deposits	443	626	704
	13,646	**23,670**	**25,787**

24 Other current liabilities

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Statutory dues	4,348	2,192	978
Deferred deposits	15	14	10
	4,363	**2,206**	**988**

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25 Provisions - current

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)	1st April, 2018 (Restated)
Employee benefits			
Post retirement benefit			
Medical	492	362	293
Gift card	86	80	9
Leave salary encashment	4,013	4,215	4,514
Gratuity	5,733	2,609	3,762
Welfare expenses	-	97	152
Other provisions			
Guarantee repairs	1,925	2,028	2,855
Custom duty	426	426	426
	12,675	**9,817**	**12,011**

26 Revenue from operations

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)
Contract revenue		
Ship construction	4,42,240	3,95,262
Sale of goods		
Sale of base and depot spares	38,891	65,194
Sale of Services		
Ship Repair	15,893	313
Other operating revenue		
Miscellaneous sale	118	-
Sale of scrap and stores	534	626
Sale of services (others)	89	-
	4,97,765	**4,61,395**

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

Particulars	31st March, 2020	31st March, 2019 (Restated)
The amount of contract revenue recognised as revenue for the period	4,42,240	3,95,262
Aggregate amount of cost incurred and recognised profits (less recognised losses, if any)	21,73,311	21,29,368
The amount of advances received (gross)	33,91,235	34,18,320
The amount of retentions by customers	63,680	34,623

1. 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.

2. The Company has delivered one submarine in September, 2019. The total sale value of the submarine is ₹ 413212 lakhs of which amount of ₹ 13495 lakhs is recognised in the contract revenue for the year ended 31st March, 2020. Sale Value of ₹ 978 lakhs peratining to Shipbuilding activity is included in Contract Revenue For the year ended 31st March, 2020. Balance amount pertains to accretion to Work in Progress inventory.

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27 Other Income

₹ in lakhs

Particulars	31st March, 2020		31st March, 2019 (Restated)	
Interest from				
Deposits with banks	53,681		55,118	
Less: Interest liability to customer on advances	2,276		2,646	
	51,405		52,472	
On income tax refund	-		1,410	
Other interest	1,373	52,778	233	54,115
Dividend from Goa Shipyard Ltd.		3,133		4,700
Liabilities / provisions no longer required written back		156		1,899
Provision for obsolete stock reversed		27		-
Insurance claims		-		108
Liquidated damages recovered				
Capital		430		73
Others		670		302
Miscellaneous income / recoveries		377		1,399
Amortisation gain on deferred deposits of vendors		14		13
Unwinding of lease charges - Land		48		28
Unwinding of lease charges - Vehicles		127		2
Amortisation of deferred revenue (customer funded assets)		738		737
Interest Income on deferred payment liability to foreign supplier		374		377
Interest Income on deferred deposit with MbPT		19		18
Foreign exchange variation (net)				
Income	24		-	
Less: Loss	(15)	9	-	-
		58,900		**63,771**

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28 Cost of materials consumed

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)
Opening stock		
Raw materials, stores and spares	17,296	18,534
Equipment for specific projects	3,57,945	3,29,527
Stock-in-transit and materials pending inspection	3,930	30,792
	3,79,171	3,78,854
Add: Purchases	3,35,402	2,58,438
	7,14,573	6,37,292
Less: Closing stock		
Raw materials, stores and spares	14,531	17,296
Equipment for specific projects	3,68,167	3,57,945
Stock-in-transit and materials pending inspection	79,685	3,930
	2,52,191	2,58,121
Less: Reduction in Value-included in Other Expenses		
Less: Provision for obsolete stock	(27)	26
Less: Stores and spares consumption included in repairs and maintenance	-	1
Less: Stores and spares consumption included in other expenses	1,899	2,382
	2,50,319	**2,55,712**

29 Employee benefit expenses

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)
Salaries, wages, allowances and bonus	60,090	51,550
Pension	1,927	1,939
Contribution to provident fund	4,296	4,876
Contribution to employees state insurance scheme	36	381
Workmen and staff welfare expenses	7,706	4,590
Gratuity	1,212	2,355
Encashment of privilege leave	4,025	3,256
	79,292	**68,947**

The total Employee benefit expenses incurred amounting to Rs. 993 lakhs towards employee benefits for the lockdown period are disclosed as exceptional item in the statement of Profit and loss for FY 2019-20.

30 Finance cost

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)
Interest cost on deferred deposits of vendors	14	12
Interest cost on deferred payment liability to foreign supplier	374	377
Interest cost on lease	504	497
Others	34	21
	926	**907**

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31 Other expenses - Projects related

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)
Technician fees and other expenses	3,196	2,528
Advising team fees and other expenses	1,454	1,733
Facility hire	704	1,482
Rent	-	84
Bank charges and guarantee commission	328	-
Travelling expenses	125	72
Sea trial, launching and commissioning expenses	243	31
Legal, professional and consultant fees	4,999	862
Training expenses	-	1,043
Miscellaneous expenses	321	267
	11,370	**8,102**

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32 Other expenses

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)
Repairs and maintenance:		
Buildings	238	1,871
Plant and machinery	396	1,915
Steam launches and boats, motor cars, lorries, etc.	1,037	1,008
Less: Work done internally and other expenditure which has been included in other heads of expenses	(83)	(2,399)
	1,588	2,395
Facility hire	641	600
Water expenses	164	235
Rent	10	1
Insurance	649	379
Rates and taxes	667	857
Bank charges and guarantee commission	19	6
Printing and stationery	65	76
Travelling expenses	716	610
Business promotion expenses	861	557
Sea trial, launching and commissioning expenses	30	5
Corporate membership expenses	15	32
Changes in inventory of scrap	-	13
Foreign exchange variation (net)	-	7
Miscellaneous expenses	597	4,242
Donation	120	-
Audit fees	9	8
Vehicle hire charges	80	34
Legal, professional and consultant fees	115	408
Books and periodicals	71	66
Postage, telegrams and phones	144	113
Training expenses	152	143
CISF and security board expenses	3,402	2,725
Directors fees and expenses	11	9
Provision for obsolete stock	-	26
Consumption of stores and spares etc.	1,899	2,382
Other interest	34	45
Amortisation / unwinding of prepaid deposits (MbPT)	15	15
Corporate social responsibility expenses	1,563	2,347
Sale / scrapping of fixed assets (net)	203	18
	13,840	**18,354**

Foreign Exchange gain for period ended 31st March, 2020 is ₹ 156 lakhs and foreign exchange gain for previous year is ₹ 2569 lakhs on raw materials and project specific equipments has been considered in cost of material consumed.

Expenditure on Reasearch and Development and allied expenses aggregating to ₹ 9177 lakhs (Previous year - ₹ 8540 lakhs) is reflected under respective various heads in the above note.

33 Provisions

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019 (Restated)
Doubtful debts / receivable	2,468	3,889
Others	1,396	-
	3,864	**3,889**

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34 **Business Segment Reporting**

a) 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.

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

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

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

Sr no.	Particulars	31st March 2020	31st March 2019
35.1	Amounts for which Company may be contingently liable:		
(i)	Estimated amount of contracts remaining to be executed on capital account.	1,355	7,847
(ii)	b) Estimated amount of liquidated damages on contracts under execution.	1,10,045	1,10,045
(iii)	Position of non-fund based limits utilized for:		
	(a) Letters of credit	1,02,594	76,899
	(b) Guarantees and counter guarantees	726	1,883
(iv)	Indemnity Bonds issued by the Company to customers for various contracts.	42,71,370	50,76,633
(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:**

₹ in lakhs

Sr no.	Particulars	31st March 2020	31st March 2019
(i)	Suppliers and sub-contractors	830	498
(ii)	Others	2,384	5,832
(iii)	Interest on (i) and (ii) above	352	12,948
		3,566	**19,277**

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

₹ in lakhs

Sr no.	Particulars	31st March 2020	31st March 2019
(i)	Sales Tax *	1,15,416	1,15,150
(ii)	Excise Duty		
	(a) On Vendors	197	190
	(b) On MDL	30	29
		227	219
		1,15,643	1,15,369

* Against the above claim, part payments of ₹ 681 lakhs (Previous year - ₹ 676 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 Commisioner. The final hearing is in progress.

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

₹ in lakhs

Sr no.	Particulars	31st March 2020	31st March 2019
(i)	Excise Duty	15	15
(ii)	Service Tax* (including interest and penalties)	4,236	7,067
		4,251	**7,082**

* 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.

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

₹ in lakhs

Particulars	31st March 2020	31st March 2019
Custom Duty	8	8

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

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

37 **Normal Operating Cycle**

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

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

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

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

38 Employee Benefits

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

₹ in lakhs

(I) Defined Contribution Plans	31st March, 2020	31st March, 2019
(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	4,208	4,742
2. Employers' Contribution to Employees' State Insurance	36	381
3. Employers' Contribution to EPS (Employees' Pension Scheme)	1927	1,939
4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme	87	134

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

₹ in lakhs

Contribution to Gratuity Fund (Funded Scheme)	31st March, 2020	31st March, 2019
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)	6.50%	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.

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019
Opening Balance	27,785	25,999
Add : Credit from Company	460	5,000
Less : Amount paid towards claims	(6,429)	(5,035)
Add : Interest credited	1,811	1,821
Closing Balance	23,627	27,785
Present value of past service benefit	27,864	28,716

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

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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, 2020	31st March, 2019
i)	**Assumptions**		
	a) Discount Rate	6.50%	7.50%
	b) Salary Escalation	7.00%	7.00%
	c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March	6.50%	7.00%
	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	28,716	28,072
	Add: Transfer of canteen liability	380	-
		29,096	28,072
	Interest cost	1774	2,105
	Current service cost	1,409	1,349
	Benefits paid	(6,429)	(5,035)
	Actuarial (gain) / loss on obligations	2,014	2,224
	Present value of obligations as at end of year	27,864	28,716
iii)	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at beginning of year	27,785	25,999
	Expected return on plan assets	1,811	1,821
	Contributions	460	5,000
	Benefits paid	(6,429)	(5,035)
	Actuarial (gain) / loss on plan assets	-	-
	Fair value of plan assets at the end of year	23,627	27,785
iv)	**Table showing fair value of plan assets**		
	Fair value of plan assets at beginning of year	27,785	25,999
	Actual return on plan assets	1,811	1,821
	Contributions	460	5,000
	Benefits paid	(6,429)	(5,035)
	Fair value of plan assets at the end of year	23,627	27,785
	Funded status	(4,238)	(931)
	Excess of Actual over estimated return on plan assets	-	-
v)	**Actuarial gain / loss recognized**		
	Actuarial (gain) / loss for the year - obligation	2,287	2,353
	Actuarial (gain) / loss for the year - plan assets	-	-
	Total (gain) / loss for the year	2,287	2,353
	Actuarial (gain) / loss recognised in the year	2,287	2,353
	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	27,864	28,716
	Fair value of plan assets as at the end of the year	23,627	27,785
	Funded status	(4,238)	(931)
	Net Asset / (Liability) recognized in balance sheet	(4,238)	(931)
vii)	**Expenses recognized in statement of Profit and Loss**		
	Current service cost	1,409	1,349
	Interest cost	70	156
	Expenses recognized in statement of profit and loss	1,479	1,505
viii)	**Expenses recognized in Other Comprehensive Income**		
	Actuarial (gain) / loss recognised in the year	2,287	2,353
ix)	**Current/Non-current Liability**		
	Current Liability	8,745	9,344
	Non-current Liability	19,119	19,372
	Present Value of the Defined Gratuity Benefit Obligation	27,864	28,716

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, 2020		31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is decreased to 6%	638		570	
(Previous year - 7%)	2.29%		1.99%	
if Discount rate is increased to 7.00%		597		538
(Previous year - 8.%)		2.14%		1.87%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is increased to 7.50%	385		385	
(Previous year - 7.50%)	1.38%		1.34%	
if Discount rate is decreased to 6.50%		363		367
(Previous year - 6.50%)		1.30%		1.28%

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38.3 Actuarial valuation of liability towards Leave Encashment
Defined Benefit Plan Leave Encashment as per Actuarial Valuation on 31st March, 2020

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

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

₹ in lakhs

		31st March, 2020	31st March, 2019
i)	**Assumptions**		
	Discount rate	6.50%	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	14,039	13,937
	Add : Liability Transfer from Canteen Employees	99	-
		14,138	13,937
	Interest cost	1,053	1,045
	Current service cost	826	102
	Benefits paid	(2,251)	(2,790)
	Actuarial (gain) / loss on obligations	1,258	1,744
	Present value of obligation as at the end of the year	15,024	14,039
iii)	**Table showing changes in the fair value of plan assets**		
	Fair value of plan assets at the beginning of the year	14,012	-
	Expected return on plan assets	1,010	10
	Contributions	2,234	14,002
	Benefits paid	(2,251)	-
	Fair value of plan assets at the end of the year	15,005	14,012
iv)	**Tables showing fair value of plan assets**		
	Fair value of plan asset at the beginning of the year	14,012	-
	Actual return on plan assets	1,010	-
	Contributions / (withdrawals)	2,234	-
	Benefits paid	(2,251)	14,012
	Fair value of plan asset at the end of the year	15,005	-
	Funded status	19	(27)
	Excess of actual over estimated return on plan assets		-
v)	**Actuarial gain / loss recognized**		
	Actuarial (gain) / loss for the year - obligation	1,258	1,744
	Actuarial (gain) / loss for the year - plan assets	-	-
	Total (gain) / loss for the year	1,258	1,744
	Actuarial (gain) / loss recognised in the year	1,258	1,744
	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	15,024	14,039
	Fair value of plan assets as at end of the year	15,005	14,012
	Funded status	(19)	(27)
	Unrecognized actuarial (gains) / losses	-	-
	Net asset / (liability) recognized in balance sheet	(19)	(27)
vii)	**Expenses recognized in statement of profit and loss**		
	Current service cost	826	102
	Interest cost	1,053	1,045
	Actuarial (gain) / loss recognised in the year	1,258	1,744
	Expenses recognized in the statement of profit and loss	3,136	2,892
viii)	**Current/Non-current Liability**		
	Current Liability	3,854	3,766
	Non-current Liability	11,169	10,272
	Present Value of the Defined Leave Encashment Benefit Obligation	15,024	14,039

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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, 2020		31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is decreased to 6.00%	524		411	
(Previous year 7.00%)	3.49%		2.93%	
if Discount rate is increased to 6.50%		484		383
(Previous year - 8.00%)		3.22%		2.73%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)				
if Discount rate is increased to 7.50%	519		411	
(Previous year - 7.50%)	3.45%		2.93%	
if Discount rate is decreased to 6.50%		484		386
(Previous year - 6.50%)		3.22%		2.75%

₹ in lakhs

39	PROVISIONS MADE, UTILISED, WRITTEN BACK :	31st March, 2020	31st March, 2019
a)	**Provision for Custom Duty Demand:**		
	Opening Balance	426	426
	Additions	-	-
	Utilised/Adjusted	-	-
	Closing Balance	426	**426**
b)	**Provision for Liquidated Damages:**		
	Opening Balance	1,02,372	1,02,372
	Additions	-	-
	Utilised/Adjusted	-	-
	Closing Balance	**1,02,372**	**1,02,372**
c)	**Provision for Guarantee Repairs:**		
	Opening Balance	2,002	2,830
	Additions		-
	Utilised/Adjusted	103	828
	Closing Balance	**1,899**	**2,002**
d)	**Other Provisions:**		
	Opening Balance	107	107
	Additions	-	-
	Utilised/Adjusted	-	-
	Closing Balance	107	107

As per provisions of Ind AS 115, the Liquidated Damages (LD) amount is required to be recognised as reduction from the revenue. Accordingly, amount of liquidated damages is recognised as reduction from revenue of respective projects for FY 2019-20 as against recognition as provision till FY 2018-19. Consequently, financial statements for FY 2018-19 & FY 2017-18 have been restated. During FY 2016-17 to FY 2018-19, total provision (Net of Write Back) in financial statements is ₹ 10080 lakhs which is adjusted in opening balance of reserve /Income as the case may be. The reduction in revenue on account of restatement for FY 2019-20, FY 2018-19 and FY 2017-18 are ₹ 3359 lakhs, ₹ 3520 lakhs and ₹ 1762 lakhs respectively.

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, 2020 based on available information with the Company are as under:

₹ in lakhs

Particulars	31st March, 2020	31st March, 2019
Principal amount due and remaining unpaid	91	160
Interest due on above and the unpaid interest	4	7
Interest paid	-	-
Payment made beyond the appointed day during the year	1,012	2,310
Interest accrued and remaining unpaid on above	50	103
Amount of further interest remaining due and payable in succeeding years		

₹ in lakhs

41	Miscellaneous Expenses include:	31st March, 2020	31st March, 2019
	Remuneration to the Statutory Auditors		
	i) Audit fees	9	8
	ii) Out of pocket expenses	-	-
	iii) Tax audit fees	1	1
		10	9

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42 The Company has enetered into Joint Venture with Reliance Defence and Engineering Limited and formed a Joint Venture company "Mazagon Dock Pipavav Defence Pvt. Ltd." incorporated in Mumbai, India during FY 2012-13. The Company's share in equity share capital of joint venture is 50%. Though company has subscribed 1,00,000 equity shares of ₹ 10 each, the same has not been paid. During FY 2017-18 both JV partners have passed resolution in their respective Board to wind up the Joint Venture.The company has filed application with the Registrar of Company,Mumbai for striking off a a Joint Venture company Mazagon Dock Pipavav Defence Pvt. Ltd on 24th November 2018 the same is approved by MCA vide issueing notice under Form No.7 dated 04.12.2019. Accordingly, Joint Venture company Mazagon Dock Pipavav Defence Pvt. Ltd is disolved.

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 as on 31st March 2020. These payments are reimbursable by Indian Navy. Accordingly, ₹ 6652 lakhs (amortised costs of ₹ 1952 lakhs) held at foreign supplier deferred credit as on 31st March 2020.

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

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

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45 Related Party Disclosure

i) Key Managerial Personnel

₹ in lakhs

Particulars			Remuneration*	
			31st March,2020	31st March, 2019
Cmde. Rakesh Anand (Retd)	(Upto 30.11.2019)	Chairman and Managing Director	106	59
Vice Admiral Narayan Prasad (Retd)	(From 30.12.2019)	Chairman and Managing Director	11	-
Capt Rajiv Lath (Retd)	(Upto 31.10.2019)	Director (Submarine & Heavy Engineering)	90	54
Cdr Jasbir Singh**	(From 01.11.2019)	Director (Submarine & Heavy Engineering)	18	-
Shri Sanjiv Sharma	(Upto 31.10.2019)	Director (Finance)	95	57
Shri Sanjeev Singhal	(From 08.01.2020)	Director (Finance)	9	-
Cmde T V Thomas (Retd)	(From 02.11.2017)	Director (Corporate Planning & Personnel)	72	48
RAdm A K Saxena (Retd)	(From 21.03.2018)	Director (Ship Building)	67	47

* As per Statement of Profit and Loss Account.

** Excluding payment of Rs. 8 lakh related to earlier capacity.

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.

ii) Other Related Parties

Apart from transaction reported above, the company has transactions with other government related entities which includes but not limited to the following;

a) Ministry of Defence

₹ in lakhs

Particulars	Year ended	Revenue from related party	Amounts receivable /(payable) by related parties
Ministry of Defence	31st March, 2020	4,97,024	1,62,509
	31st March, 2019	4,60,769	1,66,078

b) Goa Shipyard Ltd.

₹ in lakhs

Particulars	Year ended	Dividend
Goa Shipyard Ltd.***	31st March, 2020	3,133
	31st March, 2019	4,700

***Other transaction includes rent, sales & amount receivable are not signficant in nature.

The transactions are conducted in the ordinary course of the company business.

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46 Earnings per share (EPS)

	Particulars	31st March, 2020	31st March, 2019
	Earning Per Share (EPS) - Basic and Diluted		
	Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in lakhs)	41,502	51,728
	None		
A	Net Profit / (Loss) for calculation of basic EPS (₹ in lakhs)	41,502	51,728
	Weighted average number of equity shares for calculating basic EPS	22,41,00,000	22,41,00,000
	Buyback of shares during FY 2019-20	2,24,10,000	-
B	Weighted average number of equity shares for calculating basic EPS	22,33,63,233	22,41,00,000
C	**EPS (₹) - Basic (A/B)**	**18.58**	**23.08**
D	Restated Net Profit / (Loss) for calculation of diluted EPS (₹ in lakhs)	41,502	51,728
	Weighted average number of equity shares	22,33,63,233	22,41,00,000
	Effect of dilution:	-	-
E	Weighted average number of equity shares for calculating diluted EPS	22,33,63,233	22,41,00,000
F	**EPS (₹) - Diluted (D/E)**	**18.58**	**23.08**

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Note 47
Statement of Income tax expense and accounting

₹ in lakhs

	Particulars	31st March, 2020	31st March, 2019
A	**Profit Before Tax as per Statement of Profit & Loss**	**76,669**	**82,501**
B	Tax at statutory rate (%)	25.17%	34.944%
C	Tax expenses at statutory rate	19,296	28,829
	Prior year tax		543
		19,296	**29,372**
	Adjustment for permanent difference		
1	Expenses disallowed/Income allowed	1,569	4,868
2	Income exempt under Income Tax Act	(3,562)	(4,772)
3	Others	(3,234)	(799)
D	**Total Permanent Difference**	**(5,228)**	**(703)**
	Adjustment for timing difference		
1	Difference between book depreciation and income tax depreciation	187	(203)
2	Provision for anticipated losses and gains	(10,106)	4,011
3	Disallowances under Sec 43B	3,450	(2,384)
4	Others	6,717	11,819
E	**Total timing difference**	**248**	**13,243**
F	**Net Adjustments**	**(4,979)**	**12,539**
G=F*B	Tax expesnes/(Savings) thereon	**(1,253)**	**4,382**
H	Current Tax (C+G)	18,043	33,211
	Current Tax as per Books	18,043	33,211
I	Short (excess provision for earlier year)	92	543
J	Deferred Tax charge /(Credit)	17,032	(2,981)
K	**Total Tax expesnes (H+I+J)**	**35,167**	**30,773**

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48 **Fair Value Measurement**

Financial Instrtuments by Category

₹ in lakhs

Particulars	31st March 2020			31st March 2019		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets						
Security Deposits	-	-	361	-	-	343
Russian Deferred Debit	-	-	1954	-	-	1970
Financial Liabilities						
Russian Deferred Credit	-	-	1954	-	-	1970
Security Deposits	-	-	116	-	-	102

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 2020		31st March 2019	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets					
Security deposits	Level 3	451	361	376	343
Russian Deferred Debit	Level 3	6652	1954	7043	1970
Financial liabilities					
Russian Deferred Credit	Level 3	6652	1954	7043	1970
Security Deposits	Level 3	136	116	134	102

49 **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 contract asset

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

ii) Financial Instruments and cash deposits

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

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b) Liquidity Risk
Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the underlying business, the Company maintains sufficient cash and liquid investments available to meet its obligation.
The Company's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements, if any.

c) Market Risk
i) Foreign currency risk and sensitivity
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.
The Company is exposed to foreign currency risk since It imports components from foriegn vendors. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (`). In most of the Contracts, the gains / losses from forex exchange fluctuations are passed on / borne by the customer of the Company. Therefore, the foreign exchange risk and sensitivity of the Company is Nil.

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

₹ in lakhs

Particulars	CAD	EUR	GBP	NOK	SEK	USD
Financial Liabilities						
31st March 2020	-	15,256	98	8	1	30,647
31st March 2019	2	12,964	17	4	1	7,863

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

₹ in lakhs

Particulars		Impact on Proft Before Tax	
		31st March 2020	31st March 2019
CAD Sensitivity*			
	INR/CAD increases by 5%	-	(0)
	INR/CAD decreases by 5%	-	0
EUR Sensitivity*			
	INR/EUR increases by 5%	763	648
	INR/EUR decreases by 5%	(763)	(648)
GBP Sensitivity*			
	INR/GBP increases by 5%	5	1
	INR/GBP decreases by 5%	(5)	(1)
NOK Sensitivity*			
	INR/NOK increases by 5%	0	0
	INR/NOK decreases by 5%	(0)	(0)
SEK Sensitivity*			
	INR/SEK increases by 5%	0	0
	INR/SEK decreases by 5%	(0)	(0)
USD Sensitivity*			
	INR/USD increases by 5%	1,532	393
	INR/USD decreases by 5%	(1,532)	(393)
	* 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	2019-20	2018-19
Clause (i)	Eradicating hunger, poverty and malnutrition,promoting health care, sanitation and making available safe drinking water.	372	837
Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled.	824	1,121
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;	5	30
Clause (ix)	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government	200	40
Clause (x)	Rural development projects;	91	178
	Total	**1,492**	**2,245**

Particulars	2019-20	2018-19
Amount required to be spent by the Company during the period	1,519	1,613
Amount spent during the period (incl. Administration Expenses)	1,563	2,347

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52 Restatement Adjustments to Audited Ind AS Financial Statements

(₹ in lakhs)

Sr no.	Particulars	31st March, 2019
A	**Net profit as per audited financial statements**	**51,940**
B	**Adjustments to net profit as per audited financial statements**	
	Restatements	
a.	**Due to prior period items**	
	Increase/(Decrease) in Income	
b.	**Material adjustments relating to previous years**	
	Increase/(Decrease) in Income	
	Increase in unwinding of lease due to adoption of Ind AS 116	30
	Decrease in Revenue from Operations	(3,520)
	Decrease in provisions written back	(297)
	(Increase)/Decrease in Expenses	
	Increase in finance cost due to adoption of Ind AS 116	(497)
	Increase in depreciation due to adoption of Ind AS 116	(291)
	Decrease in amortization of prepaid rent due to adoption of Ind AS 116	114
	Decrease in Provision for Liquidated Damages	3,589
	Decrease in Rent due to adoption of Ind AS 116	705
C	**Total adjustments**	**(167)**
D	**Restated profit / (loss) before tax adjustments (A-C)**	**51,773**
E	**Tax impact of adjustments**	
a.	On restatement adjustments-income/(expense)	(24)
b.	On Ind AS adjustments	(21)
F	**Restated profit / (loss) after tax**	**51,728**

53 Ministry of Finance announced amendment in the form of reduced tax rate vide Taxation Laws (Amendment) Ordinance 2019 by inserting a new section 115BAA in the Income Tax Act, 1961. The amendments would be applicable from the FY 2019-20. As per the new section, the domestic Company may exercise the option of payment of tax at reduced rate of 25.17% (including surcharge and cess) subject to the condition that the company will not avail certain deductions/exemptions. The company has opted for the reduced rate of income tax. This is resulted in one time effect of on PAT of by Rs 16073 lakhs due to reduction in deferred tax assets .

54 The delays in the completion of the projects due to pandemic situation will be taken up with the customer for revising the delivery schedule. The total expenses incurred amounting to Rs. 993 lakhs towards employee benefits and Rs. 239 lakhs towards depreciation for the lockdown period from 22nd to 31st March 2020 are disclosed as exceptional item in the statement of Profit and loss for FY 2019-20. The Company doesn't foresee any change in the orders under execution due pandemic.

55 MDL maintains independent PF Trust for employees. In FY 2019-20, MDSL employee PF trust has recognised capital loss of Rs.1394 lakhs against the investment made in previous years. As per the terms & condition provided under employee PF scheme 1952, employer shall be liable to bear the loss of the trust. Consequently, provision of Rs. 1394 lakhs is recognised in accounts of FY 2019-20.

56 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 ₹ 4581 lakhs (Previous year ₹ 2504 lakhs) and profit there on of ₹ 344 lakhs (Previous year ₹ 189 lakhs) in the Statement of Profit and Loss.

57 Lease agreements have not been executed in the cases of 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.

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

As per our report of even date
JCR & Co
Chartered Accountants
Firm Registration No. 105270W

JCR & CO MUMBAI CHARTERED ACCOUNTANTS

Mitesh Chheda
Partner
Membership No. 160688

Date - 15th July, 2020
Place - Mumbai

माझगांव डॉक शिपबिल्डर्स लिमिटेड MAZAGON DOCK SHIPBUILDERS LIMITED

For and on behalf of the Board of Directors

VAdm Narayan Prasad, IN (Retd)
Chairman and Managing Director

Sanjeev Singhal
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary