DRAFT RED HERRING PROSPECTUS
Dated March 28, 2018
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
(Please read Section 32 of the Companies Act, 2013)
100% Book Built Offer

MAZAGON DOCK SHIPBUILDERS LIMITED

Our Company was incorporated in Bombay as a private limited company on February 26, 1934 as Mazagon Dock Private Limited with the Registrar of Companies, Bombay under the Indian Companies Act, 1913. For further details in connection with change in name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 152.

Registered and Corporate Office: Dockyard Road, Mumbai - 400010, Maharashtra, India
Contact Person: Vijayalakshmi Kumar, Company Secretary and Compliance Officer; **Telephone:** +91 22 2376 2000 **Facsimile:** +91 22 2372 5043
E-mail: investor@mazdock.com **Website:** www.mazagondock.in
Corporate Identity Number: U35100MH1934GOI002079

OUR PROMOTER: THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF DEFENCE, GOVERNMENT OF INDIA

INITIAL PUBLIC OFFERING OF [●] EQUITY SHARES OF FACE VALUE OF ₹10 EACH ("EQUITY SHARES") OF MAZAGON DOCK SHIPBUILDERS LIMITED (OUR "COMPANY" OR THE "ISSUER") THROUGH AN OFFER FOR SALE BY THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF DEFENCE, GOVERNMENT OF INDIA (THE "SELLING SHAREHOLDER"), FOR CASH AT A PRICE OF ₹[●]* PER EQUITY SHARE (THE "OFFER PRICE"), AGGREGATING TO ₹[●] MILLION (THE "OFFER").
SUBJECT TO RECEIPT OF NECESSARY APPROVALS FROM THE GOVERNMENT OF INDIA ("GOI"), [●] EQUITY SHARES MAY BE RESERVED FOR ELIGIBLE EMPLOYEES (DEFINED BELOW) (THE "EMPLOYEE RESERVATION PORTION"). THE OFFER LESS EMPLOYEE RESERVATION PORTION (IF ANY) IS REFERRED TO AS THE NET OFFER. THE OFFER WILL COMPRISE OF A NET OFFER OF 22,410,000 EQUITY SHARES AND THE EMPLOYEE RESERVATION PORTION OF [●] EQUITY SHARES. THE EMPLOYEE RESERVATION PORTION, IF ANY, SHALL NOT EXCEED 5.00% OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF THE COMPANY. THE OFFER AND THE NET OFFER SHALL CONSTITUTE [●]% AND 10.00% RESPECTIVELY OF THE POST-OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.
THE FACE VALUE OF THE EQUITY SHARES IS ₹10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND, THE RETAIL DISCOUNT, EMPLOYEE DISCOUNT, IF ANY, AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY THE SELLING SHAREHOLDER AND OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS ("BRLMs") AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER [●], ALL EDITIONS OF THE HINDI NATIONAL NEWSPAPER [●] AND [●] EDITIONS OF THE MARATHI DAILY NEWSPAPER [●] (MARATHI BEING THE REGIONAL LANGUAGE OF MAHARASHTRA WHEREIN THE REGISTERED OFFICE OF OUR COMPANY IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST FIVE WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", AND TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.
**A discount of up to [●]% (equivalent to up to ₹[●] per Equity Share) on the Offer Price may be offered to Retail Individual Bidders ("Retail Discount") and to Eligible Employees ("Employee Discount") bidding in the Retail Portion and the Employee Reservation Portion, respectively (if any).*

In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members

The Offer is being made in terms of Rule 19(2)(b)(iii) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), wherein at least 10.00% of the post-Offer paid-up Equity Share capital of our Company will be offered to the public. The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended ("**SEBI ICDR Regulations**"), wherein 50% of the Net Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIB Portion**"). 5.00% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5.00% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, [●] Equity Shares shall be offered for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received at or above the Offer Price. All Bidders shall participate in the Offer mandatorily through the Applications Supported by Blocked Amount ("**ASBA**") process by providing the details of their respective ASBA Accounts in which the corresponding Bid Amount will be blocked by the SCSBs. For details, see "*Offer Procedure*" on page 529

RISK IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10 each and the Floor Price is **[●]** times of the face value and the Cap Price is **[●]** times of the face value. The Offer Price (as determined and justified by our Company and the Selling Shareholder, in consultation with the BRLMs), as stated in "*Basis for Offer Price*" on page 92 should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares offered in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 16.

COMPANY'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and this Offer, which is material in the context of this Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect. Further, the Selling Shareholder confirms all information set out about itself as the Selling Shareholder in context of the Offer for Sale included in this Draft Red Herring Prospectus and accepts responsibility for statements in relation to itself and the Equity Shares being sold by it in the Offer for Sale are true and correct in all material respects and are not misleading in any material respects.

LISTING

The Equity Shares when offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received in-principle approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of this Offer, the [●] shall be the Designated Stock Exchange. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 588.

BOOK RUNNING LEAD MANAGERS

YES SECURITIES (INDIA) LIMITED
Address: Unit No. 602 A, 6th Floor, Tower 1 & 2, IFC Senapati Bapat Marg, Elphinstone Road, Mumbai- 400 013
Telephone: +91 22 3012 6919
Facsimile: +91 22 2421 4508
Email: mdl.ipo@yessecuritiesltd.in
Website: www.yesinvest.in
Investor Grievance ID: igc@yessecuritiesltd.in
Contact Person: Mukesh Garg/ Pratik Pednekar
SEBI Registration Number: INM000012227

AXIS CAPITAL LIMITED
Address: Axis House, 1st Floor, Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai -400 025
Telephone: + 91 22 4325 2183
Facsimile: +91 22 4325 3000
Email: mazagon.ipo@axiscap.in
Website: www.axiscapital.co.in
Investor Grievance ID: complaints@axiscap.in
Contact Person: Akash Aggarwal
SEBI Registration Number: INM000012029

EDELWEISS FINANCIAL SERVICES LIMITED
Address: 14th Floor, Edelweiss House, Off. C.S.T Road, Kalina, Mumbai -400 098
Telephone: +91 22 4009 4400
Facsimile: +91 22 4086 3610
Email: mdl.ipo@edelweissfin.com
Website: www.edelweissfin.com
Investor Grievance ID: customerservice.mb@edelweissfin.com
Contact Person: Nishita John/Raviraj Acharya
SEBI Registration Number: INM0000010650

BOOK RUNNING LEAD MANAGERS

IDFC BANK LIMITED
Address: Naman Chambers, C – 32, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
Telephone: +91 22 7132 5500
Facsimile: +91 22 4222 2088
Email: mazagon.ipo@idfcbank.com
Website: www.idfcbank.com
Investor Grievance ID: mb.ig@idfcbank.com
Contact Person: Gaurav Goyal
SEBI Registration Number: MB/INM000012250

JM FINANCIAL LIMITED
Address: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.
Telephone: +91 22 6630 3030
Facsimile: +91 22 6630 3330
Email: mdl.ipo@jmfl.com
Website: www.jmfl.com
Investor Grievance ID: grievance.ibd@jmfl.com
Contact Person: Prachee Dhuri
SEBI Registration Number: INM000010361

REGISTRAR TO THE OFFER

ALANKIT ASSIGNMENTS LIMITED
Address: Alankit Heights, 1E/13 Jhandewalan Extension, New Delhi – 110055
Telephone: +911- 4254 1952/54
Facsimile: +911-4154 3474
Email: mdl_ipo@alankit.com
Website: www.alankit.com
Investor Grievance ID: mdl_igr@alankit.com
Contact Person: Pankaj Goenka /Bojimon KH
SEBI Registration Number: INR000002532

BID/OFFER PROGRAMME

BID/OFFER OPENING DATE: [●]	**BID/OFFER CLOSING DATE*: [●]**

**The Selling Shareholder and our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with SEBI ICDR Regulations.*

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in this Draft Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto from time to time.

Company Related Terms

Term	Description
"our Company", the "Company", we, us, the "Issuer"	Mazagon Dock Shipbuilders Limited, a company incorporated under the Companies Act, 1913, having its registered office at Dockyard Road, Mumbai - 400010 Maharashtra, India.
Associate Company/ Group company	Goa Shipyard Limited.
Articles of Association/AoA/ Articles	The articles of association of our Company, as amended.
Audit Committee	The audit committee of our Board of Directors.
Board/Board of Directors	The board of directors of our Company or a duly constituted committee thereof.
CPSE Capital Restructuring Guidelines	An office memorandum bearing F. No. 5/2/2016-Policy dated May 27, 2016, issued by DIPAM on Guidelines on Capital Restructuring of Central Public Sector Enterprises.
CRISIL Report	The report on *"Indian commercial and warship building and ship repairing industry report*" released in Mumbai in March, 2018 by CRISIL.
CSR Committee	Corporate Social Responsibility and Sustainability Development Committee of our Board of Directors.
Director(s)	The director(s) of our Company.
Equity Shares	The equity shares of our Company of face value of ₹10 each.
Joint Venture Company	Mazagon Dock Pipavav Defence Private Limited.
Key Management Personnel	Key management personnel of our Company in terms of section 2(51) of the Companies Act or regulation 2(1)(s) of the SEBI ICDR Regulations and as disclosed in "*Our Management*" on page 162.
Materiality Policy	Our Company, in its Board meeting held on March 01, 2018 adopted a policy on identification of group company, material creditors and material litigations.
Memorandum of Association/ MoA	The memorandum of association of our Company, as amended.
MoU	Our Company enters into a Memorandum of Understanding with Department of Public Enterprises, Ministry of Defence, GoI every financial year.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Board of Directors.
Order Book	The total contract value (in accordance with the terms of the contract) of all existing contracts as of such date, minus any revenue already recognised by us in relation to such existing contracts up to and including such dates.
Promoter	The Promoter of our Company is the President of India acting through the Ministry of Defence, GoI.
Registered Office / Registered and Corporate Office	Dockyard Road, Mumbai - 400010 Maharashtra, India.
Restated Financial Statements	Restated Standalone Financial Statements and Restated Consolidated Financial Statements.
Restated Standalone Financial Statements	The restated standalone financial statements of our Company as at and for the six months period ended September 30, 2017 and for the financial years ended March 31, 2017, 2016, 2015, 2014 and 2013, which comprises the audited and restated standalone balance sheet, the audited and restated standalone statement of profit and loss and the audited and restated standalone cash flow statement and notes to the audited standalone financial statements of assets and liabilities, profit and loss and cash flows, prepared in accordance with Ind AS (for the six months period ended September 30, 2017 and financial years ended March 31, 2017, 2016 and 2015), Indian GAAP (for the financial years ended March 31, 2014 and 2013) and the Companies Act and restated in

Term	Description
	accordance with the SEBI ICDR Regulations and the Revised Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the ICAI, together with the schedules, notes and annexures thereto.
Restated Consolidated Financial Statements	The audited consolidated financial statements of our Company as at and for the six months period ended September 30, 2017 and for the financial years ended March 31, 2017 and 2016, which comprises the audited consolidated balance sheet, the audited consolidated statement of profit and loss and the audited consolidated cash flow statement and notes to the audited consolidated financial statements of assets and liabilities, profit and loss and cash flows, prepared in accordance with Ind AS (for the six months period ended September 30, 2017 and financial years ended March 31, 2017 and 2016) and the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Revised Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the ICAI, together with the schedules, notes and annexures thereto.
RoC	Registrar of Companies, Maharashtra, situated at Mumbai, India.
SEBI Exemption Letter	The exemption letter issued by SEBI bearing reference No. SEBI/HO/CFD/DIL1/OW/P/2017/ 18400/1 dated August 03, 2017 issued by SEBI granting certain exemptions under the SEBI ICDR Regulations and the SEBI Listing Regulations.
Senior Management Personnel	Senior management of the Company but does not include Key Management Personnel and as disclosed in "*Our Management*" on page 162.
Shareholders	Shareholders of our Company.
Statutory Auditor/ Auditor	The statutory auditor of our Company, namely, Ford Rhodes Parks & Co., LLP, Chartered Accountants.

Offer related terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form.
Allot/Allotment/Allotted	The transfer of Equity Shares to the successful Bidders pursuant to this Offer.
Allotment Advice	Note, advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Equity Shares are Allotted.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by an ASBA Bidder, to make a Bid and authorize a SCSB to block the Bid Amount in the ASBA Account.
ASBA Account	A bank account maintained with a SCSB and specified in the ASBA Form submitted by Bidders for blocking the Bid Amount mentioned in the ASBA Form.
ASBA Bid	A Bid made by an ASBA Bidder including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations.
ASBA Bidder	Any Bidder in the Offer who intends to submit a Bid.
ASBA Form/ Bid cum Application Form	An application form, whether physical or electronic, used by an ASBA Bidder and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Axis Capital	Axis Capital Limited.
Banker(s) to the Offer/Public Offer Account Bank	Banks which are clearing members and registered with SEBI as bankers to an offer and with whom the Public Offer Account will be opened.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" on page 529.
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations. The term Bidding shall be construed accordingly.

Term	Description
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or as blocked in the ASBA Account of the Bidder,as the case may be, upon submission of the Bid.
Bid Lot	[●] Equity Shares.
Bid/Offer Closing Date	The date after which the Designated Intermediaries will not accept any Bids which shall be published in all editions of the English national newspaper [●], all editions of the Hindi national newspaper [●] and [●] edition of the Marathi daily newspaper [●], (Marathi being the regional language of Maharashtra, where the Registered Office is located) each with wide circulation. Our Company and the Selling Shareholder may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.
Bid/Offer Opening Date	The date on which the Designated Intermediaries shall start accepting Bids which shall be published in all editions of the English national newspaper [●], all editions of the Hindi national newspaper [●], and [●] edition of the Marathi daily newspaper [●], (Marathi being the regional language of Maharashtra, where the Registered Office is located) each with wide circulation.
Bid/Offer Period	The period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied.
Bidding Centres	Centres at which the Designated Intermediaries shall accept the Bid cum Application Forms, i.e., Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building method	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made.
BRLMs/ Book Running Lead Managers	YES Securities, Axis Capital, Edelweiss Financial, IDFC and JM Financial.
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
Cap Price	The higher end of the Price Band, above which the Offer Price will not be finalised and above which no Bids will be accepted.
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account.
Collecting Depository Participant/CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI and are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
Cut-off Price	Offer Price, finalised by our Company and the Selling Shareholder, in consultation with the BRLMs, which shall be any price within the Price Band. Only Retail Individual Bidders and the Eligible Employees Bidding in the Retail Portion and Employee Reservation Portion, respectively are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants.

Term	Description
	The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
Designated Date	The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts, to the Public Offer Account after filing of the Prospectus with the RoC, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer.
Designated Intermediaries	Syndicate Members, sub-Syndicate/agents, SCSBs, Registered Brokers, Brokers, the CDPs and RTAs, who are authorized to collect Bid cum Application Forms from the Bidders, in relation to the Offer.
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time.
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms used by the Bidders, a list of which is available on the website of SEBI at (http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes), updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	[●].
Draft Red Herring Prospectus/DRHP	This draft red herring prospectus dated March 28, 2018, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer, including any addenda or corrigenda thereto.
Edelweiss Financial	Edelweiss Financial Services Limited.
Eligible Employee	All or any of the following: a) a permanent and full time employee of our Company (excluding such employees who are not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as on the date of registration of the Red Herring Prospectus with the RoC and who continues to be an employee of our Company, until the submission of the Bid cum Application Form; and b) Directors, Key Management Personnel and other employees of our Company involved in the Offer Price fixation process cannot participate in the Issue (as per Model Conduct, Discipline and Appeal Rules of CPSEs and Office memorandum of DPE dated June 16, 2009 and July 28, 2009). c) An employee of our Company who is recruited against a regular vacancy but is on probation as on the date of submission of the ASBA Form will also be deemed a "permanent employee" of our Company.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Bid cum Application Form and the Red Herring Prospectus will constitute an invitation to subscribe or to purchase the Equity Shares.
Employee Discount	A discount of up to [●]% (equivalent of up to ₹[●] per Equity Share) on the Offer Price which may be offered to Eligible Employees Bidding in the Employee Reservation Portion.
Employee Reservation Portion	The portion of the Offer being [●] Equity Shares aggregating to ₹[●] million, that may be reserved for allocation to Eligible Employees, on a proportionate basis subject to receipt of necessary approvals from the Government of India. The maximum Bid Amount under the Employee Reservation Portion by an Eligible Employee shall not exceed ₹500,000 on a net basis. However, the initial Allotment to an Eligible Employee in the Employee Reservation Portion shall not exceed ₹200,000 (net of Employee Discount). Only in the event of an under-subscription in the Employee Reservation Portion post the

Term	Description
	initial allotment, such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 net of Employee Discount.
First Bidder/Applicant	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price will be finalised and below which no Bids will be accepted.
General Information Document/GID	The General Information Document prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circulars CIR/CFD/POLICYCELL/III/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, suitably modified and included in "*Offer Procedure*" on page 529.
IDFC	IDFC Bank Limited
JM Financial	JM Financial Limited
Maximum RIB Allottees	The maximum number of Retail Individual Bidders who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to Retail Individual Bidders by the minimum Bid Lot.
Mutual Fund Portion	5% of the QIB Portion, or 560,250 Equity Shares which shall be available for allocation to Mutual Funds only.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Offer	The Offer less the Employee Reservation Portion, if any.
Non-Institutional Bidders/NII(s)	All Bidders that are not QIBs or Retail Individual Bidders or Eligible Employees Bidding in the Retail Portion or Employee Reservation Portion, if any, respectively and who have Bid for the Equity Shares for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Net Offer comprising of proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price.
Non-Resident	A person resident outside India as defined under FEMA and includes a Eligible NRI, FVCIs and FPIs.
Offer/Offer for Sale	The public offer of [●] Equity Shares of face value of ₹10 each for cash at a price of ₹[●] each, aggregating ₹[●] million through an Offer for Sale by the Selling Shareholder. Subject to receipt of necessary approvals from the GoI, [●] additional Equity Shares may be reserved for the Eligible Employees. The Offer less Employee Reservation Portion (if any) is referred to as the Net Offer. The Employee Reservation Portion, if any, shall not exceed 5.00% of the post-Offer paid-up Equity Share capital of the Company
Offer Agreement	The agreement dated March 27, 2018 between our Company, the Selling shareholder, the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer Price	The final price, (Net of Retail Discount and Employee Discount, as applicable) at which the Equity Shares will be Allotted to successful Bidders.
Price Band	Price band of a minimum price of ₹[●] per Equity Share (Floor Price) and the maximum price of ₹[●] per Equity Share (Cap Price) including revisions thereof including any revisions thereof. The Price Band and the minimum Bid Lot size for the Offer will be decided by the Selling Shareholder in consultation with the BRLMs and will be advertised, at least five Working Days prior to the Bid/Offer Opening Date, in all editions of the English national newspaper [●], all editions of the Hindi national newspaper [●] and [●] edition of the Marathi daily newspaper [●]

Term	Description
	(Marathi being the regional language of Maharashtra, where our Registered Office is located) , each with wide circulation.
Pricing Date	The date on which our Company and the Selling Shareholder, in consultation with the BRLMs, will finalise the Offer Price.
Prospectus	The prospectus to be filed with the RoC after the Pricing Date in accordance with section 26 of the Companies Act, and the provisions of the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information including any addenda or corrigenda thereto.
Public Offer Account	A bank account opened with the Bankers to the Offer by our Company under section 40(3) of the Companies Act to receive monies from the ASBA Accounts on the Designated Date.
Public Offer Account Agreement	Agreement dated [●] among the Selling Shareholder, our Company, the BRLMs, the Registrar to the Offer and the Banker(s) to the Offer for receipt of Bid Amounts from the ASBA Accounts on the Designated Date and if applicable, refund of amounts collected from Bidders, on the terms and conditions thereof.
QIB Category/QIB Portion	The portion of the Net Offer being 50% of the Net Offer comprising of 11,205,000 Equity Shares which shall be Allotted to QIBs.
Qualified Institutional Buyers/QIBs/QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations.
Red Herring Prospectus or RHP	The red herring prospectus to be issued in accordance with section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto. The red herring prospectus will be registered with the ROC at least three Working Days before Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Refund Account	The account opened with the Refund Bank to which refunds, if any, of the whole or part of the Bid Amount, shall be transferred from the Public Offer Account(s) and will be credited to the ASBA Accounts of the Bidders.
Refund Bank	The Banker to the Offer with whom the Refund Account will be opened.
Registered Broker(s)	Stock brokers registered with the SEBI and the Stock Exchanges having nationwide terminals other than the Members of the Syndicate, eligible to procure Bids in terms of circular no. CIR/CFD/14/2012 dated October 04, 2012 issued by SEBI.
Registrar Agreement	The agreement dated March 27, 2018 entered into between our Company, the Selling Shareholder and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registrar and Share Transfer Agents/RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI.
Registrar to the Offer or Registrar	Alankit Assignments Limited
Retail Discount	A discount of up to [●]% (equivalent of up to ₹[●] per Equity Share) on the Offer Price which may be offered to Retail Individual Bidders in the Retail Portion.
Retail Individual Bidder(s)/RIB(s)	Individual Bidders, other than Eligible Employees Bidding in the Employee Reservation Portion (if any) who have Bid for the Equity Shares for an amount not more than ₹200,000 on a net basis in any of the bidding options in the Net Offer (including HUFs applying through their Karta and Eligible NRIs).
Retail Portion	The portion of the Net Offer being not less than 35% of the Net Offer consisting of 78,43,500 Equity Shares which shall be available for allocation to Retail Individual Bidder(s) in accordance with the SEBI ICDR Regulations subject to valid Bids being received at or above the Offer Price.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Forms or any previous revision form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or

Term	Description
	lower their Bids (in terms of quantity and of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees bidding in the Retail Portion and the Employee Reservation Portion, respectively can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date.
Self Certified Syndicate Banks or SCSBs	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website www.sebi.gov.in and updated from time to time.
Selling Shareholder	The President of India, acting through the Ministry of Defence, GoI.
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement.
Share Escrow Agreement	The agreement dated [●] entered into among the Selling Shareholder, our Company and the Share Escrow Agent in connection with the transfer of the Equity Shares by the Selling Shareholder and credit of such Equity Shares to the demat account of the Allottees.
Specified Locations	Bidding centers where the Syndicate shall accept ASBA Forms, a list of which is available on www.sebi.gov.in and updated from time to time.
Stock Exchanges	BSE Limited and National Stock Exchange of India Limited
Sub-Syndicate Members	The sub-Syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Syndicate Agreement	The agreement dated [●], entered into between, the BRLMs, the Syndicate Members, our Company, the Selling Shareholder and Registrar to the Offer in relation to the collection of Bid cum Application Forms by Syndicate Members.
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, in this case [●].
Syndicate/Members of the Syndicate	The BRLMs and the Syndicate Members
Systemically Important Non-Banking Financial Companies	An NBFC registered with the RBI and having a net-worth of more than ₹5,000 million as per the last audited financial statements.
Underwriters	[●]
Underwriting Agreement	The agreement dated [●] to be entered into among the Underwriters, our Company and the Selling Shareholder on or after the Pricing Date, but prior to the registration of the Prospectus with the RoC.
Wilful Defaulter	A company or a person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India and includes any company whose director or promoter is categorised as such.
Working Day	"Working Day" means all days, other than second and fourth Saturday of a month, Sunday or a public holiday, on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean all days' excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.
YES Securities	YES Securities (India) Limited

Technical/Industry Related Terms/Abbreviations

Term	Description
ASC	Anti-submarine warfare corvettes.
AoN	Acceptance of necessity.
CAPF	Central Armed Police Forces.
DPP	Defence procurement procedure.
DPSU	Defence public sector undertaking.
DWT	Dead weight tonnage.
FPVs	Fast patrol vehicles.
GRT	Gross register tonnage.

Term	Description
IC	Indigenous content.
LCUs	Landing craft utilities.
MCMV	Mine countermeasure vessel.
MSRA	Master ship repair agreement.
NSRY	Naval ship repair yard.
OFB	Ordnance Factories Board.
OPVs	Offshore patrol vessels.
OSVs	Offshore supply vessels.
PCVs	Pollution control vessels.
WJFAC	Water jet fast attack crafts.

Conventional and General Terms or Abbreviations

Term	Description
₹/Rs./ Rupees	Indian Rupees.
A/c	Account.
AGM	Annual General Meeting.
AIF	Alternative Investment Funds registered pursuant to SEBI (Alternative Investment Funds) Regulations, 2012, as amended from time to time.
Air Act	Air (Prevention and Control of Pollution) Act, 1981, as amended.
AS or Accounting Standards	Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006.
AY	Assessment Year.
BEL	Bharat Electronics Limited
BSE	BSE Limited.
Category I FPIs	FPIs who are registered with SEBI as "Category I foreign portfolio investors" under the SEBI FPI Regulations.
Category II FPIs	FPIs who are registered with SEBI as "Category II foreign portfolio investors" under the SEBI FPI Regulations.
Category III FPIs	FPIs registered as category III FPIs under the SEBI FPI Regulations.
CDSL	Central Depository Services (India) Limited.
CIBIL	Credit Information Bureau (India) Limited.
CIN	Corporate Identity Number.
Companies Act	Companies Act, 1956 and Companies Act, 2013, as applicable.
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) alongwith the relevant rules made thereunder.
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of sections of the Companies Act, 2013, alongwith the relevant rules made thereunder.
Competition Act	Competition Act, 2002, as amended.
Consolidated FDI Policy	The extant Consolidated Foreign Direct Investment Policy notified by DIPP from time to time, in this case the Consolidated Foreign Direct Investment Policy notified by notification D/o IPP F. No. 5(1)/2017-FC-1 dated August 28, 2017 effective from August 28, 2017.
DIN	Directors Identification Number.
DP ID	Depository Participant's Identification number.
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation.
EGM	Extraordinary General Meeting.
EPS	Earnings per share.
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952, as amended.
ESI Act	Employees State Insurance Corporation Act, 1948, as amended.
FACR	Fixed Asset Coverage Ratio.
FDI	Foreign Direct Investment.
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed there under.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017.
Fiscal or Financial Year or FY	Period of 12 months ended March 31 of that particular year.

Term	Description
Finance Act read with Service Tax Rules	Finance Act, 1994 read with Service Tax Rules, 1994, as amended.
FPIs	A foreign portfolio investor as defined under the SEBI FPI Regulations.
FVCI	Foreign Venture Capital Investor registered under the SEBI FVCI Regulations.
GDP	Gross Domestic Product.
GoI or Government of India or Central Government	The Government of India.
GST	Goods and Services Tax
HAL	Hindustan Aeronautics Limited
HNI	High Net worth Individual.
HUF	Hindu Undivided Family.
ICAI	The Institute of Chartered Accountants of India.
Indian GAAP	Generally accepted accounting principles in India.
Ind AS	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 and Ind AS Rules.
Ind AS Rules	Companies (Indian Accounting Standards) Rules, 2015.
IPO	Initial Public Offering.
IRDA	Insurance Regulatory and Development Authority.
IT	Information Technology.
IT Act/ Income Tax Act	Income Tax Act, 1961, as amended.
MbPT	Mumbai Port Trust.
MCA	Ministry of Corporate Affairs
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
MoD	Ministry of Defence, GoI.
MSMED Act	Micro, Small & Medium Enterprises Development Act, 2006, as amended.
NAV	Net Asset Value.
No.	Number.
NRE Account	Non-Resident External Account.
NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NRO Account	Non-Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
p.a.	Per annum.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
PAT	Profit After Tax.
PBT	Profit Before Tax.
PCB	Pollution Control Board.
RBI	Reserve Bank of India.
RTGS	Real Time Gross Settlement.
SBAR	State Bank Advanced Rate.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015.
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.

Term	Description
Securities Act	U.S. Securities Act of 1933.
Sq. ft./ Sft/ sqft	Square foot.
Sq. mt.	Square meter.
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
TAN	Tax Deduction Account Number allotted under the Income Tax Act, 1961, as amended.
TDS	Tax Deducted at Source.
Water and Air Rules	Water (Prevention and Control of Pollution) Rules, 1994 and Air (Prevention and Control of Pollution) Rules, 1994, as amended.
U.S./US/U.S.A/United States	The United States of America, together with its territories and possessions.
US$/USD	United States Dollar, the official currency of the United States of America.
VCFs	Venture Capital Funds as defined and registered with SEBI under the SEBI VCF Regulations.
Water Act	Water (Prevention and Control of Pollution) Act, 1974, as amended.

Words and expressions used but not defined herein shall have the same meaning as is assigned to such terms in the SEBI ICDR Regulations, the Companies Act, the SEBI Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, capitalised terms in "*Statement of Tax Benefits*", "*Financial Statements*", "*Basis for Offer Price*", "*Outstanding Litigation and Material Developments*", "*Offer Procedure*" and "*Main Provision of the Articles of Association*" on pages 96, 191, 92, 491 529 and 576 respectively, shall have the meaning as ascribed to such terms in such sections.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

All references in this Draft Red Herring Prospectus to "India" are to the Republic of India and all references to the "U.S.", "U.S.A" or "United States" are to the United States of America.

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Financial Data

Unless stated otherwise or the context requires otherwise, the financial information in this Draft Red Herring Prospectus is derived from our Restated Financial Statements prepared in accordance with the Companies Act, Indian GAAP/Ind AS (as applicable) and restated in accordance with the SEBI ICDR Regulations.

Our Company's Financial Year commences on April 1 and ends on March 31 of the following year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year. Unless the context otherwise requires, all references to a year in this Draft Red Herring Prospectus are to a calendar year and references to a Financial Year are to March 31 of that calendar year.

Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding off adjustments. All decimals have been rounded off to two or one decimal places. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points in their respective sources, such figures appear in this Draft Red Herring Prospectus may be rounded off to such number of decimal points as provided in such respective sources.

Our Restated Financial Statements have been prepared in accordance with Indian GAAP and Ind AS as applicable. There are significant differences between Indian GAAP and Ind AS. While a limited reconciliation of Ind AS and Indian GAAP numbers has been provided as per applicable accounting standards, our Company does not provide reconciliation of its financial information to Ind AS. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. The Restated Standalone Financial Statements have been prepared, based on financial statements (i) as at and for the six month period ended September 30, 2017, and for the Financial Years ended March 31, 2017 and March 31, 2016, prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules; (ii) as at and for the Financial Year ended March 31, 2015 in accordance with Accounting Standards as prescribed under Section 133 of the Companies Act read with Rule 7 of the Companies (Accounts) Rules, 2014 which has been converted into figures as per the Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements for the Financial Year ended March 31, 2017, (the financial information as at and for the Financial Year ended March 31, 2015 is referred to as "the Proforma Ind AS Restated Standalone Financial Information"); and (iii) as at and for the Financial Years ended March 31, 2014 and March 31, 2013 prepared in accordance with Indian GAAP. The Restated Consolidated Financial Statements have been prepared, based on financial statements as at and for the six month period ended September 30, 2017, as at and for the Financial Year ended March 31, 2017, prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules and other relevant provisions of the Companies Act and as at and for the Financial Year ended March 31, 2016, in accordance with Ind AS being the comparative period for the Financial Year ended March 31, 2017. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. The degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, the Indian GAAP, Ind AS and the SEBI ICDR Regulations. Given that Ind AS differs in many respects from Indian GAAP, our financial statements prepared and presented in accordance with Ind AS may not be comparable to our historical financial statements prepared under the Indian GAAP.

On February 16, 2015, the Ministry of Corporate Affairs issued the Ind AS Rules for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with IFRS. The Ind AS Rules provide that the financial statements of the companies to which they apply shall be prepared in accordance with the Indian Accounting Standards converged with IFRS, although any company may voluntarily implement Ind AS for the accounting period beginning from April 01, 2015. With effect from April 01, 2016, we are required to prepare our financial statements in accordance with the Ind AS.

Non-Consolidation of Financial Statements of our Associate Company

As on the date of this Draft Red Herring Prospectus, we have one Associate Company, being, Goa Shipyard Limited. We did not prepare consolidated financial statements for periods prior to Fiscal Year 2016, since our Company was not required to consolidate financial statements under applicable law and accounting standards prior to Fiscal Year 2016. For further details, see "*Financial Statements – Restated Consolidated Financial Statements - Note 6*" on page 193.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*","*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 16, 132 and 458 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements prepared in accordance with Companies Act, Indian accounting policies and practices and Indian GAAP and restated in accordance with the SEBI ICDR Regulations.

Currency and Units of Presentation

All references to:

"Rupees" or "₹" or "INR" or "Rs." are to Indian Rupee, the official currency of the Republic of India; and "USD" or "US$" are to United States Dollar, the official currency of the United States.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units.

One million represents 1,000,000 and one billion represents 1,000,000,000.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupee and other currencies:

(Amount in ₹, unless otherwise specified)

Currency	As at September 30, 2017	As on March 31, 2017	As on March 31, 2016	As on March 31, 2015	As on March 31, 2014	As on March 31, 2013
1 US$	65.35(1)	64.84	66.33	62.59	60.10(2)	54.39(3)

Source: RBI Reference Rate

1. *Exchange rate as on September 29, 2017 as the same is not available for September 30, 2017 being a Saturday*
2. *Exchange rate as on March 28, 2014, as RBI reference rate is not available for March 31, 2014, March 30, 2014 and March 29, 2014 being a public holiday, a Sunday and a Saturday, respectively.*
3. *Exchange rate as on March 28, 2013, as RBI reference rate is not available for March 31, 2013, March 30, 2013 and March 29, 2013 being a Sunday, a Saturday and a public holiday, respectively.*

Industry and Market Data

Industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available information and from the report titled "*Indian commercial and warship building and ship repairing industry report*" published on March, 2018 which includes the following disclaimer:

"CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the information obtained by CRISIL from sources which it considers reliable (Data). However, CRISIL does not guarantee the accuracy, adequacy or completeness of the Data / Report and is not responsible for any errors or omissions or for the results obtained from the use of Data / Report. This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any

law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Mazagon Dock Shipbuilders Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of,and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Limited (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published / reproduced in any form without CRISIL's prior written approval".

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 16.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

In accordance with the SEBI ICDR Regulations, the "*Basis for Offer Price*" on page 92 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain "forward looking statements". These forward looking statements can generally be identified by words or phrases such as "will", "aim", "will likely result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "will pursue" and similar expressions or variations of such expressions. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industries in India in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Important factors that could cause actual results to differ materially from our expectations include, among others:

a. adverse change in laws, rules and regulations and legal uncertainties;
b. decline or reprioritisation of funding in the Indian defence budget, that of customers including the MoD;
c. changes in the policy framework governing defence procurement and manufacturing in India may result in our Company not receiving future order;
d. the outcome of legal and/or regulatory proceedings that our Company is or might become involved in;
e. any significant risks and uncertainties that may not be covered by insurance; and
f. our inability to retain key management personnel.

For a further discussion of factors that could cause our actual results to differ, refer to the chapters titled "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" on pages 16, 132 and 458 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Although we believe that the assumptions on which such forward-looking statements are based are reasonable, we cannot assure the Bidders that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, Bidders are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements as a guarantee of future performance.

Forward-looking statements reflect the current views of our Company as on the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management's beliefs and assumptions, which in turn are based on currently available information. Although, we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, the Selling Shareholder, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with SEBI requirements, our Company and the Selling Shareholder shall severally ensure that investors in India are informed of material developments from the date of the Red Herring Prospectus in relation to the statements and undertakings made by them in the Red Herring Prospectus till Allotment.

SECTION II: RISK FACTORS

RISK FACTORS

An investment in equity shares involves a high degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing all or a part of their investment. You should carefully consider all the information disclosed in this Draft Red Herring Prospectus, as well as the risks and uncertainties involved including those described below, before making an investment decision in our Equity Shares. If any one, or a combination of the following risks actually occur, our business, prospects, financial condition and results of operations could suffer and the trading price of our Equity Shares could decline and you may lose all or part of your investment. The risks described below are not the only ones relevant to us or our Equity Shares or the industry and regions in which we operate. Additional risks and uncertainties, not presently known to us or not currently perceived as risks or that we currently deem immaterial may arise or may become material in the future and may also impair our business, results of operations and financial condition. Investors are advised to read the risk factors described below carefully before making any investment decisions in this Offer.

To obtain a more detailed understanding of our Company, prospective investors should read this section in conjunction with sections "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 132 and 458, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus before making an investment decision. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Offer. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in this Offer.

This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, estimates, and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For further details, see "Forward-Looking Statements" on page 15.

Unless specified or quantified in the relevant risks factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section. Unless otherwise stated, the financial information of our Company used in this section has been derived from our Restated Standalone Financial Statements.

Due to various national security concerns, certain material information in relation to our business, operations and prospects has been classified as 'confidential' by the Ministry of Defence, GoI and by us. As a result we have not (i) disclosed such information in this Draft Red Herring Prospectus; or, (ii) provided such information to the BRLMs, the legal counsels and / or other intermediaries involved in this Offer. We therefore cannot assure you that this Draft Red Herring Prospectus contains all material information as necessary for investors to make an informed investment decision.

INTERNAL RISK FACTORS

Risk relating to Our Business and Our Industry

1. ***We predominantly depend on the MoD for defence orders and have till date been awarded such orders on a nomination basis by the MoD for use by the Indian Navy. There is no assurance that future defence orders will be awarded to us by the MoD. Further, recent changes in the policy framework governing defence procurement and manufacturing in India may result in our Company no longer being given such orders which may have an adverse effect on our business growth, financial condition and results of operations***

   As of February 28, 2018, our Order Book from the MoD was ₹527,608 million which constitutes 100% of our Order Book. Our entire Order Book has been awarded to us by the MoD on a nomination basis, which means that such orders have been awarded to us pursuant to floating of tenders by the MoD only to our Company. Our Order Book currently comprises of building and construction of four 'P-15B' destroyers, four 'P-17A' stealth frigates and five Scorpene class submarines for the Indian Navy. There is no assurance that we will be selected by the MoD for future defence orders by the MoD.

   Recently, the MoD has promulgated the Defence Procurement Procedure, 2016 ("**DPP 2016**"). The DPP 2016 provides for a framework for encouragement of the '*Make in India*' program across all sectors of defence manufacturing and rationalizing defence procurement procedures that are in place in India.

Though the MoD has given the highest priority to Indigenous Designed Developed and Manufactured ("**IDDM**") products for capital procurement, in order to encourage the "*Make in India*" program, there can be no assurance that we will continue to be selected as the Indian production agency for such contracts. In May 2017, the GoI, in order to encourage indigenisation of defence procurement, introduced a strategic partnership model under DPP 2016 (the "**DPP Strategic Partnership Model**") under which the GoI seeks to identify a few Indian private companies as 'strategic partners' who would enter into collaboration arrangements with a few shortlisted foreign original equipment manufacturers ("**OEMs**") to initially manufacture fighter aircrafts, helicopters, submarines and armoured fighting vehicles / main battle tanks.

In addition, the MoD has imposed changes that increase competition with international competitors. In this regard, the Department of Industrial Policy and Promotion ("**DIPP**"), Ministry of Commerce and Industry, GoI under the Consolidated FDI Policy has permitted foreign investment under the automatic route of up to 49% in the defence manufacturing sector and up to 100% with prior approval, if it is probable to result in access to modern technology in India. Recently, the MoD has released the draft Defence Production Policy 2018 ("**Draft DPP 2018**"). The Draft DPP 2018 aims to create a robust and competitive defence industry as part of "Make in India" initiative. The Draft DPP 2018 also seeks to achieve self reliance in development and manufacture of platforms such as warships and liberalise FDI in the defence sector, with up to 74% under automatic route in niche technology areas.

These policies of the GoI have increased competition and we cannot assure you that we will be as competitive as we have been in the past and we will continue to be successfully awarded contracts by the GoI. In particular, the DPP Strategic Partnership Model may create the formation of entities that may pose a significant competition for our Company, particularly in the submarine division. While we would expect to continue to compete for such contracts, there is no guarantee that we will be successful, which may affect our ability to grow and/or maintain our sales, earnings and cash flow.

With the liberalisation of the policy framework governing the defence sector in India, permitting both Indian and foreign companies to participate in defence procurement and manufacturing contracts, we may be required to participate in open competitive bidding processes. The competitive bidding process may require us to resort to price cuts to be able to win the contracts, which may not be awarded to us or may be split among competitors. Following an award, we may encounter significant expenses, delays, contract modifications, or even loss of such contract if our competitors protest or challenge contracts that are awarded to us for reasons which are beyond our control. Moreover, new entrants may have extensive knowledge, competitive labour costs and other advantages and may successfully compete with our Company. They may also tie up with international competitors who may in turn utilize their overseas experience to compete in the Indian market.

To remain competitive, we must consistently provide superior performance, advanced technology solutions, and service at an affordable cost and with the agility that our customers require to satisfy their requirements. Our inability to successfully do so could have a material adverse effect on our business, prospects, financial condition and / or operating results.

2. ***Imposition of liquidated damages and invocation of performance bank guarantees / indemnity bonds by our customers could impact our results of operations and we may face potential liabilities from lawsuits and claims by customers in the future.***

All of our contracts with our customer provide for liquidated damages for delays in delivery. In the past, we have been required to re – negotiate some of the terms such as price, date of delivery and scope of work of our shipbuilding contracts due to a delay in delivering the vessel owing to a combination of internal as well as external factors beyond our control. We were also required to pay liquidated damages for such delays. For the six months period ended September 30, 2017 and for Financial Years 2017, 2016 and 2015, the liquidated damages payable were ₹1,004.86 million, ₹888.60 million, ₹783.80 million, and ₹661.90 million respectively.

Our Company is also required to provide performance bank guarantees or indemnity bonds against which payments and mobilization advances are released by our customers upon our execution of the contracts. These performance bank guarantees and indemnity bonds require us to incur liabilities for and on behalf of our customers against all losses and damages incurred by them due to any breach of the terms and conditions of such contracts by us or due to the acts and omissions of our vendors, suppliers, collaborators and sub-contractors.

We have in the past been required to incur such liabilities for our customers. For example, our Company had entered into a contract with the Dredging Corporation of India ("DCI") for the design, build, launch, equip, complete and delivery of certain dredgers pursuant to which we had provided a performance bank guarantee to DCI. DCI subsequently invoked the performance bank guarantee on account of non-performance of the terms and conditions of the contract.

In case of our shipbuilding contracts, we are required to provide an indemnity bond and are required to pay liquidated damages (ranging from 1% per month or part thereof for the delay in delivery of the vessel subject to a maximum of 5% of the cost of the vessel). In case of our submarine contracts, we are required to provide an indemnity bond and are required to pay liquidated damages (ranging from 0.5% per month or part thereof for the delay in delivery of the vessel subject to a maximum of 5% of the contract price of the respective submarine (except for the first submarine for which the maximum liquidated damages is 2.5% of the contract price of the submarine)). As at September 30, 2017 and as at the Financial Years ended 2017, 2016 and 2015, we had made provision for liquidated damages amounting to ₹10,275.02 million, ₹10,241.48 million ₹10,241.50 million and ₹10,241.48 million respectively on contracts under execution.

We cannot assure you that future contracts (entered / to be entered into by us) can be completed profitably. Any time and/ or cost overruns on our contracts could have a material adverse effect on our business, financial condition and results of operations. The incurring of liabilities pursuant to the imposition of liquidated damages as well as invocation of performance bank guarantees and indemnity bonds for multiple or large programs could have an adverse effect on our business, operations, revenues and earnings.

3. ***Any decline, delay or reprioritisation of funding under the Indian defence budget or that of customers including the MoD for use by the Indian Navy could adversely affect our ability to grow or maintain our sales, earnings, and cash flow.***

We expect to derive most of our revenues from work performed under the MoD contracts. Our total sales were derived from sales to the MoD for the six months period ended September 30, 2017 and the Financial Years 2017, 2016 and 2015. These contracts depend upon the continuing availability of funds being extended to the MoD, which in turn allocates such funds to the Indian Navy, our largest customer. Any reduction or unavailability of the funds available with the Indian Navy could have a material adverse impact on the funding of our contracts.

Further, continued economic challenges may place pressure on GoI budgets and allocation of spending for defence procurement and manufacturing. While we lay emphasis on aligning our defence manufacturing programs with India's national security requirements, any shifts in actual domestic spending and tax policy, changes in security levels, defence, intelligence priorities, general economic conditions and other factors may affect a decision to fund, or the amount of funding available to, existing or proposed defence programs.

4. ***As a result of national securities concerns, certain information in relation to our business and operations is classified as 'secret and confidential' pursuant to which we have not disclosed such information in this Draft Red Herring Prospectus nor provided such information to the BRLMs, other intermediaries and advisors involved in the Offer. Consequently, this Draft Red Herring Prospectus may not contain complete information about us, our products, business, operations, customers, etc.***

Our Company operates in the defence manufacturing sector and is primarily engaged in the construction of warships and submarines. Our total sales were derived from sales to the MoD for the six months period ended September 30, 2017 and the Financial Years 2017, 2016 and 2015. As our operations are closely linked to the Indian defence sector, a large part of the business and operations of our Company are classified as secret and confidential by us in accordance with the guidelines and directions of the MoD. Further, our offices are classified as a defence installation and prohibited place in accordance with the requirements of Section 2 of the Official Secrets Act, 1923.

As a result of national security related concerns, the MoD and we have determined that certain material documents and information such as board minutes and committee minutes, agreements which we executed with our suppliers, customers, vendors, sub-contractors and technical collaborators, information in relation to our business strategy, research and development plans, demand and supply forecasts, existing capacity, past trends and future prospects, planned capital expenditure, and qualitative and quantitative information in relation thereto, have all been classified as secret and confidential. However, in terms of Schedule VIII Part A (VIII) (B)(1)(b), B(1)(c), B(1)(e), B(2), B(3), D(1)(b)(i), D(1)(b)(iii), D(1)(b)(v), D(1)(d), D(1)(f), D(5), D(6) and (IX)(B)(19)(b), following disclosures are required to be made in the Draft Red Herring Prospectus: (i) details of plant, machinery, technology, process; (ii) details of collaborations including any performance guarantee or assistance in marketing by the collaborators along with details of the persons/entities with whom technical and financial agreements have been entered into by our Company; (iii) details about the market for the products of our Company including details of the competition, past production figures for the industry, existing installed capacity, past trends and future prospects regarding exports, demand and supply forecasts; (iv) business strategy of the Company including a brief statement about future prospects with respect to capacity and capacity utilisation; (v) details of the intellectual property owned or used by the Company; (vi) details of capacity / facility creation, location of plant, products, marketing, competition etc.; (vii) details of negative features like time/cost overrun, defaults and lock-out/strikes; (viii) corporate profile of our Company regarding its history, the description of the activities, services, products, market of each segment, the growth of our Company, exports and profits due to foreign operations together with country-wise analysis, the standing of the Company with reference to the prominent competitors with reference to its products, management, major suppliers and customers, environmental issues, segment, etc; (ix) technology, market, managerial competence and capacity built up; (x) details of material contracts not entered in the ordinary course of business; (xi) details of strategic partners. SEBI has pursuant to the SEBI Exemption Letter, granted us exemption from complying with the aforesaid disclosure requirements to the extent such information has been classified as confidential by MoD and us. Due to the foregoing, such documents and information have not been disclosed in this Draft Red Herring Prospectus, and in certain cases the disclosure contained in this Draft Red Herring Prospectus is not disclosed or is as detailed as that found in other public offering documents to the extent that such documents and information are classified as secret and confidential by the MoD and our Company, other than such documents and information for which relaxation / exemption has not been granted by SEBI under the SEBI Exemption Letter. Further, pursuant to the SEBI Exemption Letter, our Company has been exempt from making such confidential documents/information available for public inspection to the extent that such documents and information are classified as secret and confidential by the MoD and our Company under the requirements of Schedule VIII, Part A (XVI) of SEBI ICDR Regulations and accordingly we will not be disclosing these in the list of documents available for inspection in the Draft Red Herring Prospectus. As a result, such documents and information may not be available for public inspection.

Due to the confidential nature of such documents and information, we have been restricted from disclosing such information to the BRLMs, other intermediaries and advisors involved in the Offer. As a result, the BRLMs, other intermediaries and advisors involved in the Offer have had limited access to such documents and information and accordingly have not been able to access such documents and information or independently verify certain disclosures made herein. In such instances the BRLMs, other intermediaries and advisors have relied solely on the information and confirmations given to them by our management. Further, the BRLMs, other intermediaries and advisors cannot assure you that all information (other than the confidential information stated above) that are material in the context of this Offer have been disclosed to the BRLMs and the advisors and have relied on the confirmation given by our management with respect to such information.

As a result of the restrictions imposed on the BLRM's, other intermediaries' and advisors' access to material information, and the limitations on the disclosure of such information in this Draft Red Herring Prospectus, SEBI has through the SEBI Exemption Letter granted relaxation from strict compliance with the format of due diligence certificates to be issued by the BRLMs in relation to the Offer under clause 1, 2(a), 2(c), 11 and 12(b) of Form A (due diligence certificate before opening of the Offer) and, clause 1 of Form C (due diligence certificate at the time of registering the Red Herring Prospectus/ Prospectus with RoC), clause 1 of Form D (due diligence certificate immediately before opening of the Offer) and clause 1 of Form E (due diligence certificate after opening of the Offer) of Schedule VI of the SEBI ICDR Regulations. We cannot assure you that this Draft Red Herring Prospectus contains all such material information necessary for investors to make an informed investment decision, and cannot assure you that there is no omission of any material fact necessary in order to make the statements made herein, in the context in which they are made, not misleading.

5. ***We may be subject to penalties in the event we are unable to justify the alleged non-compliance with respect to the Mazadock Modernisation project. Further, unforeseen environmental costs could affect our future earnings as well as the affordability of our products and services.***

Environmental laws and regulations in India impose increasingly stringent environmental protection standards on us regarding, among other things, smoke or gas emissions, noise pollution, waste water discharges, the use and handling of hazardous waste or materials, waste disposal practices and the remediation of environmental contamination. These standards expose us to the risk of substantial environmental costs and liabilities, including liabilities associated with past activities. Our industrial activities are subject to obtaining permits, licences and/or authorisations, or subject to prior notification. Our facilities must comply with these permits, licences or authorisations and are subject to regular administrative inspections.

We invest significant amounts to reduce the risks of impacting the environment and regularly incur capital expenditures in connection with environmental compliance requirements. For example, the MoEF issued a show cause notice on April 18, 2016 to our Company for non-compliance with the Environment Protection Act, 1986 for commencing the project of "extension of goliath crane south rail track by 50 metres", as part of the Mazadock Modernisation project, without obtaining the prior permission of MoEF. For further details, see "*Outstanding Litigation and Material Developments*" on page 491. In the event it is proved that we are non-compliant, we may be subject to penalties and other sanctions by the MoEF which could adversely affect our business. We cannot assure you that such instances will not happen in the future. The outcome of environmental, health and safety matters cannot be predicted with certainty and there can be no assurance that we will not incur any environmental, health and safety liabilities in the future.

In addition, the discovery of new facts or conditions or future changes in environmental laws, regulations or case law may result in increased liabilities that could have a material effect on our business, financial condition and results of operations.

6. ***Our revenues from the MoD contracts are subject to the satisfaction of certain milestones and are subject to termination. Our inability to fund such contracts at the time of inception or any termination of any of our contracts with the MoD could have a material adverse effect on our financial condition and results of operations.***

Under the MoD contracts, realisation of revenue by our Company is contingent upon many factors including without limitation, execution of the contract and achievement of certain milestones in the projects awarded to us. There are two primary risks associated with this process. First, the realisation of revenue by our Company may be delayed or disrupted due to a number of national or international factors or due to unforeseen events. Second, future revenues under existing multi-year contracts are reliant on the continuing availability of budgetary appropriations and any disruptions to the availability of such appropriations could adversely affect our revenues.

Typically, the funds are allocated to the MoD on a fiscal-year basis, even though contract performance may extend over many years. Changes in appropriations in subsequent years may impact the funding available for these programs. Delays or cuts in funding can impact the timing of available funds or lead to changes in program content.

In addition, the MoD contracts permit the MoD to terminate a contract, in whole or in part, for any delay of 12 months or more after the scheduled delivery date of the product, if such delay not being attributable to force majeure. If a contract is terminated for delay or default, the MoD in most cases has the right to effect recovery of monies from us. The loss of anticipated funding or the termination of multiple or large programs could have an adverse effect on our future revenues and earnings.

7. ***Any delays in procurement, nomination or any other decision – making by our customers and collaborators may result in time and cost overruns in completion of our shipbuilding and submarine projects, which may have an adverse effect on our business, financial condition and results of operations.***

We are required to install weapons and sensors, integrate systems and certain engineering equipment on our warships as part of the terms and conditions of our contracts for successful closure of our projects.

In accordance with the terms and conditions of most of our contracts entered into with our customers:

- We procure such weapons, sensors and other engineering equipment for which Indian Navy provides a nominated list of vendors and we are bound to procure the items from these nominated vendors only; or,

- We install and equip the warships with weapons, sensors and other engineering equipment which are supplied free of cost by Indian Navy.

For the construction of 'Scorpene' submarines, we have entered into a collaboration and technology transfer arrangement with the Naval Group pursuant to which the Naval Group provides the technical specifications and the list of equipment and items to be procured by us. However, there have been instances of delay in finalization of the technical specifications and subsequent modifications were made to the same equipment and items to be procured by us. Delays in completion of procurement or non-availability of specified components in a timely manner may affect the overall timelines for completion of the project.

Our warship building and submarine projects generally have long gestation periods due to technological and process complexities and are typically subject to delays due to stringent defence procurement procedures and delays in nominating, procuring and / or finalizing the specifications of the vessel and the weapons, sensors and other equipment by our customers and collaborators. Due to such long gestation periods, our project related costs and revenue estimates may vary to a large extent from the actual costs incurred and the actual revenues generated from such projects. Any adverse variance in the actual cost incurred and the revenues generated in comparison to the cost and revenue estimates may reduce our profitability which in turn may adversely affect our business, financial condition and the results of operations.

Additionally, in certain instances our customers and collaborators nominate certain defence equipment which can only be procured from a limited list of vendors and suppliers, which may in turn result in limited or non – availability of the equipment or premium pricing due to monopolistic pricing / demand – supply disparity. Such delays in compliance with our delivery schedules, which cannot be anticipated at the time of bidding for items / equipment for various projects, have in the past resulted in and may in the future result in time and cost overruns. If the costs incurred by us due to such instances are not reimbursed on completion of such projects it may affect our profitability and margins.

8. ***Our future growth and expansion is limited by the location at which we operate***

Our capacity for outfitting warships and submarines is limited by our location at which we operate being surrounded by MbPT on one side, Indian Railways towards the west side and the Arabian sea towards the east side and hence it may be difficult for us to expand our operations. We may not be able to undertake any further expansion activities on our premises due to a lack of additional space. Since we can execute only for a limited number of projects, we may lose business opportunities and our business, results of operations, financial condition and prospects may be adversely affected.

9. ***Our future growth and expansion is limited by our current infrastructure.***

We currently operate out of one location in Mumbai, Maharashtra which limits our future expansion programme. We are exploring options to develop a greenfield shipyard at Nhava, Navi Mumbai. However, our Board has yet to approve the capital expenditure for the greenfield shipyard at Nhava, Navi Mumbai. In the event such approval is not forthcoming, we may have to discontinue our plans to develop this greenfield shipyard

Further, we are currently unable to optimally utilise our submarine section assembly workshop due to non – availability of submarine launch facilities which is expected to be available by March, 2019. Any further delay in the availability of our submarine launch facilities or in the optimal utilisation of our submarine section assembly workshop may limit our production capacity for submarines which in turn may have an adverse impact on our business, financial condition and results of operations.

10. ***Our earnings and margins may vary based on the mix of our contracts and programs, our performance, and our ability to control costs. We may incur losses as a result of cost overruns, time overruns, lack of clarity in standards and specifications and stringent defence procurement procedures which may have an adverse effect on our business, financial condition and results of operations***

Our earnings and margins may vary materially depending on the types of long term MoD contracts undertaken, the nature of the products produced or services performed under those contracts, the costs incurred in performing the work, the achievement of other performance objectives, and the stage of performance at which the right to receive fees is finally determined. Changes in procurement policy favouring new, accelerated or different award fee criteria may affect the predictability of our profit rates.

Our shipbuilding contracts are fixed price contracts with a variable component for some equipments and our submarine contracts are fixed price contracts. The costs to be incurred by us in relation to any proposed project are forecasted by us at the time of submission of bids as and at the time of entering into such contracts which we typically arrive at on the basis of the final determined price of the most recently executed contracts that are similar in nature, after accounting for inflation costs.

In the past, we have witnessed time and/ or cost overruns in the case of some of our contracts and we may also continue to witness the same in the future. For Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively, our cost of materials consumed constituted 61.03%, 66.75%, 61.89% and 66.53%, of our total expenses, respectively. The actual time and / or costs incurred on a contract may vary from our estimates due to factors such as:

- Unanticipated variations in labour and equipment productivity over the term of a contract;
- Unanticipated increases in, subcontracting and overhead costs;
- Delivery delays; and
- Equipment failures.

Depending on the size of the project, variations from estimated contract performance could significantly reduce our earnings, and could result in losses, during any quarter of a fiscal or entire fiscal. This may also have an impact on our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

Fixed-price contract prices are established largely upon estimates and assumptions relating to project scope and specifications, personnel and material needs. These estimates and assumptions may be inaccurate or conditions may change due to factors out of our control, resulting in cost overruns, which we may be required to absorb and that could have a material adverse effect on our business, financial condition and results of our operations. In addition, our profits from these contracts could decrease and we could experience losses if we incur difficulties in performing the contracts or are unable to secure fixed-pricing commitments from our suppliers and subcontractors at the time we enter into fixed-price contracts with our customers. Further, the prices of equipment and material generally vary and can increase or fluctuate rapidly and significantly due to a number of factors which are beyond our control. In addition, any decrease in the availability of raw materials which we require, including steel and other metals, or increase in the price at which the equipment and materials are available to us, may significantly and adversely affect our business, financial condition and results of our operations if we are unable to proportionately increase the sale price of our products.

11. *There are outstanding legal and tax proceedings involving the Company, Group Company and Directors. Any adverse decision in such proceedings may expose us to liabilities or penalties and may adversely affect our business, financial condition, results of operations and cash flows.*

As of the date of this Draft Red Herring Prospectus, we are involved in certain civil, criminal and tax (direct and indirect) proceedings, which are pending at different levels of adjudication before various courts, tribunals, forums and appellate authorities. We cannot assure you that these legal proceedings will be decided in our favour. Decisions in proceedings adverse to our interest may have a significant adverse effect on our business, financial condition, results of operations and cash flows. In relation to tax proceedings, in the event of any adverse outcome, we may be required to pay the disputed amounts along with applicable interest and penalty and may also incur additional tax incidence going forward.

A summary of pending tax proceedings and other material litigation involving our Company, our Group Company and our Directors is provided below:

I. **Litigation against our Company**

(in ₹ million)

S.No.	Nature of Litigation	Number of cases	Approximate amount involved (to the extent quantifiable)
1.	Criminal Complaints	6	-
2.	Tax proceedings	81	14,226.18
3.	Civil proceedings	4	344.75
4.	Actions by statutory and regulatory authorities and inquiries by SEBI	2	Not quantifiable

II. **Litigation by our Company**

(in ₹ million)

S.No.	Nature of Litigation	Number of cases	Approximate amount involved (to the extent quantifiable)
1.	Criminal Complaints	3	25.90
3.	Civil proceedings	2	860.78

III. **Litigation against our Group Company**

(in ₹ million)

S.No.	Nature of Litigation	Number of cases	Approximate amount involved (to the extent quantifiable)
1.	Civil proceedings	3	151.73
2.	Tax proceeding	6	181.78
3.	Actions by statutory and regulatory authorities and inquiries by SEBI	1	Not quantifiable

IV. **Litigation against our Directors**

(in ₹ million)

S.No.	Nature of Litigation	Number of cases	Approximate amount involved (to the extent quantifiable)
1.	Civil proceedings	2	Not quantifiable*

**Although the above cases are not quantifiable, it may have an adverse impact on the financials of the Company in the event an adverse decision is taken.*

The amounts claimed in these proceedings have been disclosed to the extent ascertainable. If any new developments arise, including a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current or long-term liabilities. For further details, see "*Outstanding Litigation and Material Developments*" on page 491.

12. ***Any failure to comply with the provisions of the MoD contracts could have an adverse effect on our business operations, financial conditions and results of our operations.***

The MoD contracts contain provisions and are subject to laws and regulations that give the MoD certain rights and remedies including without limitation the following:

- terminate existing contracts for default, delays or force majeure conditions;
- demand encashment of warranty indemnity bonds;
- levy liquidated damages for delays and penalties;
- reduce orders under, or otherwise modify, contracts or subcontracts;
- claim intellectual property rights in products and systems produced by us; and
- control or prohibit the export of our products and services.

In the event that the MoD enforces any of the above provisions, it could have an adverse effect on our business operations, financial conditions and results of our operations.

13. ***Our entire business operations are based out of a single yard at Mumbai. The loss of, destruction, or shutdown of, our operations at our shipyard in Mumbai will have a material adverse effect on our business, financial condition and results of operations.***

Our shipbuilding and submarine and heavy engineering divisions are based out of single premises in our yard in Mumbai. Accordingly, we rely exclusively on our facilities at our shipyard in Mumbai to earn revenues, pay our operating expenses and service our debt. Any significant interruption to, or loss, destruction or shutdown of, operations at our yard in Mumbai would adversely affect our business. Our shipbuilding and submarine and heavy engineering divisions may be subject to unexpected interruptions, including from natural and man-made disasters. Our facilities and operations could be adversely affected by, among other factors, breakdown or failure of equipment, difficulties or delays in obtaining spare parts and equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, natural disasters, raw material shortages, fire, explosion and other unexpected industrial accidents and the need to comply with the directives of relevant government authorities.

Furthermore, any significant interruption to our operations directly or indirectly as a result of industrial accidents, severe weather or other natural disasters could materially and adversely affect our business, financial condition and results of operations. Similar adverse consequences could follow if war, or war-like situation were to prevail, terrorist attacks were to affect our related infrastructure, or if the GoI were to temporarily take over the facility during a time of national emergency. In addition, any disruption in basic infrastructure, such as in the supply of electricity from the State of Maharashtra or in our water supply could substantially increase our manufacturing costs. We do not maintain business interruption insurance and will not be covered for any claims or damages arising out of such disruptions. Any disruption of our existing supply of basic infrastructure services such as power or water, our failure to obtain such additional supplies as required by us or an increase in the cost of such supplies may result in additional costs to us. In such situations, our production capacity may be materially and adversely impacted. In the event our facilities are forced to shut down for a significant period of time, our earnings, financial condition and results of operation would be materially and adversely affected.

Further, we face difficulty in our Mumbai premises due to water depth constraints for smooth movement and transit of our vessels. Our Company intends to deepen the navigational channels from our premises in Mumbai, Maharashtra to the offshore container terminal of the Mumbai Port Trust, Mumbai ("**MbPT**") by way of capital dredging activities. We are in the process of obtaining all environmental and other clearances for the conduct of such capital dredging activities. We cannot assure you that such clearances shall be received by our Company, in which case the water depth constraint issues may not be adequately addressed which may have a material and adverse effect on our business, financial condition and the results of our operations.

14. ***We are subject to a number of procurement rules and regulations of the MoD regulations and other rules and regulations. Our business and our reputation could be adversely affected if we fail to comply with applicable rules.***

We are required to comply with policies, rules and regulations of the MoD, in particular the DPP 2016 and any amendments or revisions thereto from time to time relating to the award, administration, and performance of the MoD contracts. Procurement rules and regulations framed by the Government, affect how we do business with our customers, in particular, the MoD and, in some instances, impose added costs on our business. A violation of such rules and regulations could harm our reputation and result in the imposition of fines and penalties, the termination of our contracts and / or debarment from bidding on contracts

A termination arising out of default may expose us to liability and have a material adverse effect on our ability to compete for future contracts and orders, as the MoD has the authority to debar us for any amount of time (with the minimum being five years).

The MoD, routinely audit and reviews the performance of programs for which we have entered into specific contracts with them. These audits review our performance, which include the review of cost structure, compliance with applicable laws, regulations of the MoD and quality of standards. If an audit uncovers any improper or illegal activities, such as, an event where we have paid any third party commission to ensure that we secure the MoD contract or are found guilty of securing a MoD contract by virtue of undue influence, we may be subject to civil or criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, and suspension or prohibition from doing business with the MoD. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us.

15. ***All our premises, including our Registered and Corporate Office is situated on land which is not entirely owned by us but is a combination of various parcels of land leased or acquired by us. There may be certain deficiencies in title on account of the acquired land. Further, if we fail to extend the lease period on lease expiry on reasonable terms, it may have a material adverse effect on the business, financial condition and results of operations of our Company.***

The premises from which we operate, comprising of the Alcock yard, north yard, south yard and the Registered and Corporate Office are located on the same premises at Mazagaon, Mumbai. These premises comprise of various parcels of land which have either been acquired from the GoI under the Land Acquisition Act, 1894 or on a long-term lease for 99 years from the Government of Maharashtra or on lease from MbPT and some of them have been occupied by possession.

Some of the leases for the plots taken on leasehold basis from the MbPT have expired and are under renewal. Although our Company has made applications for renewal of these lease agreements, there can be no assurance that we will be able to renew such lease agreements on terms that are favorable or acceptable to us or at all. In the event that we are unable to obtain an extension or the lease is terminated due to any reason, we will have to transfer our premises to MbPT along with all the assets developed in relation thereto on the basis of a third-party valuation of assets to be paid by MbPT.

Further, in relation to the parcels of land acquired from the GoI or the Government of Maharashtra there may be certain deficiencies in title or some of the agreements for such parcels of land may not have been duly executed and/or adequately stamped or registered in the land records of the concerned authorities. Such lease deeds may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty Also, we do not have any underlying title or documents for our liaison offices situated in Paris and Moscow and we may have to vacate the office in case any dispute arises with the owner of the premises. We may not be able to assess or identify all risks and liabilities associated with any properties, such as faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped instruments, or other defects that we may not be aware of.

16. ***Our Company is currently not in compliance with certain provisions of the SEBI Listing Regulations and / or Companies Act, as may be applicable in relation to the terms of reference of the Audit Committee and the Nomination and Remuneration Committee. Further, ongoing disclosure of information in relation to our Company after the listing of the Equity Shares on the Stock Exchanges may be limited and may not be in compliance with the SEBI Listing Regulations and other applicable laws.***

Regulation 18(3) read with point (2) of Paragraph A of Part C of Schedule II of SEBI Listing Regulations, requires the role of the audit committee of a listed company to include, *inter alia* the recommendation for appointment, and remuneration of auditors of the listed entity. In accordance with Section 139(5) of the Companies Act, 2013, the Comptroller and Auditor General of India ("**CAG**") is required to appoint a duly qualified auditor as our Statutory Auditors. Accordingly, since our Company is a CPSE and a government company, provisions relating to appointment of our Statutory Auditors are not included in the terms of reference of our Audit Committee, as required under the SEBI Listing Regulations.

Pursuant to Regulation 19(4) read with Paragraph A of Part D of Schedule II of SEBI Listing Regulations, provisions relating to (i) identification of persons who are qualified to become directors and to recommend the appointment and removal of directors, (ii) recommending extension, if any, of the term of independent directors, (iii) formulation of criteria for evaluation of performance of the directors, (iv) devising a policy on diversity of the board of directors, (v) formulation of the criteria for determining qualifications, positive attributes and independence of a director, and (vi) recommendation to the board of directors of a policy relating to the remuneration of the directors, key management personnel and other employees, are required to be included in the terms of reference of nomination and remuneration committee. In our case, the power to appoint Directors on our Board is vested with the President of India acting through the MoD, and, as a result, we do not have the power to appoint Directors on our Board.

Accordingly, the aforementioned matters are not included in the terms of reference of our Audit Committee and Nomination and Remuneration Committee, respectively. To this extent, we are not compliant with the SEBI Listing Regulations. In relation to the above non-compliances, we have filed a letter dated March 27, 2018 with SEBI ("**Application**") under clauses (a) and (c) of Regulation 113(1) of the SEBI ICDR Regulations seeking certain exemptions from the relevant provisions of the SEBI Listing Regulations.

In the absence of such exemptions granted by SEBI, there can be no assurance that an adverse remark will not be issued against us and we may be subject to penalties for non-compliance with any of the aforementioned provisions of the SEBI Listing Regulations which could have an adverse effect on our reputation, business operations, financial conditions and results of our operations. For further details, see "*Our Management – Corporate Governance*" on page 175.

Further, pursuant to the Application, we have requested SEBI for extending the exemption from continuous disclosure requirements under SEBI ICDR Regulations (pursuant to the SEBI Exemption Letter) to the continuous disclosure obligations under Regulation 30 of SEBI Listing Regulations. Upon SEBI granting the exemption under the Application, we will be exempt from the continuous disclosure requirements as mandated under the SEBI Listing Regulations in relation to contracts, documents and information which are classified as secret or confidential and which are exempted from being disclosed in accordance with the terms of the SEBI Exemption Letter.

Prospective investors should note that such contracts, documents and information may not be disclosed by us after the listing of the Equity Shares on the Stock Exchanges and the on-going disclosure of such contracts, documents and information in relation to us may be limited as compared with other companies which are listed on the Stock Exchanges.

17. ***The interests of the GoI as our controlling shareholder may conflict with your interests as a shareholder. The GoI has significant influence over our actions and can issue directives with respect to the conduct of***

our business or our affairs. Any change in GoI policy or goodwill could have a material adverse effect on our financial condition and results of operations. Our Company will continue to be controlled by the GoI following this Offer.

As per our Articles of Association, the President of India may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government owned company, as defined under the Companies Act. For instance, under Article 85 of our Articles of Association, our Directors are appointed by the President of India.

The priorities of the GoI may be different from ours or that of our other shareholders. As a result, the GoI may take actions with respect to our business and the businesses of our peers and competitors that may not be in our or our other shareholders' best interests. The GoI could, by exercising its powers of control, defer or initiate a change of control of our Company or a change in our capital structure, delay or defer a merger or consolidation.

In particular, given the importance of the defence industry to the Indian economy, the GoI could require us to take actions designed to serve the public interest and not necessarily to maximise our profits.

After the completion of the Offer, the GoI will continue to hold majority of the paid-up Equity Share capital of our Company. Consequently, the GoI acting through the Ministry of Defence will continue to control us and will have the power to elect and remove the Directors and therefore determine the outcome of most proposals for corporate action requiring approval of the Board or the Shareholders, including with respect to the payment of dividends, preparation of budgets, capital expenditure, and transactions with other publicsector companies. We will continue to be a public sector undertaking under the Companies Act after completion of the Offer, and the GoI may issue directives with respect to the conduct of our business or its affairs or change in control or impose other restrictions in terms of our Articles of Association.

18. *We incur additional expenditure due to siltation at the waterfront surrounding our Company.*

The waterfront of our Company is prone to siltation and involves constant maintenance of dredging to maintain the water depth. If we are required to incur substantial expenditure on dredging in relation to this, it may affect our results of operations and financial condition.

19. *We are subject to extensive government regulation and we require certain approvals and licenses in the ordinary course of business, and the failure to obtain, maintain or renew them in a timely manner may materially adversely affect our operations.*

Our operations are subject to extensive government regulation and we are required to obtain and maintain a number of statutory and regulatory permits and approvals under central, state and local government rules in India, generally for carrying out our business and for our manufacturing facilities. For details of applicable regulations and approvals relating to our business and operations, see "*Key Regulations and Policies*" and "*Government and Other Approvals*" on pages 146 and 499, respectively.

A majority of these approvals are granted for a limited duration and require renewal. The approvals required by our Company are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

20. *Our current Order Book may not necessarily translate into future income in its entirety. Some of our current orders may be modified, cancelled, delayed, put on hold or not fully paid for by our customers, which could adversely affect our results of operations.*

Most of the contracts that we enter into are executed over a period of several years. We recognise revenue for our long-term contracts upon the achievement of certain milestones such as ordering of steel, hull construction material, completion of a certain percentage of the works and completion of the construction of the vessel. As of February 28, 2018, our Order Book was ₹527,608 million which includes products and services to be manufactured and delivered over the next eight years. The growth of our Order Book is a cumulative indication of the revenues that we expect to recognise in future periods in relation to signed contracts. Our Order Book only represents business that is considered firm, although this is subject to, among other things, cancellation or early termination or because of a breach by us of our contractual obligations, non-payment by our customers, a delay in the initiation of our customers' projects, unanticipated variations or adjustments in the scope and schedule of our obligations for reasons outside our and our customers' control or change in budget appropriations which affect our customers. As any of the above occurrences may adversely impact and reduce the Order Book position, we cannot guarantee that the income anticipated in our Order Book will be realised, or, if realised, will be realised on time or result in profits. In addition, our Order Book during a particular future period depends on continued growth of the defence sector in India and our ability to remain competitive.

Our customers are obliged to perform or take certain actions, such as securing required consents from the GoI, authorisations or permits from the MoD, making advance payments or opening of letters of credit or obtaining adequate financing on reasonable terms, approving designs, approving supply chain vendors and shifting existing utilities. If a customer does not perform these and other actions in a timely manner or at all, and if such potential failure is not provided for in the contract, our projects could be delayed, put on hold, modified or cancelled and as a result, the income anticipated in our order book may not be realised and our results of operations could be adversely affected.

In addition, we generally recognise turnover based on the completion of contracted work in relation to the underlying contract and therefore our turnover is generally dependent on the progress of that project. Furthermore, the profitability of a contract in our Order Book and our cash flow may be affected by the following amongst others:

- withholding of payments by customers or mismatch between our internal cost milestones and the payment milestones under our customer contracts;
- the refusal of suppliers to maintain favourable payment conditions;
- postponement/putting on hold of previously awarded contracts;
- increases in raw material costs;
- unanticipated technical problems with equipment supplied by us or incompatibility of such equipment with existing infrastructure;
- difficulties in obtaining required governmental permits;
- unanticipated costs due to project modifications;
- delays in award of major contracts;
- performance defaults by suppliers, subcontractors or consortium partners;
- customer payment defaults and/or bankruptcy; and
- changes in law or taxation.

Initiation of our current and future customer projects may be subject to delays, cost overruns, or performance shortfalls which may lead to the payment of penalties or damages. All of these factors could have a material adverse effect on our business, financial condition and results of operations.

21. ***The manufacturing processes for our products are complex and involve some hazards.***

The manufacturing processes for our products are highly complex, require technically advanced and costly equipment and hazardous materials, and involve risks, including breakdown, failure or substandard performance of equipment, improper installation or operation of equipment, environmental hazards and industrial accidents. In addition, defects in or malfunctioning of our products could cause severe damage to property and death or serious injury to our customers' personnel, which could expose us to litigation and damages. Although we believe we take adequate safety measures in our operations, we cannot assure you that any accidents will not occur, resulting in death, serious injury to our personnel or destruction of property and equipment. Any disruption in our operations due to any of these events or otherwise could result in litigation against us, damage to our reputation, which would adversely affect our business, financial condition and results of operations.

22. ***We are dependent on the MbPT for certain basic services required for daily operations. With our present infrastructure, we are unable to dry dock a vessel with all the appendages fitted on it which may adversely affect our future orders, growth and business prospects. Further, if our relationship with the MbPT is negatively affected in any manner or if the MbPT is unable to provide these services in the future, it may have an adverse impact on our operations.***

We depend on MbPT and the Indian Navy for enabling the movement of our vessels for their docking and undocking from time to time, fitment of certain appendages and for meeting our berthing requirements. In particular, the fitment procedure for such appendages cannot be undertaken currently at our premises due to limitation in our infrastructure facilities.

There can be no assurance that MbPT / Indian Navy will continue to provide us services in the future on terms favorable to us, or at all. If our relationship with MbPT is negatively affected in any manner or if MbPT/ Indian Navy is unable to provide these services in the future, it may have an adverse impact on our operations.

23. ***We are subject to stringent labour laws and our workmen are unionised under a number of trade unions. Any labour disputes or unrests could lead to lost production, increased costs or delays which could lead to penalties. We are in the process of finalizing the pay revisions and terms of appointment of our employees in the categories of operatives, storekeepers, clerical, technical and sub-staff of our Company. In case of substantial increases in the annual payments that are payable to such employees of the Company, we may incur losses which may cause an adverse effect on our business, financial condition and the results of operations.***

The legal, regulatory and policy framework governing employees and workmen in India sets forth detailed procedures for discharge of employees and dispute resolution and imposes financial obligations on employers upon employee layoffs in order to protect the interest of employees and workmen. As a result, we cannot maintain flexible human resource and employment policies and discharge employees for arbitrary reasons, which may adversely affect our business, financial condition and results of operations.

We generally participate in negotiations for terms of appointment with our employees represented by nine unions, pursuant to which we enter into a memorandum of settlement with them. We had entered into a memorandum of settlement providing the details of the terms of appointment and payment terms which has expired on December 31, 2016. We are currently in the process of negotiating the revisions and increases to the payment terms and other changes to the terms of appointment with the registered trade unions of our Company who have submitted their charter of demands.

However, since negotiations are ongoing we cannot accurately estimate the revisions and increases to the payment terms and other changes to the terms of appointment that may be finalized with the bargaining council. Our existing labour costs may substantially increase over time, which could result in increased costs relating to non-executive employees. Such increase may have an adverse effect on our business, profitability and financial condition.

Further, during the course of negotiations, we cannot assure you that there may not be incidences of labour unrest and absenteeism from work by some of our employees. Such labour shortages could increase the cost of labour and hinder our productivity and ability to adhere to our delivery schedules for our projects, which would materially and adversely affect our business, financial condition, results of operations and prospects.

24. ***We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures. Further, there are certain discrepancies in the records available with us.***

We are unable to trace certain corporate and other documents such as copies of certain prescribed forms filed with the RoC relating to (i) allotment of shares from the date of our incorporation up to the year 1995, (ii) redemption of preference shares from the year 2007 to 2011, (iii) changes in name of the Company, and (iv) changes in our authorised share capital on December 26, 1985 and September 27, 1990 respectively.

Despite having conducted search of our records and a search in the records of the RoC for the untraceable documents, which was conducted by a practicing company secretary engaged by us, we have not been able to trace the aforementioned documents. While we believe that we had filed these forms with the RoC in a timely manner, we have not been able to obtain copies of these forms. Accordingly, we have relied on other documents, including corresponding board and/or shareholder resolutions, where available, statutory registers of members, allotment and share transfer, and audited financial statements for such matters, some of which record varying dates of such events. There may be inconsistencies between the date of filing of the relevant forms filed with the RoC for allotment of shares to the President of India and the register maintained noting the allotment made to the President of India. We cannot assure you that the above mentioned form filings and resolutions will be available in the future or that we will not be subject to penalties imposed by regulatory authorities in this respect.

We have relied on the independent search report by practising company secretary engaged by us and we cannot assure you of the accuracy and completeness of the report.

25. *Our Statutory Auditors have provided certain matter of emphasis in their audit report on our financial statements in recent financial years.*

Our Statutory Auditors have provided certain matter of emphasis in their audit report on our Restated Standalone Financial Statements. The following table sets out the matter of emphasis from the Financial Year 2013 to the Financial Year 2017 and for the six month period ended September 30, 2017:

Period	Matter of emphasis
For the six months period ended September 30, 2017:	a. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. b. Registration formalities are pending in respect of certain properties. c. In respect to the balances due from / to Indian Navy which are in the process of reconciliation.
For the period ended March 31, 2017:	a. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. b. Registration formalities are pending in respect of certain properties. c. In respect to the balances due from / to Indian Navy which are in the process of reconciliation.
For the period ended March 31, 2016:	a. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. b. Registration formalities are pending in respect of certain properties. c. Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation.
For the period ended March 31, 2015:	a. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. b. Registration formalities are pending in respect of certain properties. c. Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation. d. Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory / consumption is done at the time of settlement, cannot be determined
For the period ended March 31, 2014:	a. In respect of certain leasehold properties, depreciation has been charged on the basis of available information pending execution of lease agreements. b. Registration formalities are pending in respect of certain properties. c. Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation. d. Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory / consumption is done at the time of settlement, cannot be determined.
For the period ended March 31, 2013: .	a. In respect of certain leasehold properties, depreciation has been charged on the basis of available information pending execution of lease agreements. b. Registration formalities are pending in respect of certain properties. c. Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation.

Period	Matter of emphasis
	d. Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory / consumption is done at the time of settlement, cannot be determined

For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" on page 458.

Though we believe that we have been able to address some of these issues, if such matters of emphasis are highlighted or such qualifications are contained in future audit reports, the price of our Equity Shares may be adversely impacted.

26. ***The concept, preliminary and functional designs of the vessels being built by us are provided by the Indian Navy and may be subject to change during the construction phase of the vessel***

The concept, preliminary and functional design of the 'P – 17A' stealth frigates and the 'P – 15B' destroyers being built by us are provided by the Indian Navy. The Indian Navy has a right to make further design changes during the construction phase of such vessels which may result in lengthier build times or delay in the delivery of such vessels which may have a material and adverse effect on our financial condition and results of operations.

27. ***We commence execution of our shipbuilding and submarine construction contracts prior to finalization of the design and specifications for our ships and submarines. Delays in finalization of the design and specifications of our shipbuilding and submarine construction projects or any modifications thereto may have a material adverse effect on our business, financial condition and the results of operations.***

We undertake the design of our shipbuilding and submarine construction projects using the telescopic design process as part of sequential construction methodology. The final design of our warships are dependent upon the type of weapons and sensors that are required to be installed. We are required to commence the execution of our shipbuilding and submarine construction contracts despite delays by our customers and collaborators in nominating, procuring and / or finalizing the specifications and the weapons, sensors and other equipment that are required to be installed. We are therefore sometimes required to carry out design changes as suggested by our customers post commencement of the construction of the ships and submarines.

As a result we may face difficulties in completion and successful closure of our shipbuilding and submarine construction projects which may cause an adverse effect on our business, financial condition and the results of operations.

28. ***Dependency on suppliers for timely delivery of raw materials, equipment and components and non – adherence to the agreed timelines may adversely affect our delivery timelines***

We are dependent on our suppliers for the timely delivery of the raw materials, equipment and components such as steel, propulsion systems (including gas turbines, diesel engines, reduction gear boxes, shafting and propellers), weapon systems, integrated platform management systems, heating, ventilation and air – conditioning ("**HVAC**") equipment and systems and combat management systems for our shipbuilding projects and diesel alternator rectifier systems and valve for our products for our submarine construction projects.

For certain raw materials, equipment and components, a limited number of vendors and suppliers. If we are unable to source raw materials, equipment and components from alternative suppliers on a timely basis, our production schedule may be delayed, thereby delaying the delivery of the vessel to our customers. In addition, our profitability may also be adversely affected if we are unable to secure alternative sources of such raw materials, equipment and components in a cost efficient manner or if we are unable to recover liquidated damages from the defaulting suppliers and vendors.

29. ***We are highly dependent on the expertise of our key management personnel and our skilled workforce and management for our operations. Our inability to retain such workforce or replace such management may have an adverse effect on our business, financial condition and the results of operations***

The successful completion of our projects and the running of our day-to-day operations and the planning and execution of our business strategy depends significantly on our skilled and efficient senior management team and other key personnel.

In the past, several of our key management personnel had attained the age of superannuation in the same year which to several of our highly experienced and skilled personnel leaving the workforce at the same time due to them being members of the same batch of recruits of our Company. Although we have implemented a succession scheme approved by the Board as well as initiated a structured training programme for the middle management executives, we cannot assure you that we will be adequately replacing such executives. This may lead to a lack of domain expertise for critical positions in the Company which may adversely affect the business of the Company.

Our Chairman and Managing Director (Rakesh Anand), Director (Submarine & Heavy Engineering) (Rajiv Lath), Director (Finance) (Sanjiv Sharma), Director (Corporate Planning and Personnel) (T.V. Thomas), Director (Shipbuilding) (Anil K. Saxena), executive director (Finance) (A.K. Iyer), executive director (outsourcing) (H.M. Haryani) and executive director (east yard) (Hemant V. Karekar) have contributed to the growth and development of the Company and we are dependent on our senior management team for providing strategic direction, and managing our operations and relations with the MoD, which are crucial to our success. Accordingly, the loss of one or more members of our senior management team could have an adverse effect on our business, results of operations and financial condition.

Further, our ability to execute projects depends on our ability to attract, train, motivate and retain highly skilled professionals due to the complex nature of our products. We face continuous challenges to recruit and retain a sufficient number of suitably skilled personnel, due to the intense competition for skilled shipyard labour in the country from other public and private shipyards. To the extent we lose such skilled professionals, in particular naval architects, engineers and draftsmen through attrition, we will need to find ways to successfully manage the transfer of critical knowledge from individuals leaving us to their replacements.

If we cannot recruit and retain additional qualified personnel, our ability to bid on and obtain new projects will be impaired and our revenues may decline. In addition, we may not be able to expand our business effectively which may result in a material adverse effect on our business, financial condition and results of operations.

30. ***Our quality assurance and quality control procedures may not therefore adequately identify all defect products, non-conformation and poor workmanship which could adversely affect our reputation, financial condition, growth and business prospects and results of operations***

We have established a quality control department comprising of engineers and support personnel with significant experience in the shipbuilding and submarine building industry, and we intend to further strengthen this department. We expect to establish a set of quality control assurance and monitoring procedures applicable to every stage of the vessel construction process. Testing and sea trials are also expected to be conducted prior to delivery of the vessel to our customers.

However, there can be no assurances that our quality control department and quality control assurance and monitoring procedures will identify all defects, poor workmanship or non-conformities to our customers' specifications in respect of vessels which may result into claims that may adversely affect our reputation, business, prospects, financial condition and results of operations.

31. ***Damage to the information technology equipment may adversely affect our ability to access our back – up information critical for our business on a timely basis which may cause an adverse effect on our business, financial condition and the results of operations.***

Information technology plays an important role in our business by assisting us in conducting our business activities, managing risks, implementing our internal control system and monitoring our business operations. Our investment in information technology systems helps us to directly expedite processes, lower costs, improve our efficiency and accuracy, reduces business continuity risks and enables a secure environment and therefore is an essential element of our operational infrastructure.

In the event of a breakdown of an equipment of our information technology infrastructure, our ability to access the back-up information critical for our business on a timely basis shall be severely inhibited which may result in slowdown of our operational and management proficiency have an adverse effect on our business, financial condition and the results of operations.

32. ***Our business could be negatively affected by cyber or other security threats or other disruptions.***

As an Indian defence contractor, we face cyber threats, threats to the physical security of our facilities and employees, and terrorist acts, as well as the potential for business disruptions associated with information technology failures, data leakage, natural disasters or public health crises. For further details, please see "*Our Business*" on page 132.

Although we have not experienced any cyber security threats in the past, we cannot assure you that our Company, customers, suppliers and / or subcontractors shall not experience any cyber security threats, threats to our information technology infrastructure and attempts to gain access to the sensitive information of our Company. We have installed anti-virus software to prevent our systems and infrastructure from being infected and crippled by computer viruses. All our internet facing servers installed at all our data centres as well as at all our offices are also secured with firewalls and intrusion preventions systems to prevent hacking. We cannot assure you that we will not experience security threats to our technology infrastructure in the future.

We believe our threat detection and mitigation processes and procedures are adequate. However, the threats we face may vary from attacks common to most industries to more advanced and persistent, highly organised adversaries who target us because we protect national security information. If we are unable to protect sensitive information, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures. Due to the evolving nature of these security threats on a continuous basis, the impact of any future incident cannot be predicted.

We rely on the safeguards put in place by our customers, suppliers and subcontractors to minimise the impact of cyber threats, other security threats or business disruptions, which may affect the security of our information. We cannot assure you that such safeguards put in place by our customers, suppliers and sub-contractors will be adequate to prevent any leak, misuse or unauthorised use of the secured information shared with them by us.

The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect our internal operations, the services we provide to our customers, loss of competitive advantages derived from our research, design and development efforts or other intellectual property, early obsolescence of our products and services, our future financial results, our reputation or our stock price.

33. ***Our financing agreement contains certain restrictive covenants for certain activities that limit our flexibility in operating our business. If we fail to meet our obligations, including financial and other covenants under our debt financing arrangements, our business, results of operations and financial condition could be adversely affected.***

We have entered into a consortium with SBI, and as at February 28, 2018, our outstanding non-fund based exposure was ₹9,173.61 million. The working capital consortium loan agreement includes restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, change in controlling interest or in the management set-up, repayment of monies brought in by the promoters/directors/principal shareholders, undertake guarantee obligations on behalf of any third party, creation of any charge, lien or encumbrance over its undertaking, which require our Company to obtain prior approval of the lenders for any of the above activities. For further details, see "*Financial Indebtedness*" on page 489.

Any default under the financing agreement may limit our flexibility in operating our business, which could have an adverse effect on our cash flows, results of operations and financial condition. We believe that our relationships with our lenders are good, and we have in the past obtained consents from them to undertake various actions and have informed them of our corporate activities from time to time.

Compliance with the various terms of such financing arrangements, however, is subject to interpretation and there can be no assurance that we have requested or received all relevant consents from our lenders as contemplated under our financing arrangements. It may be possible for a lender to assert that we have not complied with all applicable terms under our existing financing documents. Further we cannot assure that we will have adequate funds at all times to repay the credit facilities and may also be subject to demands for the payment of penal interest.

34. ***High dependency on foreign sources for equipment, weapons, sensors and propulsion systems.***

We are dependent on foreign suppliers for sourcing of certain equipment, weapons, sensors and propulsion systems. These items are restricted and selected only from approved list provided by the MoD and depend on the decisions taken by the MoD. Therefore, we are restricted from sourcing alternative equipment, weapons, sensors and propulsion systems in case such foreign suppliers become delinquent since testing and trials for such items are generally undertaken at an advanced stage of the shipbuilding and submarine construction process. In such scenario, we are constrained to continue to proceed with the same nominated vendor for the purpose of delivering the vessels to our customers.

The procurement of these items from foreign countries may be adversely affected by strikes, unrest, war, civil disturbances, changes in political ideologies, changes in export control regulations, occurrence of natural disasters, changes in governmental regimes, social and ethnic instability and other political and economic developments affecting such foreign countries.

Further, timely procurement of such items from certain foreign countries is also subject to compliance with stringent export control regulations including obtaining of end – user certificates and other applicable laws which may result in delays in our delivery schedules and time and cost overruns which may adversely impact the business of the Company, financial condition and growth prospects. In addition, our profitability may also be adversely affected as we are unable to secure alternative sources of such equipment, weapons, sensors and propulsions systems**.**

35. ***We may face claims and incur additional rectification costs for defects and warranties in respect of our vessels which could have a negative impact on our business, financial condition and results of operations.***

We may face claims by our customers in respect of defects, poor workmanship or non-conformity to our customers' specifications in respect of vessels built by us and such claims could be substantial. Such claims could also adversely affect our reputation and ability to grow our business.

In case of our shipbuilding contracts, we are required to provide a warranty period of 12 months for any defect in equipment or material, from the time the customer takes over the vessel, that may develop under proper use or faulty construction of the vessel. We may also be required to replace the defective portion and will be responsible for a period of 12 months from the date of such replacement.

In case of our submarine contracts, we are required to provide a warranty period of 12 months for any defect that may develop due to the faulty construction of the submarine from the time the customer takes over the vessel. Further the submarine overseeing team has the right to reject any work or material which they disapprove on quality, workmanship or not confirming to approved specifications and drawings. The rejected work shall be redone or replaced subject to the satisfaction of the submarine overseeing team.

We generally renew the warranty period of the warships and submarines due to delay in the delivery of the warship or submarine (as the case may be) and thereby incur additional costs for extension of the warranty cover. Due to the length of the warranty period extended by us, we may be subject to claims from our customers and we may incur additional costs if rectification work is required in order for us to satisfy our obligations during the warranty period. We cannot assure that our warranty provisions will be sufficient to cover the costs incurred for defects. If the costs of any rectification works exceed the warranty provisions we have made, our business, financial condition, results of operations and prospects may be adversely affected.

36. ***Shipbuilding and submarine – building expose us to potential liabilities that may not be covered by insurance.***

We maintain what we believe to be appropriate insurance coverage. Our operations are subject to inherent risks, such as equipment defects, malfunctions and failures, equipment misuse and natural disasters that can result in fires and explosions. We maintain a standard fire and special perils policy. Our activities involve the fabrication and refurbishment of large steel structures, the operation of cranes and other heavy machinery and other operating hazards. These risks could expose us to substantial liability for personal injury, wrongful death, product liability, property damage, pollution and other environmental damages. We have availed insurance policies for specific risks such as, contractors plant and machinery, marine cargo policy, hull and machinery, motor vehicles, standard fire and special perils policy and burglary floater declaration insurance policies for raw materials and stocks, special contingency policy, group health policy covering the group hospitalization of employees, money insurance policy for cash in safe and in transit, fidelity floating guarantee policy, public liability act policy, commercial general liability and directors' and officers' liability insurance policy. We cannot assure you that our current insurance policies will insure us fully against all risks and losses that may arise in the future. In addition, even if such losses are insured the amount of the loss may exceed our coverage for the loss. Similarly, although we have obtained insurance for our employees as required by Indian laws and regulations, as well as our important properties and assets, our insurance may not be adequate to cover all potential liabilities. There is no assurance that insurance will be generally available in the future or, if available, that premiums will be commercially justifiable. If we incur substantial liability and the damages are not covered by insurance or exceed policy limits, or we are unable to obtain liability insurance, our business, results of operations and financial condition could be materially adversely affected.

37. ***Our Restated Financial Statements may not be comparable.***

Our Restated Financial Statements included in this Draft Red Herring Prospectus for the Financial Years 2013 and 2014 have each been prepared in accordance with Indian GAAP and reporting guidelines prescribed by Indian regulatory authorities applicable as of the relevant applicable dates. Our Restated Financial Statements included in this Draft Red Herring Prospectus for the Financial Years 2017, 2016, 2015 and for the six month period ended September 30, 2017 have each been prepared in accordance with Ind AS and reporting guidelines prescribed by Indian regulatory authorities applicable as of the relevant applicable dates. As a result, our financial statements for the Financial Years 2013 and 2014 may not be comparable with our financial statements for the Financial Years 2017, 2016, 2015 and for the six month period ended September 30, 2017.

38. ***We face the risk of unsatisfactory quality of work performed by our subcontractors which could result in a negative impact on our business, reputation, financial condition and results of operations.***

We rely substantially on subcontractors for our labour requirements. Instead of maintaining a large number of full time employees, we employ a significant number of contract labour and production workers, which we can increase or decrease to suit our requirements. We may outsource certain aspects of our shipbuilding work, such as the production of certain vessel sub-assemblies and structural sections, from time to time, to our contractors. Despite our best efforts, inspection supervision and quality management system, these subcontractors may use poor quality or defective sub-components or underqualified or less skilled workers, and as a result, a substandard quality of delivered vessel could adversely impact our reputation. Furthermore, our subcontractors may not report safety concerns. This may lead to increased costs borne by us, which could adversely affect our business, reputation, financial condition, results of operations and prospects and our relationships with our customers. In addition, should our subcontractors default on their contractual obligations or be unable to complete their work according to specifications on schedule, our ability to deliver the vessels to our customers in accordance with the quality or timing may be compromised, which could have a material adverse effect on our business, financial condition, results of operations and prospects. We also assume liability for the work undertaken by the subcontractors in connection with any design or engineering work and hence, any failure on the part of our sub-contractors to perform their obligations in a timely manner or at all could adversely affect our operations, financial conditions and cash flows.

39. ***Developing production inputs, management of data are heavily dependent on Information Technology enabled infrastructure and are also dependent on software which is license based.***

We are dependent on our information technology infrastructure to conduct our business activities, manage risks, implement our internal control systems and manage and monitor our business operations. Our investment in information technology (IT) entails data management and recovery, cyber security and design data security which helps us to directly expedite processes, lowering of cost, improvement in efficiency and accuracy, reducing business continuity risks and enables a secure environment and therefore is an essential element of our operational infrastructure. We use an integrated IT system through SAP such as Enterprise Resource Planning (ERP), Document Management System (DMS), and various design softwares for major aspects of our business, including shipbuilding, submarine construction as well as our administrative, finance and corporate departments. We rely on third party information technology service providers to maintain and upgrade our systems and have contracted information technology companies widely accepted in our industry to construct and improve our information technology infrastructure. A failure or breakdown of any part of our information technology infrastructure can interrupt our normal business operations, result in a slowdown in operational and management efficiency and impact our ability to meet our construction schedules. A serious dispute with our information technology service providers or termination of our licensing agreements or service contracts or the service provider being unavailable or its business being wound up can impact our ability to upgrade our information technology infrastructure on a timely and cost-effective basis, which is critical to maintaining our competitiveness. If any of these events occur, our business, financial condition and result of operations may be adversely affected.

40. ***We have had negative net cash flows in the past and may continue to have negative cash flows in the future.***

We had negative cash flow from our operating and financing activities and net cash and cash equivalent as set out below:

(₹ in millions)

	For the six month period ended September 30, 2017	For the Financial Year ended March 31,				
		2017	**2016**	**2015**	**2014**	**2013**
Net cashflow from (used in) operating activities	1,927.83	(10,092.69)	3,771.32	(4,789.79)	(8,686.32)	2,016.00
Net cashflow from (used in) investing activities	2,514.59	4,941.26	4,261.84	4,375.34	5,187.72	3,833.10
Net cashflow from (used in) financing activities	-	(2,397.50)	(1,204.30)	(1,200.20)	(1,170.90)	(1,166.60)

41. ***Our business is expected to become more diversified and our historical results of operations may not be indicative of our future performance. Failure to successfully implement our new business model, execute our new business strategies or develop new business may materially and adversely affect our business, financial condition, results of operations and prospects.***

We intend to execute new business strategies or develop new business such as export of our products to the international markets, focus on ship repair facility and augmentation of infrastructure and enhancing our manufacturing capacity.

The implementation of these strategies depends on a number of factors including, among other things, absence of adverse changes in the Indian and global markets, the availability of funds, less competition, government policies and our ability to retain and recruit competent employees. Some of the factors are beyond our control and by nature, are subject to uncertainty. There is no assurance that our strategies can be implemented successfully. Any failure or delay in the implementation of any or all of these strategies may have a material adverse effect on our profitability and prospects. There can be no assurance that our revenues or profits will continue to increase or that our profit margin will not significantly decrease or that we will not experience losses from our new businesses. As a result, our historical results of operations may not be indicative of our future performance.

42. ***We have contingent liabilities in our balance sheet, as restated, as on September 30, 2017. The realization of our contingent liabilities may adversely impact our profitability and may have a material adverse effect on our results of operations and financial condition.***

The following are the contingent liabilities on a consolidated basis in our balance sheet, as restated, as at September 30, 2017:

(₹ in million)

Particulars	Brief description of nature and obligations as on September 30, 2017
Amounts for which Company may be contingently liable:	
Estimated amount of contracts remaining to be executed on capital account.	915.90
Position of non-fund based limits utilized for	
(a) Letters of credit	11,369.53
(b) Guarantees and counter guarantee	80.49
Indemnity Bonds issued by the Company to customers for various contracts.	483,170.40

Particulars	Brief description of nature and obligations as on September 30, 2017
Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	46.70
Claims against the Company pending under litigation not acknowledged as debts in respect of claims made by:	
Suppliers and sub-contractors	63.80
Others	348.70
Interest on (i) and (ii) above	1,274.20
Amounts paid / payable by Company and reimbursable by Customers in the matters under dispute pending at various Assessment / Appellate Authorities relating to:	
Sales Tax *	11,228.70
Excise Duty	
a) On Vendors	18.00
b) On MDL	2.70
Appeals against disputed tax demands pending before Adjudicating / Appellate Authorities not provided for in matters relating to:	
Excise Duty	1.50
Service Tax* (including interest and penalties)	687.70
Income Tax	441.80
Appeals pending against disputed demands pending before Adjudicating / Appellate authorities	
Custom Duty	2.80

* Against the above claim, part payments of ₹61.40 million (In 2017: ₹58.40 million, 2016: ₹58.40 million, 2015: ₹57.40 million) have been made under protest.

If any of these actually occur in the future, they may adversely impact our profitability and may have a material adverse effect on our business, financial condition and our results of operations.

43. ***We are subject to risks arising from currency exchange rate fluctuations, which could adversely affect our business, financial condition and results of operations.***

Changes in currency exchange rates may influence our results of operations. At the time of bidding for projects, we are required to submit bids in Indian rupees even for items /equipment procured from foreign sources indicate base rate and date of exchange considered and indicate the fixed cost elements. Any currency exchange rate fluctuations subsequent to the date of entering into the contract are payable to us under such contracts. We have in the past incurred losses during the execution of 'P – 15B' destroyers contract due to currency exchange rate fluctuations.

Due to long gestation period of our contracts, there may be currency exchange rate fluctuations between the date of submission of bids and the date of entering into of such contracts or placement of orders.

Therefore, we may incur losses in the future which may result in losses to our business, financial conditions and the results of our operations.

44. ***We are subject to compulsory expropriation by the GoI of any critical technology developed by us which may have an adverse effect on our business, financial condition and results of operations.***

The GoI as a controlling shareholder may issue directives with respect to the conduct of our business or our affairs for as long as we remain a government owned company, as defined under the Companies Act, 2013. Further, under Article 128 of the Articles of Association of the Company, the President of India may from time to time issue such direction as it may consider necessary in regard to the exercise and performance of the functions of our Company in matters involving national security or substantial public interest, and in like manner, may vary and annul any such directions and our Board shall duly comply with and give immediate effect to the directions so issued.

In light of the above, the GoI may issue directives for compulsory expropriation of any critical technology developed by the Company which may be deemed necessary due to reasons of national security or substantial public interest. Any such action in respect of any of the technology in which we are investing or may invest in the future may adversely affect our business, financial condition or results of operations.

In particular, given the importance of the defence industry to the Indian economy, the GoI could require us to take actions designed to serve public interest and not necessarily maximize our profits.

45. ***There may be significant independent press coverage about our Company and this Offer, and we strongly caution you not to place reliance on any information contained in press articles, including, in particular, any financial projections, valuations or other forward-looking information, and any statements that are inconsistent with the information contained in this Draft Red Herring Prospectus.***

There may be significant press coverage about our Company and this Offer, that may include financial projections, valuations and other forward-looking information, as well as statements that are inconsistent or conflict with the information contained in this Draft Red Herring Prospectus. We do not accept any responsibility for the accuracy or completeness of such press articles, and we make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations, forward-looking information, or of any assumptions underlying such projections, valuations, forward-looking information or any statements are inconsistent or conflict with the information contained in this Draft Red Herring Prospectus, included in or referred to by the media.

46. ***We have in the past entered into related party transactions and may continue to do so in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties***

In the ordinary course of our business, we have entered into transactions with related parties. While we believe that all related party transactions that we have entered into are legitimate business transactions conducted on an arms' length basis, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Furthermore, it is likely that we will continue to enter into related party transactions in the future. There can be no assurance to you that these or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations and prospects. Further, the transactions we have entered into and any future transactions with our related parties have involved or could potentially involve conflicts of interest which may be detrimental to our Company. For further details regarding our related party transactions, see "*Related Party Transactions*" on page 189.

47. ***Our Group Company may be engaged in a business similar to our Company which may create a conflict of interest***

Our Group Company, pursuant to its Memorandum of Association is authorised to carry out common business objects with our Company. As a result, conflicts of interest may arise in allocating or addressing business opportunities and strategies amongst our Company and our Group Company.

As we do not have any non–compete agreements in place with our Group Company, there is a conflict of interest between our Company and the Group Company. For further details please see "*Our Promoter, Promoter Group and Group Company*" on page 185.

As a result of commonality in business between our Company and our Group Company, there could be possibilities where business opportunities which could be available to us may be directed to the Group Company instead. Thus, all these may be a potential source of conflict of interest for us and may have an adverse effect on our operations.

48. ***If we are unable to establish and maintain an effective system of internal controls and compliances our business and reputation could be adversely affected. Lack of monitoring each element of cost may result into cost overruns which in turn may lead to losses in case of fixed contracts. Non – maintenance of timely and accurate records for any contractual breaches either by our Company or by any vendor / sub–contractor may cause an adverse effect on our business.***

We manage regulatory compliance by monitoring and evaluating our internal controls, and ensuring that we are in compliance with all relevant statutory and regulatory requirements.

Our Company has a monitoring system to monitor our progress against the terms and conditions as laid down in our customer agreements, identify any issues and take necessary corrective and preventive actions for monitoring compliance guaranteed service levels as per the required parameters. We have a dedicated team involved in resource planning and workforce management that, on a regular basis, monitor the costs incurred for various works performed by us and provide feedback for corrective actions where required in order to effectively meet the commitments in our customer agreements.

Our yard efforts have various cost elements such as labour, labour and material overhead, facility hire, subcontract, direct expenses (i.e. expenses towards salary of executives), own plant usage (OPU), SOT expenses etc. Our Company does not have a mechanism in place for monitoring and controlling each element of cost with regard to yard efforts. In the absence of comprehensive monitoring of each cost element, there may be incidences of cost overruns, which may lead to losses in case of fixed contracts that have been entered into by our Company.

Our Company maintains a hindrance register which provides for the list of items and the availability of work-front for carrying out the works, the various hindrances faced, the status of completion as per the contractual terms and other details which help in determining the occurrence of delays for the purposes of any invocation of liquidated damages either by us or our sub – contractors and vendors. The entries are vetted by an authorised representative of the vendor / sub – contractor and the Company as a matter of practice in order to ensure that the entries made in the hindrance register are agreeable to both the vendor / sub – contractor and the Company and there is no dispute in respect of the same.

In the event that there is any omission or inaccuracy in of the information in the hindrance register, the liquidated damages and other consequences of default that are either payable by the vendor / sub – contractor or the Company cannot be accurately quantified and attributed. Such difficulty in attributing accountability to the vendor / sub – contractor would adversely affect our ability to claim any reimbursements or refunds from our vendors/ sub contractors.

Further, in the event a vendor / sub-contractor alleges any delay or contractual breach on part of our Company in the execution of any project and proposes to invoke liquidated damages and other consequences of such alleged default, it may be difficult for our Company to defend such claims in the absence of timely and accurate maintenance of records in the hindrance register. Therefore, such non – maintenance of timely and accurate records under the hindrance register may lead to an adverse effect on our business, financial conditions and the results of operation.

49. ***Risk involved in investment in solar projects***

Solar power projects typically generate revenue only after becoming commercially operational, once they start to sell electricity to the power grid. We have recently entered into a memorandum of understanding with BEL and HAL for the purpose of setting up of 150 MW grid connected solar power plants in ordnance factory estate on nomination basis under developer mode.

For the solar projects, there is potential investment risk involved which is associated with the development cost and return on investment. Further, there is a risk that the project may not materialise due to the financial viability of the project or any of the companies not performing their respective obligations as part of the MoU.

50. ***We have not independently verified certain data in this Draft Red Herring Prospectus.***

We have not independently verified data from the report titled "*Indian commercial and warship building and ship repairing industry report*" published on March, 2018 prepared by CRISIL Limited contained in this Draft Red Herring Prospectus and although we believe the sources mentioned in the report to be reliable, we cannot assure you that they are complete or reliable.

Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the industries in which we operate that is included herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete, inaccurate or unreliable. Due to incorrect or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

51. ***Our ability to pay dividends in the future will depend on number of factors, including, our profit after tax for the fiscal year, utilisation of the profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company, and the payments shall be subject to the CPSE Capital Restructuring Guidelines.***

Our ability to pay dividends in the future will depend on number of factors, including our profit after tax for the fiscal year, utilisation of the profit after tax towards reserves, our future expansion plans and capital requirements, our financial condition, our cash flows and applicable taxes, including dividend distribution tax payable by our Company. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant. We may decide to retain all our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends in the future.

In accordance with the CPSE Capital Restructuring Guidelines, our Company is required to pay a minimal annual dividend of 30% of its PAT or 5% of its net worth, whichever is higher, unless an exemption is provided in accordance with this guideline. For further details, see "*Dividend Policy"* on page 190.

52. ***We do not conduct regular training programmes and safety sanitization programmes for the personnel employed on contractual basis and for the human resources and workforce deployed by our sub – contractors for taking part in the projects of our Company.***

We are regularly required to recruit independent contractors who in turn engage on site contractor and sub-contractors for conducting our operations at our sites. We are unaware of the level of training imparted to these workers since we do not conduct regular training programmes and safety sanitisation programmes for involving these workers in the various projects. This may result in material delays or drop in the quality of work or create other health and safety issues which may adversely affect our reputation and business and may result in liabilities.

EXTERNAL RISK FACTORS

53. ***Significant differences exist between Indian GAAP and other accounting principles, such as US GAAP, Ind AS and IFRS, which may be material to investors' assessments of our financial condition.***

Our Company is required to prepare annual and interim financial statements under Indian Accounting Standards ("**Ind AS**") from the current financial year as required under Section 133 of the Companies Act 2013 read with Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016. We have not attempted to quantify the impact of Ind AS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of Ind AS. Ind AS differs in significant respects from Indian GAAP. Accordingly, the degree to which the Indian GAAP financial statements, which are restated as per SEBI ICDR Regulations included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

54. ***We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to separate such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 04, 2011, the Central Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 01, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, financial condition, results of operations and prospects.

55. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business, results of operations and cash flows.*

Our business, results of operations and cash flows could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to our business and operations.

There can be no assurance that the GoI may not implement new regulations and policies which will require us to obtain approvals and licenses from the GoI or other regulatory bodies or impose onerous requirements and conditions on our business and operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have an adverse effect on our business, results of operations and cash flows. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also affect our results of operations and cash flows. See *"Key Regulations and Policies*" on page 146 for details of the laws, rules and regulations currently applicable to us.

The regulatory and policy changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Ministry of Finance has in the union budget for 2018-19 proposed to include a proposal to withdraw an exemption previously granted in respect of payment of long term capital gains tax. Accordingly, such tax may become payable by the investors from April 01, 2018. As such, there is no certainty on the impacts that the Finance Bill, 2018 may have on our business and operations or on the industry in which we operate.

56. *Our business is substantially affected by prevailing economic, political and other prevailing conditions in India.*

Our Company is incorporated in India, and almost all our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect the Indian economy, and hence our results of operations, may include:

- any increase in Indian interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- prevailing income conditions among Indian consumers and Indian corporations;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in India's principal export markets;
- any downgrading of India's debt rating by a domestic or international rating agency;
- financial instability in financial markets; and

- other significant regulatory or economic developments in or affecting India or its natural gas sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

57. ***Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.***

Under Section 62 of the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the laws of the jurisdiction that you are in do not permit the exercise of such pre-emptive rights without our filing an offering document or a registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights. If we elect not to file an offering document or a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights available in respect of the equity shares, your proportional interests in our Company may be reduced by the new equity shares that are issued by our Company.

58. ***Natural disasters, acts of war, political unrest, epidemics, terrorist attacks or other events which are beyond our control, may cause damage, loss or disruption to our business and have an adverse impact on our business, financial condition, results of operations and growth prospects.***

We generally bear the risk of loss of raw materials or equipment and components in transit after our suppliers ship the same to us. We may face the risk of loss or damage to our properties, machinery and inventories due to natural disasters, such as snow storms, typhoons and flooding. Acts of war, political unrest, epidemics and terrorist attacks may also cause damage or disruption to us, our employees, our facilities and our markets, any of which could materially and adversely affect our sales, costs, overall operating results and financial condition. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot predict. In addition, certain Asian countries, including Hong Kong, China, Singapore and Thailand, have encountered epidemics such as severe acute respiratory syndrome, or SARS and incidents of avian influenza, or H5N1 bird flu. Past occurrences of epidemics have caused different degrees of damage to the national and local economies in India. A recurrence of an outbreak of SARS, avian influenza or any other similar epidemic could cause a slowdown in the levels of economic activity generally, which may adversely affect our business, financial condition and results of operations. In the event any loss exceeds our insurance coverage or is not covered by our insurance policies, we will bear the shortfall. In such an event, our business, financial condition and results of operations could be materially and adversely affected.

59. ***Any future issuance of our Equity Shares may dilute your shareholdings and sales of our Equity Shares may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by us may lead to the dilution of investors' shareholdings in our Company. In addition, any sales of substantial amounts of our Equity Shares in the public market after the completion of the Offer, or the perception that such sales could occur, could adversely affect the market price of our Equity Shares and could impair the future ability of our Company to raise capital through offerings of our Equity Shares. We also cannot predict the effect, if any, that the sale of our Equity Shares or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

60. ***Foreign investors are subject to foreign investment restrictions under Indian law, which may adversely affect the market price of our Equity Shares.***

Under the foreign exchange regulations currently in force in India, transfers of equity shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with *inter alia*, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of equity shares is not in compliance with such pricing guidelines or reporting requirements, or falls under any of the prescribed exceptions, prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Indian Rupee proceeds from a sale of equity shares in India into foreign currency and repatriate any such foreign currency from India will require a no-objection/tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other government agency can be obtained in a timely manner or on any particular terms or at all. Owing to possible delays in obtaining requisite approvals, investors in our Equity Shares may be prevented from realizing gains during periods of price increase or limiting their losses during periods of price decline.

61. ***You will not be able to immediately sell any of our Equity Shares you purchase in the Offer on an Indian Stock Exchange.***

Our Equity Shares will be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investor' book entry, or demat accounts, with depository participants in India are expected to be credited within two working days of the date on which Allotment is approved by the designated stock exchange. Thereafter, upon receipt of final listing and trading approval from the Stock Exchanges, trading in the Equity Shares is expected to commence within six Working Days from the date of Bid/Offer closure.

We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above.

62. ***You may be subject to Indian taxes arising out of capital gains on the sale of our Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of our Equity Shares are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("**STT**") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months, which are sold other than on a recognised stock exchange and on which no STT has been paid to an Indian resident, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on recognised stock exchanges and on which STT has been paid, will be subject to short term capital gains tax in India. Capital gains arising from the sale of the equity shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares. The Ministry of Finance has in the union budget for 2018-19 proposed that any gain in excess of ₹100,000 realised on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains tax of 10% without allowing any benefit of indexation. However, all gains up to January 31, 2018 will be grandfathered. Capital gains arising from the sale of equity shares will be exempt from taxation in India in cases where an exemption is provided under a treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of equity shares.

63. ***Our Promoter will continue to control us post listing of our Equity Shares.***

Upon the completion of this Offer, our Promoter will hold approximately [●] Equity Shares, or approximately [●]% of our post-Offer paid up equity share capital. Consequently, our Promoter will continue to control us and will have the power to elect and remove our directors and determine the outcome of most proposals for corporate action requiring approval of our Board or Shareholders, such as proposed five-year plans, revenue budgets, capital expenditure, dividend policy, transactions with other GoI controlled companies. Under the Companies Act, we will continue to be a public sector undertaking which is owned and controlled by the President of India. This may affect the decision making process in certain business and strategic decisions taken by our Company going forward.

64. ***Announcements by the GoI or the Maharashtra Government relating to increased wages for government and public sector employees will increase our expenses and may adversely affect our financial condition in the years of implementation.***

The Department of Public Enterprises ("**DPE**") only related to above has required government enterprises to implement salary increases for the Board of Directors of our Company and for employees below board level executives and non-unionized supervisors as determined by the respective boards and management of the relevant government enterprises within a certain guideline set by the DPE. These governmental measures increase our labour costs and the next pay revision for non-unionised officers and employees was due w.e.f. January 01, 2017 and a revision of the wage settlement agreement with unionised workmen w.e.f.

January 01, 2017. Although no further directives have been received from the GoI in relation to wage negotiations and no wage negotiations have begun, any announcements by the GoI relating to increased wages for government and public sector employees will increase our expenses and may adversely affect our operating results and financial condition.

65. *Investors may not be able to enforce a judgment of a foreign court against our Company.*

Our Company is incorporated under the laws of India. Our Company's Directors and Key Management Personnel are residents of India and our assets are located in India. As a result, it may not be possible for investors to affect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained from courts outside India. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which include the United Kingdom, Singapore and Hong Kong. The United States has not been declared as a reciprocating territory for the purposes of the Code of Civil Procedure, 1908 ("**Civil Code**") and thus a judgment of a court outside India may be enforced in India only by a suit and not by proceedings in execution. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties and does not include arbitration awards. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a fresh suit in a competent court in India, based on a final judgment that has been obtained in a non-reciprocating territory, within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis, or to the same extent, as was awarded in a final judgment rendered by a court in another jurisdiction, if the Indian court believes that the amount of damages awarded was excessive or inconsistent with public policy in India. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI, to repatriate any amount recovered pursuant to the execution of the judgment.

66. *Rights of shareholders under Indian laws may be more limited than under the laws of other jurisdictions.*

Indian legal principles related to corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights including in relation to class actions, under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

67. *Our ability to raise foreign capital may be constrained by Indian law.*

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources for our projects and hence could constrain our ability to obtain financing on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition, cash flows and results of operations.

Prominent Notes

- Initial public offering of [●] Equity Shares of face value ₹10 each of our Company, for cash at a price of ₹[●] per Equity Share aggregating up to ₹[●] million, through an Offer for Sale by the Selling Shareholder. The Offer comprises a Net Offer and the Employee Reservation Portion. The Offer and Net Offer shall constitute [●]% and 10.00% respectively of the post-Offer paid-up Equity Share capital of our Company. The Selling Shareholder and our Company may offer a discount of ₹[●] per Equity Share to the Retail Individual Investors and the Eligible Employees, Bidding in the Retail Portion and Employee Reservation Portion respectively.

- The Offer is being made through the Book Building Process, wherein 50% of the Net Offer shall be available for allocation, on a proportionate basis to QIBs. 5.00% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

- The net worth of our Company (before buy back) as at September 30, 2017 was ₹32,344.36 million and ₹28,417.78 million on consolidated and standalone basis. The net asset value per Equity Share of our Company on consolidated basis (before buy back) as at September 30, 2017 was ₹129.90. See "*Financial Statements*" on page 191.

- The average cost of acquisition of Equity Shares by our Promoter is ₹(2.42) per Equity Share (after considering the impact of the adjustments to cost of buyback of 24,900,000 Equity Shares of ₹10 each at a price of ₹101.80 per Equity Share). See "*Capital Structure*" on page 73.

- For details of the related party transactions during the last five Fiscal Years, pursuant to the requirements under Ind As 24 / Accounting Standard 18 "*Related Party Disclosures*" issued by the Institute of Chartered Accountants of India, see "*Related Party Transactionss*" on page 189.

- Except as disclosed in the section "*History and other corporate matters*" on page 152, there has been no change in our Company's name in the last three years.

- There has been no financing arrangement whereby the Directors of our Company and their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus.

- Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI for any complaints, information or clarification pertaining to the Offer. For details regarding grievances in relation to the Offer, see "*General Information*" on page 65.

- Our Group company does not have any business interest or other interest in our Company.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

Warship building industry in India

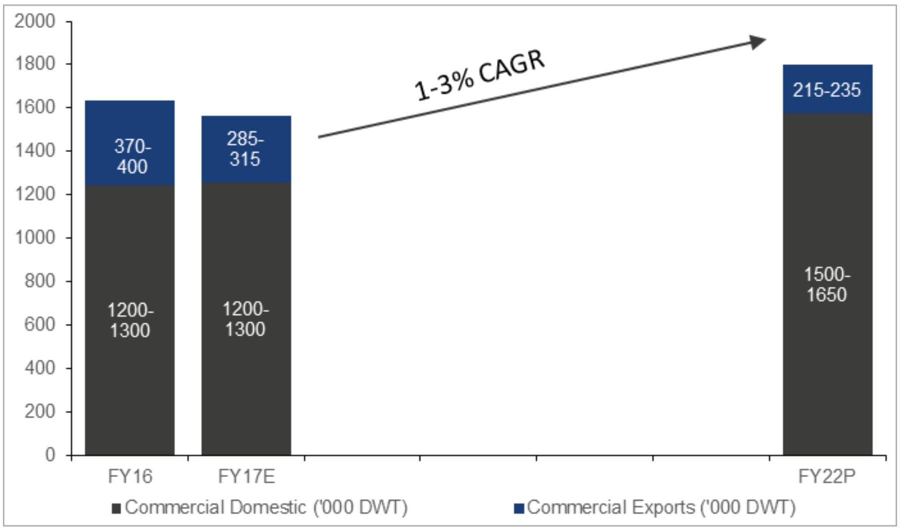
Naval shipbuilding is a key segment of the Indian shipbuilding industry. It is characterised by value addition of 65% during construction of ships, which is contributed by ancillary industries such as steel producers, main engine builders, and equipment suppliers. Growth of the domestic shipbuilding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

Traditionally, even as naval ancillary components have been acquired from outside India, the actual shipbuilding activity has been carried out indigenously. However, over the years, the government has focused on greater indigenisation of even defence equipment.

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

Indian commercial and warship building industry

India's commercial order book to grow at a modest pace of 1-3% CAGR over next 5 years



Source: CRISIL Research

Note: Due to the uncertain business position of Bharti Shipyard and ABG Shipyard, and considering their delivery record over the past two years, we have kept their order book unchanged till 2020-21.

Domestic commercial cargo order book to remain weak

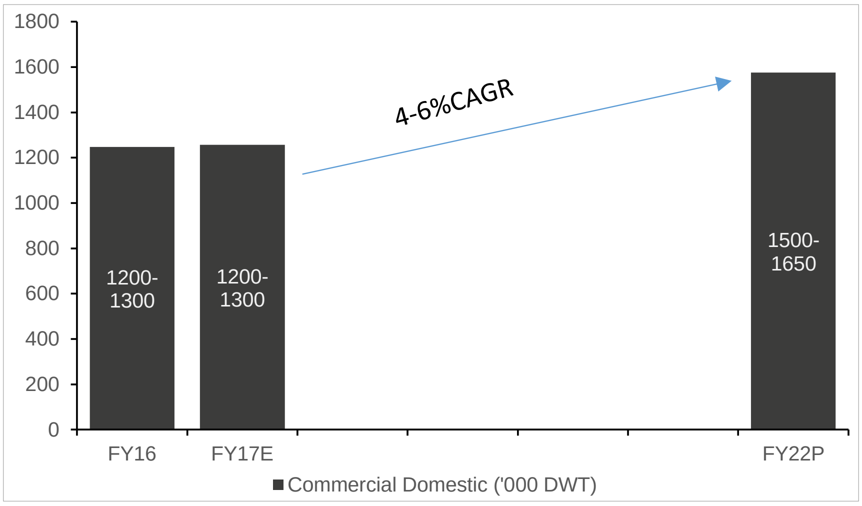
In the past, the Indian commercial shipbuilding industry primarily catered to the dry bulk segment amongst cargo vessels. A majority of these orders were with private players such as ABG Shipyard. Sluggish demand and economic slowdown in 2013-14 resulted in cancellation of bulk carrier orders and piling up of inventory and work-in-progress (WIP), leaving companies in a state of financial distress.

Given the improved macroeconomic environment and increasing imports of coal and iron ore to China, fears of a depression in dry bulk segment's freight space over the next two years has subsided. This, coupled with increasing second-hand asset prices, will slowly improve new building demand as utilisation of existing assets keeps improving. This is expected to slowly add to the global commercial cargo shipbuilding order book.

Major shipping companies like SCI and Great Eastern Shipping are currently taking advantage of low second-hand asset prices which will come into play as and when freight demand picks up. This will limit the new building demand even post-freight improvement.

However, as demand picks up, orders are more likely to flow in to major shipyards in China, Japan and Korea, who are currently battling with underutilised capacities, and then trickle down to Indian shipyards. Thus, the domestic commercial cargo order book is expected to remain weak in the near term.

Non-cargo segment to drive domestic commercial order book, expected to grow 4-6% CAGR over next 5 years



Source: CRISIL Research

Domestic commercial non-cargo order book to pick up by 2021-22

Oversupply in the offshore segment is expected ease by 2021-22, with improvement in offshore rig utilisations, backed by improvement in E&P spending. However, offshore shipping companies, too, are taking advantage of low second-hand asset prices to improve their fleet composition, so they can cater to offshore demand when the market improves.

The requirement of dredgers is expected to rise substantially, considering the government's emphasis on developing water transportation facilities in the country and improving the existing coastal movement, and it is expected to add to the existing capital and maintenance dredging requirements for major and minor ports in India. Historically, Indian yards have accounted for an insignificant contribution to the new dredgers market. However, with major players ramping up technological capabilities, orders for smaller dredgers are expected to flow in to domestic players' order books by 2021-22.

With the improvement in vessel traffic at Indian ports, requirement for tugs and other port crafts are also expected to be substantial, further boosting the domestic non-cargo order book.

Majority of orders for non-cargo vessels were historically catered to by private players like ABG Shipyard, BDIL, L&T, and RDEL. The uncertain business position of ABG Shipyard and BDIL has caused a downside risk to the non-cargo segment order book.

Impact of policy initiative insufficient to offset weak global commercial demand

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

The policy provides assistance post-delivery of the vessel, as against 30% assistance on booking the order as per the Shipbuilding Subsidy Scheme 2002, which led to India garnering about 1.2% share of the global order book. In a situation where major private shipyards are facing financial issues owing to high working capital needs, the new policy might not be as effective.

Post freight revival in the shipping market, competition from major global shipyards is expected to intensify to an extent that offsets the excess cost competitiveness gained through financial assistance and tax exemptions.

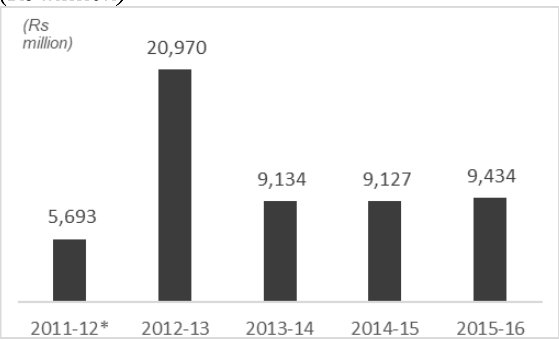
A review of the Indian ship repairing industry

Size of the industry

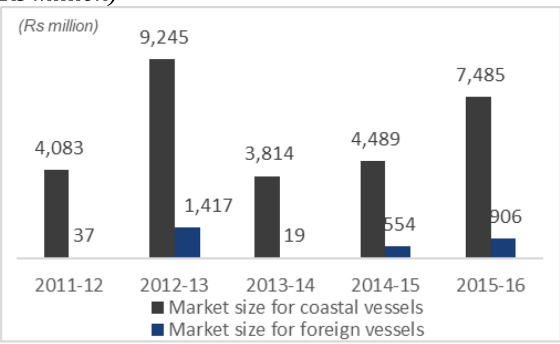
According to a report published by the Ministry of Shipping at the India Maritime Summit 2016, the global ship repair market is estimated to be around USD 12 billion. Shipyards in Singapore, Bahrain, Dubai and Middle East account for a major share of this market. These locations have achieved a dominant position despite higher cost of ship repair services compared to other Asian countries, largely because of availability of skilled workforce and latest technology. This has helped these shipyards attract demand from other low-cost locations like India, Malaysia and Indonesia. The report also estimates Indian ship repair industry's market potential to be around USD 1.5 billion (~ Rs 102 billion).

Considering the earnings from ship repairs for all major shipyards in India (as per the Statistics of India's Ship Building and Ship Repair Industry of 2015-16), the size of Indian ship repair industry in 2015-16 stood at Rs 9,434 million. Overall earnings significantly jumped in 2012-13 on the back of MDL's high-ticket value orders, repairs and fabrication orders for offshore assets taken up by RDEL during the year. The segment grew at CAGR of 13.4% during 2011-12 to 2015-16, even as growth stagnated post 2013-14.

Size of Indian ship repairing industry (Rs million)

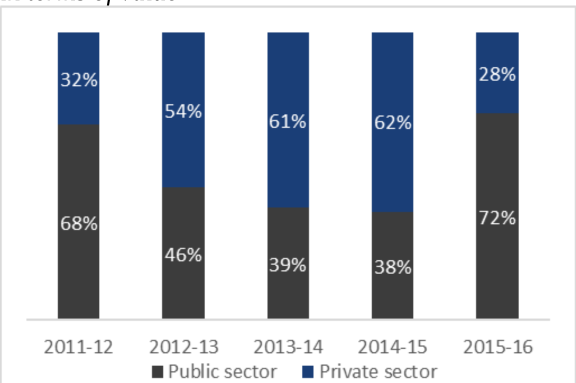


Sector-wise breakup of ships repaired in India Rs million)

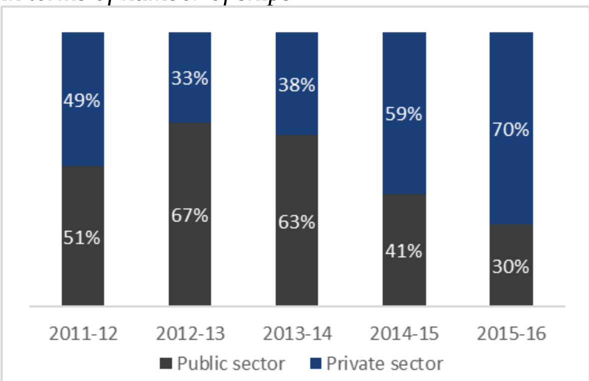


Note: The public sector includes eight players and private sector includes 15 players; Earnings from ship repairs for RDEL are an estimate; Sector-wise breakup does not include data for RDEL
Source: Statistics of India's shipbuilding and ship repairing industry, published by the Ministry of Shipping; RDEL annual reports; CRISIL Research

Sector-wise breakup of ship repairs in India, in terms of value



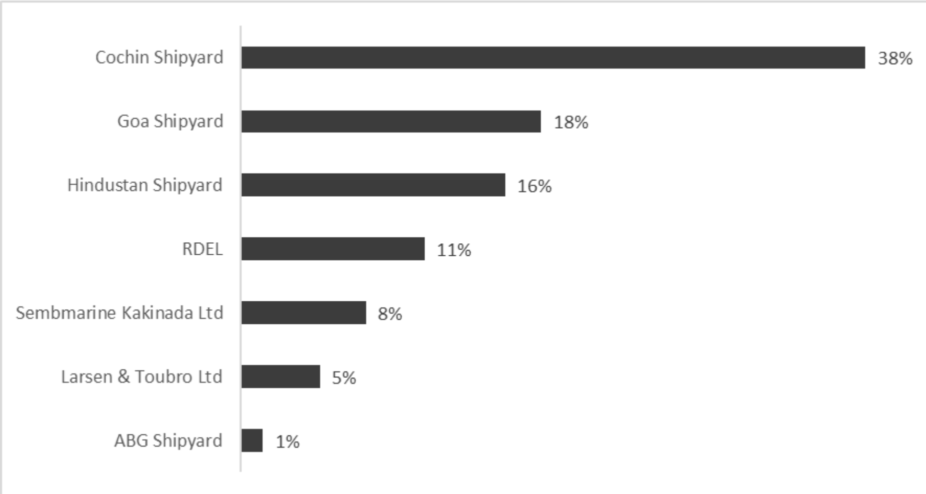
Sector-wise breakup of ships repaired in India, in terms of number of ships



Note: The public sector includes eight players and private sector 15 players.
Sector-wise breakup in terms of number of ships does not include data for RDEL
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by Ministry of Shipping; RDEL annual reports; CRISIL Research

The public sector's share in ship repairing industry recovered in 2015-16 after seeing on-year decline, from 2011-12 to 2014-15. This recovery can be attributed to improved earnings for CSL, GSL and HSL as well as to decline in earnings for RDEL during the year. During the three-year period, 2012-13 to 2014-15, when private sector accounted for a major share of the ship repair earnings, RDEL earned more revenues than all other private players put together.

Market share of major players in the Indian ship repairing industry (as of 2015-16)



Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

CSL, which accounted for 38% of total revenue earned by the industry in 2015-16 through ship repairing, is a leading player in the ship repairing industry. GSL follows CSL with around 20% share in revenue earned in 2015-16 through ship repairing. The top private sector players in this segment are RDEL, Sembmarine Kakinada Ltd, L&T and ABG Shipyard. However, during the three-year period leading up to 2015-16, RDEL was the largest player in the segment.

SUMMARY OF OUR BUSINESS

Overview

We are a defence public sector undertaking shipyard under the Department of Defence Production, MoD with a maximum shipbuilding and submarine capacity of 40,000 DWT (*Source: CRISIL Report*), engaged in the construction and repair of warships and submarines for the MoD for use by the Indian Navy and other vessels for commercial clients. We are a wholly-owned GoI company, conferred with the 'Mini-ratna-I' status in 2006, by the Department of Public Enterprises. We are India's only shipyard to have built destroyers and conventional submarines for the Indian Navy. We are also one of the initial shipyards to manufacture Corvettes (Veer and Khukri Class) in India (*Source: CRISIL Report*).

The business divisions in which we operate are (i) shipbuilding and (ii) submarine and heavy engineering. Our shipbuilding division includes the building and repair of naval ships. We are currently building four P-15 B destroyers and four P-17A stealth frigates for the MoD for use by the Indian Navy. Our submarine and heavy engineering division includes building, repair and refits of diesel electric submarines. We are currently building five Scorpene class submarines under a transfer of technology agreement with Naval Group for the MoD for use by the Indian Navy. Since 1960, we have built a total of 795 vessels including 25 warships, from advanced destroyers to missile boats and three submarines. We have also delivered cargo ships, passenger ships, supply vessels, multipurpose support vessels, water tankers, tugs, dredgers, fishing travellers, barges and border outposts for various customers in India as well as abroad.

Some of the vessels built and delivered by us in the past include, six Leander class frigates, three Godavari class frigates, three corvettes, four missile boats, six destroyers, three submarines and three Shivalik class frigates for the MoD for use by the Indian Navy and constructed and delivered seven offshore patrol vessels to the Indian Coast Guard. We have fabricated and delivered jackets, main decks of wellhead platforms, process platforms and jack up rigs, etc,

Our shipyard is strategically located on the west coast of India, on the sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route. We are headquartered in Mumbai which is also the headquarters of the Western Naval Command of the Indian Navy. We are also exploring the possibilities of developing a greenfield shipyard at Nhava, Navi Mumbai with a shiplift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of 40 acres.

Our shipbuilding and submarine and heavy engineering divisions are both ISO 9001:2008 certified.

Over the last 15 Fiscals, the total number of orders for vessels received and delivered by us is set out below:

Division	Orders Received	Orders Delivered
Shipbuilding	16	27
Submarine and heavy engineering	6	1

In addition to the above, we have also completed repairs for two submarines.

Prior to our incorporation in 1934, a small dry dock was constructed in Mazagaon village, Mumbai, to service the ships of the British East India Company in 1774 which was subsequently developed into a ship repair yard and later a ship building yard over the course of two centuries. We were incorporated as a private limited company in 1934 and in the year 1960, the GoI took over our Company to expand its warship development programme designating it as a DPSU under the MoD. For further details, see "*History and Certain Corporate Matters*" on page 152.

Our Company has posted profits continuously in the last three Fiscals. Our total income was ₹42,109.03 million, ₹48,866.92 million, ₹42,950.53 million and ₹20,625.93 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively. Our profit for the year was ₹5,285.20 million, ₹6,025.09 million, ₹5,489.86 million and ₹2,667.80 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively.

Competitive Strengths

We believe we benefit from a number of strengths that together differentiate us from our competitors:

Only public sector defence shipyard constructing conventional submarines

Our Company is primarily engaged in the defence shipbuilding segment catering to the needs of the MoD. We are India's only shipyard to have built destroyers and conventional submarines for the Indian Navy (*Source: CRISIL Report*). We have in the past constructed two SSK submarines, modernized and refitted four SSK submarines. We believe this has enhanced our capability of handling construction of conventional submarines. We have also entered into a technology transfer agreement with Naval Group, France for Scorpene submarines which are currently manufactured by us. We have recently delivered one of the Scorpene submarines, INS Kalvari to the MoD. We alongwith the Naval Group have trained our workforce in relation to the construction of such submarines. We believe that our personnel associated with submarine construction process are now adept with the nuances of submarine technology.

World class infrastructure capable of serving the requirements of the Ministry of Defence

We believe that the infrastructure and facilities available at our shipyard combined with our vast expertise give us a significant edge over our domestic peers. Our facilities currently comprise of three dry docks, two wet basins, three slipways, production shops, assembly shops, module shop with painting chamber for integrated construction, sheet metal shop, pipe shop, machine and fitting shop, ship dry dock and dredging, electrical repair shop and instrumentation shop for our shipbuilding division. Our submarine division infrastructure includes shops for fabrication of frame, sub-section assembly and section formation, cradle assembly shop for structural and equipment outfitting and final assembly, one dry dock and submarine section assembly shop. Our shipbuilding and submarine and heavy engineering divisions are both ISO 9001:2008 certified.

We recently undertook and completed the "*Mazdock Modernization Project*" which comprised of a new wet basin, goliath cranes, module workshop, cradle assembly shop, store building and associated ancillary structures enabling integrated modular construction which would substantially reduce the build period. Post completion of the modernization project, the capacity of outfitting warships increased from eight warships to 10 warships since 2014 and submarine capacity has increased from six submarines to 11 submarines since 2016. (*Source: CRISIL Report*).

We also have a shore integration facility which enables us to complete combat system integration off-site prior to onboard installation. We have also constructed a submarine assembly workshop which comprises of two bays and is equipped with two levels of EOT cranes as well as semi goliath cranes.

Location of our facilities promotes closer association with our vendors and customers

Our shipyard is strategically located in Mumbai on the west coast of India, on the sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route. Our customers, being the MoD and Indian Coast Guard and our vendors are based in Mumbai which we believe results in closer co-ordination and greater efficiencies. Further, a majority of our subcontractors are based in and around Mumbai which provides us with an ease of access to labour. We believe that the location of our facilities provides us a strategic competitive advantage over our peers.

Increase in indigenisation of our vessels and implementation of the "Make in India" campaign

We intend to increase the quantum of indigenised components for our warships and submarines in order to give an impetus to the GoI's "Make in India" campaign. In the past, for our warships and submarines, we used to import equipment related to design support, model testing evaluation and simulation, major engineering and weapon equipment and systems, equipment related to planning and project management, installations and system integration, due to non-availability of domestic manufacturers. Importing such items and equipments resulted in increased costs, quality compromises and unsatisfactory after sales support.

In order to address these issues, a dedicated department of indigenisation was set up in November 2015 alongwith a road map for indigenisation till the year 2030. The road map provided a flow chart depicting the entire indigenisation process and included a list of systems, equipment and items alongwith the necessary technical details which were to be indigenised.

We have successfully indigenised certain equipment such as sonar dome, ship installed chemical agent detection system, bridge window glass, main batteries for Scorpene submarines, multiple cable transit glands and remote controlled valves with various companies on a no cost no commitment basis.

We have also introduced an indigenization clause in all our tenders where bidders have to indicate their progressive indigenization plan. The indigenous content in warships built by us has increased in the past five years

We had also been assigned 40.52 acres of land by the Government of Kerala for setting up the National Institute of Warship/ Submarine design and Indegenisation Centre which is currently being used as a head office of National Institute for Research and Development in Defence Shipbuilding. Increase in indigenisation has enabled us to reduce our reliance on third party component manufacturers and the cost of construction for our vessels.

Established track record with strong financial position and strong Order Book

We are a profitable shipyard with profits continuously in the last three Fiscals. Our total income was ₹42,109.03 million, ₹48,866.92 million, ₹42,950.53 million and ₹20,625.93 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively. Our profit for the year was ₹5,285.20 million, ₹6,025.09 million, ₹5,489.86 million and ₹2,667.80 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively. The following is the break-up of our division wise consolidated revenues for the last three fiscals:

(₹ in million)

Fiscal	Revenue from Shipbuilding division	Revenue from Submarine and heavy engineering division	Total Revenue
2015	11,479.59	24,570.70	36,050.29
2016	10,529.02	30,533.18	41,062.20
2017	11,844.58	23,392.10	35,236.68

Further, as of February 28, 2018, our Order Book for shipbuilding and submarines and heavy engineering was ₹527,608 million comprising of two major shipbuilding projects and one submarine project.

Experienced board and senior management team and skilfully trained workforce

We have a diversified Board with directors having several years of experience in the shipbuilding as well as submarine division and each of our senior management team is experienced in the industry and have been with our Company for an average of more than two decades. Some of our senior management have grown within our organisation from trainee positions to head their respective departments. We believe that we have achieved a measure of success in attracting an experienced senior management team with operational and technical capabilities, management skills, business development experience and financial management skills. For details regarding the qualifications and experience of our Directors and senior management team, see "*Our Manageme*nt" on page 162.

We also have a large pool of experienced naval architects, engineers and draftsmen. We continuously train our employees which we believe enable us to service the technical and commercial demands of our customers. We believe that our employees and blue-collar workforce are instrumental to our success including for the quality of our products and services and our ability to operate in a cost-efficient manner, helping us achieve a continuous profit margins, efficient operations, short delivery schedules, relatively lower attrition and fewer employee disputes.

Our Strategies

Our objective is to enhance our market position by expanding our capabilities, capitalising on opportunities both in domestic and International markets in our industry and to enhance our competitiveness. Our business strategies are:

Export of our products to the international markets

We primarily cater to the defence sector in India at present. However, we are in the process of reviving the exports of our defence and commercial products to Latin America, Africa, South East Asia, Middle East and Scandinavian regions and have identified certain defence and civil sectors in such regions. We have, in the past, exported our products to Mexico, France, Bahamas and Yemen. We have also participated in the RFI process for building four Tamandare class corvettes for Brazil. We intend to increase our presence globally by establishing an international marketing team to identify potential markets for our business growth.

We are also in the process of entering into an agreement with the design partner in Norway which will enable us to market the offshore vessels in the international markets.

Focus on ship repair

Our shipbuilding and submarine contracts have a long gestation period. Our revenues under these contracts are dependent on achievement of certain milestones. In order to diversify our revenue streams, we intend to increase our ship repair activities in the future as such activites are for a shorter period of time and result in the early booking of revenues. We have in the past undertaken ship repairs for our clients in the defence and commercial sectors. This will help generate more revenues, increase our client base and reduce our dependency on the MoD for future orders.

We are in the process of reviving our ship repair operations. We are exploring the possibilities of developing a greenfield shipyard at Nhava, Navi Mumbai with a shiplift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of 40 acres which we believe will be suitable for construction and repair of warships and commercial ships with larger dimensions. We believe that the revival of our ship repair operations will result in augmentation of our revenues and profitability.

Augmentation of infrastructure and enhancing our manufacturing capacity

We are currently undertaking capital expenditure for our submarine and heavy engineering division by way of construction of the submarine launch facility and blasting painting chamber. The submarine launch facility which is currently being constructed will enable us to execute future submarine orders. We are also leveraging the latest construction methods in order to speed up the construction of our warships. We are exploring options to develop a greenfield shipyard at Nhava, Navi Mumbai to cater to our existing and future customers in the domestic and international markets.

We are also planning to convert the impounded Kasara wet basin into a dry dock facility for the purpose of accommodating future projects. We are planning to dredge the water front to a depth of -5.5 mean chart datum and create a navigation channel to the offshore container terminal of Mumbai Port Trust. We believe that augumentation of our existing facilities and developments of future facilities will enable us to deliver our products on or before the scheduled date of delivery and enable us to cater to future orders.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Statements of our Company which consists of Restated Standalone Financial Statements and Restated Consolidated Financial Statements. The financial statements referred to above are presented under "*Financial Statements*" beginning on page 191. The summary financial information presented below should be read in conjunction with these financial statements, the notes thereto and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on page 458.

RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS PER IND AS

(*₹ in millions*)

Particulars	As at		
	September 30, 2017	**March 31, 2017**	**March 31, 2016**
ASSETS			
Non-current assets			
Property, Plant and Equipment	5,164.67	5,249.00	3,449.22
Capital work-in-progress	1,063.16	984.28	1,695.84
Other intangible assets	188.56	213.52	228.30
	6,416.39	**6,446.80**	**5,373.36**
Financial assets			
Investments	3,986.57	3,835.62	3,242.27
Non-current trade receivable	179.42	160.46	167.40
Loans	31.67	30.87	29.30
Other financial assets	33.98	33.98	33.98
Deferred tax assets (net)	5,410.00	4,988.07	4,932.86
Non-current tax assets (net)	1,473.37	1,811.33	1,280.90
Other non-current assets	1,965.54	1,421.63	1,133.90
Total of Non-current assets (A)	**19,496.94**	**18,728.76**	**16,193.97**
Current assets			
Inventories **Financial assets**	37,561.48	40,286.56	42,446.70
Current trade receivable	28,569.29	7,469.56	9,197.25
Cash and cash equivalents	5,871.20	1,428.78	8,977.70
Bank balances other than cash and cash equivalents	76,010.00	82,200.00	79,050.00
Loans	97.51	66.36	69.60
Other financial assets	10,338.92	13,109.11	9,300.06
Assets held for sale	0.08	0.21	-
Other current assets	32,009.68	30,357.66	24,944.76
Total of Current assets (B)	**1,90,458.16**	**1,74,918.24**	**1,73,986.07**
Total A+B	**2,09,955.10**	**1,93,647.00**	**1,90,180.04**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	2,490.00	2,490.00	1,992.00
Other equity	29,854.35	27,530.94	24,352.04
Total equity (C)	**32,344.35**	**30,020.94**	**26,344.04**
Non-current liabilities			
Financial liabilities			

Particulars	As at		
	September 30, 2017	March 31, 2017	March 31, 2016
Trade payable	179.42	160.46	167.40
Other financial liabilities	5.76	1.4	0.82
Other long-term liabilities	1,617.66	1,669.47	1,316.28
Long-term provisions	12,133.13	12,110.35	11,856.80
Total non-current liabilities (D)	**13,935.97**	**13,941.69**	**13,341.30**
Current liabilities			
Financial liabilities			
Trade payables	10,870.35	9,263.47	11,201.10
Other financial liabilities	1,976.12	1,747.11	2,111.90
Other current liabilities	1,48,978.24	1,37,846.71	1,36,517.80
Short-term provisions	1,850.07	827.08	663.90
Total current liabilities (E)	**1,63,674.78**	**1,49,684.37**	**1,50,494.70**
Total C+D+E	**2,09,955.10**	**1,93,647.00**	**1,90,180.04**

RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS AS PER IND AS

(***₹ in millions***)

Particulars	For the period ended		
	September 30, 2017	March 31, 2017	March 31, 2016
Income			
Contract revenue	17,474.32	35,236.68	41,062.20
Other operating revenue	39.71	68.11	208.40
	17,514.03	35,304.79	41,270.60
Other income	2,919.54	7,557.80	7,522.12
Total income	**20,433.57**	**42,862.59**	**48,792.72**
Expenses			
Cost of materials consumed	10,884.08	21,400.75	26,449.70
Employee benefits expense	3,424.77	7,288.37	7,597.24
Finance costs	19.16	38.95	39.01
Depreciation and amortization expenses	231.69	393.90	438.10
Sub-contract	516.87	1,101.92	1,349.20
Power and fuel	125.72	260.44	282.20
Other expenses :(a) Project related	728.86	1,417.13	2,035.20
(b) Others	515.72	1,594.53	1,215.80
Provisions	163.54	1,084.53	217.00
Total expenses	**16,610.41**	**34,580.52**	**39,623.45**
Restated Profit before tax	**3,823.16**	**8,282.07**	**9,169.27**
Tax expenses			
Current tax	1,520.42	2,930.71	3,522.00

Particulars	For the period ended		
	September 30, 2017	March 31, 2017	March 31, 2016
Deferred tax (credit) / charge	(172.70)	(50.57)	(349.32)
Adjustment of tax relating to earlier years	-	-	45.70
Profit for the year attributable to equity shareholders	**2,475.45**	**5,401.93**	**5,950.89**
Share of Net Profit/(loss) of associate	**382.48**	**554.27**	**294.02**
Profit for the year	**2,857.92**	**5,956.20**	**6,244.91**
Other comprehensive income ('OCI')			
OCI not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains/(losses) on defined benefit plans	(744.45)	(13.46)	66.50
Income tax effect	249.09	4.66	(23.01)
Remeasurement of post employment benefit obligation of associate	-	3.59	(1.23)
Total comprehensive income for the year attributable to equity shareholders	**2,362.56**	**5,950.99**	**6,287.17**

RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS AS PER IND AS

(*₹ in millions*)

Particulars	For the period ended		
	September 30, 2017	March 31, 2017	March 31, 2016
Cashflow from operating activities			
Profit before tax (as restated)	3,823.16	8,282.07	9,169.27
Adjustments for :			
(+) Non cash expenditure and non operating expenses			
Depreciation / Amortization	231.69	393.90	438.10
Finance cost	19.16	38.95	39.01
Amortization of prepaid rentals	0.78	1.52	1.50
(-) Non operating income			
(Profit) / Loss on sale of fixed assets	(2.27)	(3.14)	(0.70)
Interest income	(2,523.65)	(6,328.79)	(6,780.60)
Amortization gain on deferred deposits of Vendors	(0.22)	(0.16)	(0.02)
Amortization of deferred revenue (Customer funded assets)	(53.46)	(25.41)	(121.20)
Interest Income on deferred payment liability to foreign supplier	(18.96)	(38.80)	(38.30)
Interest Income on deferred deposit with MbPT	(0.81)	(1.54)	(1.50)
Fund utilized for CSR		-	(116.90)
Operating profit before working capital changes	**1,475.42**	**2,318.60**	**2,588.66**
Movement in working capital			
Decrease in Inventories	2,725.06	2,160.15	1,993.92
Decrease / (Increase) in Trade receivables and loans and advances	(21,150.90)	1,776.67	5,583.38
Decrease / (Increase) Other current and noncurrent assets	6,767.07	(12,650.19)	(3,676.74)
(Decrease) / Increase in Trade payables and provisions	1,927.19	(1,580.02)	1,963.99
(Decrease) / Increase in Other current and noncurrent liabilities	11,366.34	1,343.35	(1,582.89)
Cashflow generated from operations	**3,110.17**	**(6,631.44)**	**6,870.32**
Direct tax paid (net of refunds)	(1,182.35)	(3,461.23)	(3,099.00)
Net cashflow from (used in) operating activities (A)	**1,927.83**	**(10,092.67)**	**3,771.32**
Cash flows from investing activities			

Particulars	For the period ended		
	September 30, 2017	March 31, 2017	March 31, 2016
Purchase of Property, plant and Equipment (net of adjustments)	(127.35)	(2,183.34)	(1,258.40)
Capital work in progress	(78.88)	711.56	(1,284.26)
Proceeds from sale of property, plant and equipment	7.25	7.58	1.90
Capital advance	(2.43)	(11.26)	(52.20)
Dividend received from associate	192.35	87.93	74.20
Interest received	2,523.65	6,328.79	6,780.60
Net cashflow from / (used in) investing activities (B)	**2,514.59**	**4,941.26**	**4,261.84**
Cashflow from financing activities			
Dividend paid (including dividend distribution tax thereon)	-	(2,397.50)	(1,203.60)
Finance costs	-	-	(0.70)
Net cashflow from / (used in) financing activities (C)	**-**	**(2,397.50)**	**(1,204.30)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**4,442.42**	**(7,548.92)**	**6,828.86**
Cash and cash equivalents at the beginning of the year	**1,428.78**	**8,977.70**	**2,148.84**
Cash and cash equivalents at the end of the year	**5,871.20**	**1,428.78**	**8,977.70**

RESTATED STANDALONE SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS PER IND AS

(***₹ in millions***)

Particulars	As at			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
ASSETS				
Non-current assets				
Property, Plant and Equipment	5,164.67	5,249.00	3,449.22	2,767.98
Capital work-in-progress	1,063.16	984.28	1,695.84	411.54
Other intangible assets	188.56	213.52	228.30	90.50
	6,416.39	**6,446.80**	**5,373.36**	**3,270.02**
Financial assets				
Investments	60.01	60.01	60.01	60.01
Trade receivable	179.42	160.46	167.40	156.95
Loans	31.67	30.87	29.30	27.58
Other financial assets	33.98	33.98	33.98	33.98
Deferred tax assets (net)	5,410.00	4,988.07	4,932.86	4,606.55
Non-current tax assets (net)	1,473.37	1,811.33	1,280.90	1,749.71
Other non-current assets	1,965.54	1,421.63	1,133.90	773.92
Total of Non-current assets (A)	**15,570.38**	**14,953.15**	**13,011.71**	**10,678.72**
Current assets				
Inventories	37,561.48	40,286.56	42,446.70	44,440.62
Financial assets				

Particulars	As at			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Trade receivables	28,569.29	7,469.56	9,197.25	14,763.84
Cash and cash equivalents	5,871.20	1,428.78	8,977.70	2,148.84
Bank balances other than cash and cash equivalents	76,010.00	82,200.00	79,050.00	74,000.00
Loans	97.51	66.36	69.60	58.90
Other financial assets	10,338.92	13,109.11	9,300.06	5,157.33
Assets held for sale	0.08	0.21	-	-
Other current assets	32,009.68	30,357.66	24,944.76	30,769.72
Total of Current assets (B)	**1,90,458.16**	**1,74,918.24**	**1,73,986.07**	**1,71,339.25**
Total A+B	**2,06,028.54**	**1,89,871.39**	**1,86,997.78**	**1,82,017.97**
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	2,490.00	2,490.00	1,992.00	1,992.00
Other equity	25,927.79	23,755.33	21,169.78	16,421.70
Total equity (C)	**28,417.79**	**26,245.33**	**23,161.78**	**18,413.70**
Non-current liabilities				
Financial liabilities				
Trade payable	179.42	160.46	167.40	156.95
Other financial liabilities	5.76	1.41	0.82	-
Other long-term liabilities	1,617.66	1,669.47	1,316.28	-
Long-term provisions	12,133.13	12,110.35	11,856.80	11,850.94
Total non-current liabilities (D)	**13,935.97**	**13,941.69**	**13,341.30**	**12,007.89**
Current liabilities				
Financial liabilities				
Trade payables	10,870.35	9,263.47	11,201.10	9,419.79
Other financial liabilities	1,976.12	1,747.11	2,111.90	1,800.91
Other current liabilities	1,48,978.24	1,37,846.71	1,36,517.80	1,39,849.99
Short-term provisions	1,850.07	827.08	663.90	525.69
Total current liabilities (E)	**1,63,674.78**	**1,49,684.37**	**1,50,494.70**	**1,51,596.38**
Total C+D+E	**2,06,028.54**	**1,89,871.39**	**1,86,997.78**	**1,82,017.97**

RESTATED STANDALONE SUMMARY STATEMENT OF PROFIT AND LOSS AS PER IND AS

(*₹ in millions*)

Particulars	For the period ended			
	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
Income				
Contract revenue	17,474.32	35,236.68	41,062.20	36,050.29
Other operating revenue	39.71	68.11	208.40	288.40
	17,514.03	35,304.79	41,270.60	36,338.69
Other income	3,111.90	7,645.74	7,596.32	5,770.34
Total income	**20,625.93**	**42,950.53**	**48,866.92**	**42,109.03**
Expenses				
Cost of materials consumed	10,884.08	21,400.75	26,449.70	20,914.13
Employee benefits expense	3,424.77	7,288.37	7,597.24	6,928.92
Finance costs	19.16	38.95	39.01	38.67
Depreciation and amortization expenses	231.69	393.90	438.10	330.34
Sub-contract	516.87	1,101.93	1,349.20	1,507.10
Power and fuel	125.72	260.44	282.20	252.00
Other expenses: (a) Project related	728.86	1,417.13	2,035.20	3,070.41
(b) Others	515.72	1,594.53	1,215.80	1,084.51
Expenses transferred to Fixed Assets	-	-	-	(13.00)
Provisions	163.54	1,084.53	217.00	153.99
Total expenses	**16,610.41**	**34,580.53**	**39,623.45**	**34,267.07**
Restated Profit before tax	**4,015.52**	**8,370.00**	**9,243.47**	**7,841.96**
Tax expense:				
Current tax	1,520.42	2,930.71	3,522.00	2,567.16
Deferred tax (credit) / charge	(172.70)	(50.57)	(349.32)	(10.40)
Adjustment of tax relating to earlier years	-	-	45.70	-
Profit for the year attributable to equity shareholders	**2,667.80**	**5,489.86**	**6,025.09**	**5,285.20**
Other comprehensive income ('OCI')				
OCI not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gains/(losses) on defined benefit plans	(744.45)	(13.46)	66.50	(1.10)
Income tax effect	249.09	4.66	(23.01)	0.37
Total comprehensive income for the year attributable to equity shareholders	**2,172.44**	**5,481.06**	**6,068.58**	**5,284.47**

RESTATED STANDALONE SUMMARY STATEMENT OF CASH FLOWS AS PER IND AS

(*₹ in millions*)

Sr. No.	Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
A	**Cashflow from operating activities**				
	Profit before tax (as restated)	4,015.52	8,370.00	9,243.47	7,841.96
	Adjustments for :				
	(+) Non cash expenditure and non operating expenses				
	Depreciation / Amortization	231.69	393.90	438.10	330.34
	Finance cost	19.16	38.95	39.01	38.67
	Amortization of prepaid rentals	0.78	1.52	1.50	1.52
	(-) Non operating income				
	(Profit) / Loss on sale of fixed assets	(2.27)	(3.14)	(0.70)	2.87
	Interest income	(2,523.65)	(6,328.79)	(6,780.60)	(5,188.99)
	Dividend received	(192.35)	(87.93)	(74.20)	-
	Amortization gain on deferred deposits of Vendors	(0.22)	(0.16)	(0.02)	-
	Amortization of deferred revenue (Customer funded assets)	(53.46)	(25.41)	(121.20)	-
	Interest Income on deferred payment liability to foreign supplier	(18.96)	(38.80)	(38.30)	(38.37)
	Interest Income on deferred deposit with MbPT	(0.81)	(1.54)	(1.50)	(1.34)
	Fund utilized for CSR	-	-	(116.90)	(49.90)
	Operating profit before working capital changes	**1,475.43**	**2,318.60**	**2,588.66**	**2,936.75**
	Movement in working capital				
	Decrease in Inventories	2,725.06	2,160.15	1,993.92	5,813.91
	Decrease / (Increase) in Trade receivables and loans and advances	(21,150.91)	1,776.67	5,583.38	(6,658.38)
	Decrease / (Increase) Other current and non current assets	6,767.07	(12,650.19)	(3,676.74)	(20,884.19)
	(Decrease) / Increase in Trade payables and provisions	1,927.19	(1,580.02)	1,963.99	115.93
	(Decrease) / Increase in Other current and non current liabilities	11,366.34	1,343.35	(1,582.89)	16,726.28
	Cashflow generated from operations	**3,110.18**	**(6,631.44)**	**6,870.32**	**(1,949.70)**
	Direct tax paid (net of refunds)	(1,182.35)	(3,461.24)	(3,099.00)	(2,840.10)
	Net cashflow from (used in) operating activities (A)	**1,927.83**	**(10,092.68)**	**3,771.32**	**(4,789.80)**
B	**Cash flows from investing activities**				
	Purchase of Property, plant and Equipment (net of adjustments)	(127.35)	(2,183.34)	(1,258.40)	(1,613.24)
	Capital work in progress	(78.88)	711.56	(1,284.26)	712.36
	Proceeds from sale of property, plant and equipment	7.25	7.58	1.90	3.83
	Capital advance	(2.43)	(11.26)	(52.20)	83.40
	Interest received	2,523.65	6,328.79	6,780.60	5,188.99
	Dividend received	192.35	87.93	74.20	-

Sr. No.	Particulars	September 30, 2017	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)
	Net cashflow from / (used in) investing activities (B)	**2,514.59**	**4,941.26**	**4,261.84**	**4,375.34**
C	**Cashflow from financing activities**				
	Dividend paid (including dividend distribution tax thereon)	-	(2,397.50)	(1,203.60)	(1,199.90)
	Finance costs	-	-	(0.70)	(0.30)
	Net cashflow from / (used in) financing activities (C)	**-**	**(2,397.50)**	**(1,204.30)**	**(1,200.20)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**4,442.42**	**(7,548.92)**	**6,828.86**	**(1,614.66)**
	Cash and cash equivalents at the beginning of the year	**1,428.78**	**8,977.70**	**2,148.84**	**3,763.50**
	Cash and cash equivalents at the end of the year	**5,871.20**	**1,428.78**	**8,977.70**	**2,148.84**

RESTATED STANDALONE SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS PER INDIAN GAAP

(***₹ in millions***)

Sr. No.	Particulars	As at	
		March 31, 2014	**March 31, 2013**
	Equity and liabilities		
A	**Shareholders' Funds**		
	Share capital	1,992.00	1,992.00
	Reserves and surplus	12,390.33	16,407.20
		14,382.33	**18,399.20**
B	**Non-current liabilities**		
	Long-term trade payable	887.70	814.90
	Other long-term liabilities	-	-
	Long-term provisions	11,690.44	1,884.64
		12,578.14	**2,699.54**
C	**Current liabilities**		
	Short-term trade payable	8,034.50	11,696.33
	Other current liabilities	1,26,126.23	1,23,183.94
	Short-term provisions	703.27	1,715.20
		1,34,864.00	**1,36,595.47**
	Total (A+B+C)	**1,61,824.47**	**1,57,694.21**
	Assets		
D	**Non-Current Assets**		
	Fixed Assets		
	Tangible assets	1,543.41	1,161.40
	Intangible assets	79.20	98.90
	Capital work-in-progress	1,123.90	782.10
	Non-current investments	60.01	60.01
	Deferred tax assets (net)	4,595.72	800.26
	Long-term loans and advances	2,222.55	3,100.60
	Long-term trade receivable	887.70	814.90

Sr. No.	Particulars	As at	
		March 31, 2014	March 31, 2013
	Other non-current assets	111.40	930.00
		10,623.89	**7,748.17**
E	**Current Assets**		
	Inventories	50,266.47	42,649.58
	Short-term trade receivable	7,887.48	6,935.05
	Cash and bank balances	52,393.50	60,047.90
	Short-term loans and advances	34,675.80	38,873.50
	Other current assets	5,977.33	1,440.01
		1,51,200.58	**1,49,946.04**
	Total (D+E)	**1,61,824.47**	**1,57,694.21**

RESTATED STANDALONE SUMMARY STATEMENT OF PROFIT AND LOSS UNDER INDIAN GAAP

(*₹ in millions*)

Particulars	For the period ended on March 31, 2014	For the period ended on March 31, 2013
Income		
Revenue from operations	28,535.60	22,676.10
Other operating revenue	334.67	680.55
Sub total	28,870.27	23,356.65
Other income	6,127.54	5,290.21
Total revenue	**34,997.81**	**28,646.86**
Expenses		
Cost of raw materials consumed	12,937.10	9,559.70
Changes in Inventory of work-in-progress	722.20	293.92
Employee benefit expenses	6,284.07	6,041.13
Sub-contract	1,916.65	984.95
Power and Fuel	211.90	170.20
Finance costs	0.90	9.00
Depreciation and amortization expenses	183.55	146.40
Other expenses: (a) Project related	2,276.70	3,197.60
(b) Others	13,603.80	1,124.19
Adjustment for expenses transferred to Fixed assets	(25.50)	(33.00)
Provisions	1,229.70	921.50
Total expenses	**39,341.07**	**22,415.59**
Profit before tax	**(4,343.26)**	**6,231.27**
Tax expense		
Current Tax	2,313.60	2,445.40
Short / (excess) provision for tax for previous years	(31.10)	165.00
Deferred Tax	(3,795.47)	(452.58)
Total	**(1,512.97)**	**2,157.82**
Restated profit after tax	**(2,830.29)**	**4,073.44**

RESTATED STANDALONE SUMMARY STATEMENT OF CASH FLOWS AS PER INDIAN GAAP

(*₹ in millions*)

Sr. No.	Particulars	For the period ended	
		March 31, 2014	**March 31, 2013**
A	**Cash Flow from Operating Activities:**		
	Profit / (Loss) before tax	(4,343.26)	6,231.27
	Adjustments for:		
	Non Cash Expenditure and Non Operating Expenses		
	Depreciation / Amortisation	183.55	146.40
	Finance Cost	0.90	9.00
	Loss on Sale of Fixed Assets	8.80	54.00
	Non Operating Income		
	Interest Income	(5,434.30)	(4,991.60)
	Dividend received	(27.50)	(81.10)
	Other Items		
	Fund Utilised for CSR	(16.60)	-
	Operating Profit before Working Capital Changes	**(9,628.41)**	**1,367.97**
	Adjustment for movement in Working Capital		
	(Increase) / Decrease		
	(Increase) / decrease in Inventories	(7,616.87)	(9,059.52)
	(Increase) / decrease in Trade receivables and Short-term Loans and advances	3,245.29	74,922.99
	(Increase) / decrease in Other current & Non-current assets	(806.62)	3,639.60
	Increase / (decrease) Trade payables and Other current Liabilities and provisions	(1,658.66)	(64,024.67)
	(Increase) / decrease Long-term loans and advances	(74.95)	(11.30)
	Increase / (decrease) Long-term liabilities and provisions	9,805.80	(2,870.37)
	Cashflow generated from operations	**(6,734.42)**	**3,964.70**
	Direct Taxes paid (net)	(1,951.90)	(1,948.70)
	Net cashflow from Operating Activities (A)	**(8,686.32)**	**2,016.00**
B	**Cashflow from Investing Activities:**		
	Purchase of fixed assets	(555.68)	(232.10)
	Capital work-in-progress	(341.80)	(400.60)
	Proceeds from sale of Fixed assets	1.00	5.00
	Capital advance	622.40	(611.90)
	Interest income	5,434.30	4,991.60
	Dividend received	27.50	81.10
	Net Cashflow from/(used) in Investing Activities (B)	**5,187.72**	**3,833.10**
C	**Cashflow from Financing Activities:**		
	Dividend paid	(1,170.00)	(1,157.60)
	Interest paid	(0.90)	(9.00)
	Net Cashflow from/(used) in Financing Activities (C)	**(1,170.90)**	**(1,166.60)**
	Net increase/(decrease) in Cash and cash equivalents (A) + (B) + (C)	**(4,669.50)**	**4,682.50**
	Cash and cash equivalents at the beginning of the year	8,433.00	3,750.50
	Cash and cash equivalents at the end of the year	**3,763.50**	**8,433.00**
	Cash and cash equivalents comprises of:		
	Cash and Cash Equivalents		
	a) Balances with Banks:-		
	- In current accounts		
	i) In India	45.30	322.80
	ii) Outside India	5.60	6.30
	- In cash credit accounts	-	0.10

Sr. No.	Particulars	For the period ended	
		March 31, 2014	March 31, 2013
	- In deposit accounts	1,712.60	3,593.70
	b) In fixed deposit accounts less than 3 months maturities	2,000.00	4,510.00
	c) Cash on hand	-	0.10
	Total	**3,763.50**	**8,433.00**

THE OFFER

The following table summarizes the Offer details:

Offer of Equity Shares (1)	[●] Equity Shares aggregating ₹[●] million
Of which:	
Employee Reservation Portion(2)(3)(4)	[●] Equity Shares aggregating to [●] million
Accordingly,	
Net Offer	22,410,000 Equity Shares aggregating to ₹[●] million
A) QIB Portion(2)(3)	11,205,000 Equity Shares
of which:	
Mutual Fund Portion	560,250 Equity Shares
Balance of QIB portion for all QIBs including Mutual Funds	10,644,750 Equity Shares
B) Non-Institutional Portion(2)(3)	Not less than 3,361,500 Equity Shares
C) Retail Portion(2)(3)(4)	Not less than 7,843,500 Equity Shares
Pre and post Offer Equity Shares	
Equity Shares outstanding prior to the Offer	224,100,000 Equity Shares
Equity Shares outstanding after the Offer	224,100,000 Equity Shares
Utilisation of the proceeds from Offer for Sale	Our Company will not receive any proceeds from the Offer for Sale. For details, see "*Objects of the Offer*" on page 91.

(1) The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on March 01, 2018. The Offer has been authorized by the Selling Shareholder, through its letter bearing number 23(60)/2015/GRSE/D(NS-I) dated February 01, 2018, conveying the approval granted by the Selling Shareholder for the Offer. The Equity Shares offered by the Selling Shareholder in the Offer have been held by it for a period of at least one year prior to the date of this DRHP and are eligible for being offered for sale in the Offer as required under the SEBI ICDR Regulations. The Selling Shareholder, through its letter bearing number 23(60)/2015/D(NS-I) dated March 09, 2018, conveyed the consent for inclusion of 22,410,000 Equity Shares and such number of additional Equity Shares not exceeding 5.00% of the post offer share capital as permitted under applicable law for allocation and allotment to Eligible Employees of our Company under the Employee Reservation Portion, held by the President of India, acting through the Ministry of Defence, Government of India as part of the Offer for Sale.

(2) Eligible Employees Bidding in the Employee Reservation Portion (if any) can Bid up to a Bid Amount of ₹500,000 (on a net basis). However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000 (on a net basis). In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (on a net basis), subject to the maximum value of Allotment made to an Eligible Employee not exceeding ₹500,000 (on a net basis). The unsubscribed portion, if any, in the Employee Reservation Portion, shall be added to the Net Offer.

(3) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. For further details, see "Offer Structure" on page 525.

(4) The Selling Shareholder and our Company, in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent to up to ₹[●] per Equity Share) and a discount of up to [●]% (equivalent to up to ₹[●] per Equity Share) on the Offer Price to the Retail Individual Bidders and the Eligible Employees Bidding under the Retail Portion and the Employee Reservation Portion (if any), respectively. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the Pre-Offer Advertisement will be published. For further details, see "Offer Procedure" on page 529.

Allocation to Bidders in all categories, except the Retail Portion, shall be made on a proportionate basis. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be Allocated on a proportionate basis. For further details, see "*Offer Procedure – Allotment Procedure and Basis of Allotment*" on page 564

GENERAL INFORMATION

Our Company was incorporated in Bombay as a private limited company on February 26, 1934 as *Mazagon Dock Private Limited* with the Registrar of Companies, Bombay under the Indian Companies Act, 1913. For further details in connection with change in name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 152.

Registered and Corporate Office

Mazagon Dock Shipbuilders Limited
Dockyard Road, Mumbai – 400 010
Telephone: +91 22 2376 2000
Facsimile: +91 22 2372 5043
Website: www.mazagondock.in
Email: investor@mazdock.com
Corporate Identity Number: U35100MH1934GOI002079

Address of the Registrar of Companies

Our Company is registered with the RoC, Mumbai situated at the following address:

100, Everest
Marine Drive
Mumbai 400 002
Telephone: +91 22 2281 2627
Facsimile: +91 22 2281 1977

Board of Directors

The following table sets out the composition of our Board as on the date of this Draft Red Herring Prospectus:

Name and Designation	DIN	Address
Rakesh Anand Chairman and Managing Director	06461099	11, Currie House, MDL Officers Residential Complex, Dockyard Road, Mazgaon, Mumbai - 400 010, Maharashtra, India
Rajiv Lath Director (Submarine & Heavy Engineering)	06713808	12, Currie House, MDL Officers Quarters, Mazgaon Dock Limited, Mazagon, Mumbai, 400 010 Maharashtra, India
Sanjiv Sharma Director (Finance) and Chief Financial Officer	05328027	14, Currie House, MDL Officers Quarters, Mazgaon Dock Limited, Mazagon, Mumbai, 400 010 Maharashtra, India
T.V. Thomas Director (Corporate Planning and Personnel)	07978819	01, Currie House, Dockyard Road, Mazagon, Mumbai-400010, Maharashtra, India.
Anil K. Saxena Director (Shipbuilding)	08006255	F – 131, Sector III, Nehru Nagar, Nasirpur, Rakesh Marg, Ghaziabad – 201001, Uttar Pradesh, India
Shridhar L Bapat Independent Director (Part Time Non-Official)	03363761	9-C, Anjaneya Chs Ltd., Orchard Avenue, Opp. Hiranandani School, Powai, Mumbai - 400 076, Maharashtra India
Usha Sankar Independent Director (Part Time Non-Official)	06998746	S-4, Heritage Ganga, 2, Vyasar Street, T. Nagar, Chennai - 600 017, Tamil Nadu, India
Sanjeev Bhasin Independent Director (Part Time Non-Official)	07413068	A-3, Noida Expressway, Sector 108 Noida, Gautam Buddha Nagar, Noida - 201 301, Uttar Pradesh, India

Name and Designation	DIN	Address
Devi Prasad Pande Independent Director (Part Time Non-Official)	00960974	H-32 D, SFS, DDA Flats, Saket (South Delhi), South Delhi, Delhi - 110017
Kamaiah Bandi Independent Director (Part Time Non-Official)	07962235	15-8, Sudharshan Nagar, Serilingampally, Lingampalli, Rangareddi-500019, Telangana, India
Mailareshwar J. Jeevannavar Independent Director (Part Time Non-Official)	03266130	House No. 05, Laxmi Layout, Basaveshwar Nagar, Gokul Road, Hubballi, Dharwad - 580030, Karnataka, India

For further details of our Board of Directors, see "*Our Management*" on page 162.

Chief Financial Officer

Sanjiv Sharma is the Chief Financial Officer of our Company. His contact details are as follows:

Dockyard Road, Mumbai – 400 010,
Maharashtra, India.
Telephone: +91 22 2376 2000
Facsimile: +91 22 2372 5043
Email: df@mazdock.com

Company Secretary and Compliance Officer

Vijayalakshmi Kumar is the Company Secretary and the Compliance Officer of our Company. Her contact details are as follows:

Dockyard Road, Mumbai – 400 010,
Maharashtra, India.
Telephone: +91 22 2376 2000
Facsimile: +91 22 2372 5043
Email: investor@mazdock.com

Investors Grievances

Investors can contact the Company Secretary and Compliance Officer, the BRLMs, the Registrar to the Offer, in case of any pre-Offer or post-Offer related problems, such as non-receipt of Allotment Advice, non-credit of Allotted Equity Shares in the respective beneficiary account, and non-receipt of funds by electronic mode.

All grievances may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or First Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

All grievances relating to Bids submitted with Registered Brokers may be addressed to them with copy to the Stock Exchanges and to the Registrar to the Offer.

Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Book Running Lead Managers

YES SECURITIES (INDIA) LIMITED
Address: Unit no. 602 A, 6th Floor, Tower 1 & 2, IFC Senapati Bapat Marg, Elphinstone Road, Mumbai 400013
Telephone: +91 22 3012 6919
Facsimile: +91 22 2421 4508
E-mail: mdl.ipo@yessecuritiesltd.in
Investor grievance e-mail: igc@yessecuritiesltd.in
Contact Person: Mukesh Garg/ Pratik Pednekar
Website: www.yesinvest.in
SEBI Registration No.: INM000012227

AXIS CAPITAL LIMITED
Address: Axis House, 1st Floor, Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai 400 025
Telephone: + 91 22 4325 2183
Facsimile: +91 22 4325 3000
E-mail: mazagon.ipo@axiscap.in
Investor grievance e-mail: complaints@axiscap.in
Contact Person: Akash Aggarwal
Website: www.axiscapital.co.in
SEBI Registration No.: INM000012029

EDELWEISS FINANCIAL SERVICES LIMITED
Address: 14th Floor, Edelweiss House, Off. C.S.T Road, Kalina, Mumbai 400 098
Telephone: +91 22 4009 4400
Facsimile: +91 22 4086 3610
E-mail: mdl.ipo@edelweissfin.com
Investor grievance e-mail: customerservice.mb@edelweissfin.com
Contact Person: Nishita John/Raviraj Acharya
Website: www.edelweissfin.com
SEBI Registration No.: INM0000010650

IDFC BANK LIMITED
Address: Naman Chambers, C – 32, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
Telephone: +91 22 7132 5500
Facsimile: +91 22 4222 2088
Email: mazagon.ipo@idfcbank.com
Website: www.idfcbank.com
Investor Grievance ID: mb.ig@idfcbank.com
Contact Person: Gaurav Goyal
SEBI Registration Number: MB/INM000012250

JM FINANCIAL LIMITED
Address: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.
Telephone: +91 22 6630 3030
Facsimile: +91 22 6630 3330
E-mail: mdl.ipo@jmfl.com
Investor grievance e-mail: grievance.ibd@jmfl.com
Contact Person: Prachee Dhuri
Website: www.jmfl.com
SEBI Registration No.: INM000010361

Statement of the *inter-se* allocation of responsibilities among the BRLMs

The responsibilities and co-ordination by the BRLMs for various activities in this Offer are as follows:

Sr. No	Activity	Responsibility	Co-ordinator
1.	Pre-offer due diligence of our Company's operations/ management/ business plans/ legal.	BRLMs	YES Securities
2.	Drafting and designing of the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus.	BRLMs	YES Securities
3.	Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same.	BRLMs	YES Securities
4.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.	BRLMs	YES Securities
5.	Co-ordination of auditor deliverables	BRLMs	YES Securities
6.	Appointment of advertising agency including co-ordination for agreements to appoint the ad agency and filing of media compliance report to SEBI.	BRLMs	Edelweiss Financial
7.	International institutional marketing including co-ordination for research briefing, allocation of investors for meetings and finalize roadshow schedules, preparation and finalisation of the road-show presentation and frequently asked questions.	BRLMs	Edelweiss Financial

Sr. No	Activity	Responsibility	Co-ordinator
8.	Drafting and approval of all publicity material including corporate advertisement, brochure.	BRLMs	Edelweiss Financial
9.	Drafting and approval of all statutory advertisements	BRLMs	Edelweiss Financial
10.	Appointment of Registrar to the Offer including co-ordination for agreements to appoint the Registrar to the Offer	BRLMs	IDFC
11.	Appointment of Monitoring Agency (if applicable) to the Offer including co-ordination for agreements to appoint the Monitoring Agency to the Offer	BRLMs	IDFC
12.	Domestic institutional marketing including banks/ mutual funds and allocation of investors for meetings and finalizing road show schedules. Pricing and managing the book.	BRLMs	IDFC
13.	Appointment of Banker(s) to the Offer and printer	BRLMs	JM Financial
14.	Non-Institutional marketing of the Offer and retail marketing of the Offer, which will cover, inter alia: • Formulating marketing strategies; • Preparation of publicity budget, finalizing media and public relations strategy; • Finalizing centres for holding conferences for brokers; • Finalizing collection centres; and • Follow-up on distribution of publicity and Offer material including form, Prospectus and deciding on the quantum of the Offer material.	BRLMs	JM Financial
15.	Coordination with Stock Exchanges for book building process, filing of letters including software, bidding terminals, mock trading and anchor investor intimation, and payment of 1% security deposit to the designated stock exchange.	BRLMs	JM Financial
16.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Banks, intimation of allocation and dispatch of refund to Bidders, etc.	BRLMs	Axis Capital
17.	Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and co-ordination with various agencies connected with the post-Offer activity such as Registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable.	BRLMs	Axis Capital
18.	Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholder under the Offer for Sale to the Government and filing of the securities transactions tax return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004.	BRLMs	Axis Capital
19.	Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI.	BRLMs	Axis Capital

Registrar to the Offer

Alankit Assignments Limited
Alankit Heights, 1E/13 Jhandewalan Extension,
New Delhi – 110055 India
Telephone: +91 11 4254 1952/54
Facsimile: +91 11 4154 3474
Email: mdl_ipo@alankit.com

Website: www.alankit.com
Investor Grievance ID: mdl_igr@alankit.com
Contact Person: Pankaj Goenka /Bojimon KH
SEBI Registration Number**:** INR000002532

Indian Legal Counsel to our Company and the Selling Shareholder

DSK Legal, Advocates & Solicitors
1203, One Indiabulls Centre,
Tower 2, Floor 12 B,
841, Senapati Bapat Marg,
Elphinstone Road, Mumbai - 400 013
Telephone: +91 22 6658 8000
Facsimile: +91 22 6658 8001

International Legal Counsel to our Company and the Selling Shareholder

Riker, Danzig, Scherer, Hyland & Perretti, LLP
500 Fifth Avenue,
49th Floor,
New York, NY 10001,USA
Telephone: +1 (212) 302-6574
Facsimile: +1 (973) 451-3709

Indian Legal Counsel to the Book Running Lead Managers

Cyril Amarchand Mangaldas
201, Midford House, Midford Garden,
Off M.G. Road, Bengaluru 560 001, Karnataka, India
Telephone: +91 80 2558 4870
Facsimile: + 91 80 2558 4266

Statutory Auditors of our Company

Ford Rhodes Parks & Co. LLP
312/313, Sai Commercial Building,
3rd Floor, BKS Devshi Marg,
Govandi East, Mumbai 400 088
Telephone: +91 22 67979819 / 20
Facsimile: +91 22 67979821
Firm Registration No: 102860W / W100089
Email: frp_mumbai@hotmail.com
Peer Review No: 010240

Bankers to our Company

State Bank of India
2nd floor, Commercial Branch,
N.G.N Vaidya Marg,
Horniman Circle, Fort,
Mumbai - 400001
Telephone: +91 22 2266 2064
Email: c.sarkar@sbi.co.in

HDFC Bank Limited
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai - 400013
Telephone: +91 22 3395 8187
Email: amritam.singh@hdfcbank.com

Syndicate Members

The Syndicate Members will be appointed prior to filing of the Red Herring Prospectus with the RoC.

Banker to the Offer/Public Offer Account Bank

IDBI Bank Limited
Mittal Tower, C wing, ground floor,
Nariman Point, Mumbai-400021

Axis Bank Limited
New Marinelines branch
Gr. Floor, Harchandrai House,

Telephone: +91 22-2288 5424
Facsimile: +91 22-6633 6362
Email: ibk10000004@idbi.co.in

81, Queen's road, M.K Marg,
Mumbai-400 002
Telephone: +91 22 6700 2331
Facsimile: +91 22 2200 7703
Email: NewMarineLines.Branchhead@axisbank.com
SEBI Registration Number: INBI00000017

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs for the ASBA process is provided on the website of SEBI at www.sebi.gov.in or such other websites as updated from time to time. For details of the Designated Branches which shall collect ASBA Forms from the Bidders and Designated Intermediaries, please refer to the above-mentioned link.

Syndicate SCSB Branches

In relation to Bids submitted to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of ASBA Forms from the members of the Syndicate is available on the website of the SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For more information on such branches collecting ASBA Forms from the Syndicate at Specified Locations, see the website of the SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes.

Registered Brokers

Bidders can submit ASBA Forms in the Offer through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone numbers, and e-mail address, is provided on the websites of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively, and such other websites as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone numbers, and e-mail address, is provided on the websites of BSE and NSE at www.bseindia.com and www.nseindia.com, respectively, and such other websites as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the websites of BSE and NSE at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, or such other websites as updated from time to time.

IPO grading

No credit rating agency, registered with SEBI has been appointed in respect of obtaining grading for the Offer.

Credit Rating

As this is an offer of Equity Shares, there is no credit rating for the Offer.

Experts

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Statutory Auditors, namely, M/s Ford Rhodes Parks & Co., LLP, who hold a valid peer review certificate, to include its name as required under section 26(1)(a)(v) of the Companies Act in this Draft Red Herring Prospectus and as an "Auditor" or "Statutory Auditor" and "expert" as defined under section 2(38) of the Companies Act in respect of the examination report dated March 01, 2018 and March 01, 2018 of the Statutory Auditors on the Restated Standalone Financial Statements and Restated Consoldiated Financial Statements of our Company and the statement of tax benefits dated March 20, 2018, included in this Draft Red Herring Prospectus and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus.

Trustees

As this is an offer of Equity Shares, there are no trustees appointed for the Offer.

Appraising Agencies

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, no appraising entity has been appointed for the Offer.

Monitoring Agency

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, no monitoring agency has been appointed for the Offer.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms within the Price Band. The Price Band, minimum Bid lot size, rupee amount of the Retail Discount and Employee Discount, as applicable shall be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, and advertised in all newspapers wherein the pre-Offer Advertisement will be published, at least five Working Days prior to the Bid/Offer Opening Date. The Offer Price shall be determined by our Company and the Selling Shareholder, in consultation with the BRLMs after the Bid/Offer Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholder;
- the BRLMs;
- the Syndicate Members;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Offer;
- the Escrow Collection Bank(s);
- the RTAs; and
- the Collecting Depository Participants.

All Bidders can participate in the Offer only through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs Bidding in the QIB Portion and Non-Institutional Investors Bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders and Eligible Employees bidding in the Employee Reservation Portion can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date.

Our Company confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI for this Offer. The Selling Shareholder, confirms that it will comply with the SEBI ICDR Regulations and any other directions issued by SEBI, as applicable, to the respective portion of their respective Equity Shares offered in the Offer for Sale.

The process of Book Building under the SEBI ICDR Regulations and the Bidding Process are subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to submitting a Bid in the Offer.

For further details, see *"Offer Structure" and "Offer Procedure"* on pages 525 and 529, respectively. For an illustration of the Book Building Process and the price discovery process, see *"Offer Procedure – Part B – Basis of Allocation"* on page 563.

Notwithstanding the foregoing, the Offer is also subject to obtaining (i) the final approval of the RoC after the Prospectus is filed with the RoC; and (ii) final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment.

Withdrawal of the Offer

For details in relation to refund on withdrawal of the Offer, see "*Terms of the Offer*" on page 520.

Underwriting Agreement

After the determination of the Offer Price and allocation of the Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder shall enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of such Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein. The Underwriting Agreement is dated [●] and has been approved by our Board of Directors / committee thereof and the Selling Shareholder.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with the RoC)

(₹ in million)

Name, address, telephone, fax, and email of the Underwriters	Indicated number of Equity Shares to be Underwritten	Amount Underwritten
[●]	[●]	[●]
Total	[●]	[●]

The above mentioned is indicative underwriting and will be finalised after pricing and actual allocation and subject to the provisions of Regulation 13(2) of the SEBI ICDR Regulations.

In the opinion of our Board of Directors and the Selling Shareholder (based on a certificate given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with SEBI under section 12 (1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The Board of Directors/ IPO Committee, at its meeting, held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments set forth in the table above. Notwithstanding the above table, the Underwriters shall only be responsible for ensuring payment with respect to the Bids procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The underwriting arrangements mentioned above shall not apply to the applications by the ASBA Bidders in the Offer, except for ASBA Bids procured by any member of the Syndicate.

CAPITAL STRUCTURE

The share capital of our Company, as on the date of this Draft Red Herring Prospectus, is set forth below.

(In ₹ except share data)

	Particulars	Aggregate value at face value	Aggregate value at Offer Price
A.	**AUTHORISED SHARE CAPITAL***		
	323,720,000 Equity Shares	3,237,200,000	-
B.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	224,100,000 Equity Shares	2,241,000,000	-
C.	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Offer for sale of [●] Equity Shares by the Selling Shareholder[(a)]	[●]	[●]
D.	Employee Reservation Portion of [●] Equity Shares	[●]	[●]
	Net Offer of up to 22,410,000 Equity Shares	224,100,000	[●]
E.	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER**		
	224,100,000 Equity Shares	2,241,000,000	-
F.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	Nil	
	After the Offer**	Nil	

** For details in relation to the alteration to the authorised share capital of our Company, see "History and Certain Corporate Matters – Amendments to our Memorandum of Association" on page 155.*
***As the Offer is an Offer for Sale, the entire proceeds would go to MoD. Our Company shall not receive any proceeds from the Offer.*

(a) The Offer has been authorised by resolutions of our Board dated March 01, 2018 and by the Selling Shareholder through its letter bearing number 23(60)/2015/GRSE/D(NS-I) dated February 01, 2018, conveying the approval granted by the Selling Shareholder GoI for the Offer.
(b) The Selling Shareholder vide its letter bearing number 23(60)/2015/D(NS-I) dated March 09, 2018, conveyed the consent for inclusion of 22,410,000 Equity Shares and such number of additional Equity Shares not exceeding 5.00% of the post offer share capital as permitted under applicable law for allocation and allotment to eligible employees of our Company under the Employee Reservation Portion, held by the President of India, acting through the Ministry of Defence, Government of India as part of the Offer for Sale.

Notes to the capital structure

1. Share Capital History :

(i) History of Equity Share capital of our Company

The following table sets out the history of the equity share capital of our Company:

Date of allotment of Equity Shares/ date when fully paid up	No. of Equity Shares allotted	Face Value (₹)	Issue/ Buy-back price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
August 07, 1934	4	100	100	Cash	Initial subscription to the MoA[(1)]	4	400

Date of allotment of Equity Shares/ date when fully paid up	No. of Equity Shares allotted	Face Value (₹)	Issue/ Buy-back price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
November 30, 1935	17,996	100	-	Other than cash	Allotment pursuant to sale agreement dated November 30, 1935(2)	18,000	1,800,000
May 31, 1948*	45,000	100	100	Cash	Further Issue(3)	63,000	6,300,000
February 20, 1962	10,000	100	100	Cash	Allotment to the Promoter	73,000	7,300,000
November 22, 1963	25,000	100	100	Cash	Allotment to the Promoter	98,000	9,800,000
November 24, 1964	10,000	100	100	Cash	Allotment to the Promoter	108,000	10,800,000
August 24, 1965	20,000	100	100	Cash	Allotment to the Promoter	128,000	12,800,000
January 25, 1966	40,000	100	100	Cash	Allotment to the Promoter	168,000	16,800,000
July 19, 1966	16,000	100	100	Cash	Allotment to the Promoter	184,000	18,400,000
September 22, 1966	32,000	100	100	Cash	Allotment to the Promoter	216,000	21,600,000
March 31, 1967	52,000	100	100	Cash	Allotment to the Promoter	268,000	26,800,000
September 20, 1967	32,000	100	100	Cash	Allotment to the Promoter	300,000	30,000,000
September 23, 1970	30,000	100	100	Cash	Allotment to the Promoter	330,000	33,000,000
September 23, 1971	25,000	100	100	Cash	Allotment to the Promoter	355,000	35,500,000
December 07, 1972	25,000	100	100	Cash	Allotment to the Promoter	380,000	38,000,000
March 11, 1974	50,000	100	100	Cash	Allotment to the Promoter	430,000	43,000,000
April 15, 1974	10,000	100	100	Cash	Allotment to the Promoter	440,000	44,000,000
January 30, 1975	50,000	100	100	Cash	Allotment to the Promoter	490,000	49,000,000

Date of allotment of Equity Shares/ date when fully paid up	No. of Equity Shares allotted	Face Value (₹)	Issue/ Buy-back price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
April 13, 1978	110,000	100	100	Cash	Allotment to the Promoter	600,000	60,000,000
January 17, 1979	100,000	100	100	Cash	Allotment to the Promoter	700,000	70,000,000
December 18, 1979	100,000	100	100	Cash	Allotment to the Promoter	800,000	80,000,000
April 21, 1980	50,000	100	100	Cash	Allotment to the Promoter	850,000	85,000,000
March 12, 1981	200,000	100	100	Cash	Allotment to the Promoter	1,050,000	105,000,000
June 24, 1981	300,000	100	100	Cash	Allotment to the Promoter	1,350,000	135,000,000
March 29, 1982	600,000	100	100	Cash	Allotment to the Promoter	1,950,000	195,000,000
June 26, 1982	650,000	100	100	Cash	Allotment to the Promoter	2,600,000	260,000,000
March 31, 1983	1,200,000	100	100	Cash	Allotment to the Promoter	3,800,000	380,000,000
April 16, 1983	500,000	100	100	Cash	Allotment to the Promoter Issue	4,300,000	430,000,000
June 24, 1983	600,000	100	100	Cash	Allotment to the Promoter	4,900,000	490,000,000
September 29, 1983	800,000	100	100	Cash	Allotment to the Promoter	5,700,000	570,000,000
June 29, 1984	200,000	100	100	Cash	Allotment to the Promoter	5,900,000	590,000,000
August 06, 1984	85,000	100	100	Cash	Allotment to the Promoter	5,985,000	598,500,000
March 28, 1985	800,000	100	100	Cash	Allotment to the Promoter	6,785,000	678,500,000
June 27, 1985	200,000	100	100	Cash	Allotment to the Promoter	6,985,000	698,500,000
June 06, 1986	500,000	100	100	Cash	Allotment to the Promoter	7,485,000	748,500,000

Date of allotment of Equity Shares/ date when fully paid up	No. of Equity Shares allotted	Face Value (₹)	Issue/ Buy-back price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
August 01, 1986	1,300,000	100	100	Cash	Allotment to the Promoter	8,785,000	878,500,000
September 08, 1986	1,200,000	100	100	Cash	Allotment to the Promoter	9,985,000	998,500,000
June 06, 1987	150,000	100	100	Cash	Allotment to the Promoter	10,135,000	1,013,500,000
December 11, 1987	1,300,000	100	100	Cash	Allotment to the Promoter	11,435,000	1,143,500,000
December 21, 1988	1,000,000	100	100	Cash	Allotment to the Promoter	12,435,000	1,243,500,000
May 19, 1989	200,000	100	100	Cash	Allotment to the Promoter	12,635,000	1,263,500,000
May 19, 1989	600,000	100	100	Cash	Allotment to the Promoter	13,235,000	1,323,500,000
August 10, 1989	1,000,000	100	100	Cash	Allotment to the Promoter	14,235,000	1,423,500,000
May 02, 1990	935,000	100	100	Cash	Allotment to the Promoter	15,170,000	1,517,000,000
June 18, 1990	1,700,000	100	100	Cash	Allotment to the Promoter	16,870,000	1,687,000,000
September 30, 1991	500,000	100	100	Cash	Allotment to the Promoter	17,370,000	1,737,000,000
May 19, 1992	450,000	100	100	Cash	Allotment to the Promoter	17,820,000	1,782,000,000
February 05, 1993	500,000	100	100	Cash	Allotment to the Promoter	18,320,000	1,832,000,000
March 05, 1993	500,000	100	100	Cash	Allotment to the Promoter	18,820,000	1,882,000,000
July 27, 1994	500,000	100	100	Cash	Allotment to the Promoter	19,320,000	1,932,000,000
February 09, 1995	200,000	100	100	Cash	Allotment to the Promoter	19,520,000	1,952,000,000
June 27, 1995	400,000	100	100	Cash	Allotment to the Promoter	19,920,000	1,992,000,000
March 31, 2017	4,980,000	100	-	-	Bonus issue (ratio of one equity share	24,900,000	2,490,000,000

Date of allotment of Equity Shares/ date when fully paid up	No. of Equity Shares allotted	Face Value (₹)	Issue/ Buy-back price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share Capital (₹)
					for every four fully paid up equity share held)		
Pursuant to board resolution dated September 22, 2017, the Equity Shares of face value of ₹100 each were split into ten Equity Shares of the face value of ₹10 each. Accordingly, the issued and paid up capital of our Company stood revised from 24,900,000 Equity Shares of ₹100 each to 249,000,000 Equity Shares of ₹10 each.							
December 08, 2017**	(24,900,000)	10	101.80	Cash	Buy-back of Equity Shares from the shareholders	224,100,000	2,241,000,000

**part payment for the allotment of 22,500 Equity Shares each was made by British India Steam Navigation Company Limited and Peninsular & Oriental Steam Navigation Company. The Equity Shares were fully paid up on March 30, 1950.*

*** Buy back of 24,900,000 Equity Shares by our Company at a price of ₹101.80 per Equity Share from the existing shareholders as authorized by our Board through a resolution dated September 22, 2017.*

(1) Subscription of one Equity Share each by A.O. Brown and R.R. Haddow and allotment of one Equity Share each to A.K.G. Hogg and W. Keay

(2)9,000 Equity Shares were allotted to Peninsular & Oriental Steam Navigation Company Limited, 8,995 Equity Shares were allotted to British India Steam Navigation Company Limited and one Equity Share was allotted to H.M. Muir

(3) 22,500 Equity Shares were Allotted to Peninsular & Oriental Steam Navigation Company Limited and 22,500 Equity Shares were allotted to British India Steam Navigation Company Limited

#Note: RoC filings pertaining to the allotments prior to March 31, 2017 as per the table above are not traceable. Please refer to the section titled "Risk Factors – We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures. Further, there are certain discrepancies in the records available with us" on page 28.

All allotments made post February 20, 1962 were made to the President of India, acting through the MoD, and his nominees pursuant to the acquisition of the Company by the GoI.

(ii) History of preference share capital of our Company

The following table sets out the history of the preference share capital of our Company:

Date of allotment/redemption	Number of preference Shares allotted /(redeemed)	Face value (₹)	Issue price /conversion price (₹)	Nature of consideration	Details	Cumulative number of preference shares	Cumulative preference share capital
April 21, 1999	12,372,000	100	-	Other than cash	Conversion of Government loan amounting to ₹985.5 million plus accumulated interest of ₹251.7 million (upto March 31, 1997)	12,372,000	1,237,200,000

Date of allotment/redemption	Number of preference Shares allotted /(redeemed)	Face value (₹)	Issue price /conversion price (₹)	Nature of consideration	Details	Cumulative number of preference shares	Cumulative preference share capital
					aggregating to ₹1,237.2 million by issue of 12,372,000, 7% Redeemable Cumulative Preference shares		
March 31, 2000	(1,600,000)	100	100	Cash	Redemption of 7% Redeemable Cumulative Preference Shares	10,772,000	1,077,200,000
September 22, 2000	(874,400)	100	100	Cash	Redemption of 7% Redeemable Cumulative Preference Shares	9,897,600	989,760,000
October 01, 2007*	(2,474,400)	100	100	Cash	Redemption of 7% Redeemable Cumulative Preference Shares	7,423,200	742,320,000
2008-2009*	(2,474,400)	100	100	Cash	Redemption of 7% Redeemable Cumulative Preference Shares	4,948,800	494,880,000
2009-10*	(2,474,400)	100	100	Cash	Redemption of 7% Redeemable Cumulative Preference Shares	2,474,400	247,440,000
2010-11*	(2,474,400)	100	100	Cash	Redemption of 7% Redeemable Cumulative Preference Shares	Nil	Nil

**Note: RoC filings pertaining to all the redemptions after September 22, 2000 as per the table above are not traceable. Please refer to the section titled "Risk Factors – We do not have access to records and data pertaining to certain historical legal and secretarial information in relation to certain disclosures. Further, there are certain discrepancies in the records available with us." on page 28.*

(iii) Allotments for consideration other than cash

Equity Shares issued for consideration other than cash

Date of allotment /transaction	No. of Equity Shares	Face Value (₹)	Issue price per Equity Share (₹)	Reasons for allotment
November 30, 1935	17,996	100	-	Allotment pursuant to sale agreement dated November 30, 1935

Preference Shares issued for consideration other than cash

Date of allotment /transaction	No. of Preference Shares	Face Value (₹)	Issue price per Equity Share (₹)	Reasons for allotment
April 21, 1999	12,372,000	100	-	Conversion of Government loan amounting to ₹985.5 million plus accumulated interest of ₹251.70 million (upto March 31, 1997) aggregating to ₹1,237.2 million

Date of allotment /transaction	No. of Preference Shares	Face Value (₹)	Issue price per Equity Share (₹)	Reasons for allotment
				by issue of 12,372,000, 7% Redeemable Cumulative Preference shares

2. **History of build-up, Promoter's contribution and Lock-in of Promoters' Shareholding**

a) **Build-up of Promoters' shareholding in our Company**

As on the date of this Draft Red Herring Prospectus, our Promoter holds, in aggregate, 224,100,000 Equity Shares, which constitutes 100% of the issued, subscribed and paid-up Equity Share capital of our Company.

Date of allotment of Equity Shares/ Date when fully paid up	No. of Equity Shares allotted / transferred	Face Value (₹)	Issue/ Buyback price per Equity Share (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Percentage of pre-Offer issued and paid up capital**	Percentage of post-Offer issued and paid up capital**
May 13, 1960	62,995[#]	100	100	Cash	Transfer of shares to the Promoter	62,995	0.28	0.28
February 20, 1962	10,000	100	100	Cash	Allotment to the Promoter	72,995	0.04	0.04
November 22, 1963	25,000	100	100	Cash	Allotment to the Promoter	97,995	0.11	0.11
November 24, 1964	10,000	100	100	Cash	Allotment to the Promoter	107,995	0.04	0.04
August 24, 1965	20,000	100	100	Cash	Allotment to the Promoter	127,995	0.09	0.09
January 25, 1966	40,000	100	100	Cash	Allotment to the Promoter	167,995	0.18	0.18
July 19, 1966	16,000	100	100	Cash	Allotment to the Promoter	183,995	0.07	0.07
September 22, 1966	32,000	100	100	Cash	Allotment to the Promoter	215,995	0.14	0.14
March 31, 1967	52,000	100	100	Cash	Allotment to the Promoter	267,995	0.23	0.23
September 20, 1967	32,000	100	100	Cash	Allotment to the Promoter	299,995	0.14	0.14
September 23, 1970	30,000	100	100	Cash	Allotment to the Promoter	329,995	0.13	0.13

Date of allotment of Equity Shares/ Date when fully paid up	No. of Equity Shares allotted / transferred	Face Value (₹)	Issue/ Buyback price per Equity Share (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Percentage of pre-Offer issued and paid up capital**	Percentage of post-Offer issued and paid up capital**
September 23, 1971	25,000	100	100	Cash	Allotment to the Promoter	354,995	0.11	0.11
December 07, 1972	25,000	100	100	Cash	Allotment to the Promoter	379,995	0.11	0.11
March 11, 1974	50,000	100	100	Cash	Allotment to the Promoter	429,995	0.22	0.22
April 15, 1974	10,000	100	100	Cash	Allotment to the Promoter	439,995	0.04	0.04
January 30, 1975	50,000	100	100	Cash	Allotment to the Promoter	489,995	0.22	0.22
April 13, 1978	110,000	100	100	Cash	Allotment to the Promoter	599,995	0.49	0.49
January 17, 1979	100,000	100	100	Cash	Allotment to the Promoter	699,995	0.45	0.45
December 18, 1979	100,000	100	100	Cash	Allotment to the Promoter	799,995	0.45	0.45
April 21, 1980	50,000	100	100	Cash	Allotment to the Promoter	849,995	0.22	0.22
March 12, 1981	200,000	100	100	Cash	Allotment to the Promoter	1,049,995	0.89	0.89
June 24, 1981	300,000	100	100	Cash	Allotment to the Promoter	1,349,995	1.34	1.34
March 29, 1982	600,000	100	100	Cash	Allotment to the Promoter	1,949,995	2.68	2.68
June 26, 1982	650,000	100	100	Cash	Allotment to the Promoter	2,599,995	2.90	2.90
March 31, 1983	1,200,000	100	100	Cash	Allotment to the Promoter	3,799,995	5.35	5.35
April 16, 1983	500,000	100	100	Cash	Allotment to the Promoter	4,299,995	2.23	2.23
June 24, 1983	600,000	100	100	Cash	Allotment to the Promoter	4,899,995	2.68	2.68
September 29, 1983	800,000	100	100	Cash	Allotment to the Promoter	5,699,995	3.57	3.57

Date of allotment of Equity Shares/ Date when fully paid up	No. of Equity Shares allotted / transferred	Face Value (₹)	Issue/ Buyback price per Equity Share (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Percentage of pre-Offer issued and paid up capital**	Percentage of post-Offer issued and paid up capital**
June 29, 1984	200,000	100	100	Cash	Allotment to the Promoter	5,899,995	0.89	0.89
August 06, 1984	85,000	100	100	Cash	Allotment to the Promoter	5,984,995	0.38	0.38
March 28, 1985	800,000	100	100	Cash	Allotment to the Promoter	6,784,995	3.57	3.57
June 27, 1985	200,000	100	100	Cash	Allotment to the Promoter	6,984,995	0.89	0.89
June 06, 1986	500,000	100	100	Cash	Allotment to the Promoter	7,484,995	2.23	2.23
August 01, 1986	1,300,000	100	100	Cash	Allotment to the Promoter	8,784,995	5.80	5.80
September 08, 1986	1,200,000	100	100	Cash	Allotment to the Promoter	9,984,995	5.35	5.35
June 06, 1987	150,000	100	100	Cash	Allotment to the Promoter	10,134,995	0.67	0.67
December 11, 1987	1,300,000	100	100	Cash	Allotment to the Promoter	11,434,995	5.80	5.80
December 21, 1988	1,000,000	100	100	Cash	Allotment to the Promoter	12,434,995	4.46	4.46
May 19, 1989	200,000	100	100	Cash	Allotment to the Promoter	12,634,995	0.89	0.89
May 19, 1989	600,000	100	100	Cash	Allotment to the Promoter	13,234,995	2.68	2.68
August 10, 1989	1,000,000	100	100	Cash	Allotment to the Promoter	14,234,995	4.46	4.46
May 02, 1990	935,000	100	100	Cash	Allotment to the Promoter	15,169,995	4.17	4.17
June 18, 1990	1,700,000	100	100	Cash	Allotment to the Promoter	16,869,995	7.59	7.59
September 30, 1991	500,000	100	100	Cash	Allotment to the Promoter	17,369,995	2.23	2.23
May 19, 1992	450,000	100	100	Cash	Allotment to the Promoter	17,819,995	2.01	2.01

Date of allotment of Equity Shares/ Date when fully paid up	No. of Equity Shares allotted / transferred	Face Value (₹)	Issue/ Buyback price per Equity Share (₹)	Nature of consideration	Nature of Allotment	Cumulative number of Equity Shares	Percentage of pre-Offer issued and paid up capital**	Percentage of post-Offer issued and paid up capital**
February 05, 1993	500,000	100	100	Cash	Allotment to the Promoter	18,319,995	2.23	2.23
March 05, 1993	500,000	100	100	Cash	Allotment to the Promoter	18,819,995	2.23	2.23
July 27, 1994	500,000	100	100	Cash	Allotment to the Promoter	19,319,995	2.23	2.23
February 09, 1995	200,000	100	100	Cash	Allotment to the Promoter	19,519,995	0.89	0.89
June 27, 1995	400,000	100	100	Cash	Allotment to the Promoter	19,919,995	1.78	1.78
March 31, 2017	4,980,000	100	-	-	Bonus issue (ratio of one equity share for every four fully paid up equity share held)	24,899,995	22.22	22.22
August 23, 2017	(1)	100	100	Cash	Transfer of Equity Shares from President of India to its nominees	24,899,994	Negligible	Negligible
With effect from September 22, 2017, the Equity Shares of face value of ₹100 each were split into ten Equity Shares of the face value of ₹10 each. Accordingly, the shareholding of the Promoter stood revised from 24,899,994 Equity Shares of ₹100 each to 248,999,940 Equity Shares of ₹10 each.								
December 08, 2017***	(24,900,000)	10	101.80	Cash	Buy- back by our Company of Equity Shares from the shareholders	224,099,940	11.11	11.11
Total		**10**	**10**			**224,099,940***	**100.00***	**100.00**

#Five equity shares were held by the nominees of our Promoter.
**60 Equity Shares are held by the nominees of our Promoter, who together with its nominees hold 224,100,000 Equity Shares.*
***Adjusted for split, as applicable*

All the Equity Shares held by our Promoter were fully paid-up as at the dates they were acquired by our Promoter.

****Buy back of 24,900,000 Equity Shares by our Company at a price of ₹101.80 per Equity Share from the existing shareholders as authorized by our Board through a resolution dated September 22, 2017.*

b) **Details of Promoter contribution locked in for three years:**

Pursuant to Regulations 32(1)(a) and 36 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post Offer paid up Equity Share capital of our Company held by our Promoters shall be considered as minimum Promoter's contribution and locked-in for a period of three years from the date of Allotment under this Offer. ("**Promoter's Contribution**").

The President of India, acting through the MoD has, vide letter bearing reference No. 23(60)/2015/D(NS-I) dated March 09, 2018 consented to include 44,820,000 Equity Shares held by it, constituting 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoter's Contribution, and has agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber in any manner the Promoter's Contribution from the date of this Draft Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations.

The MoD has confirmed to our Company and the BRLMs that the acquisition of Equity Shares (constituting the 20% of the fully diluted post-Offer equity share capital of our Company) has been financed from the consolidated fund of India and no loans or financial assistance from any bank or financial institution has been availed for such purpose.

Details of the Promoter's Contribution are as provided below:

Name of promoter	No. of Equity Shares	Date on which Equity Shares were allotted/ acquired	Nature of issue	Issue price/ acquisition price (₹)	Nature of payment of consideration	Number of Equity Shares locked –in	% of post-Offer paid-up capital**	No. of pledged Equity Shares
President of India	62,995*	May 13, 1960	Transfer of shares to the Promoter	100	Cash	629,950*	0.28	Nil
President of India	10,000*	February 20, 1962	Allotment of shares to the Promoter	100	Cash	100,000*	0.04	Nil
President of India	25,000*	November 22, 1963	Allotment of shares to the Promoter	100	Cash	250,000*	0.11	Nil
President of India	10,000*	November 24, 1964	Allotment of shares to the Promoter	100	Cash	100,000*	0.04	Nil
President of India	20,000*	August 24, 1965	Allotment of shares to the Promoter	100	Cash	200,000*	0.09	Nil
President of India	40,000*	January 25, 1966	Allotment of shares to the Promoter	100	Cash	400,000*	0.18	Nil

Name of promoter	No. of Equity Shares	Date on which Equity Shares were allotted/ acquired	Nature of issue	Issue price/ acquisition price (₹)	Nature of payment of consideration	Number of Equity Shares locked –in	% of post-Offer paid-up capital**	No. of pledged Equity Shares
President of India	16,000*	July 19, 1966	Allotment of shares to the Promoter	100	Cash	160,000*	0.07	Nil
President of India	32,000*	September 22, 1966	Allotment of shares to the Promoter	100	Cash	320,000*	0.14	Nil
President of India	52,000*	March 31, 1967	Allotment of shares to the Promoter	100	Cash	520,000*	0.23	Nil
President of India	32,000*	September 20, 1967	Allotment of shares to the Promoter	100	Cash	320,000*	0.14	Nil
President of India	30,000*	September 23, 1970	Allotment of shares to the Promoter	100	Cash	300,000*	0.13	Nil
President of India	25,000*	September 23, 1971	Allotment of shares to the Promoter	100	Cash	250,000*	0.11	Nil
President of India	25,000*	December 07, 1972	Allotment of shares to the Promoter	100	Cash	250,000*	0.11	Nil
President of India	50,000*	March 11, 1974	Allotment of shares to the Promoter	100	Cash	500,000*	0.22	Nil
President of India	10,000*	April 15, 1974	Allotment of shares to the Promoter	100	Cash	100,000*	0.04	Nil
President of India	50,000*	January 30, 1975	Allotment of shares to the Promoter	100	Cash	500,000*	0.22	Nil
President of India	110,000*	April 13, 1978	Allotment of shares to the Promoter	100	Cash	1,100,000*	0.49	Nil

Name of promoter	No. of Equity Shares	Date on which Equity Shares were allotted/ acquired	Nature of issue	Issue price/ acquisition price (₹)	Nature of payment of consideration	Number of Equity Shares locked –in	% of post-Offer paid-up capital**	No. of pledged Equity Shares
President of India	100,000*	January 17, 1979	Allotment of shares to the Promoter	100	Cash	1,000,000*	0.45	Nil
President of India	100,000*	December 18, 1979	Allotment of shares to the Promoter	100	Cash	1,000,000*	0.45	Nil
President of India	50,000*	April 21, 1980	Allotment of shares to the Promoter	100	Cash	500,000*	0.22	Nil
President of India	200,000*	March 12, 1981	Allotment of shares to the Promoter	100	Cash	2,000,000*	0.89	Nil
President of India	300,000*	June 24, 1981	Allotment of shares to the Promoter	100	Cash	3,000,000*	1.34	Nil
President of India	600,000*	March 29, 1982	Allotment of shares to the Promoter	100	Cash	6,000,000*	2.68	Nil
President of India	650,000*	June 26, 1982	Allotment of shares to the Promoter	100	Cash	6,500,000*	2.90	Nil
President of India	1,200,000*	March 31, 1983	Allotment of shares to the Promoter	100	Cash	12,000,000*	5.35	Nil
President of India	500,000*	April 16, 1983	Allotment of shares to the Promoter	100	Cash	5,000,000*	2.23	Nil
President of India	182,005*	June 24, 1983	Allotment of shares to the Promoter	100	Cash	1,820,050*	0.81	Nil
Total						**44,820,000**	**20.00**	

**With effect from September 22, 2017 each Equity Share of face value of ₹100 each was split into 10 Equity Shares of face value of ₹10 each.*
***Adjusted for split as applicable.*

The Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations.

The Equity Shares that are being locked-in for computation of Promoter's Contribution are not, ineligible for Promoter's Contribution under Regulation 33 of the SEBI ICDR Regulations as:

(i) the Equity Shares offered as part of the Promoter's Contribution do not comprise Equity Shares acquired during the preceding three years from the date of this Draft Red Herring Prospectus, for (a) consideration other than cash and where revaluation of assets or capitalisation of intangible assets was involved; or (b) bonus issue out of revaluations reserves or unrealised profits of our Company or from a bonus issue against Equity Shares that are otherwise ineligible for computation of Promoter's Contribution;

(ii) the Promoter's Contribution does not include any Equity Shares acquired during the preceding one year at a price lower than the price at which Equity Shares are being offered to the public in the Offer;

(iii) The Equity Shares offered for Promoter's Contribution have not been formed by the conversion of partnership firm into a company;

(iv) The Promoter's Contribution are not subject to any pledge or any other form of encumbrances;

(v) The Equity Shares offered for Promoter's Contribution does not consist of Equity Shares for which specific written consent has not been obtained from our Promoter for inclusion of its subscription in the minimum Promoter's Contribution; and

(vi) All the Equity Shares held by the Promoter are in the process of being dematerialised, except the Equity Shares held by the nominee shareholders on behalf of our Promoter. These Equity Shares would be transferred to our Promoter and dematerialised post listing of Equity Shares.

3. Sales or purchases of Equity Shares or other specified securities of our Company by our Promoter, or our Directors, or their immediate relatives during the period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Our Promoter, our Directors, or their immediate relatives have not sold or purchased any Equity Shares or other specified securities of our Company during the six months immediately preceding the date of this Draft Red Herring Prospectus.

4. Details of Equity Shares locked in for one year:

In terms of Regulation 37 of SEBI ICDR Regulations and in addition to the above Equity Shares (forming part of the Promoter's Contribution) that are locked-in for three years, the entire pre-Offer share capital of our Company excluding the Equity Shares proposed to be sold in the Offer for Sale, will be locked-in for a period of one year from the date of Allotment in the Offer.

The Equity Shares held by our Promoter may be transferred to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations.

c) **Other requirements in respect of lock-in:**

In terms of regulation 39 of SEBI ICDR Regulations, Equity Shares held by our Promoter which are locked in for a period of one year may be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or financial institutions, provided that the (i) pledge of the Equity Shares is one of the terms of the sanction of the loan; and (ii) if the Equity Shares are locked-in as Promoter's Contribution for three years under regulation 36(a) of the SEBI ICDR Regulations, then in addition to the requirement in (i) above, such shares may be pledged only if the loan has been granted by the scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Offer.

The Equity Shares held by our Promoter may be transferred to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations.

5. Our Shareholding Pattern

Category (I)	Category of the Shareholder (II)	No. of Shareholders (III)	No. of fully paid up equity shares held (IV)	No. of partly paid-up equity shares held (V)	No. of shares underlying Depository Receipts (VI)	Total No. shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2) (VIII)	No. of Voting Rights held in each class of securities (IX)				No. of shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a % of diluted share capital (XI)=(VII)+(X) as a % of (A+B+C2)	Number of Locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		Number of equity shares held in dematerialized from (XIV)
								No. of Voting Rights			Total as a % of total voting rights			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class eg: X	Class eg: Y	Total								
(A)	**Promoter & Promoter Group***	7	224,100,000	--	--	224,100,000	100	224,100,000	--	224,100,000	100	--	--	--	--	--	--	--
(B)	**Public**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(C)	**Non Promoter-Non Public**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(1)	**Shares underlying Custodian/Depository Receipts**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
(2)	**Shares held by Employee Trusts**	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
	Total (A)+(B)+(C)	7	224,100,000 **	--	--	224,100,000 **	100	224,100,000 **	--	224,100,000 **	100	--	--	--	--	--	--	--

** The Promoter holds 100% of the Equity Shares of our Company out of which 224,099,940 Equity Shares are held by the President of India, 10 Equity Shares each are held by Vijendra, Rakesh Anand, Ashwani Kumar, Ajay Kumar, Subhash Chandra and Sadhana Khanna as a nominee of President of India.*

*** Sixty Equity Shares which are held by six nominees would continue to be held by them in physical form till the Offer is concluded. These sixty Equity Shares would be transferred to the Promoter and dematerialized post listing of Equity Shares.*

6. **Shareholding of our Directors and Key Management Personnel in our Company**

Except for our Director Rakesh Anandwho holds Equity Shares in our Company as a nominee of the President of India, none of our Directors or Key Management Personnel hold any Equity Shares in their individual capacities, as on the date of this Draft Red Herring Prospectus.

7. **Top ten shareholders of our Company**

a) The list of top 10 shareholders of our Company as on the date of the Draft Red Herring Prospectus and the number of Equity Shares held by them is as under:

S. No.	Name of the shareholder	Number of Equity Shares held**	% of Equity Share Capital
1.	President of India	224,099,940	99.99
2.	Vijayendra*	10	Negligible
3.	Rakesh Anand*	10	Negligible
4.	Ashwani Kumar*	10	Negligible
5.	Ajay Kumar*	10	Negligible
6	Subhash Chandra*	10	Negligible
7	Sadhana Khanna*	10	Negligible

**As a nominee of our Promoter*
*** Equity Shares of face value ₹10 each*

b) The list of top 10 shareholders of our Company as on 10 days prior to the date of the Draft Red Herring Prospectus and the number of Equity Shares held by them is as under

S. No.	Name of the shareholder	Number of Equity Shares held**	% of Equity Share Capital
1.	President of India	224,099,940	99.99
2.	Vijayendra*	10	Negligible
3.	Rakesh Anand*	10	Negligible
4.	Ashwani Kumar*	10	Negligible
5.	Ashok K. Gupta*	10	Negligible
6	Surina Rajan*	10	Negligible
7	Sadhana Khanna*	10	Negligible

**As a nominee of our Promoter*
*** Equity Shares of face value ₹10 each*

c) The list of top 10 shareholders of our Company as on two years prior to the date of the Draft Red Herring Prospectus and the number of Equity Shares held by them is as under:

S. No.	Name of Shareholder	Number of Equity Shares held**	% of Equity Share Capital
1.	President of India	19,919,995	99.99
2.	Bharat Khera*	2	Negligible
3.	Rahul K.Shrawat*	1	Negligible
4.	Prem K. Kataria*	1	Negligible
5.	Ashok K. Gupta*	1	Negligible

**As a nominee of our Promoter*
*** Equity Shares of face value ₹100 each*

8. Our Company has not made any issue of specified securities at a price that may be lower than the Offer Price in the one year preceding the date of this Draft Red Herring Prospectus.

9. Our Company, our Directors, and the BRLMs have not entered into any buy-back safety net, and/or standby arrangements or any other similar arrangements for the purchase of Equity Shares from any person, being offered in the Offer.

10. Neither the BRLMs and nor their associates hold any Equity Shares as on the date of filing of this Draft Red Herring Prospectus.

11. No person connected with the Offer, including, but not limited to, the BRLMs, the Syndicate Members, our Company, the Selling Shareholder, our Directors, our KMPs, our Promoter, shall offer, whatsoever, any incentive, whether direct or indirect, in any manner, whether in cash, in kind or in services or otherwise to any Bidder for making a Bid.

12. The total number of holders of the Equity Shares as on the date of this Draft Red Herring Prospectus is seven.

13. Our Company has not issued any Equity Shares out of its revaluation reserves.

14. The Equity Shares (including the Equity Shares forming part of the Offer for Sale) are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus.

15. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares as on the date of this Draft Red Herring Prospectus.

16. Our Company has not allotted any shares pursuant to any scheme approved under Chapter XV of the Companies Act, 2013 or under sections 391-394 of the Companies Act, 1956.

17. Our Company does not intend or proposes or is under negotiation or consideration to alter its capital structure for a period of six months from the Bid/Offer Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares whether on a preferential basis or issue of bonus or rights or further public issue of Equity Shares or qualified institutions placement.

18. There will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges.

19. There has been no financing arrangements by which the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with the SEBI.

20. Our Promoter will not submit Bids or otherwise participate in this Offer, except to the extent of offering the Equity Shares in the Offer for Sale.

21. This Offer is being made under Rule 19(2)(b)(iii) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations, wherein at least 10.00% of the post-Offer paid-up Equity Share capital of our Company will be offered to the public. Our Company is eligible for the Offer in accordance with Regulation 26(1) of the SEBI ICDR Regulations.

22. The Offer is being made through the Book Building Process, wherein 50% of the Net Offer shall be allocated to QIBs on a proportionate basis. 5.00% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, [●] Equity Shares shall be offered for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received at or above the Offer Price.

23. Eligible Employees Bidding in the Employee Reservation Portion (if any) can Bid upto a Bid Amount of ₹500,000 (on a net basis). However, a Bid by an Eligible Employee in the Employee Reservation

Portion will be considered for allocation, in the first instance, for a Bid Amount of upto ₹200,000 (on a net basis). In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000 (on a net basis), subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000 (on a net basis). The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹200,000 (on a net basis)), shall be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion to the Net Offer. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. All Bidders shall participate in the Offer mandatorily through the ASBA process, providing the details of their respective bank accounts, which will be blocked by SCSBs.

24. An oversubscription to the extent of 10% of the Net Offer can be retained for the purposes of rounding off to the nearer multiple of allotment lot.

25. There shall be only one denomination of the Equity Shares unless otherwise permitted by law. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time

26. Our Company shall ensure that transactions in the Equity Shares by the Promoter, if any, during the period between the date of registering the Red Herring Prospectus with the RoC and the Bid/Offer Closing Date shall be reported to the Stock Exchanges within 24 hours of the transactions.

27. The Selling Shareholder confirms that the Equity Shares forming part of the Offer for Sale have been held by it for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus, in accordance with Regulation 26(6) of the SEBI ICDR Regulations.

28. Except for Retail Discount and Employee Discount, no payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoter to the persons who are Allotted Equity Shares.

29. Our Company has not made any public issue of its Equity Shares or rights issue of any kind or class of securities since its incorporation.

30. Our Company does not currently have any employee stock option scheme / employee stock purchase scheme for our employees.

31. None of our Equity Shares are subject to any pledge.

OBJECTS OF THE OFFER

The objects of the Offer are to (i) to carry out the disinvestment of [●] Equity Shares by the Selling Shareholder constituting [●]% of our Company's pre-Offer paid up Equity Share capital of our Company; and (ii) achieve the benefits of listing the Equity Shares on the Stock Exchanges. Our Company will not receive any proceeds from the Offer and all such proceeds will go to the Selling Shareholder.

Offer Related Expenses

The total expenses of the Offer are estimated to be approximately ₹[●]. The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, registrar and depository fees and listing fees.

All Offer related expenses shall be borne by the Selling Shareholder through the DIPAM. However, expenses in relation to:

(i) the filing fees to SEBI;

(ii) NSE/BSE charges for use of software for the book building;

(iii) payments required to be made to Depositories or the Depository Participants; and

(iv) payments required to be made to Stock Exchange for initial processing, filing and listing of the Equity Shares.

shall be payable by the BRLMs but on a reimbursable basis from the Company / DIPAM; and printing and stationery expenses, shall be borne by the BRLMs. Payments, if any, made by our Company in relation to the Offer shall be on behalf of the Selling Shareholder and such payments will be reimbursed to our Company.

The estimated Offer Expenses are as under:

Sr. No.	Activity	Estimated amount (₹ in million)*	As a % of the total estimated Offer expenses*	As a % of Offer Size*
1.	Payment to BRLMs (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
2.	Commission and processing fees for SCSBs, brokerage, bidding charges and selling commission for Syndicate Members, Registered Brokers, RTAs and CDPs **	[●]	[●]	[●]
3.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
4.	Others: i. Other regulatory expenses ii. Advertising and marketing for the Offer iii. Fees payable to Legal Counsels iv. Miscellaneous	[●]	[●]	[●]
	Total estimated Offer expenses	[●]	[●]	[●]

** To be incorporated in the Prospectus after finalisation of the Offer Price.*
***Will be provided at RHP stage*

Monitoring of Utilization of Funds

As the Offer is an offer for sale of Equity Shares, our Company will not receive any proceeds from the Offer. Accordingly, no monitoring agency is appointed for the Offer.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company in consultation with the Selling Shareholder and the BRLMs, on the basis of assessment of market demand for the Equity Shares determined through the Book Building Process and on the basis of quantitative and qualitative factors as described below. For further details, see sections "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 16, 132, 458 and 191, respectively. The trading price of the Equity Shares of the Company could decline due to the factors mentioned in the section "*Risk Factors*" and you may lose all or part of your investment. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

Some of the qualitative factors which form the basis for computing the Offer Price are:

a. Only public sector defence shipyard constructing conventional submarines;
b. World class infrastructure capable of serving the requirements of the Ministry of Defence;
c. Location of our facilities promotes closer association with our vendors and customers;
d. Increase in indigenisation of our vessels and implementation of the "Make in India" campaign;
e. Established track record with strong financial position and strong Order Book; and
f. Experienced board and senior management team and skilfully trained workforce.

For further details see *"Our Business"* on page 132 .

Quantitative Factors

The information presented below relating to our Company is based on the Restated Consolidated Financial Statements and Restated Standalone Financial Statements of our Company.

Some of the quantitative factors which may form basis for computing the Offer Price are as follows:

1. Basic and Diluted Earnings per Share ("EPS"):

As per our Restated Consolidated Financial Information:

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2017	23.92	23.92	2
March 31, 2016	25.08	25.08	1
Weighted Average	24.31	24.31	

For the six months period ended on September 30, 2017, the basic EPS and Diluted EPS was ₹11.48 (not annualized before buy-back) and the basic EPS and Diluted EPS was ₹12.75 (not annualized, after considering buy-back).

Notes:
1. Earning per shares (EPS) calculation have been done in accordance with Indian Accounting Standard (Ind AS) 33 - "Earnings per share" prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
2. The ratios have been computed as below:
a. Basic earnings per share = Net profit attributable to equity shareholders / weighted average number of shares outstanding during the year/ period (adjusted for all the year/ period mentioned in the working of EPS on post-bonus basis, post-split of face value of Equity Shares)
b. Diluted earnings per share = Net profit attributable to equity shareholders / weighted average number of diluted shares outstanding during the year/ period (adjusted for all the year/ period mentioned in the working of EPS on post-bonus basis, post-split of face value of Equity Shares)

As per our Restated Standalone Financial Statements:

Year ended	Basic EPS (in ₹)	Diluted EPS (in ₹)	Weight
March 31, 2017	22.05	22.05	3
March 31, 2016	24.20	24.20	2
March 31, 2015	21.23	21.23	1
Weighted Average	**22.63**	**22.63**	

For the six months period ended on September 30, 2017, the basic EPS and Diluted EPS was ₹10.71 (not annualized, before buy-back and the basic EPS and Diluted EPS was ₹11.90 (not annualized, after considering buy-back).

Notes:
1. Earning per shares (EPS) calculation have been done in accordance with Indian Accounting Standard (Ind AS) 33 - "Earnings per share" prescribed under section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended).
2. The ratios have been computed as below:
a. Basic earnings per share = Net profit attributable to equity shareholders / weighted average number of shares outstanding during the year/ period (adjusted for all the year/ period mentioned in the working of EPS on post-bonus basis, post-split of face value of Equity Shares)
b. Diluted earnings per share = Net profit attributable to equity shareholders / weighted average number of diluted shares outstanding during the year/ period (adjusted for all the year/ period mentioned in the working of EPS on post-bonus basis, post-split of face value of Equity Shares)

2. Price/Earning (P/E) ratio in relation to the Offer Price of ₹[●] per Equity Share:

Particulars	Standalone	Consolidated
P/E based on basic and diluted EPS at the lower end of the Price Band for Fiscal 2017	[●]	[●]
P/E based on basic and diluted EPS at the higher end of the Price Band for Fiscal 2017	[●]	[●]

Industry P/E Ratio*

Particulars	P/E
Highest	19.12
Lowest	19.12
Average	19.12

**The industry composite has been calculated as the arithmetic average P/E of the industry peer set disclosed in this section. Since, all the companies, except Cochin Shipyard Limited, in the peer set reported losses in the relevant Financial Years, Highest, Lowest and Average Industry P/E ratio remains same.*

3. Return on Net Worth ("RoNW"):

As per our Restated Consolidated Financial Statements:

Period ended	Consolidated RoNW (%)	Weight
March 31, 2017	19.84	2
March 31, 2016	23.71	1
Weighted Average	**21.13**	

For the six months period ended on September 30, 2017, our RoNW was 8.84% (not annualized, before buy-back and was 9.76% (not annualized, after considering buy-back).

Note:
Return on net worth (%) = Net profit attributable to equity shareholders / net worth as at the end of year or period

As per our Restated StandaloneFinancial Statements:

Period ended	Unconsolidated RoNW (%)	Weight
March 31, 2017	20.92	3
March 31, 2016	26.01	2

Period ended	Unconsolidated RoNW (%)	Weight
March 31, 2015	28.70	1
Weighted Average	**23.91**	

For the six months period ended on September 30, 2017, our RoNW was 9.39% (not annualized, before buy-back and was 10.53% (not annualized, after considering buy-back).

Note:
Return on net worth (%) = Net profit attributable to equity shareholders / net worth as at the end of year or period

4. Minimum Return on Increased Net Worth needed after the Offer for maintaining Pre-Offer EPS for the year ended March 31, 2017

There will be no change in Net Worth post the completion of the Offer as the Offer consists of an Offer for Sale by the Selling Shareholder.

5. Net Asset Value ("NAV") per Equity Share

NAV	Unconsolidated (in ₹)	Consolidated (in ₹)
As on September 30, 2017 (after buy-back)	113.09	130.61
As on September 30, 2017 (before buy-back)	114.13	129.90
As on March 31, 2017	105.40	120.57

There will be no change in the NAV post the Offer as the Offer is by way of Offer for Sale by the Selling Shareholder.
Note:
Net asset value (₹) = Net Worth /Number of equity shares outstanding at the end of the year or period

6. Comparison of accounting ratios with Industry Peers

Name of Company	Unconsolidated / Consolidated	Face value (₹ per share)	EPS (₹ per share)		NAV (₹ per share)	P/E[$]	RoNW (%)
			Basic	Diluted			
Company							
Mazagon Dock Shipbuilders Limited*	Consolidated	10	23.92	23.92	120.57	[●]	19.84
Peers							
Cochin Shipyard Limited**	Unconsolidated	10	28.44(1)	28.44(1)	179.30(2)	19.12	15.86(3)
Reliance Naval and Engineering Limited***	Consolidated	10	(7.84) (1)	(7.84) (1)	19.65(2)	NA(4)	NA(4)
ABG Shipyard Limited****	Unconsolidated	10	(686.55) (1)	(686.55) (1)	(515.54)(5)	NA(6)	NA(6)
Bharati Defence and Infrastructure Limited ****	Consolidated	10	(438.92) (1)	(438.92) (1)	(672.98) (5)	NA(6)	NA(6)

**Based on Restated Consolidated Financial Information as on and for the year ended March 31, 2017(adjusted for bonus and split of face value of Equity Shares)*
***Source: Based on IND AS audited financials as on and for the year ended March 31, 2017 available at http://www.cochinshipyard.com/links/Auual-Report/2016-17.pdf*

****Source: Based on IND AS audited financials as on and for the year ended March 31, 2017 available at www.bseindia.com*
*****Source: Based on audited financials as on and for the year ended March 31, 2016 available at www.bseindia.com*
[$]P/E figures for the peer is computed based on closing market price as on January 3, 2018 as available at BSE website (available at www.bseindia.com) divided by Basic EPS for FY 2017 in the filings made with stock exchanges
(1)Basic and diluted EPS refer to basic and diluted EPS sourced from the annual reports for (i) FY 2017 for Cochin Shipyard Limited and Reliance Naval and Engineering Limited and (ii) FY 2016 for ABG Shipyard Limited and Bharati Defence and Infrastructure Limited
(2) Computed as equity share capital + other equity divided by closing outstanding number of fully paid up equity shares as sourced from the annual report for FY2017
(3) Computed as net profit after tax for the year divided by equity share capital + other equity as sourced from the annual report for FY2017
(4) P/E ratio and RoNW for the aforesaid peer is not applicable since the aforesaid peer reported loss for the financial year ended March 31, 2017
(5) Computed as share capital (including money received against share warrants) + reserves & surplus (excluding revaluation reserves) divided by closing outstanding number of fully paid up equity shares as sourced from the annual report for FY2016
(6) P/E ratio and RoNW for the aforesaid peers is not applicable since the aforesaid peer reported loss for the financial year ended March 31, 2016

7. The Offer price is [●] times of the face value of the Equity Shares

The Offer Price has been determined by our Company in consultation with the Selling Shareholder and the BRLMs, on the basis of the demand from investors for the Equity Shares through the Book Building Process.

Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 16, 132, 458 and 191, respectively. The trading price of the Equity Shares could decline due to the factors mentioned in "*Risk Factors*" and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

To,

The Board of Directors
Mazagon Dock Shipbuilders Limited
Dockyard Road, Mazagon
Mumbai 400 010,
Maharashtra, India

Re: Proposed Initial Public Offering of equity shares ("Equity Shares") by Mazagon Dock Shipbuilders Limited (the "Company") consisting of an offer for sale of Equity Shares (the "Offer").

Dear Sirs,

We hereby confirm there is no special tax benefit available to the Company and the shareholders of the Company under the Income Tax Act, 1961, as amended and other direct tax laws presently in force in India.

We hereby consent to the extracts of this certificate being used in the draft red herring prospectus of the Company in connection with the Offer, and submission of this certificate as may be necessary, to any regulatory authority and/or for the records to be maintained by the book running lead managers in connection with the Offer and in accordance with applicable law.

This certificate may be relied on by the book running lead managers to the Offer and the legal advisors to each of the Company and book running lead managers.

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

Shrikant Prabhu
Partner
Membership No: 35296

Place: Mumbai
Date: March 20, 2018

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section has been obtained or derived from the "Indian commercial and warship building and ship repairing industry report" of March, 2018, by CRISIL Research (the "CRISIL Report"). All information contained in the CRISIL Report has been obtained by CRISIL from sources believed by it to be accurate and reliable. Although reasonable care and caution has been taken by CRISIL to ensure the information obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of the CRISIL Report and is not responsible for any errors or omissions or for the results obtained from the use of CRISIL Report. The CRISIL Report is not a recommendation to invest / disinvest in any company / entity covered in the Report and no part of this report should be construed as an investment advice. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this CRISIL Report. The views expressed in the CRISIL Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS.

Review of the global shipbuilding industry

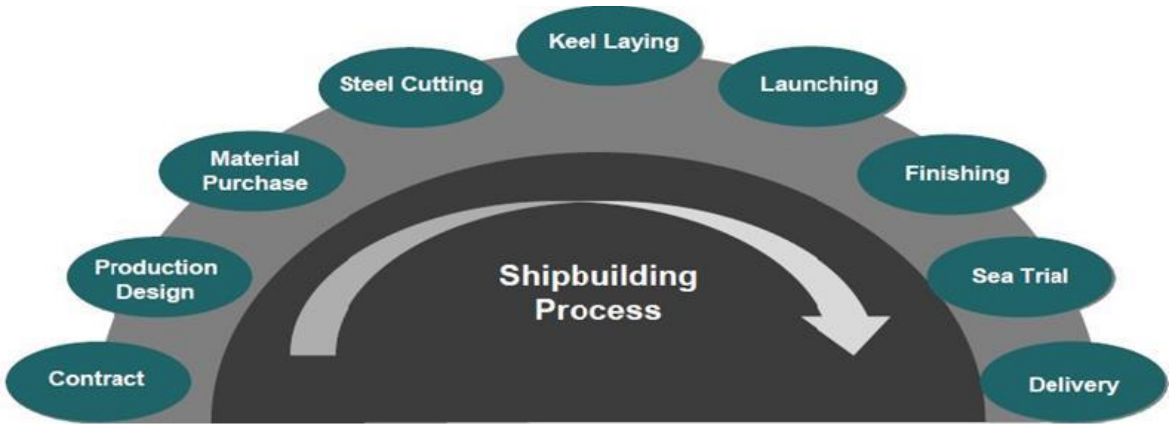
An overview of the global shipbuilding industry

The global shipbuilding industry comprises construction and modification of ships, offshore vessels and rigs. The broad categories of ships built are:

- Passenger carriers
- Offshore vessels
- Dry bulk carriers
- Tankers (Inclusive of LNG carriers)
- Container ships
- Defence vessels

On average, it takes 15-18 months to build a conventional vessel, i.e., a bulk carrier, tanker or container ship, and 28-32 months to construct a 'liquefied natural gas (LNG)' vessel and an 'offshore rig and support' vessel.

Shipbuilding process



Source: CRISIL Research, Industry

China, South Korea and Japan dominate the industry

Over the past few decades, the shipbuilding industry has shifted from Europe to Asia, due to favourable factors such as cheap labour, competitive manufacturing and steel-making sectors, as well as state support.

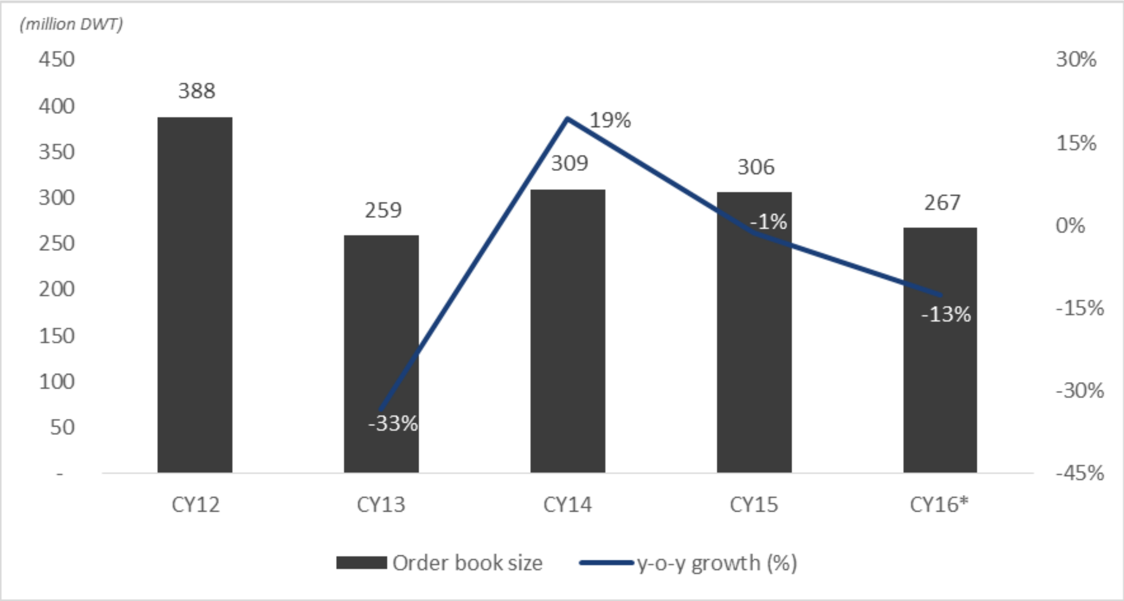
- Typically, a shipyard requires a working capital of around 25-35% of the cost of the ship during the construction period. Moreover, the interest rates offered to shipbuilding yards in these countries are quite low.

- At the time of sale of ships, the Chinese and South Korean governments provide discounts/subsidies of 5-10% and 15-20%, respectively, thus helping players bid at lower prices against global competition.

In 2015, China, South Korea and Japan together accounted for 91% of global deliveries, with China commanding the largest share of 36%, followed by South Korea and Japan at 34% and 21% respectively.

Shipbuilding order book

Year-wise shipbuilding order book (in million DWT)



**Note: Data as on January 1, 2016*
Source: UNCTAD - Review of Maritime Transport, published in 2016; CRISIL Research

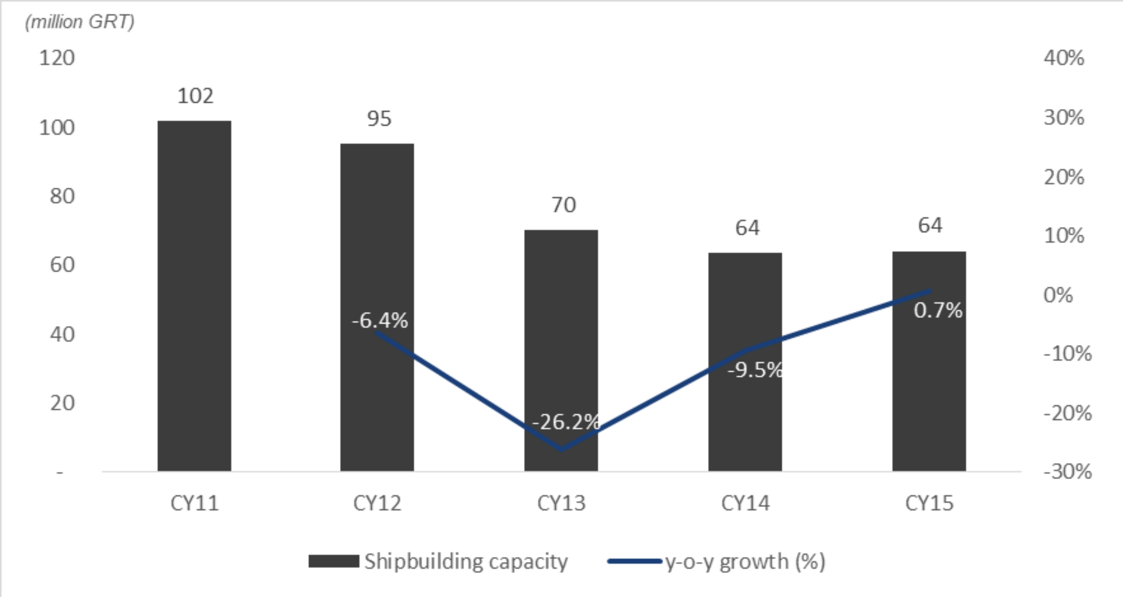
In line with the falling shipyard capacity and stretched finances of owners and banks, the global order book declined for most vessel types in 2015 and 2016. Between 2012 and 2016, the global order book declined at a compound annual growth rate (CAGR) of 8.9%. From their peak values in 2008 and 2009, the order books for container ships, oil tankers, dry bulk carriers and general cargo have declined 46%, 51%, 61% and 82% respectively. This sluggishness was largely because of supply overhang amid low demand, especially in the dry bulk and oil tanker segments.

Shipbuilding deliveries

Deliveries across major shipbuilding countries declined

The number of ships delivered between 2011 and 2015 fell across most major shipbuilding countries. Overall, the total number of ships delivered in tonnage terms decreased at a CAGR of 12.3%.

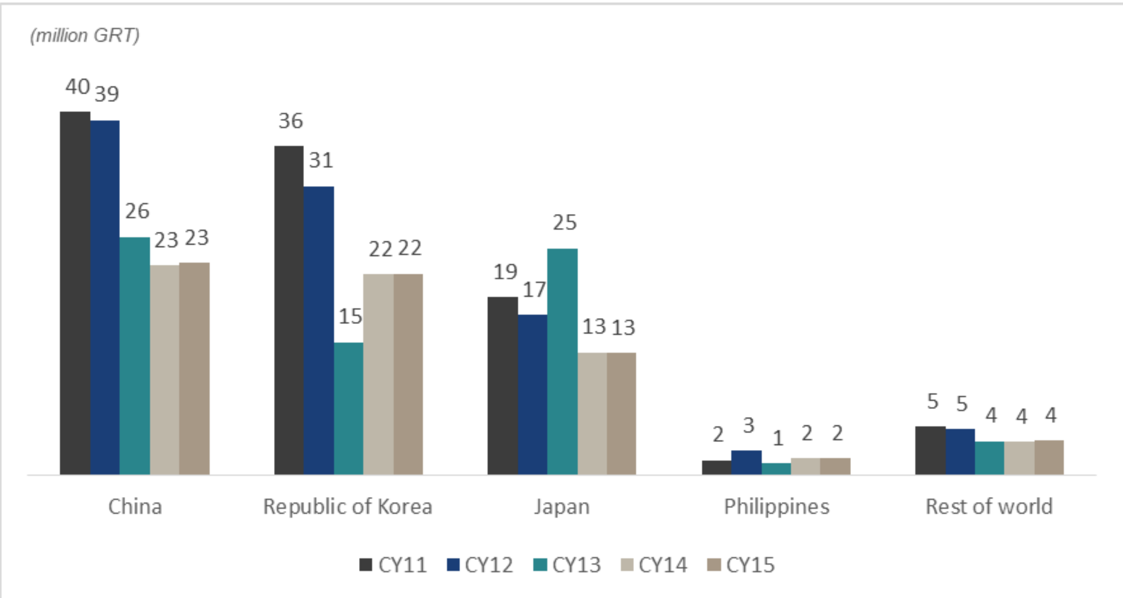
Year-wise ships deliveries globally (in million GRT)



Note: Data does not include ships with tonnage capacity below 100 GRT
Source: UNCTAD - Review of Maritime Transport, published in 2016; CRISIL Research

The dry bulk segment saw significant delays and cancellations, as shipping liners postponed deliveries, awaiting market recovery. Deteriorating finances of global shipyards added to the slump, as they were unable to meet working capital requirements and, thus, fulfil orders. Further, to capture the turning tide of rising tanker demand, players looked to convert orders for bulk carriers into tankers. Recently, leading shipbuilding firms, such as New Times Shipbuilding and Hyundai Samho Heavy Industries, have had talks to convert capesize vessels into tankers.

Annual ships deliveries, by major country (in million GRT)



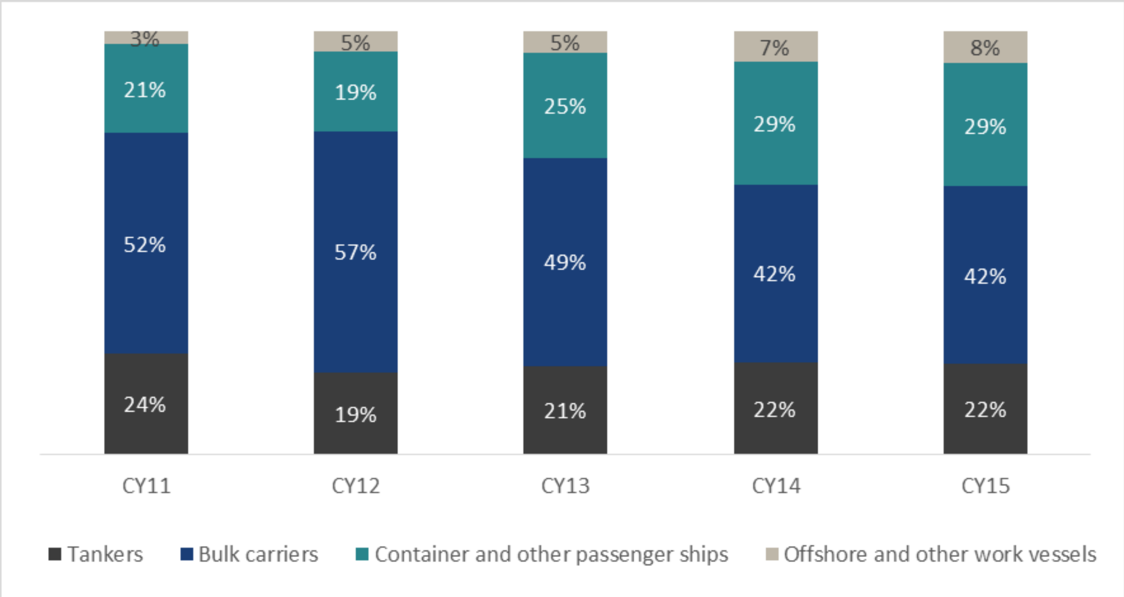
Note: Data does not include ships with tonnage capacity below 100 GRT.
Source: UNCTAD-Review of Maritime Transport published in 2016, CRISIL Research

China, Japan and the South Korea maintained the dominant share in annual deliveries over the past five years. China and South Korea had their highest individual annual deliveries, in GRT terms, in 2011, while Japan had its highest individual deliveries in 2013. China mostly built dry bulk carriers and had the highest market share in general cargo ships. Japan specialises mostly in bulk carriers, while South Korea dominates the market for container vessels.

Composition of ships delivered, by ship type

Bulk carriers lead ships delivered based on ship type; share of container ships rises

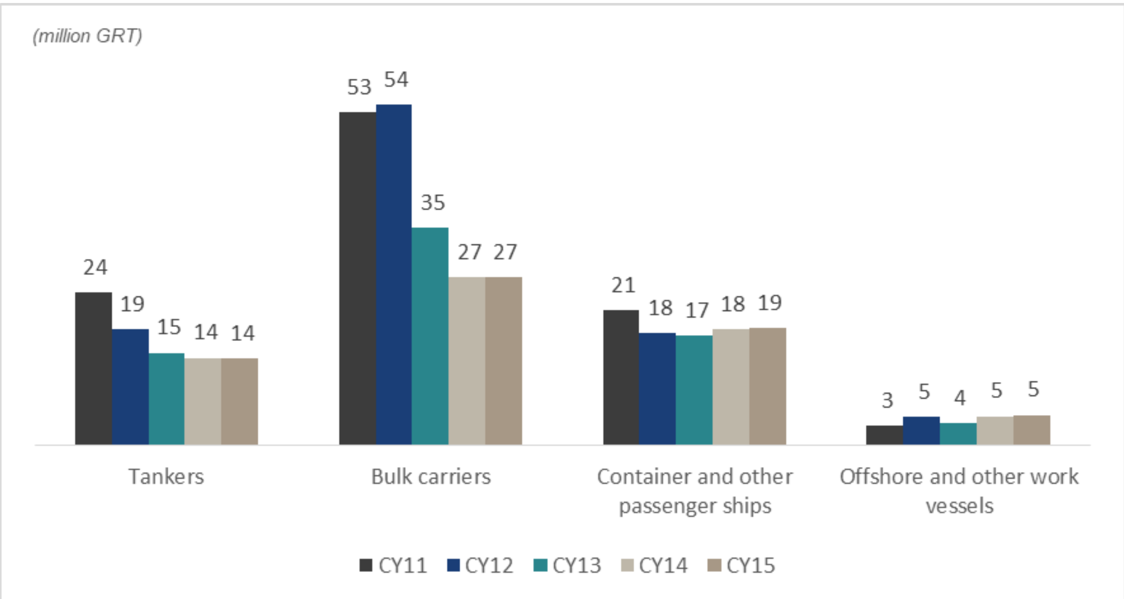
Year-wise trend in ships delivered by major countries



Note: Data does not include ships with tonnage capacity below 100 GRT.
Source: UNCTAD-Review of Maritime Transport published in 2016, CRISIL Research

Globally, between 2011 and 2015, bulk carriers accounted for the largest share of new deliveries. However, during this period, their share of the new deliveries segment declined from 52% in 2011 to 42% in 2012. The tanker segment declined during the five years at a CAGR of 13%. However, within tankers, not all segments witnessed a decline. Deliveries of LNG carriers grew during the period due to higher charter rates. Deliveries of container and other passenger ships rose in 2014 and 2015, after seeing a decline from 2011 to 2013.

Annual deliveries, by vessel category (in million GRT)



Note: Data does not include ships with tonnage capacity below 100 GRT.
Source: UNCTAD - Review of Maritime Transport, published in 2016; CRISIL Research

Bulk carriers accounted for over half of total deliveries in 2011 and 2012, but their share has since declined as demand for dry bulk plunged. In the tanker segment, market volatility over the past few years kept buyers wary of the underlying threat of oversupply, leading to a decline in orders. Thus, the share of the oil tanker segment contracted over the period.

Global shipbuilding companies face rough seas

South Korea's large shipbuilders, Hyundai Heavy Industries Co. and Daewoo Shipbuilding & Marine Engineering Co., reported heavy losses in 2015. This was largely because South Korea's shipyards bid aggressively in recent years for overseas oil rigs and energy platforms to fill their order books and to avoid direct competition with Chinese shipbuilders, who had the advantage of cheap labour to make low-profit tankers.

The global economic gloom dented demand for shipping, thus lowering demand for new ships. A fall in the price of crude oil resulted in a challenging business environment for global shipbuilders, as international oil companies reduced capital expenditure and delayed or cancelled orders for drill ships and offshore production facilities. These factors, along with considerable overcapacity, resulted in a recession in the industry.

Review of the Indian shipbuilding industry

Based on the types of ships built, the Indian shipbuilding industry can broadly be categorised as follows:

i. Large ocean-going vessels catering to overseas and coastal trade;
ii. Medium-sized specialised vessels, such as port crafts, those for fishing, trawlers, offshore vessels, inland and other smaller crafts;
iii. Defence/naval crafts and coast guard vessels.

According to the Statistics of India's Ship Building and Ship Repair Industry of 2014-15, there were 34 dry docks for repairing ships in India, both in the public and private sectors. These dry docks included the 11 dry docks operated by seven major ports. The major ports without dry dock facilities are the Jawaharlal Nehru Port Trust (JNPT), the ports at New Mangalore, Chennai, Ennore, and Haldia Dock Complex of the Kolkata port.

Sector-wise classification

The Indian shipbuilding industry can be divided into following segments:

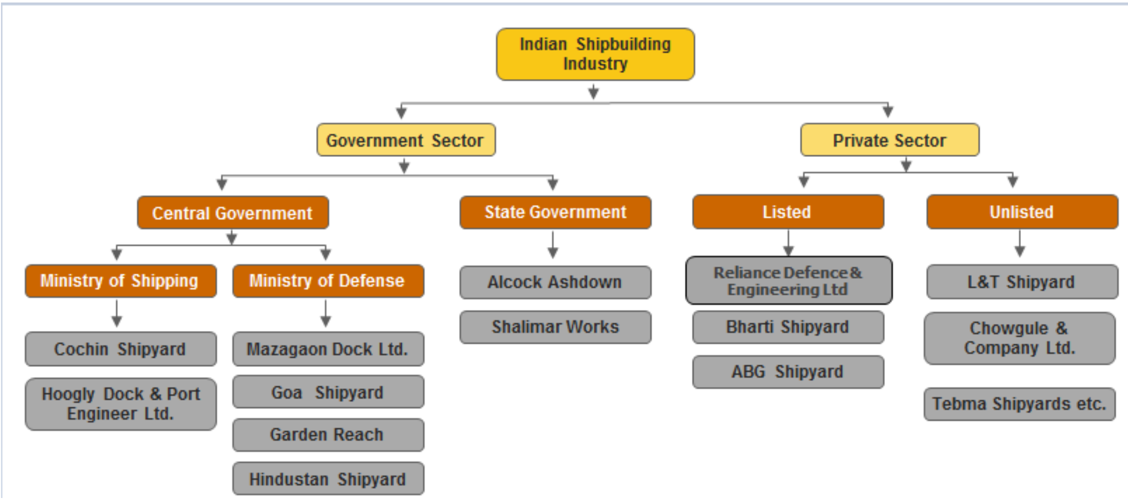
Public sector shipyards: India's major shipyards have historically been from the public sector. They primarily build merchant-class ships and naval vessels. The Indian shipbuilding industry comprises eight public sector shipyards out of which four naval shipyards come under the purview of India's Ministry of Defence, namely Hindustan Shipyard Ltd, Mazagon Dock Shipbuilders Ltd, Goa Shipyard Ltd and Garden Reach Shipbuilders & Engineers Ltd.

According to the Statistics of India's Ship Building and Ship Repair Industry of 2015-16, as of March 2016, public sector shipyards accounted for around one-third of the total shipbuilding order book in terms of number of ships with outstanding orders for 104 ships amounting to a combined tonnage of 173 thousand DWT. In 2015-16, public sector shipyards delivered a total of 32 ships with a combined tonnage of 48.5 thousand DWT.

Private shipyards: The three listed private-sector shipbuilding companies are Bharati Defence & Infrastructure Ltd (BDIL), ABG Shipyard Ltd and Reliance Defence and Engineering Ltd (RDEL), formerly known as Pipavav Defence and Offshore Engineering Company Limited (PDOECL). Additionally, Larsen & Toubro Ltd is another major private sector player. In addition, there are a number of smaller private shipyards building smaller ships and vessels, including coastal vessels, barges, tugs, patrol ships and fishing ships.

As of March 2016, the private sector accounted for around two-thirds of the total shipbuilding order book in terms of the number of ships with outstanding orders for 192 ships amounting to a combined tonnage of 2,569 thousand DWT. In 2015-16, private sector shipyards delivered 23 ships with a combined tonnage of around 94.5 thousand DWT. RDEL accounted for the highest share in terms of tonnage delivered. ABG Shipyard had the largest order book in terms of number of ships and tonnage, followed closely by RDEL.

However, over the last few years, major private players like Reliance Defence and Engineering Ltd, ABG Shipyard, Bharati Defence & Infrastructure Ltd etc. have had to opt for corporate debt restructuring (CDR) due to stressed financial positions. Additionally, the decline in global trade and a liquidity crunch have impacted performance of these shipyards. The execution of existing order book of the private sector in general remains uncertain due to these unresolved issues. The CDR lenders of ABG Shipyard invoked strategic debt restructuring (SDR) provisions in December 2015 with a view to seek out strategic investors to sustain the operations of the company after the plan to restructure loans under CDR did not fructify. On the other hand, Bharati Defence and Infrastructure Limited's debt was sold off to Edelweiss Asset Reconstruction Company (ARC) after its CDR plan also did not work out. Bharati Defence had also approached Board for Industrial & Financial Reconstruction (BIFR) to get itself registered as a sick company. However, RDEL exited the CDR scheme in May 2017 after its refinancing plan was approved by lenders.

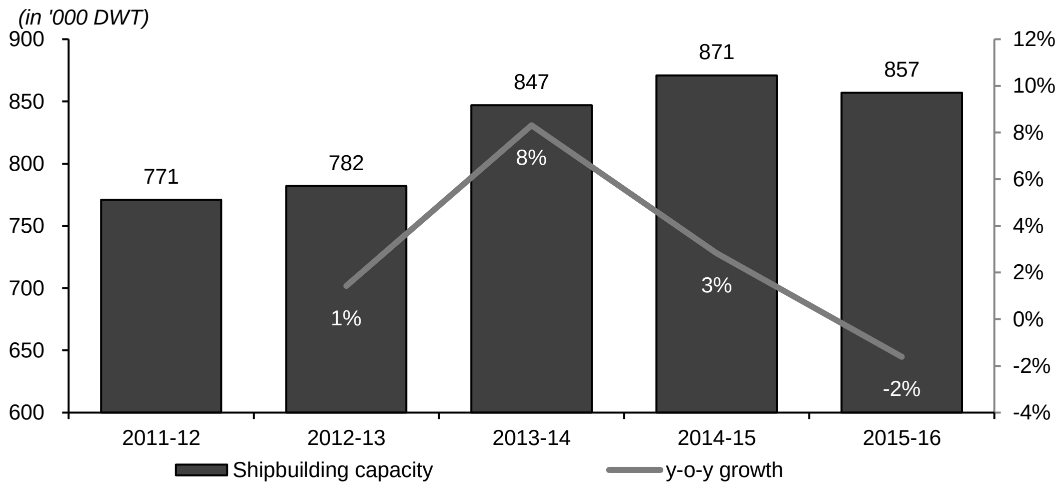


Source: CRISIL Research

Shipbuilding capacity

The shipbuilding capacity of public sector shipyards remained fairly stable during 2011-12 to 2015-16, even as Goa Shipyard's capacity declined to 4,500 DWT from 10,000 DWT in 2014-15. On the other hand, the private sector's shipbuilding capacity increased at a CAGR of around 3% over 2011-12 to 2015-16. Capacity enhancement of the private sector was on account of new players - L&T entered in 2013-14 with a capacity of 30,000 DWT, Sembmarine Kakinada Ltd started operations in 2014-15 with a capacity of 50,000 DWT, and Chidambaranar Shipcare Private Ltd set up a capacity of 3,500 DWT at its shipbuilding facility.

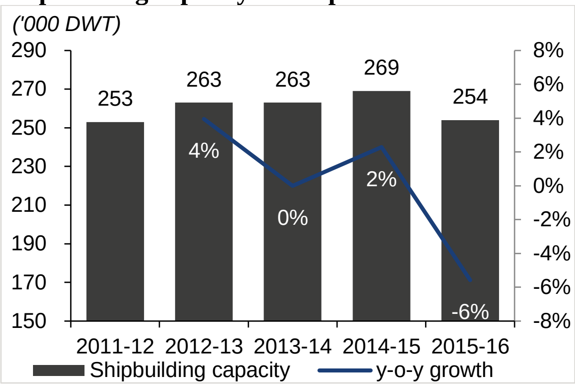
Shipbuilding capacity in India (in '000 DWT)



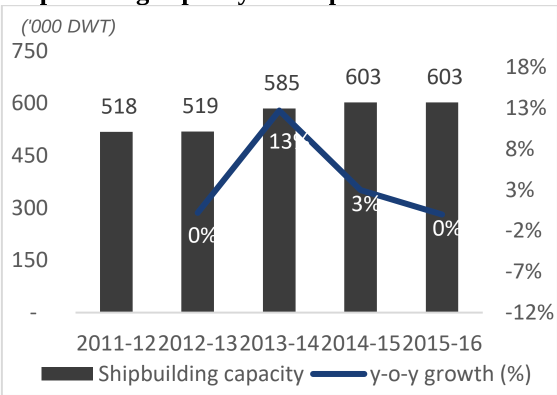
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping and considering MDL's shipbuilding capacity from annual report, CRISIL Research

During the same five-year period, the capacity addition to the shipbuilding capacity of private sector was higher vis-a-vis the public sector.

Shipbuilding capacity of the public sector

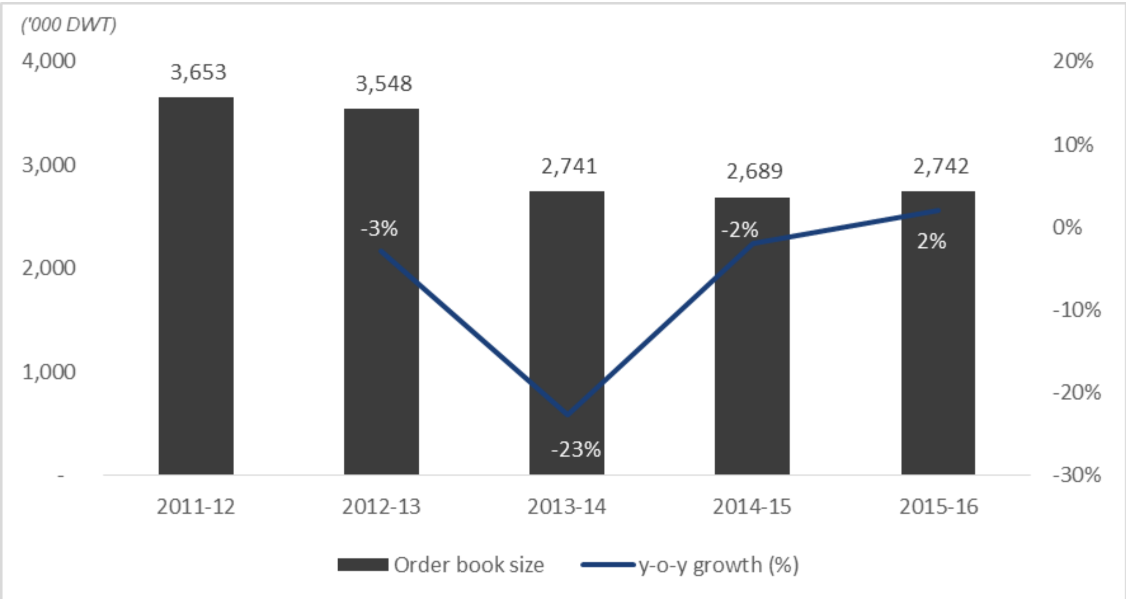


Shipbuilding capacity of the private sector



Note: The public sector includes eight players and private sector includes 15 players.
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping and considering MDL's shipbuilding capacity from annual report, CRISIL Research

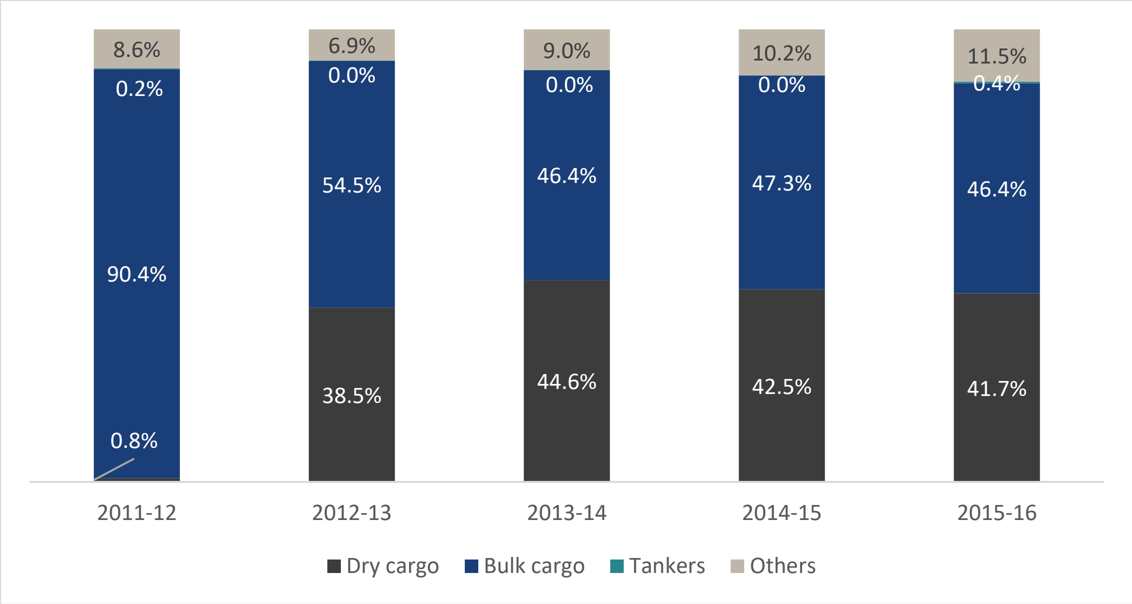
Indian shipbuilding order book



Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research.

The shipbuilding order book declined during 2013-14 to 2015-16, due to minimal new orders on account of persistent supply overhang and weak global trade.

Order book breakup - By vessel category

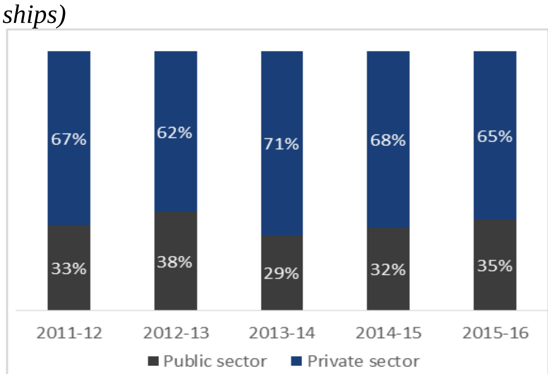


Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

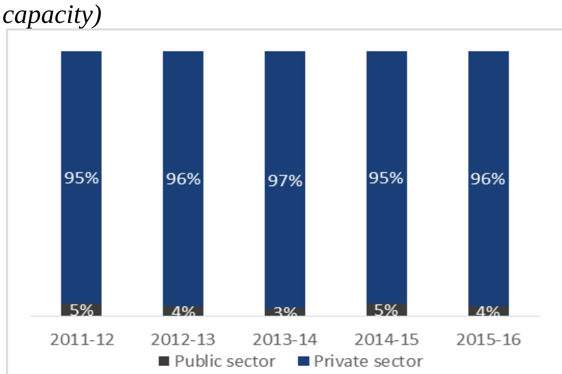
During 2011-12 to 2015-16, the bulk cargo segment accounted for the largest share in terms of capacity. Its share rose significantly in 2012-13, because RDEL's orders were reclassified from bulk cargo to dry cargo.

The 'others' vessel category in the chart above also includes the vessel orders for clients engaged in the defence sector. Defence vessels are low on DWT (a metric more suited for commercial vessels) and usually have longer completion timelines, thus occupying the shipyards' capacities for a longer duration compared with commercial vessels. Between 2011-12 and 2015-16, the order book of public sector shipyards was lower than that of private sector shipyards due to the presence of defence vessels in their order book. However, order book execution of private shipyards remains uncertain on account of stressed financial position of major players like ABG Shipyard, RDEL and BDIL.

Sector-wise breakup of order book (number of ships)



Sector-wise break-up of order book (tonnage capacity)



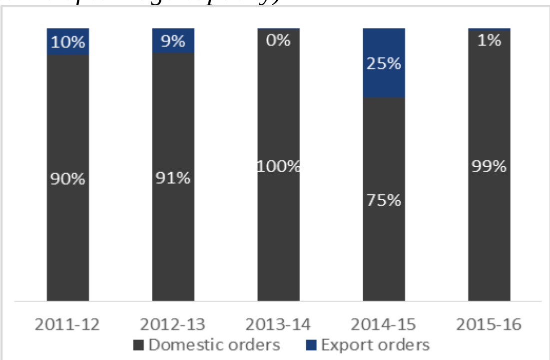
Note: Public sector includes 8 players and private sector includes 15 players.
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

The public sector dominated the Indian shipbuilding industry up to 1999-00. However, following the opening up of the sector to private players, the industry has witnessed healthy growth in the order book.

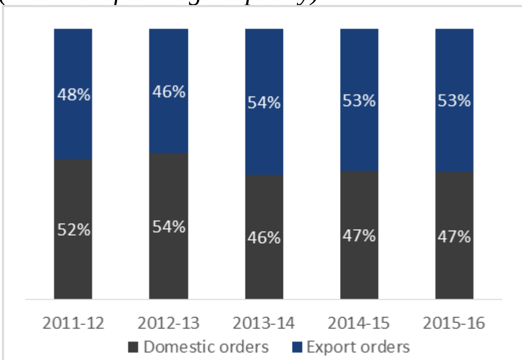
As per our industry interactions, commercial vessels in the order book of private sector players have either been cancelled or put on hold. Additionally, the majority of ship orders for clients engaged in the defence sector are with public sector players.

As of 2015-16, Indian shipbuilders had orders for 296 ships, totalling a tonnage capacity of 2.74 million DWT. Of these, 69 ships, with a combined capacity of 1.359 million DWT, were export orders.

Domestic vs. export order book for public sector (in terms of tonnage capacity)



Domestic vs. export order book for private sector (in terms of tonnage capacity)



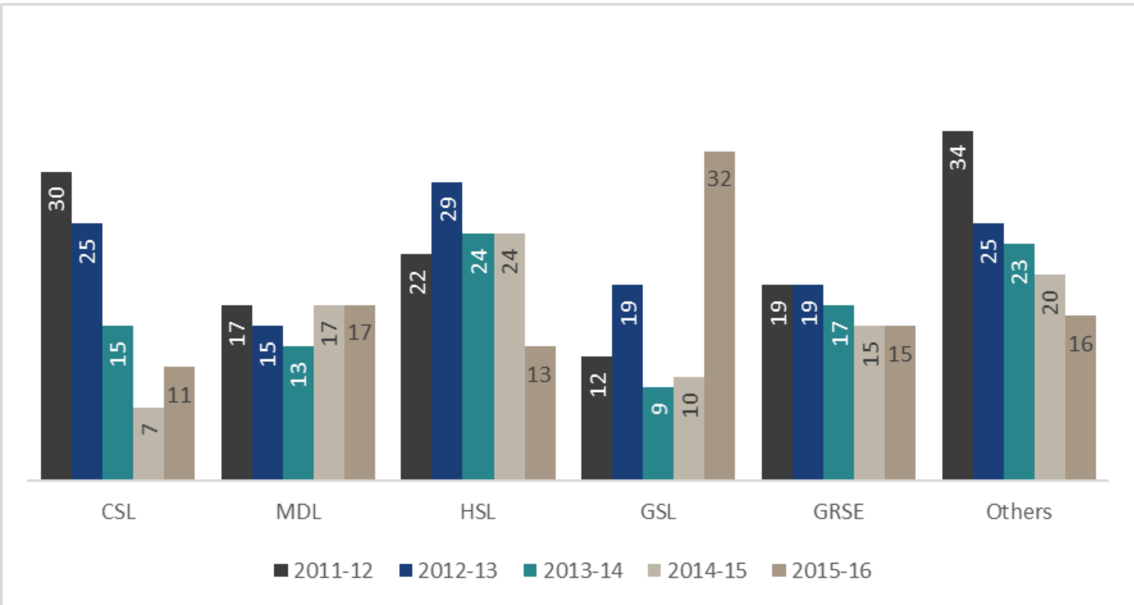
Note: Public sector includes 8 players and private sector includes 15 players.
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

In terms of DWT, domestic orders form a greater share of the public sector order book, while that of the private sector is evenly distributed between domestic and export orders. Considering the order book as of March 2016, the average tonnage per ship was higher for export orders compared with domestic orders.

Although private sector companies received larger proportion of export orders compared with the public sector, these orders have been on the books for quite some time, and these players have not received any significant new export orders recently. The public sector was limited in its ability to take up large export orders with its capacities occupied primarily with defence orders.

As on March 31, 2016, GSL is the only public sector company with export orders in its order book. As on March 31, 2016, RDEL and BDIL are the major players in the private sector with majority of their export orders in the dry and bulk cargo segments.

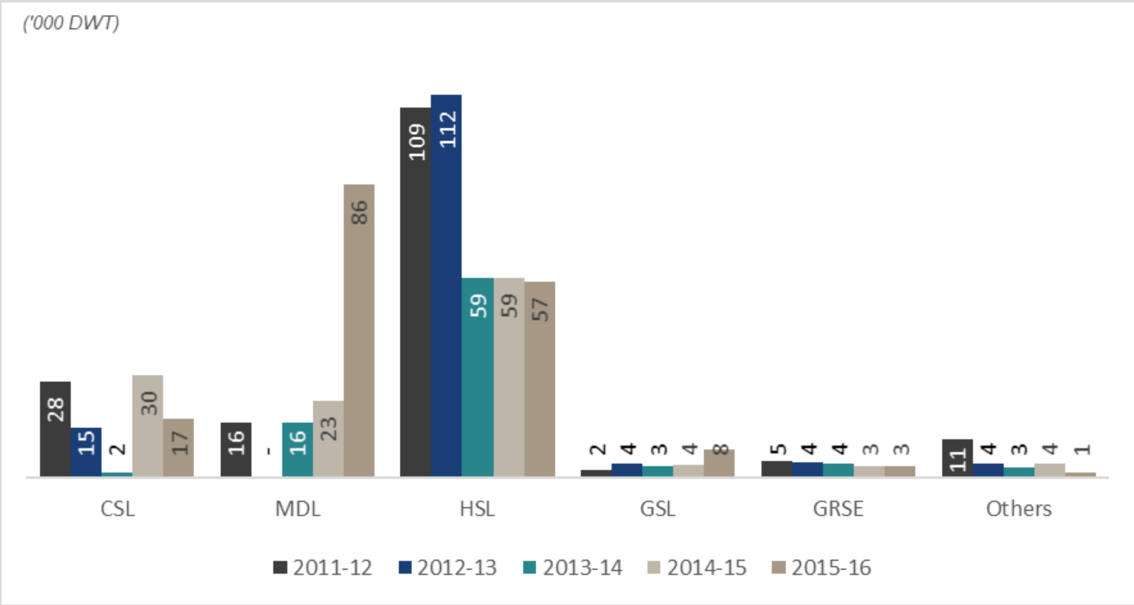
Public sector company-wise order book (number of ships)



Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

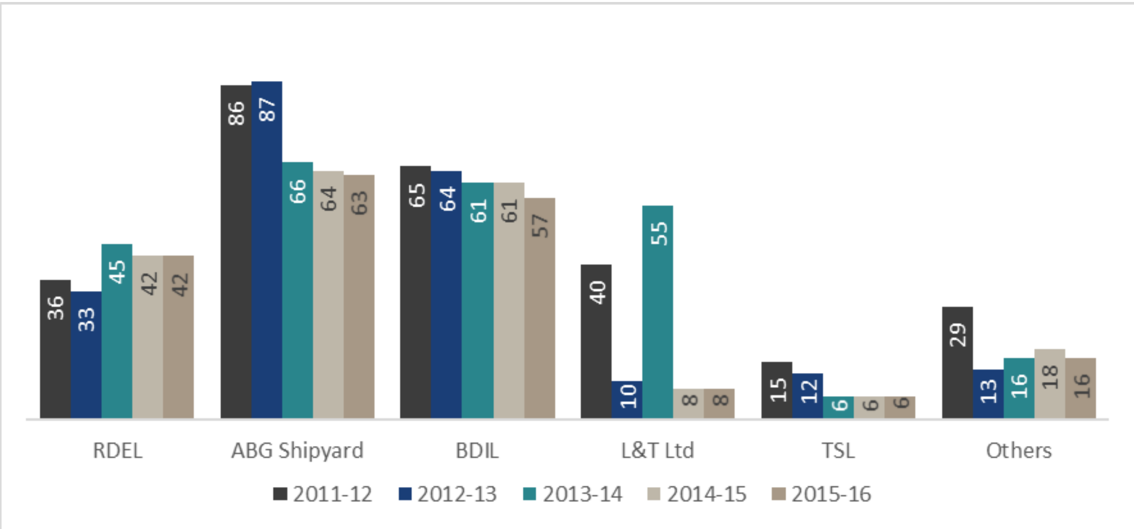
As on March 31, 2016, MDL contributed to around half of the public sector's order book, in terms of DWT. Among public sector players, the average tonnage per ship on order was the highest for MDL, followed by HSL.

Public sector company-wise annual trend in the order book (in '000 DWT)



Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

Private sector company-wise annual trend in the order book (number of ships)

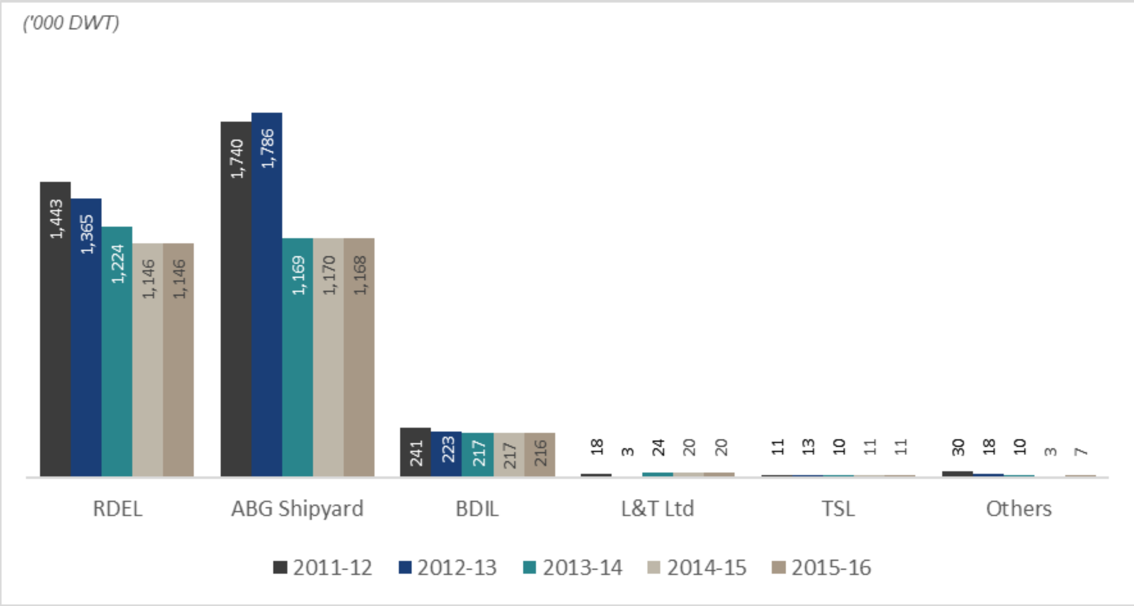


Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

The private sector's order book (in DWT terms) is largely contributed by two major players, ABG Shipyard and RDEL, which contributed the major portion of the order book from 2011-12 to 2015-16. However, the order book declined at 5.6% CAGR for RDEL and 9.5% CAGR for ABG Shipyard.

However, currently, the execution of order book remains uncertain for these major private sector players due to their weak financial position. Over the last few years, ABG Shipyard, RDEL and BDIL have all opted for the CDR route. CDR plans did not work out in the case of ABG Shipyard and BDIL, with the CDR lenders of the former invoking SDR provisions and most of the latter's lenders selling off their loans to an ARC.

Private sector company-wise annual trend in the order book (in '000 DWT)

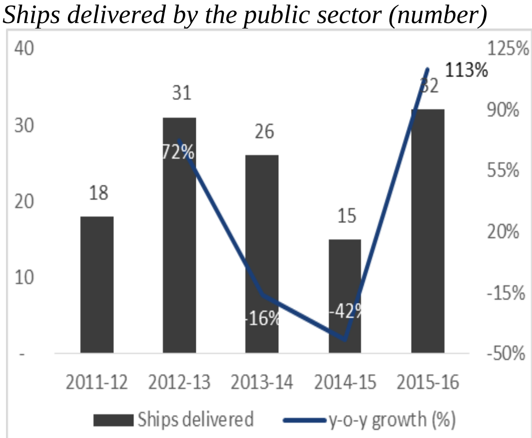


Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

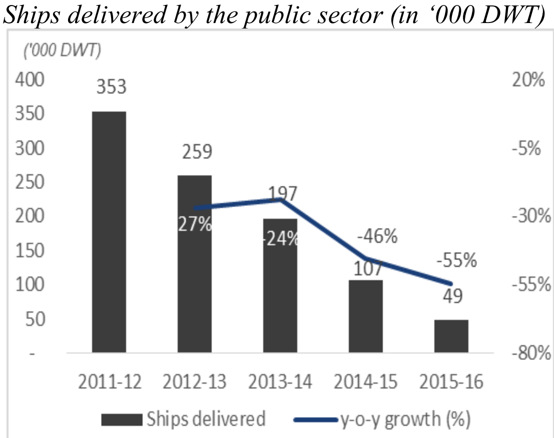
Company-wise ship deliveries

Delivery by the private sector in terms of number of ships as well as DWT slipped after 2011-12. Except in 2013-14 and 2015-16, public sector shipyards' deliveries were higher than that of private shipyards in DWT terms despite deliveries of defence vessels.

Ships delivered by the public sector (number)



Ships delivered by the public sector (in '000 DWT)

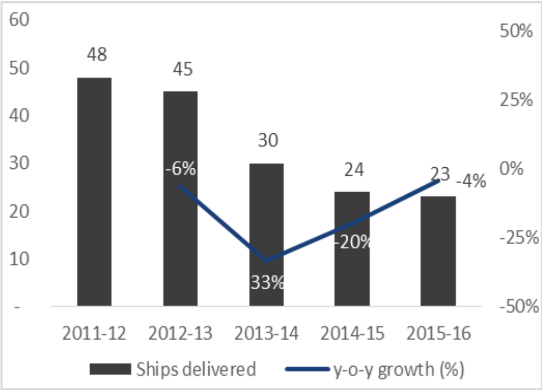


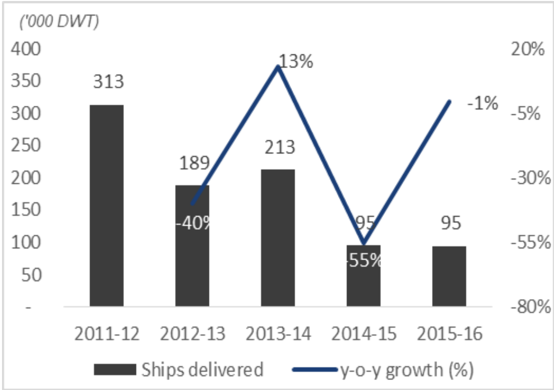
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

Among public sector companies, GRSE delivered the most ships (in terms of DWT) during 2011-12 to 2015-16.

Ships delivered by the private sector (number)

Ships delivered by the private sector (in '000 DWT





Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

Warship building industry in India

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

Traditionally, even as naval ancillary components have been acquired from outside India, the actual shipbuilding activity has been carried out indigenously. However, over the years, the government has focused on greater indigenisation of even defence equipment.

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

Review of government policies for shipbuilding industry in India

The government has taken some key initiatives to develop and promote the country's shipbuilding industry.

In December 2015, the Cabinet approved the new shipbuilding policy, which aims to provide financial assistance to shipbuilders and grant infrastructure status for the industry. The government has set aside Rs 40 billion to implement the scheme over 10 years.

Key features of the policy

- Grants financial assistance to both state-owned and private shipbuilders on each ship they build, except for smaller boats and fishing vessels.
- Quantum of financial assistance would be scaled down by three percentage points every three years, starting with 20% in first three years, 17% in next three, 14% in subsequent three years and 11% in the tenth year.
- Assistance will be given on contract or fair price, whichever is lower.
- Both state-owned and private yards will get assistance only after they construct and hand over a ship to its buyer.
- The right of first refusal is given to Indian shipyards for government purchases, implying that even if the shipyard is not the lowest bidder, an option is provided to the yard to match the lowest foreign bid and secure the contract.
- Grants infrastructure status to shipbuilding and ship-repair industry, thereby entitling it to various government incentives and tax benefits.

Indirect tax incentives

The government issued a notification in November 2015, highlighting indirect tax incentives to be provided to the industry:

- Exemption from customs and central excise duties on all raw materials and parts, used in manufacture of ships/vessels/tugs and pusher crafts.
- Currently, certain specified ships/vessels are exempt from basic customs duty and central excise/ countervailing (CV) duties. Consequently, for such ships/vessels manufactured in export-oriented units (EOU) and cleared for domestic tariff area (DTA), the EOUs are not eligible for exemption on raw material/parts of such ships/vessels. A suitable amendment is being made to the relevant notifications, to make the EOUs eligible for duty exemption on raw material/parts consumed in the manufacturing of such ships/vessels, which are cleared for DTA, even if such ships/vessels are exempt from basic customs duty and central excise/CV duties.
- Simultaneously, the requirement of manufacturing ships/vessels/tugs and pusher craft in a custom-bonded warehouse for availing of customs and excise duty exemptions has also been done away with. Instead, these exemptions will now be subject to actual user conditions.

Review of government policies specific to defence shipbuilding industry in India

Opening up of the defence sector for private players

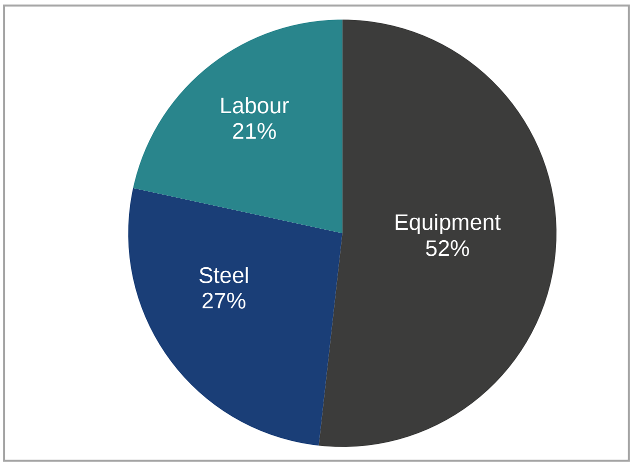
The Indian government has taken steps to encourage defence shipbuilding in the country. According to PIB, in June 2016, Foreign Direct Investment (FDI) Policy in defence sector has been reviewed. As per the updated policy, FDI of up to 49% is allowed under automatic route and above 49% under Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded. To further the ease of process of approvals, the Government has abolished Foreign Investment Promotion Board (FIPB).Moreover, the government is working on Strategic Partnership Model for creating capacity in the private industry on a long term basis and a policy document shall be released shortly for selection of strategic partners.

In line with the government's vision of 'Make in India', Indian Navy has prepared a guideline document, titled 'Indian Naval Indigenisation Plan (INIP), 2015-2030,' to enunciate the need for developing various advanced systems for its platforms. This plan states that the domestic industry can play a vital role in meeting the sophisticated needs of the armed forces through cost-effective utilisation of its know-how and existing infrastructure, in pursuance of the government's vision of 'Make in India'.

However, the following factors hinder the Indian shipbuilding sector from becoming competitive with foreign players:

Equipment costs constitute 50-55% of shipbuilding cost. Indian shipbuilders import 65-70% of equipment, including steel, due to absence of ancillary companies manufacturing the equipment in the country. This increases the cost burden of the shipbuilders. Labour is another major cost, accounting for about 10-15% of total cost. Lower labour cost compared with China, South Korea and Japan could aid in increasing competitiveness ahead of greater indigenisation.

Equipment cost constitutes a major share of shipbuilding cost



Source: CRISIL Research

However, over last few years, major private players like RDEL, ABG Shipyard, and BDIL have had to opt for corporate debt restructuring (CDR) due to stressed financial position. Additionally, economic downturn, decline in global trade and liquidity crunch have impacted performance of these shipyards. The execution of existing order book of the private sector remains uncertain due to these unresolved issues. CDR lenders of ABG Shipyard invoked strategic debt restructuring (SDR) provisions in December 2015, with a view to seek out strategic investors to sustain the operations of the company after the plan to restructure loans under CDR did not fructify. On the other hand, BDIL's debt was sold off to Edelweiss Asset Reconstruction Company (ARC) after its CDR plan also did not work out. BDIL had also approached Board for Industrial and Financial Reconstruction to register itself as a sick company.

Modernisation programme for DPSUs

Currently, all major Indian warships and submarines under construction are being built in Indian shipyards. These include both DPSUs and private shipyards. MDL and GRSE are engaged in building complex weapon-intensive vessels such as destroyers, stealth frigates and corvettes. GSL and HSL have the capability to build various categories of vessels, such as patrol vessels, tankers, landing platform docks, survey vessels, tugs and barges. MDL is also constructing submarines for Indian Navy.

The government has introduced a modernisation programme for DPSUs. Following are the provisions for each DPSU under the programme:

Mazagon Dock Shipbuilders Ltd: has undertaken a modernisation programme at a cost of Rs 9 billion (of which Rs 8 billion was provided by Government of India and the rest from internal accrual). The modernisation included the following facilities:

- Module workshop with two 50T EOT crane and retractable roof designed for fabrication of large hull blocks, substantially pre-outfitted within a covered environment.
- Goliath crane with a capacity of 300 tonne with a span of 138 meter straddling over two slipways and the module shop.
- New wet basin equipped with about 27,000 sq. meters of area to accommodate two large frigates and two submarines for outfitting.
- Cradle assembly shop, used for fabrication and pre-outfitting of cradle structure in unit block assemblies.

With the programme, MDL is aiming at a paradigm shift in warship construction, i.e., construction from unit assembly to block assembly, enabling integrated modular construction. This would substantially reduce the construction/building period. Post-modernisation, MDL capacity for ship building has increased from eight warships to 10 warships since 2014 and submarine capacity has increased from six submarines to 11 submarines since 2016.

The submarine-building capacity has been further enhanced by construction of additional submarine section assembly workshop of 9,900 square meters. The workshop comprises of two bays, equipped with two levels of

EOT Cranes as well as semi goliath cranes, which will facilitate fabrication as well as assembly of submarine units simultaneously.

Garden Reach Shipbuilders & Engineers Ltd: The company's modernisation plan, which was focused on enabling modular construction has been completed at a financial outlay of Rs 6 billion (of which Rs 3 billion was provided by the Government of India and balance met from internal accruals; nil funds allotted in past two years). The company is now capable of constructing multiple large modern ships concurrently. The modernisation plan included creation of the following facilities:

- Modern hull shop, upgradation of TRIBON ship design software, augmenting the capacity of the inclined berth, and shipbuilding shop
- Dry dock with a 10,000 tonne capacity, an inclined berth with 4,500 tonne capacity, pier quay, and associated works and systems
- Goliath crane with a capacity of 250 tonne
- Module hall, paint cell and equipment

Goa Shipyard Ltd: The Company has undertaken a planned modernisation programme and is creating infrastructure for indigenous construction of MCMVs for Indian Navy. The infrastructure modernisation plan is being implemented in four phases, of which phases one and two have been completed in March 2011. Work for the rest of the phases is in progress. On completion of the modernisation plan, the company will have the capacity to build high-technology glass-fibre reinforced plastic (GRP) hull MCMVs indigenously with the help of a foreign technology provider.

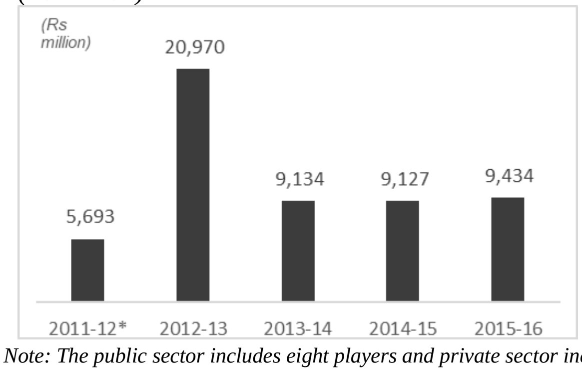
A review of the Indian ship repairing industry

Size of the industry

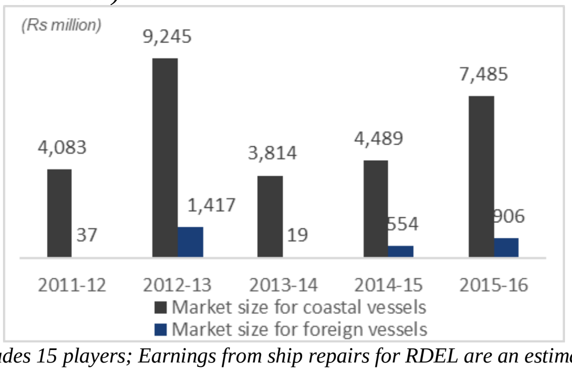
According to a report published by the Ministry of Shipping at the India Maritime Summit 2016, the global ship repair market is estimated to be around USD 12 billion. Shipyards in Singapore, Bahrain, Dubai and Middle East account for a major share of this market. These locations have achieved a dominant position despite higher cost of ship repair services compared to other Asian countries, largely because of availability of skilled workforce and latest technology. This has helped these shipyards attract demand from other low-cost locations like India, Malaysia and Indonesia. The report also estimates Indian ship repair industry's market potential to be around USD 1.5 billion (~ Rs 102 billion).

Considering the earnings from ship repairs for all major shipyards in India (as per the Statistics of India's Ship Building and Ship Repair Industry of 2015-16), the size of Indian ship repair industry in 2015-16 stood at Rs 9,434 million. Overall earnings significantly jumped in 2012-13 on the back of MDL's high-ticket value orders, repairs and fabrication orders for offshore assets taken up by RDEL during the year. The segment grew at CAGR of 13.4% during 2011-12 to 2015-16, even as growth stagnated post 2013-14.

Size of Indian ship repairing industry (Rs million)

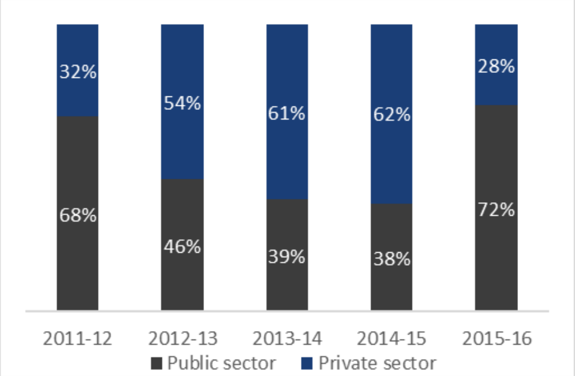


Sector-wise breakup of ships repaired in India Rs million)

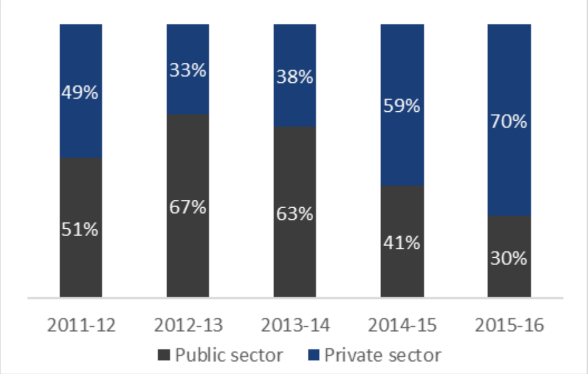


Note: The public sector includes eight players and private sector includes 15 players; Earnings from ship repairs for RDEL are an estimate; Sector-wise breakup does not include data for RDEL
Source: Statistics of India's shipbuilding and ship repairing industry, published by the Ministry of Shipping; RDEL annual reports; CRISIL Research

Sector-wise breakup of ship repairs in India, in terms of value



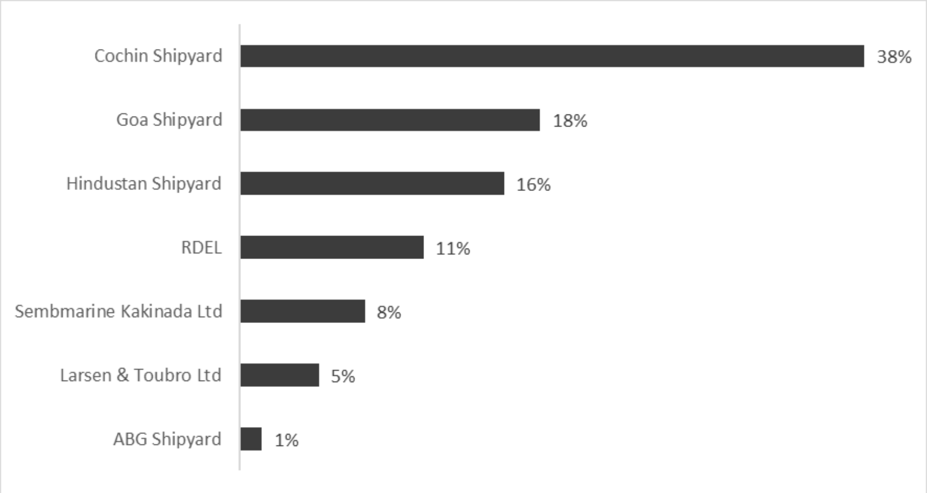
Sector-wise breakup of ships repaired in India, in terms of number of ships



Note: The public sector includes eight players and private sector 15 players.
Sector-wise breakup in terms of number of ships does not include data for RDEL
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by Ministry of Shipping; RDEL annual reports; CRISIL Research

The public sector's share in ship repairing industry recovered in 2015-16 after seeing on-year decline, from 2011-12 to 2014-15. This recovery can be attributed to improved earnings for CSL, GSL and HSL as well as to decline in earnings for RDEL during the year. During the three-year period, 2012-13 to 2014-15, when private sector accounted for a major share of the ship repair earnings, RDEL earned more revenues than all other private players put together.

Market share of major players in the Indian ship repairing industry (as of 2015-16)



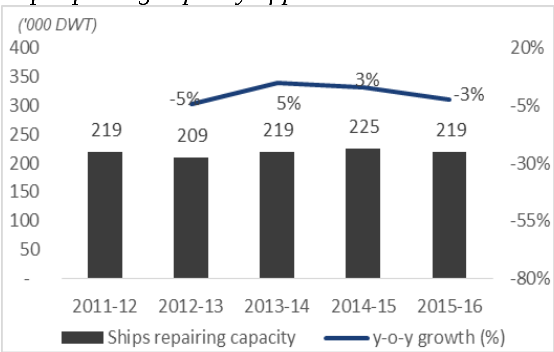
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

CSL, which accounted for 38% of total revenue earned by the industry in 2015-16 through ship repairing, is a leading player in the ship repairing industry. GSL follows CSL with around 20% share in revenue earned in 2015-16 through ship repairing. The top private sector players in this segment are RDEL, Sembmarine Kakinada Ltd, L&T and ABG Shipyard. However, during the three-year period leading up to 2015-16, RDEL was the largest player in the segment.

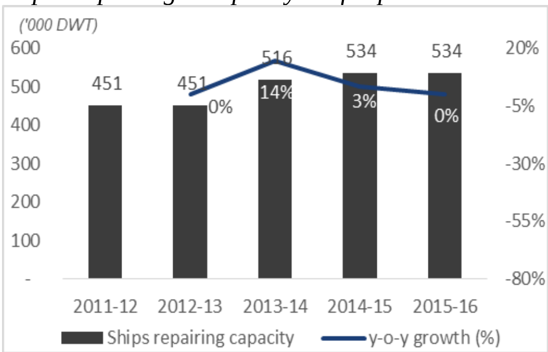
Ship repairing capacity

Ship repairing capacity of public sector shipyards remained fairly stable during 2011-12 to 2015-16. Private sector's capacity improved on account of commencement of operations of two new shipyards, viz., Larsen & Toubro Ltd with 30,000 DWT and Sembmarine Kakinada with 54,000 DWT capacity. However, RDEL accounts for more than half of total ship repairing capacity available across Indian shipyards.

Ship repairing capacity of public sector

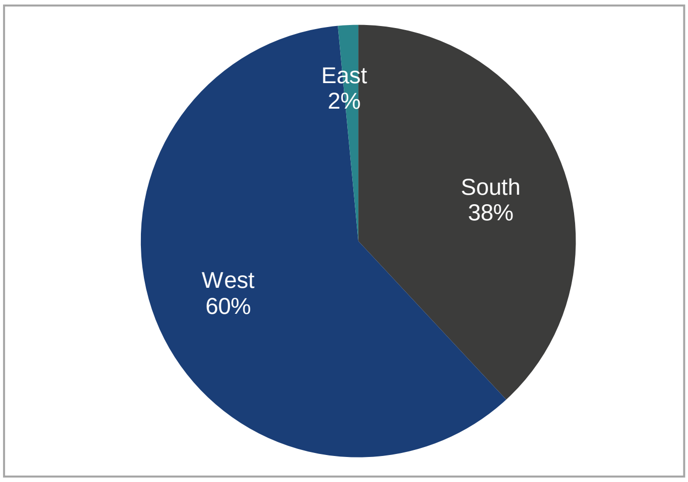


Ship repairing capacity of private sector



Note: The public sector includes eight players and the private sector includes 15 players.
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16) published by Ministry of Shipping; CRISIL Research

Region-wise share in ship repairing capacity in India (as of 2015-16)



Source: Ministry of Shipping, CRISIL Research

The country's western coast houses almost 60% of overall ship repairing capacity. As shipyards are located along the sea coast, there are no shipyards in the north. Shipyards in the western coastline are spread across Gujarat, Maharashtra, Kerala and Goa, while major shipyards along the eastern coast are concentrated in West Bengal.

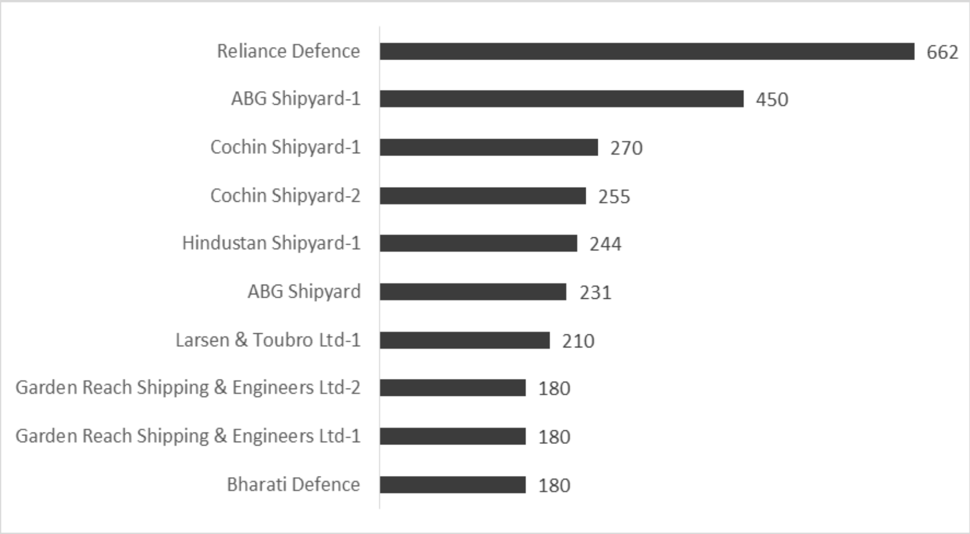
Company-wise ship repairing facilities

The public sector owns seven dry docks and three wet docks. CSL and GRSE have two and three dry docks, respectively. Only HSL and GRSE have both dry and wet docks.

The private sector owns 20 dry docks and 13 wet docks. Dempo Shipbuilding Engineering (2), ABG Shipyard (4), Bharati Defence (2), Modest Shipyard (2) and L&T (6) have multiple dry dock facilities. Ferromar Shipping and A C Roy & Co own only wet docks. Dempo Shipbuilding Engineering, BDIL, L&T and RDEL have both dry and wet docks.

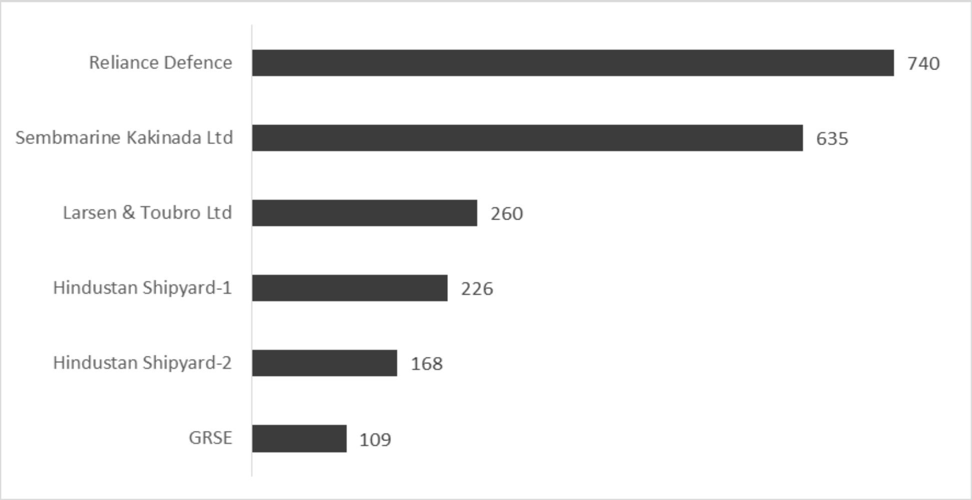
Some players also provide other repairing facilities, such as jetty, shiplift, slipway, submersible ship/platform and quay. On the whole, public sector has 27 such facilities and private sector 10. Within the public sector, GRSE and GSL have eleven and eight facilities, respectively. Among private sector players, ABG Shipyard has two and NN Shipbuilders and Engineers three slipways.

Dry dock facilities as per maximum length that can be accommodated



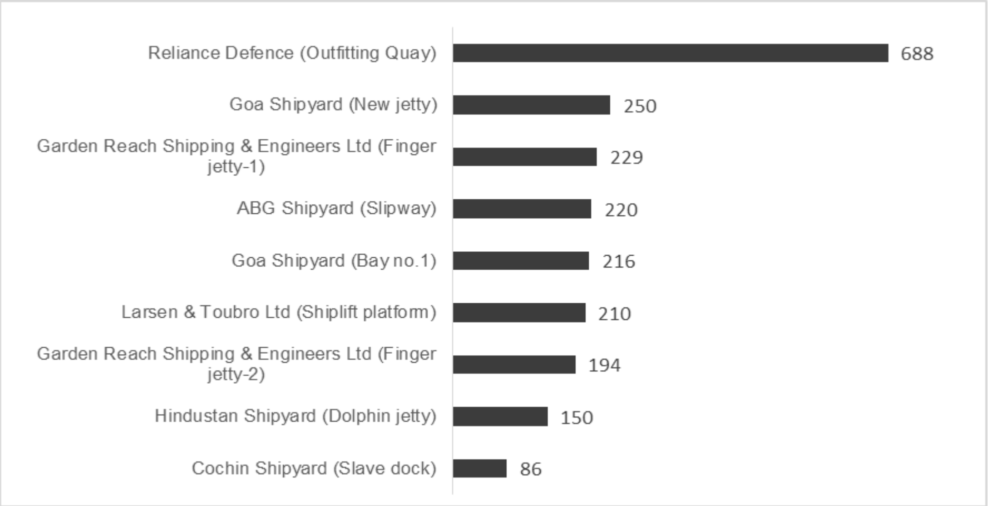
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by Ministry of Shipping; CRISIL Research

Wet dock facilities as per maximum length that can be accommodated



Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by Ministry of Shipping; CRISIL Research

Other repair facilities as per maximum length that can be accommodated



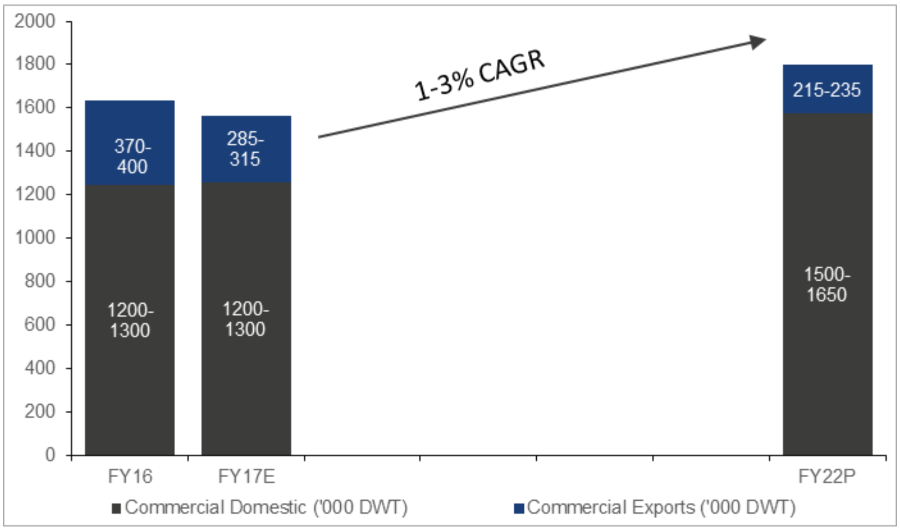
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by Ministry of Shipping; CRISIL Research

Dry dock and ship repairing facilities at major ports

Kandla, Mumbai, Mormugao, Cochin, V O Chidambaranar, Visakhapatnam, Paradip and Kolkata are the major ports in India. The Kolkata port has four dry docks; the rest have one each. The Mormugao and Visakhapatnam ports have eight workshops each, while the Paradip port has only one. In terms of dimensions, the Mumbai port is the largest. All major ports have cranes, except the V O Chidambaranar port; the Kolkata port has six cranes.

Indian commercial and warship building industry

India's commercial order book to grow at a modest pace of 1-3% CAGR over next 5 years



Source: CRISIL Research
Note: Due to the uncertain business position of Bharti Shipyard and ABG Shipyard, and considering their delivery record over the past two years, we have kept their order book unchanged till 2020-21.

Domestic commercial cargo order book to remain weak

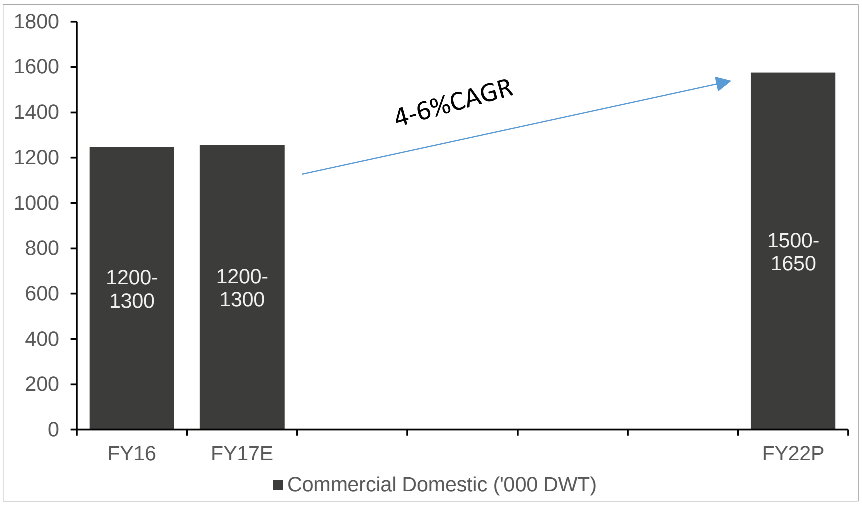
In the past, the Indian commercial shipbuilding industry primarily catered to the dry bulk segment amongst cargo vessels. A majority of these orders were with private players such as ABG Shipyard. Sluggish demand and economic slowdown in 2013-14 resulted in cancellation of bulk carrier orders and piling up of inventory and work-in-progress (WIP), leaving companies in a state of financial distress.

Given the improved macroeconomic environment and increasing imports of coal and iron ore to China, fears of a depression in dry bulk segment's freight space over the next two years has subsided. This, coupled with increasing second-hand asset prices, will slowly improve new building demand as utilisation of existing assets keeps improving. This is expected to slowly add to the global commercial cargo shipbuilding order book.

Major shipping companies like SCI and Great Eastern Shipping are currently taking advantage of low second-hand asset prices which will come into play as and when freight demand picks up. This will limit the new building demand even post-freight improvement.

However, as demand picks up, orders are more likely to flow in to major shipyards in China, Japan and Korea, who are currently battling with underutilised capacities, and then trickle down to Indian shipyards. Thus, the domestic commercial cargo order book is expected to remain weak in the near term.

Non-cargo segment to drive domestic commercial order book, expected to grow 4-6% CAGR over next 5 years



Source: CRISIL Research

Domestic commercial non-cargo order book to pick up by 2021-22

Oversupply in the offshore segment is expected ease by 2021-22, with improvement in offshore rig utilisations, backed by improvement in E&P spending. However, offshore shipping companies, too, are taking advantage of low second-hand asset prices to improve their fleet composition, so they can cater to offshore demand when the market improves.

The requirement of dredgers is expected to rise substantially, considering the government's emphasis on developing water transportation facilities in the country and improving the existing coastal movement, and it is expected to add to the existing capital and maintenance dredging requirements for major and minor ports in India. Historically, Indian yards have accounted for an insignificant contribution to the new dredgers market. However, with major players ramping up technological capabilities, orders for smaller dredgers are expected to flow in to domestic players' order books by 2021-22.

With the improvement in vessel traffic at Indian ports, requirement for tugs and other port crafts are also expected to be substantial, further boosting the domestic non-cargo order book.

Majority of orders for non-cargo vessels were historically catered to by private players like ABG Shipyard, BDIL, L&T, and RDEL. The uncertain business position of ABG Shipyard and BDIL has caused a downside risk to the non-cargo segment order book.

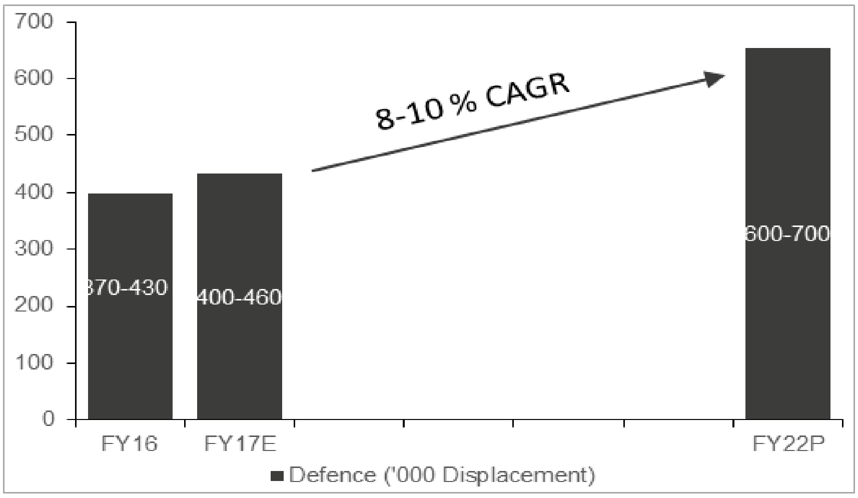
Impact of policy initiative insufficient to offset weak global commercial demand

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

The policy provides assistance post-delivery of the vessel, as against 30% assistance on booking the order as per the Shipbuilding Subsidy Scheme 2002, which led to India garnering about 1.2% share of the global order book. In a situation where major private shipyards are facing financial issues owing to high working capital needs, the new policy might not be as effective.

Post freight revival in the shipping market, competition from major global shipyards is expected to intensify to an extent that offsets the excess cost competitiveness gained through financial assistance and tax exemptions.

Defence shipbuilding order book to grow 8-10% CAGR over the next 5 years



Source: CRISIL Research
Note: DWT for cargo ships are much higher compared with defence and non-cargo carrying vessels such as tugs, offshore vessels, dredgers, passenger ships, research vessels, etc. However, even these vessels occupy a large proportion of key capacities of a shipyard and generate a significant amount of revenue.

Indian shipbuilding industry's order book is expected to receive a boost on account of Indian Navy and Coast Guard's ambitious ship acquisition plans- the forces plan to have fleets of 200 ships each till 2020-21. However, constrained capacities of the defence public sector undertakings and weak financial position of private players having defence shipbuilding licenses can prove to be an impediment to the execution of this plan.

Ship orders from the navy are expected to have a larger share of this order book in terms of DWT, compared with the Indian Coast Guard. In case of the Indian Navy, the orders expected are: warship vessels like corvettes, submarines, etc. as well as patrol vessels and crafts. The category-wise vessel composition of both the Indian Navy and the Indian Coast Guard fleet is expected to remain constant over the next five years.

Some of the key orders of the navy would be:

- Landing platform docks (LPDs)
- Anti-submarine warfare shallow water crafts
- A new generation aircraft carrier of 65,000 tonnes ('IAC-2 Vishal')
- Mine counter-measure vessels
- New generation missile frigates and corvettes
- Conventional submarines with AIR Independent Propulsion (AIP) system (project code name P75-I)

Order book additions arising from the Indian Coast Guard is likely to be lower in the next five years (vis-à-vis the previous corresponding period) due to pending deliveries of current orders and a relatively young fleet.

Indian shipbuilding industry to deliver 145,000 - 155,000 tonnes displacement to navy and coast guard by 2021-22

Over the next five years, the domestic shipbuilding industry is expected to partially or fully execute some orders for both the Indian Navy and Indian Coast Guard. CRISIL Research expects delivery of ships for some of the most important orders of projects P-15-B, P17-A, etc in the timeframe considered. Currently, most of these vessels are at various stage of execution.

Indian shipyards to deliver export orders for foreign clients in defence

In the recent past, Indian shipyards such as CSL and GRSE have received and exported ship orders for clients engaged in the defence sector. As of 2015-16, Goa Shipyard had an export order book comprising patrol vessels and interceptor boats for Sri Lankan Navy.

Other key drivers for the Indian ship repairing industry continue to look positive

Strategic positional advantage

India's strategic position along the east bound and west bound international trade routes offers an opportunity to cater to vessels plying on these routes. A main container route connecting America and Europe to the East passes very close to the Indian coastline, presenting a major opportunity for repairs.

Capacity additions

- The Ministry of Shipping had announced Rs 2.7 billion financial aid for the development and modernisation of Cochin Shipyard Ltd in 2014. Of this, Rs 1.2 billion will be used for setting up a new dry dock yard. It is in the process of adding one more dry dock of size 310 x 75/60 x 13 M. This large dry dock will also enable it to undertake repairs of vessels such as LNG carriers, semi-submersibles, jack up rigs, drill ships, etc.
- Full commissioning of the international ship repair facility at Cochin port with state of the art facilities will enable positioning of Cochin as a major ship repair hub. This is targeted to enhance Cochin Shipyard's ship repair capability by 70-90 ships per annum.
- Phase 3 and 4 of development - expansion and upgradation of infrastructure at Goa Shipyard Ltd - are under progress. This is expected to enhance its capabilities for defence ship repair.
- The construction of floating dry dock facility at V O Chidambaranar port is in the feasibility study phase. This will enhance its capacity to carry out underwater repairs of tugs, launch boats and other watercrafts.
- The project to modernise ship repairing facilities at Kolkata dock is expected to improve its capabilities to service both Indian and foreign vessels. The project is still in the planning stages.
- There is a proposal underway for refurbishment of the existing Hughes dry dock at Mumbai port. This project aims at providing adequate wet berth facilities to complement dry docks to cater to afloat repairs.
- In order to create adequate dry docking facilities and maintenance capacities for vessels plying through Andaman and Nicobar waters, a project to create a ship repair facility(ship lift/slipway) capable of handling 5000 DWT vessels is underway, and is in the pre-feasibility stage (*Source: Maritime India Summit 2016: Advantage Maritime India document*)

Diversification from core ship building business

The slowdown in commercial ship building is expected to drive Indian shipyards to an increased focus towards ship repairs to keep their capacities utilised.

Tax exemptions

With service tax and excise duty exemptions granted for ship repairs, Indian shipyards will now be able to better compete with major ship repair yards in Colombo, Dubai, Oman, Singapore, and China. This should bring in additional revenue from foreign vessels carrying cargo to Indian ports over the next five years.

Increased vessel traffic due to Sagarmala project

As per the national perspective plan of Sagarmala project, coastal and inland waterways traffic is expected to shoot up 15 times over the next 20 years. Similarly, capacity augmentation is expected to result in a five times rise in traffic capacity, from the existing 350 million tonnes. This is expected to bring in additional ship repair business.

Defence repair orders

A major boost is expected to come from defence (Navy and Coast Guard) refitting and modernisation initiatives, which will increase the average repair revenue. Moreover, the indigenisation plan is expected to encourage all sectors of the industry to come forward and participate in indigenous development of weapons, sensors, and other high end equipment for the Indian Navy, which will further improve repair and maintenance revenue in the long run.

Challenges and constraints for the Indian ship repair industry

Quality issues in sub-contracting work

Owing to the lack of a well-developed and mature ship repair and ancillary industry ecosystem in India, the availability of sub-contractors for certain portions of repair work becomes problematic. This translates into sub-standard work and delivery delays, which in turn affect repeat business from ship owners.

Uncontrolled production process – time and cost overruns

Most Indian shipyards have a reputation of overshooting crucial cost and time deadlines, which, in turn, affect asset deliveries and contract timelines. While major ship repair yards across the world boast of adherence to strict deadlines with minimal overruns, most Indian shipyards lose out due to inefficient project management stemming from lack of ancillary ecosystem, lower automation, and alleged lower labour productivity.

Public sector unit shipyards are also saddled with cumbersome procedures to be followed for procurement and contracting, deterring speedier commercial transactions. Complex and rigorous government procurement procedures often cause delays and limit choice.

Intensifying competition from neighbouring foreign shipyards

Shipyards in Colombo, Dubai, and Singapore have gained reputation over time for high quality repairs at competitive prices, and credit facilities extended to key clients. Due to the slowdown in global ship building industry and pressure to cover cost overheads, these shipyards are expected to become more competitive.

Regulatory framework for shipbuilding industry in India

The Indian government has proactively supported the country's shipbuilding and ship repair industry through several regulatory measures and policy initiatives. The industry is strategically tied to the economy, having an important role in employment generation, and development of manufacturing and related industries.

However, over the last several years, it is facing challenges on many counts. Most private shipyards are financially stressed, as a weak global economic environment has led to domestic and global shipping liners cancelling or postponing their fleet plans.

To alleviate this and achieve its 'Make in India' vision, the Centre undertook several initiatives such as Ease of Doing Business, and reforming the defence procurement policy. The government has opened up the construction of warships and submarines to private shipyards, as it strives to achieve its goal of becoming a warship-building nation.

New policy aims to provide financial assistance to shipbuilders

The Cabinet approved a new shipbuilding policy in December 2015, granting financial assistance and infrastructure status to the shipbuilding industry. The government has set aside Rs 40 billion to implement the scheme over 10 years.

The key policy features are:

- Financial assistance will be granted to both state- owned and private shipbuilders on each ship built, except smaller boats and fishing vessels
- The quantum of the financial assistance will be scaled down by three percentage points every three years, starting with 20% in the first three years, down to 11% in the 10th year.
- The assistance will be given on contract price or fair price, whichever is lower.
- Both state-owned and private yards will get the assistance only after they construct and hand over to the ship to the buyer.
- Right of first refusal will be given to Indian shipyards for government purchases, meaning, even if the Indian shipyard is not the lowest bidder, option will be provided to the Indian yard to match the lowest foreign bid and secure the contract.

Over the past few years, India's shipbuilding industry has been grappling with weak financial health. Shipbuilders such as ABG Shipyard and Bharati defence (BDIL) posted net losses of Rs 20 billion and Rs 37 billion respectively in 2015-16 and also reported negative working capital for the year.

The financial assistance proposed by the government to support the beleaguered Indian shipbuilders is likely to make them more cost competitive at a global level. It will also provide them the required working capital to build ships, considering the capital intensive nature of industry. Granting the industry infrastructure status will facilitate its recovery by entitling it to various government incentives and tax benefits.

Infrastructure status granted to the industry

The shipbuilding industry was recently awarded infrastructure status, which will enable raising of long-term finances at competitive rates. Companies will get loans for a longer period, say up to 25 years, based on the economic life or concession period of the project, with periodic refinancing, say, every five years.

The status is also expected to give a boost to the government's "Make in India" initiative as cheaper finance will support Indian shipbuilders to overcome the cost disadvantage on building ships. With this, the shipyard industry will be able to avail of flexible structuring of long-term project loans, long-term funding from infra funds at lower interest rates and longer tenure equivalent to the economic life of their assets, relaxed external commercial borrowing norms, issuance of infrastructure bonds for meeting working capital requirements, as well as benefits under the Income Tax Act, 1961.

As per the Reserve Bank of India's notification, banks have indicated that:

- granting infrastructure status will ensure long term viability of infrastructure/core industries sector projects by smoothening the cash flow stress in initial years;
- they will be able to extend finance to such projects without getting adversely impacted by asset-liability management (ALM) issues;
- the need for restructuring (arising out of initial stressed cash flows, owing to 10-12 year loan tenors normally fixed) will be minimised, allowing banks to once again take up financing / refinancing of these project loans;
- they could shed or take up exposures at different stages of the life cycle of such projects, depending on the bank's single / group borrower or sectoral exposure limits;
- with reduction of project risk and option of refinancing, ratings of such projects will undergo upward revision, allowing lower capital requirement for bank loans as also access to corporate bond markets to promoters at any stage based on such refinancing; etc.

Indigenisation plan to support government's Make in India initiative

In July 2015, the Indian Navy announced an indigenisation plan up to 2030. This plan states that the industry, including the private sector, can play a vital role in parts to meet the sophisticated needs of the armed forces through cost-effective utilisation of its know-how and existing infrastructure, in pursuance of the Government of India's vision of Make in India.

The indigenisation plan 2015-2030 lists out the equipment which can be taken up for indigenisation in the coming years. This plan is supposed to encourage all sectors of the industry to come forward and participate in indigenous development of weapons, sensors and other high end equipment for the Indian Navy, thereby making the nation self-reliant in this vital domain of defence technology.

Other opportunities to Indian carriers through Make in India

Gas Authority of India (GAIL) has signed contracts to buy liquefied natural gas (LNG) from suppliers in the US. Transporting LNG will require large specialised ships termed LNG carriers. As part of the Make in India campaign, the Government of India has mandated that one-third of the total number of ships should be built in Indian shipyards.

Increase in FDI limit in defence shipbuilding; Looking towards strategic partnership model to create capacity in private industry

The Indian government has taken steps to encourage defence shipbuilding in the country. According to PIB, in June 2016, Foreign Direct Investment (FDI) Policy in defence sector has been reviewed. As per the updated policy, FDI limit continues to stand at 49% under automatic route and above 49% under Government route wherever it is likely to result in access to modern technology or for other reasons to be recorded. To further the ease of process of approvals, the Government has abolished Foreign Investment Promotion Board (FIPB).Moreover, the government is working on Strategic Partnership Model for creating capacity in the private industry on a long term basis and a policy document shall be released shortly for selection of strategic partners.

Earlier, in August 2014, the government raised foreign direct investment limit in the segment to 49% from 26% in a bid to cut imports by indigenising defence production. With India being among the top-ten defence spenders in the world, the move to encourage domestic manufacturing bodes well for shipbuilders with a defence presence.

Indirect tax incentives of November 2015

- The industry is exempt from customs and central excise duties on all raw materials and parts for use in the manufacture of ships/vessels/tugs, pusher crafts, etc.
- At present, certain ships/vessels are exempt from basic customs duty and central excise duty (CVD). Consequently, for such ships/vessels manufactured in export-oriented units (EOUs) and cleared to domestic tariff area (DTA), the EOUs are not eligible for exemption on raw materials/parts of such ships/vessels. Suitable amendment is being made to the relevant notifications so as to provide EOUs eligibility for duty exemption on raw materials/parts consumed in the manufacture of such ships/vessels, which are cleared to DTA, even if such ships/vessels are exempt from basic customs duty and central excise/CV duty.
- Simultaneously, the requirement that ships/vessels/tugs, pusher crafts, etc. should be manufactured in a custom-bounded warehouse for availing of customs and excise duty exemptions has also been done away with. Instead, these exemptions will now be subject to actual user conditions.
- Central excise duty exemption on inputs used in repair of ocean-going vessels has been granted in the Union Budget 2016-17.

Setting up of National Investment and Infrastructure Fund

Union Finance Minister Arun Jaitley announced the setting up of a National Investment and Infrastructure Fund (NIIF) in the Union Budget 2015-16, with an annual flow of Rs 20,000 crore. This will enable the trust to raise debt, and in turn, invest in infrastructure finance companies such as Indian Railway Finance Corporation and National Housing Bank. The infrastructure finance companies can then leverage this extra equity manifold.

With a view to attract investments from Qatar under the umbrella of NIIF, a memorandum of understanding (MOU) was signed with Qatar Investment Authority (QIA) on June 5, 2016, during the visit of the Prime Minister of India to Doha. The objective of the MOU was to facilitate QIA to study investment opportunities in the infrastructure sector in India, develop a framework for exchange of information with regard to such investments opportunities, and enable both sides to decide on joint investments. It would remain in effect for 12 months, during which both parties would discuss and agree on the terms, principles, and criteria for such investments. NIIF would share a pipeline of investment opportunities available in the infrastructure sector in India, with the QIA.

Improving 'ease of doing business'

- *Obsolete rules under the Merchant Shipping Act, 1958, weeded out:*

The Ministry of Shipping has decided to rescind 13 rules under the Merchant Shipping Act, 1958 (as amended), having found them to be obsolete and unnecessary. Of the 13 rules, six have been rescinded and seven have been pre-published before rescindment.

- *Ship repair units no longer required to register with DG, Shipping:*

The Ministry of Shipping has simplified the procedure eliminating the requirement of registration of ship repair units with the Directorate General (DG) of Shipping. The Ministry of Finance and the Ministry of Commerce and Industry have been informed to extend concessions and facilities to ship repair units without insisting on registration with DG, Shipping.

- *Re-rolled steel from ship breaking allowed for shipbuilding:*

To meet the growing demand for steel by ship and barge builders, the Ministry has decided that re-rolled steel from re-cycling yards/ship breaking units will be certified for use in the construction of inland barges, river sea vessels (Type 1 & 2) and port and harbour crafts, after ascertaining its sourcing and processing. This will help in bringing down the cost of construction.

National policy on dredging

The Government of India's new dredging policy as per the Indian Maritime Agenda 2020 promises to encourage private competition in this field. The crux of the existing dredging policy guidelines issued by Ministry of Shipping (MOS) is:

- All major ports shall invite open competitive bids for dredging works and Indian companies owning Indian flagged dredgers, including Dredging Corporation of India (DCI), shall have the right of first refusal if the rate is within 10% of the lowest valid offer available. This will apply to both maintenance and capital dredging works, with the sole exception of the maintenance dredging requirement of Kolkata Port, for which separate instructions may apply.

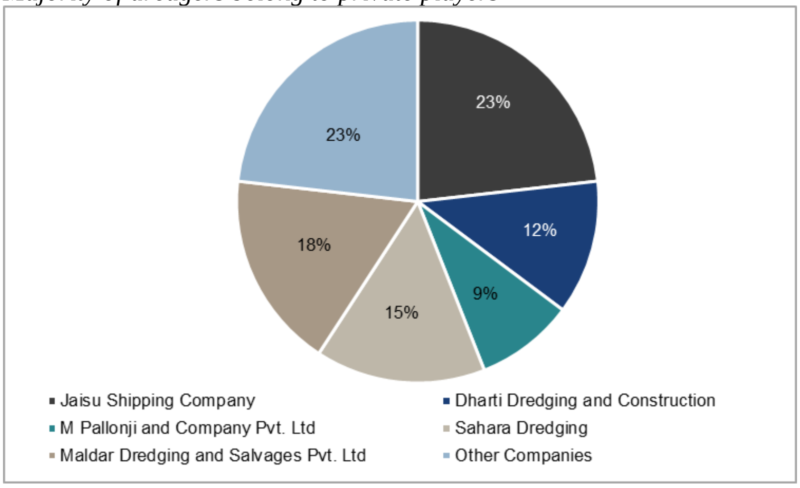
- If more than one company owning Indian flag dredger participates in the tender, the right of first refusal will go to that Indian company which has quoted the lowest rate of all, and is within 10% of the lowest valid offer put up in that tender.

The dredging policy in India is awaiting further changes that will promote competition. The policy may allow private companies to compete for underground excavations in the marine sector, and any further change in this policy will also focus on promoting coastal shipping.

Potential of private companies in the dredger business

The dredging sector in India has unexploited opportunities, and the market in India is slowly opening up to private players. A greenhorn private player first has to tie up with an established player to fulfil the pre-qualification criterion, and only after that can it participate in the call of tenders, if it qualifies. Private dredging companies are yet to exploit the capability of possible alliances in this business. They do not face stiff competition from foreign dredgers, as local players are able to provide dredgers at low cost. If private players are able to evolve some new technology which promotes environment friendly as well as efficient dredging at a lower cost, that would add to their growth and entry into the market. SCI, for instance, is looking for new private ventures with good expertise, to engage with in dredging activities.

Majority of dredgers belong to private players



Source: Dredging Corporation of India Annual report

Private companies own the maximum number of dredgers in India. Among them are: Jaisu Shipping Company Pvt Ltd (23%), Maldar Dredging & Salvages Pvt Ltd (18%), and Sahara Dredging Company (15%).

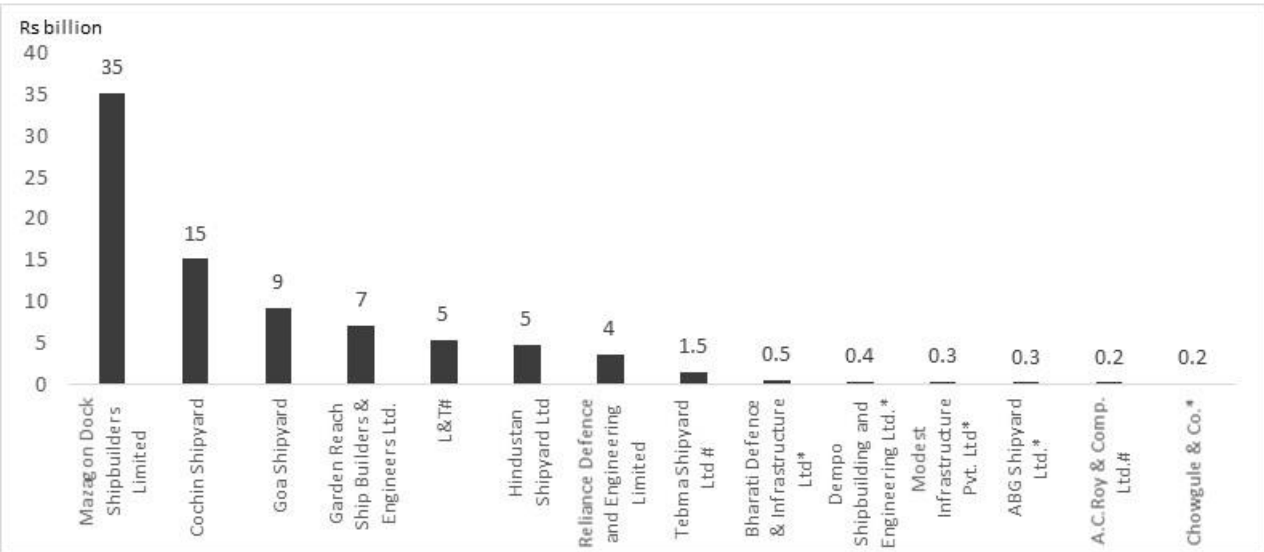
Overview of competitive landscape

Shipbuilding capacity of public and private shipyards by type of vessels

Name of player	Tanker	Dry cargo	Bulk carriers	Passenger/Passenger-cum-cargo ships	Product carriers	Other	Defence ships
Public sector							
Alcock Ashdown (Gujarat) Ltd.(AAL)	Y		Y			Y	
Cochin Shipyard Ltd (CSL)	Y	Y	Y	Y	Y	Y	Y
Hindustan Shipyard Ltd.(HSL)	Y	Y	Y	Y	Y	Y	Y
Hooghly Dock & Port Engineers Ltd. (HDPE)	Y			Y		Y	
Shalimar Works Ltd. (SWL)						Y	
Goa Shipyard Ltd. (GSL)							Y
Mazagon Dock Shipbuilders Ltd							Y
Garden Reach Shipbuilders and Engineers Limited *(GRSE)							Y
Private sector							
ABG Shipyard Ltd.(ABGS)	Y		Y			Y	
Bharati Defence & Infrastructure.(BDIL)	Y	Y	Y	Y		Y	
Reliance Defence and Engineering Ltd (RDEL))		Y	Y	Y		Y	Y

**Rajabagan Dockyard Limited, under Central Inland Water Transport Corporation, Kolkata merged with Garden Reach Shipbuilders and Engineers Ltd, Kolkata w.e.f 1st July 2006*
Source: Ministry of Shipping, CRISIL Research

Player wise shipbuilding revenues for major players in the industry



Note: Companies with shipbuilding revenues greater than Rs 0.1 billion are only considered
Financials are as on fiscal 2017 except the following
**latest available financials as per fiscal 2016*
#latest available financials as per fiscal 2015
Source: Statistics of India's Shipbuilding and Ship repair industry 2015-16, annual reports of listed companies and public shipyards

In terms of revenue, public sector shipyards dominate the shipbuilding industry in India. This is mainly due to their capabilities in building of Defence vessels, which are complex and costlier compared to commercial vessels.

Moreover, execution of the order book of private shipyards remains uncertain due to the stressed financial position of major shipyards like ABG Shipyard, RDEL Shipyard and Bharati Defence and Infrastructure Ltd. According to industry interactions, some orders of commercial vessels placed with private-sector shipyards have either been cancelled or put on hold. Additionally, the majority of orders of ships for clients engaged in the defence sector have been placed with the public-sector shipyards.

Financial snapshot – Shipyard companies

Parameters	**Mazagon Dock Shipbuilders Limited**	**Cochin Shipyard**	**Goa Shipyard**	**Garden Reach Ship Builders & Engineers Ltd.**	**Hindustan Shipyard Ltd***	**Reliance Defence and Engineering Limited**	**Bharati Defence & Infrastructure Ltd***
Revenue	35.1	20.7	10.4	9.4	5.9	5.3	1.6
Operating margin	4%	19%	14%	-16%	-3%	4%	-119%
Net margin	15%	16%	10%	1%	3%	-98%	N.M.
ROCE	36%	26%	20%	3%	0%	-1%	-67%
Financial gearing (times)	0.0	0.1	0.0	0.0	N.M.	8.2	N.M.

*Note: * for FY16, rest for FY17*
Revenues represent total sales including shipbuilding and ship repair
Source: Annual reports of respective companies

Operating profile of players

(Source: All information has been taken from company annual reports, company websites, publications by Ministry of Shipping and other publically available documents. The financial data has been reclassified according to CRISIL Standards. Consolidated financials have been considered for all companies except wherever specified.)

Cochin Shipyard Ltd (CSL)

Incorporated in 1972 in technical collaboration with Mitsubishi Heavy Industries Ltd, Japan. Situated adjacent to the Cochin port on the west coast, the yard covers 170 acres of which 60 acres are still vacant and available for future use. It is strategically located midway on the international sea route, connecting Europe, West Asia and the Pacific Rim. The yard builds large vessels for merchant and Indian navies.

Some highlights:

- Has capacity to build ships up to 110,000 DWT, and repair ships up to 125,000 DWT.
- Delivered two double-hull crude oil tankers built in India, each of 92,000 DWT capacity
- Has been selected by the Indian Navy to build its first indigenous air ship. Steel-cutting for the ship commenced in April 2005.
- The company has leased ~42 acres of land at the Cochin Port Trust for 30 years in order to set up an international ship repair facility.

Technical collaborations and joint ventures

- CSL has partnered with a leading global builder of LNG carriers, M/s Samsung Heavy Industries (SHI), Korea.
- The yard has become the first in India to be licensed by M/s GTT, France, to use their patented Mark III Flex Membrane Technology for its LNG carrier containment system.
- CSL has submitted offers to two international consortiums, which in turn have taken part in the GAIL tender. The outcome is awaited.

Financials

Particulars	**2016-17**	**2015-16**	**2014-15**

Revenue (Rs bn)	20.7	20.0	18.7
Operating margin	19%	18%	18.3%
Net margin	15.6%	13.6%	12.4%
RoCE	26%	25.3%	23.2%
Financial gearing (times)	0.1	0.1	0.1

Source: Company reports, CRISIL Research

Notes:

i. *Increase in ship repair revenue by ~48% contributed to marginal increase in overall revenue.*
ii. *Improvement in the net profit margin was on account of better operating performance.*

Garden Reach Shipbuilders and Engineers Ltd (GRSE)

GRSE is a warship-building company in India, under the Ministry of Defence's administrative control. Since 1960, GRSE has built 95 warships, from state-of-the-art frigates and corvettes to fast-patrol boats. GRSE has built and supplied close to 700 vessels (including 95 warships) for carrying men and materials and also for surveillance of the coastline. It has an engineering and engine division to support its main business.

Technical collaborations and joint ventures

- The company is participating in a global tender for construction of two frigates for the Philippines Navy. It is the only Indian shipyard to have qualified for this international tender, along with leading global players like Navantia, STX, Daewoo and Hyundai.
- Participating in a tender for supplying patrol vessels to Vietnam border guards.
- Exploring the possibility of exporting pre-fabricated steel bridges to Peru.
- Delivered the first indigenous anti-submarine warfare (ASW) corvette, INS Kamorta, to the Indian Navy in 2014-15.
- Handed over the first Indian export ship, an offshore patrol vessel, to the Governemnt of Mauritius in 2014-15.

Financials

Particulars	**2016-17**	**2015-16**	**2014-15**
Revenue (Rs bn)	9.4	19.1	23.3
Operating margin	-16.4%	4.7%	2.0%
Net margin	1.3%	8.4%	1.8%
RoCE	2.7%	23.7%	7.6%
Financial gearing (times)	0.0	0.0	0.0

Source: Company reports, CRISIL Research

Notes:

i. *Revenue has declined significantly in Shipbuilding and spares by 47% and 38% respectively, which are key segments for the company.*
ii. *Steep decline in revenue has led to an operational loss. However, the company was profitable at net level due to income from interest among others.*

Goa Shipyard Ltd (GSL)

Established in 1957, GSL is a certified shipyard on India's west coast, managed and controlled by the Ministry of Defence, Government of India. GSL is strategically located on the banks of river Zuari in Goa, a major international tourist destination that is well-connected by its international airport and major port to all important shipping lines. It has a capacity to build and repair ships of about 10,000 DWT.

GSL offers a wide spectrum of services including:

- Designing and building of a variety of vessels
- Vessel repair and modernisation
- Technology transfer

Ships manufactured:

Advanced offshore patrol vessels, fast patrol vessels, fast attack crafts, survey vessels, sail training ships, missile and landing crafts, tugs, dredgers, launches, passenger ferries, fishing vessels, glass-reinforced plastic boats, and medium-sized sophisticated vessels.

Technical collaborations and joint ventures:

- Presently executing export orders of two offshore patrol vessels (OPV) for Sri Lankan Navy.
- Executing two water jet, fast attack crafts and 11 fast interceptor boats for Mauritius.
- Building damage control simulator for Myanmar.
- Signed an agreement with the UK for providing technology to manufacture air cushion vehicles indigenously. The agreement has also enabled GSL to participate in two recent global tenders floated for manufacture and supply of air cushion vehicles to the Indian Army.
- Bagged the order for supply of HELI landing grid for two Sri Lankan OPVs under construction at GSL.

Financials

Particulars	**2016-17**	**2015-16**	**2014-15**
Revenue (Rs bn)	10.4	8.8	7.6
Operating margin	14%	9.8%	-5.2%
Net margin	9.5%	7%	10%
RoCE	19.6%	17.6%	8.0%
Financial gearing (times)	0.0	0.0	0.0

Source: Company reports, CRISIL Research

Notes:

i. Decline in other expenses and increase in revenue led to an improvement in the operating margin.

ii. Following an increase in operating margin, net margin for the company also increased.

Hindustan Shipyard Ltd

Hindustan Shipyard Ltd (HSL) is located on the east coast near Visakhapatnam. The yard was set up in 1941 by Scindia Steam Navigation Company. The Indian government took over the shipyard in 1952. It engages in shipbuilding, ship repair, and creation of offshore and onshore structures. It is the first shipyard in the country to obtain ISO-9001 accreditation for shipbuilding and structural fabrication. It has a capacity to construct and repair ships up to 80,000 DWT.

Technical collaborations and joint ventures

- Signed a memorandum of understanding (MOU) for transfer of technology, design and manufacture of submarines including systems/subsystems, with Hyundai Heavy Industries, Korea on January 13, 2015.
- The MOU aims to infuse best practices of shipbuilding and submarine construction at HSL.

Financials

Particulars	**2015-16**	**2014-15**
Revenue (Rs bn)	5.9	2.8
Operating margin	-2.6%	-55.7%
Net margin	3.2%	-72.9%
RoCE	0.0%	0.0%
Financial gearing (times)	-0.5	-0.5

Source: Company reports, CRISIL Research

Notes:

i. *The company's total revenue doubled on account of an increase in revenue from shipbuilding as well as ship repairing segments by ~200% and ~150%, respectively.*
ii. *Sharp improvement in operating margin owing to decline in employee cost and other manufacturing expenses.*

Mazagon Dock Shipbuilders Ltd (MDL)

MDL is a Defence Public Sector Undertaking under ministry of Defence. It is one of the India's leading shipyards with a capacity to meet requirements of the Indian Navy. Mazagaon dock was first constructed in 1774 as a small dry dock, which was incorporated as a public limited company in 1934, before being taken over by Govt. of India in 1960.

The shipyard builds warships and conventional submarines at its facilities in Mumbai and Nhava. Major customers for the shipyard include Indian Navy and Coast Guard.

Since 1960, MDL has built a total of 795 vessels including 25 warships, from advanced destroyers to missile boats and three submarines. MDL had also delivered cargo ships, passenger ships, supply vessels, multipurpose support vessels, water tankers, tugs, dredgers, fishing trawlers, barges and border outposts for various customers in India as well as abroad.

The company has also fabricated and delivered jackets, main decks of wellhead platform, process platforms, jack up rigs etc. A few highlights in its shipbuilding are:

- It is India's only shipyard to have built destroyers and conventional submarines for the Indian Navy.
- It is one of the initial shipyards to manufacture Corvettes (Veer and Khukri Class) in India.
- It is also one of the ship builders for P17-A project for building next generation guided missile stealth frigates through collaboration with Fincantieri, Italy.
- It is also executing orders for five scorpene submarines through collaboration with DCNS, France.
- It has a capacity to build warships, submarines, merchant ships upto 40,000 DWT.
- As per Ministry of Shipping, no ship repair work has been undertaken by MDL in 2016. However it has undertaken ship repair activity in the past.
- For outfitting work, the company has several workshops with sophisticated equipment and machines specific to hull fabrication and ship construction work.

Financials

Particulars	2016-17	2015-16	2014-15
Revenue (Rs bn)	35.1	41	35.9
Operating margin	4.2%	5.1%	6.3%
Net margin	15.2%	15.2%	13.6%
RoCE	35.9%	36.9%	33.8%
Financial gearing (times)	0.0	0.0	0.0

Source: Company reports, CRISIL Research

Notes:

i. *Revenue for the company declined in 2016-17 on account of reduction in ship building revenue.*
ii. *Operating margin was lower in 2016-17 on-year, due to rise in provisions.*
iii. *Its gearing remains low on account of minimal debt.*

ABG Shipyard Ltd

ABG Shipyard Ltd, incorporated in 1985 as Magdalla Shipyard Pvt Ltd, is located near Magdalla port in Surat. The company has a private sector shipbuilding yard in India. Its manufacturing process is in line with global standards, with the yard certified by DNV for ISO 9001:2008. A few highlights:

- Can build and repair ships up to 20,000 DWT.
- First Indian shipyard to export vessels to Norway

- First shipyard to build highly specialised ships such as fifth-generation newsprint carriers and bulk cement carriers
- First shipyard to build diesel electric dynamic ships, pollution control vessels, and all aluminium jet-propelled crafts
- Has received highest exporter award from Engineering Export Promotion Council over the past two years

Products manufactured

Anchor handling tugs and supply vessels, diving support vessels, well head maintenance vessels, dynamic positioning vessels, tugs, offshore support vessels, bulk carriers, tankers, floating cranes, pollution control vessels, and special purpose vehicles.

Financials

Particulars	2015-16*	2014-15
Revenue (Rs bn)	0.3	4.5
Operating margin	N.M.	-42.1%
Net margin	N.M.	N.M.
RoCE	-40.5%	-5.3%
Financial gearing (times)	-3.0	12.6

***Note: Standalone financial data, N.M.: Not meaningful**
FY17 financials for the company are not updated
Source: Company reports, CRISIL Research

Notes:

i. Low level of business activity, impairment of inventory, and increased interest cost resulted in increased losses.
ii. Increase in exceptional items was because of foreign exchange losses and reversal of profits on account of cancellation of contract / invocation of bank guarantees.

Reliance Defence and Engineering Ltd (RDEL)

Formerly Pipavav Defence and Offshore Engineering Company Ltd, RDEL has the capacity up to 400,000 DWT to build and repair ships. This is the first private sector company in India to secure licence and contract to build warships. Its shipyard is located on India's west coast in Saurashtra, Gujarat. The fabrication facility is spread over 2.1 million sq ft.

Products manufactured

Cargo ships, naval vessels, offshore vessels, rigs, platforms, dredgers, passenger vessels, etc.

Technical collaborations and joint ventures

Reliance Naval Systems (RNS) is a business vertical of RDEL.

- RNS is partnering with SAAB, Sweden to develop combat management systems for the Indian Navy.
- Targeting underwater systems through a proposed joint venture with Thales, France, particularly to build mine counter-measure vessels ordered on Goa shipyard, a public sector undertaking.
- Developing an integrated platform management system, integrated bridge systems, and simulators in partnership with Kongsberg Defence and Aerospace AS, Norway.
- Tying up with Safran Engineering Services, France to develop electro-optical systems for Indian coast guard ships.

Financials

Particulars	2016-17*	2015-16	2014-15
Revenue (Rs bn)	5.3	3.1	9.1
Operating margin	3.7%	-59.7%	18%

Net margin	-97.9%	N.M.	-43.9%
RoCE	-1.4%	-3.5%	-0.1%
Financial gearing (times)	8.2	4.3	3.7

N.M.: Not meaningful
Source: Company reports, CRISIL Research

Notes:

i. *The revenue for the company rose 71% due to a rise in ship building and ship repairing revenues by 78% and 40% respectively.*
ii. *Despite improvement in operating performance, the company posted a net loss due to high gearing.*
iii. *Gearing ratio rose on account of increase in long term loan in 2016-17.*

Bharati Defence and Infrastructure Ltd (BDIL)

Formerly Bharati Shipyard Ltd, BDIL was incorporated in 1968 as a partnership firm. It operates shipbuilding facilities in Ratnagiri, Dabhol, Mangaluru, and Kolkata. The company has structural quality assurance facilities at Ghodbunder Road in Thane district. Its subsidiary, Pinky Shipyard, has shipbuilding facilities in Goa. Its subsidiary, Tebma Shipyard, has shipbuilding facilities in Karnataka, Kerala, and Tamil Nadu.

- Can build ships up to 70,000 DWT.
- Can repair ships up to 20,000 DWT.
- Product range has shifted from simple inland cargo barges to sophisticated deep-sea fishing trawlers and state-of-the-art dredgers, to ocean-going tractor tugs, cargo/ container ships, tankers, etc.

Products manufactured

All types of ships up to 250 metres in length, including cargo vessels (dry & bulk), tankers, passenger vessels/ferries, off-shore petrol vessels, offshore support/supply vessels, AHTS tugs, tankers, dredgers, ro-ro vessels, etc.

Technical collaborations and joint ventures

- Has entered into a contract for construction and sale of two LNG-propelled vessels to a Norway-based company.
- The concept of using LNG as a fuel for ships has been gaining popularity not only in Europe but also in Asia and USA.
- Norway has taken the lead in developing “LNG as fuel” for shipping. It already leads in LNG usage for vessels such as ferries and supply ships.

Financials

Particulars	2015-16	2014-15
Revenue (Rs bn)	1.6	1.9
Operating margin	-119.4%	-52.8%
Net margin	N.M.	N.M.
RoCE	-66.6%	-16.3%
Financial gearing (times)	-2.3	-4.8

N.M.: Not meaningful
Source: Company reports, CRISIL Research
Note: FY17 financials for the company are not updated

Notes:

i. *Inadequate working capital continued to impact operations of the company.*
ii. *Company’s net worth eroded further owing to increase in losses.*

Larsen & Toubro Ltd (L&T)

L&T owns and operates two shipyards, one on west coast of India at Hazira, near Surat in Gujarat, and the other on east coast at Kattupalli near Chennai. The Hazira shipyard has a capacity of ~20,000 DWT, while the Kattupalli shipyard is spread across 500 hectares. It also includes a container port and an offshore modular fabrication yard. Both shipyards undertake construction of commercial and defence vessels and repairs. In addition, Kattupalli shipyard has facilities for undertaking repairs, refits, and conversions of both commercial and defence vessels and offshore platforms.

Products manufactured

Offshore utility vessels, LNG carriers, LPG carriers, chemical tankers, dredgers, reefers, cable layers, container ships, pure car carriers, multipurpose heavy lift, and roll-on roll-off vessels.

Global shipyards

Hanjin Heavy Industries and Construction

South Korea-based Hanjin Heavy Industries and Construction has two shipyards, Subic Shipyard and Yeongdo Shipyard. Subic Shipyard has a shipbuilding capacity of two million DWT per annum and Yeongdo Shipyard, about one million DWT per annum. It builds commercial vessels, container carriers, LNG carriers, ro-ro vessels, chemical tankers and cable ships. Hanjin has filed for bankruptcy in the US to protect its vessels from being seized by creditors.

Financials

Particulars	**CY15**	**CY14**
Revenue (Rs billion)	177	146
Operating margin	0.75%	-1.86%
Net margin	-8.37%	-11.88%
ROCE	N.M.	N.M.
Financial gearing (times)	N.M.	N.M.

N.M.: Not Meaningful
CY16 is not available
Source: Company reports, CRISIL Research

Notes:

i. *Operating margin turned positive in 2014-15, from -1.86% in 2013-14, with a 21% increase in revenue.*
ii. *Financial gearing deteriorated with a debt increase of about 82%.*

Hyundai Heavy Industries

Hyundai Heavy Industries, based in South Korea and incorporated in 1972, had about 15% share of the global market and a 40% share of the global containership market.

Financials

Particulars	**CY16**	**CY15**	**CY14**
Revenue (Rs billion)	2,279	2,619	3,048
Operating margin	4.2%	-1.02%	-4.24%
Net margin	1.7%	-2.92%	-3.36%
RoCE	8.2%	N.M.	N.M.
Financial gearing (times)	1.03	1.2	N.M.

N.M.: Not Meaningful
Source: Company reports, CRISIL Research

Notes:

i. *Despite decline in revenue because of low business activity, fall in commodity prices have supported the growth in gross profit margins boosting profitability.*

ii. *During the period, the total debt has remained stable, while positive net profit led to a decline in financial gearing.*

Mitsubishi Heavy Industries Ltd

Mitsubishi Heavy Industries Ltd of Japan manufactures ships, heavy machinery, airplanes and railroad cars..

Financials

Particulars	**2015-16**	**2014-15**	**2013-14**
Revenue (Rs billion)	2,434	2,306	2,275
Operating margin	3.8%	7.65%	7.4%
Net margin	2.69%	2.77%	3.29%
RoCE	N.M.	N.M.	N.M.
Financial gearing (times)	N.M.	N.M.	N.M.

N.M.: Not Meaningful
Source: Company reports, CRISIL Research

Notes:

i. *The revenue for the company remained flat while rise in selling expenses has impacted the operating margin.*

OUR BUSINESS

This section should be read in conjunction with "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" on pages 16, 458 and 191 respectively, before making an investment in the Equity Shares. In this section, references to "we", "our" and "us" are to our Company. Our restated financial information for the Fiscals 2013 and 2014 included in this Draft Red Herring Prospectus is prepared under the Indian GAAP. For the Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017, our financial information is prepared under the Ind AS and included in this Draft Red Herring Prospectus. Unless otherwise stated, financial information in this section has been derived from our Restated Standalone Financial Statements.

Due to various national security concerns, certain material information in relation to our business, operations and prospects has been classified as 'confidential' by the MoD and by us. As a result we have not (i) disclosed such information in this Draft Red Herring Prospectus; or, (ii) provided such information to the BRLMs, the legal counsels and / or other intermediaries involved in this Offer. We therefore cannot assure you that this Draft Red Herring Prospectus contains all material information as necessary for investors to make an informed investment decision and hence this Draft Red Herring Prospectus may not be complete to that extent. For further information please see "Risk Factors - As a result of national securities concerns, certain information in relation to our business and operations is classified as 'secret and confidential' pursuant to which we have not disclosed such information in this Draft Red Herring Prospectus nor provided such information to the BRLMs, other intermediaries and advisors involved in the Offer" on page 18.

Overview

We are a defence public sector undertaking shipyard under the Department of Defence Production, MoD with a maximum shipbuilding and submarine capacity of 40,000 DWT (*Source: CRISIL Report*), engaged in the construction and repair of warships and submarines for the MoD for use by the Indian Navy and other vessels for commercial clients. We are a wholly-owned GoI company, conferred with the 'Mini-ratna-I' status in 2006, by the Department of Public Enterprises. We are India's only shipyard to have built destroyers and conventional submarines for the Indian Navy. We are also one of the initial shipyards to manufacture Corvettes (Veer and Khukri Class) in India (*Source: CRISIL Report*).

The business divisions in which we operate are (i) shipbuilding and (ii) submarine and heavy engineering. Our shipbuilding division includes the building and repair of naval ships. We are currently building four P-15 B destroyers and four P-17A stealth frigates for the MoD for use by the Indian Navy. Our submarine and heavy engineering division includes building, repair and refits of diesel electric submarines. We are currently building five Scorpene class submarines under a transfer of technology agreement with Naval Group for the MoD for use by the Indian Navy. Since 1960, we have built a total of 795 vessels including 25 warships, from advanced destroyers to missile boats and three submarines. We have also delivered cargo ships, passenger ships, supply vessels, multipurpose support vessels, water tankers, tugs, dredgers, fishing travellers, barges and border outposts for various customers in India as well as abroad.

Some of the vessels built and delivered by us in the past include, six Leander class frigates, three Godavari class frigates, three corvettes, four missile boats, six destroyers, three submarines and three Shivalik class frigates for the MoD for use by the Indian Navy and constructed and delivered seven offshore patrol vessels to the Indian Coast Guard. We have fabricated and delivered jackets, main decks of wellhead platforms, process platforms and jack up rigs, etc,

Our shipyard is strategically located on the west coast of India, on the sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route. We are headquartered in Mumbai which is also the headquarters of the Western Naval Command of the Indian Navy. We are also exploring the possibilities of developing a greenfield shipyard at Nhava, Navi Mumbai with a shiplift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of 40 acres.

Our shipbuilding and submarine and heavy engineering divisions are both ISO 9001:2008 certified.

Over the last 15 Fiscals, the total number of orders for vessels received and delivered by us is set out below:

Division	Orders Received	Orders Delivered
Shipbuilding	16	27
Submarine and heavy engineering	6	1

In addition to the above, we have also completed repairs for two submarines.

Prior to our incorporation in 1934, a small dry dock was constructed in Mazagaon village, Mumbai, to service the ships of the British East India Company in 1774 which was subsequently developed into a ship repair yard and later a ship building yard over the course of two centuries. We were incorporated as a private limited company in 1934 and in the year 1960, the GoI took over our Company to expand its warship development programme designating it as a DPSU under the MoD. For further details, see "*History and Certain Corporate Matters*" on page 152.

Our Company has posted profits continuously in the last three Fiscals. Our total income was ₹42,109.03 million, ₹48,866.92 million, ₹42,950.53 million and ₹20,625.93 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively. Our profit for the year was ₹5,285.20 million, ₹6,025.09 million, ₹5,489.86 million and ₹2,667.80 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively.

Competitive Strengths

We believe we benefit from a number of strengths that together differentiate us from our competitors:

Only public sector defence shipyard constructing conventional submarines

Our Company is primarily engaged in the defence shipbuilding segment catering to the needs of the MoD. We are India's only shipyard to have built destroyers and conventional submarines for the Indian Navy (*Source: CRISIL Report*). We have in the past constructed two SSK submarines, modernized and refitted four SSK submarines. We believe this has enhanced our capability of handling construction of conventional submarines. We have also entered into a technology transfer agreement with Naval Group, France for Scorpene submarines which are currently manufactured by us. We have recently delivered one of the Scopene submarines, INS Kalvari to the MoD. We alongwith the Naval Group have trained our workforce in relation to the construction of such submarines. We believe that our personnel associated with submarine construction process are now adept with the nuances of submarine technology.

World class infrastructure capable of serving the requirements of the Ministry of Defence

We believe that the infrastructure and facilities available at our shipyard combined with our vast expertise give us a significant edge over our domestic peers. Our facilities currently comprise of three dry docks, two wet basins, three slipways, production shops, assembly shops, module shop with painting chamber for integrated construction, sheet metal shop, pipe shop, machine and fitting shop, ship dry dock and dredging, electrical repair shop and instrumentation shop for our shipbuilding division. Our submarine division infrastructure includes shops for fabrication of frame, sub-section assembly and section formation, cradle assembly shop for structural and equipment outfitting and final assembly, one dry dock and submarine section assembly shop. Our shipbuilding and submarine and heavy engineering divisions are both ISO 9001:2008 certified.

We recently undertook and completed the "*Mazdock Modernization Project*" which comprised of a new wet basin, goliath cranes, module workshop, cradle assembly shop, store building and associated ancillary structures enabling integrated modular construction which would substantially reduce the build period. Post completion of the modernization project, the capacity of outfitting warships increased from eight warships to 10 warships since 2014 and submarine capacity has increased from six submarines to 11 submarines since 2016. (*Source: CRISIL Report*).

We also have a shore integration facility which enables us to complete combat system integration off-site prior to onboard installation. We have also constructed a submarine assembly workshop which comprises of two bays and is equipped with two levels of EOT cranes as well as semi goliath cranes.

Location of our facilities promotes closer association with our vendors and customers

Our shipyard is strategically located in Mumbai on the west coast of India, on the sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route. Our customers, being the MoD and Indian Coast Guard and our vendors are based in Mumbai which we believe results in closer co-ordination and greater efficiencies. Further, a majority of our subcontractors are based in and around Mumbai which provides us with an ease of access to labour. We believe that the location of our facilities provides us a strategic competitive advantage over our peers.

Increase in indigenisation of our vessels and implementation of the "Make in India" campaign

We intend to increase the quantum of indigenised components for our warships and submarines in order to give an impetus to the GoI's "Make in India" campaign. In the past, for our warships and submarines, we used to import equipment related to design support, model testing evaluation and simulation, major engineering and weapon equipment and systems, equipment related to planning and project management, installations and system integration, due to non-availability of domestic manufacturers. Importing such items and equipments resulted in increased costs, quality compromises and unsatisfactory after sales support.

In order to address these issues, a dedicated department of indigenisation was set up in November 2015 alongwith a road map for indigenisation till the year 2030. The road map provided a flow chart depicting the entire indigenisation process and included a list of systems, equipment and items alongwith the necessary technical details which were to be indigenised.

We have successfully indigenised certain equipment such as sonar dome, ship installed chemical agent detection system, bridge window glass, main batteries for Scorpene submarines, multiple cable transit glands and remote controlled valves with various companies on a no cost no commitment basis.

We have also introduced an indigenization clause in all our tenders where bidders have to indicate their progressive indigenization plan. The indigenous content in warships built by us has increased in the past five years

We had also been assigned 40.52 acres of land by the Government of Kerala for setting up the National Institute of Warship/ Submarine design and Indeginisation Centre which is currently being used as a head office of National Institute for Research and Development in Defence Shipbuilding. Increase in indigenisation has enabled us to reduce our reliance on third party component manufacturers and the cost of construction for our vessels.

Established track record with strong financial position and strong Order Book

We are a profitable shipyard with profits continuously in the last three Fiscals. Our total income was ₹42,109.03 million, ₹48,866.92 million, ₹42,950.53 million and ₹20,625.93 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively. Our profit for the year was ₹5,285.20 million, ₹6,025.09 million, ₹5,489.86 million and ₹2,667.80 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively. The following is the break-up of our division wise consolidated revenues for the last three fiscals:

(₹ in million)

Fiscal	Revenue from Shipbuilding division	Revenue from Submarine and heavy engineering division	Total Revenue
2015	11,479.59	24,570.70	36,050.29
2016	10,529.02	30,533.18	41,062.20
2017	11,844.58	23,392.10	35,236.68

Further, as of February 28, 2018, our Order Book for shipbuilding and submarines and heavy engineering was ₹527,608 million comprising of two major shipbuilding projects and one submarine project.

Experienced board and senior management team and skilfully trained workforce

We have a diversified Board with directors having several years of experience in the shipbuilding as well as submarine division and each of our senior management team is experienced in the industry and have been with our Company for an average of more than two decades. Some of our senior management have grown within our organisation from trainee positions to head their respective departments. We believe that we have achieved a measure of success in attracting an experienced senior management team with operational and technical capabilities, management skills, business development experience and financial management skills. For details regarding the qualifications and experience of our Directors and senior management team, see "*Our Managemen*t" on page 162.

We also have a large pool of experienced naval architects, engineers and draftsmen. We continuously train our employees which we believe enable us to service the technical and commercial demands of our customers. We believe that our employees and blue-collar workforce are instrumental to our success including for the quality of our products and services and our ability to operate in a cost-efficient manner, helping us achieve a continuous profit margins, efficient operations, short delivery schedules, relatively lower attrition and fewer employee disputes.

Our Strategies

Our objective is to enhance our market position by expanding our capabilities, capitalising on opportunities both in domestic and International markets in our industry and to enhance our competitiveness. Our business strategies are:

Export of our products to the international markets

We primarily cater to the defence sector in India at present. However, we are in the process of reviving the exports of our defence and commercial products to Latin America, Africa, South East Asia, Middle East and Scandinavian regions and have identified certain defence and civil sectors in such regions. We have, in the past, exported our products to Mexico, France, Bahamas and Yemen. We have also participated in the RFI process for building four Tamandare class corvettes for Brazil. We intend to increase our presence globally by establishing an international marketing team to identify potential markets for our business growth.

We are also in the process of entering into an agreement with the design partner in Norway which will enable us to market the offshore vessels in the international markets.

Focus on ship repair

Our shipbuilding and submarine contracts have a long gestation period. Our revenues under these contracts are dependent on achievement of certain milestones. In order to diversify our revenue streams, we intend to increase our ship repair activities in the future as such activites are for a shorter period of time and result in the early booking of revenues. We have in the past undertaken ship repairs for our clients in the defence and commercial sectors. This will help generate more revenues, increase our client base and reduce our dependency on the MoD for future orders.

We are in the process of reviving our ship repair operations. We are exploring the possibilities of developing a greenfield shipyard at Nhava, Navi Mumbai with a shiplift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of 40 acres which we believe will be suitable for construction and repair of warships and commercial ships with larger dimensions. We believe that the revival of our ship repair operations will result in augmentation of our revenues and profitability.

Augmentation of infrastructure and enhancing our manufacturing capacity

We are currently undertaking capital expenditure for our submarine and heavy engineering division by way of construction of the submarine launch facility and blasting painting chamber. The submarine launch facility which is currently being constructed will enable us to execute future submarine orders. We are also leveraging the latest construction methods in order to speed up the construction of our warships. We are exploring options to develop a greenfield shipyard at Nhava, Navi Mumbai to cater to our existing and future customers in the domestic and international markets.

We are also planning to convert the impounded Kasara wet basin into a dry dock facility for the purpose of accommodating future projects. We are planning to dredge the water front to a depth of -5.5 mean chart datum and create a navigation channel to the offshore container terminal of Mumbai Port Trust. We believe that augumentation of our exisiting facilities and developments of future facilities will enable us to deliver our products on or before the scheduled date of delivery and enable us to cater to future orders.

Our current Order Book

As on February 28, 2018, our Order Book position, is as follows:

Particulars	Nos.	Client	Value (₹ million)
Shipbuilding			
P15B Destroyers	4	MoD	264,330
P17A Stealth Frigates	4	MoD	251,726
Submarine and heavy engineering			
P75 Scorpene Submarines	5	MoD	11,552
Total Order Book			527,608

Our Product Offerings

Shipbuilding

Some of the vessels we have built in the past or are currently in the process of constructing include the following:

- *P17 Frigates:* We have recently constructed and delivered three Shivalik class frigates for the MoD for use by the Indian Navy. The P17 frigates are multi role frigates and first-of-its kind warships built in India incorporating stealth features.

- *P17A Frigates:* The P17A frigate is a design derivative of the Shivalik class stealth frigates with much more advanced stealth features and indigenous weapons and sensors. We are currently building four P17A frigates by using integrated construction methodology.

- *P15A Destroyers*: We have recently constructed and delivered three P15A destroyers to the MoD for use by the Indian Navy. The role of the P15A destroyers is to co-ordinate a task force in exerting sea control in a multi-threat environment. The P15A destroyers are capable of striking shore based targets and providing defence against hostile aircraft, submarines and surface ships.

- *P15B Destroyers:* These are follow-on class of the P15A destroyers with improved stealth features, latest weapons and sensors and platform management systems. Currently, four P15B destroyers ships are under various stages of construction. The role of P15B destroyers is similar to those of the P15A destroyers.

- *Multipurpose Support Vessels:* Two multipurpose support vessel designed for diesel fuel, fresh water and deck cargo carriage, ROV operations and for azimuth thruster operation were constructed and delivered by us for foreign clients.

Some of the vessels delivered by our Company in the past 15 years are as follows:

Name of the ship	*Year of delivery*	*Name of the ship*	*Year of delivery*
P15 A Destroyers		Pontoon	
INS Kolkata	2014	SLB	2002
INS Kochi	2015	Vahak	2007
INS Chennai	2016	Vivan	2014
P17 Frigates		Varenya	2016
INS Shivalik	2012	Floating Border outpost	
INS Sahyadri	2012	Seema Prahari Dwarka	2003
INS Satpura	2011	Seema Prahari Sagar	2003
Multisupport vessel		Seema Prahari Kamakhya	2003
Hercules -I	2012	Seema Prahari Somnath	2004
Go-Surf	2014	Seema Prahari Shakti	2004
Dredger		Seema Prahari Bajarang	2004
BBMB Dredger	2004	Seema Prahari Durga	2004

Name of the ship	*Year of delivery*	*Name of the ship*	*Year of delivery*
Jalangi	2004	Seema Prahari Pratap	2004
Mahananda	2004	Seema Prahari Trishul	2004
Tizu	2004	Missile Boat	
DCI dredger XVIII	2009	Prabal	2002

Shipbuilding process

We have been constructing ships by conventional construction methodologies, where various activities are carried out in sequence. Construction and delivery of a vessel can generally range between 60 to 90 months depending on the type of ship.

There are three different phases undertaken in a ship building project which are:

(a) Pre-contract phase;
(b) Design phase; and
(c) Construction phase.

Pre-contract phase

During the pre-contract phase, the customer and shipbuilder engage in series of discussion and deliberations for deciding the ship's specifications, performance, build schedule, machinery arrangement, important equipment fit and design validation. The pre-contract phase is concluded with the execution of the contract.

Design phase

After the pre-contract phase, the design and planning departments co-ordinate to prepare a detailed build strategy, method of construction, extent of outfitting, unit/block dimensions, loading of the shops, man power utilization, procurement plan etc. The design phase is sub-divided into further two categories:

i) *Functional (Basic) Design:* Functional design phase entails finalisation of equipment fit, binding data, system details, routing of pipes, cables, heating ventilation and air conditioning ducting and their distribution throughout the ship. During this phase, we ensure that the vessel will meet the performance and operational requirements as required by the customer.

ii) *Production (Detailed) Design:* In this phase, final equipment inputs are provided by the vendors. 3-D models are frozen and 2-D production drawings are extracted from 3-D computerized drawings and production drawings are made available for use by the construction phase for carrying out the ship construction.

Construction phase

Once the detailed production designs are ready, the construction of the ship commences. A ship is built in smaller parts, known as units which are joined to form bigger forms called blocks. Blocks are assembled in shops or slipways to construct the whole ship. The shipbuilding involves a variety of activities such as steel stocking and plate preparation, steel cutting and panel fabrication, unit/block fabrication, pre-erection outfitting, keel laying, block erection, stern to engineers, launching, post launch outfitting and trials until the vessel is delivered to the customer. During the construction phase, various activities are outsourced to other suppliers as per the project requirements.

Equipment Procurement

The equipments in shipbuilding are of three types based on their procurement process, are as follows:

i. Equipments procured from open market are the equipment that can be procured from any supplier who meet the requirements specified in the technical specification for procurement;

ii. Buyer nominated equipments are equipments for which the customer provides a nominated list of vendors. We procure such equipments from these nominated vendors only. The equipments are procured either through limited or single tender; and

iii. Buyer furnished equipments are equipments that are supplied free of cost by the customer. The customer's scope is restricted to supply of these items. We are required to make stowage and securing arrangement for these items on board.

The items and services are procured through a tendering process of inviting bids from suppliers/ subcontractors for procurement or outsourcing of items and services. The bids are invited by issuing tender enquiries either through press tender, website tender, limited tender or single tender.

Contract terms

We typically enter into an agreement with our customers for the supply of our products. We construct the vessels on a fixed price basis with a variable component with respect to weapons / sensors. The fixed price component of our contracts is paid by the customers in stages such as proof of ordering of steel and completion of certain percentages of physical construction of the vessel. The design for the vessels is provided by the customer and we are required to construct the vessels in line with the designs of the the customer. We are required to provide a warranty period of 12 months for any defect in equipment or material from the time the customer takes over the vessel for any defect in equipment or material that may develop under proper use or faulty construction of the vessel. We may also be required to replace the defective portion and will be responsible for a period of 12 months from the date of such replacement. We are also required to provide an indemnity bond and are required to pay liquidated damages (ranging from 1% per month or part thereof for the delay in delivery of the vessel subject to a maximum of 5% of the cost of the vessel) for delay in delivery of the vessel. We are also required to levy liquidated damages on our vendors in the event of any delay of spares by them and return them to the customer. We are typically provided a grace period for delivery of the vessel. In the event the vessel is not delivered within a period of six months from the scheduled date of delivery, the customer and we can mutually agree upon the action to be taken. In the event the delivery of the vessel is delayed beyond a period of 12 months from the scheduled date of delivery, the customer has the right to terminate the contract and effect recoveries.

Submarine and Heavy Engineering:

Some of the submarines built by us in the past or are currently in the process of building include the following:

- *SSK Submarines*: We have constructed two Shishumar class submarines. The Shishumar class submarine were the SSK Type 1500 submarines. We have also undertaken medium refit of four submarines of Shishumar class; and

- *Scorpene Submarines*: We are constructing five Scorpene submarines as part of Project 75 pursuant to a transfer of technology partnership with Naval Group. The transfer of technology involves appropriate technical support by Naval Group to us in the field of construction, integration and tests of the submarines in India which is achieved through transfer of technical data package to us through information system as well as on job training to our Company's personnel on critical technologies.

Construction and delivery of a submarine can generally range between 72 to 96 months. The Scorpene class of submarines can undertake multifarious tasks typically undertaken by any modern submarine which include anti-surface as well as anti-submarine warfare.

Some of the submarines built by us in the past and delivered to the MoD for use by the Indian Navy include the following:

Name of the Submarine	Year of Delivery
INS Shalki	1992
INS Shankul	1994
INS Kalvari	2017

Further, we have carried out the medium refit of the following Shishumar class submarines:

Name of the Submarine	Year of Delivery
INS Shishumar	2000
INS Shankhush	2005
INS Shalki	2009
INS Shankul	2011

Submarine building process

The submarines are built as per the principle of modular construction which involves dividing the submarine into a number of sections and building them simultaneously. The construction of the submarines starts with the plate preparation and bending to create webs, flanges and shell plates. The webs are welded to their flanges to form frames which are integrated with bulkheads and pressure hull plating to form sub-sections which are welded together in a specific sequence to form sections. Upon completion of the sections, the structural and the engineering outfitting is carried out. Once all the sections are joined, the energization of systems and trials of different equipment are undertaken in a phase called setting to work. During these trials, hull integrity is tested and verified by vacuum tests of the sections and finally of the submarine as a whole. Once the tests are successfully concluded, the official launching ceremony of submarine is conducted and the submarine is separated from the submarine loading barge on which it is rested. After the successful completion of the sea trials, the submarine is commissioned and joins our customer's fleet and begins its active operational service life.

Equipment Procurement

The equipments in submarine construction are of three types based on their procurement process, which are as follows:

i. Items procured as per the specifications of our collaborator- The suppliers are selected by the the collaborator and procurement is done based on the specification provided by the collaborator. This includes items such as diesel engines, electric propulsion motors, steering gears, propellers etc.

ii. Items procured by suppliers shortlisted by the collaborator -The collaborator provides the names of two to three potential suppliers who are shortlisted through procurement process. This includes items such as mooring and towing system, switch boards, transformers and penetrations etc.

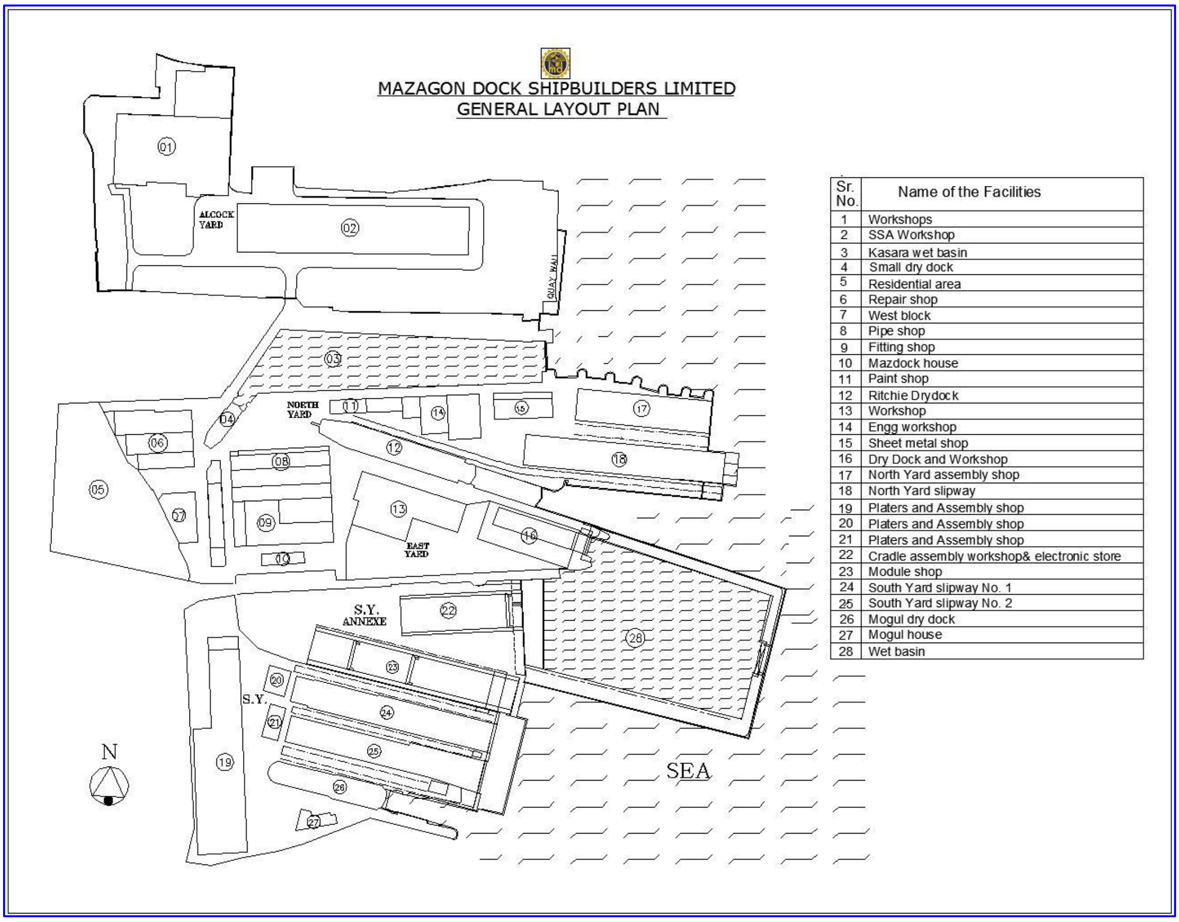
iii. Items procured by suppliers not shortlisted by the collaborator -The suppliers are shortlisted and selected based on procurement process. This includes items such as pipes and fittings, plates and profiles, fastners etc.

Contract terms

We typically enter into an agreement with our customers for the supply of our products. The design for the vessels has been provided by the collaborator for our customerand we are required to construct the vessels in line with these designs. We are required to provide a warranty period of 12 months for any defect that may develop due to the faulty construction of the submarine from the time the customer takes over the vessel. Any defect in any equipment or item not manufactured by us is replaced by us at the cost of the customer. We are also required to provide an indemnity bond and are required to pay liquidated damages (ranging from 0.5% per month or part thereof for the delay in delivery of the vessel subject to a maximum of 5% of the contract price of the respective submarine (except for the first submarine for which the maximum liquidated damages is 2.5% of the contract price of the submarine)) for delay in delivery of the vessel. The customer has the right to terminate the contract in the event of default of the terms and conditions of the contract or termination of contract with the collaborator.

Our Facility

Our facility is located at Mazagaon in Mumbai. The following diagram illustrates our shipyard at Mazagaon:



In Mazagaon, Mumbai, the north yard and the south yard are shipbuilding yards, while the east yard is a submarine construction yard. The Alcock yard, is located just above the north yard of Mazagaon and is presently being used to augment the submarine's hull units' construction capacity. The second submarine fabrication facility is already in use. The land adjacent to the south yard is available for construction and accommodating ships and submarines viz. modular workshop for shipbuilding, cradle work shop for submarine building, goliath crane, wet basin.

Shipbuilding

a. *Fabrication*: Fabrication activities involve production, assembly and erection. Assembly output is the determining factor for fabrication capacity. The present in-house capacity of our fabrication output is 1,500 tonnes per annum.

b. *Slipways:* Our facility accommodates three slipways which facilitate simultaneous construction of frigates and destroyers weighing upto 27,000 DWT.

c. *Wet Basin:* We house two large wet basins which can accommodate five warships and two submarines simultaneously.

d. *Dry Docks & Dredging:* It includes launch and boat section, joiner shop, sail loft and rigging section and is capable of docking and undocking of all class of ships and has three tugs. We have three dry-docks at our facility. The small dry dock called Mazagaon dock measuring 41.15 x 10.06 x 2.75 metres is meant for yard crafts. The medium sized dock called Mogul dock measuring 129.87 x 16.76 x 4.89 metres is meant for midlife refit of submarines and ship repair. The larger dry dock called Ritchie dock measuring 216 x 18.9 x 5.49 metres is meant for frigates and destroyers.

e. *Production shop:* Our production shop is equipped with CNC cutting machines, rolling machine, press machines shearing machine and CNC profile cutting machine for cutting and forming operation of steel plates for our shipbuilding as well as submarine and heavy engineering divisions.

f. *Assembly shop:* Our assembly shops are located in the south yard having an area of 4,500 Sq. metres, and two EOT cranes which are utilised to fabricate units for ships up to 40 tonnes and in the north yard having an area of 3,000 Sq. metres, and two EOT cranes which is utilised to fabricate units for ships up to 60 tonnes.

g. *Module shop with painting chamber for integrated construction:* Our module shop has been recently added to the existing infrastructure to adopt the concept of integrated construction of ships. The module shop has an area of 6,000 Sq. metres with two EOT carne, retractable roof and a goliath crane with 300 tonnes capacity which spans over it and covers two slipways.

h. *Sheet metal shop:* Our sheet metal shop is equipped with facilities to undertake trunking jobs.

i. *Pipe shop:* Our pipe shop has facilities like CNC pipe bending machine and CNC pipe flanging machine which can undertake jobs for pipe fabrication from materials such as carbon steel, stainless steel, and copper.

j. *Machine and fitting shop:* Our machine and fitting shops is equipped with various machine tools to undertake the jobs of machining.

k. *Electric repair and instrumentation shop:* Our electric repair and instrumentation shop is a laboratory capable of undertaking calibration of all kind of instruments used for shipbuilding.

Submarines

The east yard at our Mazagaon facility consists of various workshops, common facilities of dry dock and wet basins, production shops as listed below:

a. *Workshop A:* There are three fabrication stations in workshop A for frame fabrication, frame welding and milling machine for edge preparation of web elements and outer edge of frames. There are three cranes with a capacity of five tonnes, 20 tonnes and 40 tonnes respectively and a round machine for bending of flat bars for frame fabrication.

b. *Workshop B:* The workshop is used for the construction and outfitting of submarine section. The workshop has three welding stations for welding of shell plates of subsection, and frames with shell plates and welding of sub-section to sub-section. There are cranes with a capacity of 60 tonnes and 10 tonnes, a rotary station for subsection fabrication and shot blasting chamber for blasting and priming of frames, subsections, sections and other steel structure elements.

c. *Workshop C:* The workshop has power house for power supply of 440/230 volt and compressors for supply of compressed air, cranes with a capacity of 90 tonnes, 16 tonnes and five tonnes. Four hooks of 90 tonnes cranes can be clubbed together for the increased capacity utilisation. This workshop is used for the outfitting of submarine section and boot together of submarine.

d. *Workshop D:* The workshop is used for the cradle painting and outfitting purpose with cranes of capacity 10 tonnes and three tonnes.

e. *Cradle assembly shop:* It has cranes with the capacity of 60 tonnes and 10 tonnes. The outfitting of equipments on cradle is being done in this workshop. There is also a store complex used for storage of equipments and project material.

f. *Submarine assembly shop:* This shop is located at Alcock yard and used for submarine section assembly. This shop has six electric overhead cranes with capacities of 150 tonnes, 30 tonnes, 60 tonnes, 20 tonnes, 30 tonnes and 10 tonnes which can take up an assembly of five submarines at a time. There is also a pressure testing chamber with a capacity of 40 bars for external pressure testing.

g. *Alcock yard shop:* It has three bays, bending machine for plate rolling, three roll section bending machines for bending of various sections. There is an acoustic chamber used for reducing noise level of pneumatic hammering and a cast iron black platform for various fabrication activities.

h. *Engineering shop:* The engineering shop is equipped with lathe machines, boring machines, metal cutting machines, radial drilling machines which is being used for various machining activities and a hoist crane with a capacity of five tonnes. There is a female patch milling machine and a hydraulic clean room for various engineering elements, hydro cleaning and testing.

i. *Pipe shop:* This shop is used for the fabrication, bending and pressure testing of various pipes required for submarines. This shop is equipped with engraving and copy milling machine, radial drilling machine, pedestal drilling machine, lathes, turret lathe, horizontal boring machine, necking and reducing machine, pipe bending machine, bending machine, tig welding machine, monorail hoist job crane and electric hoist.

j. *Wet basin:* This is a common facility being used for submarine and ship building and for harbor activities such as repair/test and trials and outfitting activities.

k. *Pontoons:* there are three pontoons measuring 78 x 16 x 3 metres which are used for movement, berthing and submarine construction.

l. *Stores:* The stores are for the storage of semi-finished goods.

We are exploring the possibility of developing a greenfield shipyard at Nhava, Navi Mumbai with a proposed shiplift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of 40 acres which shall be suitable for undertaking construction and repair of warships and commercial ships.

We also have a large store house and steel yard complex at Anik, located at Chembur.

We also own seven acres of land in Gavhan, Navi Mumbai which we are exploring to utilize for stores or feeder shops as well as for apprentice training centre and residential quarters for the CISF.

Our Collaborations

We have been successful in forging business partnerships with leading technology players and premier government institutions for research and development and providing technical know-how. We have collaborated with various educational and research institutions.

We have entered into an agreement with National Institute of Design situated at Ahmedabad on June 13, 2014 which provides for studies related to ergonomics and human factors engineering in the context of warship design including design of furniture and interior systems for selected compartments as per marine usage.

Competition

We compete on the basis of our ability to fulfil our contractual obligations including the timely delivery of vessels constructed or repaired by us, our shipyard's capacity and capabilities and the price and quality of the vessels we construct. Some of our competitors may have better resources than us, while certain competitors may have lower cost of operations.

Our competitors in the shipbuilding division are Cochin Shipyard Limited, Garden Reach Shipbuilders and Engineering Limited, Bharati Defence and Infrastructure Limited, Goa Shipyard Limited, Hindustan Shipyard Limited, L&T Shipyard, ABG Shipyard Limited and Reliance Defence and Engineering Limited. Our competitors in the submarine and heavy engineering include Hindustan Shipyard Limited. *(Source: CRISIL Report)*

The Indian shipbuilding industry comprises of both public and private sector yards. The DPP 2016 has encouraged the domestic private sector to invest and participate in defence production and acquisition of defence assets, which will result in the introduction of competitive bidding for warships as against the traditional system of securing orders through nomination as well as losing skilled manpower to the private sector. This may have an impact on our ability to secure future orders from the MoD. For further details, see "*Risk Factors-We predominantly depend on the MoD for defence orders and have till date been awarded such orders on a nomination basis by the MoD for use by the Indian Navy. There is no assurance that future defence orders will be awarded to us by the MoD. Further, recent changes in the policy framework governing defence procurement and manufacturing in India may result in our Company no longer being given such orders which may have an adverse effect on our business* *growth, financial condition and results of operations*” on page 16.

Contracts and Marketing

Our contracts and marketing section and our international marketing team have been exploring potential export markets in Latin America, Africa, South East Asia, Middle East and Scandinavian regions and have identified certain defence and civil sectors in such regions. We have also participated in the RFI process for building four Tamanadare class corvettes for Brazil.

A special projects team, comprising of eight executives, has been constituted in the submarine division for looking after submarine related project opportunities from the MoD.

Human Resources

The shipbuilding of warships requires a unique blend of skill set and expertise. We have a group of dedicated, committed and highly skilled executives, personnel and staff. As of February 28, 2018, our Company had employed 4,809 permanent employees, comprising of 1,112 executives, 440 staff and 3,257 workmen. Since we are a project based organization, we have also employed 3,800 personnel on fixed term contract basis for temporary period of two years. We also employed 2,431 contract laborers during the month of February 2018. The contract workforce strength is dependent upon the needs and job involved from time to time.

We generally participate in negotiation for terms of appointment with our employees represented by nine unions, pursuant to which we enter into a memorandum of settlement with them. As of February 28, 2018, 3,697 of our employees are unionized. We are currently in the process of negotiating the revisions and increases to the payment terms and other changes to the terms of appointment with the registered trade unions of our Company, some of whom have submitted their charter of demands. We believe that the relationship between our management and our employees is good and we have not experienced any significant disputes with our employees in the last decade.

Employee Training

We acknowledge the role of learning and development as a key pillar to our sustained financial performance. We have been putting emphasis on the overall development of human resources and are committed to continue our efforts in updating the competencies of our employees through exposure to various learning and development programs, both in- house and external on behavioral as well as technical training.

We focus on the overall development of our employees through the implementation of training programmes which we believe will enhance employee loyalty, reduce attrition rates, improve skills and service standards and increased productivity.

We have set up our own apprentice training school nurturing skilled talent for our shipbuilding division. We also have a training centre, called “Eklavya” for training our crew members.

Property

Our Registered and Corporate Office are located on the same premises as our shipyard, which have been either acquired from the Government of Maharashtra under the Land Acquisition Act, or are on a long term lease for 99 years from the Government of Maharashtra or the MbPT. Our manufacturing facilities at east yard, north yard, south yard and Alcock yard are all located at Mazagaon, Mumbai. Our storage facilities are operational at Anik located at Chembur. We are currently using the property owned by the Indian Navy at Sewri for the purpose of storing the property of Indian Navy. We also have liaison offices in Moscow, Paris and New Delhi. However, we do not have any underlying title documents for our liaison offices in Paris and Moscow. For further details, please see “*Risk Factor-All our premises, including our Registered and Corporate Office is situated on land which is not entirely owned by us but is a combination of various parcels of land leased or acquired by us. There may be certain deficiencies in title on account of the acquired land. Further, if we fail to extend the lease period on lease expiry on reasonable terms, it may have a material adverse effect on the business, financial condition and results of operations of our Company*” on page 24.

Insurance

The shipbuilding contracts entered by us with the MoD for the warships is an owner builder contract wherein the capital asset under construction is not covered under the builder's risk insurance as the risk lies with the owner, Government of India. The material/equipment are covered by transit insurance and also against fire/flood damages while in stores. Further, we have an industrial all risks insurance policy which is a comprehensive policy covering damages to all types of assets in the factory premises and other associated assets from all unforeseen circumstance. We also have a group personal accident policy which covers the higher level of risk for employees going on board the warships/submarines. We are required to contribute to social security contributions including provident fund contributions, gratuity, pension, medical insurance and group personal accident insurance covering death, permanent partial disability or permanent total disability due to work related accidents or otherwise of our employees in accordance with the Indian legal and regulatory requirements. Our shipbuilding contracts have indemnity clauses which protects us from any unforeseen incidences and resultant damages during the construction of warships/submarines. The customer has to make good any cost of such damages as if assured under standard Llyods marine policy covering the warships/submarines under construction.

We have also availed insurance policies for specific risks such as, contractors plant and machinery, marine cargo policy, hull and machinery, motor vehicles, standard fire and special perils policy and burglary floater declaration insurance policies for raw materials and stocks, special contingency policy, group health policy covering the group hospitalization of employees, money insurance policy for cash in safe and in transit, fidelity floating guarantee policy, public liability act policy, commercial general liability and directors' and officers' liability insurance policy.

Industrial Security

The physical security arrangement at the premises of our Company is a combination of Central Industrial Security Force ("**CISF**") and our own security. As per the security arrangements, we have round-the-clock gate monitoring, perimeter and waterfront patrolling with armed personnel. Apart from physical monitoring, we have 24x7 CCTV surveillance systems covering all the perimeter, gates, waterfront, essential locations and installations of our shipyard. We also have a biometric access control system for various categories of persons entering our shipyard. There are visitors' and contract labours' facilitation centres for the scrutiny and verification of the credentials for people visiting our shipyard.

We have an information and computer security guidelines in place. We also carry out the internal and joint security mock drills with external law enforcement agencies and take the remedial measures on outcomes. Our security systems have not experienced any security breach or incident in the last five Fiscals. An internal security audit is conducted regularly to add on security requirements. Also, a joint security survey is conducted by the Ministry of Home Affairs, GoI every two years.

Information Technology

We are dependent on our information technology infrastructure to conduct our business activities, manage risks, implement our internal control system and monitor our business operations. Our investment in information technology (IT) which entails data management and recovery, cyber security and design data security helps us to directly expedite processes, lower costs, improve efficiencies and accuracy, reduce business continuity risks and enables a secure environment. We use an integrated IT system through SAP such as Enterprise Resource Planning (ERP), Document Management System (DMS), and various design softwares for major aspects of our business, including shipbuilding, submarine construction as well as our administrative, finance and corporate departments. Further, we have a robust mechanism in place to address and prevent security leaks with the upgradation of SAP, implementation of Security Information and Event Management ("**SIEM**") for the centralised log management of IT systems and hosting of a near disaster recovery site at a data centre wherein real-time replication between the data centre and near disaster recovery sites are mirrored.

We are in the process of applying for product data management/product lifecycle management systems which will be used for our ongoing projects wherein the entire lifecycle data of a project will be captured. The application along with data will be centrally hosted at a data centre and the disaster recovery site will be at our premises in Mumbai.

We have customised information technology infrastructure in accordance with the specific requirements of a particular department of our Company, for instance, the design department has certain sensitive data pertaining to 3D CAD models of projects and drawings of the vessels, wherein the data is centrally stored on the server with access rights provided only to the respective department.

Health, Safety and Environment

We have a health, safety and environment policy ("**HSE Policy**") in place which aims at imparting awareness amongst our employees, contractors, customers and visitors regarding the health, safety and environment. Pursuant to the HSE Policy, we are committed to improve the health, safety and environment standards of our Company by prevention of environment pollution and by prevention of injury and ill health within our work environment. The key elements of our safety management initiatives are the formulation and implementation of the health and safety policy, planning of activities to achieve health and safety for our personnel, monitoring and review of performance and external and internal safety audits. Suitable risk mitigating measures are taken in advance to ensure that the business is conducted in a risk conscious manner.

Our Company has a medical department consisting of doctors and paramedics in its premises to provide emergency healthcare and regular check-ups to all employees and dependents residing in the premises of the Company.

We are subject to extensive health, safety and environmental laws, regulations and production process safety and environmental technical guidelines which govern our processes and facilities. For further details, see "*Key Regulations and Policies*" on page 146.

Awards, Accolades and Certifications

Over the years, we have received several awards and accolades which are more particularly described in the section "*History and Certain Corporate Matters*" on page 152.

Intellectual Property

The logo of our Company, has been registered under the Trademarks Act with the Trade Marks Registry, Mumbai.

Corporate Social Responsibility ("CSR")

We are committed to undertake various programs for integrating social and business goals in a sustainable manner to create social impact through inclusive growth activities to bring about impact on people and society at large. We have spent ₹49.90 million, ₹116.90 million, ₹136.53 million and ₹48.5 million in Fiscals 2015, 2016 and 2017 and the six months period ended September 30, 2017 respectively in accordance with our corporate social responsibility and sustainability policy. Some of the key highlights of our CSR activities in the past include the following:

i) Adoption of Kherde Gram Panchayat of Shahpur Tehsil of Thane district for the overall development under the 'Adarsh Gram Yojna' by installing 50 solar energy street lights, arranging solid waste management systems, clean drinking water and providing quality education, skill development and women empowerment to its villagers.

ii) Financed the renovation of the Neonatal Intensive Care Unit (NICU) of KEM hospital, Vaaran Mumbai, and providing modern medical equipments, beds and ventilators to the hospital.

We have also set up project in Marathwada for the drought prone areas, opened a school for tribal girls under the ABM Samaj Prabodan Sansthan in Thane and undertaken skill development initiatives through National Handicap Finance and Development Corporation, Central Institute of Plastics Engineering and Technology and other industrial training institute and vocational training centers, as part of our CSR initiatives.

KEY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the GoI and other regulatory bodies that are applicable to our Company for running our business. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, see "Government and Other Approvals" on page 499

I. Regulations applicable to the Defence Sector

(i) Draft Defence Production Policy, 2018 ("Draft DPP 2018")

The Ministry of Defence released the Draft DPP 2018 which aims to create an environment that encourages a dynamic, robust and competitive defence industry as an important part of the 'Make in India' initiative and to facilitate faster absorption of technology and create a tiered defence industrial ecosystem in the country.

(ii) Defence Procurement Procedure, 2016 ("DPP")

DPP-which came into effect on April 2016, focuses on institutionalizing, streamlining and simplifying defence procurement procedure to give a boost to "Make in India" initiative of the Government of India, by promoting indigenous design, development and manufacturing of defence equipment, platforms, systems and sub-systems. It, *inter alia*, prescribes the naval shipbuilding procedure such as design, build strategy, build specifications of the warships and submarines.

(iii) The Legal Metrology Act, 2009 ("LM Act")

The LM Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters connected therewith or incidental thereto. The LM Act makes it mandatory to obtain a license from the Controller of Legal Metrology by any person who manufactures, sells or repairs any weight or measure. All weights or measures in use or proposed to be used in any transaction or protection, are required to be verified and stamped at such place and during such hours as the Controller of Legal Metrology may specify on payment of prescribed fees. Further, no person shall import any weight or measure unless he is registered in such manner and on payment of such fees, as may be prescribed. Various penalties have been provided for contravention of the provisions of the LM Act. The penalty for manufacture or sale of non-standard weight or measure may attract a fine of up to ₹20,000 and, a subsequent offence, may lead to penalties and imprisonment extending to three years or fine or both.. In case a person imports any weight or measure without being registered under the LM Act, he may be punished with fine which may extend to ₹25,000. The LM Act also provides for provisions relating to compounding of offences.

(iv) Foreign Trade (Development and Regulation) Act, 1992 ("FTA") and the Foreign Trade Policy (2015 - 2020) ("FTP")

The FTA provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. The FTP governs the export and import of goods and services in India which require an importer exporter code ("**IEC**") number unless specifically exempted. Exports and imports are free unless specifically regulated by the FTP or the Indian trade classification based on harmonised system of coding which is used for regulating import and export operations. Under the FTA, an IEC granted by the director general of foreign trade will be required to be obtained in the event any import or export of the product is envisaged. Failure to obtain the IEC number attracts a penalty of not less than ₹10,000 and not more than five times the value of the goods or services or technology in respect of which any contravention is made or attempted to be made, whichever is more.

(v) Shipbuilding Financial Assistance Policy (2016- 2026) ("Financial Assistance Policy")

The GoI has approved a new Financial Assistance Policy for the Indian shipyard to provide them a level playing field vis-à-vis the foreign shipyards. Financial assistance at the rate of 20% of the "Contract Price" or the "Fair Price" as determined by international valuers, whichever is lower, is to be granted to shipyards for shipbuilding contracts signed during April 01, 2016 to March 31, 2026. The 20% financial assistance would be provided for ten years reducing at the rate of 3% every three years.

(vi) Classification of Ships as per relevant class rules

In the case of commercial vessels, the design, construction and survey of the vessels have to satisfy the rule requirements of relevant classification societies (selected by the owner). Classification societies are authorised by flag states to issue statutory certificates on their behalf.

(vii) Regulation of Foreign Investment in India

Foreign investment in Indian securities is governed by the provisions of the Foreign Exchange Management Act, 1999, as amended and in force from time to time ("**FEMA**") read with the applicable FEMA Regulations. The Consolidated FDI Policy consolidates and supersedes all previous press notes, press releases and clarifications on FDI as issued by the DIPP. Consolidated FDI Policy will be valid until the DIPP issues an updated circular. Foreign investment is permitted (except in the prohibited sectors) in Indian companies either through the automatic route or the approval route, where approval from the ministry of the Government of India or the Reserve Bank of India ("**RBI**") is required, depending upon the sector in which foreign investment is sought to be made. Under the automatic route, the foreign investor or the Indian company does not require any approval of the RBI or the relevant ministry of the Government of India for investments in such sectors. Where FDI is allowed on an automatic basis without such approval, the RBI would continue to be the primary agency for the purposes of monitoring and regulating foreign investment. Subject to the provisions of the Consolidated FDI Policy, FDI is allowed under the automatic route upto a limit of 49% in the defence sector.

(viii) The Electricity Act, 2003 ("Electricity Act")

The Electricity Act consolidates the laws relating to generation, transmission, distribution, trading and use of electricity. It lays down provisions in relation to transmission and distribution of electricity. It states that the State Government can specify suitable measures for specifying action to be taken in relation to any electric line or electrical plant, or any electrical appliance under the control of a consumer for the purpose of eliminating or reducing the risk of personal injury or damage to property or interference with its use. Our Company has installed the captive power plant and solar power plant for our own use. We do not transmit/ distribute or trade electricity as a licensee and hence a license is not required in that regard.

(ix) The Atomic Energy Act, 1962 ("Atomic Energy Act") and the Atomic Energy (Radiation Protection) Rules, 2004 ("Radiation Protection Rules")

The Atomic Energy Act provides for the development, control and use of atomic energy for the welfare of the people of India and for other peaceful purposes and for matters connected therewith. The Radiation Protection Rules are framed under the Atomic Energy Act and they apply to practices adopted and interventions applied with respect to radiation sources. Since our Company stores certain radioactive materials, it is required to ensure certain compliances in relation to their storage. The atomic energy regulatory board ("AERB") issues license under the Atomic Energy Act and Rules for possession and operation of the industrial radiography exposure device(s) ("**IRED**") containing radiography source/ radiation generating equipment for industrial radiography purposes at authorised site(s). The licensee shall obtain permission from Atomic Energy Regulatory Board (AERB) prior to the routine operation of each IRED after procurement.

II. Regulations applicable to the Central Public Sector Enterprises

As a Central Public Sector Enterprise ("**CPSE**"), we are required to comply with certain laws and regulations such as guidelines on corporate social responsibility and sustainability for central public sector enterprises, Prevention of Corruption Act, 1988, the Central Vigilance Commission Act, 2003, and Right to Information Act, 2005 amongst others. Further, CPSEs are required to comply with various guidelines promulgated by Department of Public Enterprises ("DPE") and Department of Defence Production ("DDP").

III. Labour Law Regulations

We are required to comply with certain labour and industrial laws, which includes the Factories Act, 1948, Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Employees State Insurance Act, 1948, the Minimum Wages Act, 1948, the Maternity Benefit Act, 1961, the Payment of Bonus Act, 1965, Workmen's Compensation Act, 1923, the Payment of Gratuity Act, 1972, Contract Labour (Regulation and Abolition) Act, 1970, the Payment of Wages Act, 1936, Industrial Disputes Act, 1947, Industrial Employment (Standing Orders) Act, 1946, the Apprentices Act, 1961, the Trade Unions Act, 1926, Equal Remuneration Act, 1976, Public Premises (Eviction of Unauthorized Occupants) Act, 1971, the Weekly Holidays Act, 1942, Child Labour (Prohibition and Regulation) Act, 1986, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 amongst others.

IV. Intellectual Property Laws

Intellectual Property in India enjoys protection under both common law and statute. Under statute, India provides for patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957, trademark protection under the Trade Marks Act, 1999 and design protection under the Designs Act, 2000. The above enactments provide for protection of intellectual property by imposing civil and criminal liability for infringement.

V. Environmental Laws

The business of our Company is subject to various environment laws and regulations. The applicability of these laws and regulations varies with different operations. Major environmental laws applicable to the business operations include:

(i) The Environment (Protection) Act, 1986, as amended ("**EPA**")

The EPA is an umbrella legislation in respect of the various environmental protection laws in India. Under the EPA, the GoI is empowered to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, *inter alia*, laying down standards for the quality of environment in its various aspects, standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986 and, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes and materials likely to cause pollution among others. Penalties for violation of the EPA include fines up to ₹100,000 or imprisonment of up to five years, or both. The imprisonment can extend up to seven years if the violation of the EPA continues. There are provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities and agencies in certain cases, establishment of environment laboratories and appointment of Government analysts.

(ii) The Air (Prevention and Control of Pollution) Act, 1981, as amended ("**Air Act**")

The Air Act has been enacted to provide for the prevention, control and abatement of air pollution. The Air Act was enacted with a view to protect the environment and surroundings from any adverse effects of the pollutants that may emanate from any factory or manufacturing operation or activity. It lays down the limits with regard to emissions and pollutants that are a direct result of any operation or activity. Periodic checks on the factories are mandated in the form of yearly approvals and consents from the corresponding State Pollution Control Board. Pursuant to the provisions of the Air Act, any person, establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant State Pollution Control Board prior to establishing or operating such industrial plant. The State Pollution Control Board is required to grant consent within a period of four months of receipt of an application, but may impose conditions relating to pollution control equipment to be installed at the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the State Pollution Control Board.

(iii) The Water (Prevention and Control of Pollution) Act, 1974, as amended ("Water Act")

The Water Act aims to prevent and control water pollution as well as restore water quality by establishing and empowering the Central Pollution Control Board and the State Pollution Control Boards. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant State Pollution Control Board, which is empowered to establish standards and conditions that are required to be complied with. In certain cases, the State Pollution Control Board may cause the local Magistrates to restrain the activities of such person who is likely to cause pollution. Penalty for the contravention of the provisions of the Water Act include imposition of fines, or imprisonment, or both.

(iv) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, ("Hazardous Wastes Rules")

The Hazardous Wastes Rules impose an obligation on every occupier of a facility generating hazardous waste for safe and environmentally sound handling of hazardous waste generated at such facility. Every person engaged in generation, processing, treatment, packaging, storage, transportation, use, collection, destruction, conversion, offering for sale and transfer of hazardous waste, must obtain an approval from the applicable State Pollution Control Board. The occupier, the importer, the transporter and the operator of disposal facility are liable for damages to the environment or third party resulting from the improper handling and disposal of hazardous waste.

(v) Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 ("Hazardous Chemical Rules")

Entities which engage in any industrial activity involving hazardous chemicals are required to adhere to the Hazardous Chemical Rules. There are provisions in relation to major incidents involving hazardous chemicals, safety measures as well as import and transport of hazardous chemicals.

(vi) Public Liability Insurance Act, 1991 ("Public Liability Act")

The Public Liability Act, as amended, imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substance. A list of hazardous substances covered by the Public Liability Act has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

(vii) The Solid Wastes Management Rules, 2016 ("Solid Wastes Rules")

The Solid Wastes Rules apply to every domestic, institutional, commercial and any other non-residential solid waste generator except industrial waste, hazardous waste, hazardous chemicals, bio medical wastes, e-waste, lead acid batteries and radio-active waste, that are covered under separate rules framed under the Environment (Protection) Act, 1986. As per the Solid Waste Rules, the local authority or panchayat is required to make an application in Form-I for grant of authorisation for setting up waste processing, treatment or disposal facility, if the volume of waste is exceeding five metric tonnes per day including sanitary landfills from the State Pollution Control Board or the Pollution Control Committee, as the case may be. Any municipal solid waste generated is required to be managed and handled in accordance with the procedures specified in the Municipal Solid Wastes Rules. Penalties for contravention of the provisions of the Municipal Solid Wastes Rules will be as specified in the EPA.

(viii) Construction and Demolition Waste Management Rules, 2016 ("Waste Management Rules")

The Waste Management Rules apply to waste resulting from construction, re-modelling, repair and demolition of any civil structure of individual or organisation or authority who generates construction and demolition waste such as building materials, debris and rubble.

(ix) The Batteries (Management and Handling) Rules, 2001, as amended ("Batteries Rules")

The Batteries Rules are framed under the EPA and apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in manufacture, processing, sale, purchase and use of batteries or components thereof. It prescribes the responsibilities of manufacturer, importer, assembler and dealers of the batteries as well as lays down the responsibilities of the recycler of the batteries.

(x) E-Waste (Management) Rules, 2016 ("E-Waste Rules")

The E-Waste Rules apply to every manufacturer, producer, consumer, bulk consumer, collection centres, dealers, e-retailer, refurbisher, dismantler and recycler involved in manufacture, sale, transfer, purchase, collection, storage and processing of e-waste or electrical and electronic equipment, including their components, consumables, parts and spares which make the product operational.

VI. Tax Legislations

The tax related laws that are applicable to our Company include the Central Goods and Services Tax Act, 2017, Maharashtra Goods and Services Tax Act, 2017, Income Tax Act, the Income Tax Rules and Finance Act, 2017.

VII. Inclusion of "shipyard" as a part of Harmonised Master List for Infrastructure Sub-Sectors

Pursuant to the amendment in the master list of infrastructure sub-sectors issued *vide* notification F. no. 13/06/2009-INF dated March 27, 2012, and amended *vide* notification no. SI 85 from Department of Economic Affairs, Ministry of Finance dated April 08, 2016 ("Harmonised Master List of Infrastructure sub-sectors"), a new sub-category of "shipyard" was added under the category of "transport". As the RBI notification dated November 25, 2013 harmonised the RBI definition of infrastructure lending with the Harmonised Master List of Infrastructure sub-sectors, the inclusion of "shipyard" as a new sub-category enables flexible structuring of long term project loans, long-term funding from infrastructure funds at lower rates of interest and for a longer tenure and issuance of bonds for meeting working capital requirements.

Further, RBI has recently brought in significant changes to the external commercial borrowing guidelines (the "ECB Guidelines") with respect to companies in the infrastructure and other related sectors. As per the revised framework for the ECB Guidelines published *vide* A.P. (DIR Series) Circular No. 32 dated November 30, 2015 ("Revised Framework for ECB Guidelines"), companies in infrastructure sector have been placed under track-II, i.e. long term ECB which effectively means that overseas borrowings by such entities shall need to comply with ten year minimum average maturity. The term 'infrastructure sector', for the purpose of the Revised Framework for ECB Guidelines, is defined as per the Harmonised Master List of Infrastructure sub-sectors. Also, as per the Revised Framework for ECB Guidelines, the restriction in respect of raising of ECB for general corporate purposes (including working capital) has been done away with. The individual limits under automatic route for companies in infrastructure and manufacturing sectors is upto USD 750 million or equivalent.

VIII. Public Procurement (Preference to Make in India), Order 2017

In order to encourage 'Make in India' and promote manufacturing and production of goods and service in India, the Ministry of Commerce and Industry, Government of India has issued Public Procurement (Preference to Make in India), Order 2017 vide Memorandum No. P-45021/2/2017-B.E.-II. The said Public Procurement (Preference to Make in India), Order 2017 mandates all the CPSUs for giving purchase preference to local suppliers in all the procurements undertaken by them in the manner specified therein.

IX. Settlement of Disputes through Permanent Machinery of Arbitrators (PMA):

The Department of Public Enterprises, Ministry of heavy Industries and Public Enterprises, Government of India created PMA in 1989. One Legal Advisor-cum-Joint Secretary in the Department of Legal Affairs, nominated by the Law Secretary to function in the PMA is appointed by the Secretary in-charge of Department of Public Enterprises as sole Arbitrator in each case. In is mandatory for all the CPSUs to refer disputes or difference in commercial contracts inter se to the PMA for the resolution of such dispute/s.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated in Bombay as a private limited company on February 26, 1934 as *Mazagon Dock Private Limited* with the Registrar of Companies, Bombay under the Indian Companies Act, 1913. Our Company was thereafter converted to a public company pursuant to a special resolution passed at an extra-ordinary general meeting dated January 02, 1936. Pursuant to the provisions of section 23 of the Companies Act, 1956 and under order of the Central Government, conveyed by the Ministry of Finance, Department of Company Law Administration by their No. 18 (30)-CL 57 dated October 26/28, 1957, our Company was converted into a private limited company and the name of our Company was changed to *Mazagon Dock Private Limited* and a certificate of incorporation was issued by the Registrar of Companies, Bombay on December 10, 1957. Since our Company was acquired by the Government of India in the year 1960, we became a government company on May 13, 1960 and the name of our Company was changed to *Mazagon Dock Limited* and a fresh certificate of incorporation consequent to the change of name was issued by the Registrar of Companies, Bombay on December 23, 1960. Further, the name of our Company was changed to *Mazagon Dock Shipbuilders Limited* to reflect its core competencies in shipbuilding and a fresh certificate of incorporation pursuant to the change of name was issued by the RoC on May 28, 2015. Subsequently, our Company was converted to a public limited company and a certificate of incorporation consequent upon conversion to a public limited company was issued by the RoC on December 08, 2017.

Changes in the Registered Office

The registered office of our Company was changed from Ballard Road, Bombay to Dockyard Road, Mazagaon, Bombay on August 05, 1960 under the Companies Act, 1956 since our Company was acquired by the GoI.

Main objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

"(1) To acquire and take over as a going concern the business now carried on at Bombay and elsewhere of the Mazagon Dock and all or any of the assets and liabilities of the proprietors thereof in connection there with, and with a view thereto to enter into the Agreement referred to in Article 3 of the Company's Articles of Association and to carry the same into effect, with or without modification.

(2) To carry on all or any of the businesses of proprietors of docks, wharves, jetties, piers, workshops and warehouses and of ship owners, ship builders, ship-wrights, engineers, dredgers, tug and barge owners, lightmen, wharfingers, warehousemen, ship-breakers, ship repairers, freight contractors, carriers by land, sea and air, forwarding agents and general traders.

(3) To carry on trades or business of colliery proprietors, coal dealers, coke Manufactures, oil refiners, miners, smelters, engineers, line burners and Manufacturers and cement manufacturers, in all their respective branches.

(4) To search for, get, work, raise, make merchantable, buy, sell and deal in oil, coal, coak, ironstone, lime stone, lime, brick-earth, bricks, pipes, tiles, fire-clay, fire-bricks and other metals, minerals and substances, and to manufacture and sale patent fuel.

(5) To carry on the business of electric engineers and contractors, suppliers of electricity, electric manufactures of, and dealers in, railway, tramway, electric, magnetic, galvanic and other apparatus, mechanical engineers, suppliers of light, heat, sound and power, and to acquire any inventions, etc, and to construct railways and tramways, and work the same by steam, gas, oil, electricity, or other power.

(6) To carry on the business of iron founders, mechanical engineers and manufacturers of agricultural implements and other machinery, tool-makers, brass-founders, metal-workers, boiler-makers, mill-wrights, machinists, iron and steel converters, smiths, wood-workers, builders, painters, metallurgists, electrical engineers, water supply engineers, gas makers, farmers, printers, carriers and merchants and to buy, sell, manufacture, repair, convert, alter, let on hire, and deal in machinery, implements, rolling-stock and hardware of all kinds, and to carry on any other business (manufacturing or otherwise) which may seem to the Company capable of being conveniently

carried on in connection in the above, or otherwise calculated, directly or indirectly, to enhance the value of any of the Company's property and rights for the time being.

(7) To ensure with any other company or person against losses, damages, risks and liabilities of all kinds which may affect this Company, and also to carry on the business of marine insurance and marine accidental insurance in all its respective branches, and to effect re-insurance and counter insurance.

(8) To carry on the business of general manufacturers and to manufacture, buy, sell, and deal in apparatus, machinery, materials and articles of all kinds.

(9) To carry on the business of banking in all its branches and departments, including the borrowing, raising or taking up money, the lending or advancing money on securities and property, the discounting, buying, selling and dealing in bills of exchange, promissory notes, coupons, drafts, bills of lading, warrants, debentures, certificates, scrip and other instruments and securities, whether transferable or negotiable or not, the granting and issuing of letters of credit and circular notes, the buying selling and dealing with stocks, funds, shares, debentures, debenture-stock, bonds, obligations and other securities.

(10) To lend money, either with or without security, and generally to such persons and upon such terms and conditions as the Company may think fit.

(11) To acquire by purchase, lease, exchange or otherwise, lands, buildings and hereditaments of any tenure or description, and any estate or interest therein, and any rights over or connected with land, and either to retain the same for the purpose of the Company's business or to turn the same to accounts as may seem expedient.

(12) To sink wells and shafts, lay down pipes, construct, maintain and improve any tramways, telegraph lines, canals, reservoirs, watercourses, warehouses, sheds and other buildings and works calculated, directly or indirectly, to advance the interest of the Company, and to pay or contribute to the expense of constructing, maintaining and improving any such works.

(13) To construct, carry out, maintain, improve, manage, work, control and superintend any huts, markets, reservoirs, water-works, tanks, bridges and works in connection therewith, hydraulic works, electrical works and factories, coolie lines and houses and bustees, villages and other works and conveniences, which may seem, directly or indirectly, conductive to any of the objects of the Company, and to contribute to, subsidies or otherwise aid or take part in any such operations.

(14) To carry on any other business which may seem to the Company capable of being conveniently carried on in connection with any of the above or calculated, directly or indirectly, to enhance the value of or render profitable any of the Company's property or rights.

(15) To acquire and undertake all or any part of the business, property and liabilities of any person or company carrying on any business which this Company is authorized to carry on or possessed of property suitable for the purposes of the Company.

(16) To enter into partnership or into any arrangement for sharing profits into any union of interests, joint venture, reciprocal concession or co-operation with any person or persons or company or companies carrying on, or engaged in, or about to carry on or engaged in, or being authorized to carry on or engage in, any business or transaction which this Company is authorized to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company.

(17) To apply for, purchase or otherwise acquire any patents, brevets d'invention, licenses, concessions and the like conferring any exclusive or non-exclusive or limited right to use, or any secret or other information as to any invention which may seem capable of being used for any of the purposes of the Company or the acquisition of which may seem calculated, directly or indirectly to benefit the Company and to use, exercise, develop or grant licenses in respect of or otherwise turn to account the property, rights or information so acquired.

(18) To promote any company or companies for the purpose of acquiring all or any of the property, rights and liabilities of this Company or for any other purpose which may seem, directly or indirectly calculated to benefit this Company.

(19) To take or otherwise acquire and held shares in any other company carrying on any business capable of being conducted so as directly or indirectly to benefit this Company.

(20) To guarantee the payment of money unsecured or secured by or payable under or in respect of promissory notes, bonds, debentures, debenture-stock, contracts, mortgages, charges, obligations, instruments, and securities of any company or of any authority, supreme, municipal, local or otherwise or of any persons whomsoever, whether incorporated or not incorporated, and generally to guarantee or become sureties for the performance of any contracts or obligations.

(21) To invest and deal with the moneys of the Company not immediately required upon such securities and in such manner as may from time to time be determined.

(22) To enter into any arrangement with any Government or authority, supreme, municipal, local or otherwise, that may seem conducive to the Company's objects or any of them and to obtain from any such Government or authority all rights, concessions and privileges which the Company may think it desirable to obtain and to carry out, exercise and comply with any such arrangements, rights, privileges and concessions.

(23) To establish and support, or aid in the establishment, and support of associations, institutions, funds, trusts and conveniences calculated to benefit employees or ex-employees of the Company or its predecessors in business or the dependents or connections of such persons and to grant pensions and allowances and to make payments towards insurance and or subscribe or guarantee money for charitable or benevolent objects or for any exhibition for any public, general or useful objects.

(24) To borrow or raise or secure the payment of money in such manner as the Company shall think fit and in particular by the issue of debentures or debenture-stock, perpetual or otherwise, charged upon all or any of the Company's property (both present and future), including its uncalled capital and to purchase, redeem and pay off any such securities

(25) To remunerate any persons or company for services rendered, or to be rendered, in placing or assisting to place, or guaranteeing the placing of, any shares in the Company's Capital or any debentures, debenturestock or other securities of the company or in or about the formation or promotion of the Company or the acquisition of property by the Company or the conduct of its business.

(26) To undertake and execute any trust, the undertaking of which may seem to the Company desirable, and either gratuitously or otherwise.

(27) To draw, make, accept, discount, execute and issue bills of exchange, Government of India and other promissory notes, bills of lading, warrants, debentures and other negotiable or transferable instruments or securities.

(28) To sell or dispose of the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other Company.

(29) To adopt such means of making known the products of the Company as may seem expedient and in particular by advertising in the press by circulars, by purchase and exhibition of works of art or interest, by publication of books and periodicals and by granting prizes, rewards and donations.

(30) To aid, peculiarly or otherwise, any association, body or movement having for an object the solution, settlement, or surmounting of industrial or labour problems or troubles or the promotion of industry or trade.

(31) To, sell, improve, manage, develop, exchange, lease, mortgage, dispose of, turn to account or otherwise deal with all or any part of the property and rights of the Company.

(32) To distribute all or any of the property of the Company amongst the members in specie or kind.

(33) To do all or any of the above things, either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agent, sub-contractors, trustees or otherwise, and either alone or in conjunction with others and to do all such things as are incidental or conducive to the attainment of the above objects.

The existing and proposed activities of our Company are and shall be within the scope of the objects clause of the Memorandum of Association.

Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company:

Date of Shareholder resolution	Nature of amendment
April 29, 1966	Increase in the authorised share capital of our Company from ₹20,000,000 divided into 200,000 equity shares of ₹100 each to ₹40,000,000 divided into 400,000 equity shares of ₹100 each
April 10, 1973	Increase in the authorised share capital of our Company from ₹40,000,000 divided into 400,000 equity shares of ₹100 each to ₹60,000,000 divided into 600,000 equity shares of ₹100 each
June 03, 1978	Increase in the authorised share capital of our Company from ₹60,000,000 divided into 600,000 equity shares of ₹100 each to ₹80,000,000 divided into 800,000 equity shares of ₹100 each
September 25, 1979	Increase in the authorised share capital of our Company from ₹80,000,000 divided into 800,000 equity shares of ₹100 each to ₹200,000,000 divided into 2,000,000 equity shares of ₹100 each
September 28, 1981	Increase in the authorised share capital of our Company from ₹200,000,000 divided into 2,000,000 equity shares of ₹100 each to ₹300,000,000 divided into 3,000,000 equity shares of ₹100 each
September 29, 1982	Increase in the authorised share capital of our Company from ₹300,000,000 divided into 3,000,000 equity shares of ₹100 each to ₹800,000,000 divided into 8,000,000 equity shares of ₹100 each.
January 27, 1983	Reduction in authorised share capital of our Company from ₹800,000,000 divided into 8,000,000 equity shares of ₹100 each to ₹700,000,000 divided into 7,000,000 equity shares of ₹100 each.
December 26, 1985	Increase in the authorised share capital of our Company from ₹700,000,000 divided into 7,000,000 equity shares of ₹100 each to ₹1,000,000,000 divided into 10,000,000 equity shares of ₹100 each
September 30, 1986	Increase in the authorised share capital of our Company from ₹1,000,000,000 divided into 10,000,000 equity shares of ₹100 each to ₹1,100,000,000 divided into 11,000,000 equity shares of ₹100 each
May 09, 1987	Increase in the authorised share capital of our Company from ₹1,100,000,000 divided into 11,000,000 equity shares of ₹100 each to ₹1,350,000,000 divided into 13,500,000 equity shares of ₹100 each
May 19, 1989	Increase in the authorised share capital of our Company from ₹1,350,000,000 divided into 13,500,000 equity shares of ₹100 each to ₹1,700,000,000 divided into 17,000,000 equity shares of ₹100 each
September 27, 1990	Increase in the authorised share capital of our Company from ₹1,700,000,000 divided into 17,000,000 equity shares of ₹100 each to ₹2,000,000,000 divided into 20,000,000 equity shares of ₹100 each
April 21, 1999	Increase in the authorised share capital of our Company from ₹2,000,000,000 divided into 20,000,000 equity shares of ₹100 each to ₹3,237,200,000 divided into 20,000,000 equity shares of ₹100 each and 12,372,000 7% redeemable cumulative preference shares of ₹100 each.
September 28, 2016	Re-classification of the authorised share capital of our Company from ₹3,237,200,000 divided into 20,000,000 equity shares of ₹100 each and 12,372,000 7% redeemable cumulative preference shares of ₹100 each to ₹3,237,200,000 comprising of 32,370,000 equity shares of ₹100 each
September 22, 2017	Subdivision of equity shares from ₹3,237,200,000 comprising of 32,372,000 equity shares of ₹100 each to ₹3,237,200,000 comprising of 323,720,000 equity shares of ₹10 each.

Major events in our history

The table below sets forth the key events in the history of our Company:

Year	Major Events
1934	Incorporated as a private company.
1960	Acquired by the GoI.
1972	Delivered the first frigate, INS Nilgiri.
1984	Inauguration of undertaking submarine construction.
1992	Commissioned first Indian built submarine, INS Shalki.
1997	Commissioned first destroyer, INS Delhi.
1998	Accredited with ISO certification for shipbuilding .
2000	Upgraded to Schedule 'A' status from Schedule 'B'.
2006	Awarded Mini Ratna Category – I status.
2009	Implementation of enterprise resource planning and systems applications and products.
2011	Signed shipbuilding contract for construction and delivery of four P15 B misile destroyers with the MoD.
2014	Inaugration of the Mazdock Modernisation project.
2015	Launch of first destroyer class ship "Vishakhapatnam" under P15 B project.
	Signed contract for construction and delivery of four frigates with the MoD.
2016	Inaugration of new submarine section assembly workshop at Alcock yard.
2017	Delivery of first Scorpene class submarine "INS Kalvari".

Awards and Recognition

Our Company has received the following awards:

Year of award	Description of the Award
2007	Scope Award for Excellence & Outstanding contribution to the Public Sector Management - Special Institutional Category.
2008	Raksha Mantri Award for Excellence for: Best Performing Shipyard, awarded by Raksha Mantri (Ministry of Defence, GoI).
2009	Raksha Mantri Award for Excellence for: Best Performing Shipyard, awarded by Raksha Mantri (Ministry of Defence, GoI).
2010	Golden Peacock Award for Innovative Product / Service Award, awarded by Institute of Directors (IOD).
	Accredited with ISO Certification for submarine division.
2011	Aerospace and Defence Award 2011 for Excellence in Innovation, awarded by SAP Media Worldwide Limited.
	IIIE Performance Excellence Award, awarded by Indian Institution of Industrial Engineering.
2012	IIIE Performance Excellence Award, awarded by Indian Institution of Industrial Engineering.
	Golden Peacock Awards for Corporate Social Responsibility, awarded by Institute of Directors(IOD).
	BT-STAR PSU Excellence Award for excellence in Innovation (Tech/R&D), awarded by Bureaucracy Today.
	QCFI - Special Awards for Best Organisation for Promoting 5S concept, awarded by Quality Circle Forum of India.
	Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India has awarded a score of 1.46 and have rated us '*Excellent*' for the performance of the targets achieved as per the Memorandum of Understanding entered into with the MoD.
2013	Aerospace & Defense Awards 2013 - Excellence in Innovation, awarded by SAP Media Worldwide Limited.
	Aerospace & Defense Awards 2013 - Most influential company of the Year, awarded by SAP Media Worldwide Limited.

Year of award	Description of the Award
	Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India has awarded a score of 1.47 and have rated us '*Excellent*' for the performance of the targets achieved as per the Memorandum of Understanding entered into with the MoD.
2014	IPSE Awards 2014: Award for Defence & Marine PSE of the year, awarded by PSE journal.
	BT-Star PSU Excellence Award for "Excellence in Human Resource Management" in PSU category, awarded by Bureaucracy Today.
	AIOE Annual Award for Outstanding Achievement in Industrial Relations, awarded by All India Organization of Employers.
	Raksha Mantri Award for Excellence for Best Performing Shipyard, awarded by Raksha Mantri (Ministry of Defence, GoI).
	Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India has awarded a score of 1.47 and have rated us '*Excellent*' for the performance of the targets achieved as per the Memorandum of Understanding entered into with the MoD.
2015	BT STAR PSU Excellence Award 2015 - 'Excellence in rear Admiral (Retd.) R.K. Sherawat, CMD', awarded by Bureaucracy Today.
	Golden Peacock Award for Innovative Product / Service Award, awarded by Institute of Directors (IOD), a society, National level.
	Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India has awarded a score of 93.69 and have rated us '*Excellent*' for the performance of the targets achieved as per the Memorandum of Understanding entered into with the MoD.
2016	Two Gold and one Silver Awards at ICQCC- 2015, South Korea (Pending) Rainbow awarded by, ICQCC.
	Accredited with ISO 9001:2008 Quality Management Systems (QMS) of Shipbuilding Division for the scope of Design, Development, Construction and Servicing of Warships, Merchant Ships and Floating crafts.
2017	Two Gold Awards at ICQCC-2016, Bangkok, Thailand awarded by, ICQCC.
	Dun & bradstreet PSU awards 2017 for 'Manufacturing Transportation Equipment', awarded by Dun & Bradstreet.

Number of Shareholders of our Company

The total numbers of Shareholders of our Company as on the date of this Draft Red Herring Prospectus is seven.

Corporate Profile of our Company

For details of our Company's corporate profile, business, description of activities, services, products, managerial competence and capacity built-up, location of facilities, marketing, competition, growth of our Company, standing of our Company in relation to prominent competitors with reference to our products and services, environmental issues, technology, major suppliers, major customers, and management, see *"Our Business", "Our Management"* and *"Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 132, 162 and 458, respectively.

Our holding company and subsidiaries

Our Company does not have a holding company. Further, as on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary.

Associate Company

As on the date of the Draft Red Herring Prospectus, our Company has one Associate Company, Goa Shipyard Limited, the details of which are given in "*Our Promoter, Promoter Group and Group Company*" on page 185

Joint Ventures

As on the date of the Draft Red Herring Prospectus, our Company has one Joint Venture Company, the details of which are given below:

Mazagon Dock Pipavav Defence Private Limited ("MD Pipavav")

Corporate Information

MD Pipavav was incorporated on December 03, 2012 as a private limited company under the Companies Act, 1956, registered with the RoC. The corporate identity number is U29253MH2012PTC238456. Its registered office is situated at 502, 91/94, Prabhat Colony, Santa Cruz (East), Mumbai – 400055, Maharashtra, India.

Nature of business

MD Pipavav is involved in the business of undertaking manufacturing, construction and building all kinds of surface warships, aw well as other activities such as designing, fabricating, assembling, refurbishing, repairing, refitting and/ or developing technology, know how and expertise relating to any business activities supporting and building of surface warships and provide service maintenance and support for the same. However, no commercial operations have commenced since incorporation.

Capital Structure and shareholding pattern

The authorized share capital is ₹2,000,000 divided into 200,000 equity shares of ₹10 each.

Common pursuits

The main object of our Joint Venture Company allows to do activites similar and/or synergistic to our Company but currently it is not carrying out any activity.

For details of transactions between our Company and Joint Venture Company, see "*Related Party Transactions*" on page 189.

Interest of Joint Venture Company in our Company

Except as stated in "*Our Business*" and "*Related Party Transactions*" on pages 132 and 189, respectively, our Joint Venture Company does not have any interest in our Company's business.

Other Confirmations

Listing

Our Joint Venture Company is not listed on any stock exchange in India or abroad.

Accumulated profits or losses

The accumulated loss of ₹0.13 million of our Joint Venture Company has not been accounted for by our Company.

Public or rights issue

Our Joint Venture Company has not made any public or rights issue in the last three years.

Sale or purchase of shares of our Joint Venture Company during the last six months

Neither our Promoter nor our Directors and their relatives have sold or purchased securities of our Joint Venture Company during the six months preceding the date of this Draft Red Herring Prospectus.

Other confirmations

Our Joint Venture Company has not become a sick company under the meaning of SICA.

Our Company has passed a resolution dated August 23, 2017 for winding up MD Pipavav.

Injunction or restraining order

As on the date of this Draft Red Herring Prospectus, there are no injunctions or restraining orders against our Company.

Capital raising activities, through equity or debt, by our Company

For details in relation to equity and debt capital raised by our Company, see *"Capital Structure", "Financial Statements"* and *"Financial Indebtedness"* on pages 73, 191 and 489 respectively.

Changes in the activities of our Company during the last five years

There have been no changes in the activities undertaken by our Company during a period of five years prior to the date of this Draft Red Herring Prospectus which may have had a material effect on the profits or loss of our Company or affected our business including discontinuance of lines of business, loss of agencies or markets and similar factors.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

There have been no defaults or rescheduling of borrowings with financial institutions, banks or conversion of loans into equity in relation to our Company.

Lock-out, Strikes, etc.

We have not experienced any strike, lock – outs or labour unrest in the last five years

Time and Cost Overruns in setting up the projects

Pursuant to the SEBI Exemption Letter, our Company has been exempted from making certain disclosures, including time/cost overruns in this Draft Red Herring Prospectus.

Summary of key agreements

Shareholders Agreement:

Shareholders' agreement dated July 21, 2012 entered between our Company and Pipavav Defence and Offshore Engineering Company Limited (now known as Reliance Naval and Engineering Limited) ("Pipavav")

The agreement was entered into for the purpose of incorporating a private limited company under the name of MD Pipavav for building surface warships, and to utilize the complimentary capacities, infrastructure, technology or capabilities available with our Company and Pipavav in order to achieve lower costs and shorter timeframes in the construction of surface warship including implementation of appropriate technologies and reporting systems which are consistent with the current industry standards and procure and supply the required materials/equipment required for undertaking the construction of surface warships.

Participating interest

Our Company and Pipavav shall own 50% shares each in MD Pipavav. Our Company was required to subscribe to 100,000 equity shares having a face value of ₹10 each for a consideration of ₹1,000,000. Pipavav was required to subscribe to 100,000 equity shares having a face value of ₹10 each at a premium of ₹480 each for a total consideration of ₹49,000,000. Currently neither our Company nor Pipavav have subscribed to the equity shares of MD Pipavav.

The MoD *vide* its letter dated June 21, 2013 clarified that the assignment of work to MD Pipavav by DPSUs should take place only after price discovery through a competitive process. It was thereafter proposed for the amendment of the corresponding clauses of the shareholders agreement. Such amendments to the shareholders agreement is yet to be carried out.

Board

The board of MD Pipavav shall comprise of seven directors and each party shall be entitled to nominate three directors to the board and our Company shall also have the right to select the chairman of the board.

Termination

The shareholders agreement may be terminated by mutual written agreement or by either party if a court of competent jurisdiction or governmental regulatory or administrative agency has issued an order, decree or ruling permanently enjoying or prohibiting the consummation of the setting up of the Joint Venture Company and such order has become final and non-appealable.

Other Agreements:

Except the material agreements disclosed below, our Company has not entered into any material contract other than in the ordinary course of business carried on or intended to be carried on by our Company in the two years preceding this DRHP:

Memorandum of understanding signed with Ministry of Defence for the financial year 2017-18

Our Company entered into a memorandum of understanding dated May 04, 2017 with Department of Defence Production, Ministry of Defence, GoI ('MoU') every financial year. The MoU sets out certain performance targets ("**Targets**") before the beginning of the financial year and the performance of our Company is evaluated against the Targets at the end of the financial year.

For the year 2017-18, our Company has proposed to undertake the following in the MoU: (i) completion of milestone of clients' orders without time overrun; (ii) manufacturing of 150T block of P17A project;(iii) reduction in claims against the Company not acknowledged as debt; (iv) reduction in import component as a percentage of value of production over previous year; (v) online submission of annual performance report in respect of all executives along with compliance of prescribed timelines; (vi) online quarterly vigilance clearance updation for senior executives; (vii) preparation of succession plan and its approval by the Board of directors; (viii) holding of departmental promotion committee without delay for executive; and (ix) Talent management and career progression by imparting at least one week training in Centre of Excellence within India.

Our Company has already approved the succession scheme policy by its Board, reduced the claims against us (which are not acknowledged as debts), on-line submission of annual performance report in respect of all executives implemented with effect from April 01, 2017.

Memorandum of Understanding ("MOU") dated November 24, 2017 entered between Bharat Electronics Limited ("BEL"), Hindustan Aeronautics Limited ("HAL") and our Company

We have entered into a MOU for setting up of 150 MW grid connected solar power plant at the land/ estate of the Ordnance Factory Board under the developer mode wherein BEL shall be the nodal agency for implementation of the project and will be responsible for operational and technical scope of the project.

Participating interest

Our Company, HAL and BEL will share the investments in the project in the ratio of 25:25:50.

Term and termination

The MOU shall be in force initially for a period of 30 years from the effective date which may extend for further period on mutual consent.

Financial and Strategic Partners

As on the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

Details regarding acquisition of business/undertakings, mergers, amalgamations and revaluation of assets

Our Company has not acquired any business or undertaking, or entered into any scheme of merger or amalgamation since incorporation.

Details of guarantees given to third parties by our Promoter

Our Promoter has not provided any guarantee to any third parties.

Partnership Firms

Our Company is not party to any partnership firm**.**

OUR MANAGEMENT

Under the requirements of the Companies Act and our Articles of Association, our Company is currently authorized to have not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Company currently has 11 Directors, of which five are executive Directors and six are non – executive Independent Directors including one woman Director on our Board.

Our Board

The following table sets forth details regarding our Board as on the date of this Draft Red Herring Prospectus:

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Rakesh Anand *Designation:* Chairman and Managing Director *Address:* 11, Currie House, MDL Officers Residential Complex, Dockyard Road, Mazgaon, Mumbai - 400 010, Maharashtra, India. *Occupation:* Service *Nationality:* Indian *Term:* five years w.e.f. January 01, 2017. *DIN:*06461099	58	Mazagon Dock Pipavav Defence Private Limited
Rajiv Lath *Designation:* Director (Submarine & Heavy Engineering) *Address:* 12, Currie House, MDL Officers Quarters, Mazgaon Dock Limited, Mazagon, Mumbai - 400 010, Maharashtra, India *Occupation:* Service *Nationality:* Indian *Term:* five years w.e.f. September 19, 2013 and extended for a further term till October 31, 2019 *DIN:*06713808	58	Nil
Sanjiv Sharma *Designation:* Director (Finance) and Chief Financial Officer *Address*: 14, Currie House, MDL Officers Quarters, Mazgaon Dock Limited, Mazagon, Mumbai - 400 010, Maharashtra, India *Occupation:* Service *Nationality:* Indian	58	Nil

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Term: five years w.e.f. June 01, 2015 *DIN:* 05328027		
T.V. Thomas *Designation:* Director (Corporate Planning and Personnel) *Address:* 01, Currie House, Dockyard Road, Mazagon, Mumbai - 400010, Maharashtra, India. *Occupation:* Service *Nationality:* Indian *Term:* w.e.f. November 02, 2017 till the age of his superannuation (being June 30, 2021) *DIN:* 07978819	56	Nil
Anil K. Saxena *Designation:* Director (Shipbuilding) *Address:* F – 131, Sector III, Nehru Nagar, Nasirpur, Rakesh Marg, Ghaziabad – 201001, Uttar Pradesh, India. *Occupation:* Service *Nationality:* Indian *Term:* five years w.e.f. March 21, 2018 *DIN:* 08006255	57	Nil
Shridhar L. Bapat *Designation:* Independent Director (Part Time Non-Official) *Address :*9-C, Anjaneya Chs Ltd., Orchard Avenue, Opp. Hiranandani School, Powai, Mumbai - 400 076, Maharashtra, India. *Occupation:* Retired *Nationality:* Indian *Term:* three years w.e.f. November 27, 2015 *DIN:* 03363761	65	-
Usha Sankar	63	Chennai Metro Rail Limited

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Designation: Independent Director (Part Time Non-Official) *Address:*S-4, Heritage Ganga, 2, Vyasar Street, T. Nagar, Chennai - 600 017, Tamil Nadu, India *Occupation:* Retired *Nationality:* Indian *Term:* three years w.e.f. November 27, 2015 *DIN:* 06998746		
Sanjeev Bhasin *Designation:* Independent Director (Part Time Non-Official) *Address:* A-3, Noida Expressway, Sector 108 Noida, Gautam Buddha Nagar, Noida - 201 301, Uttar Pradesh, India *Occupation:* Retired *Nationality:* Indian *Term:* three years w.e.f. January 07, 2016 *DIN:* 07413068	66	Nil
Devi Prasad Pande *Designation:* Independent Director (Part Time Non-Official) *Address:* H-32 D, SFS, DDA Flats, Saket (South Delhi), South Delhi, Delhi - 110017 *Occupation:* Retired *Nationality:* Indian *Term:* three years w.e.f. September 13, 2017. *DIN:* 00960974	63	Nil
Kamaiah Bandi *Designation:* Independent Director (Part Time Non-Official) *Address:* 15-8, Sudharshan Nagar, Serilingampally, Lingampalli, Rangareddi - 500019, Telangana, India. *Occupation:* Retired *Nationality:* Indian	65	Nil

Name, Designation, Address, Occupation, Nationality, Term and DIN	Age (in years)	Other Directorships
Term: three years w.e.f. October 10, 2017 *DIN:* 07962235		
Mailareshwar J. Jeevannavar *Designation:* Independent Director (Part Time Non-Official) *Address*: House No. 05, Laxmi Layout, Basaveshwar Nagar, Gokul Road, Hubballi, Dharwad - 580030, Karnataka, India. *Occupation:* Medical practioner *Nationality:* Indian *Term:* three years w.e.f. March 09, 2018 *DIN:* 03266130	62	Gourishankar Finance Limited

Relationship between Directors

None of the Directors are related to each other.

Brief profiles of our Directors

Rakesh Anand, aged 58 years, is the Chairman and Managing Director of our Company. He has been associated with our Company since June 2010 and was appointed as the Chairman and Managing Director on January 01, 2017. He holds a bachelor's degree in mechanical engineering from Thapar Institute of Engineering and Technology, Punjabi University, Patiala, a master's degree of technology in the interdisciplinary programme of materials science from the Indian Institute of Technology, Bombay and a master's degree in management studies from the Osmania University. He has also undergone a course in medium and shop repair of hydraulic systems and deck mechanisms as engineer technologist from Navy Industrial Training Section, USSR and the marine engineering specialization course from Naval College of Engineering, INS Shivaji, Lonavala.

Previously, he has served in the Indian Navy for about 30 years, and has held various assignments both afloat and ashore such as on INS Vijeta, INS Porbandar, INS Saryu and Godavari class frigate. He has served both the Naval Dockyards at Visakhapatnam and Mumbai in various capacities, headed the fleet maintenance unit, Mumbai and held the chair of command engineer officer at headquarters, Western Naval Command. He has also served at the Directorate of Naval Design (Submarine Design Group) and the Directorate of Marine Engineering at Naval Headquarters.

Rajiv Lath, aged 58 years, is the Director (Submarine & Heavy Engineering) of our Company. He has been associated with our Company since November 2006 and was appointed as a Director on September 19, 2013. He holds a bachelor's degree in science from Jawaharlal Nehru University, New Delhi, a bachelor's degree of technology in mechanical engineering from Jawaharlal Nehru University, New Delhi, and a master's degree in defence and strategic studies from University of Madras. He has completed basic engineering course from Naval College of Engineering, INS Shivaji, Lonavala, diploma in naval higher command course and post graduate studies from Defence Services Staff College, Wellington. He has also undergone the marine engineering specialization course from Naval College of Engineering, INS Shivaji, Lonavala. He is a fellow member of the Institution of Engineers and is authorized to use the title of chartered engineer. He has completed certification in noise & vibration from INS Shivaji Lonavala, six sigma black belt, lead auditor course in quality management system ISO 9000:2000 standards from National Registration Board for Personnel and Training, Mumbaiand the Institute of Environmental Management and Assessment approved advanced EMS auditor course for both quality and environment professionals. Previously, he has served in the Indian Navy for about 25 years and has held various assignments both afloat and ashore such as on submarines INS Vagli, INS Vagir, INS Karanj and INS

Khanderi and submarine support ship INS Amba. He has also served in the commodore commanding submarines (east) and submarine maintenance unit at Visakhapatnam. He was also deputy general manager for the Agray project team, integrated repairs complex, human resources and resource planning verticals in Naval Dockyard, Mumbai.

Sanjiv Sharma, aged 58 years, is the Director (Finance) of our Company. He was appointed as a Director on June 01, 2015. He holds a bachelor's degree in commerce from University of Delhi and is a fellow member of the Institute of Chartered Accountants of India. He has over 27 years of experience in finance and business planning. He is also in charge of the computing and information technology department and chief information security officer of the Company. Previously, he was working with our Associate Company, Goa Shipyard Limited as director (finance).

T.V. Thomas, aged 56 years, is the Director (Corporate Planning and Personnel) of our Company. He has been associated with our Company since May 2013 and was appointed as a Director on November 02, 2017. He holds a bachelor's degree in science from Jawaharlal Nehru University, New Delhi, a bachelor's degree of technology in mechanical engineering from Jawaharlal Nehru University, New Delhi and a master's degree of technology in mechanical engineering with specialisation in production engineering from Indian Institute of Technology, Bombay. Previously, he has served in the Indian Navy for over 28 years, and has held several assignments both afloat and ashore including as engineer officer of INS Viraat, executive officer of INS Shivaji and command engineer officer of Southern Naval Command.

Anil K. Saxena, aged 57 years, is the Director (Shipbuilding) of our Company. He was appointed as a Director on March 21, 2018. He holds a diploma in naval construction from Indian Institute of Technology, Delhi, a master's degree of science in ship design from Naval Academy, St. Petersburg, Russia and a master's degree in management studies from Osmania University, Hyderabad. He has also participated in programme on project management from Indian Institute of Management, Ahmedabad, a level 'D' certification from Project Management Associates, India and also holds a certificate of higher defence management course from College of Defence Management, Secunderabad. He is a member of the lloyds register naval ship technical committee, Lloyd's Register, London. Previously, he has served in the Indian Navy for about 35 years in various capacities such as warship production superintendent of the warship overseeing team, Mumbai and as principal director of the directorate of naval design. He has also held appointments in the directorate of naval architecture and directorate of ship production of Indian Navy. He has also served in both Naval Dockyard at Mumbai and Vishakhapatnam.

Shridhar L. Bapat, aged 65 years, is an Independent Director (Part Time Non-Official) of our Company. He was appointed as a Director on November 27, 2015. He holds a bachelor's degree in mechanical engineering from Nagpur University, a master's degree of technology in thermal engineering and a doctorate of philosophy from Indian Institute of Technology, Delhi. He has over 36 years of experience in the field of teaching and research. He is currently holding the post of emeritus fellow in the Department of Mechanical Engineering in IIT, Bombay.

Usha Sankar, aged 63 years, is an Independent Director (Part Time Non-Official) of our Company. She was appointed as a Director on November 27, 2015. She holds a master's degree in arts from the University of Madras and a master's degree in business laws from National Law School of India University. She has about 35 years of experience in the field of government audit and accounts and has retired as deputy comptroller and auditor general (commercial) from the office of the Comptroller and Auditor General of India.

Sanjeev Bhasin, aged 66 years, is an Independent Director (Part Time Non-Official) of our Company. He was appointed as a Director on January 07, 2016. He holds a diploma on graduation from the Naval Command College from the United States Naval War College, a diploma of naval higher command course from College of Naval Warfare and a master's degree of philosophy in defence and strategic studies from University of Madras. He has over 39 years of experience with the Indian Navy including navigation and has held a variety of command and human resource management positions. He has commissioned two indigenously built guided missile warships INS Khukri and INS Mumbai as commanding officer. Previously, he was holding the position of flag officer commanding-in-chief, Western Naval Command and retired as a vice admiral naval flag officer.

Devi Prasad Pande, aged 63 years, is the Independent Director (Part Time Non-Official) of our Company. He was appointed as a Director on September 13, 2017. He holds a master's degree in arts (history) from University of Allahabad. He has over 37 years of experience in operations and commercial branches and has held several executive and managerial posts in the Indian Railways. Previously, he was a member of the Railway Board and was an ex-officio secretary to the Government of India.

Kamaiah Bandi, aged 65 years, is the Independent Director (Part Time Non-Official) of our Company. He was appointed as a Director on October 10, 2017. He holds a bachelor's degree in arts, a master's degree in arts (economics), and another master's degree in arts (econometrics) from Sri Venkateswara University. He also holds a doctorate of philosophy from Indian Institute of Technology, Bombay. He has over 35 years of experience in the field of teaching and research at various institutions and universities in India. He has received a certificate of appreciation by the University of Hyderabad for his valuable contribution to the University as a faculty member. Presently, he is a professor, head of School of Economics and dean of Research and Development at Shri Mata Vaishno Devi University, Katra-Jammu. Previously, he was associated with Centre for Economic and Social Studies, Hyderabad, National Institute of Bank Management, Pune and Indira Gandhi Institute of Development Research, Mumbai.

Mailareshwar J. Jeevannavar, aged 62 years is the Independent Director (Part Time Non-Official) of our Company. He was appointed as a Director on March 09, 2018. He holds a bachelor's degree in medicine and surgery from Government Medical College, Bellary, Karnatak University and a diploma in clinical pathology from Karnatak Medical College, Karnatak University. He is a practising medical practitioner.

Borrowing powers of the Board

Pursuant to our Articles of Association, and in accordance with the provisions of the Companies Act and the rules made thereunder, our Board is authorised to borrow such monies which together with the money already borrowed does not exceed the paid up share capital and free reserves of our Company.

Details of appointment and term of Directors

Sr. No.	Name of the Director	Letter of Appointment	Date of Appointment	Term
1.	Rakesh Anand	No. 2(5)/2015/MDL/D(NS-I), Department of Defence Production, Ministry of Defence, Government of India dated November 11, 2016.	January 01, 2017	For a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earliest.
2.	Rajiv Lath	No. 2(18)/2012/MDL/D(NS-I), Department of Defence Production, Ministry of Defence, Government of India dated January 24 2014 and extension letter No. 2(18)/2012/MDL/D(NS) dated September 29, 2017.	September 19, 2013	For a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earliest. The term has been extended with effect from September 19, 2018 till October 31, 2019.
3.	Sanjiv Sharma	No. 2(14)/2014/MDL/D(NS-I) Department of Defence Production & Supplies, Ministry of Defence, Government of India dated February 29, 2016.	June 01, 2015	For a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earliest.
4.	T.V. Thomas	No. 4/1 (1)/2017/ D(NS), Department of Defence	November 02, 2017	From the date of his assumption of charge of

Sr. No.	Name of the Director	Letter of Appointment	Date of Appointment	Term
		Production, Ministry of Defence, Government of India dated October 26, 2017.		post, or till the date of his superannuation or until further orders, whichever is earliest.
5.	Anil K. Saxena	No. 4/1(2)/2017/D(NS), Department of Defence Production, Ministry of Defence, Government of India dated January 31, 2018	January 31, 2018	For a period of five years from the date of his assumption of charge of post, or till the date of his superannuation or until further orders, whichever is earliest.
6.	Shridhar L. Bapat	No. 2(10)/2013/D(NS-I) D(Naval System), Department of Defence Production, Ministry of Defence, Government of India dated November 27, 2015	November 27, 2015	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier.
7.	Usha Sankar	No. 2(10)/2013/D(NS-I) D(Naval System), Department of Defence Production, Ministry of Defence, Government of India dated November 27, 2015	November 27, 2015	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier.
8.	Sanjeev Bhasin	No. 2(10)/2013/D(NS-I) D(Naval System), Department of Defence Production, Ministry of Defence, Government of India dated January 07, 2016	January 07, 2016	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier.
9.	Devi Prasad Pande	No. 11(57)/2017/Misc/D(NS) D(Naval System), Department of Defence Production, Ministry of Defence, Government of India dated September 13, 2017	September 13, 2017	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier.
10.	Kamaiah Bandi	No. 11(57)/2017/Misc/D(NS) D(Naval System), Department of Defence Production, Ministry of Defence, Government of India dated September 13, 2017	October 10, 2017	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier.
11.	Mailareshwar J. Jeevannavar	No. 11 (57)/2017/Misc/D(NS), D(Naval System), Department of Defence Production, Ministry of Defence, Government of India dated March 09, 2018	March 09, 2018	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier.

Terms of Appointment of Directors

Terms of appointment of our executive Directors

1. Rakesh Anand

Rakesh Anand is the Chairman and Managing Director of our Company. He was appointed on January 01, 2017 pursuant to an appointment letter from the MoD bearing reference No. 2(5)/2015/MDL/D(NS-I) dated November 11, 2016. The current terms and conditions of his employment were prescribed by the MoD appointment letter No. 2(5)/2015/MDL/D(NS-I) dated March 30, 2017. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	For a period of five years with effect from January 01, 2017 or till the date of his superannuation or until further orders, whichever is earlier and in accordance with the provisions of the Companies Act. The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof. After the expiry of the first year, his performance would be reviewed to enable the Government to take a view regarding continuance or otherwise for the balance period of tenure.
Pay	A basic pay of ₹86,960 per month in the revised pay scale of ₹80,000 - ₹125,000.
Headquarters	His headquarters will be in Mumbai, where the registered office of our Company is located. He would be liable to serve in any part of the country at the discretion of our Company.
Dearness Allowance	He would be paid dearness allowance in accordance with the new IDA scheme as provided in DPE's office memorandum dated November 26, 2008 and April 02, 2009.
House Rent Allowance	He would be entitled to house rent allowance as per rates indicated in DPE's office memorandum dated November 26, 2008.
Annual Increment	He will be eligible to draw his annual increment at the rate of 3% of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of the scale, one stagnation increment equal to the rate of last increment drawn will be granted on completion of every two year period from the date he reached the maximum of his pay scale provided his performance rating stands as 'Good' or above. He will be granted a maximum of three such stagnation increments.
Conveyance	He will be entitled to the facility of staff car for private use.
Performance Related Payment	He will be eligible for approved performance related payment as per office memorandum dated November 26, 2008, February 09, 2009 and April 02, 2009.
Other benefits and perquisites/superannuation	He will be eligible for superannuation benefits based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 02, 2009 and DDP's letter No. 8(112)/2012/D(Coord/DDP) dated November 11, 2013.
Leave	He will remain subject to the leave rules of our Company.
Restriction on joining private commercial undertakings after retirement / resignation	He shall not accept any appointment or post, whether advisory or administrative, in any firm or company whether Indian or foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government.
Conduct, discipline and appeal rules	The conduct, discipline and appeal rules framed by our Company in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the disciplinary authority in his case would be the President of India. The government also reserves the right not to accept his resignation if the circumstances so warrant, i.e. the disciplinary proceedings are pending or a

	decision has been taken by the competent authority to issue a charge sheet to him.

2. Rajiv Lath

Rajiv Lath is the Director (Submarine & Heavy Engineering) of our Company. He was appointed on September 19, 2013 pursuant to the appointment letter from the MoD bearing reference No. 2(18)/2012/MDL/D(NS-I) dated January 24, 2014. His term has been extended pursuant to theextension letter bearing reference No. 2(18)/2012/MDL/D(NS) dated September 29, 2017. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	For a period of five years with effect from September 19, 2013 or till the date of his superannuation or until further orders, whichever event occurs earlier and in accordance with the provisions of the Companies Act. The appointment may, however, be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof. After the expiry of the first year, his performance would be reviewed to enable the Government to take a view regarding continuance or otherwise for the balance period of tenure. The term has been extended w.e.f. September 19, 2018 till October 31, 2019 *vide* the aforesaid extension letter.
Pay	A basic pay of ₹75,000 per month in the scale of ₹75,000 - ₹100,000
Headquarters	His headquarters will be in Mumbai, where the registered office of our Company is located. He would be liable to serve in any part of the country at the discretion of our Company.
Dearness Allowance	He would be paid dearness allowance in accordance with the new IDA scheme as provided in DPE's office memorandum dated November 26, 2008 and April 02, 2009.
House Rent Allowance	He would be entitled to house rent allowance as per rates indicated in DPE's office memorandum dated November 26, 2008.
Annual Increment	He will be eligible to draw his annual increment at the rate of 3% of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of the scale, one stagnation increment equal to the rate of last increment drawn will be granted on completion of every two years period from the date he reached the maximum of his pay scale provided his performance rating stands as 'Good' or above. He will be granted a maximum of three such stagnation increments.
Conveyance	He will be entitled to the facility of staff car for private use.
Performance Related Payment	He will be eligible for approved performance related payment as per office memorandum dated November 26, 2008, February 09, 2009, April 02, 2009 and September 18, 2013.
Other benefits and perquisites/superannuation	He will be eligible for superannuation benefits based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 02, 2009 and DDP's letter No. 8(112)/2012/D(Coord/DDP) dated November 11, 2013.
Leave	He will remain subject to the leave rules of our Company.
Restriction on joining private commercial undertakings after retirement / resignation	He shall not accept any appointment or post, whether advisory or administrative, in any firm or company whether Indian or foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government.
Conduct, discipline and appeal rules	The conduct, discipline and appeal rules framed by our Company in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the disciplinary authority in his case would be the President of India.

	The government also reserves the right not to accept his resignation, if the circumstances so warrant, i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him.

3. Sanjiv Sharma

Sanjiv Sharma is the Director (Fiannce) of our Company. He was appointed on June 01, 2015 pursuant to the appointment letter from the MoD bearing reference No. 2(14)/2014/MDL/D(NS-I) dated January 07, 2015 and the current terms and conditions of his employment were prescribed in the letter from MoD bearing reference No. 2(14)2014/MDL/D(NS-1) dated February 29, 2016. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	For a period of five years with effect from June 01, 2015 or till the date of his superannuation, whichever is earlier and in accordance with the provisions of the Companies Act as amended from time to time. The appointment may, however, be terminated even during the period by either side on three months' notice or on payment of three months' salary in lieu thereof. After the expiry of the first year, his performance would be reviewed to enable the Government to take a view regarding continuance or otherwise for the balance period of tenure.
Pay	A basic pay of ₹75,000 per month in the revised pay scale of ₹75,000 - ₹100,000 from the date of his assumption of office, i.e. June 01, 2015
Headquarters	His headquarters will be in Mumbai, where the registered office of our Company is located. He would be liable to serve in any part of the country at the discretion of our Company
Dearness Allowance	He would be paid dearness allowance in accordance with the new IDA scheme as provided in DPE's office memorandum dated November 26, 2008 and April 02, 2009
House Rent Allowance	He will be entitled to house rent allowances as per rates indicated in DPE's office memorandum dated November 26, 2008 and January 07, 2013
Annual Increment	He will be eligible to draw his annual increment at the rate of 3% of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of the scale, one stagnation increment equal to the rate of last increment drawn will be granted on completion of every two years period from the date he reached the maximum of his pay scale provided his performance rating stands at of 'Good' or above. He will be granted a maximum of three such stagnation increments
Conveyance	He will be entitled to the facility of staff car for private use
Performance Related Payment	He will be eligible for approved performance related payment as per office memorandum dated November 26, 2008, February 09, 2009 and April 02, 2009
Other benefits and perquisites/superannuation	He will be eligible for superannuation benefits based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 02, 2009 and DDP's letter No. 8(112)/2012/D(Coord/DDP) dated November 11, 2013
Leave	He will remain subject to the leave rules of our Company
Restriction on joining private commercial undertakings after retirement / resignation	He shall not accept any appointment or post, whether advisory or administrative, in any firm or company whether Indian or foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government
Conduct, discipline and appeal rules	The conduct, discipline and appeal rules framed by our Company in respect of their non-workmen category of staff would also mutatis mutandis apply to him with the modification that the disciplinary authority in his case would be the President of India The government also reserves the right not to accept his resignation if the circumstances so warrant, i.e. the disciplinary proceedings are pending or a

	decision has been taken by the competent authority to issue a charge sheet to him

4. T.V. Thomas

T.V. Thomas is the Director (Corporate Planning and Personnel) of our Company. He was appointed on November 02, 2017 pursuant to the appointment letter from the MoD bearing reference No. 4/1 (1)/2017/ D(NS) dated October 26, 2017 and the current terms and conditions of his employment were prescribed by the MoD pursuant to the letter bearing reference No. 4/1 (1)/2017/ D(NS) dated February 13, 2018. Some of the key terms and conditions amongst others as revised from time to time are as under:

Term	For a period of five years with effect from November 02, 2017 or till the date of his superannuation, being June 30, 2021, whichever is earlier and in accordance with the provisions of the Companies Act as amended from time to time. The appointment may, however, be terminated even during the period by either side on three months' notice or on payment of three months' salary in lieu thereof. After the expiry of the first year, his performance would be reviewed to enable the Government to take a view regarding continuance or otherwise for the balance period of tenure.
Pay	A basic pay of ₹82,180 per month in the revised pay scale of ₹75,000 - ₹100,000 from the date of his assumption of office, i.e. November 02, 2017
Headquarters	His headquarters will be in Mumbai, where the registered office of our Company is located. He would be liable to serve in any part of the country at the discretion of our Company.
Dearness Allowance	He would be paid dearness allowance in accordance with the new IDA scheme as provided in DPE's office memorandum dated November 26, 2008 and April 02, 2009.
House Rent Allowance	He will be entitled to house rent allowances as per rates indicated in DPE's office memorandum dated November 26, 2008 and January 07, 2013.
Annual Increment	He will be eligible to draw his annual increment at the rate of 3% of basic pay on the anniversary date of his appointment in the scale and further increments on the same date in subsequent years until the maximum of pay scale is reached. After reaching the maximum of the scale, one stagnation increment equal to the rate of last increment drawn will be granted on completion of every two years period from the date he reached the maximum of his pay scale provided his performance rating stands at of 'Good' or above. He will be granted a maximum of three such stagnation increments.
Conveyance	He will be entitled to the facility of staff car as per the instructions contained under DPE's office memorandum bearing No. 2(23)/11-DPE(WC)-G-V/13 dated January 21, 2013 except para 1(G) which has been withdrawn vide DPE's office memorandum dated November 04, 2013. The recovery for private use/non-duty runs of staff car (AC/Non-AC) would be ₹2,000 per month.
Performance Related Payment	He will be eligible for approved performance related payment as per office memorandum dated November 26, 2008, February 09, 2009, April 02, 2009 and September 18, 2013 respectively.
Other benefits and perquisites/superannuation	He will be eligible for superannuation benefits based on approved schemes as per DPE's office memorandum dated November 26, 2008 and April 02, 2009 and DDP's letter No. 8(112)/2012/D(Coord/DDP) dated November 11, 2013
Leave	He will remain subject to the leave rules of our Company
Restriction on joining private commercial undertakings after retirement / resignation	He shall not accept any appointment or post, whether advisory or administrative, in any firm or company whether Indian or foreign, with which our Company has or had business relations, within one year from the date of his retirement/ resignation, without prior approval of the Government
Conduct, discipline and appeal rules	The conduct, discipline and appeal rules framed by our Company in respect of their non-workmen category of staff would also mutatis mutandis apply to him

	with the modification that the disciplinary authority in his case would be the President of India The government also reserves the right not to accept his resignation if the circumstances so warrant, i.e. the disciplinary proceedings are pending or a decision has been taken by the competent authority to issue a charge sheet to him

5. Anil K. Saxena

Anil K. Saxena is the Director (Shipbuilding) of our Company. He was appointed on March 21, 2018 pursuant to the appointment letter from the MoD bearing reference No. 4/1(2)/2017/D(NS) dated January 31, 2018 however, the detailed letter of appointment containing the current terms and conditions of his employment has not yet been issued by MoD as on the date of the Draft Red Herring Prospectus.

Note: The pay as mentioned in the above table is subject to change pursuant to the revisions of pay and allowances of board level executives memorandum bearing number CH/186/2017 dated December 19, 2017 wherein the pay of the functional director has been revised to the bracket of ₹0.18 million to ₹0.34 million and of the Chairman and Managing Director has been revised to the bracket of ₹0.2 million to ₹0.37 million.

Remuneration to our Chairman and Managing Director and Whole Time Directors

The following table sets forth the details of remuneration paid by our Company to the Chairman and Managing Director and existing whole-time directors for the Financial Year 2017:

(₹in million)

Name of the Director	Total remuneration
Rakesh Anand	5.24
Rajiv Lath	5.11
Sanjiv Sharma	4.07
T.V. Thomas	Nil*
Anil K. Saxena	Nil*

**These Directors were not appointed in Financial Year 2017.*

Remuneration payable to our non – executive and Independent Directors

Pursuant to a resolution of our Board dated June 12, 2008, our Independent Directors are entitled to receive sitting fees of ₹15,000 for attending each meeting of our Board and committees thereof, respectively. In case more than one meeting of the Board or Committee thereof is held on the same day, the sitting fees payable is ₹15,000 for the first meeting and ₹10,000 for every additional meeting on the same day attended by the Director.

The details of sitting fees paid to our non-executive and Independent Directors for Financial Year 2017 are as follows:

(₹ in million)

Name of the Director	Total remuneration
Shridhar L. Bapat	0.40
Usha Sankar	0.16
Sanjiv Bhasin	0.23
Devi Prasad Pande	Nil*
Kamaiah Bandi	Nil*
Mailareshwar J. Jeevannavar	Nil*

**These Directors were appointed in Financial Year 2018.*

Loans to Directors

As on the date of this Draft Red Herring Prospectus, there are no outstanding loans availed by our Directors from our Company.

Bonus or profit sharing plan for the Directors

Except as disclosed in "*Our Management- Terms of Appointment of Directors*", none of our Directors is party to any bonus or profit sharing plan of our Company.

Shareholding of our Director

The shareholding of the Director as a nominee of the President of India in our Company, as on the date of this Draft Red Herring Prospectus is mentioned below:

Name	No. of Equity Shares	Shareholding
Rakesh Anand	10	Negligible

Shareholding of Directors in Group Company and Joint Venture

None of our Directors hold any shares in our Associate Company or the Joint Venture Company.

Details of service contracts entered into by the directors with the Company

Except in the case of our executive Directors, there exist no service contracts, entered into by our Company with any Directors pursuant to which they are entitled to benefits upon termination of employment.

Interest of Directors

Our executive Directors may be regarded as interested to the extent of the remuneration payable to them for services rendered as Managing Director and/ or whole time Directors of our Company, to the extent of the shareholding in our Company as nominees of our Promoter and to the extent of other reimbursement of expenses payable to them as per their terms of appointment.

The independent Directors are paid sitting fees for attending the meetings of the Board and committees of the Board and may be regarded as interested to the extent of other reimbursement of expenses payable to them as per their terms of appointment.

No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested as a member by any person either to induce him to become, or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

Except as stated in the section titled "*Financial Statements*" on page 191, our Directors do not have any other interest in our business or our Company.

Our Directors may also be interested to the extent of Equity Shares, if any (together with dividends and other distributions in respect of such Equity Shares), held by them or held by the entities in which they are associated as promoter, directors, partners, proprietors or trustees or held by their relatives or that may be subscribed by or allotted to the companies, firms, ventures, trusts in which they are interested as promoter, directors, partners, proprietors, members or trustees, pursuant to the Offer.

Our Directors do not have any interest in appointment of the BRLMs, Registrar to the Offer, Banker to the Offer or any such intermediaries registered with SEBI.

None of the sundry debtors of our Company is related to our Directors or us, in any way.

Interest in promotion or formation of our Company

Except as mentioned above, our Directors have no interest in the promotion or formation of our Company.

Interest in property

Our Directors have no interest in any property acquired by our Company within the two years preceding the date of this Draft Red Herring Prospectus, or presently intended to be acquired by our Company or in any transaction for acquisition of land, construction of buildings and supply of machinery. Further, none of our Directors are related to an entity from which our Company has acquired land or proposes to acquire land.

Payment of benefits (non-salary related)

Our Company has not paid in the last two years preceding the date of this Draft Red Herring Prospectus, and does not intend to pay, any non-salary related amount or benefits to our Directors, otherwise than in ordinary course of employment.

Appointment of relatives to a place of profit

As on date of the Draft Red Herring Prospectus, none of the relatives of any of the Directors have been appointed to an office or place of profit in our Company. No proceedings/ investigations have been initiated by SEBI against any of our Directors.

Confirmations

None of our Directors have been identified as a Wilful Defaulter.

Our Directors are currently not, and have not been, during the five years preceding the date of this Draft Red Herring Prospectus, on the board of any listed company whose shares have been or were suspended from being traded on any of the stock exchanges.

None of our Directors are currently directors on, or have been directors on, the board of listed companies that are, or have been delisted from any stock exchange(s).

Corporate Governance

In addition to the applicable provisions of the Companies Act, 2013 and DPE Guidelines on Corporate Governance for Central Public Sector Enterprises with respect to corporate governance, provisions of the SEBI Listing Regulations will also be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Our Chairman is an executive Director. Our Company currently has 11 Directors, of which five are executive Directors and six are non-executive Independent Directors including one woman director on our Board.

Regulation 17 of the SEBI Listing Regulations requires a listed company having an executive chairperson to have at least half of its board comprise of independent directors. As of the date of this Draft Red Herring Prospectus, our Company's Board is chaired by an executive Director, and consists of 11 Directors, of whom six are Independent Directors. Accordingly, our Board is currently in compliance with Regulation 17 of the SEBI Listing Regulations.

Pursuant to a MCA notification dated June 05, 2015 and July 05, 2017, the Central Government has exempted/ modified the applicability of certain provisions of the Companies Act in respect of Government Companies. In accordance with this notification, the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises and pursuant to our Articles, matters pertaining to, among others, appointment, remuneration and performance evaluation of our Directors are determined by the President of India. Further, our Statutory Auditor is appointed by the Comptroller and Auditor General of India. Accordingly, in so far as the aforestated matters are concerned, the terms of reference of our Nomination and Remuneration Committee and Audit Committee only allow these committees to take on record the actions of the President of India or the Comptroller and Auditor General of India, as the case may be as the case may be. In this regard, our Company has filed exemption letter dated March 27, 2018 with SEBI under Regulation 113(1)(c) of the SEBI ICDR Regulations. For further details, see "*Risk Factors – Our Company is currently not in compliance with certain provisions of the SEBI Listing Regulations and / or Companies Act, as may be applicable in relation to the terms of reference of the Audit Committee and the Nomination and Remuneration Committee. Further, ongoing disclosure of information in relation to our Company after the listing of the Equity Shares on the Stock Exchanges may be limited and may not be in compliance with the SEBI Listing Regulations and other applicable laws.*" on page 25.

Other than as described above, our Company is in compliance with corporate governance norms prescribed under SEBI Listing Regulations, including in relation to the composition of its committees, such as the Audit Committee and the Nomination and Remuneration Committee.

Board-Level committees

Audit Committee

Our Audit Committee was constituted by a resolution of our Board dated November 23, 2000, in compliance with Section 292A of the Companies Act, 1956 and was last reconstituted on March 01, 2018. The Audit Committee currently consists of:

Name	Position in the Committee	Designation
Usha Sankar	Chairperson	Independent Director (Part Time Non-Official)
Shridhar L. Bapat	Member	Independent Director (Part Time Non-Official)
T.V. Thomas	Member	Director (Corporate Planning and Personnel)
Kamaiah Bandi	Member	Independent Director (Part Time Non-Official)

The Company Secretary will act as the secretary to the Audit Committee.

The terms of reference of the Audit Committee consists of the following:

(a) The role of the Audit Committee shall include the following:

a. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b. recommendation to the Board for fixation of remuneration to the auditors;

c. approval of payment to statutory auditors for any other services rendered by the statutory auditors;

d. reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:

i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

ii. changes, if any, in accounting policies and practices and reasons for the same;

iii. major accounting entries involving estimates based on the exercise of judgement by management;

iv. significant adjustments made in the financial statements arising out of audit findings;

v. compliance with listing and other legal requirements relating to financial statements;

vi. disclosure of any related party transactions;

vii. modified opinion(s) in the draft audit report.

e. reviewing, with the management, the quarterly/half yearly financial statements before submission to the Board for approval;

f. reviewing with the management, the statement of uses/application of funds raised through an issue (i.e. public issue, rights issue, preferential issue etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus, notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in these matters;

g. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

h. approval or any subsequently modification of transactions of the Company with related parties;

i. scrutiny of inter-corporate loans and investments;

j. valuation of undertakings or assets of the Company wherever it is necessary;

k. evaluation of internal financial controls and risk management systems;

l. reviewing with the management, performance of Internal Auditors, adequacy of the internal control systems;

m. appointment and removal of internal auditors and determining the scope of internal audit in consultation with the internal auditors;

n. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

o. discussion with internal auditors of any significant findings and follow up there on;

p. review the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

q. review observations of statutory, internal & government auditors and provide recommendations based on the same;

r. to review the follow up action on the audit observations of the C&AG audit;

s. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

t. to look into the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders (in case of non-payment of declared dividend and creditors);

u. to review the functioning of the whistle blower mechanism;

v. approval of appointment of chief financial officer after assessing the qualifications, experience and background etc of the candidate;

w. review and monitor the auditor's independence and performance and effectiveness of audit process;

x. examination of the financial statements and auditor's report thereon;

y. Carrying out any other function or matter that may be referred to the Audit Committee by the Board from time to time.

(b) The Audit Committee shall mandatorily review the following information:

a. management discussion and analysis of financial condition and results of operations;

b. statement of significant related party transactions (as defined by the Audit Committee) submitted by management;

c. management letters/letters of internal control weaknesses issued by the statutory auditors;

d. internal audit reports relating to internal control weakness;

e. the appointment and removal of the Chief Internal Auditor, shall be subject to review of the Audit Committee;

f. statement of deviations:

   i. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to the stock exchange(s) in terms of regulation 32(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

   ii. annual statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice in terms of regulation 32(7) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

Nomination and Remuneration Committee

Our Remuneration Committee was constituted by a resolution of our Board dated November 25, 2008 as per the requirements of the DPE Guidelines on Corporate Governance. The committee's name was changed to the HR & Remuneration Committee on February 08, 2014 and subsequently to Nomination and Remuneration Committee on December 05, 2017. It was last reconstituted on February 12, 2016**.** It currently consists of:

Name	Position in the Committee	Designation
Shridhar L. Bapat	Chairperson	Independent Director (Part Time Non-Official)
Usha Sankar	Member	Independent Director (Part Time Non-Official)
Sanjeev Bhasin	Member	Independent Director (Part Time Non-Official)

The terms of reference of the Nomination and Remuneration Committee consists of the following:

(a) To identify persons who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal;

(b) To recommend to the Board a policy, relating to the remuneration for the key managerial personnel and other employees;

(c) To recommend on the annual bonus/ performance pay/variable pay pool and policy for its distribution across the executives;

(d) Formulation and modification of schemes for providing perks and allowances for executives;

(e) Any new scheme of compensation to executives and non-executives as the case may be;

(f) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

   a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as and when the same come into force; or

   b. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003; and

(g) Perform such other activities as may be delegated by the Board and/or are statutorily prescribed under any law to be attended to by the Nomination and Remuneration committee.

Stakeholders Relationship Committee

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

Name	Position in the Committee	Designation
Shridhar L. Bapat	Chairperson	Independent Director
Rajiv Lath	Member	Director (Submarine and Heavy Engineering)
Sanjiv Sharma	Member	Director (Finance) and Chief Financial Officer

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

(a) Redressal of shareholders'/investors' grievances related to:

  a. Allotment or transfer of shares, approval of transfer or transmission of shares, debentures or any other securities; and

  b. Non-receipt of declared dividends, annual reports of the Company or any other documents or information to be sent by the Company to its shareholders;

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

CSR Committee

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

Name	Position in the Committee	Designation
Sanjeev Bhasin	Chairman	Independent Director (Part Time Non-Official)
Shridhar L. Bapat	Member	Independent Director (Part Time Non-Official)
Anil K. Saxena	Member	Director (Shipbuilding)
T. V. Thomas	Member	Director (Corporate Planning and Personnel)

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

Scope and terms of reference:

a. To recommend the amount of expenditure to be incurred on the activities referred under Schedule VII of the Companies Act, 2013; and

b. To monitor the Corporate Social Responsibility Policy of our Company from time to time.

IPO committee

Our IPO committee was constituted by a resolution of our Board dated September 22, 2017. The IPO committee currently consists of:

Name	Position in the Committee	Designation
Rajiv Lath	Member	Director (Submarine and Heavy Engineering)
Sanjiv Sharma	Member	Director (Finance) and Chief Financial Officer
Shridhar L. Bapat	Member	Independent Director (Part Time Non-Official)

The terms of reference of the IPO committee consists of the following:

(a) to enter into agreements such as offer agreement, registrar agreement, ad agency agreement, share escrow agreement, public offer account agreement, syndicate agreement and underwriting agreement or any other agreements and any amendment theretowith book running lead managers, registrars, bankers to the issue, monitoring agency(ies), syndicate member(s), escrow collection bank(s), underwriter(s), publicity agency(ies),stock broker(s), Self – Certified Syndicate Banks and any other intermediaries and advisors as may be necessary for the Offer

(b) to take necessary actions and steps for obtaining relevant approvals, consents from DIPP, SEBI, Stock Exchanges, RBI and such other authorities as may be necessary in relation to the IPO;

(c) appointing, in consultation with the BRLMs, the domestic legal counsel to the BRLM and the industry expert in accordance with the provisions of the SEBI ICDR Regulations and/or other statutory and/or regulatory requirements;

(d) to finalise the Draft Red Herring Prospectus, Red Herring Prospectus, Prospectus, Bid – cum – Application Form, ASBA Form, Abridged Prospectus and other application forms and / or documents and to file the same with SEBI, the Stock Exchanges and other concerned authorities and issue the same to the investors;

(e) to approve all notices, including any advertisement(s) required to be issued, as allowed by SEBI and such other applicable authorities and to decide on other terms and conditions of the Offer;

(f) to decide with the Selling Shareholder, the eligible employees for the purpose of employee reservation portion in the Offer, the employee reservation portion, the allocation of portion for qualified institutional buyers, retail individual investors, non – institutional investors, the basis of allotment, the Offer price, the minimum bid lot, the price band including without limitation the price cap for the sale of the Equity Shares or the total number of Equity Shares to be issued / offered in the Offer;

(g) to decide with the Selling Shareholder in consultation with the book running lead managers, the Offer price and premium of the Equity Shares to be offered through Offer;

(h) to obtain necessary approvals and listing for Equity Shares issued in the Offer from the Stock Exchanges and / or other statutory, governmental and regulatory authorities in accordance with all applicable laws;

(i) to open separate bank accounts with any nationalised Bank / private bank / foreign bank for the purpose of the Offer;

(j) to decide on the marketing strategy of the Offer and the costs involved;

(k) to decide date of opening and closing of the Offer (including the Offer closing date for qualified institutional buyers) and to extend, vary or alter the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by SEBI, Stock Exchanges or other authorities from time to time;

(l) to do all such necessary acts, deeds including execution of agreements, applications undertaking and any other documents for listing of Equity Shares issued in the Offer on the Stock Exchanges;

(m) to offer and allot Equity Shares in consultation with the Selling Shareholder and the BRLM's, Registrar, the designated Stock Exchange and to do all necessary acts, things, execution of documents, undertaking, etc. with NSDL / CDSL in connection with admitting of Equity Shares issued in the Offer;

(n) to co-ordinate with the Registrar to the Offer for Sale with respect to investor grievances received if any post allotment of equity shares;

(o) to enter the names of the allottees in the Register of Members of the Company;

(p) to decide the mode and manner of allotment of Equity Shares if any not subscribed and left / remaining after allotment of Equity Shares;

(q) to decide the treatment to be given to the fractional entitlement, if any, including rounding upward or downwards or ignoring such fractional entitlements or issue of fractional coupons and the terms and conditions for consolidation of fractional entitlements into a whole Equity Share and application to the Company for the same as well as to decide the disposal off the Equity Shares representing the fractional coupons which are not so consolidated and presented to the Company for allotment of whole Equity Shares or treating fractional entitlement in the manner as may be approved by SEBI and the Stock Exchanges;

(r) to take all such actions and give all such directions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise in regard to the creation, offer, issue and allotment of the Equity Shares and to do all acts, deeds, matters and things which they may in their discretion deem necessary or desirable for the purpose of the Offer;

(s) to settle any question, difficulty or doubt that may arise in connection with the Offer including the issue and allotment of the Equity Shares as aforesaid and to do all such acts, deeds and things as the committee may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt;

(t) to file necessary returns, make declarations / announcements, furnish information, etc. to the concerned authorities in connection with the Offer;

(u) to sign and execute any other document, agreement, undertaking in connection with the Offer; and

(v) to take all such other steps as may be necessary in connection with the Offer.

Other committees

Further, we also have Procurement sub-committee and budget sub-committee, the details of Procurement sub-committee are as given below.

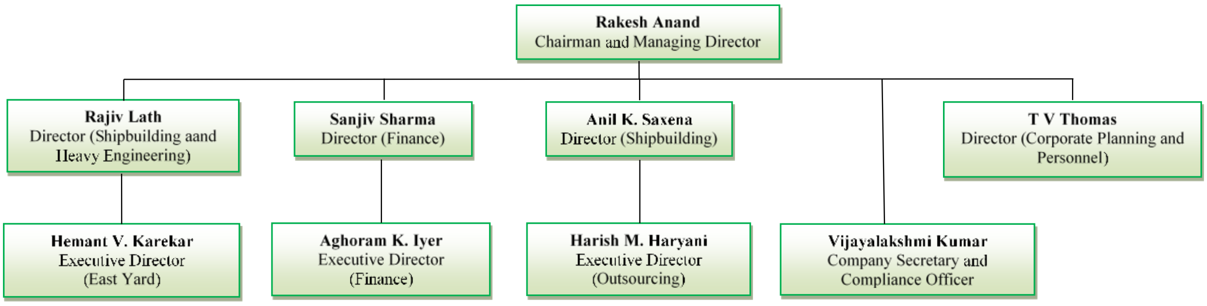
Procurement sub-committee

Our procurement sub-committee was constituted on May 20, 2003 and was last reconstituted on February 12, 2016. The procurement sub-committee currently consists of:

Name	Position in the Committee	Designation
Rakesh Anand	Chairman	Chairman and Managing Director
Shridhar L. Bapat/ Usha Sankar/ Sanjeev Bhasin	Member	Independent Director (Part Time Non-Official)
Anil K. Saxena	Member	Director (Shipbuilding)
Sanjiv Sharma	Member	Director (Finance) and Chief Financial Officer
T.V. Thomas	Member	Director (Corporate Planning and Personnel)
Rajiv Lath	Member	Director (Submarine and Heavy Engineering)

The procurement sub-committee is delegated with full powers to approve the proposals for placement of orders for procurement of required assets / capital expenditure items, materials, equipments, tools, stores and spares, imports approval of works, sub contracts and facility hire etc and also the capital expenditure proposals included in the capital budget approved by the Board.

Management Organization Structure



Key Management Personnel and Senior Management Personnel

Apart from our Chairman and Managing Director, our Whole Time Directors and our Chief Financial Officer the following persons are the Key Management Personnel of our Company:

1. Vijayalakshmi Kumar, Company Secretary and Compliance Officer

Brief Profiles of our Key Management Personnel

For details of Rakesh Anand, Rajiv Lath, Sanjiv Sharma, T.V. Thomas and Anil K. Saxena, see "*Brief profiles of our Directors*" on page 165

Vijayalakshmi Kumar, aged 45 years is the Company Secretary (Chief Manager) and Compliance Officer of our Company. She has been appointed as a Company Secretary on March 01, 2018 and has been associated with our Company since December 19, 2017. She holds bachelor's degrees in commerce and law from University of Mumbai and is an associate member of the Institute of Company Secretaries of India. She has over 18 years of experience in secretarial compliance. Previously she has worked with Central Roadlines Corporation Limited, Landmarc Leisure Corporation Limited, Kamat Hotels (India) Limited, BASF Coatings (India) Private Limited and Shapoorji Pallonji Forbes Shipping Limited. She has not received any remuneration for Fiscal Year 2017.

The following persons are the Senior Management Personnel of our Company:

1. Aghoram K. Iyer, executive director (finance);
2. Hemant V. Karekar, executive director (east yard); and
3. Harish M. Haryani, executive director (outsourcing).

Brief Profiles of our Senior Management Personnel

Aghoram K. Iyer, aged 59 years is an executive director (finance) of our Company. He has been associated with our Company since August 30, 2007 and has been in the present position since then. The name of current designation was changed from group general manager to executive director (finance) vide resolution passed in board meeting dated May 02, 2014. He holds a bachelor's degree in commerce from University of Madras and has passed the final examinations held by Institute of Cost Accountants of India and the Institute of Chartered Accountants of India. He is responsible for all finance related activities of the Company. He has about 20 years of experience in finance, accounts and audit. Previously, he has held various positions with Bharat Heavy Electricals Limited, Balmer Lawrie & Co. Limited, Sundaram Fasteners Limited and Standard Fireworks Private Limited. He received a gross remuneration of ₹3.99 million in Fiscal Year 2017.

Hemant V. Karekar, aged 57 years is an executive director (east yard) of our Company. He has been associated with our Company since September 30, 1982 and has been in the present position since November 30, 2016. He holds a bachelor's degree in mechanical engineering from University of Poona and has completed an advanced diploma in computer software system analysis & application from Maharashtra State Board of Technical Education. He is responsible for the design and planning department. He has over 35 years of experience in handing divisions and departments related to production, electronic data processing, commercial and services. He has also acted as the project superintendent of the P-75 Project. He received a gross remuneration of ₹3.71 million in Fiscal Year 2017.

Harish M. Haryani, aged 59 years is an executive director (outsourcing) of our Company. He has been associated with our Company since November 18, 1980 and has been in the present position since August 01, 2016. He holds a bachelor's degree in mechanical engineering from Shri Govindram Seksaria Institute of Technology & Science, Indore. He is responsible for overseeing the functioning of materials, commercial and outsourcing departments of the shipbuilding division. He has over 37 years of experience in handling divisions and departments related to production, planning and control, outsourcing and commercial. He received a gross remuneration of ₹3.57 million in Fiscal Year 2017.

All our Key Managerial Personnel are permanent employees of our Company.

Relationship among Key Management Personnel and Senior Management Personnel

None of our Key Management Personnel and/or Senior Management Personnel are related to each other.

Family relationship of Directors with the Key Management Personnel and Senior Management Personnel

None of the Key Management Personnel and Senior Management Personnel are related to the Directors of our Company.

Bonus or profit sharing plan for the Key Management Personnel and Senior Management Personnel

Other than the performance-related pay scheme for our employees, through which bonus incentive payments are made to our employees (including our Key Management Personnel and Senior Management Personnel), our Company does not have a bonus or profit sharing plan.

Shareholding of Key Management Personnel and Senior Management Personnel

Except as mentioned below, none of our Key Management Personnel and Senior Management Personnel hold any Equity Shares as on the date of this Draft Red Herring Prospectus**.**

Name	No. of Equity Shares	Shareholding
Rakesh Anand	10	Negligible

Service Contracts with Key Management Personnel and Senior Management Personnel

Our Company has not entered into any service contracts, pursuant to which, its Key Management Personnel Senior Management Personnel are entitled to benefits upon termination of employment. Except for statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company, .including Key Management Personnel and Senior Management Personnel, is entitled to any benefit upon termination of employment or superannuation.

Interest of Key Management Personnel and Senior Management Personnel

None of our Key Management Personnel and Senior Management Personnel have any interest in our Company except to the extent of equity shares held in our Company, remuneration from our Company, benefits, and reimbursement of expenses incurred by them in the ordinary course of business. Except statutory benefits upon termination of their employment in our Company, resignation or superannuation, as the case may be, and certain post-retirement benefits, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

No loans have been availed from our Company by our Key Management Personnel and Senior Management Personnel

Contingent and deferred compensation payable to Key Management Personnel and Senior Management Personnel

No contingent or deferred compensation is payable to our Key Management Personnel and Senior Management Personnel which does not form part of their remuneration.

Changes in our Board, Key Management Personnel and Senior Management Personnel during the last three years

The changes in our Board in the last three years immediately preceding the date of this Draft Red Herring Prospectus is as follows:

Name of Director	Date of appointment/cessation	Reasons
Selvaraj	May 31, 2015	Ceased to be a Whole-time Director
Sanjiv Sharma	June 01, 2015	Appointed as an Executive Director
Prem K. Kataria	September 30, 2015	Ceased to be a Director
Shridhar L. Bapat	November 27, 2015	Appointed as an Independent Director
Usha Sankar	November 27, 2015	Appointed as an Independent Director
Sanjeev Bhasin	January 07, 2016	Appointed as an Independent Director
Bharat Khera	July 27, 2016	Ceased to be a Nominee Director
Vijayendra	August 04, 2016	Appointed as Nominee Director
Rahul K. Shrawat	December 31, 2016	Ceased to be a Chairman and Managing Director
Rakesh Anand	January 01, 2017	Change in designation as Chairman and Managing Director
P.R. Raghunath	February 27, 2017	Resigned as an Executive Director
Devi Prasad Pande	September 13, 2017	Appointed as an Independent Director
Kamaiah Bandi	October 10, 2017	Appointed as an Independent Director
T.V. Thomas	November 02, 2017	Appointed as an Executive Director
Anil K. Saxena	March 21, 2018	Appointed as an Executive Director
Mailareshwar J. Jeevannavar	March 09, 2018	Appointed as an Independent Director
Vijayendra	March 27, 2018	Resigned as a Nominee Director

Changes in our other Key Management Personnel in the last three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below:

Name	Date of appointment/ cessation	Reasons
Madhavi V. Kulkarni	August 04, 2016	Appointment as Company Secretary
Enkandigai S. Selvaraj	June 30, 2016	Ceased to be a Company Secretary
Madhavi V. Kulkarni	March 01, 2018	Ceased to be a Company Secretary
Vijayalakshmi Kumar	March 01, 2018	Appointment as Company Secretary
Sanjiv Sharma	December 05, 2017	Appointed as Chief Financial Officer

Changes in our Senior Management Personnel in the last three years immediately preceding the date of this Draft Red Herring Prospectus are set forth below:

Name	Date of appointment/ cessation	Reasons
Harish M. Haryani	August 01, 2016	Promoted as an executive director (Outsourcing)
Hemant V. Karekar	November 30, 2016	Promoted as an executive director (east yard)

Employee stock option and employee stock purchase schemes

Our Company does not have any employee stock option and employee stock purchase schemes.

Payment of non – salary related benefits to officers of our Company

No amount or benefit has been paid or given to any officer of our Company within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment

Arrangements and understanding with major shareholders, customers, suppliers or others

Except as stated below, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors or Key Management Personnel or Senior Management Personnel were selected as a Director or a member of the senior management:

a. Pursuant to our Articles of Association, the President of India shall appoint the Chairman and such other Directors in consultation with our Chairman. The President may from time to time, appoint a managing director and other whole – time Director/Directors on such terms and remuneration (whether by way of salary or otherwise) as he may think fit;

OUR PROMOTER, PROMOTER GROUP AND GROUP COMPANY

Our Promoter is the President of India acting through the MoD. Our Promoter alongwith its nominees, currently hold 100% of the pre-Offer paid-up Equity Share capital of our Company. After this Offer, our Promoter shall hold [●]% of the post-Offer paid-up equity share capital of our Company. As our Promoter is the President of India, acting through the MoD, disclosures on the Promoter Group (defined in regulation 2(1)(zb) of the SEBI ICDR Regulations) as specified in Schedule VIII of the SEBI ICDR Regulations have not been provided.

Group company

In terms of the SEBI ICDR Regulations, for the purpose of identification of "*group companies*", our Company has considered:

(i) companies covered under the applicable accounting standards (i.e., Accounting Standard 18/Ind AS 24 issued by the ICAI) as per the Restated Financial Statements; and

(ii) other companies that are considered material by our Board.

Pursuant to a board resolution dated March 01, 2018, our Board has formulated a materiality policy with respect to identification of group companies. Our Board has approved that for the purpose of disclosure in connection with the Offer, a company shall be considered material and disclosed as a group company if the monetary value of our Company's transactions with such company exceeds 10% of the total revenue of our Company as per the last Restated Consolidated Financial Statements of the Company. In accordance to the Materiality Policy, our Company has not identified any company as a Group company.

Consequently, information in this section on our Group Company is being provided with respect to Goa Shipyard Limited, in accordance with the Accounting Standard 18/Ind AS 24 issued by the Institute of Chartered Accountants of India.

Goa Shipyard Limited

Corporate Information

GSL, incorporated on November 26, 1957 under the name "*Estaleiros Navais De Goa Limitada*" was originally incorporated under the Portugese Law in Goa. The name was subsequently changed to "*Goa Shipyard Limited*" on September 29, 1967 as a public limited company. The corporate identity number is U63032GA1967GOI000077. Its registered office is situated at Vasco Da Gama, Goa – 403 802, India.

Nature of business

GSL is involved in the business of carrying out all or any of the business of proprietors of docks, wharves, jetties, piers, workshops and warehouses and of shipowners, shipbuilders, shipwrights, engineers, dredgers, tugs, shiprepairers, freight contractors, carriers by land, sea and air forwarding agents and general traders by entering into contracts with any other company for the carrying out these activities.

GSL is currently involved in the business of shipbuilding, ship repair and general engineering services for defence and commercial sector.

Capital Structure and shareholding pattern

The authorized share capital is ₹600,000,000 divided into 120,000,000 equity shares of ₹5 each and the issued and paid up capital is ₹582,018,740 divided into 116,403,748 equity shares of ₹5 each. The shareholding pattern of GSL is as follows:

Shareholder	Number of equity shares at ₹5 each	Percentage holding (%)
President of India	59,466,780	51.09
Our Company	54,957,600	47.21
Others*	1,979,368	1.70

Shareholder	Number of equity shares at ₹5 each	Percentage holding (%)
Total	**116,403,748**	**100**

**There are 212 other sharehoders apart from our Company and President of India.*

Interest of Promoter

Our Promoter holds 51.09% shares in our Group company.

Interest of Group company in our Company

(a) Business interests

Except to the extent of contracts for supply of CPP systems, boats, B&D spares, technical services etc entered into between our Company and GSL, our Group Company do not have any business interests or other interests in our Company.

(b) In the promotion of our Company

Our Group Company is not interested in the promotion of our Company.

(c) In the properties acquired in the two years preceding the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company

Our Group Company is not interested in any properties acquired or proposed to be acquired by our Company in the two years preceding the date of this Draft Red Herring Prospectus or which is proposed to be acquired by our Company.

(d) In transactions for acquisition of land, construction of building and supply of machinery

Our Group Company is not interested in any transactions for the acquisition of land, construction of building or supply of machinery.

Common Pursuits among the Group Company with our Company

Our Group Company is also involved in the business of shipbuilding. As a result, conflicts of interest may arise in addressing business opportunities and strategies amongst our Company and our Group Company. As we do not have any non–compete agreements in place with our Group Company, there is a conflict of interest between our Company and the Group Company. For further details, see "*Risk Factors- Our Group Company may be engaged in a business similar to our Company which may create a conflict of interest*" on page 37.

For details of transactions between our Company and Group Company, see "*Related Party Transactions*" on page 189.

Related Business Transactions with the Group Company and Significance on the Financial Performance of our Company

No transactions were entered into between our Company and our Group Company in Fiscal Year 2017 and the six months ended September 30, 2017. However, for details of our investments in our Group Company in the Fiscal Year 2017 and the six months ended September 30, 2017, see "*Financial Statements – Restated Standalone Financial Statements*" and "*Financial Statements – Restated Consolidated Financial Statements*", on pages 192 and 288, respectively.

Sale/ Purchase between Group Company and our Company

Our Group Company has not been involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate of 10% of the total sales or purchases of our Company in Fiscal Years 2013, 2014, 2015, 2016, 2017 and the six months ended September 30, 2017.

Accumulated profits or losses

There are no accumulated profits or losses of our Group Company that are not accounted for by our Company.

Loss-making Group Company

Our Group Company has not incurred losses in the preceding Fiscal Year.

Other Confirmations

As of the date of this Draft Red Herring Prospectus, our Group Company (i) is not listed nor has been refused listing on any stock exchange in India or abroad or (ii) has not made any public or rights issue of Equity Shares in the last three years (iii) has not become a sick company as specified under SICA; or (iv) is not under winding up proceedings, (v) has not become defunct; or (vi) has not made an application to the RoC, in the five years preceding from the date of filing this Draft Red Herring Prospectus with SEBI, for striking off its name .

Further, except as stated in the "*Financial Statements*" on page 191, our Group Company has not received any significant notes on the financial statements from the auditors.

Our Group Company does not have a negative net worth.

Our Group Company has not been identified as a Wilful Defaulter.

There are no unsecured loans taken by the Group Company that can be recalled at any point in time.

Our Group Company is not prohibited from accessing the capital market for any reasons by the SEBI or any other authorities.

RELATED PARTY TRANSACTIONS

For details of related party transactions during the last five fiscal years, as per the requirements under Accounting Standard 18 "*Related Party Disclosures*" issued by the Institute of Chartered Accountants of India, and IND AS 24 "*Related Party Disclosures*" see "*Financial Statements – Annexure*: *XXIV - Restated Ind AS Consolidated Statement of Related Party Transactions*", "*Financial Statements – Annexure*: *XXIV - Restated Ind AS Unconsolidated Statement of Related Party Transactions* " and "*Financial Statements Annexure XLVII-Restated Unconsolidated Statement of Other notes*" on pages 253, 360 and 454, respectively.

DIVIDEND POLICY

As per CPSE Capital Restructuring Guidelines, all central public sector enterprises are required to pay a minimum annual dividend of 30% of profit after tax or 5% of the net-worth, whichever is higher, subject to the maximum dividend permitted under the extant legal provisions and the conditions mentioned in the aforesaid memorandum.

However, the declaration and payment of dividends on our Equity Shares will be recommended by our Board and approved by our Shareholders, at their discretion, subject to the provisions of the Articles and the Companies Act. Further, the dividends, if any, will depend on a number of factors, including but not limited to our earnings, guidelines issued by the Department of Public Enterprise (DPE), capital requirements and overall financial position of our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including the results of operations, financial condition, contractual restrictions, and restrictive covenants under the loan or financing arrangements we may enter into. For further details, see *"Financial Statements"* and "*Financial Indebtedness*" on pages 191 and 489 respectively. Our Company may also, from time to time, pay interim dividends.

The dividend and dividend tax paid by our Company during the last five fiscals and for the six months period ended September 30, 2017 is presented below:

Particulars	**September 30, 2017**	**Fiscal Year**				
		2017	**2016**	**2015**	**2014**	**2013**
Face value of Equity Share (in ₹)	10	100	100	100	100	100
Total Dividend (in ₹ million)	Nil	1,992	1,000	1,000	1,000	996
Number of Equity Shares (in million)	249.00	24.90	19.92	19.92	19.92	19.92
Total Dividend per Equity Share (in ₹)	Nil	80.00	50.20	50.20	50.20	50.00
Total dividend rate (%)	Nil	80.00	50.20	50.20	50.20	50.00
Dividend Tax (in ₹ million)	Nil	405.50	203.60	199.90	170.00	161.60

Our Company has declared the first interim dividend in its board meeting held on December 05, 2017 of ₹1,050 million which was subsequently paid. Further, our Company has declared the second interim dividend in its board meeting held on March 01, 2018 of ₹750 million which was subsequently paid.

The amounts distributed as dividends in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future. For further details, see **"*Risk Factors*"** on page 16. There is no guarantee that any dividends will be declared or paid or that the amount thereof will not decrease in the future. Future dividends will depend on guidelines issued by DPE, our profits, revenues, capital requirements, contractual restrictions and overall financial position of our Company.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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Independent Auditor's Report on Restated Consolidated Financial Information as required under Section 26 of the Companies Act, 2013, read with Rule 4 of The Companies (Prospectus and Allotment of Securities) Rules, 2014

To
The Board of Directors
Mazagon Dock Shipbuilders Limited,
Dockyard Road,
Mumbai -400010
Maharashtra

Dear Sirs,

1. We have examined, the attached Restated Consolidated Financial Information of Mazagon Dock Shipbuilders Limited (the "Company"), and its associate named Goa Shipyard Limited("GSL" collectively referred to as "Group"), which comprises the Restated Consolidated Summary Statement of Assets and Liabilities as at 30th September, 2017, 31st March, 2017 and 2016, the Restated Consolidated Summary Statements of Profit and Loss (including other comprehensive income) and Restated Consolidated Summary Statement of changes in equity for six month period ended 30th September, 2017 and each of the years ended 31st March, 2017 and 2016 and Restated Consolidated Summary Statement of Cash Flows for the six month period ended 30th September, 2017 and each of the years ended 31st March, 2017 and 2016 respectively, and the Summary of Significant Accounting Policies (collectively, the "Restated Consolidated Financial Information") as approved by the Board of Directors of the Company and prepared in terms of the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules"); and

   b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

2. The preparation of the Restated Consolidated Financial Information is the responsibility of the management of the Company for the purpose set out in paragraph 14 below. The management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The management is also responsible for identifying and ensuring that the Company complies with the Act, Rules and ICDR Regulations.

3. Our responsibility is to examine the Restated Consolidated Financial Information and confirm whether such Restated Consolidated Financial Information comply with the requirements of the Act, the Rules, the ICDR Regulations and the Guidance Notes.

4. We have examined such Restated Consolidated Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 6th November, 2017 in connection with the proposed Initial Public Offering (IPO) of the Company;

   b) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI) ("The Guidance Note").

   c) The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which include the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

5. The audit of the Group's consolidated financial statement for each of the period/years ended 30th September, 2017, 31st March, 2017 and 2016 is done by us.

6. We did not audit the financial statements of the associate as at and for the six month period ended 30th September, 2017 and for the financial years ended 31st March, 2017 and 2016 whose share of net profit/(loss) included in the Restated Consolidated Financial Information, for the relevant years is tabulated below;

(₹ in million)

Name of Entity	Audit for the period/year ended	Share of net Profit/(Loss)	Name of the Auditor(s)
Goa Shipyard Limited	30th September, 2017	382.48	M/s ABM & Associates LLP
	31st March, 2017	554.27	M/s Despande Pandit & Co.
	31st March, 2016	294.02	

The financial statements have been audited by another firm of Chartered Accountants, whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in these Restated Consolidated Financial Information are based solely on the report of other auditors. The Consolidation financial statements were prepared for the first time for 31st March, 2016, in terms of MCA notification no. 171 dated 31st March, 2014, read with notification dated 14th October, 2014.

7. The Restated Consolidated Financial Information have been compiled by the Management from the:

a) Audited Consolidated financial statements of the Company as at and for the six month period ended on 30th September, 2017 prepared in accordance with the Indian Accounting Standards ("IndAS") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 which have been approved by the Board of directors at their meeting held on 1st March 2018.

b) Audited Consolidated financial statements of the Company as at and for the year ended 31st March, 2017 and 2016, prepared in accordance with the Indian Accounting Standards ("IndAS") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 which have been approved by the Board of directors at their meeting held on 23rd August, 2017.

8. In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with, the Rules, the ICDR Regulations and the Guidance Note, we report that the Restated Consolidated Financial Information of the Company have been arrived after making adjustments and regrouping /reclassifications, which in our opinion were appropriate, and have been fully described in Annexure VII - Notes on Adjustments for Restatement of Profit and Loss:

i) The Restated Consolidated Summary Statement of Assets and Liabilities of the Company, as at 30th September, 2017, 31st March, 2017 and 2016, under Ind AS, as set out in Annexure I to this report.

ii) The Restated Consolidated Summary Statement of Profit and Loss (including other comprehensive income) of the Company, for the six months period ended 30th September, 2017 and each of the years ended 31st March, 2017 and 2016 under Ind AS, as set out in Annexure II to this report.

iii) The Restated Consolidated Summary Statement of Cash Flows of the Company, for the six months period ended 30th September, 2017 and each of the years ended 31st March, 2017 and 2016 under Ind AS, as set out in Annexure III to this report

iv) The Restated Consolidated Summary Statement of changes in equity of the Company, for the six months period ended 30th September, 2017 and each of the years ended 31st March, 2017 and 2016 under Ind AS, as set out in Annexure IV to this report.

9. Based on the above and according to the information and explanations given to us, and also as per the reliance placed on the reports submitted by the other auditors of the associate, for the respective years, we further report that the Restated Consolidated Financial Information of the Company, have been prepared in accordance with the Act, the Rules, and the ICDR Regulations and:

i) there have been no changes in accounting policies of the Company during the six months period ended 30th September, 2017 and years ended 31st March, 2017 and 2016;

ii) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

iii) There are no qualifications in the Auditor's Report which require any adjustments;

iv) There are no extra-ordinary items that need to be disclosed separately in the Restated Consolidated Financial Information.

10. We have also examined the following Restated Consolidated Financial Information of the Company set out in the Annexures prepared by the management and approved by the Board of Directors of the Company on 1st March, 2018 for the six months period ended 30th September, 2017 and for the years ended 31st March, 2017 and 2016.

    i. Restated Ind AS Consolidated Summary Statement of Assets and Liabilities included in Annexure I
    ii. Restated Ind AS Consolidated Summary Statement of Profits and Losses included in Annexure II
    iii. Restated Ind AS Consolidated Summary Statement of Cash Flows included in Annexure III

    iv. Restated Ind AS Consolidated Statement of Changes in Equity included in Annexure IV
    v. Notes to Ind AS Consolidated Summary Statements – Accounting Policies included in Annexure V
    vi. Restated Ind AS Consolidated Statement of Capitalisation included in Annexure VI
    vii. Statement of Restated Adjustments to audited Ind AS Consolidated Financial Statements included in Annexure VII
    viii. Restated Ind AS Consolidated Statement Property, plant and equipment, intangible assets and included in Annexure VIII
    ix. Restated Ind AS Consolidated Statement of Non-current investments included in Annexure IX
    x. Restated Ind AS Consolidated Statement of Cash and Bank balances included in Annexure X
    xi. Restated Ind AS Consolidated Statement of Other Assets included in Annexure XI
    xii. Restated Ind AS Consolidated Statement of Deferred Tax Assets included in Annexure XII
    xiii. Restated Ind AS Consolidated Statement of Inventories included in Annexure XIII
    xiv. Restated Ind AS Consolidated Statement of Trade Receivables included in Annexure XIV
    xv. Restated Ind AS Consolidated Statement of Share Capital included in Annexure XV
    xvi. Restated Ind AS Consolidated Statement of Provisions included in Annexure XVI
    xvii. Restated Ind AS Consolidated Statement of Other Liabilities included in Annexure XVII
    xviii. Restated Ind AS Consolidated Statement of Revenue included in Annexure XVIII
    xix. Restated Ind AS Consolidated Statement of Other Income included in Annexure XIX
    xx. Restated Ind AS Consolidated Statement of Cost of raw material consumed included in Annexure XX
    xxi. Restated Ind AS Consolidated Statement of Employee benefit expense included in Annexure XXI
    xxii. Restated Ind AS Consolidated Statement of Finance cost included in Annexure XXII
    xxiii. Restated Ind AS Consolidated Statement of Other expenses and provisions included in Annexure XXIII
    xxiv. Restated Ind AS Consolidated Statement of Related Party Transactions included in Annexure XXIV
    xxv. Restated Ind AS Consolidated Statement of Contingent Liabilities and Capital Commitments included in Annexure XXV
    xxvi. Restated Ind AS Consolidated Statement of Dividend paid included in Annexure XXVI
    xxvii. Restated Ind AS Consolidated Statement of Accounting Ratios included in Annexure XXVII
    xxviii. Restated Ind AS Consolidated Statement of Other notes included in Annexure XXVIII

    According to the information and explanations given to us, in our opinion, the Restated Consolidated Financial Information contained in Annexures I to IV and the above restated other financial information contained in Annexure V to XXVIII accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated Consolidated financial information disclosed Annexure V, are prepared after making adjustments and regroupings or reclassifications as considered appropriate and have been prepared in accordance with the Act, the Rules, and the ICDR Regulations and the Guidance Note.

11. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us or the previous auditors of the Company, nor should this report be construed as a new opinion on any of the Consolidated financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Emphasis of Matter

13. We draw attention to the following matters in the annexure to the restated consolidated financial statement:

For the period ended 30th September, 2017;

a. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. (Refer Annexure XI Point No. 1)

b. Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (viii))

c. In respect to the balances due from / to Indian Navy which are in the process of reconciliation. (Refer Annexure XXV Note no. C)

d. The financials of Joint Venture Company "Mazagon Dock Piapava Defence Pvt Ltd" in which the Company holds 50% of the equity has not been consolidated by the management in the restated consolidated financial statement. (Refer Annexure XXVIII Note No. 5)

e. In respect of associate, the company has made provision for gratuity and leave encashment liability based on best estimates and not based on actuarial valuation. (Refer Annexure XXVIII Note No. 18(d)

For the period ended 31st March, 2017;

a. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. (Refer Annexure XI Point No. 1)

b. Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (ii))

c. In respect to the balances due from / to Indian Navy which are in the process of reconciliation. (Refer Annexure XXV Note no. C)

d. The financials of Joint Venture Company "Mazagon Dock Piapava Defence Pvt Ltd" in which the Company holds 50% of the equity has not been consolidated by the management in the restated consolidated financial statement. (Refer Annexure XXVIII Note No. 5)

For the period ended 31st March, 2016;

a. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. (Refer Annexure XI Point No. 1)

b. Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (i))

c. Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation. (Refer Annexure XXV Point No. C)

d. The financials of Joint Venture Company "Mazagon Dock Piapava Defence Pvt Ltd" in which the Company holds 50% of the equity has not been consolidated by the management in the consolidated financial statements. (Refer Annexure XXVIII Note No. 5)

Our opinion is not modified in respect of these matters.

14. Our report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India, Registrar of Companies, Mumbai, Maharashtra and concerned Stock Exchanges prepared in connection with the proposed Initial Public Offering of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For Ford Rhodes Parks & Co. LLP
Chartered Accountants
Firm Registration Number: 102860W / W100089

Shrikant Prabhu
Partner
Membership No. 35296

Place: Mumbai
Date: 1st March 2018

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES

Annexure I

Restated Ind AS Consolidated Summary Statement of Assets and Liabilities

(₹ in million)

Sr. No.	Particulars	Annexures	As at		
			30th September, 2017	31st March, 2017	31st March, 2016
	ASSETS				
A	**Non-current assets**				
	Property, Plant and Equipment	VIII	5,164.67	5,249.00	3,449.22
	Capital work-in-progress	XI	1,063.16	984.28	1,695.84
	Other intangible assets	VIII	188.56	213.52	228.30
			6,416.39	**6,446.80**	**5,373.36**
	Financial assets				
	Investments	IX	3,986.57	3,835.62	3,242.27
	Non-current trade receivable	XIV	179.42	160.46	167.40
	Loans	XI	31.67	30.87	29.30
	Other financial assets	XI	33.98	33.98	33.98
	Deferred tax assets (net)	XII	5,410.00	4,988.07	4,932.86
	Non-current tax assets (net)	XI	1,473.37	1,811.33	1,280.90
	Other non-current assets	XI	1,965.54	1,421.63	1,133.90
	Total of Non-current assets (A)		**19,496.94**	**18,728.76**	**16,193.97**
B	**Current assets**				
	Inventories **Financial assets**	XIII	37,561.48	40,286.56	42,446.70
	Current trade receivable	XIV	28,569.29	7,469.56	9,197.25
	Cash and cash equivalents	X	5,871.20	1,428.78	8,977.70
	Bank balances other than cash and cash equivalents	X	76,010.00	82,200.00	79,050.00
	Loans	XI	97.51	66.36	69.60
	Other financial assets	XI	10,338.92	13,109.11	9,300.06
	Assets held for sale		0.08	0.21	-
	Other current assets	XI	32,009.68	30,357.66	24,944.76
	Total of Current assets (B)		**1,90,458.16**	**1,74,918.24**	**1,73,986.07**
	Total A+B		**2,09,955.10**	**1,93,647.00**	**1,90,180.04**
	EQUITY AND LIABILITIES				
C	**Equity**				
	Equity Share capital	XV	2,490.00	2,490.00	1,992.00
	Other equity	IV	29,854.35	27,530.94	24,352.04

Sr. No.	Particulars	Annexures	As at		
			30th September, 2017	31st March, 2017	31st March, 2016
	Total equity (C)		**32,344.35**	**30,020.94**	**26,344.04**
D	**Non-current liabilities**				
	Financial liabilities				
	Trade payable	XVII	179.42	160.46	167.40
	Other financial liabilities	XVII	5.76	1.41	0.82
	Other long-term liabilities	XVII	1,617.66	1,669.47	1,316.28
	Long-term provisions	XVI	12,133.13	12,110.35	11,856.80
	Total non-current liabilities (D)		**13,935.97**	**13,941.69**	**13,341.30**
E	**Current liabilities**				
	Financial liabilities				
	Trade payables	XVII	10,870.35	9,263.47	11,201.10
	Other financial liabilities	XVII	1,976.12	1,747.11	2,111.90
	Other current liabilities	XVII	1,48,978.24	1,37,846.71	1,36,517.80
	Short-term provisions	XVI	1,850.07	827.08	663.90
	Total current liabilities (E)		**1,63,674.78**	**1,49,684.37**	**1,50,494.70**
	Total C+D+E		**2,09,955.10**	**1,93,647.00**	**1,90,180.04**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

As per our report of even date

For and on behalf of the Board of Directors

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

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

Shrikant Prabhu
Partner
Membership No. 35296

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

Date: 1st March 2018
Mumbai

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure II
Restated Ind AS Consolidated Summary Statement of Profits and Losses

(₹ in million)

Sr No.	Particulars	Annexures	For the period/ year ended		
			30th September, 2017	**31st March, 2017**	**31st March, 2016**
	Income				
	Contract revenue	XVIII	17,474.32	35,236.68	41,062.20
	Other operating revenue	XVIII	39.71	68.11	208.40
			17,514.03	35,304.79	41,270.60
	Other income	XIX	2,919.54	7,557.80	7,522.12
	Total income		**20,433.57**	**42,862.59**	**48,792.72**
	Expenses				
	Cost of materials consumed	XX	10,884.08	21,400.75	26,449.70
	Employee benefits expense	XXI	3,424.77	7,288.37	7,597.24
	Finance costs	XXII	19.16	38.95	39.01
	Depreciation and amortization expenses	VIII	231.69	393.90	438.10
	Sub-contract		516.87	1,101.92	1,349.20
	Power and fuel		125.72	260.44	282.20
	Other expenses :(a) Project related	XXIII	728.86	1,417.13	2,035.20
	(b) Others	XXIII	515.72	1,594.53	1,215.80
	Provisions	XXIII	163.54	1,084.53	217.00
	Total expenses		**16,610.41**	**34,580.52**	**39,623.45**
	Restated Profit before tax		**3,823.16**	**8,282.07**	**9,169.27**
	Tax expenses				
	Current tax		1,520.42	2,930.71	3,522.00
	Deferred tax (credit) / charge		(172.70)	(50.57)	(349.32)
	Adjustment of tax relating to earlier years		-	-	45.70

Sr No.	Particulars	Annexures	For the period/ year ended		
			30th September, 2017	31st March, 2017	31st March, 2016
	Profit for the year attributable to equity shareholders		**2,475.45**	**5,401.93**	**5,950.89**
	Share of Net Profit/(loss) of associate		**382.48**	**554.27**	**294.02**
	Profit for the year		**2,857.92**	**5,956.20**	**6,244.91**
	Other comprehensive income ('OCI')				
	OCI not to be reclassified to profit or loss in subsequent periods:				
	Remeasurement gains/(losses) on defined benefit plans		(744.45)	(13.46)	66.50
	Income tax effect		249.09	4.66	(23.01)
	Remeasurement of post employment benefit obligation of associate		-	3.59	(1.23)
	Total comprehensive income for the year attributable to equity shareholders		**2,362.56**	**5,950.99**	**6,287.17**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

As per our report of even date

For and on behalf of the Board of Directors

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

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

Shrikant Prabhu
Partner
Membership No. 35296

Sanjiv Sharma
Director (Finance)

Date:1st March 2018
Mumbai

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES

Annexure III

Restated Ind AS Consolidated Summary Statement of Cash Flows

(₹ in million)

Sr. No.	Particulars	30th September, 2017	31st March, 2017	31st March, 2016
A	**Cashflow from operating activities**			
	Profit before tax (as restated)	3,823.16	8,282.07	9,169.27
	Adjustments for :			
	(+) Non cash expenditure and non operating expenses			
	Depreciation / Amortization	231.69	393.90	438.10
	Finance cost	19.16	38.95	39.01
	Amortization of prepaid rentals	0.78	1.52	1.50
	(-) Non operating income			
	(Profit) / Loss on sale of fixed assets	(2.27)	(3.14)	(0.70)
	Interest income	(2,523.65)	(6,328.79)	(6,780.60)
	Amortization gain on deferred deposits of Vendors	(0.22)	(0.16)	(0.02)
	Amortization of deferred revenue (Customer funded assets)	(53.46)	(25.41)	(121.20)
	Interest Income on deferred payment liability to foreign supplier	(18.96)	(38.80)	(38.30)
	Interest Income on deferred deposit with MbPT	(0.81)	(1.54)	(1.50)
	Fund utilized for CSR		-	(116.90)
	Operating profit before working capital changes	**1,475.42**	**2,318.60**	**2,588.66**
	Movement in working capital			
	Decrease in Inventories	2,725.06	2,160.15	1,993.92
	Decrease / (Increase) in Trade receivables and loans and advances	(21,150.90)	1,776.67	5,583.38
	Decrease / (Increase) Other current and noncurrent assets	6,767.07	(12,650.19)	(3,676.74)
	(Decrease) / Increase in Trade payables and provisions	1,927.19	(1,580.02)	1,963.99
	(Decrease) / Increase in Other current and noncurrent liabilities	11,366.34	1,343.35	(1,582.89)
	Cashflow generated from operations	**3,110.17**	**(6,631.44)**	**6,870.32**
	Direct tax paid (net of refunds)	(1,182.35)	(3,461.23)	(3,099.00)
	Net cashflow from (used in) operating activities (A)	**1,927.83**	**(10,092.67)**	**3,771.32**
B	**Cash flows from investing activities**			
	Purchase of Property, plant and Equipment (net of adjustments)	(127.35)	(2,183.34)	(1,258.40)
	Capital work in progress	(78.88)	711.56	(1,284.26)
	Proceeds from sale of property, plant and equipment	7.25	7.58	1.90
	Capital advance	(2.43)	(11.26)	(52.20)
	Dividend received from associate	192.35	87.93	74.20
	Interest received	2,523.65	6,328.79	6,780.60
	Net cashflow from / (used in) investing activities (B)	**2,514.59**	**4,941.26**	**4,261.84**
C	**Cashflow from financing activities**			
	Dividend paid (including dividend distribution tax thereon)	-	(2,397.50)	(1,203.60)
	Finance costs	-	-	(0.70)
	Net cashflow from / (used in) financing activities (C)	**-**	**(2,397.50)**	**(1,204.30)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**4,442.42**	**(7,548.92)**	**6,828.86**
	Cash and cash equivalents at the beginning of the year	**1,428.78**	**8,977.70**	**2,148.84**

Sr. No.	Particulars	30th September, 2017	31st March, 2017	31st March, 2016
	Cash and cash equivalents at the end of the year	**5,871.20**	**1,428.78**	**8,977.70**
	Note: Figure in bracket indicate outflow			

Sr. No.	Particulars	For the years ended		
		30th September, 2017	31st March, 2017	31st March, 2016
	Components of cash and cash equivalents:			
	Balances with banks:-			
	- In Current accounts			
	i)In India	22.20	6.07	688.70
	ii)Outside India	8.08	7.93	8.30
	- In cash credit accounts		-	-
	- In deposit accounts	3,840.86	1,414.78	2,680.70
	- In fixed deposit accounts - maturity less than 3 months	2,000.00	-	5,600.00
	Cash on hand	0.06	-	-
	Total	**5,871.20**	**1,428.78**	**8,977.70**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 1st March 2018
Mumbai

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure IV
Restated Ind AS Consolidated Statement of Changes in Equity

(A) Equity share capital

(₹ in million)

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Opening balance	2,490.00	1,992.00	1,992.00
Changes in equity share capital during the year			
Issue of Bonus shares (in the ratio of 1:4)		498.00	-
Closing balance	**2,490.00**	**2,490.00**	**1,992.00**

(B) Other equity
For the year ended 31st March, 2016

(₹ in million)

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	CSR Fund	Total Other Equity
Balance as at 1st April, 2015	(2,895.34)	20,827.33	0.50	1,237.20	173.40	19,343.09
Profit for the year	5,950.89					5,950.89
Share of change in reserves of associate*	335.08					335.08
Other comprehensive income / (loss) for the year						
Remeasurement of defined employee benefit plan (net of tax)	43.49					43.49
Dividends						
Interim	(1,000.00)					(1,000.00)
Tax on dividends	(203.60)					(203.60)
Utilized for expenses	-				(116.90)	(116.90)
Transfer from surplus	(3,631.60)	3,500.00			131.60	-
Balance as at 31st March, 2016	**(1,401.09)**	**24,327.33**	**0.50**	**1,237.20**	**188.10**	**24,352.04**

For the year ended 31st March, 2017 **(₹ in million)**

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	CSR Fund	Total Other Equity
Balance as at 1st April, 2016	(1,401.09)	24,327.33	0.50	1,237.20	188.10	24,352.04
Profit / (loss) for the year	5,401.94					5,401.93
Share of change in reserves of associate*	681.26					681.26
Other comprehensive income / (loss) for the year						
Re-measurement of defined employee benefit plan (net of tax)	(8.80)					(8.80)
Issue of bonus shares				(498.00)		(498.00)
Dividends						
Interim	(1,000.00)					(1,000.00)
Final	(992.00)					(992.00)
Tax on dividends	(405.50)					(405.50)
Utilized for expenses					(188.10)	(188.10)
Transfer from surplus		188.10				188.10
Balance as at 31st March, 2017	**2,275.81**	**24,515.43**	**0.50**	**739.20**	**-**	**27,530.94**

For the period ended 30th September, 2017 **(₹ in million)**

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Total Other Equity
Balance as at 1st April, 2017	2,275.81	24,515.43	0.50	739.20	27,530.94
Profit / (loss) for the year	2,475.44				2,475.44
Share of change in reserves of associate*	343.33				343.33
Other comprehensive income / (loss) for the period					
Re-measurement of defined employee benefit plan (net of tax)	(495.36)				(495.36)
Balance as at 30th September, 2017	**4,599.22**	**24,515.43**	**0.50**	**739.20**	**29,854.35**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

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

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

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

CSR fund: CSR reserve had been created for unspent amount in the CSR budget to be utilized exclusively for CSR activities.
*includes MDL's share of utilisation of CSR reserve in associate.
Proposed Dividend: The Company has paid interim dividend of ₹1,000.00 million for F Y 2016-17. In addition, the Board has recommended and paid final dividend of ₹654.10 million for FY 2016-17. The proposed final dividend for FY 2016-17 was approved by AGM and paid in October, 2017.

The Board recommended interim dividend of ₹1,050.00 million for FY 2017-18 which was approved by the board and paid in December 2017. Further the Board has also recommended second interim dividend of ₹750.00 million for FY 2017-18.

Buyback: The Company has completed 10% Buyback of equity shares (No. Of Shares: 24.9 million of ₹10 each) for ₹2,534.86 million and ₹538.88 million tax thereon total amounting to ₹3,073.73 million in December 2017. Due to this the share capital will be reduced by ₹249 million to ₹2,241.00 million and other equity will be reduced by₹2,824.73 million to ₹2,7026.62 million resulting in total shareholders funds of ₹2,9267.62 million.

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Date: 1st March 2018
Mumbai

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure V
Notes to Restated Ind AS Consolidated Summary Statements-Accounting Policies

Note 1: Statement of Significant Accounting Policies

1) Principles of consolidation

The consolidated financial Statements consist of Mazagon Dock Shipbuilders Limited ("The Company") and its associate company. The Consolidated Financial Statements are prepared on the following basis: Investments in associates where the Company holds more than 20% of equity are accounted for using equity method as per Indian Accounting Standard (Ind AS) 28- "Investments in Associates and Joint Ventures". The consolidated financial statements are prepared using uniform accounting policies and are presented to the extent possible in the same manner as the Company's separate financial statement except where adjustment for the differences are immaterial/ impractical. The goodwill/capital reserve arising on acquisition of Associate is included in the carrying amount of the investment and disclosed separately. The carrying amount of the investment in associates is adjusted by the share of net profits / losses in the Consolidated Balance Sheet.

2) Corporate information:

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

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

3) Significant accounting policies:

3.1 Basis of preparation:
The Restated Ind AS Consolidated Summary Statement of Assets and Liabilities of the Company as at September 30, 2017, March 31, 2017 and 2016 and the related Restated Ind AS Consolidated Summary Statement of Profit and Loss, Restated Ind AS Consolidated Summary Statement of Changes in Equity and Restated Ind AS Consolidated Summary Statement of Cash Flows for the years ended September 30, 2017, March 31, 2017 and 2016 (hereinafter collectively referred to as "Restated Ind AS Consolidated Financial Information") have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering ("IPO") through Offer for Sale of its equity shares.

These Restated Ind AS Consolidated Financial Information have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereof. These Restated Ind AS Consolidated Financial Information have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI regulations") as amended from time to time.

The Restated Ind AS Consolidated Summary Statements have been compiled from:

a) Audited Consolidated financial statements of the Company as at September 30,2017 and for the year ended March 31, 2017 which include the comparative Ind AS financial statements as at and for the year ended March 31, 2016 prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 under the provisions of the Act and subsequent amendments thereof; and

The Company is covered under Phase 1 of Ind AS applicability based on it net worth on March 31, 2014, i.e. it shall comply with Ind AS for the accounting periods beginning April 01, 2016, with the comparatives for the periods ending on March 31, 2016.

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP" or "Indian GAAP") to Ind AS for Shareholders' Fund as at March 31, 2016 and April 01, 2015 and of the profit for the year ended March 31, 2016.

These financial statements for the year ended March 31, 2017 are Company's first Ind AS financial statements. Refer annexure XXVIII note no. 17 'First time adoption of Ind AS' below for the details of first-time adoption exemptions availed by the Company.

The Consolidated Financial Information for the half year ended 30 September 2017, year ended 31 March 2017 and 2016 have been prepared on a historical cost convention, except for certain financial assets and liabilities that have been measured at fair value (refer accounting policy regarding financial instruments).

The Restated Ind AS Consolidated Financial information were approved by the board directors of the company on 1st March, 2018.

3.2 Summary of significant accounting policies:

a) Use of estimates:

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

Estimates and assumptions are required in particular for:

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

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

ii. Recognition and measurement of defined benefit obligations:

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

iii. Recognition of deferred tax assets:

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

iv. Recognition and measurement of other provisions:

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

v. Discounting of long-term financial liabilities

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

vi. Determining whether an arrangement contains a lease:

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

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

b) Current versus non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

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

i. Expected to be realised or intended to be sold or consumed in normal operating cycle

ii. Held primarily for the purpose of trading

iii. Expected to be realised within twelve months after the reporting period, or

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

All other assets are classified as non - current.

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

i. It is expected to be settled in normal operating cycle

ii. It is held primarily for the purpose of trading

iii. It is due to be settled within twelve months after the reporting period, or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current.

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

c)Property, plant and equipment:

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

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

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

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

·Spares purchased along with PPE are capitalised.

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

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

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

The Company has elected to measure all its Property Plant & Equipment, on the date of transition i.e. April 01, 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 April 01, 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 years
Plant & Machinery	Goliath crane (300 ton capacity)	30 years

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

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

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

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

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

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

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

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

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

d)Intangible assets:

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

e) Impairment of assets:

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

f) Investment in associate:

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

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

Exemption availed under Ind AS 101: On transition to Ind AS, Company has elected to continue with the carrying value of its investments in its associate as at April 01, 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

g) Foreign currency transactions:

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

· Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing on the date of the transaction.

· Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the reporting date.

· Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

· Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

h) Borrowing costs:

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

i)Inventory valuation

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

ii. Equipment for specific projects are valued at cost.

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

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

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

vi. Scrap is valued at estimated net realizable value.

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

j) Revenue recognition

i. **Construction & repair contracts**

Fixed Price Contract:

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

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

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

Cost Plus Contract:

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

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

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

Unearned Income:

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

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

ii. **Dividend income**

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

iii. **Interest income**

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

iv. **Rendering of services**

Revenue from services is recognized in the accounting period in which the services are rendered. For fixed price contracts exceeding 12 month tenure, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided if the work done against contract extending upto 12 months, revenue is recognised at cost or realisable value, whichever is lower.

v. **Insurance claims:**

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

k) Financial instruments:

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

Financial Assets:

i. **Classification:**

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

ii. **Initial recognition and measurement:**

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

iii. **Financial assets measured at amortised cost:**

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

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

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

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

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

vi. **Investment in equity instruments:**

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

vii. **Investment in debt instruments:**

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

viii. **Impairment of financial asset:**

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

ix. **Derecognition of financial assets:**

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

Financial liabilities:

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

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

i. **Classification, initial recognition and measurement**

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

ii. **Subsequent measurement**

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

iii. **De-recognition of financial liability**

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

iv. **Retentions**

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

v. **Security deposit**

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

l)Leases

i. As a lessee

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

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

ii. As a lessor

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

m)Employee benefits
i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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

iii. Post-employment obligations

The Company operates the following post-employment schemes:

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

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

Gratuity

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

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

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

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

Post-retirement medical scheme

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

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

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

Provident fund and Pension

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

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

n) Dividend to equity shareholders

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

o) Provision for current & deferred tax

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

Current income tax:

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

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

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

Deferred tax:

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

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

p) Provision for doubtful debts and loans and advances:

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

q) Warranty provision:

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

r) Provision, contingent liabilities and contingent assets:

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

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES

Annexure VI

Restated Ind AS Consolidated Statement of capitalisation

(₹ in million)

Particulars	30th September, 2017	Adjusted for post offer*
Debts		
Short Term Debts	Nil	-
Long Term Debts (Including current maturity of long term debts)	Nil	-
Total Debts	Nil	-
Share Holder's Funds		
Share Capital	2490.00	-
Other Equity	29854.35	-
Total Shareholders' Funds	32344.35	-
Total Debts/Total Shareholders' Funds	Nil	-
Long Term Debts/ Total Shareholders' Funds	Nil	-

* Can be calculated only on conclusion of the issue

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure VII

Statement of Restated Adjustments to Audited Ind AS Consolidated Financial Statements

The summary of results of restatement adjustments made in the audited Consolidated financial statements for the respective years and its impact on the profit of the Company is as follows:

(₹ in million)

Sr no.	Particulars	For the year ended	
		31st March, 2017	31st March, 2016
A	**Net profit as per audited financial statements**	**5,850.95**	**5,955.45**
B	**Adjustments to net profit as per audited financial statements**		
1	**Restatements**		
a.	**Due to prior period items**		
	Increase/(Decrease) in Income		
	Unaccounted Revenue, now recognized- -on sale of ship; -Commission on B&D spares	7.43	-
	Decrease in share of profit in Associate	49.72	50.82
b.	**Material adjustments relating to previous years**		
	Increase/(Decrease) in Income		
	(Increase)/Decrease in Expenses		
	Reversal of excess provision towards 'Post-retirement medical benefit'.	-	(86.54)
	Reversal of actuarial gain / (Loss) on leave encashment	(114.56)	36.80
C	**Total adjustments**	**(156.85)**	**(100.56)**
D	**Restated profit / (loss) before tax adjustments (A-C)**	**5,694.11**	**5,854.89**
E	**Tax impact of adjustments**		
a.	On restatement adjustments-income/(expense)	262.10	390.02
b.	On Ind AS adjustments		
F	**Restated profit / (loss) after tax**	**5,956.21**	**6,244.91**

Note: The above statement should be read with the notes to the Restated Consolidated Summary Statements as appearing in Annexure V.

Tax Adjustments

The impact, if any on the restated items in Sr. No. E above on the tax has been treated as Deferred Tax adjustments in the Restated Consolidated Financial Information.

Annexure VIII
Restated Ind AS Consolidated Statement of Property, plant and equipment and Intangible assets

Property, plant and equipment

(₹ in million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions	Adjustments	Disposal	Balance31-03-16	Opening 01-04-15	For the Year	Adjustments	Disposal	Balance31-03-16	As on 31-03-16	As on 31-03-15
A	**Assets Owned by MDL**												
1	Freehold	0.10	286.60	-	-	286.70	-	-	-	-	-	286.70	0.10
2	Buildings: i) Factory Building	80.57	7.90	-	-	88.47	-	4.40	-	-	4.40	84.07	80.57
	ii) Office and Staff Quarters												
	a) RCC	92.90	65.90	-	0.30	158.50	-	2.90	-	0.20	2.70	155.80	92.90
	b) Non RCC	9.80	15.80	-	-	25.60	-	1.00	-	-	1.00	24.60	9.80
3	Road	0.40	66.29	-	-	66.69	-	9.80	-	-	9.80	56.89	0.40
4	Other Civil Works	-	0.90	-	-	0.90	-	0.30	-	-	0.30	0.60	-
5	Plant and Equipment	929.77	276.53	(3.60)	6.30	1,196.40	-	82.10	-	5.60	76.50	1,119.90	929.77
6	Furniture and Fixtures	76.53	27.70	-	0.70	103.53	-	15.40	-	0.60	14.80	88.73	76.53
7	Vehicles	153.38	15.80	-	1.50	167.68	-	22.60	-	1.40	21.20	146.48	153.38
8	Office Equipment	69.88	36.80	-	0.60	106.08	-	31.10	-	0.50	30.60	75.48	69.88
9	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	22.10	15.40	-	0.50	37.00	-	14.70	-	0.50	14.20	22.80	22.10
	ii) Server and Network	51.70	8.10	-	-	59.80	-	15.80	-	-	15.80	44.00	51.70
10	Loose Tools	9.27	5.10	-	-	14.37	-	6.20	-	-	6.20	8.17	9.27
11	Ship - Launches and Boats*	30.19	-	-	-	30.19	-	1.50	-	-	1.50	28.69	30.19
12	Electrical Installation and Equipments	81.60	9.10	-	0.60	90.10	-	14.00	-	0.50	13.50	76.60	81.60
	Sub-total	**1,608.20**	**837.92**	**(3.60)**	**10.50**	**2,432.02**	**-**	**221.80**	**-**	**9.30**	**212.50**	**2,219.52**	**1,608.20**

***** 9 Nos. Vessels under the head "Ships Launches and Boats" costing ₹89.70 million 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 million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions	Adjustments	Disposal	Balance31-03-16	Opening 01-04-15	For the Year	Adjustments	Disposal	Balance31-03-16	As on 31-03-16	As on 31-03-15
1	Factory Building	800.30	55.80	11.50	-	867.60	-	27.80	-	-	27.80	839.80	734.40
2	Plant and Equipment	206.30	170.70	21.20	-	398.20	-	41.90	-	-	41.90	356.30	425.38
3	Computers and Data Processing Units					-					-		
	i) Server and Network	-	33.80	-	-	33.80	-	0.20	-	-	0.20	33.60	-
	Sub-total	**1,006.60**	**260.30**	**32.70**	**-**	**1,299.60**	**-**	**69.90**	**-**	**-**	**69.90**	**1,229.70**	**1,159.78**
	Total Tangibles Assets (A+B)	**2,614.80**	**1,098.23**	**29.10**	**10.50**	**3,731.62**	**-**	**291.70**	**-**	**9.30**	**282.40**	**3,449.22**	**2,767.98**

Note:
(i) Registration formalities are pending in respect of flats at Vashi and Belapur, Navi Mumbai purchased from CIDCO amounting to ₹11.40 million.

Intangible Assets (₹ in million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance31 -03-16	Opening01-04-15	For the Year	Adjustments in the Year	Disposal in the Year	Balance31 -03-16	As on 31-03-16	As on 31-03-15
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	7.70	65.00	-	-	72.70	-	9.30	-	-	9.30	63.40	7.70
2	Other than SAP-ERP	82.80	101.10	-	-	183.90	-	36.80	-	-	36.80	147.10	82.80
	Sub Total	**90.50**	**166.10**	**-**	**-**	**256.60**	**-**	**46.10**	**-**	**-**	**46.10**	**210.50**	**90.50**

(₹ in million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance31 -03-16	Opening01-04-15	For the Year	Adjustments in the Year	Disposal in the Year	Balance31 -03-16	As on 31-03-16	As on 31-03-15
1	Computer Software/SAP-ERP	-	100.00	-	-	100.00	-	100.00	-	-	100.00	-	-
2	Other than SAP-ERP	-	18.10	-	-	18.10	-	0.30	-	-	0.30	17.80	-
	Sub Total	**-**	**118.10**	**-**	**-**	**118.10**	**-**	**100.30**	**-**	**-**	**100.30**	**17.80**	**-**
	Total Intangible Assets (A+B)	**90.50**	**284.20**	**-**	**-**	**374.70**	**-**	**146.40**	**-**	**-**	**146.40**	**228.30**	**90.50**
	Total Assets	**2,705.30**	**1,382.42**	**29.10**	**10.50**	**4,106.32**	**-**	**438.10**	**-**	**9.30**	**428.80**	**3,677.52**	**2,858.48**

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

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

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

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

(vi) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹1113.50 million (2015: ₹957.2 million) (net cost to Company) were capitalised upto 31st March 2016 as jointly funded by the Company and Indian Navy and depreciation of ₹124.40 million (2015: ₹99.5 million) has been accounted on it upto 31st March 2016. Total Assets of ₹8727.20 million (2016: ₹8192.40 million) are jointly funded by the Company and Indian Navy.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure VIII
Restated Ind AS Consolidated Statement of Property, plant and equipment and Intangible assets

Property, plant and equipment **(₹ in million)**

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions	Adjust ments	Disposal	Balance 31-03-17	Opening 01-04-16	For the Year	Adju stme nts	Disposal	Balance 31-03-17	As on 31-03-17	As on 31-03-16
A	**Assets Owned by MDL**												
1	Freehold Land	286.70	-	-	-	286.70	-	-	-	-	-	286.70	286.70
2	Buildings: i) Factory Building	88.47	85.60	-	-	174.07	4.40	6.02	-	-	10.42	163.65	84.07
	ii) Office and Staff Quarters												
	a) RCC	158.50	29.30	-	-	187.80	2.70	5.35	-	-	8.05	179.74	155.80
	b) Non RCC	25.60	13.70	-	-	39.30	1.00	1.52	-	-	2.52	36.78	24.60
3	Road	66.69	-	-	-	66.69	9.80	13.35	-	-	23.15	43.54	56.89
4	Other Civil Works	0.90	-	-	-	0.90	0.30	0.28	-	-	0.58	0.32	0.60
5	Plant and Equipment	1,196.40	244.90	-	76.52	1,364.79	76.50	99.29	-	72.74	103.05	1,261.73	1,119.90
6	Furniture and Fixtures	103.54	31.00	-	-	134.54	14.80	15.35	-	-	30.15	104.39	88.74
7	Vehicles	167.68	6.30	-	1.18	172.80	21.20	23.58	-	1.10	43.68	129.12	146.48
8	Office Equipment	106.08	75.70	-	7.89	173.89	30.60	31.99	-	7.50	55.09	118.80	75.48
9	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	37.00	30.70	-	24.71	42.99	14.20	20.04	-	24.60	9.64	33.35	22.80
	ii) Server and Network	59.80	133.30	-	3.41	189.69	15.80	19.43	-	3.40	31.83	157.85	44.00
10	Loose Tools	14.37	10.70	-	-	25.07	6.20	12.95	-	-	19.15	5.92	8.17
11	Ship - Launches and Boats*	30.19	-	-	-	30.19	1.50	1.50	-	-	3.00	27.19	28.69
12	Electrical Installation and Equipments	90.10	33.40	-	1.29	122.21	13.50	14.87	-	1.20	27.17	95.04	76.60
	Sub-total	**2,432.02**	**694.60**	**-**	**115.00**	**3,011.62**	**212.50**	**265.52**	**-**	**110.54**	**367.48**	**2,644.14**	**2,219.52**
	Previous Year's Figures	1,608.20	837.93	(3.60)		2,432.02	-	221.80	-	9.30	212.50	2,219.52	1,608.20

* 9 Nos. Vessels under the head "Launches and Boats" costing ₹89.70 million 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 million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	**Additions**	**Adjustments**	**Disposal**	**Balance 31-03-17**	**Opening 01-04-16**	**For the Year**	**Adjustments**	**Disposal**	**Balance 31-03-17**	**As on 31-03-17**	**As on 31-03-16**
1	Buildings: i) Factory Building	867.60	931.75	-	-	1,799.35	27.80	30.39	-	-	58.19	1,741.16	829.52
	ii) Office and Staff Quarters	-		-	-	-	-		-	-	-	-	-
	a) RCC	-	156.50	-	-	156.50	-	0.24	-	-	0.24	156.26	-
	b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	-
2	Roads	-	13.28	-	-	13.28	-	0.22	-	-	0.22	13.06	-
2	Plant and Equipment	398.20	131.15	-	-	529.35	41.90	19.60	-	-	61.50	467.85	316.02
3	Electrical Installation and Equipments	-	62.62	-	-	62.62	-	0.52	-	-	0.52	62.10	-
4	Furniture and Fixtures	-	22.62	-	-	22.62	-	0.55	-	-	0.55	22.07	-
5	Office Equipment	-	14.51	-	-	14.51	-	0.70	-	-	0.70	13.81	-
6	Computers and Data Processing Units	-		-	-	-	-		-	-	-	-	-
	i) Server and Network	33.80	-	-	-	33.80	0.20	5.63	-	-	5.83	27.97	33.63
7	Ship - Launches and Boats	-	101.71	-	-	101.71	-	1.13	-	-	1.13	100.58	-
	Sub-total	**1,299.60**	**1,434.14**	**-**	**-**	**2,733.74**	**69.90**	**58.98**	**-**	**-**	**128.88**	**2,604.86**	**1,179.17**
	Previous Year's Figures	1,006.60	260.30	32.70	-	1,299.60	-	69.90	-	-	69.90	1,229.70	1,159.78
	Total Tangibles Assets (A+B)	**3,731.62**	**2,128.74**	**-**	**115.00**	**5,745.36**	**282.40**	**324.50**	**-**	**110.54**	**496.36**	**5,249.00**	**3,398.69**
	Previous Year's Figures	2,614.80	1,098.22	29.10	10.50	3,731.62	-	291.70	-	9.30	282.40	3,449.22	2,767.98

(vii) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹11.40 million (2016: ₹11.40 million).

Intangible Assets (₹ in million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	Opening01-04-16	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	As on 31-03-17	As on 31-03-16
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	72.70	-	-	-	72.70	9.30	14.88	-	-	24.18	48.52	63.40
2	Other than SAP-ERP	183.90	54.62	-	-	238.52	36.80	50.89	-	-	87.69	150.83	147.10
	Sub Total	**256.60**	**54.62**	**-**	**-**	**311.22**	**46.10**	**65.77**	**-**	**-**	**111.87**	**199.35**	**210.50**
	Previous Year's Figures	90.50	166.10	-	-	256.60	-	46.10	-	-	46.10	210.50	90.50

(₹ in million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	Opening01-04-16	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	As on 31-03-17	As on 31-03-16
1	Computer Software/SAP-ERP	100.00	-	-	-	100.00	100.00	-	-	-	100.00	-	-
2	Other than SAP-ERP	18.10	-	-	-	18.10	0.30	3.63	-	-	3.93	14.17	17.80
	Sub Total	**118.10**	**-**	**-**	**-**	**118.10**	**100.30**	**3.63**	**-**	**-**	**103.93**	**14.17**	**17.80**
	Previous Year's Figures	-	118.10	-	-	118.10	-	100.30	-	-	100.30	17.80	-
	Total Intangible Assets (A+B)	**374.70**	**54.62**	**-**	**-**	**429.32**	**146.40**	**69.40**	**-**	**-**	**215.80**	**213.52**	**228.30**
	Previous Year's Figures	90.50	284.20	-	-	374.70	-	146.40	-	-	146.40	228.30	90.50
	Total Assets	**4,106.32**	**2,183.35**	**-**	**115.00**	**6,174.68**	**428.80**	**393.90**	**-**	**110.54**	**712.16**	**5,462.52**	**3,626.99**
	Previous Year's Figures	2,705.30	1,382.43	29.10	10.50	4,106.32	-	438.10	-	9.30	428.80	3,677.52	2,858.48

(viii) 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.

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

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

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

(xii) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹1149.20 million (2016: ₹1113.50 million) (net cost to Company) were capitalised upto 31st March 2017 as jointly funded by the Company and Indian Navy and depreciation of ₹307.00 million (2016: ₹124.40 million) has been accounted on it upto 31st March 2016. Total Assets of ₹10161.20 million (2016: ₹8727.20 million) are jointly funded by the Company and Indian Navy.

Assets jointly funded by MDL and Indian Navy

(₹ in million)

Sr. No.	**Particulars**	**Office and Factory Building**	**Electric Installations & Equipment**	**Plant and Equipment**	**CDPU**	**Temporary Structure**	**Ships, Launches & Boats**	**Office Equipment**	**Furniture and Fixtures**	**Intangible asset SAP**	**Roads**	**Total as on 31-03-17**	**Total as on 31-03-16**	**Total as on 31-03-15**
1	Total Cost upto 31.03.2017	3,378.80	62.60	6,379.00	34.50	9.60	101.70	15.80	24.10	141.80	13.30	**10,161.20**	8,727.20	8,192.40
2	Less: Funded By Navy	2,540.90	62.60	6,109.80	34.50	9.60	96.60	15.80	24.10	118.10	-	**9,012.00**	7,613.68	7,235.20
3	**Funded By MDL**	**837.90**	**-**	**269.20**	**-**	**-**	**5.10**	**-**	**-**	**23.70**	**13.30**	**1,149.20**	**1,113.52**	**957.20**
	Previous Year's Figures	822.13	-	267.73	-	-	-	-	-	23.67	-	**1,113.52**	957.15	420.80

The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated IndAS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure VIII
Restated Ind AS Consolidated Statement of Property, plant and equipment and Intangible assets

Property, plant and equipment

(₹ in million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions during the period	Adjust ments during the period	Disposal during the period	Balance 30-09-17	Opening 01-04-17	For the period	Adjust ments during the period	Disposal during the period	Balance 30-09-17	As on 30-09-17	As on 31-03-17
A	**Assets Owned by MDL**												
1	Freehold Land	286.70	-	-	-	286.70	-	-	-	-	-	286.70	286.70
2	Buildings: i) Factory Building	174.07	-	0.70	-	174.77	10.42	4.20	0.60	-	15.22	159.55	163.65
	ii) Office and Staff Quarters												
	a) RCC	187.80	-	-	-	187.80	8.05	2.80	-	-	10.85	176.94	179.75
	b) Non RCC	39.30	9.40	-	-	48.70	2.52	0.90	-	-	3.42	45.28	36.78
3	Road	66.69	-	-	-	66.69	23.15	6.26	-	-	29.41	37.28	43.54
4	Other Civil Works	0.90	-	-	-	0.90	0.58	0.10	-	-	0.68	0.22	0.32
5	Plant and Equipment	1,364.79	47.70	-	5.30	1,407.19	103.05	52.10	-	4.65	150.50	1,256.68	1,261.73
6	Furniture and Fixtures	134.54	2.36	-	0.20	136.70	30.15	7.86	-	0.15	37.86	98.84	104.39
7	Vehicles	172.80	2.90	-	0.50	175.20	43.68	12.00	-	0.55	55.13	120.08	129.12
8	Office Equipment	173.89	8.30	(0.70)	1.10	180.39	55.09	16.60	(0.60)	1.05	70.04	110.35	118.80
9	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	42.99	26.00	-	13.60	55.39	9.64	12.20	-	13.65	8.19	47.20	33.35
	ii) Server and Network	189.69	0.60	-	17.10	173.19	31.83	17.60	-	13.15	36.28	136.90	157.85
10	Loose Tools	25.07	8.80	-	-	33.87	19.15	3.00	-	-	22.15	11.73	5.92
11	Ship - Launches and Boats*	30.19	-	-	-	30.19	3.00	0.76	-	-	3.76	26.43	27.19
12	Electrical Installation and Equipments	122.21	10.90	-	-	133.11	27.17	8.70	-	-	35.87	97.24	95.04
	Sub-total	**3,011.62**	**116.96**	**-**	**37.80**	**3,090.78**	**367.48**	**145.08**	**-**	**33.20**	**479.36**	**2,611.42**	**2,644.14**
	Previous Year's Figures	2,432.23	694.60	-	115.00	3,011.83	212.50	265.52	-	110.54	367.48	2,644.45	2,219.73

* 9 Nos. Vessels under the head "Launches and Boats" costing ₹89.70 million 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 million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions during the period	Adjust ments during the period	Disposal during the period	Balance 30-09-17	Opening 01-04-17	For the period	Adjust ments during the period	Disposal during the period	Balance 30-09-17	As on 30-09-17	As on 31-03-17
1	Buildings: i) Factory Building	1,799.35	-	-	-	1,799.35	58.19	28.70	-	-	86.89	1,712.46	1,741.18
	ii) Office and Staff Quarters					-					-		
	a) RCC	156.50	-	-	-	156.50	0.24	1.40	-	-	1.64	154.86	156.25
	b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	-
2	Roads	13.28	-	-	-	13.28	0.22	1.30	-	-	1.52	11.76	13.06
2	Plant and Equipment	529.35	-	-	-	529.35	61.50	10.30	-	-	71.80	457.55	467.85
3	Electrical Installation and Equipments	62.62	-	-	-	62.62	0.52	3.00	-	-	3.52	59.10	62.10
4	Furniture and Fixtures	22.62	-	-	-	22.62	0.55	1.10	-	-	1.65	20.97	22.07
5	Office Equipment	14.51	-	-	-	14.51	0.70	1.30	-	-	2.00	12.51	13.81
6	Computers and Data Processing Units					-					-		
	i) Server and Network	33.80	-	-	-	33.80	5.83	2.81	-	-	8.63	25.17	27.99
7	Ship - Launches and Boats	101.71	-	-	-	101.71	1.13	1.70	-	-	2.83	98.88	100.58
	Sub-total	**2,733.73**	**-**	**-**	**-**	**2,733.73**	**128.88**	**51.60**	**-**	**-**	**180.48**	**2,553.25**	**2,604.90**
	Previous Year's Figures	1,350.16	1,434.13	-	-	2,784.29	120.43	58.96	-	-	179.40	2,604.90	1,229.73
	Total Tangibles Assets (A+B)	**5,745.36**	**116.96**	**-**	**37.80**	**5,824.51**	**496.36**	**196.69**	**-**	**33.20**	**659.84**	**5,164.67**	**5,249.24**
	Previous Year's Figures	3,782.39	2,128.73	-	115.00	5,796.12	332.93	324.48	-	110.54	546.88	5,249.24	3,449.36

Intangible Assets **(₹ in million)**

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions during the period	Adjust ments during the period	Disposal during the period	Balance 30-09-17	Opening 01-04-17	For the period	Adjust ments during the period	Disposal during the period	Balance 30-09-17	As on 30-09-17	As on 31-03-17
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	72.70	6.75	-	-	79.45	24.18	7.70	-	-	31.88	47.57	48.52
2	Other than SAP-ERP	238.52	3.65	-	5.96	236.21	87.69	25.50	-	5.60	107.59	128.62	150.82
	Sub Total	**311.22**	**10.39**	**-**	**5.96**	**315.66**	**111.87**	**33.20**	**-**	**5.60**	**139.47**	**176.19**	**199.35**
	Previous Year's Figures	352.40	54.62	-	-	407.02	141.90	65.77	-	-	207.67	199.35	210.50

(xiii) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹11.40 million (2017: ₹11.40 million)

(₹ in million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions during the period	Adjust ments during the period	Disposal during the period	Balance 30-09-17	Opening 01-04-17	For the period	Adjust ments during the period	Disposal during the period	Balance 30-09-17	As on 30-09-17	As on 31-03-17
1	Computer Software/SAP-ERP	100.00	-	-	-	100.00	100.00	-	-	-	100.00	-	-
2	Other than SAP-ERP	18.10	-	-	-	18.10	3.93	1.80	-	-	5.73	12.37	14.17
	Sub Total	**118.10**	**-**	**-**	**-**	**118.10**	**103.93**	**1.80**	**-**	**-**	**105.73**	**12.37**	**14.17**
	Previous Year's Figures	141.80	-	-	-	141.80	124.00	3.63	-	-	127.63	14.17	17.80
	Total Intangible Assets (A+B)	**429.32**	**10.39**	**-**	**5.96**	**433.76**	**215.80**	**35.00**	**-**	**5.60**	**245.20**	**188.56**	**213.52**
	Previous Year's Figures	494.20	54.62	-	-	548.82	265.90	69.40	-	-	335.30	213.52	228.30
	Total Assets	**6,174.68**	**127.35**	**-**	**43.76**	**6,258.27**	**712.16**	**231.69**	**-**	**38.80**	**905.04**	**5,353.23**	**5,462.76**
	Previous Year's Figures	4,276.59	2,183.34	-	115.00	6,344.94	598.83	393.88	-	110.54	882.18	5,462.76	3,677.66

(xiv) 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.

(xv) 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.

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

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

(xviii) As per Significant Accounting Policy at Para-IV (C), assets amounting to ` 1149.20 million (2017: ` 1149.20 million,) (net cost to Company) were capitalised upto 30th Sept 2017 as jointly funded by the Company and Indian Navy and depreciation of ` 307 million (2017: ` 307 million) has been accounted on it upto 30th Sept 2017. Total Assets of ` 10161.20 million (2017: ` 10161.20 million) are jointly funded by the Company and Indian Navy.

(xix) The company has adopted Ind AS as on 1.04.2015 and has opted to follow deemed cost for initial recognition of Fixed Assets as on 1.04.2015. The grant received in 2015-16 related to assets purchased in 2009 has been adjusted against opening retained earnings as on date of first time adoption of Ind AS.

Assets jointly funded by MDL and Indian Navy

(₹ in million)

Sr. No.	**Particulars**	**Office and Factory Building**	**Electric Installations & Equipment**	**Plant and Equipment**	**CDPU**	**Temporary Structure**	**Ships, Launches & Boats**	**Office Equipment**	**Furniture and Fixtures**	**Intangible asset SAP**	**Roads**	**Total as on 30-09-17**	**Total as on 31-03-17**
1	Total Cost upto 30.09.2017	3,378.80	62.60	6,379.00	34.50	9.60	101.70	15.80	24.10	141.80	13.30	**10,161.20**	10,161.20
2	Less: Funded By Navy	2,540.90	62.60	6,109.80	34.50	9.60	96.60	15.80	24.10	118.10	-	**9,012.00**	9,012.00
3	**Funded By MDL**	**837.90**	**-**	**269.20**	**-**	**-**	**5.10**	**-**	**-**	**23.70**	**13.30**	**1,149.20**	**1,149.20**
	Previous Year’s Figures	837.90	-	269.20	-	-	5.10	-	-	23.67	13.30	1,149.20	1,113.52

The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

Annexure IX
Restated Ind AS Consolidated Statement of Non-current investments

(₹ in million)

Particulars	As at		
	30th September, 2017	**31st March, 2017**	**31st March, 2016**
Investments in equity instruments (At cost, unquoted)			
In associate			
5,49,57,600 Equity shares of ₹5 each fully paid up (in FY 2016-17, 5,49,57,600 Equity shares of ₹5 each fully paid up; in FY 2015-16, 1,37,39,400 Equity shares of ₹10 each fully paid up) in Goa Shipyard Ltd	3,986.57	3,835.62	3,242.27
(GSL has issued Bonus shares in FY 2016-17 in the ratio of 1:1 and has also subdivided the face value from ₹10 to ₹5)			
	3,986.57	**3,835.62**	**3,242.27**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated IndAS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES

Annexure X

Restated Ind AS Consolidated Statement of Cash and bank balances

(₹ in million)

Particulars	**As at**					
	30th September, 2017		**31st March, 2017**		**31st March, 2016**	
Cash and cash equivalents						
Balances with banks:-						
- In Current accounts						
i)In India	22.20		6.07		688.70	
ii)Outside India	8.08	30.28	7.93	14.00	8.30	697.00
- In cash credit accounts		-		-		-
- In deposit accounts		3,840.86		1,414.78		2,680.70
- In fixed deposit accounts - maturity less than 3 months		2,000.00		-		5,600.00
Cash on hand		0.06		-		-
		5,871.20		**1,428.78**		**8,977.70**
Bank balance other than cash and cash equivalents						
In fixed deposit accounts - more than 3 months but not more than 12 months maturity		76,010.00		82,200.00		79,050.00
		76,010.00		**82,200.00**		**79,050.00**
		81,881.20		**83,628.78**		**88,027.70**
Cash and bank balances from stage payment received from customer for projects		76,058.70		77,192.78		78,284.50
Other cash and bank balance		5,822.50		6,436.00		9,743.20
		81,881.20		**83,628.78**		**88,027.70**

Note:

The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XI
Restated Ind AS Consolidated Statement of Other assets

Capital Work-in-progress **(₹ in million)**

Particulars	As at					
	30th September, 2017		31st March, 2017		31st March, 2016	
1. Own resources						
A. Tangible assets						
Opening balance	838.81		317.54		186.04	
Add: Expenditure during the year	175.55		1,242.53		979.40	
Less: Capitalisation during the year	(118.58)	895.78	(721.26)	838.81	(847.90)	317.54
B. Intangible assets under development						
Opening balance	-		-			
Add: Expenditure during the year	10.34		54.62		166.10	
Less: Capitalisation/adjustments during the year	(10.34)	-	(54.62)	-	(166.10)	-
2. Funded by Indian Navy						
Submarine facilities upgradation project						
Opening balance	145.47		1,378.30		1,272.90	
Add: Expenditure/adjustments during the year	21.91		165.62		516.60	
Less: Capitalisation/Adjustments during the year	-		(1,398.45)		(411.20)	
	167.38		145.47		1,378.30	
Less: Advances Received from Customer	-	167.38	-	145.47	-	1,378.30
		1,063.16		**984.28**		**1,695.84**

Loans **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
(Unsecured, Considered good, unless otherwise stated)			
Security deposits			
Security deposits with Mumbai Port Trust	30.86	29.33	27.80
Add: Interest income	0.81	1.54	1.50
	31.67	**30.87**	**29.30**

Other financial assets **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Fixed deposits with bank with maturity over 12 months	33.98	33.98	33.98
(The above deposit is under lien with Mumbai Port Trust)			
	33.98	**33.98**	**33.98**

Non-current tax assets (Net) **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Advance income tax paid	12,574.96	11,392.50	9,915.50
Less: Provision for tax	(11,101.59)	(9,581.17)	(8,634.60)
Advance income tax (net)	**1,473.37**	**1,811.33**	**1,280.90**

Other non-current assets **(₹ in million)**

Particulars	As at					
	30th September, 2017		31st March, 2017		31st March, 2016	
(Unsecured, Considered good unless otherwise stated)						
Capital advances		69.49		67.06		55.80
Deposits with custom authorities		2.02		2.02		2.00
Deposits with excise authorities		0.38		0.38		-
Other deposits		-		-		0.80
Other receivables - considered good	0.52		0.41		-	
Other receivables - considered doubtful	294.60		294.60		294.60	
Less: Provision for doubtful receivables	(294.60)	0.52	(294.60)	0.41	(294.60)	-
Advances paid to vendors - considered doubtful	2.37		0.24		0.20	
Less Provisions for doubtful advances	2.37		0.24	-	0.20	-
VAT/Sales tax credit		1,344.11		1,257.44		976.30
GST		459.51				
Export incentive receivable						
Considered good	37.11		37.11		47.80	
Considered doubtful	10.71		10.71		-	
	47.82		47.82		47.80	
Less: Provision for doubtful receivables	(10.71)	37.11	(10.71)	37.11	-	47.80
Prepaid expenses					-	
Rent	32.09		37.15		42.10	
Less: Current	(2.53)	29.56	(5.06)	32.09	(5.10)	37.00
Others		12.94		14.44		2.00
Prepaid lease rentals	10.68		12.20		13.70	
Less: Amortisation of prepaid lease	(0.78)	9.90	(1.52)	10.68	(1.50)	12.20
		1,965.54		**1,421.63**		**1,133.90**

Notes

1.Lease agreements have not been executed in the cases of:-
a. Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai.

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b. The Company is in possession of approx. 15.59 hectares of land at Nhava. Out of 15.59 hectares, approximately 12.30 hectares is reclaimed land which is part of 23 hectares of reclaimed land jointly reclaimed by MDL and ONGC. The rest of land i.e. approx. 3.29 hectares land belongs to CIDCO which ONGC ceded to MDL is or about the year 1984 for the cost of ₹2.00 million. MDL is having permanently tenancy rights to co-terminus with the lease hold right of ONGC over the CIDCO land in MDL possession.
Pending execution of lease deeds of above, initial premium paid has been treated as prepaid rent and charged on the basis of available information in respect of a and b above

2 Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Companies for the period is Nil (2016-17 is Nil and 2015-16 is Nil).

Loans **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
(Unsecured, Considered good)			
Employee related	26.91	10.22	14.50
Security deposits	70.60	56.14	55.10
	97.51	**66.36**	**69.60**

Other financial assets **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Insurance claims receivable		-	8.10
Interest accrued on deposits and advances	2,851.83	1,471.38	1,492.40
Dividend receivable from Goa Shipyard Ltd	192.35	-	-
Other receivables	2.52	5.29	6.70
Unbilled revenue	7,292.22	11,632.44	7,792.86
	10,338.92	**13,109.11**	**9,300.06**

Other current assets **(₹ in million)**

Particulars	As at					
	30th September, 2017		31st March, 2017		31st March, 2016	
(Unsecured, Considered good)						
Advances other than capital advances						
Advances paid to vendors		30,807.05		29,635.94		22,129.20
Advances paid on behalf of customer for B&D spares						
Considered good	1,138.62		617.72		2,573.30	
Considered doubtful	75.80		322.64		75.20	
	1,214.42		940.36		2,648.50	
Less: Provision for doubtful debts	(75.80)	1,138.62	(322.64)	617.72	(75.20)	2,573.30
Interest receivable on income tax refund		-		-		152.20
Travel advance to employees		8.53		4.63		2.40
Others		2.72		1.33		-
Prepaid expenses						
Rent		2.53		5.06		5.00
Others		50.23		92.98		82.66
		32,009.68		**30,357.66**		**24,944.76**

Notes:

1. The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

2. Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Companies for the period is Nil (2016-17 is Nil and 2015-16 is Nil).

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XII
Restated Ind AS Consolidated statement of Deferred Tax assets

(₹ in million)

Particulars	**As at**		
	30th September, 2017	**31st March, 2017**	**31st March, 2016**
Deferred tax assets / (liabilities)			
Deferred tax assets			
Provisions	6,275.17	5,853.93	5,635.30
Others	291.40	288.83	63.77
Deferred tax liabilities			
Service tax	(144.27)	(144.27)	(169.00)
Depreciation	(873.42)	(871.54)	(304.70)
Others	(138.88)	(138.88)	(292.51)
Deferred tax assets (net)	**5,410.00**	**4,988.07**	**4,932.86**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XIII
Restated Ind AS Consolidated Statement of Inventories

(₹ in million)

Particulars	As at					
	30th September, 2017		31st March, 2017		31st March, 2016	
Raw materials						
Material in stores	1,629.09		1,716.41		1,089.00	
Less: Provision/reduction for obsolescence	(8.94)	1,620.15	(8.94)	1,707.47	(8.00)	1,081.00
Stores and spares						
Material in stores	168.50		187.78		151.70	
Less: Provision/reduction for obsolescence	(7.25)	161.25	(7.25)	180.53	(2.10)	149.60
Equipment for specific projects						
Material in stores/site	35,438.27		36,380.23		39,036.60	
Less: Provision/reduction for obsolescence	(18.08)		(18.08)		(14.00)	
	35,420.19		36,362.15		39,022.60	
Stock in transit	167.73		1,971.71		2,158.30	
Materials pending inspection	181.34	35,769.26	53.88	38,387.74	27.20	41,208.10
Scrap		10.82		10.82		8.00
		37,561.48		**40,286.56**		**42,446.70**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XIV
Restated Ind AS Consolidated Statement of Trade receivables

Non-current Trade receivable **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
(Unsecured, Considered good, unless otherwise stated)			
Deferred debts	218.55	199.59	207.90
Less: Amount receivable within 12 months	(39.13)	(39.13)	(40.50)
	179.42	**160.46**	**167.40**

Current Trade receivables **(₹ in million)**

Particulars	As at					
	30th September, 2017		31st March, 2017		31st March, 2016	
(Unsecured, Considered good unless otherwise stated)						
Debts outstanding over six months						
Considered good	28,569.29		7,469.56		9,197.25	
Considered doubtful	1,861.55		1,861.55		1,905.30	
	30,430.84		9,331.11		11,102.55	
Less: Provision for doubtful receivable	(1,861.55)	28,569.29	(1,861.55)	7,469.56	(1,905.30)	9,197.25
		28,569.29		**7,469.56**		**9,197.25**

Notes:

1. The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

2. Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Companies for the period is Nil (31st March 2017 is Nil, 31st March 2016 is Nil).

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XV
Restated Ind AS Consolidated Statement of Share Capital

(₹ in million)

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Authorized share capital			
32,37,20,000 Equity shares of ₹10 each (In FY 2016-17 3,23,72,000, in FY 2015-16 2,00,00,000, of ₹100 each)	3,237.20	3,237.20	2,000.00
Nil (In FY 2016-17 Nil, in FY 2015-16 1,23,72,000,) 7% redeemable cumulative Preference shares of ₹100 each	-	-	1,237.20
	3,237.20	**3,237.20**	**3,237.20**
Issued, subscribed and fully paid-up shares			
24,90,00,000 Equity shares of ₹10 each. (In FY 2016-17 2,49,00,000, in FY 2015-16 1,99,20,000 of ₹100 each)	2,490.00	2,490.00	1,992.00
	2,490.00	**2,490.00**	**1,992.00**

All 24,90,00,000 (In FY 2016-17 2,49,00,000, in FY 2015-16 1,99,20,000) equity shares are held by the President of India and his nominees.

Particulars	As at					
	30th September, 2017		31st March, 2017		31st March, 2016	
Details of shareholding more than 5% shares in the Company	**No. Of Shares**	**Percentage holding**	**No. Of Shares**	**Percentage holding**	**No. Of Shares**	**Percentage holding**
Shareholder						
President of India and his nominees	24,90,00,000	100%	2,49,00,000	100%	1,99,20,000	100%

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XVI
Restated Ind AS Consolidated Statement of Provisions

Long-term provisions **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Employee benefits			
Post retirement benefit schemes			
Medical	722.02	653.12	576.79
Gift card	7.60	7.32	7.61
Leave salary encashment	1,089.97	1,170.68	987.60
Welfare expenses	38.52	37.75	41.80
Other provisions			
Provision for liquidated damages	10,275.02	10,241.48	10,241.50
Others	-	-	1.50
	12,133.13	**12,110.35**	**11,856.80**

Short-term provisions **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Employee benefit			
Post retirement benefit			
Medical	30.21	26.77	23.65
Gift card	1.52	2.17	2.15
Leave salary encashment	340.15	378.09	317.70
Gratuity	1,161.01	230.73	126.50
Welfare expenses	11.31	13.44	11.20
Other provisions			
Guarantee repairs	252.53	122.53	118.80
Custom duty demand	42.59	42.59	42.60
Others	10.76	10.76	21.30
	1,850.07	**827.08**	**663.90**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XVII
Restated Ind AS Consolidated Statement of Other liabilities

Non-current
Trade payables and other financial liabilities **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Trade payables			
Deferred payment liability to a foreign supplier	218.55	199.59	207.90
Less: Amount payable within 12 months	(39.13)	(39.13)	(40.50)
	179.42	**160.46**	**167.40**
Others financial liabilities			
Security and other deposits	5.56	1.24	0.80
Add: Interest cost on deferred deposits	0.20	0.17	0.02
	5.76	**1.41**	**0.82**

Other long-term liabilities **(₹ in million)**

Particulars	As at					
	30th September, 2017		31st March, 2017		31st March, 2016	
Funds received from customer for infrastructure projects	9,051.13		8,672.50		8,282.60	
Add: Received during the year	-		378.63		389.90	
Less: Transfer to fixed assets for capitalisation	(7,235.23)		(7,235.23)		(7,235.20)	
Less: Amortisation of deferred revenue	(200.09)	1,615.81	(146.61)	1,669.29	(121.20)	1,316.10
Deferred deposits	2.07		0.38		0.20	
Less: Amortised gain	(0.22)	1.85	(0.20)	0.18	(0.02)	0.18
		1,617.66		**1,669.47**		**1,316.28**

Current

Trade payables and other financial liabilities **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Trade payables			
MSME vendors	36.15	131.64	113.00
Other vendors	10,795.07	9,092.70	11,047.60
(Refer to annexure no. XXVIII (3) for MSME dues)			
Deferred payment liability to a foreign supplier	39.13	39.13	40.50
	10,870.35	**9,263.47**	**11,201.10**
Other financial liabilities			
Retention money payable	65.30	60.62	326.60
Liquidated damages payable	1,004.86	888.60	783.80

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Interest payable on advances received from customer	9.14	105.13	89.50
Employee related	833.79	640.36	847.10
Others	5.31	5.97	9.80
Security and other deposits	57.72	46.43	55.10
	1,976.12	**1,747.11**	**2,111.90**

Other current liabilities **(₹ in million)**

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Advances received from customers	15,660.96	22,679.77	13,069.19
Statutory dues	2,450.87	251.06	547.40
Unearned income	1,30,866.41	1,14,915.88	1,22,822.41
Others	-	-	78.80
	1,48,978.24	**1,37,846.71**	**1,36,517.80**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XVIII
Restated Ind AS Consolidated Statement of Revenue

Revenue from operations **(₹ in million)**

Particulars	For the period ended		
	30th September, 2017	31st March, 2017	31st March, 2016
Contract revenue			
Ship construction	17,474.32	35,236.68	41,062.20
	17,474.32	**35,236.68**	**41,062.20**

Contract Revenue Recognition with Respect to Projects / Vessels in WIP **(₹ in million)**

Particulars	For the period ended		
	30th September, 2017	31st March, 2017	31st March, 2016
The amount of contract revenue recognised as revenue for the period	17,474.32	35,236.68	41,062.20
Aggregate amount of cost incurred and recognised profits (less recognised losses) upto date	1,48,079.58	1,65,940.11	1,55,991.42
The amount of advances received	2,67,266.56	2,91,622.60	2,80,102.98
The amount of retentions from customers as at	4,893.40	4,893.40	3,153.70

Other operating revenue **(₹ in million)**

Particulars	For the period ended		
	30th September, 2017	31st March, 2017	31st March, 2016
Sale of services			
Ship Repair	-	(1.93)	6.60
Other operating revenue			
Commission on procurement of spares	28.34	28.27	150.40
Sale of scrap and stores	11.37	38.96	51.40
Changes in inventory of scrap	-	2.81	-
	39.71	**68.11**	**208.40**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XIX
Restated Ind AS Consolidated Statement of Other income

(₹ in million)

Particulars	Nature (Recurring / Non-recurring)	Related/not related to business activity	For the period ended					
			30th September, 2017		31st March, 2017		31st March, 2016	
Interest								
On deposits with banks	Recurring	Related	2,527.01		6,403.49		6,845.20	
Less: Interest liability to customer on advances	Recurring	Related	(9.14)		(105.13)		(89.50)	
			2,517.87		6,298.36		6,755.70	
On income tax refund	Non-recurring	Not Related	-		11.83		0.10	
Other interest	Recurring	Not Related	5.77	2523.64	18.60	6,328.79	24.80	6,780.60
Other non operating income								
Rent refund on right to occupancy	Non-recurring	Not Related				-		49.50
Liabilities / provisions no longer required written back	Non-recurring	Related		40.15		229.72		460.10
Provision for trade receivables reversed	Recurring	Related		246.85		860.17		29.10
Provision for obsolete stock reversed	Recurring	Related		-		3.50		-
Insurance claims	Non-recurring	Not Related		-		1.58		-
Sale / scrapping of fixed assets (net)								
Profit	Non-recurring	Related	-		5.33		1.20	
Less: Loss	Non-recurring	Related	-	-	2.20	3.14	0.50	0.70
Liquidated damages recovered								
Capital	Non-recurring	Related		3.62		5.24		-
Others	Non-recurring	Related		1.02		19.77		16.50
Miscellaneous income / recoveries	Recurring	Related		26.66		39.99		24.60
Amortisation gain on deferred deposits of vendors	Recurring	Related		0.22		0.16		0.02
Amortisation of deferred revenue (Customer funded assets)	Recurring	Related		53.46		25.41		121.20
Interest Income on deferred payment liability to foreign supplier	Recurring	Related		18.96		38.80		38.30
Interest Income on deferred deposit with MbPT	Recurring	Related		0.81		1.54		1.50

Particulars	Nature (Recurring / Non-recurring)	Related/not related to business activity	For the period ended					
			30th September, 2017		31st March, 2017		31st March, 2016	
Foreign exchange variation (net)								
Income	Recurring	Related	7.47		-		-	
Less: Loss	Recurring	Related	(3.32)	4.15	-	-	-	-
				2,919.54		**7,557.81**		**7,522.12**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XX
Restated Ind AS Consolidated Statement of Cost of raw material consumed

(₹ in million)

Particulars	For the period ended		
	30th September, 2017	31st March, 2017	31st March, 2016
Opening stock			
Raw materials, stores and spares	1,904.19	1,230.68	1,261.30
Equipment for specific projects	36,380.23	39,036.56	41,295.10
Stock-in-transit and materials pending inspection	2,025.59	2,185.49	1,811.60
Add: Purchases	8,239.67	19,493.77	24,885.60
	48,549.68	61,946.50	69,253.60
Less: Closing stock			
Raw materials, stores and spares	(1,797.59)	(1,904.19)	(1,230.60)
Equipment for specific projects	(35,438.27)	(36,380.23)	(39,167.30)
Stock-in-transit and materials pending inspection	(349.08)	(2,025.59)	(2,185.50)
	10,964.74	21,636.49	26,670.20
Less: Provision for obsolete stock	-	(6.11)	(4.50)
Less: Stores and spares consumption included in repairs and maintenance	(0.37)	(1.32)	(1.30)
Less: Stores and spares consumption included in other expenses	(80.29)	(228.31)	(214.70)
	10,884.08	**21,400.75**	**26,449.70**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XXI
Restated Ind AS Consolidated statement of Employee benefit expense

(₹ in million)

Particulars	For the period ended		
	30th September, 2017	31st March, 2017	31st March, 2016
Salaries, wages, allowances and bonus	2,653.76	5,444.15	5,760.70
Pension	53.28	117.00	403.90
Contribution to provident fund	191.87	406.63	401.50
Contribution to employees state insurance scheme	32.65	18.63	7.10
Workmen and staff welfare expenses	267.07	651.85	655.04
Gratuity	205.50	151.04	161.30
Encashment of privilege leave	20.64	499.07	207.70
	3,424.77	**7,288.37**	**7,597.24**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XXII
Restated Ind AS Consolidated Statement of Finance cost

(₹ in million)

Particulars	For the period ended		
	30th September, 2017	**31st March, 2017**	**31st March, 2016**
Interest cost on deferred deposit of vendors	0.20	0.15	0.01
Interest cost on deferred payment liability to foreign supplier	18.96	38.80	38.30
Others	-	-	0.70
	19.16	**38.95**	**39.01**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XXIII
Restated Ind AS Consolidated Statement of Other expenses and provisions

Other expenses - Projects related **(₹ in million)**

Particulars	For the period ended		
	30th September, 2017	31st March, 2017	31st March, 2016
Technicians' fees and other expenses	42.92	343.89	480.60
Service tax expenses	130.54	249.42	326.60
Technical know-how expenses	127.89	9.84	99.30
Advising team fees and other expenses	273.31	210.03	503.30
Facility hire	26.21	69.04	91.30
Rent	3.43	6.69	6.50
Insurance	-	1.02	3.70
Bank charges and guarantee commission	13.07	27.78	26.40
Travelling expenses	1.77	32.01	8.30
Sea Trial, launching and commissioning expenses	0.55	73.41	36.40
Legal, professional and consultant fees	54.07	106.82	2.90
Training expenses	42.97	258.39	438.90
Miscellaneous expenses	12.13	28.79	11.00
	728.86	**1,417.13**	**2,035.20**

Other expenses - Others **(₹ in million)**

Particulars	For the period ended		
	30th September, 2017	31st March, 2017	31st March, 2016
Repairs and maintenance:			
Buildings	8.48	71.29	78.50
Plant and machinery	52.11	168.70	213.50
Steam launches and boats, motor cars, lorries, etc.	46.05	132.86	115.40
Less: Work done internally and other expenditure which has been included in other heads of expenses	88.18	241.78	282.10
	18.46	131.07	125.30
Facility hire	25.32	72.93	44.60
Water expenses	8.91	26.39	23.90
Rent	43.07	82.45	76.40
Insurance	34.17	39.83	28.80
Rates and taxes	30.02	63.34	64.10
Bank charges and guarantee commission	0.22	2.36	5.40
Printing and stationery	1.94	6.36	7.30
Travelling expenses	27.52	76.60	45.90
Business promotion expenses	36.97	76.88	96.60
Sea trial, launching and commissioning expenses	0.07	17.61	4.60
Corporate membership expenses	1.16	1.85	15.90
Sale / scrapping of fixed assets (net):			
Loss	4.47	20.87	-
Less: profit	(2.20)	(19.82)	-
Changes in inventory of scrap	-	-	5.20

Particulars	For the period ended		
	30th September, 2017	31st March, 2017	31st March, 2016
Miscellaneous expenses	30.04	78.42	29.70
Lease charges	0.77	3.27	2.00
Research and development expenses	0.12	135.78	104.70
Legal, professional and consultant fees	11.31	44.17	17.70
Books and periodicals	0.69	1.20	0.90
Postage, telegrams and phones	4.76	16.14	12.40
Training expenses	1.06	20.59	15.50
CISF and security board expenses	106.64	257.61	222.60
Directors fees and expenses	0.20	0.92	0.10
Provision for obsolete stock	-	13.65	18.50
Consumption of stores and spares etc.	80.29	228.31	214.70
Other interest	0.46	55.20	2.50
Amortisation of prepaid rentals	0.78	1.52	1.50
Bad debts	-	-	29.00
Advance write off	-	2.50	-
Corporate social responsibility expenses	48.50	136.53	116.90
Less: Utilised from CSR fund	-	-	(116.90)
	515.72	**1,594.53**	**1,215.80**

Foreign Exchange gain / loss on raw materials and project specific equipment's have been considered in Cost of Material Consumed.

Provisions **(₹ in million)**

Particulars	For the period ended		
	30th September, 2017	31st March, 2017	31st March, 2016
Liquidated Damages	33.54	-	-
Doubtful debts / receivable	-	1,074.53	146.70
Guarantee repairs	130.00	10.00	70.00
Others	-	-	0.30
	163.54	**1,084.53**	**217.00**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES

Annexure XXIV

Restated Ind AS Consolidated Statement of Related Party Transactions **(₹ in million)**

a) Name of related party and description of relationships
i) The Company is controlled by President of India having ownership interest of 100%

ii)Goa Shipyard Limited Associate company (holding 47.21% of the equity share capital)

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

b) Transactions with Related Parties

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

Particulars	Year ended	Sales to related parties	Amounts receivable /(payable) by related parties
Other Related Party:			
Indian Navy	30th September, 2017	17502.66	11,962.50
	31st March,2017	35263.02	7,622.70
	31st March,2016	41219.20	8,193.20

(₹ in million)

Remuneration to Key Managerial Personnel*	**30th September, 2017**	**31st March, 2017**	**31st March, 2016**
RAdm R K Shrawat AVSM (Retd) (Upto 31.12.16)	-	11.40	2.93
Cdr P R Raghunath (Retd) (Upto 27.02.2017)	-	6.33	2.79
Shri M Selvaraj (Upto 31.05.2015)	-	-	0.67
Cmde Rakesh Anand (Retd)	1.59	5.24	2.67
Capt Rajiv Lath (Retd)	1.51	5.11	2.83
Shri Sanjiv Sharma	1.44	4.07	2.07

* As per Statement of Profit and Loss Account.

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

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

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XXV
Restated Ind AS Consolidated Statement of Contingent liabilities and capital commitments

A Contingent liabilities and commitments: **(₹ in million)**

Sr. No.	Particulars	As at		
		30th September, 2017	31st March, 2017	31st March, 2016
1	Amounts for which Company may be contingently liable:			
	a) Estimated amount of contracts remaining to be executed on capital account.	915.90	575.40	1,746.10
	b) Estimated amount of liquidated damages on contracts under execution.	-	-	3,304.60
	c) Position of non-fund based limits utilized for:		-	-
	(i)Letters of credit	11,369.53	8,766.40	11,512.80
	(ii) Guarantees and counter guarantees	80.49	72.60	326.90
	d) Indemnity Bonds issued by the Company to customers for various contracts.	-	4,83,387.50	4,73,308.00
	e) Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	-	46.70	46.70

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

Sr. No.	Particulars	As at		
		30th September, 2017	31st March, 2017	31st March, 2016
i)	Suppliers and sub-contractors	63.80	139.00	218.30
ii)	Others	348.70	348.70	382.00
iii)	Interest on (i) and (ii) above	1,274.20	1,295.70	1,326.50
		1,686.70	**1,783.40**	**1,926.80**

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

Sr. No.	Particulars	As at		
		30th September, 2017	31st March, 2017	31st March, 2016
i)	Sales Tax *	11,228.70	11,228.70	11,162.50
ii)	Excise Duty			
	a) On Vendors	18.00	17.70	17.10
	b)On MDL	2.70	2.70	2.60
		20.70	**20.40**	**19.70**
		11,249.40	**11,249.10**	**11,182.20**

* Against the above claim, part payments of ₹61.39 million (In 2017: ₹58.39 million, In 2016: ₹58.40 million) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹18.79 million inclusive of interest and penalty (In 2017: ₹18.33 million 2016: ₹17.80 million) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008.The Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

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

Sr. No.	Particulars	As at		
		30th September, 2017	31st March, 2017	31st March, 2016
i)	Excise Duty	1.50	1.50	1.50
ii)	Service Tax* (including interest and penalties)	687.70	687.70	677.00
iii)	Income Tax	441.80	441.80	17.80
		1,131.00	**1,131.00**	**696.30**

* Includes ₹292.80 million (In 2017 ₹292.70 million, In 2016: ₹292.70 million) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2012-13.

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

Particulars	As at		
	30th September, 2017	31st March, 2017	31st March, 2016
Custom Duty	2.80	2.80	2.00

B 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.

C For Financial Year 2015-16: Certain balances under current Assets, loans and advances, Current Liabilities, clearing accounts etc. are subject to confirmation and reconciliation. Consequent adjustments thereof, if any, will be given effect in the books of accounts during the year of adjustments.
For Financial Year 2016-17 and period ended 30th September 2017: 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.

D **Normal Operating Cycle**

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

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

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

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XXVI
Restated Ind AS Consolidated Statement of Dividend paid

Particulars	For the period ended 30th September, 2017	2016-17	2015-16
Number of equity shares outstanding	24,90,00,000	2,49,00,000	1,99,20,000
Dividend paid (₹ in million)	-		
Final	-	992.00	-
Tax on above dividend	-	201.90	-
Rate of Dividend (%)	0%	39.84%	0%
Dividend per equity share (₹)	-	39.84	-
Interim	-	1000.00	1,000.00
Tax on above dividend	-	203.60	203.60
Rate of Dividend (%)	0%	40.16%	50.20%
Dividend per equity share (₹)	-	40.16	50.20

Notes:

1. The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V, Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated statement of other notes – Annexure XXVIII.

2. The above information has not been restated to give effect for issue of bonus share subsequent to 28th September, 2016 and represents historical information.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES

Annexure XXVII

Restated Ind AS Consolidated Statement of accounting ratios

(₹ in million)

Sr. No.	Particulars		For the period ended 30th September, 2017	31st March, 2017	31st March, 2016
A	**Earnings Per Share (EPS) - Basic and Diluted**				
	Restated Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in million)		2,857.92	5,956.20	6,244.91
	Adjustment to Restated Net Profit / (Loss):				
	None			-	-
	Net Profit / (Loss) for calculation of basic EPS (₹ in million)	A	**2,857.92**	**5,956.20**	**6,244.91**
	Weighted average number of equity shares outstanding		2,49,00,000	2,49,00,000	1,99,20,000
	Bonus shares issued in FY 16-17, restated for all periods		-	-	49,80,000
	Weighted average number of equity shares for calculating basic EPS		2,49,00,000	2,49,00,000	2,49,00,000
	Weighted average number of equity shares after considering Share Split (during half year ended 30th September, 2017) from FV ₹100 to FV ₹10 for calculating basic EPS	B	24,90,00,000	24,90,00,000	24,90,00,000
	EPS (₹) - Basic	**A/B**	**11.48**	**23.92**	**25.08**
	EPS (₹) - Diluted	**C**	**11.48**	**23.92**	**25.08**
B	**Return on net worth**				
	Restated Profit / (Loss) after Tax (₹ in million)	D	2,857.92	5,956.20	6,244.91
	Restated Net Worth for Equity Shareholders (₹ in million)	E	32,344.35	30,020.94	26,344.04
	Return on Networth (%)	**D/E*100**	**8.84%**	**19.84%**	**23.71%**
C	**Net Asset Value Per Equity Share**				
	Net worth at the end of the periods (₹ in million)	F	32,344.35	30, 020.94	26,344.04
	Number of equity shares outstanding at the end of the period	G	24,90,00,000	24,90,00,000	24,90,00,000
	Net Asset Value Per Share (₹)	**F/G**	129.90	120.57	105.80

Note:
The above ratios have been computed on the basis of the restated summary statements - annexure I and annexure II.

i) Formula:

$$\text{Basic Earnings per share (₹)} = \frac{\text{Profit/Loss after tax (as restated) attributable to Owners}}{\text{Weighted average number of equity shares}}$$

$$\text{Diluted Earnings per share (₹)} = \frac{\text{Profit/Loss after tax (as restated after adjustments for diluted)}}{\text{Weighted average number of equity shares}}$$

$$\text{Return on net worth (\%)} = \frac{\text{Profit/Loss after tax (as restated)}}{\text{Net worth at the end of the year}} \times 100$$

$$\text{Net Asset Value per equity share (₹)} = \frac{\text{Net worth at the end of the years (as restated)}}{\text{Weighted average number of equity shares}} \times 100$$

ii)The above statement should be read with the notes to Restated Consolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Consolidated Financial Statements appearing in Annexure V.

iii) Net worth for ratios mentioned represents sum of Paid-up share capital, reserves and surplus/Other equity (securities premium and surplus in the Statement of Profits and Losses).

iv) Earnings per share calculations are in accordance with Accounting Standard 20-Earnings Per Share ('AS 20') and Ind AS 33 - Earnings per share, notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. As per AS 20, in case of bonus share, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

v) During FY 2017-18 the Face Value of equity shares has been split from ₹100 to ₹10. As per Ind AS 33, weighted average number of total equity shares for FY 2016-17, FY 2015-16, FY 2014-15 has been adjusted for share split.

vi) During the year ended March 31,2017, the Company issued bonus shares, in the ratio of one shares for every four shares held, to the existing shareholders by way of capitalization of Securities Premium which has been approved at the Annual general meeting held by the Company on September 28, 2016.

vii) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during period/year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number.

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XXVIII
Restated Ind AS Consolidated Statement of other notes

(₹ in million)

1 Employee Benefits

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

(I)

Defined Contribution Plans	**30th September, 2017**		**31st March, 2017**		**31st March, 2016**
(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	191.83		392.10		392.60
2. Employers' Contribution to Employees' State Insurance	32.65		18.60		7.10
3. Employers' Contribution to EPS (Employees' Pension Scheme)	53.28		117.00		403.90
4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme	0.04		14.50		8.90

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

(II) Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme)	**30th September, 2017**		**31st March, 2017**		**31st March, 2016**
Actuarial valuation was performed by an insurer in respect of the aforesaid Defined Benefit Plans based on the following assumptions:-					

Contribution to Gratuity Fund (Funded Scheme)	30th September, 2017		31st March, 2017		31st March, 2016
1Discount Rate (per annum)	7.25%		7.25%		7.50%
2Rate of increase in compensation levels	7.50%		7.50%		7.50%

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

Particulars	30th September, 2017		31st March, 2017		31st March, 2016
Opening Balance	2,105.80		2,246.90		2,386.60
Add : Credit from Company	-		21.40		24.20
Less : Amount paid towards claims	(186.30)		(333.90)		(363.60)
Add : Interest credited	86.30		171.40		199.70
Closing Balance	2,005.80		2,105.80		2,246.90
Present value of past service benefit	2,956.51		2,236.60		2,275.00

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

1.2 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.

	Particulars	30th September, 2017		31st March, 2017		31st March, 2016
i)	**Assumptions**					
	a) Discount Rate	7.25%		7.25%		7.50%

	Contribution to Gratuity Fund (Funded Scheme)	30th September, 2017		31st March, 2017		31st March, 2016
	b) Salary Escalation	7.50%		7.50%		7.50%
	c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March	8.20%		8.19%		8.37%
	d) Expected average remaining working lives of employees (years)	14		14		13
ii)	**Table showing changes in present value of obligations**					
	Present value of obligations as at beginning of year	2,236.60		2,275.00		2,409.20
	Interest cost	81.08		170.60		191.50
	Current service cost	68.06		111.40		104.40
	Benefits paid	(186.34)		(333.90)		(363.60)
	Actuarial (gain) / loss on obligations	757.12		13.50		(66.50)
	Present value of obligations as at end of year	2,956.51		2,236.60		2,275.00
iii)	**Table showing changes in the fair value of plan assets**					
	Fair value of plan assets at beginning of year	2,105.80		2,246.90		2,386.60
	Expected return on plan assets	86.30		171.40		199.70
	Contributions	-		21.40		24.20
	Benefits paid	(186.30)		(333.90)		(363.60)
	Actuarial (gain) / loss on plan assets	-		-		-
	Fair value of plan assets at the end of year	2,005.80		2,105.80		2,246.90
iv)	**Table showing fair value of plan assets**					
	Fair value of plan assets at beginning of year	2,105.80		2,246.90		2,386.60
	Actual return on plan assets	86.30		171.40		199.70
	Contributions	-		21.40		24.20
	Benefits paid	(186.30)		(333.90)		(363.60)
	Fair value of plan assets at the end of year	2,005.80		2,105.80		2,246.90
	Funded status	(950.71)		(130.80)		(28.10)
	Excess of Actual over estimated return on plan assets	-		-		-
v)	**Actuarial gain / loss recognized**					
	Actuarial (gain) / loss for the year - obligation	757.12		13.50		(66.50)
	Actuarial (gain) / loss for the year - plan assets	-		-		-

	Contribution to Gratuity Fund (Funded Scheme)	30th September, 2017		31st March, 2017		31st March, 2016
	Total (gain) / loss for the year	757.12		13.50		(66.50)
	Actuarial (gain) / loss recognised in the year	757.12		13.50		(66.50)
	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	2,956.51		2,236.60		2,275.00
	Fair value of plan assets as at the end of the year	2,005.80		2,105.80		2,246.90
	Funded status	(950.71)		(130.80)		(28.10)
	Net Asset / (Liability) recognized in balance sheet	(950.71)		(130.80)		(28.10)
vii)	**Expenses recognized in statement of Profit and Loss**	**-**				
	Current service cost	68.06		111.40		104.40
	Interest cost	81.08		170.60		191.50
	Expected return on plan assets	(86.30)		(171.40)		(199.70)
	Expenses recognized in statement of profit and loss	62.83		110.60		96.20
viii)	**Expenses recognized in Other Comprehensive Income**					
	Actuarial (gain) / loss recognised in the year	757.12		13.50		(66.50)
ix)	**Current/Non-current Liability**					
	Current Liability	760.40		574.60		558.20
	Non-current Liability	2,196.20		1,662.00		1,716.80
	Present Value of the Defined Gratuity Benefit Obligation	2,956.60		2,236.60		2,275.00

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

Particulars	30th September, 2017		31st March, 2017		31st March, 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)						
if Discount rate is decreased to 6.75% (2016: 7%, 2015: 7.45%)	104.30		46.70		30.80	
	3.53%		2.09%		1.35%	
if Discount rate is increased to 7.75% (2016: 8%, 2015: 8.45%)		94.70		44.30		17.40
		3.20%		1.98%		0.77%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)						
if Discount rate is increased to 8% (2016: 8%, 2015: 9%)	99.40		17.40		20.10	
	3.36%		0.78%		0.88%	
if Discount rate is decreased to 7% (2016: 7%, 2015: 8%)		87.40		16.50		7.10
		2.96%		0.74%		0.31%

1.3 Actuarial valuation of liability towards Leave Encashment
Defined Benefit Plan Leave Encashment 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 leave encashment benefit liability, Projected Unit Credit Method is used.

	Assumptions	30th September, 2017		31st March, 2017		31st March, 2016
i)	Discount rate	7.25%		7.25%		7.50%
	Rate of increase in compensation levels	7.50%		7.50%		7.50%
	Expected average remaining working lives of employees (years)	14.00		14.00		13.00
ii)	**Table showing changes in present value of obligations**					
	Present value of obligation as at the beginning of the year	1,469.90		1,238.90		1,279.20
	Acquisition adjustment	-		-		-
	Interest cost	53.30		92.90		99.10
	Current service cost	(2.80)		157.20		39.00
	Curtailment cost / (credit)	-		-		-
	Settlement cost / (credit)	-		-		-
	Benefits paid	(109.10)		(133.30)		(141.60)
	Actuarial (gain) / loss on obligations	(27.80)		114.20		(36.80)
	Present value of obligation as at the end of the year	1,383.50		1,469.90		1,238.90
iii)	**Table showing changes in the fair value of plan assets**					
	Fair value of plan assets at the beginning of the year	-		-		-
	Acquisition adjustments	-		-		-
	Expected return on plan assets	-		-		-
	Contributions	-		-		-
	Benefits paid	-		-		-
	Actuarial gain / (loss) on plan assets	-		-		-
	Fair value of plan assets at the end of the year	-		-		-
iv)	**Tables showing fair value of plan assets**					
	Fair value of plan asset at the beginning of the year	-		-		-
	Acquisition adjustments	-		-		-
	Actual return on plan assets	-		-		-

	Assumptions	30th September, 2017		31st March, 2017		31st March, 2016
	Contributions / (withdrawals)	-		-		-
	Benefits paid	-		-		-
	Fair value of plan asset at the end of the year	-		-		-
	Funded status	(1,383.50)		(1,469.90)		(1,238.90)
	Excess of actual over estimated return on plan assets	-		-		-
v)	**Actuarial gain / loss recognized**					
	Actuarial (gain) / loss for the year - obligation	(27.80)		114.20		(36.80)
	Actuarial (gain) / loss for the year - plan assets	-		-		-
	Total (gain) / loss for the year	(27.80)		114.20		(36.80)
	Actuarial (gain) / loss recognised in the year	(27.80)		114.20		(36.80)
	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	1,383.50		1,469.90		1,238.90
	Fair value of plan assets as at end of the year	-		-		-
	Funded status	(1,383.50)		(1,469.90)		(1,238.90)
	Unrecognized actuarial (gains) / losses	-		-		-
	Net asset / (liability) recognized in balance sheet	(1,383.50)		(1,469.90)		(1,238.90)
vii)	**Expenses recognized in statement of profit and loss**					
	Current service cost	(2.80)		157.20		39.00
	Interest cost	53.30		92.90		99.10
	Expected return on plan assets	-		-		-
	Curtailment cost / (credit)	-		-		-
	Settlement cost / (credit)	-		-		-
	Actuarial (gain) / loss recognised in the year	(27.80)		114.20		(36.80)
	Expenses recognized in the statement of profit and loss	22.70		364.30		101.30
viii)	**Current/Non-current Liability**					
	Current Liability	293.50		299.20		251.30
	Non-current Liability	1,090.00		1,170.70		987.60
	Present Value of the Defined Leave Encashment Benefit Obligation	1,383.50		1,469.90		1,238.90

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

Particulars	30th September, 2017		31st March, 2017		31st March, 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)						
if Discount rate is decreased to 6.75% (2016: 7%, 2015: 7.25%)	84.60		43.50		33.90	
	6.11%		2.96%		2.74%	
if Discount rate is increased to 7.75% (2016: 8%, 2015: 8.25%)		73.70		40.60		31.90
		5.33%		2.76%		2.57%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)						
if Discount rate is increased to 8% (2016: 8%, 2015: 9%)	83.50		43.20		33.70	
	6.04%		2.94%		2.72%	
if Discount rate is decreased to 7% (2016: 7%, 2015: 8%)		74.20		40.70		32.00
		5.36%		2.77%		2.58%

	Provisions made, utilised, written back	**30th September, 2017**		**31st March, 2017**		**31st March, 2016**
2						
	Opening Balance	42.60		42.60		42.60
	Additions	-		-		-
	Utilised/Adjusted	-		-		-
	Closing Balance	**42.60**		**42.60**		**42.60**
b)	**Provision for Liquidated Damages*:**					
	Opening Balance	10,241.48		10,241.48		10,241.50
	Additions	33.54		-		-
	Utilised/Adjusted	-		-		-
	Closing Balance	**10275.02**		**10,241.48**		**10,241.50**

2	Provisions made, utilised, written back	30th September, 2017		31st March, 2017		31st March, 2016
	* Includes amount of ₹ 10204.90 million adjusted in retained earnings					
c)	**Provision for Guarantee Repairs:**					
	Opening Balance	8		4.20		54.50
	Additions	250.00		120.00		7.00
	Utilised/Adjusted	120.00		116.20		57.30
	Closing Balance	**138.00**		**8**		**4.20**
d)	**Other Provisions:**					
	Opening Balance	10.76		22.83		24.63
	Additions	-		-		-
	Utilised/Adjusted	-		12.07		1.80
	Closing Balance	**10.76**		**10.76**		**22.83**

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

Particulars	30th September, 2017	-	31st March, 2017		31st March, 2016
Principal amount due and remaining unpaid	19.63		8.90		-
Interest due on above and the unpaid interest	0.74		0.80		-
Interest paid	-		-		-
Payment made beyond the appointed day during the year	30.82		87.70		49.50
Interest accrued and remaining unpaid on above	1.19		3.40		2.20
Amount of further interest remaining due and payable in succeeding years	-		-		-

4 Miscellaneous Expenses include:

Remuneration to the Statutory Auditors	30th September, 2017		31st March, 2017		31st March, 2016
i) Audit fees	1.00		1.00		1.00
ii) Out of pocket expenses	-		-		-
iii) Tax audit fees	-		0.10		0.10
	1.00		**1.10**		**1.10**

5 The Company has entered into a Joint Venture with Reliance Defence and Engineering Ltd and formed a Joint Venture company - "Mazagon Dock Pipavav Defence Pvt Ltd." incorporated in Mumbai, India, during FY 2012-13. The Company's equity share in the Joint Venture is 50%. The Company has subscribed to 100000 equity shares of ₹10 each at par in the Joint Venture Company but the same has not been paid. As on 31st March, 2017, the Joint Venture company has not commenced its operations and reported loss of ₹11,615 (FY 2015-16 - ₹11,773, FY 2014-15 - ₹12,620) as per latest audited results of FY 2016-17.

6 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 ₹962.80 million, payable over 45 years from 1992-93, in equal annual instalments of ₹21.40 million was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹39.13 million (2016-17- ₹40.50 million) includes yearly instalment payable of ₹21.40 million (2016-17 - ₹21.40 million) and ₹17.73 million (2016-17 - ₹ 19.10 million) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 31st March 2017 which is ₹91.0858 for 1 SDR. These payments are reimbursable by Indian Navy. Accordingly, ₹782.59 million (amortised costs of ₹218.55 million) held at foreign supplier deferred credit as on 30th September, 2017.

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

8 "Liquidated damages of ₹10,204.90 million for delays in future deliveries relating to a Project was not accounted in earlier years anticipating a reversal of liquidated damages upon negation with customer. This expectation was erroneous based on communication received from customer conforming the liquidated damages. The amount is provided and adjusted in the FY 2013-14, since the delays were anticipated from FY 2013-14.

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

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

10 Business Segment Reporting

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

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

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

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
Annexure XXVIII

11 Fair Value Measurement

Financial Instruments by Category

(₹ in million)

Particulars	30th September, 2017			31st March, 2017			31st March, 2016		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets									
Security Deposits	-	-	31.67	-	-	30.87	-	-	29.30
Russian Deferred Debit	-	-	218.55	-	-	199.59	-	-	207.90
Financial Liabilities									
Russian Deferred Credit	-	-	218.55	-	-	199.59	-	-	207.90
Security Deposits	-	-	5.76	-	-	1.41	-	-	0.82

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 million)

Particulars	Fair value Hierarchy	As at					
		30th September, 2017		31st March, 2017		31st March, 2016	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets							
Security deposits	Level 3	37.60	31.67	37.60	30.87	37.60	29.30
Russian Deferred Debit	Level 3	782.60	218.55	782.60	199.59	851.40	207.90
Financial liabilities							
Russian Deferred Credit	Level 3	782.60	218.55	782.60	199.59	851.40	207.90
Security Deposits	Level 3	7.61	5.76	1.60	1.41	1.00	0.82

12 Financial risk management

a) Credit Risk

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

i)Trade Receivables and unbilled revenue

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

ii) Financial Instruments and cash deposits

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

b) Liquidity Risk

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

c) Market Risk

i) Foreign currency risk and sensitivity

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

ii) Foreign Currency Risk Exposure

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

(₹ in million)

Particulars	CAD	EUR	GBP	NOK	SEK	SGD	USD
Financial Liabilities							
30th September, 2017	-	221.55	5.10	-	0.14	-	518.43
31st March, 2017	0.14	909.39	2.58	0.85	416.55	-	9.69
31st March, 2016	0.14	1,863.28	0.73	0.31	0.85	0.89	430.53

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

(₹ in million)

Particulars		Impact on Profit Before Tax		
		30th September, 2017	**31st March, 2017**	**31st March, 2016**
CAD Sensitivity*				
	INR/CAD increases by 5%	-	0.01	0.01
	INR/CAD decreases by 5%	-	(0.01)	(0.01)
EUR Sensitivity*				
	INR/EUR increases by 5%	11.08	45.47	93.16
	INR/EUR decreases by 5%	(11.08)	(45.47)	(93.16)
GBP Sensitivity*				
	INR/EUR increases by 5%	0.26	0.13	0.04
	INR/EUR decreases by 5%	(0.26)	(0.13)	(0.04)
NOK Sensitivity*				
	INR/NOK increases by 5%	-	0.04	0.02
	INR/NOK decreases by 5%	-	(0.04)	(0.02)
SEK Sensitivity*				
	INR/SEK increases by 5%	0.01	20.83	0.04
	INR/SEK decreases by 5%	(0.01)	(20.83)	(0.04)
SGD Sensitivity*				
	INR/SGD increases by 5%	-	-	0.04
	INR/SGD decreases by 5%	-	-	(0.04)
USD Sensitivity*				
	INR/USD increases by 5%	25.92	0.48	21.53
	INR/USD decreases by 5%	(25.92)	(0.48)	(21.53)
	* Holding all other variables constant			

13 Capital management

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

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

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

MAZAGON DOCK SHIPBUILDERS LIMITED AND ITS ASSOCIATES
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14 Expenditure on Corporate Social Responsibilities (CSR) Activities

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

(₹ in million)

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	Amount Spent		
		30th September, 2017	31st March, 2017	31st March, 2016
Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.	41.10	60.60	60.30
Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled.	5.30	56.50	28.20
Clause (v)	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries, promotion and development of traditional arts and handicrafts	-	0.20	1.50
Clause (vii)	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;	-	5.00	-
Clause (x)	Rural development projects;	2.10	10.10	23.20
	Total	**48.50**	**132.40**	**113.20**

Particulars	30th September, 2017	31st March, 2017	31st March, 2016
Amount required to be spent by the Company during the year	164.80	152.00	131.62
Amount spent during the year (incl. Administration Expenses)	48.50	136.53	116.92

(₹ in million)

15 Specified Bank Notes

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

Sl .No.	SBNs denominations	Specified Bank Notes	Other Denomination Notes	Total
1	Closing Cash in hand as on 08.11.2016	0.07	0.00	0.07
2	Permitted receipts	0.43	2.66	3.09
3	Permitted payments	-	-	-
4	Amount deposited in Banks	0.50	2.58	3.09
6	Closing Cash in hand as on 30.12.2016	-	0.07	0.07

16 Earnings per share (EPS)

Computation of Profit/Loss for Earnings Per Share	30th September, 2017	31st March, 2017	31st March, 2016
Profit attributable to equity shareholders of the Company used in calculating basic and diluted earnings per share (₹ million)	2,857.92	5,956.20	6,244.91
Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per share	24,90,00,000	24,90,00,000	24,90,00,000
Earnings per share Basic & Diluted (in ₹)	11.48	23.92	25.08
(Share having nominal value of ₹10 each)			

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

During the period ended 30th September, 2017 the Face Value of equity shares has been split from ₹100 to ₹10. As per Ind AS 33, weighted average number of total equity shares for FY 2016-17, FY 2015-16 has been adjusted for share split.

17 First-time adoption of Ind AS

Transition to Ind AS

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

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

A. Exemptions and exceptions availed

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

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

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

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

A.1.2 Transfer of assets from Customers

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

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

A.1.3 Investments in Associate

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

A.2 Ind AS mandatory exceptions

A.2.1 Classification and measurement of financial assets

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

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

Effect of Ind AS adoption on the Balance Sheet

(₹ in million)

Particulars	As at 31st March, 2016			As at 1st April, 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS						
(1) Non-current assets						
(a) Property, Plant and Equipment	3,235.40	213.93	3,449.33	2,567.60	47.20	2,614.80
(b) Capital work-in-progress	646.10	1,049.70	1,695.80	401.40	1,057.50	1,458.90
(c) Other Intangible assets	210.50	17.80	228.30	90.50	-	90.50
(d) Financial Assets						
(i) Investments	60.00	-	60.00	60.00	-	60.00
(ii) Trade Receivable	810.90	(643.50)	167.40	794.30	(637.40)	156.90
(iii) Loans	-	29.30	29.30	-	27.10	27.10
(iv) Other Financial Assets	34.00	-	34.00	34.00	-	34.00
(e) Deferred tax assets (net)	1,574.50	3,430.90	5,005.40	1,201.90	3,425.90	4,627.80
(f) Non current tax assets (Net)	-	1,280.90	1,280.90	-	2,203.60	2,203.60
(g) Other non-current assets	2,362.90	(1,229.00)	1,133.90	2,465.70	(1,691.85)	773.85
(2) Current assets						
(a) Inventories	2,03,259.10	(1,60,812.40)	42,446.70	1,85,419.20	(1,41,061.90)	44,357.30
(b) Financial Assets	-	-	-	-	-	-
(i) Trade receivables	7,826.40	1,370.90	9,197.30	7,609.70	7,487.00	15,096.70
(ii) Cash and cash equivalents	88,027.70	(79,050.00)	8,977.70	76,148.80	(74,000.00)	2,148.80

Particulars	As at 31st March, 2016			As at 1st April, 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
(iii) Bank balances other than (ii) above	-	79,050.00	79,050.00	-	74,000.00	74,000.00
(iv) Loans	115.50	(45.90)	69.60	106.70	(45.20)	61.50
(v) Other Financial assets	1,659.40	7,640.50	9,299.90	1,890.60	3,394.50	5,285.10
(d) Other current assets	24,864.40	80.20	24,944.60	30,613.70	81.05	30,694.75
Total Assets	**3,34,686.80**	**(1,47,616.70)**	**1,87,070.10**	**3,09,404.14**	**(1,25,712.50)**	**1,83,691.60**
EQUITY AND LIABILITIES						
EQUITY						
(a) Equity Share capital	1,992.00	-	1,992.00	1,992.00	-	1,992.00
(b) Other Equity	26,470.30	(5,228.20)	21,242.10	22,606.50	(5,796.30)	16,810.20
LIABILITIES						
(1) Non-current liabilities						
(a) Financial Liabilities						
(i) Trade payables	810.90	(643.50)	167.40	794.30	(637.40)	156.90
(ii) Others	-	0.80	0.80	-	-	-
(b) Other long term liabilities	-	1,316.30	1,316.30	-	1,047.40	1,047.40
(c) Long term provisions	1,651.80	10,205.00	11,856.80	1,732.90	10,204.90	11,937.80
(2) Current liabilities						
(a) Financial Liabilities						
(i) Trade payables	11,403.40	(202.30)	11,201.10	9,484.90	(835.10)	8,649.80
(ii) Others	2,056.80	55.10	2,111.90	1,756.30	44.30	1,800.60
(b) Other current liabilities	2,88,213.80	(1,51,696.00)	1,36,517.80	2,70,439.90	(1,29,668.60)	1,40,771.30

Particulars	As at 31st March, 2016			As at 1st April, 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
(c) Short term provisions	2,087.80	(1,423.90)	663.90	597.30	(71.70)	525.60
Total Equity and Liabilities	**3,34,686.80**	**(1,47,616.70)**	**1,87,070.10**	**3,09,404.10**	**(1,25,712.50)**	**1,83,691.60**
	-	(0)	(0)	(0)	0	(0)

(₹ in million)

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31.03.2016	Previous GAAP	Effect of transition to Ind AS	Ind AS
Contract revenue	41,209.90	(147.70)	41,062.20
Other operating revenue	208.40	-	208.40
Total revenue from operations	**41,418.30**	**(147.70)**	**41,270.60**
Other income	7,435.30	161.00	7,596.30
Total revenue	**48,853.60**	**13.30**	**48,866.90**
Expenses:			
Cost of materials consumed	26,580.40	(130.70)	26,449.70
Employee benefits expense	7,443.90	103.30	7,547.20
Finance costs	0.70	38.30	39.00
Depreciation and amortization expense	310.00	128.10	438.10
Sub-contract	1,349.20	-	1,349.20
Power and fuel	282.20	-	282.20
Other expenses - Project related	2,035.20	-	2,035.20
Other expenses - Others	1,220.80	(4.70)	1,216.10

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31.03.2016	Previous GAAP	Effect of transition to Ind AS	Ind AS
Provisions	375.30	(158.30)	217.00
Total expenses	**39,597.70**	**(24)**	**39,573.70**
Profit before prior period adjustments	**9,255.90**	**37.30**	**9,293.20**
Prior period adjustments	317.40	(317.40)	-
Profit before tax	**9,573.30**	**(280.10)**	**9,293.20**
Less: Tax expense			
(1) Current tax	3,522.00	-	3,522.00
(2) Deferred tax	(372.60)	(413.30)	40.70
(3) Prior tax adjustment	45.70	-	45.70
Profit (Loss) for the period	**6,378.20**	**(693.40)**	**5,684.80**
Other Comprehensive Income			
AItems that will not be reclassified to profit or loss			
(i) Remeasurements of post employment benefit obligations	-	67.50	67.50
(ii) Income tax relating to items that will be not be reclassified to profit or loss	-	-	-
B Items that will be reclassified to profit or loss			
Total Comprehensive Income for the period comprising Profit / (Loss) and Other Comprehensive Income for the period	**6,378.20**	**(625.90)**	**5,752.30**
Earnings per equity share:	25.62	-	23.10

Material adjustments made while transition from previous GAAP

Proposed dividend

Under the previous GAAP, dividends proposed by the Board of directors after the Balance sheet date but before the approval of the financial statements were considered as adjusting events, accordingly the provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for Proposed Dividend and Dividend Distribution Tax of ₹1193.90 million as at 31st March 2016 (Nil as at 1st April 2015) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has increased by an equivalent amount.

Reclassification of Lease hold land

Under the IGAPP land obtained on lease from various authorities was disclosed under fixed assets schedule at initial premium paid. The premium paid was amortised over the period of lease. Since lease is cancellable and significant risk and reward has not been transferred to MDL, lease hold land is treated as operating lease. The initial premium paid is considered as advance lease rental. Accordingly, while transition from IGAAP to Ind AS, the Company has reclassified the unamortised portion of leasehold land of ₹47.10 million (net of amortisation) from PPE to other non-current assets as prepaid lease rentals which will be amortised as operating lease over the remaining period of lease. During the year ended 31st March, 2017, under Ind AS, Company has reversed depreciation expenses of ₹5.10 million which was earlier charged off as per IGAAP & recognised as lease rental of ₹5.10 million as per Ind AS.

Amortisation of Security deposit

Under Ind AS security deposits paid are measured at amortised cost, accordingly Company has adjusted ₹3.60 million against retained earnings which resulted in decrease in retained earnings and net deferred lease expenses asset is recognised of ₹ 13.70 million on transition date. During the year ended 31st March, 16, Company has expensed out deferred lease expenses of ₹1.50 million with a closing balance of ₹12.20 million and ₹1.50 million are recorded as interest income on security deposit paid.

Employee Benefits

Under Ind AS, ₹103.30 million has been regrouped from employee benefit expenses to other comprehensive income on account of re-measurement of actuarial gains and losses as on 31st March, 2016.

Contract Revenue as per Ind AS 11 Construction Contracts

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

b. The Company was providing hitherto the estimated cost of work yet to be completed in respect of the fixed price element of delivered ship, in the year of delivery. During the year in line with Ind AS 11, the Company has changed the practice and is accounting for cost based on actual incurred and revenue on percentage completion basis after taking into consideration the future cost to be incurred on unfinished work on the project as part of total estimated cost of the project. Due to this change, provision of ₹71.70 million was reversed in retained earning along with revenue of ₹73.00 million as at 1st April 2015. During FY 2015-16, provision of ₹230.00 million and revenue of ₹157.80 million was reversed.

c. The Company was hitherto reflecting cost incurred on ships under construction as Work in Progress (WIP) under inventory. During the year the Company has changed this practice and is recognising progressive billings on such contract work in progress as “Trade Receivables”. The difference between such Trade Receivables and the Contract revenue earned calculated as per percentage completion method is reflected as unbilled revenue or unearned income under current assets or current liabilities as the case may be. Due to this change Current assets have gone up by ₹1408.70 million in FY 2015-16 with corresponding reduction in inventory.

18 **Additional Notes to the Consolidated Financial Statements**

a **Interest In Associate**

Name of the Company	Country of Incorporation	% of Ownership as at 30th September, 2017	% of Ownership as at 31st March, 2017	% of Ownership as at 31st March, 2016
Goa Shipyard Limited	India	47.21%	47.21%	47.21%

b **Disclosure of Additional Information Pertaining to the Parent Company and Associate**

(₹ in million)

Name of the Company	Share in Profit/(Loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of Consolidated share of Profit/(Loss)	Amount ₹ in Million	As % of Consolidated other comprehensive income	Amount ₹ in Million	As % of Consolidated total comprehensive income	Amount ₹ in Million
For period ended 30th September, 2017						
Mazagon Dock Shipbuilders Ltd	86.62	2,475.44	100.00	(495.36)	83.81	1,980.08
Goa Shipyard Limited	13.38	382.48	-	-	16.19	382.48
Total	100.00	2,857.92	100.00	(495.36)	100.00	2,362.56
For year ended 31st March, 2017						
Mazagon Dock Shipbuilders Ltd	90.69	5,401.93	168.84	(8.80)	90.63	5,393.13
Goa Shipyard Limited	9.31	554.27	(68.84)	3.59	9.37	557.85
Total	100.00	5,956.20	100.00	(5.22)	100.00	5,950.99
For year ended 31st March, 2016						
Mazagon Dock Shipbuilders Ltd	95.29	5,950.89	102.90	43.49	95.34	5,994.37
Goa Shipyard Limited	4.71	294.02	(2.90)	(1.23)	4.66	292.80
Total	100.00	6,244.91	100.00	42.26	100.00	6,287.17

c In case of Joint Venture Company "Mazagon Dock Pipavav Defence Pvt Ltd", the financials are not consolidated due to:

a) The joint venture partners have not yet paid for share subscription.
b) The joint venture company has not commenced operation.
c) The amount of total assets and liabilities are not material.
d) The financial statements of the joint venture for the half year ended 30th September, 2017 are yet to be audited.

d For preparation of Consolidated Financial Statements, uniform accounting policies have been followed except in case of employee related liabilities pertaining to gratuity and leave encashment which is booked on the basis of best estimate instead of actuarial valuation for the six months period ended 30th September, 2017.

19 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	For and on behalf of the Board of Directors
Ford Rhodes Parks & Co. LLP Chartered Accountants Firm Registration No. 102860W/W100089	**Cmde. Rakesh Anand, IN (Retd)** Chairman and Managing Director
Shrikant Prabhu Partner Membership No. 35296	**Sanjiv Sharma** Director (Finance)
Date: 1st March 2018 Mumbai	**Vijayalakshmi Kamal Kumar** Company Secretary

Independent Auditor's Report on Restated Unconsolidated Financial Information as required under Section 26 of the Companies Act, 2013, read with Rule 4 of The Companies (Prospectus and Allotment of Securities) Rules, 2014

To
The Board of Directors
Mazagon Dock Shipbuilders Limited,
Dockyard Road,
Mumbai -400010
Maharashtra

Dear Sirs,

1. We have examined, the attached Restated Unconsolidated Financial Information of Mazagon Dock Shipbuilders Limited (the "Company"), which comprises the Restated Unconsolidated Summary Statement of Assets and Liabilities as at 30th September, 2017, 31st March, 2017, 2016, 2015, 2014 and 2013, the Restated Unconsolidated Summary Statements of Profit and Loss (including other comprehensive income) and Restated Unconsolidated Summary Statement of changes in equity for six month period ended 30th September, 2017 and each of the years ended 31st March, 2017, 2016 and 2015 and the Restated Unconsolidated Summary Statements of Profit and Loss for years ending 31stMarch, 2014 and 2013 and Restated Unconsolidated Summary Statement of Cash Flows for the six month period ended 30th September, 2017 and each of the years ended 31st March, 2017, 2016, 2015, 2014 and 2013 respectively, and the Summary of Significant Accounting Policies (collectively, the "Restated Unconsolidated Financial Information") as approved by the Board of Directors of the Company and prepared in terms of the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act") read with Rule 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules"); and

   b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

2. The preparation of the Restated Unconsolidated Financial Information is the responsibility of the management of the Company for the purpose set out in paragraph 13 below. The management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Unconsolidated Financial Information. The management is also responsible for identifying and ensuring that the Company complies with the Act, Rules and ICDR Regulations.

3. Our responsibility is to examine the Restated Unconsolidated Financial Information and confirm whether such Restated Unconsolidated Financial Information comply with the requirements of the Act, the Rules, the ICDR Regulations and the Guidance Notes.

4. We have examined such Restated Unconsolidated Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 6th November, 2017 in connection with the proposed Initial Public Offering (IPO) of the Company;

   b) The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India (ICAI) ("The Guidance Note").

   c) The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which include the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

5. The Restated Unconsolidated Financial Information have been compiled by the Management from the:

a) Audited unconsolidated financial statements of the Company as at and for the six month period ended 30th September, 2017 prepared in accordance with the Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 which have been approved by the Board of directors at their meeting held on 1st March 2018.

b) Audited Unconsolidated financial statements of the Company as at and for the year ended 31st March, 2017 which include the comparative Ind AS financial statements as at and for the year ended 31st March, 2016, prepared in accordance with the Indian Accounting Standards ("Ind-AS") notified under the Companies (Indian Accounting Standards) Rules 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 which have been approved by the Board of directors at their meeting held on 23rd August, 2017.

c) Audited unconsolidated financial statements of the Company as at and for the year ended 31st March, 2015, prepared in accordance with Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, which has been approved by the Board of Directors on 15th July, 2015 and which has been converted into figures as per the Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements for the year ended 31st March, 2017. The Restated Unconsolidated Financial Information as at and for the year ended 31st March, 2015 are referred to as "the Proforma Ind AS Restated Unconsolidated Financial Information; and

d) Audited Unconsolidated financial statements of the Company as at and for the years ended 31st March, 2014 and 2013, prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013, ("Indian GAAP") which have been approved by the Board of directors at their meetings held on 17th July, 2014 and 21st August, 2013, respectively.

6. In accordance with the requirements of Section 26 of Part I of Chapter III of the Act read with, the Rules, the ICDR Regulations and the Guidance Note, we report that the Restated Unconsolidated Financial Information of the Company have been arrived after making adjustments and regrouping /reclassifications, which in our opinion were appropriate, and have been fully described in Annexure VII - Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements and Statement of Restatement Adjustment to Audited Unconsolidated Financial Statements included in Annexure V:

   i) The Proforma Ind AS Restated Unconsolidated Financial Information as at and for the year ended 31st March, 2015 are prepared after making proforma adjustments as mentioned in Note 2.1 of Annexure V.

   ii) The Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company, as at 30th September, 2017, 31st March, 2017, 2016 and 2015 under Ind AS, as set out in Annexure I and as at and for the years ended 31st March, 2014 and 2013 under Indian GAAP, as set out in Annexure I to this report.

   iii) The Restated Unconsolidated Summary Statement of Profit and Loss (including other comprehensive income) of the Company, for the six months' period ended 30th September, 2017 and each of the years ended 31st March, 2017, 2016 and 2015 under Ind AS, as set out in Annexure II and the Restated Unconsolidated Summary Statement of Profit and Loss for the years ended 31st March, 2014 and 2013 under Indian GAAP, as set out in Annexure II to this report.

   iv) The Restated Unconsolidated Summary Statement of changes in equity of the Company, for the six months' period ended 30th September, 2017 and each of the years ended 31st March, 2017, 2016 and 2015 under Ind AS, as set out in Annexure IV to this report.

   v) The Restated Unconsolidated Summary Statement of Cash Flows of the Company, for the six months' period ended 30th September, 2017 and each of the years ended 31st March, 2017, 2016 and 2015 under Ind AS, as set out in Annexure III and for the years ended 31st March, 2014 and 2013 under Indian GAAP, as set out in Annexure III to this report.

7. Based on the above and according to the information and explanations given to us, we further report that the Restated Unconsolidated Financial Information of the Company, as attached to this report and as mentioned in para 6 above, read with Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statement Annexure VI and Statement of Restatement Adjustment to Audited Unconsolidated Financial Statement V, Restated Ind AS Unconsolidated Summary Statements - Accounting Policies Annexure V and Restated Unconsolidated Summary Statements – Accounting Policies Annexure IV and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXIX and Restated Unconsolidated Statement of Other Notes Annexure XLVII and Other Annexures to Restated Unconsolidated Financial Information, as described in paragraph 8 and paragraph 9 have been prepared in accordance with the Act, the Rules, and the ICDR Regulations and

   v) there have been no changes in accounting policies of the Company during the six months period ended 30th September, 2017 and years ended 31st March, 2017, 2016, 2015, 2014 and 2013.

   vi) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

   vii) There are no qualifications in the Auditor's Report which require any adjustments.

   viii) There are no extra-ordinary items that need to be disclosed separately in the Restated Unconsolidated Financial Information.

8. We have also examined the following Restated Unconsolidated Financial Information of the Company set out in the Annexures prepared by the management and approved by the Board of Directors of the Company on 1st March 2018 for the six months period ended 30th September, 2017 and for the years ended 31st March, 2017, 2016 and 2015.

   i. Restated Ind AS Unconsolidated Summary Statement of Assets and Liabilities included in Annexure I

   ii. Restated Ind AS Unconsolidated Summary Statement of Profits and Losses included in Annexure II

   iii. Restated Ind AS Unconsolidated Summary Statement of Cash Flows included in Annexure III

   iv. Restated Ind AS Unconsolidated Statement of Changes in Equity included in Annexure IV

   v. Restated Ind AS Unconsolidated Summary Statements – Accounting Policies included in Annexure V

   vi. Restated Ind AS Unconsolidated Statement of Reconciliation of equity included in Annexure VI

   vii. Adjustments for Restatement of Profit and Loss included in Annexure VII

   viii. Restated Ind AS Unconsolidated Statement Property, plant and equipment, intangible assets and Depreciation expense included in Annexure VIII

   ix. Restated Ind AS Unconsolidated Statement of Non-current investments included in Annexure IX

   x. Restated Ind AS Unconsolidated Statement of Cash and Bank balances included in Annexure X

   xi. Restated Ind AS Unconsolidated Statement of Other Assets included in Annexure XI

   xii. Restated Ind AS Unconsolidated Statement of Deferred Tax Assets included in Annexure XII

   xiii. Restated Ind AS Unconsolidated Statement of Inventories included in Annexure XIII

   xiv. Restated Ind AS Unconsolidated Statement of Trade Receivables included in Annexure XIV

   xv. Restated Ind AS Unconsolidated Statement of Share Capital included in Annexure XV

   xvi. Restated Ind AS Unconsolidated Statement of Provisions included in Annexure XVI

   xvii. Restated Ind AS Unconsolidated Statement of Other Liabilities included in Annexure XVII

   xviii. Restated Ind AS Unconsolidated Statement of Revenue included in Annexure XVIII

xix. Restated Ind AS Unconsolidated Statement of Other Income included in Annexure XIX

xx. Restated Ind AS Unconsolidated Statement of Cost of raw material consumed included in Annexure XX

xxi. Restated Ind AS Unconsolidated Statement of Employee benefit expense included in Annexure XXI

xxii. Restated Ind AS Unconsolidated Statement of Finance cost included in Annexure XXII

xxiii. Restated Ind AS Unconsolidated Statement of Other expenses and provisions included in Annexure XXIII

xxiv. Restated Ind AS Unconsolidated Statement of Related Party Transactions included in Annexure XXIV

xxv. Restated Ind AS Unconsolidated Statement of Contingent Liabilities and Capital Commitments included in Annexure XXV

xxvi. Restated Ind AS Unconsolidated Statement of Dividend paid included in Annexure XXVI

xxvii. Restated Ind AS Unconsolidated Statement of Tax Shelter included in Annexure XXVII

xxviii. Restated Ind AS Unconsolidated Statement of Accounting Ratios included in Annexure XXVIII

xxix. Restated Ind AS Unconsolidated Statement of Capitalisation included in Annexure XXX

xxx. Restated Ind AS Unconsolidated Statement of Other Notes included in Annexure XXIX

According to the information and explanations given to us, in our opinion, the Restated Unconsolidated Financial Information contained in Annexures I to IV and the above restated other financial information contained in Annexure V to XXX accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated Unconsolidated financial information disclosed in Annexure V, are prepared after making adjustments and regroupings or reclassifications as considered appropriate and have been prepared in accordance with the Act, the Rules, and the ICDR Regulations and the Guidance Note.

9. We have also examined the following Restated Unconsolidated Financial Information of the Company set out in the Annexures prepared by the Management and approved by the Board of Directors of the Company on 1st March 2018 for the years ended 31st March, 2014 and 2013.

i. Restated Unconsolidated Summary Statement of Assets and Liabilities included in Annexure I

ii. Restated Unconsolidated Summary Statement of Profits and Losses included in Annexure II

iii. Restated Unconsolidated Summary Statement of Cash Flows included in Annexure III

iv. Restated Unconsolidated Summary Statements – Accounting Policies included in Annexure IV

v. Statement of Restatement Adjustment to Audited Unconsolidated Financial Statements included in Annexure V

vi. Restated Unconsolidated Summary Statement of Share Capital included in Annexure VI

vii. Restated Unconsolidated Summary Statement of Reserves and surplus included in Annexure VII

viii. Restated Unconsolidated Summary Statement of Long-term trade payable included in Annexure VIII

ix. Restated Unconsolidated Summary Statement of Other long-term liabilities included in Annexure IX

x. Restated Unconsolidated Summary Statement of Long-term provisions included in Annexure X

xi. Restated Unconsolidated Summary Statement of Short-term trade payable included in Annexure XI

xii. Restated Unconsolidated Summary Statement of Other current liabilities included in Annexure XII

xiii. Restated Unconsolidated Summary Statement of Short-term provisions included in Annexure XIII

xiv. Restated Unconsolidated Summary Statement of Tangible and intangible assets included in Annexure XIV

xv. Restated Unconsolidated Summary Statement of Capital Work-in-progress included in Annexure XV

xvi. Restated Unconsolidated Summary Statement of Non-current investment included in Annexure XVI

xvii. Restated Unconsolidated Summary Statement of Deferred tax asset (net) included in Annexure XVII

xviii. Restated Unconsolidated Summary Statement of Loans and advances included in Annexure XVIII

xix. Restated Unconsolidated Summary Statement of Long-term and Short-term trade receivable included in Annexure XIX

xx. Restated Unconsolidated Summary Statement of Other non-current assets included in Annexure XX

xxi. Restated Unconsolidated Summary Statement of Inventories included in Annexure XXI

xxii. Restated Unconsolidated Summary Statement of Cash and bank balances included in Annexure XXII

xxiii. Restated Unconsolidated Summary Statement of Other current assets included in Annexure XXIII

xxiv. Restated Unconsolidated Summary Statement of Revenue from operation included in Annexure XXIV

xxv. Restated Unconsolidated Summary Statement of Other income included in Annexure XXV

xxvi. Restated Unconsolidated Summary Statement of Cost of raw materials and components consumed included in Annexure XXVI

xxvii. Restated Unconsolidated Summary Statement of Cost of changes in inventory of work-in-progress included in Annexure XXVII

xxviii. Restated Unconsolidated Summary Statement of Employee benefit expenses included in Annexure XXVIII

xxix. Restated Unconsolidated Summary Statement of Finance cost included in Annexure XXIX

xxx. Restated Unconsolidated Summary Statement of Other expenses – Project related included in Annexure XXX

xxxi. Restated Unconsolidated Summary Statement of Other expenses - Other included in Annexure XXXI

xxxii. Restated Unconsolidated Summary Statement of Other expenses – Expense transferred to fixed assets included in Annexure XXXII

xxxiii. Restated Unconsolidated Summary Statement of Provisions included in Annexure XXXIII

xxxiv. Restated Unconsolidated Summary Statement of Earnings per share included in Annexure XXXIV

xxxv. Restated Unconsolidated Summary Statement of Contingent liabilities and commitments included in Annexure XXXV

xxxvi. Restated Unconsolidated Statement of Employee benefits included in Annexure XXXVI

xxxvii. Restated Unconsolidated Statement of Computation of disclosure in relation to Revised Schedule VI of the Companies Act, 1956 included in Annexure XXXVII

xxxviii. Restated Unconsolidated Statement of Expenditure on foreign currency included in Annexure XXXVIII

xxxix. Restated Unconsolidated Statement of Directors' remuneration included in Annexure XXXIX

xl. Restated Unconsolidated Statement of Provisions made, utilised and written back included in Annexure XL

xli. Restated Unconsolidated Statement of Dues to Micro and Small Enterprises included in Annexure XLI

xlii. Restated Unconsolidated Statement of Remuneration to auditors included in Annexure XLII xliii. Restated Unconsolidated Statement of Reconciliation of opening reserve included in Annexure XLIII

xliv. Restated Unconsolidated Statement of Accounting ratios included in Annexure XLIV

xlv. Restated Unconsolidated Statement of Dividend paid included in Annexure XLV

xlvi. Restated Unconsolidated Statement of Tax shelter included in Annexure XLVI

xlvii. Restated Unconsolidated Statement of Other notes included in Annexure XLVII

According to the information and explanations given to us, in our opinion, the Restated Unconsolidated Financial Information contained in Annexure I to III and the above Restated Other Financial Information contained in Annexure IV to XLVII accompanying this report, read with Significant Accounting Policies and Notes forming part of the Restated Financial Information,
disclosed in Annexure IV, are prepared after making adjustments and regroupings or reclassifications as considered appropriate and have been prepared in accordance with the Act, the Rules, and the ICDR Regulations and the Guidance Note.

10. This report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the Unconsolidated financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

Emphasis of Matter

12. We draw attention to the following matters in the annexure to the restated unconsolidated financial statements:

For the period ended 30th September, 2017;

a. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. (Refer Annexure XI Point No. 1)

b. Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (xix))

c. In respect to the balances due from / to Indian Navy which are in the process of reconciliation. (Refer Annexure XXV Note No. C)

For the period ended 31st March, 2017;

e. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. (Refer Annexure XI Point No. 1)

f. Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (iii))

g. In respect to the balances due from / to Indian Navy which are in the process of reconciliation. (Refer Annexure XXV Note No. C)

For the period ended 31st March, 2016;

e. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. (Refer Annexure XI Point No. 1)

f. Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (ii))

g. Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation. (Refer Annexure XXV Point No. C)

For the period ended 31st March, 2015;

a. In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. (Refer Annexure XI Point No. 1)

b. Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (i))

c. Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation. (Refer Annexure XXV Point No. C)

d. Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory / consumption is done at the time of settlement, cannot be determined. (Refer Annexure XIII Point No. (i))

For the period ended 31st March, 2014;

a. In respect of certain leasehold properties, depreciation has been charged on the basis of available information pending execution of lease agreements. (Refer Annexure XIV Point No. (i))

b. Registration formalities are pending in respect of certain properties. (Refer Annexure XIV Point No. (ii))

c. Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation. (Refer Annexure XXIII Point No. 1)

d. Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory / consumption is done at the time of settlement, cannot be determined. (Refer Annexure XXI Point No. 4)

For the period ended 31st March, 2013;

a. In respect of certain leasehold properties, depreciation has been charged on the basis of available information pending execution of lease agreements. (Refer Annexure XIV Point No. (iii))

b. Registration formalities are pending in respect of certain properties. (Refer Annexure XIV Point no. (iv))

c. Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation. (Refer Annexure XXIII Point No. 1)

d. Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory / consumption is done at the time of settlement, cannot be determined. (Refer Annexure XXI Point No. 4)

Our opinion is not modified in respect of these matters

13. Our report is intended solely for use of the management for inclusion in the offer document to be filed with Securities and Exchange Board of India, Registrar of Companies, Mumbai, Maharashtra and concerned

Stock Exchanges in connection with the proposed Initial Public Offering of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For Ford Rhodes Parks & Co. LLP
Chartered Accountants
Firm Registration Number: 102860W / W100089

Shrikant Prabhu
Partner
Membership No. 35296
Place: Mumbai
Date: 1st March 2018

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure I

Restated Ind AS Unconsolidated Summary Statement of Assets and Liabilities

(₹ in million)

Sr. No.	Particulars	Annexure	As at 30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
	ASSETS					
A	**Non-current assets**					
	Property, Plant and Equipment	VIII	5,164.67	5,249.00	3,449.22	2,767.98
	Capital work-in-progress	XI	1,063.16	984.28	1,695.84	411.54
	Other intangible assets	VIII	188.56	213.52	228.30	90.50
			6,416.39	**6,446.80**	**5,373.36**	**3,270.02**
	Financial assets					
	Investments	IX	60.01	60.01	60.01	60.01
	Trade receivable	XIV	179.42	160.46	167.40	156.95
	Loans	XI	31.67	30.87	29.30	27.58
	Other financial assets	XI	33.98	33.98	33.98	33.98
	Deferred tax assets (net)	XII	5,410.00	4,988.07	4,932.86	4,606.55
	Non-current tax assets (net)	XI	1,473.37	1,811.33	1,280.90	1,749.71
	Other non-current assets	XI	1,965.54	1,421.63	1,133.90	773.92
	Total of Non-current assets (A)		**15,570.38**	**14,953.15**	**13,011.71**	**10,678.72**
B	**Current assets**					
	Inventories	XIII	37,561.48	40,286.56	42,446.70	44,440.62
	Financial assets					
	Trade receivables	XIV	28,569.29	7,469.56	9,197.25	14,763.84
	Cash and cash equivalents	X	5,871.20	1,428.78	8,977.70	2,148.84
	Bank balances other than cash and cash equivalents	X	76,010.00	82,200.00	79,050.00	74,000.00
	Loans	XI	97.51	66.36	69.60	58.90
	Other financial assets	XI	10,338.92	13,109.11	9,300.06	5,157.33
	Assets held for sale		0.08	0.21	-	-
	Other current assets	XI	32,009.68	30,357.66	24,944.76	30,769.72
	Total of Current assets (B)		**1,90,458.16**	**1,74,918.24**	**1,73,986.07**	**1,71,339.25**
	Total A+B		**2,06,028.54**	**1,89,871.39**	**1,86,997.78**	**1,82,017.97**

Sr. No.	Particulars	Annexure	As at			
			30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
	EQUITY AND LIABILITIES					
	-					
C	**Equity**					
	Equity Share capital	XV	2,490.00	2,490.00	1,992.00	1,992.00
	Other equity	IV	25,927.79	23,755.33	21,169.78	16,421.70
	Total equity (C)		**28,417.79**	**26,245.33**	**23,161.78**	**18,413.70**
D	**Non-current liabilities**					
	Financial liabilities					
	Trade payable	XVII	179.42	160.46	167.40	156.95
	Other financial liabilities	XVII	5.76	1.41	0.82	-
	Other long-term liabilities	XVII	1,617.66	1,669.47	1,316.28	-
	Long-term provisions	XVI	12,133.13	12,110.35	11,856.80	11,850.94
	Total non-current liabilities (D)		**13,935.97**	**13,941.69**	**13,341.30**	**12,007.89**
E	**Current liabilities**					
	Financial liabilities					
	Trade payables	XVII	10,870.35	9,263.47	11,201.10	9,419.79
	Other financial liabilities	XVII	1,976.12	1,747.11	2,111.90	1,800.91
	Other current liabilities	XVII	1,48,978.24	1,37,846.71	1,36,517.80	1,39,849.99
	Short-term provisions	XVI	1,850.07	827.08	663.90	525.69
	Total current liabilities (E)		**1,63,674.78**	**1,49,684.37**	**1,50,494.70**	**1,51,596.38**
	Total C+D+E		**2,06,028.54**	**1,89,871.39**	**1,86,997.78**	**1,82,017.97**

Note:
The above statement should be read with the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V and Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 1st March 2018
Mumbai

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure II
Restated Ind AS Unconsolidated Summary Statement of Profits and Losses

(₹ in million)

Sr No.	Particulars	Annexure	For the period/ year ended			
			30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
	Income					
	Contract revenue	XVIII	17,474.32	35,236.68	41,062.20	36,050.29
	Other operating revenue	XVIII	39.71	68.11	208.40	288.40
			17,514.03	35,304.79	41,270.60	36,338.69
	Other income	XIX	3,111.90	7,645.74	7,596.32	5,770.34
	Total income		**20,625.93**	**42,950.53**	**48,866.92**	**42,109.03**
	Expenses					
	Cost of materials consumed	XX	10,884.08	21,400.75	26,449.70	20,914.13
	Employee benefits expense	XXI	3,424.77	7,288.37	7,597.24	6,928.92
	Finance costs	XXII	19.16	38.95	39.01	38.67
	Depreciation and amortization expenses	VIII	231.69	393.90	438.10	330.34
	Sub-contract		516.87	1,101.93	1,349.20	1,507.10
	Power and fuel		125.72	260.44	282.20	252.00
	Other expenses: (a) Project related	XXIII	728.86	1,417.13	2,035.20	3,070.41
	(b) Others	XXIII	515.72	1,594.53	1,215.80	1,084.51
	Expenses transferred to Fixed Assets	XXIII	-	-	-	(13.00)
	Provisions	XXIII	163.54	1,084.53	217.00	153.99
	Total expenses		**16,610.41**	**34,580.53**	**39,623.45**	**34,267.07**
	Restated Profit before tax		**4,015.52**	**8,370.00**	**9,243.47**	**7,841.96**
	Tax expense:					
	Current tax		1,520.42	2,930.71	3,522.00	2,567.16
	Deferred tax (credit) / charge		(172.70)	(50.57)	(349.32)	(10.40)
	Adjustment of tax relating to earlier years		-	-	45.70	-
	Profit for the year attributable to equity shareholders		**2,667.80**	**5,489.86**	**6,025.09**	**5,285.20**
	Other comprehensive income ('OCI')					
	OCI not to be reclassified to profit or loss in subsequent periods:					
	Remeasurement gains/(losses) on defined benefit plans		(744.45)	(13.46)	66.50	(1.10)
	Income tax effect		249.09	4.66	(23.01)	0.37

Sr No.	Particulars	Annexure	For the period/ year ended			
			30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
	Total comprehensive income for the year attributable to equity shareholders		**2,172.44**	**5,481.06**	**6,068.58**	**5,284.47**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 1st March 2018

Mumbai

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure III

Restated Ind AS Unconsolidated Summary Statement of Cash Flows

(₹ in million)

Sr. No.	Particulars	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
A	**Cashflow from operating activities**				
	Profit before tax (as restated)	4,015.52	8,370.00	9,243.47	7,841.96
	Adjustments for :				
	(+) Non cash expenditure and non-operating expenses				
	Depreciation / Amortization	231.69	393.90	438.10	330.34
	Finance cost	19.16	38.95	39.01	38.67
	Amortization of prepaid rentals	0.78	1.52	1.50	1.52
	(-) Non-operating income				
	(Profit) / Loss on sale of fixed assets	(2.27)	(3.14)	(0.70)	2.87
	Interest income	(2,523.65)	(6,328.79)	(6,780.60)	(5,188.99)
	Dividend received	(192.35)	(87.93)	(74.20)	-
	Amortization gain on deferred deposits of Vendors	(0.22)	(0.16)	(0.02)	-
	Amortization of deferred revenue (Customer funded assets)	(53.46)	(25.41)	(121.20)	-
	Interest Income on deferred payment liability to foreign supplier	(18.96)	(38.80)	(38.30)	(38.37)
	Interest Income on deferred deposit with MbPT	(0.81)	(1.54)	(1.50)	(1.34)
	Fund utilized for CSR	-	-	(116.90)	(49.90)
	Operating profit before working capital changes	**1,475.43**	**2,318.60**	**2,588.66**	**2,936.75**
	Movement in working capital				
	Decrease in Inventories	2,725.06	2,160.15	1,993.92	5,813.91
	Decrease / (Increase) in Trade receivables and loans and advances	(21,150.91)	1,776.67	5,583.38	(6,658.38)
	Decrease / (Increase) Other current and non-current assets	6,767.07	(12,650.19)	(3,676.74)	(20,884.19)
	(Decrease) / Increase in Trade payables and provisions	1,927.19	(1,580.02)	1,963.99	115.93
	(Decrease) / Increase in Other current and non-current liabilities	11,366.34	1,343.35	(1,582.89)	16,726.28
	Cashflow generated from operations	**3,110.18**	**(6,631.44)**	**6,870.32**	**(1,949.70)**
	Direct tax paid (net of refunds)	(1,182.35)	(3,461.24)	(3,099.00)	(2,840.10)
	Net cash flow from (used in) operating activities (A)	**1,927.83**	**(10,092.68)**	**3,771.32**	**(4,789.80)**
B	**Cash flows from investing activities**				
	Purchase of Property, plant and Equipment (net of adjustments)	(127.35)	(2,183.34)	(1,258.40)	(1,613.24)
	Capital work in progress	(78.88)	711.56	(1,284.26)	712.36

Sr. No.	Particulars	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
	Proceeds from sale of property, plant and equipment	7.25	7.58	1.90	3.83
	Capital advance	(2.43)	(11.26)	(52.20)	83.40
	Interest received	2,523.65	6,328.79	6,780.60	5,188.99
	Dividend received	192.35	87.93	74.20	-
	Net cash flow from / (used in) investing activities (B)	**2,514.59**	**4,941.26**	**4,261.84**	**4,375.34**
C	**Cash flow from financing activities**				
	Dividend paid (including dividend distribution tax thereon)	-	(2,397.50)	(1,203.60)	(1,199.90)
	Finance costs	-	-	(0.70)	(0.30)
	Net cash flow from / (used in) financing activities (C)	**-**	**(2,397.50)**	**(1,204.30)**	**(1,200.20)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**4,442.42**	**(7,548.92)**	**6,828.86**	**(1,614.66)**
	Cash and cash equivalents at the beginning of the year	**1,428.78**	**8,977.70**	**2,148.84**	**3,763.50**
	Cash and cash equivalents at the end of the year	**5,871.20**	**1,428.78**	**8,977.70**	**2,148.84**

Note: Figure in bracket indicate outflow

(₹ in million)

Sr. No.	Particulars	For the period ended			
		30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
	Components of cash and cash equivalents:				
	Balances with banks:-				
	- In Current accounts				
	i)In India	22.20	6.07	688.70	280.28
	ii)Outside India	8.08	7.93	8.30	6.95
	- In cash credit accounts	-	-	-	0.01
	- In deposit accounts	3,840.86	1,414.78	2,680.70	1,761.50
	- In fixed deposit accounts - maturity less than 3 months	2,000.00	-	5,600.00	100.00
	Cash on hand	0.06	-	-	0.10
	Total	**5,871.20**	**1,428.78**	**8,977.70**	**2,148.84**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXIX.

As per our report of even date

For and on behalf of the Board of Directors

Ford Rhodes Parks & Co. LLP

Chartered Accountants
Firm Registration No. 102860W/W100089

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

Shrikant Prabhu

Partner
Membership No. 35296

Sanjiv Sharma
Director
(Finance)

Date: 1st March 2018
Mumbai

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure IV
Restated Ind AS Unconsolidated Statement of Changes in Equity

(A) Equity share capital

(₹ in million)

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Opening balance	2,490.00	1,992.00	1,992.00	1,992.00
Changes in equity share capital during the year				
Issue of Bonus shares (in the ratio of 1:4)	-	498.00	-	-
Closing balance	**2,490.00**	**2,490.00**	**1,992.00**	**1,992.00**

(B) Other equity

For the year ended 31st March, 2015 **(₹ in million)**

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	CSR Fund	Total Other Equity
Balance as at 1st April, 2014 (Proforma)	(6,195.97)	17,250.00	0.50	1,237.20	95.60	12,387.33
Profit / (loss) for the year	5,285.20					5,285.20
Other comprehensive income / (loss) for the year						
Remeasurement of defined employee benefit plan (net of tax)	(1.03)					(1.03)
Dividends						
Interim	(1,000.00)					(1,000.00)
Tax on dividends	(199.90)					(199.90)
Utilized for expenses	-				(49.90)	(49.90)
Transfer from surplus	(3,627.70)	3,500.00			127.70	-
Balance as at 31st March, 2015 (Proforma)	**(5,739.40)**	**20,750.00**	**0.50**	**1,237.20**	**173.40**	**16,421.70**

For the year ended 31st March, 2016 **(₹ in million)**

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	CSR Fund	Total Other Equity
Balance as at 1st April, 2015	(5,739.40)	20,750.00	0.50	1,237.20	173.40	16,421.70
Profit for the year	6,025.09					6,025.09
Other comprehensive income / (loss) for the year						
Remeasurement of defined employee benefit plan (net of tax)	43.49					43.49
Dividends						
Interim	(1,000.00)					(1,000.00)
Tax on dividends	(203.60)					(203.60)
Utilized for expenses	-				(116.90)	(116.90)
Transfer from surplus	(3,631.60)	3,500.00			131.60	-
Balance as at 31st March, 2016	**(4,506.02)**	**24,250.00**	**0.50**	**1,237.20**	**188.10**	**21,169.78**

For the year ended 31st March, 2017 **(₹ in million)**

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	CSR Fund	Total Other Equity
Balance as at 1st April, 2016	(4,506.02)	24,250.00	0.50	1,237.20	188.10	21,169.78
Profit / (loss) for the year	5,489.86					5,489.86
Other comprehensive income / (loss) for the year						
Remeasurement of defined employee benefit plan (net of tax)	(8.80)					(8.80)
Issue of bonus shares				(498.00)		(498.00)
Dividends						
Interim	(1,000.00)					(1,000.00)
Final	(992.00)					(992.00)
Tax on dividends	(405.50)					(405.50)
Utilized for expenses					(188.10)	(188.10)
Transfer from surplus		188.10				188.10
Balance as at 31st March, 2017	**(1,422.47)**	**24,438.10**	**0.50**	**739.20**	**-**	**23,755.33**

For the period ended 30th September, 2017 **(₹ in million)**

Particulars	Retained Earnings	General Reserve	Capital Reserve	Capital Redemption Reserve	Total Other Equity
Balance as at 1st April, 2017	(1,422.47)	24,438.10	0.50	739.20	23,755.33
Profit / (loss) for the year	2,667.81				2,667.81
Other comprehensive income / (loss) for the period					
Remeasurement of defined employee benefit plan (net of tax)	(495.36)				(495.36)
Balance as at 30th September, 2017	**749.99**	**24,438.10**	**0.50**	**739.20**	**25,927.79**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXIX.

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

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

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

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

Proposed Dividend: The Company has paid interim dividend of ₹1,000.00 million for FY 2016-17, ₹1,000.00 million for FY 2015-16, ₹1,000.00 million for FY 2014-15. In addition, the Board has recommended the payment of final dividend of ₹654.10 million for FY 2016-17 ₹992.00 million for FY 2015-16, Nil for FY 2014-15. This proposed final dividend for FY 2016-17 was approved by AGM and paid in October 2017.

The Board recommended interim dividend of ₹1,050.00 million for FY 2017-18 which was approved by the board and paid in December 2017. Further the Board has also recommended second interim dividend of ₹750.00 million for FY 2017-18.

Buyback: The Company has completed 10% Buyback of equity shares (No. Of Shares: 24.9 million of ₹10 each) for ₹2,534.86 million and ₹538.88 million tax thereon total amounting to ₹3,073.73 million in December 2017. Due to this the share capital will be reduced by ₹249 million to ₹2,241.00 million and other equity will be reduced by ₹2,824.73 million to ₹2,3103.05 million resulting in total shareholders' funds of ₹ 25,344.05 million.

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 1st March 2018
Mumbai

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure V
Notes to Restated Ind AS Unconsolidated Summary Statements-Accounting Policies

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:

The Restated Ind AS Unconsolidated Summary Statement of Assets and Liabilities of the Company as at September 30, 2017, March 31, 2017; 2016 and 2015 and the related Restated Ind AS Unconsolidated Summary Statement of Profit and Loss, Restated Ind AS Unconsolidated Summary Statement of Changes in Equity and Restated Ind AS Unconsolidated Summary Statement of Cash Flows for the half year ended September 30, 2017, year ended March 31, 2017; 2016 and 2015 (hereinafter collectively referred to as "Restated Ind AS Unconsolidated Financial Information") have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering ("IPO") through Offer for Sale of its equity shares.

These Restated Ind AS Unconsolidated Financial Information have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereof. These Restated Ind AS Unconsolidated Financial Information have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI regulations") as amended from time to time.

The Restated Ind AS Unconsolidated Summary Statements have been compiled from:

a) Audited Unconsolidated financial statements of the Company as at September 30,2017 and for the year ended March 31, 2017 which include the comparative Ind AS financial statements as at and for the year ended March 31, 2016 prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 under the provisions of the Act and subsequent amendments thereof; and

The Company is covered under Phase 1 of Ind AS applicability based on it net worth on March 31, 2014, i.e. it shall comply with Ind AS for the accounting periods beginning April 01, 2016, with the comparatives for the periods ending on March 31, 2016.

b) Audited Unconsolidated Financial Statement of the Company as at and for the year ended on March 31, 2015 prepared in accordance with accounting standard which have been converted into Proforma Unconsolidated Ind AS financial statements ("Proforma SFS 2015") as at and for the year ended March 31, 2015. These Proforma SFS 2015 have been prepared by making Ind AS adjustments to the audited Indian GAAP unconsolidated financial statements as at and for the year ended March 31, 2015 in accordance with the provisions of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 ("SEBI Circular") and Guidance Note on Reports in Company Prospectuses (Revised 2016) ("Guidance Note")

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements prepared in accordance with Accounting Standards notified under the section 133 of the Act, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP" or "Indian GAAP") to Ind AS for Shareholders' Fund as at March 31, 2016 and April 01, 2015 and of the profit for the year ended March 31, 2016. Further the

Company has also presented a reconciliation of Proforma adjustment from previous GAAP to Ind AS for shareholder's fund as at April 01, 2014 and of profit for the year ended March 31, 2015.

These financial statements for the year ended March 31, 2017 are Company's first Ind AS financial statements. Refer Annexure XXX, Note 17 'First time adoption of Ind AS' below for the details of first-time adoption exemptions availed by the Company.

For the purpose of Proforma SFS 2015 the Company has followed the same accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on its Ind AS transition date (i.e. April 01, 2015) while preparing Proforma SFS 2015 and accordingly suitable restatement adjustments in the accounting heads has been made in the Unconsolidated Proforma Financial Information. This Unconsolidated Proforma Financial Information have been prepared by making Ind AS adjustments to the audited Indian GAAP Unconsolidated financial statements as at and for the year ended March 31, 2015.

The Unconsolidated Financial Information for the half year ended 30 September 2017, year ended 31 March 2017, 2016 and Proforma SFS 2015 have been prepared on a historical cost convention, except for certain financial assets and liabilities that have been measured at fair value (refer accounting policy regarding financial instruments).

The Restated Ind AS Unconsolidated Financial information were approved by the board directors of the Company on 1st March 2018.

2.2 Summary of significant accounting policies:

a) Use of estimates :

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

Estimates and assumptions are required in particular for:

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

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

ii. Recognition and measurement of defined benefit obligations:

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

iii. Recognition of deferred tax assets:

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

iv. Recognition and measurement of other provisions:

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

v. Discounting of long-term financial liabilities

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

vi. Determining whether an arrangement contains a lease:

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

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

b) Current versus non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

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

i. Expected to be realised or intended to be sold or consumed in normal operating cycle

ii. Held primarily for the purpose of trading

iii. Expected to be realised within twelve months after the reporting period, or

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

All other assets are classified as non - current.

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

i. It is expected to be settled in normal operating cycle

ii. It is held primarily for the purpose of trading

iii. It is due to be settled within twelve months after the reporting period, or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non-current.

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

c)Property, plant and equipment:

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

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

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

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

Spares purchased along with PPE are capitalised.

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

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

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

The Company has elected to measure all its Property Plant & Equipment, on the date of transition i.e. April 01, 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 April 01, 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 years
Plant & Machinery	Goliath crane (300 ton capacity)	30 years

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

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

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

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

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

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

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

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

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

d) Intangible assets:

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

e) Impairment of assets:

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

f) Investment in associate:

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

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

Exemption availed under Ind AS 101: On transition to Ind AS, Company has elected to continue with the carrying value of its investments in its associate as at April 01, 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

g) Foreign currency transactions:

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

h) Borrowing costs:

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

i) Inventory valuation

i Raw materials and stores and general spares are valued at weighted average cost.
ii. Equipment for specific projects are valued at cost.
iii. Stock-in-transit is valued at cost.

iv. Cost of inventories comprises of purchase cost, conversion and other cost incurred in bringing them to the present location and condition.
v. Provision for obsolescence will be made for raw materials, stores and spares not moved for over 3 years. For Project specific material, obsolescence is provided to
the items for which shelf life is expired.
vi. Scrap is valued at estimated net realizable value.
vii. Work in progress and finished goods other than construction contracts & ship repair contracts have been valued at lower of cost and net realisable value.

j) Revenue recognition

i. **Construction & repair contracts**

Fixed Price Contract:

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

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

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

Cost Plus Contract:

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

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

Unbilled Revenue:

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

Unearned Income:

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

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

ii. **Dividend income**

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

iii. **Interest income**

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

iv. **Rendering of services**

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

v. **Insurance claims:**

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

k) Financial instruments:

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

Financial Assets:

i. **Classification:**

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

ii. **Initial recognition and measurement:**

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

iii. **Financial assets measured at amortised cost:**

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

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

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

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

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

vi. **Investment in equity instruments:**

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

vii. **Investment in debt instruments:**

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

viii. **Impairment of financial asset:**

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

ix. **Derecognition of financial assets:**

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

Financial liabilities:

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

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

i. **Classification, initial recognition and measurement**

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

ii. **Subsequent measurement**

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

iii. **De-recognition of financial liability**

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

iv. **Retentions**

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

v. **Security deposit**

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

l)Leases

i. As a lessee

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

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

ii. As a lessor

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

m) Employee benefits
i. Short-term obligations

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

ii. Other long-term employee benefit obligations

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

iii. Post-employment obligations

The Company operates the following post-employment schemes:

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

Gratuity

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

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

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

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

Post-retirement medical scheme

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

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

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

Provident fund and Pension

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

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

n) Dividend to equity shareholders

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

o) Provision for current & deferred tax

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

Current income tax:

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

Current tax assets and liabilities are offset only if, the Company:
has a legally enforceable right to set off the recognised amounts; and
intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax:

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

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

p)Provision for doubtful debts and loans and advances :

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

q)Warranty provision:

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

r)Provision, contingent liabilities and contingent assets:

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

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure VI

Restated Ind AS Unconsolidated Statement of reconciliation of equity as per previous GAAP and Ind AS

Reconciliation of equity as per previous GAAP and Ind AS for the year ended as at 31st March, 2016 and as at 31st March, 2015 is as under:

(₹ in million)

Particulars	31st March, 2016	31st March, 2015 (Proforma)
Restated Equity as per previous GAAP	**20,606.35**	**16,426.15**
Add / (Less): Ind AS impact on account of -		
Recognition of interest cost & exchange gain / loss on unwinding of long-term trade payable	466.47	593.57
Recognition of interest income & exchange gain / loss on unwinding of long-term trade receivable	(466.47)	(593.57)
Reversal of proposed dividend	992.00	-
Reversal of tax on proposed dividend	201.90	-
Reversal of revenue on account of unexecuted work as on balance sheet date	(220.70)	(73.00)
Reversal of provision of expenses on account of unexecuted work as on balance sheet date	230.02	71.72
Others	(190.69)	(3.60)
Tax Impact on above adjustments (net)	(449.10)	0.43
Restated Equity as per Ind AS	**21,169.78**	**16,421.70**

Reconciliation of profit after tax as previously reported under IGAAP to Ind AS for the year ended 31st March, 2016 and 31st March, 2015:

(₹ in million)

Particulars	31st March, 2016	31st March, 2015 (Proforma)
Restated Net profit as per previous GAAP	**6,694.12**	**5,285.64**
Add / (Less):		
Reversal of revenue on account of unexecuted work	(147.70)	(73.00)
Reversal of provision of expenses on account of unexecuted work	158.30	71.72
Amortisation of deferred revenue on account of customer funded assets	121.20	-
Additional depreciation assets recognised on account of customer funded assets	(121.20)	-
Interest income and Exchange gain / (loss) on account of unwinding of SDR Receivable (classified as 'Long-term trade receivable).	82.70	82.17
Interest expenses and Exchange gain / (loss) on account of unwinding of on SDR Payables (classified as 'Long-term trade payable).	(82.70)	(82.17)
Others		
	(187.04)	(0.32)
Tax impact on above adjustments (net)	(449.10)	0.43
Restated Total Comprehensive Income as per Ind AS	**6,068.58**	**5,284.47**

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure VII

Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements

The summary of results of restatement adjustments made in the audited Unconsolidated financial statements for the respective years and its impact on the profit of the Company is as follows:

(₹ in million)

Sr no.	Particulars	For the year ended 31st March, 2017	31st March, 2016	31st March, 2015
A	**Net profit as per audited financial statements**	**5,334.91**	**5,684.81**	**4,915.96**
B	**Adjustments to net profit as per audited financial statements**			
1	**Restatements**			
a.	**Due to prior period items**			
	Increase/(Decrease) in Income			
	Prior period income restated in correct period on account of: -Depreciation expenses -Amortization expenses	-	-	113.44
	Unaccounted Revenue, now recognized- -on sale of ship; -Commission on B&D spares	7.43	-	144.32
	Restatement of incomes treated as 'Prior period income', on account of Change in contract revenue	-	-	83.20
	Prior period expenses restated in correct period on account of: -Depreciation expenses; -Bad debts; and -Repairs and maintenance expenses	-	-	(28.71)
	Unrecorded Gratuity expenses pertaining to previous years, now restated	-	-	1.87
b.	**Material adjustments relating to previous years**			
	Increase/(Decrease) in Income			
	(Increase)/Decrease in Expenses			
	Reversal of excess provision towards 'Post retirement medical benefit'.	-	(86.54)	73.43
	Reversal of actuarial gain / (Loss) on leave encashment	(114.58)	36.80	-
	Consumption of specific equipment charged in the correct year	-	-	(23.88)
	Reversal of wrongly booked liability towards vendor escalations	-	-	1.95
	Capital expenditure pertaining to F.Y. 2014-15, wrongly charged to revenue, now rectified	-	-	10.14
	Error in recording excess Subcontracting Expenses, now reversed	-	-	6.66
2	**Ind AS adjustments for Proforma period**			
		-	**-**	**(0.36)**
C	**Total adjustments**	**(107.15)**	**(49.74)**	**382.06**

Sr no.	Particulars	For the year ended		
		31st March, 2017	31st March, 2016	31st March, 2015
D	**Restated profit / (loss) before tax adjustments (A-C)**	**5,227.76**	**5,635.07**	**5,298.02**
E	**Tax impact of adjustments**			
a.	On restatement adjustments-income/(expense)	262.10	390.02	(12.76)
b.	On Ind AS adjustments	-	-	(0.06)
F	**Restated profit / (loss) after tax**	**5,489.86**	**6,025.09**	**5,285.20**

Note: The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in **Annexure V.**

Tax Adjustments

The impact, if any on the restated items in Sr. No. E above on the tax has been treated as Deferred Tax adjustments in the Restated Unconsolidated Summary Statements.

Material regroupings

Appropriate adjustments have been made in the Restated Unconsolidated Summary Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company for the period ended 31st March, 2017 prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (as amended).Significant regrouping include:

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure VIII
Restated Ind AS Unconsolidated Statement of Property, plant and equipment and Intangible assets

Property, plant and equipment **(₹ in million)**

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-14	Additions	Adjustments	Disposal	Balance 31-03-15	Opening 01-04-14	For the Year	Adjustments	Disposal	Balance31-03-15	As on 31-03-15	As on 31-03-14
A	**Assets Owned by MDL**												
1	Freehold	0.10	-	-	-	0.10	-	-	-	-	-	0.10	0.10
2	Buildings: i) Factory Building	369.26	10.90	(15.70)	10.20	354.26	284.39	9.60	(16.00)	4.30	273.69	80.57	84.87
	ii) Office and Staff Quarters												
	a) RCC	63.19	-	85.70	-	148.89	23.69	2.70	29.60	-	55.99	92.90	39.50
	b) Non RCC	-	0.20	13.50	-	13.70	-	1.10	2.80	-	3.90	9.80	-
3	Road	-	-	7.20	-	7.20	-	3.60	3.20	-	6.80	0.40	-
4	Other Civil Works	91.30	-	(91.30)	-	-	19.90	-	(19.90)	-	-	-	71.40
5	Plant and Equipment	1,459.57	359.70	194.10	3.80	2,009.57	758.40	72.50	252.40	3.50	1,079.80	929.77	701.18
6	Furniture and Fixtures	100.38	30.10	-	0.20	130.28	41.94	11.90	-	0.10	53.74	76.54	58.43
7	Vehicles	29.22	158.50	-	0.40	187.32	14.64	19.60	-	0.30	33.94	153.38	14.58
8	Office Equipment	446.70	19.10	(287.40)	4.70	173.70	236.62	47.00	(175.30)	4.50	103.82	69.88	210.08
9	Building Berths, Kasara Basin, Dry Docks and Launch ways	323.60	-	(323.60)	-	-	307.80	-	(307.80)	-	-	-	15.75
10	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	-	12.90	163.10	3.70	172.30	-	45.10	108.70	3.60	150.20	22.10	-
	ii) Server and Network	-	10.00	128.10	-	138.10	-	19.00	67.40	-	86.40	51.70	-
11	Loose Tools	115.55	32.01	-	14.10	133.46	103.64	20.55	-	-	124.19	9.27	11.91
12	Ship - Launches and Boats*	89.70	-	-	-	89.70	58.01	1.50	-	-	59.51	30.19	31.69

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-14	Additions	Adjustments	Disposal	Balance 31-03-15	Opening 01-04-14	For the Year	Adjustments	Disposal	Balance31-03-15	As on 31-03-15	As on 31-03-14
13	Electrical Installation and Equipments	-	24.00	126.30	0.10	150.20	-	13.80	54.90	0.10	68.60	81.60	-
	Sub-total	**3,088.57**	**657.41**	**-**	**37.20**	**3,708.78**	**1,849.03**	**267.95**	**-**	**16.40**	**2,100.58**	**1,608.20**	**1,239.49**

***** 9 Nos Vessels under the head "Ships Launches and Boats" costing **₹** 89.70 million 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 million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-14	Additions	Adjustments	Disposal	Balance31-03-15	Opening 01-04-14	For the Year	Adjustments	Disposal	Balance31-03-15	As on 31-03-15	As on 31-03-14
1	Factory Building	-	743.70	-	-	743.70	-	9.30	-	-	9.30	734.40	-
2	Plant and Equipment	346.60	18.90	101.10	-	466.60	13.10	21.39	6.73	-	41.22	425.38	333.50
3	Building Berths,Kasara Basin, Dry Docks and Launch ways	74.20	-	(74.20)	-	-	5.50	-	(5.50)	-	-	-	68.70
	Sub-total	**420.80**	**762.60**	**26.90**	**-**	**1,210.30**	**18.60**	**30.69**	**1.23**	**-**	**50.52**	**1,159.78**	**402.20**
	Total (A+B)	**3,509.37**	**1,420.01**	**26.90**	**37.20**	**4,919.08**	**1,867.63**	**298.64**	**1.23**	**16.40**	**2,151.10**	**2,767.98**	**1,641.69**

Notes

(i) Registration formalities are pending in respect of flats at Vashi and Belapur, Navi Mumbai purchased from CIDCO amounting to ₹16.56 million.

Intangible Assets

(₹ in million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-14	Additions	Adjustments	Disposal	Balance31-03-15	Opening 01-04-14	For the Year	Adjustments	Disposal	Balance31-03-15	As on 31-03-15	As on 31-03-14
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	138.50	9.40	-	-	147.90	138.50	1.70	-	-	140.20	7.70	-

2	Other than SAP-ERP	128.50	33.60	-	-	162.10	49.30	30.00	-	-	79.30	82.80	79.20
	Sub Total	**267.00**	**43.00**	**-**	**-**	**310.00**	**187.80**	**31.70**	**-**	**-**	**219.50**	**90.50**	**79.20**

(₹ in million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-14	**Additions**	**Adjustments**	**Disposal**	**Balance31-03-15**	**Opening 01-04-14**	**For the Year**	**Adjustments**	**Disposal**	**Balance31-03-15**	**As on 31-03-15**	**As on 31-03-14**
1	Computer Software/SAP-ERP	-	-	-	-	-	-	-	-	-	-	-	-
2	Other than SAP-ERP	-	-	-	-	-	-	-	-	-	-	-	-
	Sub Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total(A+B)	**267.00**	**43.00**	**-**	**-**	**310.00**	**187.80**	**31.70**	**-**	**-**	**219.50**	**90.50**	**79.20**
	Total	**3,776.37**	**1,463.01**	**26.90**	**37.20**	**5,229.08**	**2,055.43**	**330.34**	**1.23**	**16.40**	**2,370.60**	**2,858.48**	**1,720.89**

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

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

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

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

(vi) As per Significant Accounting Policy at Para-IV (C), assets amounting to ` 957.20 million (2014: ` 420.80 million) (net cost to Company) were capitalised upto 31st March 2015 as jointly funded by the Company and Indian Navy and depreciation of ` 99.50 million (2014: ` 18.60 million) has been accounted on it upto 31st March 2015. Total Assets of ` 8192.40 million (2014: ` 5750.20 million) are jointly funded by the Company and Indian Navy.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure VIII
Restated Ind AS Unconsolidated Statement of Property, plant and equipment and Intangible assets

Property, plant and equipment **(₹ in million)**

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions	Adjust ments	Disposal	Balance 31-03-16	Opening 01-04-15	For the Year	Adjust ments	Disposal	Balance 31-03-16	As on 31-03-16	As on 31-03-15
A	**Assets Owned by MDL**												
1	Freehold	0.10	286.60	-	-	286.70	-	-	-	-	-	286.70	0.10
2	Buildings: i) Factory Building	80.57	7.90	-	-	88.47	-	4.40	-	-	4.40	84.07	80.57
	ii) Office and Staff Quarters												
	a) RCC	92.90	65.90	-	0.30	158.50	-	2.90	-	0.20	2.70	155.80	92.90
	b) Non RCC	9.80	15.80	-	-	25.60	-	1.00	-	-	1.00	24.60	9.80
3	Road	0.40	66.29	-	-	66.69	-	9.80	-	-	9.80	56.89	0.40
4	Other Civil Works	-	0.90	-	-	0.90	-	0.30	-	-	0.30	0.60	-
5	Plant and Equipment	929.77	276.53	(3.60)	6.30	1,196.40	-	82.10	-	5.60	76.50	1,119.90	929.77
6	Furniture and Fixtures	76.54	27.70	-	0.70	103.54	-	15.40	-	0.60	14.80	88.74	76.53
7	Vehicles	153.38	15.80	-	1.50	167.68	-	22.60	-	1.40	21.20	146.48	153.38
8	Office Equipment	69.88	36.80	-	0.60	106.08	-	31.10	-	0.50	30.60	75.48	69.88
9	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	22.10	15.40	-	0.50	37.00	-	14.70	-	0.50	14.20	22.80	22.10
	ii) Server and Network	51.70	8.10	-	-	59.80	-	15.80	-	-	15.80	44.00	51.70
10	Loose Tools	9.27	5.10	-	-	14.37	-	6.20	-	-	6.20	8.17	9.27
11	Ship - Launches and Boats*	30.19	-	-	-	30.19	-	1.50	-	-	1.50	28.69	30.19
12	Electrical Installation and Equipments	81.60	9.10	-	0.60	90.10	-	14.00	-	0.50	13.50	76.60	81.60
	Sub-total	**1,608.20**	**837.92**	**(3.60)**	**10.50**	**2,432.02**	**-**	**221.80**	**-**	**9.30**	**212.50**	**2,219.52**	**1,608.20**

*9 Nos Vessels under the head "Ships Launches and Boats" costing ₹89.70 million 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 million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions	Adjust ments	Disposal	Balance 31-03-16	Opening 01-04-15	For the Year	Adjust ments	Disposal	Balance 31-03-16	As on 31-03-16	As on 31-03-15
1	Factory Building	800.30	55.80	11.50	-	867.60	-	27.80	-	-	27.80	839.80	734.40
2	Plant and Equipment	206.30	170.70	21.20	-	398.20	-	41.90	-	-	41.90	356.30	425.38
3	Computers and Data Processing Units					-					-		
	i) Server and Network	-	33.80	-	-	33.80	-	0.20	-	-	0.20	33.60	-
	Sub-total	**1,006.60**	**260.30**	**32.70**	**-**	**1,299.60**	**-**	**69.90**	**-**	**-**	**69.90**	**1,229.70**	**1,159.78**
	Total (A+B)	**2,614.80**	**1,098.22**	**29.10**	**10.50**	**3,731.62**	**-**	**291.70**	**-**	**9.30**	**282.40**	**3,449.22**	**2,767.98**

Intangible Assets (₹ in million)

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	Opening01 -04-15	For the Year	Adjust ments in the Year	Disposal in the Year	Balance 31-03-16	As on 31-03-16	As on 31-03-15
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	7.70	65.00	-	-	72.70	-	9.30	-	-	9.30	63.40	7.70
2	Other than SAP-ERP	82.80	101.10	-	-	183.90	-	36.80	-	-	36.80	147.10	82.80
	Sub Total	**90.50**	**166.10**	**-**	**-**	**256.60**	**-**	**46.10**	**-**	**-**	**46.10**	**210.50**	**90.50**

(vii) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹11.40 million (2015: ₹11.40 million).

(₹ in million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-15	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	Opening01-04-15	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-16	As on 31-03-16	As on 31-03-15
1	Computer Software/SAP-ERP	-	100.00	-	-	100.00	-	100.00	-	-	100.00	-	-
2	Other than SAP-ERP	-	18.10	-	-	18.10	-	0.30	-	-	0.30	17.80	-
	Sub Total	**-**	**118.10**	**-**	**-**	**118.10**	**-**	**100.30**	**-**	**-**	**100.30**	**17.80**	**-**
	Total (A+B)	**90.50**	**284.20**	**-**	**-**	**374.70**	**-**	**146.40**	**-**	**-**	**146.40**	**228.30**	**90.50**
	Total	**2,705.30**	**1,382.42**	**29.10**	**10.50**	**4,106.32**	**-**	**438.10**	**-**	**9.30**	**428.80**	**3,677.52**	**2,858.48**

(viii) 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.

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

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

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

(xii) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹1113.50 million (2015: ₹957.2 million) (net cost to Company) were capitalised upto 31st March, 2016 as jointly funded by the Company and Indian Navy and depreciation of ₹124.40 million (2015: ₹99.5 million) has been accounted on it upto 31st March, 2016. Total Assets of ₹8727.20 million (2015: ₹8192.40 million) are jointly funded by the Company and Indian Navy.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure VIII
Restated Ind AS Unconsolidated Statement of Property, plant and equipment and Intangible assets

Property, plant and equipment **(₹ in million)**

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions	Adjustments	Disposal	Balance 31-03-17	Opening 01-04-16	For the Year	Adjustments	Disposal	Balance 31-03-17	As on 31-03-17	As on 31-03-16
A	**Assets Owned by MDL**												
1	Freehold Land	286.70	-	-	-	286.70	-	-	-	-	-	286.70	286.70
2	Buildings: i) Factory Building	88.47	85.60	-	-	174.07	4.40	6.02	-	-	10.42	163.65	84.07
	ii) Office and Staff Quarters												
	a) RCC	158.50	29.30	-	-	187.80	2.70	5.35	-	-	8.05	179.75	155.80
	b) Non RCC	25.60	13.70	-	-	39.30	1.00	1.52	-	-	2.52	36.78	24.60
3	Road	66.69	-	-	-	66.69	9.80	13.35	-	-	23.15	43.54	56.89
4	Other Civil Works	0.90	-	-	-	0.90	0.30	0.28	-	-	0.58	0.32	0.60
5	Plant and Equipment	1,196.40	244.90	-	76.52	1,364.79	76.50	99.29	-	72.74	103.05	1,261.73	1,119.90
6	Furniture and Fixtures	103.54	31.00	-	-	134.54	14.80	15.35	-	-	30.15	104.39	88.74
7	Vehicles	167.68	6.30	-	1.18	172.80	21.20	23.58	-	1.10	43.68	129.12	146.48
8	Office Equipment	106.08	75.70	-	7.89	173.89	30.60	31.99	-	7.50	55.09	118.80	75.48
9	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	37.00	30.70	-	24.71	42.99	14.20	20.04	-	24.60	9.64	33.35	22.80
	ii) Server and Network	59.80	133.30	-	3.41	189.69	15.80	19.43	-	3.40	31.83	157.86	44.00
10	Loose Tools	14.37	10.70	-	-	25.07	6.20	12.95	-	-	19.15	5.92	8.17
11	Ship - Launches and Boats*	30.19	-	-	-	30.19	1.50	1.50	-	-	3.00	27.19	28.69
12	Electrical Installation and Equipments	90.10	33.40	-	1.29	122.21	13.50	14.87	-	1.20	27.17	95.04	76.60

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions	Adjustments	Disposal	Balance 31-03-17	Opening 01-04-16	For the Year	Adjustments	Disposal	Balance 31-03-17	As on 31-03-17	As on 31-03-16
	Sub-total	**2,432.02**	**694.60**	**-**	**115.00**	**3,011.62**	**212.50**	**265.52**	**-**	**110.54**	**367.48**	**2,644.14**	**2,219.52**
	Previous Year's Figures	1,608.20	837.93	(3.60)	10.50	2,432.02	-	221.80	-	9.30	212.50	2,219.52	1,608.20

***** 9 Nos Vessels under the head "Ships Launches and Boats" costing ₹89.70 million 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 million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions	Adjustments	Disposal	Balance 31-03-17	Opening 01-04-16	For the Year	Adjustments	Disposal	Balance 31-03-17	As on 31-03-17	As on 31-03-16
1	Buildings: i) Factory Building	867.60	931.75	-	-	1,799.35	27.80	30.39	-	-	58.19	1,741.16	839.80
	ii) Office and Staff Quarters						-				-	-	-
	a) RCC	-	156.50	-	-	156.50	-	0.24	-	-	0.24	156.26	-
	b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	-
2	Roads	-	13.28	-	-	13.28	-	0.22	-	-	0.22	13.06	-
2	Plant and Equipment	398.20	131.15	-	-	529.35	41.90	19.60	-	-	61.50	467.85	356.30
3	Electrical Installation and Equipments	-	62.62	-	-	62.62	-	0.52	-	-	0.52	62.10	-
4	Furniture and Fixtures	-	22.62	-	-	22.62	-	0.55	-	-	0.55	22.07	-
5	Office Equipment	-	14.51	-	-	14.51	-	0.70	-	-	0.70	13.81	-
6	Computers and Data Processing Units					-	-				-	-	-
	i) Server and Network	33.80	-	-	-	33.80	0.20	5.63	-	-	5.83	27.97	33.60
7	Ship - Launches and Boats	-	101.71	-	-	101.71	-	1.13	-	-	1.13	100.58	-

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions	Adjustments	Disposal	Balance 31-03-17	Opening 01-04-16	For the Year	Adjustments	Disposal	Balance 31-03-17	As on 31-03-17	As on 31-03-16
	Sub-total	**1,299.60**	**1,434.14**	**-**	**-**	**2,733.74**	**69.90**	**58.98**	**-**	**-**	**128.88**	**2,604.86**	**1,229.70**
	Previous Year's Figures	1,006.60	260.30	32.70	-	1,299.60	-	69.90	-	-	69.90	1,229.70	1,159.78
	Total (A+B)	**3,731.62**	**2,128.74**	**-**	**115.00**	**5,745.36**	**282.40**	**324.50**	**-**	**110.54**	**496.36**	**5,249.00**	**3,449.22**
	Previous Year's Figures	2,614.80	1,098.23	29.10	10.50	3,731.62	-	291.70	-	9.30	282.40	3,449.22	2,767.98

Intangible Assets **(₹ in million)**

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions in the year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	Opening 01-04-16	For the Year	Adjustments in the Year	Disposal in the Year	Balance 31-03-17	As on 31-03-17	As on 31-03-16
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	72.70	-	-	-	72.70	9.30	14.88	-	-	24.18	48.52	63.40
2	Other than SAP-ERP	183.90	54.62	-	-	238.52	36.80	50.89	-	-	87.69	150.83	147.10
	Sub-total	**256.60**	**54.62**	**-**	**-**	**311.22**	**46.10**	**65.77**	**-**	**-**	**111.87**	**199.35**	**210.50**
	Previous Year's Figures	90.50	166.10	-	-	256.60	-	46.10	-	-	46.10	210.50	90.50

(₹ in million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-16	Additions in the year	Adjust ments in the Year	Dispos al in the Year	Balance 31-03-17	Opening 01-04-16	For the Year	Adjust ments in the Year	Disposal in the Year	Balance 31-03-17	As on 31-03-17	As on 31-03-16
1	Computer Software/SAP-ERP	100.00	-	-	-	100.00	100.00	-	-	-	100.00	-	-
2	Other than SAP-ERP	18.10	-	-	-	18.10	0.30	3.63	-	-	3.93	14.17	17.80
	Sub Total	**118.10**	**-**	**-**	**-**	**118.10**	**100.30**	**3.63**	**-**	**-**	**103.93**	**14.17**	**17.80**
	Previous Year's Figures	-	118.10	-	-	118.10	-	100.30	-	-	100.30	17.80	-
	Total (A+B)	**374.70**	**54.62**	**-**	**-**	**429.32**	**146.40**	**69.40**	**-**	**-**	**215.80**	**213.52**	**228.30**
	Previous Year's Figures	90.50	284.20	-	-	374.70	-	146.40	-	-	146.40	228.30	90.50
	Total	**4,106.32**	**2,183.36**	**-**	**115.00**	**6,174.68**	**428.80**	**393.90**	**-**	**110.54**	**712.16**	**5,462.52**	**3,677.52**
	Previous Year's Figures	2,705.30	1,382.42	29.10	10.50	4,106.32	-	438.10	-	9.30	428.80	3,677.52	2,858.48

(xiii) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹11.40 million (2016: ₹11.40 million, 2015: ₹16.56 million).

(xiv) 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.

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

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

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

(xviii) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹1149.20 million (2016: ₹1113.50 million, 2015: ₹957.20 million) (net cost to Company) were capitalised upto 31st March 2017 as jointly funded by the Company and Indian Navy and depreciation of ₹307.00 million (2016: ₹124.40 million, 2015: ₹35.60 million) has been accounted on it upto 31st March 2016. Total Assets of ₹10161.20 million (2016: ₹8727.20 million, 2015: ₹8192.40 million) are jointly funded by the Company and Indian Navy.

Assets jointly funded by MDL and Indian Navy **(₹ in million)**

Sr. No.	Particulars	Office and Factory Building	Electric Installations & Equipment	Plant and Equipment	CDPU	Temporary Structure	Ships, Launches & Boats	Office Equipment	Furniture and Fixtures	Intangible asset SAP	Roads	Total as on 31-03-17	Total as on 31-03-16	Total as on 31-03-15
1	Total Cost upto 31.03.2017	3,378.80	62.60	6,379.00	34.50	9.60	101.70	15.80	24.10	141.80	13.30	**10,161.20**	8,727.20	8,192.40
2	Less: Funded By Navy	2,540.90	62.60	6,109.80	34.50	9.60	96.60	15.80	24.10	118.10	-	**9,012.00**	7,613.68	7,235.20
3	**Funded By MDL**	**837.90**	-	**269.20**	-	-	**5.10**	-	-	**23.70**	**13.30**	**1,149.20**	**1,113.52**	**957.20**
	Previous Year's Figures	822.13	-	267.73	-	-	-	-	-	23.67	-	**1,113.52**	**957.15**	**420.80**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXIX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure VIII
Restated Ind AS Unconsolidated Statement of Property, plant and equipment and Intangible assets

Property, plant and equipment

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions during the period	Adjustments during the period	Disposal during the period	Balance 30-09-17	Opening 01-04-17	For the period	Adjustments during the period	Disposal during the period	Balance 30-09-17	As on 30-09-17	As on 31-03-17
A	**Assets Owned by MDL**												
1	Freehold Land	286.70	-	-	-	286.70	-	-	-	-	-	286.70	286.70
2	Buildings: i) Factory Building	174.07	-	0.70	-	174.77	10.42	4.20	0.60	-	15.22	159.55	163.65
	ii) Office and Staff Quarters												
	a) RCC	187.80	-	-	-	187.80	8.05	2.80	-	-	10.85	176.94	179.75
	b) Non RCC	39.30	9.40	-	-	48.70	2.52	0.90	-	-	3.42	45.28	36.78
3	Road	66.69	-	-	-	66.69	23.15	6.26	-	-	29.41	37.28	43.54
4	Other Civil Works	0.90	-	-	-	0.90	0.58	0.10	-	-	0.68	0.22	0.32
5	Plant and Equipment	1,364.79	47.70	-	5.30	1,407.19	103.05	52.10	-	4.65	150.50	1,256.68	1,261.73
6	Furniture and Fixtures	134.54	2.36	-	0.20	136.70	30.15	7.86	-	0.15	37.86	98.84	104.39
7	Vehicles	172.80	2.90	-	0.50	175.20	43.68	12.00	-	0.55	55.13	120.08	129.12
8	Office Equipment	173.89	8.30	(0.70)	1.10	180.39	55.09	16.60	(0.60)	1.05	70.04	110.35	118.80
9	Computers and Data Processing Units												
	i) Desktops, Laptops etc.	42.99	26.00	-	13.60	55.39	9.64	12.20	-	13.65	8.19	47.20	33.35
	ii) Server and Network	189.69	0.60	-	17.10	173.19	31.83	17.60	-	13.15	36.28	136.90	157.86
10	Loose Tools	25.07	8.80	-	-	33.87	19.15	3.00	-	-	22.15	11.73	5.92
11	Ship - Launches and Boats	30.19	-	-	-	30.19	3.00	0.76	-	-	3.76	26.43	27.19
12	Electrical Installation and Equipments	122.21	10.90	-	-	133.11	27.17	8.70	-	-	35.87	97.24	95.04
	Sub-total	**3,011.62**	**116.96**	**-**	**37.80**	**3,090.78**	**367.48**	**145.08**	**-**	**33.20**	**479.36**	**2,611.42**	**2,644.14**
	Previous Year's Figures	2,432.02	694.60	-	115.00	3,011.62	212.50	265.52	-	110.54	367.48	2,644.14	2,219.52

Note: 9 Nos Vessels under the head "Ships Launches and Boats" costing ₹89.70 million 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 million)

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions during the period	Adjustments during the period	Disposal during the period	Balance 30-09-17	Opening 01-04-17	Forthe period	Adjustments during the period	Disposal during the period	Balance 30-09-17	As on 30-09-17	As on 31-03-17
1	Buildings: i) Factory Building	1,799.35	-	-	-	1,799.35	58.19	28.70	-	-	86.89	1,712.46	1,741.16
	ii) Office and Staff Quarters											-	-
	a) RCC	156.50	-	-	-	156.50	0.24	1.40	-	-	1.64	154.86	156.26
	b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	-
2	Roads	13.28	-	-	-	13.28	0.22	1.30	-	-	1.52	11.76	13.06
2	Plant and Equipment	529.35	-	-	-	529.35	61.50	10.30	-	-	71.80	457.55	467.85
3	Electrical Installation and Equipments	62.62	-	-	-	62.62	0.52	3.00	-	-	3.52	59.10	62.10
4	Furniture and Fixtures	22.62	-	-	-	22.62	0.55	1.10	-	-	1.65	20.97	22.07
5	Office Equipment	14.51	-	-	-	14.51	0.70	1.30	-	-	2.00	12.51	13.81
6	Computers and Data Processing Units											-	-
	i) Server and Network	33.80	-	-	-	33.80	5.83	2.80	-	-	8.63	25.17	27.97
7	Ship - Launches and Boats	101.71	-	-	-	101.71	1.13	1.70	-	-	2.83	98.88	100.58
	Sub-total	**2,733.74**	**-**	**-**	**-**	**2,733.74**	**128.88**	**51.60**	**-**	**-**	**180.48**	**2,553.25**	**2,604.86**
	Previous Year's Figures	1,299.60	1,434.14	-	-	2,733.74	69.90	58.98	-	-	128.88	2,604.86	1179.17
	Total (A+B)	**5,745.36**	**116.96**	**-**	**37.80**	**5,824.52**	**496.36**	**196.68**	**-**	**33.20**	**659.84**	**5,164.67**	**5249.00**
	Previous Year's Figures	3,731.62	2,128.74	-	115.00	5,745.36	282.40	324.50	-	110.54	496.36	5,249.00	3398.69

Intangible Assets **(₹ in million)**

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions during the period	Adjustments during the period	Disposal during the period	Balance 30-09-17	Opening 01-04-17	Forthe period	Adjustments during the period	Disposal during the period	Balance 30-09-17	As on 30-09-17	As on 31-03-17
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	72.70	6.75	-	-	79.45	24.18	7.70	-	-	31.88	47.57	48.52
2	Other than SAP-ERP	238.52	3.65	-	5.96	236.21	87.69	25.50	-	5.60	107.59	128.62	150.83
	Sub Total	**311.22**	**10.40**	**-**	**5.96**	**315.66**	**111.87**	**33.20**	**-**	**5.60**	**139.47**	**176.19**	**199.35**
	Previous Year's Figures	256.60	54.62	-	-	311.22	46.10	65.77	-	-	111.87	199.35	210.50

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions during the period	Adjustments during the period	Disposal during the period	Balance 30-09-17	Opening 01-04-17	Forthe period	Adjustments during the period	Disposal during the period	Balance 30-09-17	As on 30-09-17	As on 31-03-17
1	Computer Software/SAP-ERP	100.00	-	-	-	100.00	100.00	-	-	-	100.00	-	-
2	Other than SAP-ERP	18.10	-	-	-	18.10	3.93	1.80	-	-	5.73	12.37	14.17
	Sub Total	**118.10**	**-**	**-**	**-**	**118.10**	**103.93**	**1.80**	**-**	**-**	**105.73**	**12.37**	**14.17**
	Previous Year's Figures	118.10	-	-	-	118.10	100.30	3.63	-	-	103.93	14.17	17.80
	Total (A+B)	**429.32**	**10.40**	**-**	**5.96**	**433.76**	**215.80**	**35.00**	**-**	**5.60**	**245.20**	**188.56**	**213.52**
	Previous Year's Figures	374.70	54.62	-	-	429.32	146.40	69.40	-	-	215.80	213.52	228.30
	Total	**6,174.68**	**127.36**	**-**	**43.76**	**6,258.28**	**712.16**	**231.68**	**-**	**38.80**	**905.04**	**5,353.23**	**5,462.52**
	Previous Year's Figures	4,106.32	2,183.36	-	115.00	6,174.68	428.80	393.90	-	110.54	712.16	5,462.52	3,626.99

(xix) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹11.40 million (2017: ₹11.40 million)

(xx) 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.

(xxi) 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.

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

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

(xiv) As per Significant Accounting Policy at Para-IV (C), assets amounting to ₹1149.20 million (2017: ₹1149.20 million) (net cost to Company) were capitalised upto 30th September 2017 as jointly funded by the Company and Indian Navy and depreciation of ₹307 million (2017: ₹307 million) has been accounted on it upto 30th September 2017. Total Assets of ₹10161.20 million (2017: ₹10161.20 million) are jointly funded by the Company and Indian Navy.

(xv) The company has adopted Ind AS as on 1st April, 2015 and has opted to follow deemed cost for initial recognition of Fixed Assets as on 1st April, 2015 The grant received in 2015-16 related to assets purchased in 2009 has been adjusted against opening retained earnings as on the date of first time adoption of Ind AS.

Assets jointly funded by MDL and Indian Navy **(₹ in million)**

Sr. No.	Particulars	Office and Factory Building	Electric Installations & Equipment	Plant and Equipment	CDPU	Temporary Structure	Ships , Launches & Boats	Office Equipment	Furniture and Fixtures	Intangible asset SAP	Roads	Total as on 30-09-17	Total as on 31-03-17
1	Total Cost upto 30.09.2017	3,378.80	62.60	6,379.00	34.50	9.60	101.70	15.80	24.10	141.80	13.30	**10,161.20**	10,161.20
2	Less: Funded By Navy	2,540.90	62.60	6,109.80	34.50	9.60	96.60	15.80	24.10	118.10	-	**9,012.00**	9,012.00
3	**Funded By MDL**	**837.90**	-	**269.20**	-	-	**5.10**	-	-	**23.70**	**13.30**	**1,149.20**	**1,149.20**
	Previous Year's Figures	837.90	-	269.20	-	-	5.10	-	-	23.67	13.30	1,149.20	1,113.52

Notes:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure IX

Restated Ind AS Unconsolidated Statement of Non-Current investments

(₹ in million)

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Investments in equity instruments (At cost, unquoted)				
In associate				
5,49,57,600 Equity shares of ₹ 5 each fully paid up (in FY 2016-17, 5,49,57,600 Equity shares of ₹ 5 each fully paid up, in FY 2015-16, 1,37,39,400 Equity shares of ₹ 10 each fully paid up FY 2014-15, 1,37,39,400 Equity shares of ₹ 10 each fully paid up) in Goa Shipyard Ltd (GSL has issued Bonus shares in FY 2016-17 in the ratio of 1:1 and has also subdivided the face value from ₹ 10 to ₹5)	60.01	60.01	60.01	60.01
	60.01	**60.01**	**60.01**	**60.01**

Notes:

The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure X

Restated Ind AS Unconsolidated Statement of Cash and Bank balances

(₹ in million)

Particulars	As at							
	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015 (Proforma)	
Cash and cash equivalents								
Balances with banks:-								
- In Current accounts								
i)In India	22.20		6.07		688.70		280.28	
ii)Outside India	8.08	30.28	7.93	14.00	8.30	697.00	6.95	287.23
- In cash credit accounts				-		-		0.01
- In deposit accounts		3,840.86		1,414.78		2,680.70		1,761.50
- In fixed deposit accounts - maturity less than 3 months		2,000.00		-		5,600.00		100.00
Cash on hand		0.06		-		-		0.10
		5,871.20		**1,428.78**		**8,977.70**		**2,148.84**
Bank balance other than cash and cash equivalents								
In fixed deposit accounts - more than 3 months but not more than 12 months maturity		76,010.00		82,200.00		79,050.00		74,000.00
		76,010.00		**82,200.00**		**79,050.00**		**74,000.00**
		81,881.20		**83,628.78**		**88,027.70**		**76,148.84**
Cash and bank balances from stage payment received from customer for projects		76,058.70		77,192.78		78,284.50		68,940.44
Other cash and bank balance		5,822.50		6,436.00		9,743.20		7,208.40
		81,881.20		**83,628.78**		**88,027.70**		**76,148.84**

Note:

The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XI
Restated Ind AS Unconsolidated Statement of Other Assets

Capital work-in-progress **(₹ in million)**

Particulars	As at							
	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015 (Proforma)	
1. Own resources								
A. Tangible assets								
Opening balance	838.81		317.54		186.04		186.40	
Add: Expenditure during the year	175.55		1,242.53		979.40		642.94	
Less: Capitalisation during the year	118.58	895.78	721.26	838.81	847.90	317.54	643.30	186.04
B. Intangible assets under development								
Opening balance	-		-		-		10.60	
Add: Expenditure during the year	10.34		54.62		166.10		32.40	
Less: Capitalisation/adjustments during the year	10.34	-	54.62	-	166.10	-	43.00	-
2. Funded by Indian Navy								
a) Mazdock Modernisation Project								
Opening balance	-		-		-		1,817.70	
Add: Expenditure / adjustments during the year	-		-		-		403.30	
Less: Capitalisation/adjustments during the year	-		-		-		2,221.00	
	-		-		-		-	
b) Submarine facilities upgradation project								
Opening balance	145.47		1,378.30		1,272.90		875.30	
Add: Expenditure/adjustments during the year	21.91		165.62		516.60		618.80	
Less: Capitalisation/Adjustments during the year	-		1,398.45		411.20		221.20	
2 (a) + 2 (b)	167.38		145.47		1,378.30		1,272.90	
Less: Advances Received from Customer	-	167.38	-	145.47	-	1,378.30	1,047.40	225.50
		1,063.16		**984.28**		**1,695.84**		**411.54**

Loans (non-current) **(₹ in million)**

Particulars	As at			
	30th September, 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015 (Proforma)**
(Unsecured, Considered good, unless otherwise stated)				
Security deposits				
Security deposits with Mumbai Port Trust	30.86	29.33	27.80	27.58
Add: Interest income	0.81	1.54	1.50	-
	31.67	**30.87**	**29.30**	**27.58**

Other financial assets (non-current) **(₹ in million)**

Particulars	As at			
	30th September, 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015 (Proforma)**
Fixed deposits with bank with maturity over 12 months	33.98	33.98	33.98	33.98
(The above deposit is under lien with Mumbai Port Trust)				
	33.98	**33.98**	**33.98**	**33.98**

Non-current tax assets (Net) **(₹ in million)**

Particulars	As at			
	30th September, 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015 (Proforma)**
Advance income tax paid	12,574.96	11,392.50	9,915.50	9,405.78
Less: Provision for tax	(11,101.59)	(9,581.17)	(8,634.60)	(7,656.07)
	1,473.37	**1,811.33**	**1,280.90**	**1,749.71**

Other non-current assets **(₹ in million)**

Particulars	As at							
	30th September, 2017		**31st March, 2017**		**31st March, 2016**		**31st March, 2015 (Proforma)**	
(Unsecured, Considered good unless otherwise stated)								
Capital advances		69.49		67.06		55.80		3.64
Deposits with custom authorities		2.02		2.02		2.00		2.02
Deposits with excise authorities		0.38		0.38		-		-
Other deposits		-		-		0.80		0.80
Other receivables - considered good	0.52		0.41		-		-	
Other receivables - considered doubtful	294.60		294.60		294.60		307.65	
Less: Provision for doubtful receivables	294.60	0.52	294.60	0.41	294.60	-	307.65	-
Advances paid to vendors - considered doubtful	2.37		0.24		0.20		(0.01)	
Less Provisions for doubtful advances	2.37	-	0.24	-	0.20	-	0.01	-

Particulars	As at							
	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015 (Proforma)	
VAT/Sales tax credit		1,344.11		1,257.44		976.30		662.62
GST		459.51		-		-		-
Export incentive receivable								
Considered good	37.11		37.11		47.80		47.82	
Considered doubtful	10.71		10.71		-		-	
	47.82		47.82		47.80		47.82	
Less: Provision for doubtful receivables	10.71	37.11	10.71	37.11	-	47.80	-	47.82
Prepaid expenses								
Rent	32.09		37.15		42.10		47.10	
Less: Current	2.53	29.56	5.06	32.09	5.10	37.00	5.00	42.10
Others		12.94		14.44		2.00		1.20
Prepaid lease rentals	10.68		12.20		13.70		15.24	
Less: Amortisation of prepaid lease	0.78	9.90	1.52	10.68	1.50	12.20	1.52	13.72
		1,965.54		**1,421.63**		**1,133.90**		**773.92**

Notes

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

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

b. The Company is in possession of approx. 15.59 hectares of land at Nhava. Out of 15.59 hectares, approximately 12.30 hectares is reclaimed land which is part of 23 hectares of reclaimed land jointly reclaimed by MDL and ONGC. The rest of land i.e. approx. 3.29 hectares land belongs to CIDCO which ONGC ceded to MDL is or about the year 1984 for the cost of ₹2.00 million. MDL is having permanently tenancy rights to co-terminus with the lease hold right of ONGC over the CIDCO land in MDL possession.

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

2 Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Companies for the year is Nil (31st March 2017 is Nil, 31st March 2016 is Nil).

Loans (current) **(₹ in million)**

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
(Unsecured, Considered good)				
Employee related	26.91	10.22	14.50	11.67
Security deposits	70.60	56.14	55.10	47.01
Others		-	-	0.22
	97.51	**66.36**	**69.60**	**58.90**

Other financial assets(current) **(₹ in million)**

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Insurance claims receivable		-		

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
			8.10	79.09
Interest accrued on deposits and advances	2,851.83	1,471.38	1,492.40	1,652.40
Dividend receivable from Goa Shipyard Ltd	192.35			
Other receivables	2.52	5.29	6.70	9.50
Unbilled revenue	7,292.22	11,632.44	7,792.86	3,416.34
	10,338.92	**13,109.11**	**9,300.06**	**5,157.33**

Other current assets **(₹ in million)**

Particulars	As at							
	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015 (Proforma)	
(Unsecured, Considered good)								
Advances other than capital advances								
Advances paid to vendors		30,807.05		29,635.94		22,129.20		28,913.46
Advances paid on behalf of customer for B&D spares								
Considered good								
	1,138.62		617.72		2,573.30		1,630.52	
Considered doubtful	75.80		322.64		75.20		-	
	1,214.42		940.36		2,648.50		1,630.52	
Less: Provision for doubtful debts	75.80	1,138.62	322.64	617.72	75.20	2,573.30	-	1,630.52
Interest receivable on income tax refund				-		152.20		152.22
Travel advance to employees		8.53		4.63		2.40		1.83
Others		2.72		1.33		-		-
Prepaid expenses								
Rent		2.53		5.06		5.00		5.00
Others		50.23		92.98		82.66		66.69
		32,009.68		**30,357.66**		**24,944.76**		**30,769.72**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Companies for the year is Nil (31st March 2017 is Nil, 31st March 2016 is Nil).

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XII
Restated Ind AS Unconsolidated Statement of Deferred tax assets (net)

(₹ in million)

Particulars	As at			
	30th September 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015 (Proforma)**
Deferred tax assets				
Provisions	6,275.17	5,853.93	5,635.30	5,027.39
Others	291.40	288.83	63.77	61.48
Deferred tax liabilities				
Service tax	(144.27)	(144.27)	(169.00)	(140.20)
Depreciation	(873.42)	(871.54)	(304.70)	(216.60)
Others	(138.88)	(138.88)	(292.51)	(125.52)
Deferred tax assets (net)	**5,410.00**	**4,988.07**	**4,932.86**	**4,606.55**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XIII
Restated Ind AS Unconsolidated Statement of Inventories

(₹ in million)

Particulars	As at							
	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015 (Proforma)	
Raw materials								
Material in stores	1,629.09		1,716.41		1,089.00		1,109.73	
Less: Provision/reduction for obsolescence	8.94	1,620.15	8.94	1,707.47	8.00	1,081.00	3.08	1,106.65
Stores and spares								
Material in stores	168.50		187.78		151.70		157.23	
Less: Provision/reduction for obsolescence	7.25	161.25	7.25	180.53	2.10	149.60	2.50	154.73
Equipment for specific projects								
Material in stores/site	35,438.27		36,380.23		39,036.60		41,354.47	
Less: Provision/reduction for obsolescence	18.08		18.08		14.00		-	
	35,420.19		36,362.15		39,022.60		41,354.47	
Stock in transit	167.73		1,971.71		2,158.30		1,780.34	
Materials pending inspection	181.34	35,769.26	53.88	38,387.74	27.20	41,208.10	31.26	43,166.07
Scrap		10.82		10.82		8.00		13.17
		37,561.48		**40,286.56**		**42,446.70**		**44,440.62**

Note:

(i) The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

(ii) For the Financial Year 2014-15: The Company has followed a system of accounting of inward inventory on the basis of prices as per GRN / purchase order document as incorporated at the time of placing of the purchase order. Adjustments to the values of inventory/consumption are carried out at the time of settlement of vendor invoices.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XIV
Restated Ind AS Unconsolidated Statement of Trade Receivables

Non-current Trade receivable **(₹ in million)**

Particulars	As at			
	30th September, 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015 (Proforma)**
(Unsecured, considered good unless otherwise stated)				
Deferred debts	218.55	199.59	207.90	194.75
Less: Amount receivable within 12 months	39.13	39.13	40.50	37.80
	179.42	**160.46**	**167.40**	**156.95**

Current Trade receivables **(₹ in million)**

Particulars	As at							
	30th September, 2017		**31st March, 2017**		**31st March, 2016**		**31st March, 2015 (Proforma)**	
(Unsecured, considered good unless otherwise stated)								
Debts outstanding over six months								
Considered good	28,569.29		7,469.56		9,197.25		14,763.84	
Considered doubtful	1,861.55		1,861.55		1,905.30		1,774.66	
	30,430.84		9,331.11		11,102.55		16,538.50	
Less: Provision for doubtful receivable	1,861.55	28,569.29	1,861.55	7,469.56	1,905.30	9,197.25	1,774.66	14,763.84
		28,569.29		**7,469.56**		**9,197.25**		**14,763.84**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX
.
Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Companies for the period is Nil (31st March 2017 is Nil, 31st March 2016 is Nil).

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure XV

Restated Ind AS Unconsolidated Statement of Share Capital

(₹ in million)

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Authorized share capital				
32,37,20,000 (In FY 2016-17 3,23,72,000, in FY 2015-16 2,00,00,000, in FY 2014-15 2,00,00,000) equity shares of ₹ 10 each (₹ 100 each in FY 2016-17, FY 2015-16 and FY 2014-15).	3,237.20	3,237.20	2,000.00	2,000.00
Nil (In FY 2016-17 Nil, in FY 2015-16 1,23,72,000, in FY 2014-15 1,23,72,000) 7% redeemable cumulative preference shares of ₹ 100 each	-	-	1,237.20	1,237.20
	3,237.20	**3,237.20**	**3,237.20**	**3,237.20**
Issued, subscribed and fully paid-up shares				
24,90,00,000 (In FY 2016-17 2,49,00,000, in FY 2015-16 1,99,20,000, in FY 2014-15 1,99,20,000) equity shares of ₹ 10 each (₹ 100 each in FY 2016-17, FY 2015-16 and FY 2014-15).	2,490.00	2,490.00	1,992.00	1,992.00
	2,490.00	**2,490.00**	**1,992.00**	**1,992.00**

All 24,90,00,000 (In FY 2016-17 2,49,00,000, in FY 2015-16 1,99,20,000, in FY 2014-15 1,99,20,000) equity shares are held by the President of India and his nominees.

Particulars	As at							
	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015 (Proforma)	
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**	**No. Of Shares**	**Percentage holding**
Shareholder President of India and his nominees	24,90,00,000	100%	2,49,00,000	100%	1,99,20,000	100%	1,99,20,000	100%

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

The company has completed 10% Buyback of equity shares (No. Of Shares: 24.9 million of ₹ 10 each) for ₹2534.86 million and ₹ 538.88 million tax thereon total amounting to ₹ 3073.73 million in December 2017. Due to this the share capital will be reduced by ₹ 249.00 million to ₹ 2241.00 million and other equity will be reduced by ₹2824.73 million to ₹23103.05 million resulting in total shareholders' funds of ₹25344.05.08 million.

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure XVI
Restated Ind AS Unconsolidated Statement of Provisions

Long-term provisions **(₹ in million)**

Particulars	As at			
	30th September 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015 (Proforma)**
Employee benefits				
Post retirement benefit schemes				
Medical	722.02	653.12	576.79	523.11
Gift card	7.60	7.32	7.61	8.00
Leave salary encashment	1,089.97	1,170.68	987.60	1,030.00
Welfare Expenses	38.52	37.75	41.80	45.10
Other provisions				
Provision for liquidated damages	10,275.02	10,241.48	10,241.50	10,241.48
Others	-	0.00	1.50	3.25
	12,133.13	**12,110.35**	**11,856.80**	**11,850.94**

Short-term provisions

Particulars	As at			
	30th September 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015 (Proforma)**
Employee benefit				
Post retirement benefit				
Medical	30.21	26.77	23.65	31.93
Gift card	1.52	2.17	2.15	2.40
Leave salary encashment	340.15	378.09	317.70	280.00
Gratuity	1,161.01	230.73	126.50	84.63
Welfare Expenses	11.31	13.44	11.20	8.30
Other provisions				
Guarantee repairs	252.53	122.53	118.80	54.50
Custom duty demand	42.59	42.59	42.60	42.60
Others	10.75	10.76	21.30	21.33
	1,850.07	**827.08**	**663.90**	**525.69**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XVII
Restated Ind AS Unconsolidated Statement of Other Liabilities

Non-current
Trade payables and other financial liabilities **(₹ in million)**

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Trade payables				
Deferred payment liability to a foreign supplier	218.55	199.59	207.90	194.75
Less: Amount payable within 12 months	39.13	39.13	40.50	37.80
	179.42	**160.46**	**167.40**	**156.95**
Others financial liabilities				
Security and other deposits	5.56	1.24	0.80	-
Add:Interest cost on deferred deposits	0.20	0.17	0.02	-
	5.76	**1.41**	**0.82**	**-**

Other long-term liabilities **(₹ in million)**

Particulars	As at						
	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015 (Proforma)
Funds received from customer for infrastructure projects	9,051.13		8,672.50		8,282.60		7,095.50
Add: Received during the year	-		378.63		389.90		1,187.10
Less: Transfer to fixed assets for capitalisation	7,235.23		7,235.23		7,235.20		-
Less: Deducted from Capital Work-in-Progress	-		-		-		1,047.40
Less: Transfer to Fixed Assets for Capitalisation	-		-		-		7,235.20
Less: Amortisation of deferred revenue	200.09	1,615.81	146.61	1,669.29	121.20	1,316.10	- -
Deferred deposits	2.07		0.38	-	0.20	-	- -
Less: Amortised gain	0.22	1.85	0.20	0.18	0.02	0.18	- -
		1,617.66		**1,669.47**		**1,316.28**	**-**

Current
Trade payables and other financial liabilities **(₹ in million)**

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Trade payables				
MSME vendors	36.15	131.64	113.00	22.70
Other vendors	10,795.07	9,092.70	11,047.60	9,359.29
(Refer to Annexure XXX, Note 3 for MSME dues)				

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Deferred payment liability to a foreign supplier	39.13	39.13	40.50	37.80
	10,870.35	**9,263.47**	**11,201.10**	**9,419.79**
Others financial liabilities				
Retention money payable	65.30	60.62	326.60	314.52
Liquidated damages payable	1,004.86	888.60	783.80	661.90
Interest payable on advances received from customer	9.14	105.13	89.50	70.10
Employee related	833.79	640.36	847.10	707.36
Others	5.31	5.97	9.80	2.75
Security and other deposits	57.72	46.43	55.10	44.28
	1,976.12	**1,747.11**	**2,111.90**	**1,800.91**

Other current liabilities **(₹ in million)**

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Advances received from customers	15,660.96	22,679.77	13,069.19	10,796.47
Statutory dues	2,450.87	251.06	547.40	217.15
Unearned income	1,30,866.41	1,14,915.88	1,22,822.41	1,28,753.07
Others	-	-	78.80	83.30
	1,48,978.24	**1,37,846.71**	**1,36,517.80**	**1,39,849.99**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XVIII

Restated Ind AS Unconsolidated Statement of Revenue
Revenue from operations **(₹ in million)**

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Contract revenue				
Ship construction	17,474.32	35,236.68	41,062.20	36,050.29
	17,474.32	35,236.68	41,062.20	36,050.29

Contract Revenue Recognition with Respect to Projects / Vessels in WIP **(₹ in million)**

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
The amount of contract revenue recognised as revenue for the period	17,474.32	35,236.68	41,062.20	36,050.29
Aggregate amount of cost incurred and recognised profits (less recognised losses) upto date	148079.58	1,65,940.11	1,55,991.42	1,41,028.68
The amount of advances received	271654.23	2,91,622.60	2,80,102.98	2,69,608.90
The amount of retentions from customers	4893.40	4,893.40	3,153.70	1,686.00

Other operating revenue **(₹ in million)**

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Sale of services				
Ship Repair	-	(1.93)	6.60	21.74
Other operating revenue				
Commission on procurement of spares	28.34	28.27	150.40	73.77
Sale of scrap and stores	11.37	38.96	51.40	57.41
Changes in inventory of scrap	-	2.81	-	3.22
Export Incentive		-	-	84.44
Duty Drawback		-	-	47.82
	39.71	68.11	208.40	288.40

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XIX

Restated Ind AS Unconsolidated Statement of Other Income

(₹ in million)

Particulars	Recurring / Non-recurring	Related/not related to business activity	For the period ended							
			30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015 (Proforma)	
Interest										
On deposits with banks	Recurring	Related	2,527.01		6,403.49		6,845.20		5,228.99	
Less: Interest liability to customer on advances	Recurring	Related	9.14		105.13		89.50		70.10	
			2,517.87		6,298.36		6,755.70		5,158.89	
On income tax refund	Non-recurring	Not Related	-		11.83		0.10		-	
Other interest	Recurring	Not Related	5.77	2,523.64	18.60	6,328.79	24.80	6,780.60	30.10	5,188.99
Dividend from Goa Shipyard Ltd.	Non-recurring	Not Related		192.35		87.93		74.20		-
Other non-operating income										
Rent refund on right to occupancy	Non-recurring	Not Related				-		49.50		-
Liabilities / provisions no longer required written back	Non-recurring	Related		40.15		229.72		460.10		339.19
Provision for trade receivables reversed	Recurring	Related		246.85		860.17		29.10		-
Provision for obsolete stock reversed	Recurring	Related		-		3.50		-		-
Insurance claims	Non-recurring	Not Related		-		1.58		-		16.32
Sale / scrapping of fixed assets (net)										
Profit	Non-recurring	Related	-		5.33		1.20		-	
Less: Loss	Non-recurring	Related	-	-	2.20	3.13	0.50	0.70	-	-
Liquidated damages recovered										
Capital	Non-recurring	Related		3.62		5.24		-		6.13
Others	Non-recurring	Related		1.02		19.77		16.50		12.16
Miscellaneous income / recoveries	Recurring	Related		26.66		39.99		24.60		162.40

Particulars	Recurring / Non-recurring	Related/not related to business activity	For the period ended							
			30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015 (Proforma)	
Amortisation gain on deferred deposits of Vendors	Recurring	Related		0.22		0.16		0.02		-
Amortisation of deferred revenue (Customer funded assets)	Recurring	Related		53.46		25.41		121.20		-
Interest Income on deferred payment liability to foreign supplier	Recurring	Related		18.96		38.80		38.30		38.37
Interest Income on deferred deposit with MbPT	Recurring	Related		0.81		1.55		1.50		1.34
Foreign exchange variation (net)										
Income	Recurring	Related	7.48		-		-		12.81	
Less: Loss	Recurring	Related	3.32	4.16	-	-	-	-	7.37	5.44
				3,111.90		**7,645.74**		**7,596.32**		**5,770.34**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Anexure XX
Restated Ind AS Unconsolidated Statement of Cost of raw material consumed

(₹ in million)

Particulars	**For the period ended**			
	30th September, 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015 (Proforma)**
Opening stock				
Raw materials, stores and spares	1,904.19	1,230.60	1,261.30	1,525.30
Equipment for specific projects	36,380.23	39,167.30	41,295.10	46,562.70
Stock-in-transit and materials pending inspection	2,025.59	2,185.50	1,811.60	2,156.70
Add: Purchases	8,239.67	19,363.10	24,885.60	15,221.23
	48,549.68	61,946.50	69,253.60	65,465.93
Less: Closing stock				
Raw materials, stores and spares	1,797.59	1,904.19	1,230.60	1,261.30
Equipment for specific projects	35,438.27	36,380.23	39,167.30	41,295.10
Stock-in-transit and materials pending inspection	349.08	2,025.59	2,185.50	1,811.60
	10,964.74	21,636.49	26,670.20	21,097.93
Less: Provision for obsolete stock	-	6.11	4.50	2.70
Less: Stores and spares consumption included in repairs and maintenance	0.37	1.32	1.30	3.20
Less: Stores and spares consumption included in other expenses	80.29	228.31	214.70	177.90
	10,884.08	**21,400.75**	**26,449.70**	**20,914.13**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXI
Notes to Restated Ind AS Unconsolidated Statements of Employee Benefit Expense

(₹ in million)

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Salaries, wages, allowances and bonus	2,653.76	5,444.15	5,760.70	5,548.30
Pension	53.28	117.00	403.90	53.60
Contribution to provident fund	191.87	406.63	401.50	388.26
Contribution to employees state insurance scheme	32.65	18.63	7.10	5.70
Workmen and staff welfare expenses	267.07	651.85	655.04	624.61
Gratuity	205.50	151.04	161.30	95.71
Encashment of privilege leave	20.64	499.07	207.70	212.74
	3,424.77	**7,288.37**	**7,597.24**	**6,928.92**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXII
Restated Ind AS Unconsolidated Statements of Finance Cost

(₹ in million)

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Interest cost on deferred deposit of vendors	0.20	0.15	0.01	-
Interest cost on deferred payment liability to foreign supplier	18.96	38.80	38.30	38.37
Others	-	-	0.70	0.30
	19.16	**38.95**	**39.01**	**38.67**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXIII
Restated Ind AS Unconsolidated Statements of Other Expenses & Provisions

Other expenses - Projects related **(₹ in million)**

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Technicians' fees and other expenses	42.92	343.89	480.60	478.64
Service tax expenses	130.54	249.42	326.60	136.34
Technical know-how expenses	127.89	9.84	99.30	211.17
Advising team fees and other expenses	273.31	210.03	503.30	2,002.40
Facility hire	26.21	69.04	91.30	78.01
Rent	3.43	6.69	6.50	6.83
Insurance	-	1.02	3.70	0.01
Bank charges and guarantee commission	13.07	27.78	26.40	64.76
Travelling expenses	1.77	32.01	8.30	5.29
Sea Trial, launching and commissioning expenses	0.55	73.41	36.40	13.31
Legal, professional and consultant fees	54.07	106.82	2.90	9.37
Commission on sale	-	-	-	50.49
Training expenses	42.97	258.39	438.90	-
Miscellaneous expenses	12.13	28.79	11.00	13.79
	728.86	**1,417.13**	**2,035.20**	**3,070.41**

Other expenses - Others

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Repairs and maintenance:				
Buildings	8.48	71.29	78.50	90.80
Plant and machinery	52.11	168.70	213.50	228.10
Steam launches and boats, motor cars, lorries, etc.	46.05	132.86	115.40	122.60
Dredging	-	-	-	0.10
Less: Work done internally and other expenditure which has been included in other heads of expenses	88.18	241.78	282.10	289.33
	18.46	131.07	125.30	152.27
Facility hire	25.32	72.93	44.60	47.64
Water expenses	8.91	26.39	23.90	19.68
Rent	43.07	82.45	76.40	102.45
Insurance	34.17	39.83	28.80	32.01
Rates and taxes	30.02	63.34	64.10	55.87
Bank charges and guarantee commission	0.22	2.36	5.40	6.25
Printing and stationery	1.94	6.36	7.30	7.21
Travelling expenses	27.52	76.60	45.90	27.86
Business promotion expenses	36.97	76.88	96.60	83.60

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Sea trial, launching and commissioning expenses	0.07	17.61	4.60	-
Corporate membership expenses	1.16	1.85	15.90	4.25
Sale / scrapping of fixed assets (net)				
Loss	-	20.87	-	-
Less: profit	-	(19.82)	-	-
Changes in inventory of scrap	-	-	5.20	-
Miscellaneous expenses	30.04	78.42	29.70	29.70
Lease charges	0.77	3.27	2.00	-
Research and development expenses	0.12	135.78	104.70	85.61
Legal, professional and consultant fees	11.31	44.17	17.70	20.01
Books and periodicals	0.69	1.20	0.90	0.82
Postage, telegrams and phones	4.76	16.14	12.40	10.27
Training expenses	1.06	20.59	15.50	17.72
CISF and security board expenses	106.64	257.61	222.60	183.05
Advertising Expenses	-	-	-	0.10
Custom Office Establishment Expenses	-	-	-	1.50
Directors fees and expenses	0.20	0.92	0.10	-
Provision for obsolete stock	-	13.65	18.50	2.70
Consumption of stores and spares etc.	80.29	228.31	214.70	177.90
Other interest	0.46	55.20	2.50	11.64
Amortisation of prepaid rentals	0.78	1.52	1.50	1.52
Bad debts	-	-	29.00	-
Advance write off	-	2.50	-	-
Corporate social responsibility expenses	48.50	136.53	116.90	49.90
Less: Utilised from CSR fund	-	-	(116.90)	(49.90)
Sale / scrapping of fixed assets (net)				
Loss	4.47	-	-	6.57
Less: Profit	(2.20)	-	-	(3.69)
	515.72	**1,594.53**	**1,215.80**	**1,084.51**

Foreign Exchange gain / loss on raw materials and project specific equipments has been considered in cost of material consumed.

Expenses transferred to Fixed Assets

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Employee cost	-	-	-	(13.00)
	-	**-**	**-**	**(13.00)**

Provisions

Particulars	For the period ended			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015 (Proforma)
Liquidated damages	33.54	-	-	0.76
Doubtful debts / receivable	-	1,074.53	146.70	98.81
Guarantee repairs	130.00	10.00	70.00	45.63
Others	-	-	0.30	8.79

	163.54	**1,084.53**	**217.00**	**153.99**

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure XXIV

Restated Ind AS Unconsolidated Statement of Related Party Transactions **(₹ in million)**

a) Name of related party and description of relationships

i) The Company is controlled by President of India having ownership interest of 100%
ii)Goa Shipyard Limited Associate company (holding 47.21% of the equity share capital)

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

b) Transactions with Related Parties

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

Particulars	Year ended	Sales to related parties	Dividend Received	Rent from related parties	Amounts receivable /(payable) by related parties
Associate:					
Goa Shipyard Ltd.	30th September, 2017	-	192.35	0.36	0.32
	31st March, 2017	-	87.93	0.71	0.30
	31st March, 2016	-	74.20	0.72	0.30
	31st March, 2015	-	-	1.00	0.40
Other Related Party:					
Indian Navy	30th September, 2017	17,502.66	-	-	11,962.50
	31st March, 2017	35,263.02	-	-	7,622.70
	31st March, 2016	41,219.20	-	-	8,193.20
	31st March, 2015	36,145.80	-	-	15,253.60

Remuneration to Key Managerial Personnel*	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
RAdm R K Shrawat AVSM (Retd) (Upto 31.12.16)	-	11.40	2.93	3.00
Cdr P R Raghunath (Retd) (Upto 27.02.2017)	-	6.33	2.79	2.90
Shri M Selvaraj (Upto 31.05.2015)	-	-	0.67	3.10
Cmde Rakesh Anand (Retd)	1.59	5.24	2.67	2.80
Capt Rajiv Lath (Retd)	1.51	5.11	2.83	2.80
Shri Sanjiv Sharma	1.44	4.07	2.07	NA

* As per Statement of Profit and Loss Account.

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

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

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXV
Restated Ind AS Unconsolidated Statement of Contingent Liabilities and Capital Commitments

A Contingent Liabilities and Commitments: **(₹ in million)**

1 Amounts for which Company may be contingently liable:

Sr. No.	Particulars	As at			
		30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
i)	Estimated amount of contracts remaining to be executed on capital account.	915.90	575.40	1,746.10	370.80
ii)	Estimated amount of liquidated damages on contracts under execution.	-	-	3,304.60	2,304.20
iiii)	Position of non-fund based limits utilized for:				
	(a)Letters of credit	11,369.53	8,766.40	11,512.80	9,551.60
	(b)Guarantees and counter guarantees	80.49	72.60	326.90	298.00
iv)	Indemnity Bonds issued by the Company to customers for various contracts.	4,83,170.40	4,83,387.50	4,73,308.00	4,73,371.19
v)	Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	46.70	46.70	46.70	-
vi)	Counter claim lodged by customer against the Company's claim on encashment of performance guarantee.	-	-	-	1,640.00
vii)	Claim of contractor in respect of Assets	-	-	-	138.60

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

Sr. No.	Particulars	As at			
		30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
i)	Suppliers and sub-contractors	63.80	139.00	218.30	11.30
ii)	Others	348.70	348.70	382.00	382.00
iii)	Interest on (i) and (ii) above	1,274.20	1,295.70	1,326.50	1,248.40
		1,686.70	**1,783.40**	**1,926.80**	**1,641.70**

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

Sr. No.	Particulars	As at			
		30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
i)	Sales Tax *	11,228.70	11,228.70	11,162.50	11,122.70
ii)	Excise Duty				
	a) On Vendors	18.00	17.70	17.10	16.40
	b)On MDL	2.70	2.70	2.60	2.50
		20.70	**20.40**	**19.70**	**18.90**
		11,249.40	**11,249.10**	**11,182.20**	**11,141.60**

* Against the above claim, part payments of ₹61.40 million (In 2017: ₹ 58.40 million, 2016: ₹58.40 million, 2015: ₹57.40 million) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹18.79 million inclusive of interest and penalty (In 2017: ₹18.33 million, 2016: ₹17.80 million, 2015: ₹16.88 million) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008.The Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

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

Sr. No.	Particulars	As at			
		30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
i)	Excise Duty	1.50	1.50	1.50	1.50
ii)	Service Tax* (including interest and penalties)	687.70	687.70	677.00	658.00
iii)	Income Tax	441.80	441.80	17.80	-
		1,131.00	**1,131.00**	**696.30**	**659.50**

* Includes ₹292.80 million (In 2017: ₹292.70 million, 2016: ₹292.70 million, 2015: ₹292.70 million) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2012-13.

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

Particulars	As at			
	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
Custom Duty	2.80	2.80	2.00	2.00

B 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.

C For Financial Year 2014-15 and 2015-16: Certain balances under current Assets, loans and advances, Current Liabilities, clearing accounts etc. are subject to confirmation and reconciliation. Consequent adjustments thereof, if any, will be given effect in the books of accounts during the year of adjustments.
For Financial Year 2016-17 and period ended 30th September 2017: 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.

D **Normal Operating Cycle**

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

The Normal Operating Cycle in respect of different business activities is defined as under-
a) In case of ship / submarine building and ship/submarine repair and refit activities, normal operating cycle is considered as the time period from the effective date of the Contract/LOI to the date of expiry of guarantee period.

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

Note:
The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXVI
Statement Dividend paid

Particulars	For the period ended 30th September, 2017	2016-17	2015-16	2014-15
Number of equity shares outstanding	24,90,00,000	2,49,00,000	1,99,20,000	1,99,20,000
Dividend paid (₹ in million)	-			
Final	-	992.00	-	-
Tax on above dividend	-	201.90	-	-
Rate of Dividend (%)	0%	39.84%	0%	0%
Dividend per equity share (₹)	-	39.84	-	-
Interim	-	1,000.00	1,000.00	1,000.00
Tax on above dividend	-	203.60	203.60	199.90
Rate of Dividend (%)	0%	40.16%	50.20%	50.20%
Dividend per equity share (₹)	-	40.16	50.20	50.20

Notes:

1. The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII and Restated Ind AS Unconsolidated Statement of Other Notes Annexure XXX.

2. The above information has not been restated to give effect for issue of bonus share subsequent to 28th September 2016 and represents historical information.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXVII
Restated Ind AS Unconsolidated Statement of Tax Shelter

(₹ in million)

Sr. No.	Particulars	For the period/ year ended			
		30th September, 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015 (Proforma)**
A	**Profit before tax as per restated profit and loss account**	**4,015.52**	**8,370.00**	**9,243.47**	**7,841.96**
B	Statutory Tax rate (%)	34.61%	34.61%	34.61%	33.99%
C	Tax at Statutory rate	1,389.69	2,896.69	3,198.98	2,665.48
	Adjustment for Permanent differences				
1	Expenses disallowed / Income allowed	-	46.54	1.28	0.19
2	Income exempt under Income Tax Act	(195.97)	(107.70)	(12.07)	(12.16)
3	Others	-	-	1.60	(307.76)
D	**Total Permanent differences**	**(195.97)**	**(61.16)**	**(9.19)**	**(319.73)**
	Adjustment for Timing differences				
1	Difference between book depreciation and income tax depreciation	11.51	(76.58)	(27.62)	6.38
2	Provision for anticipated losses and gains	(213.30)	(8.57)	134.59	108.35
3	Disallowance under section 43B	97.59	190.20	342.58	(3.94)
4	Adjustments due to reinstatement	7.43	-	-	-
5	Others	670.55	54.54	493.32	(80.36)
E	**Total Timing differences**	**573.78**	**159.59**	**942.87**	**30.44**
F	**Net Adjustment**	**377.80**	**98.43**	**933.68**	**(289.30)**
G=(F*B)	Tax expenses/(savings) thereon	**130.75**	**34.06**	**323.13**	**(98.33)**
	Statutory Tax on profits before restatement	**-**	**-**	**-**	**-**
H	**Current tax (C + G)**	**1,520.41**	**2,930.71**	**3,522.00**	**2,567.16**
	Current tax as per books	1,520.42	2,930.71	3,522.00	2,567.16
I	Short/ (excess) provision for earlier years	130.75	-	45.70	-
J	Deferred tax charge/ (credit)	(172.70)	(50.57)	(349.32)	(10.40)
L	**Total Tax Expenses (H+I+J)**	**1,478.49**	**2,880.14**	**3,218.38**	**2,556.76**

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXVIII
Restated Ind AS Unconsolidated Statement of Accounting Ratios

Sr. No.	Particulars		For the period ended 30th September, 2017	2016-17	2015-16	2014-15
A	**Earnings Per Share (EPS) – Basic and Diluted**					
	Restated Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in million)		2,667.80	5,489.86	6,025.09	5,285.20
	Net Profit / (Loss) for calculation of basic EPS (₹ in million)	A	2,667.80	5,489.86	6,025.09	5,285.20
	Weighted average number of equity shares outstanding		2,49,00,000	2,49,00,000	1,99,20,000	1,99,20,000
	Bonus shares issued in FY 16-17, restated for all periods		-	-	49,80,000	49,80,000
	Weighted average number of equity shares for calculating basic EPS		2,49,00,000	2,49,00,000	2,49,00,000	2,49,00,000
	Weighted average number of equity shares after considering Share Split (during half year ended 30th Sep 2017) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS	B	24,90,00,000	24,90,00,000	24,90,00,000	24,90,00,000
	EPS (₹) – Basic	**A/B**	**10.71**	**22.05**	**24.20**	**21.23**
	EPS (₹) – Diluted	**C**	**10.71**	**22.05**	**24.20**	**21.23**
B	**Return on net worth**					
	Restated Profit / (Loss) after Tax (₹ in million)	D	2,667.80	5,489.86	6,025.09	5,285.20
	Restated Net Worth for Equity Shareholders (₹ in million)	E	28,417.79	26,245.33	23,161.78	18,413.70
	Return on Net worth (%)	**D/E*100**	**9.39%**	**20.92%**	**26.01%**	**28.70%**
C	**Net Asset Value Per Equity Share**					
	Net worth sat the end of the periods/ year (₹ in million)	F	28,417.79	26,245.33	23,161.78	18,413.70
	Weighted average number of equity share at the end of the period/ year	G	24,90,00,000	24,90,00,000	24,90,00,000	24,90,00,000
	Net Asset Value Per Share (₹)	**F/G**	**114.13**	**105.40**	**93.02**	**73.95**

Note:
The above ratios have been computed on the basis of the Restated Summary Statements - Annexure I & Annexure II

i) Formula:

Basic Earnings per share (₹)Profit/Loss after tax (as restated) attributable to Owners
Weighted average number of equity shares

Diluted Earnings per share (₹)Profit/Loss after tax (as restated after adjustments for diluted)
Weighted average number of equity shares

Return on net worth (%)Profit/Loss after tax (as restated)X 100
Net worth at the end of the years

Net Asset Value per equity share (₹)Net worth at the end of the years (as restated) X 100
Weighted average number of equity shares

ii) The above statement should be read with the Notes to the Restated Ind AS Unconsolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Unconsolidated Financial Statements - Annexure VII.

iii) Net worth for ratios mentioned represents sum of Paid-up share capital, reserves and surplus/Other equity (Capital Redemption Reserve and surplus in the Statement of Profits and Losses).

iv) Earnings per share calculations are in accordance with Accounting Standard 20-Earnings Per Share ('AS 20') and Ind AS 33 - Earnings per share, notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. As per AS 20, in case of bonus share, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

v) During FY 2017-18 the Face Value of equity shares has been split from **₹**100 to **₹**10. As per Ind AS 33, weighted average number of total equity shares for FY 2016-17, FY 2015-16, FY 2014-15 has been adjusted for share split.

vi) During the year ended March 31, 2017, the Company issued bonus shares, in the ratio of one shares for every four shares held, to the existing shareholders by way of capitalization of Capital Redemption Reserve which has been approved at the Annual general meeting held by the Company on September 28, 2016.

vii) The company has completed 10% Buyback of equity shares (No. Of Shares: ₹24.9 million of ₹10 each) for ₹2534.86 million and ₹538.88 million tax thereon total amounting to ₹3073.73 million in December 2017. Due to this the share capital will be reduced by ₹249 million to ₹2241.00 million and other equity will be reduced by ₹2824.73 million to ₹23103.05 million resulting in total shareholders' funds of ₹25344.05 million**.**

viii) Considering this buyback the position of net worth and EPS shall be as follows:

EPS Calculation	
Net Profit / (Loss) for calculation of basic EPS (₹ in million)	2,667.80
Weighted average number of equity shares after considering Share Split (during half year ended 30th September, 2017) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS and Buy Back	22,41,00,000
EPS (₹) - Basic	**11.90**
EPS (₹) - Diluted	**11.90**
Net worth Calculation	
Restated Profit / (Loss) after Tax (₹ in million)	2,667.80
Restated Net Worth for Equity Shareholders (₹ in million)	25,344.04
Return on Net worth (%)	**10.53%**

Net Asset Value Per Equity Share	
Net worth at the end of the periods (₹ in million)	25,344.04
Number of equity shares outstanding at the end of the period	22,41,00,000
Net Asset Value Per Share (₹)	**113.09**

For the purpose of calculation of weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during period/year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number.

Mazagon Dock Shipbuilders Limited
Annexure XXIX
Restated Ind AS Unconsolidated Statement of Capitalisation

(₹ in million)

Particulars	Pre-offer for the half year ended 30th September, 2017	Adjusted for post offer*
Debts		
Short Term Debts	Nil	-
Long Term Debts (Including current maturities of long term debts)	Nil	-
Total Debts	Nil	-
Share Holder's Funds		
Share Capital	2490.00	-
Other Equity	25927.79	-
Total Shareholders' Funds	28417.79	-
Total Debts/Total Shareholders' Funds	Nil	-
Long Term Debts/ Total Shareholders' Funds	Nil	-

*Can be calculated only on conclusion of the issue

Note:
The company has completed 10% Buyback of equity shares (No. Of Shares: ₹24.9 million of ₹10 each) for ₹2534.86 million and ₹538.88 million tax thereon total amounting to ₹3073.73 million in December 2017. Due to this the share capital will be reduced by ₹249 million to ₹2241.00 million and other equity will be reduced by ₹2824.73 million to ₹23103.05 million resulting in total shareholders' funds of ₹25344.05 million.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXX **(₹ in million)**

1 Employee Benefits

Various benefits provided to employees are classified as under:-

(I) Defined Contribution Plans	**30th September, 2017**	**31st March, 2017**	**31st March, 2016**	**31st March, 2015**
(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	191.83	392.10	392.60	285.60
2. Employers' Contribution to Employees' State Insurance	32.65	18.60	7.10	5.70
3. Employers' Contribution to EPS (Employees' Pension Scheme)	53.28	117.00	403.90	87.80
4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme	0.04	14.50	8.90	14.90

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

(II) Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme)	**30th September, 2017**	**31st March, 2017**	**31st March, 2016**	**31st March, 2015**
Actuarial valuation was performed by an insurer in respect of the aforesaid Defined Benefit Plans based on the following assumptions:-				
1 Discount Rate (per annum)	7.25%	7.25%	7.50%	7.95%
2 Rate of increase in compensation levels	7.50%	7.50%	7.50%	8.50%

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

Particulars	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
Opening Balance	2,105.80	2,246.90	2,386.60	2,511.50
Add : Credit from Company	-	21.40	24.20	4.50
Less : Amount paid towards claims	(186.30)	(333.90)	(363.60)	(331.40)
Add : Interest credited	86.30	171.40	199.70	202.00
Closing Balance	2,005.80	2,105.80	2,246.90	2,386.60
Present value of past service benefit	2,956.51	2,236.60	2,275.00	2,409.20

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

Actuarial valuation of liability towards Gratuity

Defined Benefit Plans Gratuity - as per actuarial valuation

The Ind AS-19stipulates 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.

	Particulars	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
i)	**Assumptions**				
	a) Discount Rate	7.25%	7.25%	7.50%	7.95%
	b) Salary Escalation	7.50%	7.50%	7.50%	8.50%
	c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March	8.20%	8.19%	8.37%	9.25%
	d) Expected average remaining working lives of employees (years)	14	14	13	12
ii)	**Table showing changes in present value of obligations**				
	Present value of obligations as at beginning of year	2,236.60	2,275.00	2,409.20	2,491.90
	Interest cost	81.08	170.60	191.50	199.30
	Current service cost	68.06	111.40	104.40	47.20
	Benefits paid	(186.34)	(333.90)	(363.60)	(331.40)
	Actuarial (gain) / loss on obligations	757.12	13.50	(66.50)	2.20
	Present value of obligations as at end of year	2,956.51	2,236.60	2,275.00	2,409.20
iii)	**Table showing changes in the fair value of plan assets**				
	Fair value of plan assets at beginning of year	2,105.80	2,246.90	2,386.60	2,511.50
	Expected return on plan assets	86.30	171.40	199.70	200.90
	Contributions	-	21.40	24.20	4.50
	Benefits paid	(186.30)	(333.90)	(363.60)	(331.40)
	Actuarial (gain) / loss on plan assets	-	-	-	(1.10)
	Fair value of plan assets at the end of year	2,005.80	2,105.80	2,246.90	2,386.60
iv)	**Table showing fair value of plan assets**				
	Fair value of plan assets at beginning of year	2,105.80	2,246.90	2,386.60	2,511.50
	Actual return on plan assets	86.30	171.40	199.70	202.00
	Contributions	-	21.40	24.20	4.50

	Particulars	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
	Benefits paid	(186.30)	(333.90)	(363.60)	(331.40)
	Fair value of plan assets at the end of year	2,005.80	2,105.80	2,246.90	2,386.60
	Funded status	(950.71)	(130.80)	(28.10)	(22.60)
	Excess of Actual over estimated return on plan assets	-	-	-	1.10
v)	**Actuarial gain / loss recognized**				
	Actuarial (gain) / loss for the year - obligation	757.12	13.50	(66.50)	2.20
	Actuarial (gain) / loss for the year - plan assets	-	-	-	(1.10)
	Total (gain) / loss for the year	757.12	13.50	(66.50)	1.10
	Actuarial (gain) / loss recognised in the year	757.12	13.50	(66.50)	1.10
	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	2,956.51	2,236.60	2,275.00	2,409.20
	Fair value of plan assets as at the end of the year	2,005.80	2,105.80	2,246.90	2,386.60
	Funded status	(950.71)	(130.80)	(28.10)	(22.60)
	Net Asset / (Liability) recognized in balance sheet	(950.71)	(130.80)	(28.10)	(22.60)
vii)	**Expenses recognized in statement of Profit and Loss**	-			
	Current service cost	68.06	111.40	104.40	47.20
	Interest cost	81.08	170.60	191.50	199.30
	Expected return on plan assets	(86.30)	(171.40)	(199.70)	(200.90)
	Expenses recognized in statement of profit and loss	62.83	110.60	96.20	45.60
viii)	**Expenses recognized in Other Comprehensive Income**				
	Actuarial (gain) / loss recognised in the year	757.12	13.50	(66.50)	1.10
ix)	**Current/Non-current Liability**				
	Current Liability	760.40	574.60	558.20	600.00
	Non-current Liability	2,196.20	1,662.00	1,716.80	1,809.20
	Present Value of the Defined Gratuity Benefit Obligation	2,956.60	2,236.60	2,275.00	2,409.20

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

Particulars	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015	
	Increase	Decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)								
if Discount rate is decreased to 6.75% (2016: 7%, 2015: 7.45%)	104.30		46.70		30.80		48.83	
	3.53%		2.09%		1.35%		2.03%	
if Discount rate is increased to 7.75% (2016: 8%, 2015: 8.45%)		94.70		44.30		17.40		52.59
		3.20%		1.98%		0.77%		2.18%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)								
if Discount rate is increased to 8% (2016: 8%, 2015: 9%)	99.40		17.40		20.10		17.71	
	3.36%		0.78%		0.88%		0.74%	
if Discount rate is decreased to 7% (2016: 7%, 2015: 8%)		87.40		16.50		7.10		19.91
		2.96%		0.74%		0.31%		0.83%

Actuarial valuation of liability towards Leave Encashment

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

The Ind AS-19stipulates 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.

		30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
i)	**Assumptions**				
	Discount rate	7.25%	7.25%	7.50%	7.75%
	Rate of increase in compensation levels	7.50%	7.50%	7.50%	8.50%
	Expected average remaining working lives of employees (years)	14.00	14.00	13.00	12.00
ii)	**Table showing changes in present value of obligations**				
	Present value of obligation as at the beginning of the year	1,469.90	1,238.90	1,279.20	1,236.00
	Acquisition adjustment	-	-	-	-
	Interest cost	53.30	92.90	99.10	111.30
	Current service cost	(2.80)	157.20	39.00	82.60
	Curtailment cost / (credit)	-	-	-	-

i)	Assumptions	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
	Settlement cost / (credit)	-	-	-	-
	Benefits paid	(109.10)	(133.30)	(141.60)	(115.10)
	Actuarial (gain) / loss on obligations	(27.80)	114.20	(36.80)	(35.60)
	Present value of obligation as at the end of the year	1,383.50	1,469.90	1,238.90	1,279.20
iii)	**Table showing changes in the fair value of plan assets**				
	Fair value of plan assets at the beginning of the year	-	-	-	-
	Acquisition adjustments	-	-	-	-
	Expected return on plan assets	-	-	-	-
	Contributions	-	-	-	-
	Benefits paid	-	-	-	-
	Actuarial gain / (loss) on plan assets	-	-	-	-
	Fair value of plan assets at the end of the year	-	-	-	-
iv)	**Tables showing fair value of plan assets**				
	Fair value of plan asset at the beginning of the year	-	-	-	-
	Acquisition adjustments	-	-	-	-
	Actual return on plan assets	-	-	-	-
	Contributions / (withdrawals)	-	-	-	-
	Benefits paid	-	-	-	-
	Fair value of plan asset at the end of the year	-	-	-	-
	Funded status	(1,383.50)	(1,469.90)	(1,238.90)	(1,279.20)
	Excess of actual over estimated return on plan assets	-	-	-	-
v)	**Actuarial gain / loss recognized**				
	Actuarial (gain) / loss for the year - obligation	(27.80)	114.20	(36.80)	(35.60)
	Actuarial (gain) / loss for the year - plan assets	-	-	-	-
	Total (gain) / loss for the year	(27.80)	114.20	(36.80)	(35.60)
	Actuarial (gain) / loss recognised in the year	(27.80)	114.20	(36.80)	(35.60)
	Un-recognised actuarial (gains) / losses at the end of year	-	-	-	-
	The amounts to be recognized in the balance sheet				
	Present value of obligation as at the end of the year	1,383.50	1,469.90	1,238.90	1,279.20
	Fair value of plan assets as at end of the year	-	-	-	-
	Funded status	(1,383.50)	(1,469.90)	(1,238.90)	(1,279.20)
	Unrecognized actuarial (gains) / losses	-	-	-	-
	Net asset / (liability) recognized in balance sheet	(1,383.50)	(1,469.90)	(1,238.90)	(1,279.20)

i)	Assumptions	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
vii)	**Expenses recognized in statement of profit and loss**				
	Current service cost	(2.80)	157.20	39.00	82.60
	Interest cost	53.30	92.90	99.10	111.30
	Expected return on plan assets	-	-	-	-
	Curtailment cost / (credit)	-	-	-	-
	Settlement cost / (credit)	-	-	-	-
	Actuarial (gain) / loss recognised in the year	(27.80)	114.20	(36.80)	(35.60)
	Expenses recognized in the statement of profit and loss	22.70	364.30	101.30	158.30
viii)	**Current/Non-current Liability**				
	Current Liability	293.50	299.20	251.30	249.20
	Non-current Liability	1,090.00	1,170.70	987.60	1,030.00
	Present Value of the Defined Leave Encashment Benefit Obligation	1,383.50	1,469.90	1,238.90	1,279.20

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

Particulars	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015	
	Increase	decrease	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)								
if Discount rate is decreased to 6.75% (2016: 7%, 2015: 7.25%)	84.60		43.50		33.90		35.88	
	6.11%		2.96%		2.74%		2.80%	
if Discount rate is increased to 7.75% (2016: 8%, 2015: 8.25%)		73.70		40.60		31.90		33.75
		5.33%		2.76%		2.57%		2.64%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)								
if Discount rate is increased to 8% (2016: 8%, 2015: 9%)	83.50		43.20		33.70		35.45	
	6.04%		2.94%		2.72%		2.77%	
if Discount rate is decreased to 7% (2016: 7%, 2015: 8%)		74.20		40.70		32.00		33.67
		5.36%		2.77%		2.58%		2.63%

2	PROVISIONS MADE, UTILISED, WRITTEN BACK :	30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015
a)	**Provision for Custom Duty Demand:**							
	Opening Balance	42.60		42.60		42.60		42.60
	Additions	-		-		-		-
	Utilised/Adjusted	-		-		-		-
	Closing Balance	**42.60**		**42.60**		**42.60**		**42.60**
b)	**Provision for Liquidated Damages*:**							
	Opening Balance	10,241.50		10,241.50		10,241.50		10,241.50
	Additions	33.54		-		-		-
	Utilised/Adjusted	-		-		-		-
	Closing Balance	**10275.02**		**10,241.50**		**10,241.50**		**10,241.50**
	* Includes amount of ₹ 10204.90 million adjusted in retained earnings							
c)	**Provision for Guarantee Repairs:**							
	Opening Balance	8.00		4.20		54.50		15.60
	Additions	250.00		120.00		7.00		45.60
	Utilised/Adjusted	120.00		116.20		57.30		6.70
	Closing Balance	**138.00**		**8.00**		**4.20**		**54.50**
d)	**Other Provisions:**							
	Opening Balance	10.76		22.83		24.63		24.63
	Additions	-		-		-		-
	Utilised/Adjusted	-		12.07		1.80		-
	Closing Balance	**10.76**		**10.76**		**22.83**		**24.63**

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

Particulars	30th September, 2017	-	31st March, 2017		31st March, 2016		31st March, 2015
Principal amount due and remaining unpaid	19.63		8.90		-		0.10
Interest due on above and the unpaid interest	0.74		0.80		-		-
Interest paid	-		-		-		-
Payment made beyond the appointed day during the year	30.82		87.70		49.50		32.00
Interest accrued and remaining unpaid on above	1.19		3.40		2.20		1.50
Amount of further interest remaining due and payable in succeeding years	-		-		-		-

4 Miscellaneous Expenses include:

Remuneration to the Statutory Auditors		30th September, 2017		31st March, 2017		31st March, 2016		31st March, 2015
i) Audit fees		1.00		1.00		1.00		0.80
ii) Out of pocket expenses		-		-		-		-
iii) Tax audit fees		-		0.10		0.10		0.10
		1.00		**1.10**		**1.10**		**0.90**

5 The Company has entered into a Joint Venture with Reliance Defence and Engineering Ltd and formed a Joint Venture company - "Mazagon Dock Pipavav Defence Pvt Ltd." incorporated in Mumbai, India, during FY 2012-13. The Company's equity share in the Joint Venture is 50%. The Company has subscribed to 100000 equity shares of ₹10 each at par in the Joint Venture company but the same has not been paid. As on 31st March, 2017, the Joint Venture company has not commenced its operations and reported loss of ₹11,615 (FY 2015-16 - ₹ 11,773, FY 2014-15 - ₹ 12,620) as per latest audited results of FY 2016-17.

6 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 ₹962.80 million, payable over 45 years from 1992-93, in equal annual instalments of ₹21.40 million was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹39.13 million (2016-17- ₹40.50 million) includes yearly instalment payable of ₹21.40 million (2016-17 - ₹ 21.40 million) and ₹17.73 million (2016-17 - ₹19.10 million) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 31st March 2017 which is ₹91.0858 for 1 SDR. These payments are reimbursable by Indian Navy. Accordingly, ₹782.59 million (amortised costs of ₹218.55 million) held at foreign supplier deferred credit as on 30th September, 2017.

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

8 "Liquidated damages of ₹10,204.90 million for delays in future deliveries relating to a Project was not accounted in earlier years anticipating a reversal of liquidated damages upon negotiation with customer. This expectation was erroneous based on communication received from customer conforming the liquidated damages. The amount is provided and adjusted in the FY 2013-14, since the delays were anticipated from FY 2013-14.

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

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

10 Business Segment Reporting

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

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

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

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11 Fair Value Measurement

Financial Instruments by Category

(₹ in million)

Particulars	30th September, 2017			31st March 2017			31st March 2016			31st March 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets												
Security Deposits	-	-	31.67	-	-	30.87	-	-	29.30	-	-	27.58
Russian Deferred Debit	-	-	218.55	-	-	199.59	-	-	207.90	-	-	-
Financial Liabilities												
Russian Deferred Credit	-	-	218.55	-	-	199.59	-	-	207.90	-	-	194.70
Security Deposits	-	-	5.76	-	-	1.41	-	-	0.82	-	-	-

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 million)

Particulars	**Fair value Hierarchy**	**As at**							
		30th September, 2017		**31st March 2017**		**31st March 2016**		**31st March 2015**	
		Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**	**Carrying Amount**	**Fair Value**
Financial assets									
Security deposits	Level 3	37.60	31.67	37.60	30.87	37.60	29.30	37.60	27.58
Russian Deferred Debit	Level 3	782.60	218.55	782.60	199.59	851.40	207.90	832.10	194.75
Financial liabilities									
Russian Deferred Credit	Level 3	782.60	218.55	782.60	199.59	851.40	207.90	832.10	194.75
Security Deposits	Level 3	7.61	5.76	1.60	1.41	1.00	0.82	-	-

12 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 instaurations, foreign exchange transactions and other financial instruments.

i)Trade Receivables and unbilled revenue

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

ii) Financial Instruments and cash deposits

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

b) Liquidity Risk

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

c) Market Risk

i) Foreign currency risk and sensitivity

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

ii) Foreign Currency Risk Exposure

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

(₹ in million)

Particulars		**CAD**	**EUR**	**GBP**	**NOK**	**SEK**	**SGD**	**USD**
Financial Liabilities								
30th September 2017		-	221.55	5.10	-	0.14	-	518.43
31st March 2017		0.14	909.39	2.58	0.85	416.55	-	9.69
31st March 2016		0.14	1,863.28	0.73	0.31	0.85	0.89	430.53
31st March 2015		0.14	489.48	1.14	0.31	1.13	0.95	432.64

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

(₹ in million)

Particulars		**Impact on Profit Before Tax**			
		30th September 2017	**31st March, 2017**	**31st March, 2016**	**31st March, 2015**
CAD Sensitivity*					
	INR/CAD increases by 5%	-	0.01	0.01	0.01
	INR/CAD decreases by 5%	-	(0.01)	(0.01)	(0.01)
EUR Sensitivity*					
	INR/EUR increases by 5%	11.08	45.47	93.16	24.47
	INR/EUR decreases by 5%	(11.08)	(45.47)	(93.16)	(24.47)
GBP Sensitivity*					
	INR/EUR increases by 5%	0.26	0.13	0.04	0.06
	INR/EUR decreases by 5%	(0.26)	(0.13)	(0.04)	(0.06)
NOK Sensitivity*					
	INR/NOK increases by 5%	-	0.04	0.02	0.02
	INR/NOK decreases by 5%	-	(0.04)	(0.02)	(0.02)
SEK Sensitivity*					
	INR/SEK increases by 5%	0.01	20.83	0.04	0.06
	INR/SEK decreases by 5%	(0.01)	(20.83)	(0.04)	(0.06)
SGD Sensitivity*					
	INR/SGD increases by 5%	-	-	0.04	0.05
	INR/SGD decreases by 5%	-	-	(0.04)	(0.05)

Particulars				Impact on Profit Before Tax						
				30th September 2017		**31st March, 2017**		**31st March, 2016**		**31st March, 2015**
USD Sensitivity*										
	INR/USD increases by 5%			25.92		0.48		21.53		21.63
	INR/USD decreases by 5%			(25.92)		(0.48)		(21.53)		(21.63)
	* Holding all other variables constant									

13 Capital management

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

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

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

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14 Expenditure on Corporate Social Responsibilities (CSR) Activities

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

(₹ in million)

Relevant clause of Schedule VII to the Companies Act, 2013	Description of CSR activities	Amount Spent			
		For the period ended 30th September, 2017	2016-17	2015-16	2014-15
Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.	41.10	60.60	60.30	45.58
Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled.	5.30	56.50	28.20	4.38
Clause (v)	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries, promotion and development of traditional arts and handicrafts	-	0.20	1.50	-
Clause (vii)	Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;	-	5.00	-	-
Clause (x)	Rural development projects;	2.10	10.10	23.20	-
	Total	**48.50**	**132.40**	**113.20**	**49.96**

Particulars	For the period ended 30th September, 2017	2016-17	2015-16	2014-15
Amount required to be spent by the Company during the year	164.80	152.00	131.62	134.10
Amount spent during the year (incl. Administration Expenses)	48.50	136.53	116.92	49.96

(₹ in million)

15 Specified Bank Notes

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

Sl No.	SBNs denominations	Specified Bank Notes	Other denomination Notes	Total
1	Closing Cash in hand as on 08.11.2016	0.07	0.00	0.07
2	Permitted receipts	0.43	2.66	3.09
3	Permitted payments	-	-	-
4	Amount deposited in Banks	0.50	2.58	3.09
6	Closing Cash in hand as on 30.12.2016	-	0.07	0.07

16 Earnings per share (EPS)

Computation of Profit/Loss for Earnings Per Share	30th September, 2017	31st March, 2017	31st March, 2016	31st March, 2015
Profit attributable to equity shareholders of the Company used in calculating basic and diluted earnings per share (₹ million)	2667.80	5489.86	6025.09	5285.20
Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per share	24,90,00,000	24,90,00,000	24,90,00,000	24,90,00,000
Earnings per share Basic & Diluted (in ₹) (Share having nominal value of ₹10 each)	10.71	22.05	24.20	21.23

During FY 2016-17 the Company issued bonus shares in the ratio of 1:4. As per Ind AS 33, weighted average number of total equity shares for FY 2015-16, FY 2014-15 has been adjusted for bonus issue.

During FY 2017-18 the Face Value of equity shares has been split from ₹100 to ₹10. As per Ind AS 33, weighted average number of total equity shares for FY 2016-17, FY 2015-16, FY 2014-15 has been adjusted for share split.

Annexure XXX

17 First-time adoption of Ind AS

Transition to Ind AS

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

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

A. Exemptions and exceptions availed

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

A.1 Ind AS optional exemptions

A.1.1 Deemed cost

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

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

A.1.2 Transfer of assets from Customers

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

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

A.1.3 Investments in Associate

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

A.2 Ind AS mandatory exceptions

A.2.1 Classification and measurement of financial assets

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

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

Effect of Ind AS adoption on the Balance Sheet

(₹ in million)

Particulars	As at 31st March, 2016			As at 1st April, 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
ASSETS						
(1) Non-current assets						
(a) Property, Plant and Equipment	3,235.40	213.90	3,449.30	2,567.60	47.20	2,614.80
(b) Capital work-in-progress	646.10	1,049.70	1,695.80	401.40	1,057.50	1,458.90
(c) Other Intangible assets	210.50	17.80	228.30	90.50	-	90.50
(d) Financial Assets						
(i) Investments	60.00	-	60.00	60.00	-	60.00
(ii) Trade Receivable	810.90	(643.50)	167.40	794.30	(637.40)	156.90
(iii) Loans	-	29.30	29.30	-	27.10	27.10
(iv) Other Financial Assets	34.00	-	34.00	34.00	-	34.00
(e) Deferred tax assets (net)	1,574.50	3,430.90	5,005.40	1,201.90	3,425.90	4,627.80
(f) Non-current tax assets (Net)	-	1,280.90	1,280.90	-	2,203.60	2,203.60
(g) Other non-current assets	2,362.90	(1,229.00)	1,133.90	2,465.70	(1,691.85)	773.85
(2) Current assets						
(a) Inventories	2,03,259.10	(1,60,812.40)	42,446.70	1,85,419.20	(1,41,061.90)	44,357.30
(b) Financial Assets (i) Trade receivables	- 7,826.40	- 1,370.90	- 9,197.30	- 7,609.70	- 7,487.00	- 15,096.70
(ii) Cash and cash equivalents	88,027.70	(79,050.00)	8,977.70	76,148.80	(74,000.00)	2,148.80
(iii) Bank balances other than (ii) above	-	79,050.00	79,050.00	-	74,000.00	74,000.00
(iv) Loans	115.50	(45.90)	69.60	106.70	(45.20)	61.50
(v) Other Financial assets	1,659.40	7,640.50	9,299.90	1,890.60	3,394.50	5,285.10
(d) Other current assets	24,864.40	80.20	24,944.60	30,613.70	81.05	30,694.75
Total Assets	**3,34,686.80**	**(1,47,616.70)**	**1,87,070.10**	**3,09,404.10**	**(1,25,712.50)**	**1,83,691.60**
EQUITY AND LIABILITIES						
EQUITY						

Particulars	As at 31st March, 2016			As at 1st April, 2015		
	Previous GAAP	Effect of transition to Ind AS	Ind AS	Previous GAAP	Effect of transition to Ind AS	Ind AS
(a) Equity Share capital	1,992.00	-	1,992.00	1,992.00	-	1,992.00
(b) Other Equity	26,470.30	(5,228.20)	21,242.106	22,606.50	(5,796.30)	16,810.20
LIABILITIES						
(1) Non-current liabilities						
(a) Financial Liabilities						
(i) Trade payables	810.90	(643.50)	167.40	794.30	(637.40)	156.90
(ii) Others	-	0.80	0.80	-	-	-
(b) Other long term liabilities	-	1,316.30	1,316.30	-	1,047.40	1,047.40
(c) Long term provisions	1,651.80	10,205.00	11,856.80	1,732.90	10,204.90	11,937.80
(2) Current liabilities						
(a) Financial Liabilities						
(i) Trade payables	11,403.40	(202.30)	11,201.10	9,484.90	(835.10)	8,649.80
(ii) Others	2,056.80	55.10	2,111.90	1,756.30	44.30	1,800.60
(b) Other current liabilities	2,88,213.80	(1,51,696.00)	1,36,517.80	2,70,439.90	(1,29,668.60)	1,40,771.30
(c) Short term provisions	2,087.80	(1,423.90)	663.90	597.30	(71.70)	525.60
Total Equity and Liabilities	**3,34,686.80**	**(1,47,616.70)**	**1,87,070.10**	**3,09,404.10**	**(1,25,712.50)**	**1,83,691.60**

(₹ in million)

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31.03.2016	Previous GAAP	Effect of transition to Ind AS	IndAS
Contract revenue	41,209.90	(147.70)	41,062.20
Other operating revenue	208.40	-	208.40
Total revenue from operations	**41,418.30**	**(147.70)**	**41,270.60**
Other income	7,435.30	161.00	7,596.30
Total revenue	**48,853.60**	**13.30**	**48,866.90**
Expenses:			
Cost of materials consumed	26,580.40	(130.70)	26,449.70
Employee benefits expense	7,443.90	103.30	7,547.20
Finance costs	0.70	38.30	39.00

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31.03.2016	**Previous GAAP**	**Effect of transition to Ind AS**	**IndAS**
Depreciation and amortization expense	310.00	128.10	438.10
Sub-contract	1,349.20	-	1,349.20
Power and fuel	282.20	-	282.20
Other expenses - Project related	2,035.20	-	2,035.20
Other expenses - Others	1,220.80	(4.70)	1,216.10
Provisions	375.30	(158.30)	217.00
Total expenses	**39,597.70**	**(24.00)**	**39,573.70**
Profit before prior period adjustments	**9,255.90**	**37.30**	**9,293.20**
Prior period adjustments	317.40	(317.40)	-
Profit before tax	**9,573.30**	**(280.10)**	**9,293.20**
Less: Tax expense			
(1) Current tax	3,522.00	-	3,522.00
(2) Deferred tax	(372.60)	413.30	40.70
(3) Prior tax adjustment	45.70	-	45.70
Profit (Loss) for the period	**6,378.20**	**(693.40)**	**5,684.80**
Other Comprehensive Income			
A Items that will not be reclassified to profit or loss			
(i) Re-measurements of post-employment benefit obligations	-	67.50	67.50
(ii) Income tax relating to items that will be not be reclassified to profit or loss			
B Items that will be reclassified to profit or loss			
Total Comprehensive Income for the period comprising Profit / (Loss) and Other Comprehensive Income for the period	**6,378.20**	**(625.90)**	**5,752.30**
Earnings per equity share:	25.62	-	23.10

Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31.03.2016	Previous GAAP	Effect of transition to Ind AS	IndAS

Material adjustments made while transition form previous GAAP

Proposed dividend

Under the previous GAAP, dividends proposed by the Board of directors after the Balance sheet date but before the approval of the financial statements were considered as adjusting events, accordingly the provision for proposed dividend was recognised as a liability. Under Ind AS, such dividends are recognised when the same is approved by the shareholders in the general meeting. Accordingly, the liability for Proposed Dividend and Dividend Distribution Tax of ₹1193.90 million as at 31st March 2016 (₹Nil as at 01st April 2015) included under provisions has been reversed with corresponding adjustment to retained earnings. Consequently, the total equity has increased by an equivalent amount.

Reclassification of Lease hold land

Under the IGAAP land obtained on lease from various authorities was disclosed under fixed assets schedule at initial premium paid. The premium paid was amortised over the period of lease. Since lease is cancellable and significant risk and reward has not been transferred to MDL, lease hold land is treated as operating lease. The initial premium paid is considered as advance lease rental. Accordingly, while transition from IGAAP to Ind AS, the Company has reclassified the unamortised portion of leasehold land of ₹47.10 million (net of amortisation) from PPE to other non-current assets as prepaid lease rentals which will be amortised as operating lease over the remaining period of lease. During the year ended March 17, under Ind AS, Company has reversed depreciation expenses of ₹5.10 million which was earlier charged off as per IGAAP & recognised as lease rental of ₹5.10 million as per Ind AS.

Amortisation of Security deposit

Under Ind AS security deposits paid are measured at amortised cost, accordingly Company has adjusted ₹3.60 million against retained earnings which resulted in decrease in retained earnings and net deferred lease expenses asset is recognised of ₹13.70 million on transition date. During the year ended 31st March 16, Company has expensed out deferred lease expenses of ₹1.50 million with a closing balance of ₹12.20 million and ₹ 1.50 million are recorded as interest income on security deposit paid.

Employee Benefits

Under Ind AS, ₹103.30 million has been regrouped from employee benefit expenses to other comprehensive income on account of re-measurement of actuarial gains and losses as on 31st March 2016.

Contract Revenue as per Ind AS 11 Construction Contracts

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

b. The Company was providing hitherto the estimated cost of work yet to be completed in respect of the fixed price element of delivered ship, in the year of delivery. During the year in line with Ind AS 11, the Company has changed the practice and is accounting for cost based on actual incurred and revenue on percentage completion basis after taking into consideration the future cost to be incurred on unfinished work on the project as part of total estimated cost of the project. Due to this change, provision of ₹71.70 million was reversed in retained earning along with revenue of ₹73.00 million as at 1st April 2015. During FY 2015-16, provision of ₹230.00 million and revenue of ₹157.80 million was reversed.

c. The Company was hitherto reflecting cost incurred on ships under construction as Work in Progress (WIP) under inventory. During the year the Company has changed this practice and is recognising progressive billings on such contract work in progress as "Trade Receivables". The difference between such Trade Receivables and the Contract revenue earned calculated as per percentage completion method is reflected as unbilled revenue or unearned income under current assets or current liabilities as the case may be. Due to this change Current assets have gone up by ₹1408.70 million in FY 2015-16 with corresponding reduction in inventory.

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

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 1st March 2018
Mumbai

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

Mazagon Dock Shipbuilders Limited
Annexure I
Restated Unconsolidated Summary Statement of Assets and Liabilities

(₹ in million)

Sr. No.	Particulars	Annexures	As at 31st March, 2014	As at 31st March, 2013
	Equity and liabilities			
A	**Shareholders' Funds**			
	Share capital	VI	1,992.00	1,992.00
	Reserves and surplus	VII	12,390.33	16,407.20
			14,382.33	**18,399.20**
B	**Non-current liabilities**			
	Long-term trade payable	VIII	887.70	814.90
	Other long-term liabilities	IX	-	-
	Long-term provisions	X	11,690.44	1,884.64
			12,578.14	**2,699.54**
C	**Current liabilities**			
	Short-term trade payable	XI	8,034.50	11,696.33
	Other current liabilities	XII	1,26,126.23	1,23,183.94
	Short-term provisions	XIII	703.27	1,715.20
			1,34,864.00	**1,36,595.47**
	Total (A+B+C)		**1,61,824.47**	**1,57,694.21**
	Assets			
D	**Non-Current Assets**			
	Fixed Assets			
	Tangible assets	XIV	1,543.41	1,161.40
	Intangible assets	XIV	79.20	98.90
	Capital work-in-progress	XV	1,123.90	782.10
	Non-current investments	XVI	60.01	60.01
	Deferred tax assets (net)	XVII	4,595.72	800.26
	Long-term loans and advances	XVIII	2,222.55	3,100.60
	Long-term trade receivable	XIX	887.70	814.90
	Other non-current assets	XX	111.40	930.00
			10,623.89	**7,748.17**
E	**Current Assets**			
	Inventories	XXI	50,266.47	42,649.58
	Short-term trade receivable	XIX	7,887.48	6,935.05
	Cash and bank balances	XXII	52,393.50	60,047.90
	Short-term loans and advances	XVIII	34,675.80	38,873.50
	Other current assets	XXIII	5,977.33	1,440.01
			1,51,200.58	**1,49,946.04**
	Total (D+E)		**1,61,824.47**	**1,57,694.21**

Note:

The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

As per our report of even date

For and on behalf of the Board of Directors

Ford Rhodes Parks & Co. LLP
Chartered Accountants

Firm Registration No. 102860W/W100089	**Cmde. Rakesh Anand, IN (Retd)** Chairman and Managing Director
Shrikant Prabhu Partner Membership No. 35296	**Sanjiv Sharma** Director (Finance)
Date: 1st March 2018 Mumbai	VKK **Vijayalakshmi Kamal Kumar** Company Secretary

Mazagon Dock Shipbuilders Limited
Annexure II
Restated Unconsolidated Summary Statement of Profits and Losses

(₹ in million)

Particulars	Annexures	For the year ended 31st March, 2014	For the year ended 31st March, 2013
Income			
Revenue from operations	XXIV	28,535.60	22,676.10
Other operating revenue	XXIV	334.67	680.55
Sub total		28,870.27	23,356.65
Other income	XXV	6,127.54	5,290.21
Total revenue		**34,997.81**	**28,646.86**
Expenses			
Cost of raw materials consumed	XXVI	12,937.10	9,559.70
Changes in Inventory of work-in-progress	XXVII	722.20	293.92
Employee benefit expenses	XXVIII	6,284.07	6,041.13
Sub-contract		1,916.65	984.95
Power and Fuel		211.90	170.20
Finance costs	XXIX	0.90	9.00
Depreciation and amortization expenses	XIV	183.55	146.40
Other expenses: (a) Project related	XXX	2,276.70	3,197.60
(b) Others	XXXI	13,603.80	1,124.19
Adjustment for expenses transferred to Fixed assets	XXXII	(25.50)	(33.00)
Provisions	XXXIII	1,229.70	921.50
Total expenses		**39,341.07**	**22,415.59**
Profit before tax		**(4,343.26)**	**6,231.27**
Tax expense			
Current Tax		2,313.60	2,445.40
Short / (excess) provision for tax for previous years		(31.10)	165.00
Deferred Tax		(3,795.47)	(452.58)
Total		**(1,512.97)**	**2,157.82**
Restated profit after tax		**(2,830.29)**	**4,073.44**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

As per our report of even date

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

For and on behalf of the Board of Directors

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 1st March 2018
Mumbai

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

Mazagon Dock Shipbuilders Limited
Annexure III
Restated Unconsolidated Summary Statement of Cash Flows

(₹ in million)

Sr. No.	Particulars	For the year ended	
		31st March, 2014	31st March, 2013
A	**Cash Flow from Operating Activities:**		
	Profit / (Loss) before tax	(4,343.26)	6,231.27
	Adjustments for:		
	Non Cash Expenditure and Non Operating Expenses		
	Depreciation / Amortisation	183.55	146.40
	Finance Cost	0.90	9.00
	Loss on Sale of Fixed Assets	8.80	54.00
	Non Operating Income		
	Interest Income	(5,434.30)	(4,991.60)
	Dividend received	(27.50)	(81.10)
	Other Items		
	Fund Utilised for CSR	(16.60)	-
	Operating Profit before Working Capital Changes	**(9,628.41)**	**1,367.97**
	Adjustment for movement in Working Capital		
	(Increase) / Decrease		
	(Increase) / decrease in Inventories	(7,616.87)	(9,059.52)
	(Increase) / decrease in Trade receivables and Short-term Loans and advances	3,245.29	74,922.99
	(Increase) / decrease in Other current & Non-current assets	(806.62)	3,639.60
	Increase / (decrease) Trade payables and Other current Liabilities and provisions	(1,658.66)	(64,024.67)
	(Increase) / decrease Long-term loans and advances	(74.95)	(11.30)
	Increase / (decrease) Long-term liabilities and provisions	9,805.80	(2,870.37)
	Cash flow generated from operations	**(6,734.42)**	**3,964.70**
	Direct Taxes paid (net)	(1,951.90)	(1,948.70)
	Net cash flow from Operating Activities (A)	**(8,686.32)**	**2,016.00**
B	**Cash flow from Investing Activities:**		
	Purchase of fixed assets	(555.68)	(232.10)
	Capital work-in-progress	(341.80)	(400.60)
	Proceeds from sale of Fixed assets	1.00	5.00
	Capital advance	622.40	(611.90)
	Interest income	5,434.30	4,991.60
	Dividend received	27.50	81.10
	Net Cash flow from/(used) in Investing Activities (B)	**5,187.72**	**3,833.10**
C	**Cash flow from Financing Activities:**		
	Dividend paid	(1,170.00)	(1,157.60)
	Interest paid	(0.90)	(9.00)
	Net Cash flow from/(used) in Financing Activities I	**(1,170.90)**	**(1,166.60)**
	Net increase/(decrease) in Cash and cash equivalents (A) + (B) + (C)	**(4,669.50)**	**4,682.50**
	Cash and cash equivalents at the beginning of the year	8,433.00	3,750.50
	Cash and cash equivalents at the end of the year	**3,763.50**	**8,433.00**

Sr. No.	Particulars	For the year ended	
		31st March, 2014	31st March, 2013
	Cash and cash equivalents comprises of:		
	Cash and Cash Equivalents		
	a) Balances with Banks:-		
	- In current accounts		
	i) In India	45.30	322.80
	ii) Outside India	5.60	6.30
	- In cash credit accounts	-	0.10
	- In deposit accounts	1,712.60	3,593.70
	b) In fixed deposit accounts less than 3 months maturities	2,000.00	4,510.00
	c) Cash on hand	-	0.10
	Total	**3,763.50**	**8,433.00**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

As per our report of even date

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

Shrikant Prabhu
Partner
Membership No. 35296

Date: 1st March 2018
Mumbai.

For and on behalf of the Board of Directors

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

Sanjiv Sharma
Director (Finance)

Vijayalakshmi Kamal Kumar
Company Secretary

Mazagon Dock Shipbuilders Limited
Annexure IV
Notes to Restated Unconsolidated Summary Statements-Accounting Policies

1. SIGNIFICANT ACCOUNTING POLICIES:

I. BASIS OF PREPARATION:

The Restated Unconsolidated Summary Statement of Assets and Liabilities of the Company as at March 31, 2014 and March 31, 2013, the related Restated Unconsolidated Summary Statement of Profit and Losses and Restated Unconsolidated Summary Statement of Cash Flows for the year ended March 31, 2014 and March 31, 2013, (hereinafter collectively referred to as "Restated Unconsolidated Financial Information") have been prepared specifically for inclusion in the Offer Document to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed Initial Public Offering through Offer for Sale (IPO) of its equity shares.

These Restated Unconsolidated Financial Information have been prepared to comply in all material respects with the requirements of Part I of Chapter III to the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the SEBI regulations") as amended from time to time.

The Financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant provisions of Companies Act, 2013 read with relevant provisions, read together with Rule 7 of the Companies (Accounts) Rules, 2014.

The Restated Unconsolidated Financial information were authorised for issue in accordance with a resolution of the directors on 1st March, 2018

The Restated Unconsolidated Financial Information are prepared on the historical cost convention, on the accrual basis of accounting and conform to accounting principles of the Company in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under the Companies Act, 2013 / Companies Act, 1956 as applicable read with relevant provisions. The accounting policies adopted in the preparation of the Restated Unconsolidated Financial Information are consistent with those followed in the previous years.

II. USE OF ESTIMATES:

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

III. VALUATION OF INVESTMENTS:

a) Long term investments are valued at cost after deducting provisions made, if any, for other than temporary diminution in the value.

b) Short term investments are valued at lower of cost or fair market value.

IV. FIXED ASSETS:

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

b) Intangible
Expenditure incurred on software is capitalized under "Intangible Assets" and shall include expenditure incurred on:-
(i) procurement of software

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

c) Fixed Assets acquired with financial assistance from outside agency either wholly or partially are capitalised at net cost to the Company.

V. DEPRECIATION:

a) Depreciation on fixed assets is charged on the straight-line method at the rate and manner prescribed under Schedule XIV to the Companies Act, 1956, except for the following –
i)No residual value is retained in case of computers and other peripherals;
ii)On major additions to the acquisition cost of the buildings, the revised cost has been considered under a separate asset class with depreciation rate of 1.95%, being enhanced rate of depreciation to make it co-terminus with the residual life of the asset.

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

d) Lease rent on leasehold land is amortised over the lease period.

e) Intangible Assets are amortised over a period of five years or over a period of their useful life, whichever is less.

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

VI. VALUATION OF INVENTORIES:

Inventories are valued after providing for obsolescence / un-usability / deterioration determined on the basis of assessment by the management as under:-
(i)Raw materials, stores and spares are valued at the weighted average cost.

(ii)Equipment for specific projects are valued at cost. In case of cancelled projects and surplus items, at cost or estimated realizable value, whichever is lower. Valuation of partial issues, where break-up values are not available, is based on technical estimates.

(iii)Stock-in-transit including non-codified items are valued at cost.

(iv)Inventory of Foreclosed Projects are valued at cost or estimated realizable value, whichever is lower.

(v)Scrap is valued at cost or estimated realizable value whichever is lower.

(vi)Work-in-Progress is valued as under:-
1)Cost Plus Contracts:
“At costs incurred plus profits accrued up to the reporting date as per Contract/Letter of Intent”

2)Fixed Price Contracts:
(a)Where profit can be reliably measured:
“At costs incurred up to the reporting date plus profits recognized under percentage completion method in the proportion the actual costs incurred bear to the estimated total cost to completion as on that date.”

(b)Where loss is anticipated:
“When it is probable that total contract costs will exceed the total contract revenue, the expected loss is fully recognized as an expense immediately, irrespective of physical progress achieved on the reporting date.”

3)Ship Repair Contracts:

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

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

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

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

VII. SALES:

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

(ii)Sale values are ascertained in accordance with the contractual provisions.

(iii)Where the contract prices are not finalized, sales are accounted for on provisional basis.

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

(v)Credit notes issued to customers and deductions accepted are reduced from sales in the year in which they are affected.

(vi)Sales include Excise Duty and Service Tax, wherever applicable, and exclude Value Added Tax, Central Sales Tax, Works Contract Tax etc.

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

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

IX. INSURANCE CLAIMS:

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

X. LIQUIDATED DAMAGES:

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

XI. INTEREST EXPENSES:

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

XII. EMPLOYEES BENEFITS:

(i)The Company's contribution to Provident Fund, ESIC and Labour Welfare Fund are recognized on accrued basis and there are no other obligations other than such contribution payable.
(ii)The liability towards gratuity in respect of all employees is provided on the basis of actuarial valuation and is being remitted to a separate Trust.

(iii)The liability towards encashment of leave is assessed at year end by actuarial method and the same is funded.
(iv)Post Retirement Medical Benefits in respect of existing employees are provided on the basis of actuarial valuation.
(v)Traveling expenses are provided on estimate basis.

XIII. VARIATION IN FOREIGN EXCHANGE RATES:

i) Initial recognition

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

ii) Conversion

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

iii) Exchange Differences

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

XIV. TAXES ON INCOME:

(i)Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income tax Act, 1961.

(ii)Deferred tax is recognized, on timing difference, being difference between taxable income and accounting income for the year that originate in one period and are capable of reversal in one or more subsequent periods and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

XV. IMPAIRMENT OF ASSETS:

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

XVI. PROVISIONS:

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

Mazagon Dock Shipbuilders Limited
Annexure V

Statement of restatement adjustments to Audited unconsolidated financial statements:

The summary of results of restatement made in the Audited Unconsolidated Summary Statements for the respective years and its impact on the profits / (losses) of the Company is as follows:

(₹ in million)

Sr. No.	Particulars	For the year ended	
		31st March, 2014	**31st March, 2013**
A	**Net profit as per audited financial statements**	**3,976.10**	**4,127.18**
B	**Adjustments to net profit as per audited financial statements**		
a.	**Restatements due to prior period items**		
	Increase/(Decrease) in Income		
	Prior period sales (not booked earlier) pertaining to period before FY 12-13, restated to opening retained earnings from P&L	-	(126.70)
	Prior period income restated in correct period on account of: -Depreciation expenses -Amortization expenses	18.80	-
	(Increase)/Decrease in Expenses		
	Restatement of following prior period expenses by adjusting it to opening retained earnings as on 1st April. 2012.		
	- Subcontracting expenses	-	(14.07)
	- Gratuity expenses	-	(91.84)
	Prior period expenses restated in correct period on account of: -Depreciation expenses; -Bad debts; and -Repairs and maintenance expenses	(20.10)	-
	Travel expenses pertaining to FY 2012-13, adjusted in FY 2013-14	1.39	(1.39)
	Unrecorded Gratuity expenses pertaining to previous years, now restated	(1.87)	-
b.	**Material adjustments relating to previous years**		
	Increase/(Decrease) in Income		
	Unaccounted Revenue, now recognized- -on sale of ship; -Commission on B&D spares	3.07	42.75
	Revenue items pertaining to previous years, were unrecorded in respective years, got recorded in 'Retained earnings' as on 1st April 2015, for the purpose of preparation of Ind AS financial statements. These unrecorded incomes are on account of: -Recognition of income earned from Marine training not recognized earlier; -Insurance deposits earlier expensed out, now received	1.04	1.11
	(Increase)/Decrease in Expenses		
	Provision of liquidated damages pertaining to FY 2013-14, was unrecorded. However, it was provided for in 'Retained earnings' as on 1st April 2015 for the purpose of preparation of Ind AS financial statements.	(10,204.90)	-
	Reversal of excess provision towards 'Post retirement medical benefit'.	(10.60)	13.07
	Consumption of specific equipment charged in the correct year	-	-

Sr. No.	Particulars	For the year ended	
		31st March, 2014	31st March, 2013
	Reversal of wrongly booked liability towards vendor escalations	-	15.00
	Unrecorded Subcontracting expenses pertaining to prior years, now recognized	(10.35)	-
	Error in recording excess Subcontracting Expenses, now reversed	4.50	4.45
C	**Total adjustments**	**(10,219.02)**	**(157.62)**
D	**Restated profit / (loss) before tax adjustments (A - C)**	**(6,242.92)**	**3,969.56**
E	**Tax impact of adjustments**		
a.	On restatement adjustments-income/(expense)	3,412.63	103.88
F	**Restated profit / (loss) after tax**	**(2,830.29)**	**4,073.44**

Note: **Tax Adjustments**

The impact, if any on the restated items in Sr No E above on the tax has been treated as Deferred Tax adjustments in the Restated Unconsolidated Summary Statements.

Material regroupings

Appropriate adjustments have been made in the Restated Unconsolidated Summary Statements, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company for the period ended March 31, 2017 prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (as amended).Significant regrouping include:

Deferred payment liability

Up to March 31, 2014, Deferred payment liability to a foreign supplier against supply of materials was grouped under 'Borrowings' in the Statement of Assets and Liabilities. The same has been re-grouped to 'Trade payables', in the Restated Unconsolidated Statement of Assets and Liabilities.

Mazagon Dock Shipbuilders Limited
Annexure VI
Restated Unconsolidated summary statement of Share Capital

(₹ in million)

Particulars	As at			
	31st March, 2014		31st March, 2013	
	No. of shares	Amount	No. of shares	Amount
Authorised share capital:				
Equity shares of Rs 100 each	2,00,00,000	2,000.00	2,00,00,000	2,000.00
7% Redeemable Cumulative Preference Shares of ₹100 each.	1,23,72,000	1,237.20	1,23,72,000	1,237.20
Total	**3,23,72,000**	**3,237.20**	**3,23,72,000**	**3,237.20**
Issued, subscribed and fully paid-up shares:				
Equity shares of ₹100 each	1,99,20,000	1,992.00	1,99,20,000	1,992.00
Total	**1,99,20,000**	**1,992.00**	**1,99,20,000**	**1,992.00**

a Details of shareholders holding more than 5% share of the Company

Name of the shareholder	As at			
	31st March, 2014		31st March, 2013	
	No. of shares	% of share holding	No. of shares	% of share holding
Equity shares of ₹100 each fully paid-up				
President of India	1,99,20,000	100	1,99,20,000	100

b Reconciliation of the number of shares outstanding at the beginning and at the end of the year

Equity Shares

Equity Shares of ₹100 each fully paid	As at			
	31st March, 2014		31st March, 2013	
	No. of shares	Amount	No. of shares	Amount
Shares at the beginning of the year	1,99,20,000	1,992	1,99,20,000	1,992
Issued during the year	-	-	-	-
Shares at the end of the year	1,99,20,000	1,992	1,99,20,000	1,992

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure VII

Restated Unconsolidated summary statement of Reserves and surplus

(₹ in million)

Particulars	As at	
	31st March, 2014	31st March, 2013
A. Capital Reserve		
Balance as per last Balance Sheet	0.50	0.50
Closing balance	**0.50**	**0.50**
B. Capital Redemption Reserve		
Balance as per last Balance Sheet	1,237.20	1,237.20
Closing balance	**1,237.20**	**1,237.20**
C. General Reserve		
Balance as per last Balance Sheet	14,650.00	11,800.00
Add: Transfer from Surplus	2,600.00	2,850.00
Closing balance	**17,250.00**	**14,650.00**
D. Corporate Social Responsibility Fund		
Balance as per the last financial statements	72.60	-
Add: Transferred from statement of profit and loss	39.60	72.60
Less: Utilised for Expenses	(16.60)	-
Closing balance	**95.60**	**72.60**
E. Surplus in the statement of profit and loss		
Opening balance as per last financial statement	190.60	156.00
Add : Net profit for the year	(2,830.29)	4,073.44
Less: Transfer to General Reserve	(2,600.00)	(2,850.00)
Less: Transfer to Corporate Social Responsibility Fund	(39.60)	(72.60)
Less: Proposed Dividend Payment on Equity Shares	-	(1,000.00)
Less: Interim Dividend	(1,000.00)	-
Less: Dividend Distribution tax on Proposed Dividend	(170.00)	(170.00)
Add/less: Restatement adjustments	256.32	310.05
Closing balance	**(6,192.97)**	**446.90**
Total reserves and surplus (A+B+C+D+E)	**12,390.33**	**16,407.20**

Notes:

1. As per DPE guidelines, the Company has to spend 2% of previous year Profit After Tax i.e. ₹82.50 million (March 31, 2013 - ₹98.90 million) during the year 2013-14 towards Corporate Social Responsibility (CSR) and Sustainability Development (SD). Out of total budgeted expenditure of ₹155.10 million (including opening CSR Fund ₹72.60 million), the Company has incurred expenditure of ₹59.50 million during the year (March 31, 2013 - ₹ 26.30 million), consisting of ₹16.60 million towards CSR spent out of the opening fund and ₹42.90 million towards SD. The balance unspent amount of ₹39.60 million (March 31, 2013 - ₹72.60 million) has been transferred to CSR Fund by appropriation of Surplus and will be utilised for CSR only.

2. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure VIII
Restated Unconsolidated summary statement of Long-terrm trade Payable:

(₹ in million)

Particulars	As at	
	31st March, 2014	31st March, 2013
Deferred payment liability to a foreign supplier against supply of materials	928.00	850.20
Less: Amount payable within 12 months	(40.30)	(35.30)
Total	**887.70**	**814.90**

Notes:
1. The deferred payment liability (non-interest bearing) of ₹962.80 million on account of purchase of Plant and equipment, payable over 45 years from 1992-93, in equal annual instalments of ₹21.40 million was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹40.30 million (March 31, 2013 - ₹35.30 million) includes yearly instalment payable of ₹21.40 million (March 31, 2013 -₹21.40 million) and ₹18.90 million (March 31, 2013 - ₹13.90 million) towards exchange variation fluctuation. The balance loan amount has been reinstated at the present rate of SDR announced by RBI as on 01-04-2014, which is ₹93.9228 for 1 SDR (March 31, 2013 - ₹82.2493 for 1 SDR).

2. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure IX
Restated unconsolidated summary statement of Other long-term liabilities

(₹ in million)

Particulars	**As at**	
	31st March, 2014	**31st March, 2013**
Other Payables		
a) Advances received from Customer for Infrastructure Projects	6,037.20	7,667.10
Add: Received During the Year	815.20	793.40
Add : Transferred From Projects	243.10	-
Less: Transferred to Projects	-	(2,423.30)
	7,095.50	6,037.20
Less: Deducted from Capital Work-in-Progress (Refer Annexure XV)	(1,766.10)	(6,037.20)
Less: Transfer to Fixed Assets for Capitalisation	(5,329.40)	-
Sub-total (B)	**-**	**-**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure X
Restated unconsolidated summary statement of Long-term provisions

(₹ in million)

Particulars	**As at**	
	31st March, 2014	**31st March, 2013**
1. Provision for Employee Benefits		
a) Provision for Post-Retirement Benefit Scheme	416.94	311.04
Less: Payable within 12 months	(27.70)	(25.90)
	389.24	285.14
b) Provision for Contribution to Pension Scheme	-	305.50
c) Provision for Leave Salary Encashment	1,290.00	1,221.80
Less: Payable within 12 months	(277.30)	(327.50)
	1,012.70	894.30
d) Provision for Gratuity	-	1.20
2. Other Provisions		
a) Provision for Liquidated Damages	10,241.50	36.60
b) Provision for Welfare Expenses	43.10	26.10
c) Provision for Tax	-	31.00
d) Others	3.90	304.80
Total	**11,690.44**	**1,884.64**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XI
Restated unconsolidated statement of Trade payables

(₹ in million)

Particulars	As at	
	31st March, 2014	31st March, 2013
Trade payables		
Dues to micro and small enterprises (Refer Annexure XLI)	53.40	52.10
Others	7,981.10	11,644.23
Total	**8,034.50**	**11,696.33**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XII
Restated unconsolidated summary statement of Other current liabilities

(₹ in million)

Particulars	As at	
	31st March, 2014	**31st March, 2013**
Advances Received from Customers	16,823.82	15,751.37
Less: Advances received for Infrastructure Projects	(7,095.50)	(6,037.20)
	9,728.32	9,714.17
Employees related	679.80	505.20
Statutory dues	41.30	97.30
Deferred Payment Liability payable	40.30	35.30
Provision for Expenses	2,295.40	1,605.50
Deposits	55.40	73.80
Unearned income	1,13,201.61	1,11,052.67
Others	84.10	100.00
Total	**1,26,126.23**	**1,23,183.94**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XIII
Restated unconsolidated summary statement of Short term provisions

(₹ in million)

Particulars	**As at**	
	31st March, 2014	**31st March, 2013**
Provision for employee benefits		
- Provision for Leave Salary Encashment	277.30	327.50
- Provision for Gratuity	72.47	60.00
- Provision for Post-Retirement Benefit Scheme	27.70	25.90
- Provision for Contribution to Pension Scheme	263.10	-
Other provisions		
- Provision for Guarantee Repairs	15.60	80.80
- Provision for Custom Duty demand	42.60	42.60
- Provision for Wealth Tax	0.20	0.10
- Provision for Proposed Dividend on Equity shares	-	1,000.00
- Provision for Dividend Distribution Tax	-	170.00
- Provision for Welfare Expenses	4.30	8.30
Total	**703.27**	**1,715.20**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XIV
Restated Unconsolidated summary statement of Tangible assets and Intangible assets
For the year ended March 2014:
Tangible assets **(₹ in million)**

Particulars	Gross Block				Depreciation				Net Block	
	1st April, 2013	Additions	Disposals	31st March, 2014	1st April, 2013	For the year	Deletions/ adjustments	31st March, 2014	31st March, 2014	31st March, 2013
Leasehold Land	79.10	12.10	-	91.20	33.90	5.06	-	38.96	52.24	45.20
Freehold Land	0.10	-	-	0.10	-	-	-	-	0.10	0.10
Buildings- Factory & Office	390.90	0.16	21.80	369.26	296.20	5.45	17.27	284.39	84.87	94.70
Buildings- Staff Quarters	63.30	-	0.11	63.19	22.70	1.03	0.04	23.69	39.50	40.60
Plant and Equipment	1,306.90	167.30	14.62	1,459.57	728.50	43.72	13.82	758.40	701.18	578.40
Building Berths, Kasara Basin, Dry Docks & Launch ways	327.50	-	3.93	323.57	311.60	-	3.76	307.84	15.73	15.90
Other Civil Works	97.40	-	6.11	91.29	21.70	1.49	3.29	19.90	71.39	75.70
Office Equipment	415.80	48.86	17.96	446.70	205.80	47.67	16.85	236.62	210.08	210.00
Furniture, fixtures	93.60	11.03	4.26	100.38	40.10	5.81	3.96	41.94	58.43	53.50
Vehicles	26.60	2.74	0.13	29.22	13.30	1.46	0.12	14.64	14.58	13.30
Launches & Boats*	89.70	-	-	89.70	55.70	2.31	-	58.01	31.69	34.00
Total	**2,890.90**	**242.20**	**68.92**	**3,064.18**	**1,729.50**	**114.00**	**59.11**	**1,784.37**	**1,279.79**	**1,161.40**
Previous year	2,962.60	180.50	252.20	2,890.90	1,818.70	104.10	193.30	1,729.50	1,161.40	1,143.90

-* 9 Nos. Vessels under the head "Ships Launches and Boats" costing ₹89.70 million are registered in the name of CMD of the Company to comply with the requirement of Indian Costal Act,1838 / Indian Vessels Act, 1917.

Assets jointly funded by MDL and Indian Navy

Particulars	Gross Block				Depreciation				Net Block	
	1st April, 2013	Additions	Disposals	31st March, 2014	1st April, 2013	For the year	Deletions/ adjustments	31st March, 2014	31st March, 2014	31st March, 2013
Building Berths,Kasara Basin, Dry Docks and Launchways	-	74.20	-	74.20	-	5.50	-	5.50	68.70	-
Plant and Equipment	-	209.27	-	209.27	-	14.35	-	14.35	194.92	-
Total	**-**	**283.47**	**-**	**283.47**	**-**	**19.85**	**-**	**19.85**	**263.62**	**-**
Previous year	-	-	-	-	-	-	-	-	-	

Intangible assets

Particulars	Gross Block				Depreciation				Net Block	
	1st April, 2013	Additions	Disposals	31st March, 2014	1st April, 2013	For the year	Deletions/ adjustments	31st March, 2014	31st March, 2014	31st March, 2013
Computer Software/SAP-ERP	138.50	-	-	138.50	110.80	27.70	-	138.50	-	27.70
Other than SAP-ERP	98.50	30.00	-	128.50	27.30	22.00	-	49.30	79.20	71.20
Total	**237.00**	**30.00**	**-**	**267.00**	**138.10**	**49.70**	**-**	**187.80**	**79.20**	**98.90**
Previous year	185.50	51.60	0.10	237.00	95.80	42.30	-	138.10	98.90	

Note:

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

a. Land at Anik Chembur, Mumbai taken from the Government of Maharashtra and is not included on cost of leasehold land shown above;

b. Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. Pending execution of lease deeds, depreciation has been charged on the basis of available information.

c. The Company is in possession of approx. 15.59 hectares of land at Nhava. Out of 15.59 hectares, approximately 12.30 hectares is reclaimed land which is part of 23 hectares of reclaimed land jointly reclaimed by MDL and ONGC. The rest of land i.e. approx. 3.29 hectares land belongs to CIDCO which ONGC ceded to MDL in or about the year 1984 for the cost of ₹2.00 million. MDL is having permanently tenancy rights to co-terminus with the lease hold right of ONGC over the CIDCO land in MDL possession.

(ii) Registration formalities are pending in respect of flats at Vashi and Belapur, Navi Mumbai purchased from CIDCO amounting to ₹16.56million.

For the year ended March 2013:
Tangible assets

Particulars	Gross Block				Depreciation				Net Block	
	1st April, 2012	Additions	Disposals	31st March, 2013	1st April, 2012	For the year	Deletions/ adjustments	31st March, 2013	31st March, 2013	31st March, 2012
Leasehold land	79.10	-	-	79.10	29.90	4.00	-	33.90	45.20	49.20
Freehold land	0.10	-	-	0.10	-	-	-	-	0.10	0.10
Buildings- factory & office	413.20	-	22.30	390.90	305.60	8.70	18.10	296.20	94.70	107.60
Buildings- staff quarters	63.90	-	0.60	63.30	21.90	1.00	0.20	22.70	40.60	42.00
Plant and equipment	1,300.10	83.70	76.90	1,306.90	760.70	40.20	72.40	728.50	578.40	539.40
Building berths, Kasara basin, Dry docks & Launch ways	332.50	-	5.00	327.50	316.30	-	4.70	311.60	15.90	16.20
Other civil works	178.10	-	80.70	97.40	55.30	1.60	35.20	21.70	75.70	122.80
Office equipment	383.20	78.30	45.70	415.80	208.90	40.10	43.20	205.80	210.00	174.30
Furniture, fixtures	93.70	16.50	16.60	93.60	51.10	4.80	15.80	40.10	53.50	42.60
Vehicles	28.70	2.00	4.10	26.60	15.50	1.40	3.60	13.30	13.30	13.20
Launches & Boats	90.00	-	0.30	89.70	53.50	2.30	0.10	55.70	34.00	36.50
Total	**2,962.60**	**180.50**	**252.20**	**2,890.90**	**1,818.70**	**104.10**	**193.30**	**1,729.50**	**1,161.40**	**1,143.90**
Previous year	2,863.10	197.00	97.50	2,962.60	1,808.80	97.70	87.80	1,818.70	1,143.90	1,054.30

Intangible Assets

Particulars	Gross Block				Depreciation				Net Block	
	1st April, 2012	Additions	Disposals	31st March, 2013	1st April, 2012	For the year	Deletions/ adjustments	31st March, 2013	1st April, 2013	31st March, 2012
Computer Software/SAP-ERP	138.50	-	-	138.50	83.10	27.70	-	110.80	27.70	55.40
Other than SAP-ERP	47.00	51.60	0.10	98.50	12.70	14.60	-	27.30	71.20	34.30
Total	**185.50**	**51.60**	0.10	**237.00**	**95.80**	**42.30**	**-**	**138.10**	**98.90**	**89.70**
Previous year	155.60	29.90	-	185.50	62.10	33.70	-	95.80	89.70	93.50

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

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

a. Land at Anik Chembur, Mumbai taken from the Government of Maharashtra and is not included on cost of leasehold land shown above;
b. Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. Pending execution of lease deeds, depreciation has been charged on the basis of available information
c. The Company is in possession of approx. 15.59 hectares of land at Nhava. Out of 15.59 hectares , approximately 12.30 hectares is reclaimed land which is part of 23 hectares of reclaimed land jointly reclaimed by MDL and ONGC. The rest of land i.e. approx. 3.29 hectares land belongs to CIDCO which ONGC ceded to MDL is or about the year 1984 for the cost of ₹ 2.00 million. MDL is having permanently tenancy rights to co-terminus with the lease hold right of ONGC over the CIDCO land in MDL possession.

(iv) Registration formalities are pending in respect of flats at Vashi and Belapur, Navi Mumbai purchased from CIDCO amounting to ₹16.56million.

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

(vi) Depreciation has been charged on single shift basis during the year after review.

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

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

(ix) As per Significant Accounting Policy at Para-IV (C), assets amounting to ` 420.80 million (net cost to MDL) were capitalised during the year as jointly funded by MDL and Indian Navy and depreciation of ` 18.60 million has accounted on it. The total addition to the Assets of ` 5750.20 million is jointly funded by MDL and Indian Navy as given below and is used for production by MDL.

Mazagon Dock Shipbuilders Limited
Annexure XV
Restated Unconsolidated summary statement of Capital work-in-progress

(₹ in million)

Particulars	**As at**	
	31st March, 2014	**31st March, 2013**
Own Resources		
A. Tangible Assets		
Opening balance	90.90	381.50
Add: Expenditure during the year	337.70	153.50
Less: Capitalisation during the year	(242.20)	(444.10)
	186.40	90.90
B. Intangible Assets Under Development		
Opening balance	-	-
Add: Expenditure during the year	40.60	51.60
Less: Capitalisation/Adjustments during the year	(30.00)	(51.60)
	10.60	-
Sub-total (A)	**197.00**	**90.90**
Funded by Indian Navy		
a) Mazdock modernisation project		
Opening balance	5,999.10	4,016.40
Add: Expenditure during the year	1,149.40	1,982.70
Less: Capitalisation/Adjustments during the year	(5,330.80)	-
	1,817.70	5,999.10
b) Submarine facilities upgradation project		
Opening balance	729.30	209.70
Add: Expenditure/Adjustments during the year	565.40	519.60
Less: Capitalisation/Adjustments during the year	(419.40)	-
	875.30	729.30
Less: Advances received from Customer (Annexure IX)	(1,766.10)	(6,037.20)
Sub-total (B)	**926.90**	**691.20**
Total (A+B)	**1,123.90**	**782.10**

Notes:
1. Capital Work in Progress includes Navy funded Mazagon Modernization Project (MMP)and Submarine Facilities Upgradation Project (SFU). Part of the MMP project namely Goliath Crane, Wet Basin and Extension of Slip way were completed. Pending completion of other assets of the MMP, the cost incurred for modernisation project (net of funds received from the Navy) as on 31st March, 2013 is shown as capital work in progress and balance amount of capital work in progress of MMP and SFU after reducing advance from customer will be capitalized based on the cost receivable from the customer.

2. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XVI
Restated Unconsolidated summary statement of Non-current Investment

(₹ in million)

Particulars	**As at**	
	31st March, 2014	**31st March, 2013**
Other Investment (valued at cost, unquoted)		
Investment in Associate		
Investment in Equity Instruments - 1,37,39,400 (1,37,39,400) Equity shares of ₹10 each fully paid up in Goa Shipyard Limited	60.01	60.01
Total	**60.01**	**60.01**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XVII
Restated Unconsolidated summary statement of Deferred tax asset (net)

(₹ in million)

Particulars	As at	
	31st March, 2014	**31st March, 2013**
Deferred tax assets (A)		
Provision	5,011.74	1,152.90
Others	73.63	70.22
Sub-total (A)	**5,085.37**	**1,223.12**
Deferred tax liabilities (B)		
Service Tax	(141.20)	(124.70)
Depreciation	(220.02)	(207.30)
Gratuity	(5.60)	(25.00)
Others	(122.83)	(65.86)
Sub-total (B)	**(489.65)**	**(422.86)**
Total (A+B)	**4,595.72**	**800.26**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XVIII
Restated Unconsolidated summary statement of Loans and advances

Long-term loans and advances **(₹ in million)**

Particulars	As at	
	31st March, 2014	**31st March, 2013**
(Unsecured, considered good)		
Capital advances	87.00	709.40
Sales Tax(VAT)/Service Tax Set Off receivable	428.60	358.00
Advance payment of Tax & Tax deducted at source	8,853.40	8,152.80
Less: Provision for Tax	(7,376.70)	(6,345.50)
	1,476.70	1,807.30
Others:		
Deposits	91.75	85.50
Balance with Sales Tax Authorities	58.10	58.10
Balances with Port Trust	78.40	80.30
Balance with Customs Authorities	2.00	2.00
(Unsecured, considered doubtful)		
Other Receivables considered doubtful	275.00	-
Less: Provision for Doubtful Receivables	(275.00)	-
	-	-
Total	**2,222.55**	**3,100.60**

Notes:
Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Companies for the year is Nil (31st March 2013 is also Nil).

Short-term loans and advances: **(₹ in million)**

Particulars	As at	
	31st March, 2014	**31st March, 2013**
(Unsecured, considered good)		
Advances Paid to Vendors		
i) Considered good	31,223.30	37,625.50
ii) Considered doubtful	-	1.00
	31,223.30	37,626.50
Less : Provision for doubtful advances	-	(1.00)
	31,223.30	37,625.50
Advances Paid on Behalf of Customer for B&D Spares	3,163.60	1,083.90
Employee Related	25.50	88.50
Prepaid Expenses	155.00	39.10
Others	108.40	36.50
Total	**34,675.80**	**38,873.50**

Note:
Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Companies for the year is Nil (31st March 2013 is also Nil).

Mazagon Dock Shipbuilders Limited
Annexure XIX
Restated Unconsolidated Statement of Long-term trade receivable

(₹ in million)

Particulars	As at	
	31st March, 2014	31st March, 2013
(Unsecured, considered good)		
Foreign Exchange Fluctuation on Deferred Debts	435.90	336.70
Less: Exchange fluctuation receivable within 12 months	(18.90)	(13.90)
	417.00	322.80
a) Deferred Debts considered good	470.70	492.10
Total (A)	**887.70**	**814.90**

Restated Unconsolidated Statement of Short-term trade receivable

(₹ in million)

Particulars	As at	
	31st March, 2014	31st March, 2013
(Unsecured, Considered good)		
a) Debts Outstanding over six months		
i) Considered good	1,078.10	1,094.90
ii) Considered doubtful	-	-
	1,078.10	1,094.90
b) Other Debts		
i) Considered good	6,790.48	5,826.25
ii) Considered doubtful	-	-
	6,790.48	5,826.25
Less: Provision for doubtful debts and disallowances	-	-
	6,790.48	5,826.25
Sub-total	**7,868.58**	**6,921.15**
Deferred Debt Exchange fluctuation receivable	18.90	13.90
Total	**7,887.48**	**6,935.05**

Note:
Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary Companies for the year is Nil (31st March 2013 is also Nil).

Mazagon Dock Shipbuilders Limited
Annexure XX
Restated Unconsolidated summary statement of Other non-current assets

(₹ in million)

Particulars	As at	
	31st March, 2014	31st March, 2013
Debts over six months		
- Considered good	111.40	125.00
- Considered doubtful	1,675.10	**732.00**
	1,786.50	857.00
Less: Provision for doubtful debts and disallowances	(1,675.10)	(732.00)
	111.40	125.00

Other Receivables		
Considered doubtful	23.20	23.20
Less: Provision for doubtful debts and disallowances	(23.20)	(23.20)
	-	-
Leave salary encashment fund with SBI life	-	1,086.90
Less: Receivable within 12 months	-	(282.00)
	-	804.90
Interest Receivable on Loans to Employees (Secured)	-	0.10
Total	**111.40**	**930.00**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXI
Restated Unconsolidated summary statement of Inventories

(₹ in million)

Particulars	As at	
	31st March, 2014	31st March, 2013
Raw Materials		
Material in Stores	1,363.60	1,554.20
Less: Provision for Obsolescence	-	(3.30)
	1,363.60	1,550.90
Stores & Spares		
Material in Stores	161.70	148.10
Less: Provision for Obsolescence	-	(2.60)
	161.70	145.50
Equipment for Specific Projects		
Material in Stores	46,562.70	32,987.00
Stock in Transit	2,119.30	5,834.70
Materials Pending Inspection	37.40	-
	48,719.40	38,821.70
Scrap	9.90	11.20
Loose Tools	11.90	13.30
Work-in-progress	(0.03)	2,106.98
Total	**50,266.47**	**42,649.58**

Notes:

1. Value of Inventory relates to Customer (Indian Navy): Raw material, Stores, Spares & Equipment	49,920.10	34,244.00
2. Inventory of Raw Material, Stores, Spares & Equipment lying with third parties	113.50	216.70
3. Leftover material related to completed contracts belonging to Indian Navy lying in Company's premises and not included in Company's Accounts, in respect of which there is no risk or liability to the Company.	1,072.70	380.50

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

5. P15A Ships could not be delivered to Navy within the contractual delivery dates. The reasons for delayed delivery are not solely attributable to the Company. The matter has been taken up with the customer for extension of delivery dates of ships. The customer has indicated to consider this closer to the actual delivery dates of second and third ship.

6. However, the contingent liability, if devolved, on the contract value of ships works out to ₹2304.20 million (March 31, 2013 ₹5640.30 million) for which no provision has been considered necessary (Refer Annexure XXXV(1b))**.**

7. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXII
Restated Unconsolidated summary statement of Cash and bank balances

(₹ in million)

Particulars	As at	
	31st March, 2014	31st March, 2013
Cash and cash equivalents		
Balances with banks		
- Current accounts		
i)In India	45.30	322.80
ii)Outside India	5.60	6.30
- In cash credit accounts	-	0.10
- In deposit accounts	1,712.60	3,593.70
In fixed deposit accounts less than 3 months maturities	2,000.00	4,510.00
Cash on hand (Refer Annexure XLIII (2))	-	0.10
	3,763.50	8,433.00
Other bank balances		
a) In fixed deposit accounts more than 3 months maturities	48,630.00	51,610.00
(No deposit having original maturity of more than 1 year)		
b) In Margin money deposits	-	4.90
	48,630.00	51,614.90
Total	**52,393.50**	**60,047.90**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXIII
Restated Unconsolidated summary statement of Other current assets

(₹ in million)

Particulars	**As at**	
	31st March, 2014	**31st March, 2013**
(Unsecured, Considered good unless otherwise specified)		
Insurance claims receivable	47.60	46.00
Interest accrued on deposits	1,421.40	790.00
Interest receivable on Income Tax refund	152.20	-
Leave salary encashment fund with SBI life	-	282.00
Assets under disposal	0.20	0.20
Other receivables	259.93	1.50
Interest receivable on loans to employees	0.10	0.10
Unbilled revenue	4,095.90	320.21
Total	**5,977.33**	**1,440.01**

Notes:

1. Certain balances under Current Assets, Loans and Advances, Current Liabilities, clearing accounts etc. are subject to confirmation and reconciliation. Consequent adjustments thereof, if any, will be given effect in the books of accounts during the year of adjustments.

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

3. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXIV
Restated Unconsolidated Statement of Revenue from operations

(₹ in million)

Particulars	**For the year ended**	
	31st March, 2014	**31st March, 2013**
Revenue from operations (net)		
Sale of products		
Ship construction	973.20	23,806.20
Other engineering	-	10.40
Subtotal (A)	**973.20**	**23,816.60**
Revenue from On-going Contracts		
Closing Work-in-progress	1,30,005.50	1,01,058.30
Less: Opening Work-in-progress	(1,01,058.30)	(1,00,453.80)
Less: Transferred from changes in inventories of WIP	(1,384.80)	(1,745.00)
Subtotal (B)	**27,562.40**	**(1,140.50)**
Total (A+B)	**28,535.60**	**22,676.10**
Other Operating Revenue		
(a) Sale of services		
ii) Ship repair	119.50	230.30
i) Commission earned on procurement of spares	157.57	396.25
(b) Sale of scrap & stores	58.90	73.80
(c) Changes in inventory of scrap		
Closing scrap	9.90	11.20
Less : Opening scrap	(11.20)	(31.00)
	(1.30)	(19.80)
Subtotal (C)	**334.67**	**680.55**
Total (A+B+C)	**28,870.27**	**23,356.65**

Note:

1. Contract revenue recognition with respect to projects/vessels in WIP

Sr No	**Particulars**	**For the year ended**	
		31st March, 2014	**31st March, 2013**
a)	The amount of contract revenue recognised as revenue for the period ended	28,655.10	22,906.40
b)	Aggregate amount of cost incurred and recognised profits (less recognised losses) as at	1,29,990.50	1,01,043.30
c)	The amount of advances received as at	2,40,927.00	2,15,698.00
d)	The amount of retentions from customers as at	241.40	241.40

2. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXV
Restated Unconsolidated Statement of Other income

(₹ in million)

Particulars	Nature (Recurring / Non-recurring)	Related/not related to business activity	For the year ended	
			31st March, 2014	31st March, 2013
Interest				
On Deposits with Banks	Recurring	Related	5,315.40	4,969.30
Less: Interest liability to customer on advances	Recurring	Related	(137.30)	(153.70)
			5,178.10	4,815.60
On Income Tax refund	Non-recurring	Not Related	152.20	59.80
Other interest	Recurring	Not Related	104.00	116.20
Dividend from Goa Shipyard Ltd.	Non-recurring	Not Related	27.50	81.10
Liabilities/Provisions no longer required written back	Non-recurring	Related	444.30	156.30
Insurance claims	Non-recurring	Not Related	-	5.60
Foreign exchange variation (Net)				
Income	Recurring	Related	9.90	-
Less: Expenditure	Recurring	Related	(8.30)	-
			1.60	-
Miscellaneous income/recoveries	Recurring	Related	219.84	55.61
Total			**6,127.54**	**5,290.21**

Notes:

1. The classification of income into recurring and non-recurring is based on the current operations and business activities of the Company.

2. All items of Other Income are from normal business activities.

3. Interest liability to the customer on Advances received against Project 15B deposited in Flexi account.

4. Earnings in Foreign Exchange: **(₹ in million)**

Particulars	For the year ended	
	31st March, 2014	March 31, 2013
FOB value of sale of multi purpose support vessel	-	2,778.00

Mazagon Dock Shipbuilders Limited
Annexure XXVI
Restated Unconsolidated summary statement of Cost of raw materials and components consumed

(₹ in million)

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Inventory at the beginning of the year		
Raw materials, Stores and Spares	1,696.40	1,001.40
Equipment for Specific Projects	32,987.00	23,391.00
Stock-in-transit	5,834.70	9,153.50
	40,518.10	33,545.90
Add: purchases during the year	22,838.20	16,692.40
Less: inventory at the end of the year		
Raw materials, Stores and Spares	1,525.30	1,696.40
Equipment for Specific Projects	46,562.70	32,987.00
Stock-in-transit	2,156.70	5,834.70
	50,244.70	40,518.10
Sub total	**13,111.60**	**9,720.20**
Less: Reduction in Value-included in other expenses	5.80	3.90
Less: Stores & Spares consumption included in Repairs & Maintainance.	1.10	6.00
Less: Stores & Spares consumption included in other expenses	167.60	150.60
Total	**12,937.10**	**9,559.70**

Notes:

1. Value of Raw Materials, Stores, Equipment, Spares etc. Consumed		
Imported [₹ in million]	10,815.20	8,463.60
Imported [%]	0.82	0.87
Indigenous [₹ in million]	2,296.40	1,256.60
Indigenous [%]	0.18	0.13
	13,111.60	**9,720.20**
2. Consumption consists of		
Iron and Steel	309.50	717.20
Non-ferrous Metals and Alloys	48.50	36.60
Machinery and Equipment fitting on ships etc.	12,738.50	8,951.90
Others	15.10	14.50
	13,111.60	**9,720.20**
3. Value of Imports on CIF basis		
Raw material including machinery, equipment for construction of ships, submarine, repairs and other production jobs.	24,001.30	19,729.00
Capital goods	204.50	-

4. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXVII
Restated Unconsolidated summary statement of cost of changes in Inventory of Work-in-progress

(₹ in million)

Particulars	**For the year ended**	
	31st March, 2014	**31st March, 2013**
Opening Work-in-progress	2,107.00	4,145.90
Less: Transferred to Revenue from Ongoing Contracts	(1,384.80)	(1,745.00)
Less: Closing Work-in-progress	-	(2,106.98)
Total	**722.20**	**293.92**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXVIII
Restated Unconsolidated summary statement of Employee benefit expenses

(₹ in million)

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Salaries, wages, allowances and bonus	4,925.10	4,602.50
Pension	0.50	0.60
Contribution to provident fund	361.20	330.70
Contribution to employees state insurance scheme	4.30	15.00
Contribution to pension scheme	-	66.30
Workmen and staff welfare expenses	604.60	540.43
Gratuity	128.07	124.90
Encashment of privilege leave	260.30	360.70
Total	**6,284.07**	**6,041.13**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXIX
Restated Unconsolidated summary statement of Finance cost

(₹ in million)

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Others	0.90	9.00
Total	**0.90**	**9.00**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXX
Restated Unconsolidated summary statement of Other expenses - Project related

(₹ in million)

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Technicians' fees and other expenses	408.70	316.60
Service Tax expenses	224.40	408.20
Technical knowhow expenses	67.93	115.70
Advising team fees and other expenses	1,422.65	1,991.50
Licensing fees	-	94.60
Facility hire	50.60	38.80
Rent	8.70	6.40
Insurance	11.70	23.10
Bank charges and guarantee commission	57.80	44.90
Travelling expenses	6.20	28.60
Sea trial , launching and commissioning expenses	1.90	7.30
Legal, professional and consultant fees	6.50	68.70
Miscellaneous expenses	9.62	17.60
Interest expenses - project related	-	35.60
Total	**2,276.70**	**3,197.60**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXXI
Restated Unconsolidated summary statement of Other expenses

(₹ in million)

Particulars	For the year ended	
	31st March, 2014	**31st March, 2013**
Repairs and Maintenance:		
Buildings	65.50	59.30
Plant and Machinery	170.00	195.70
Steam Launches & Boats, Motor Cars, Lorries, etc.	110.10	140.90
Dredging	13.70	8.30
	359.30	404.20
Less : Work done internally and other expenditure which has been included in other heads of expenses	(237.00)	(248.00)
	122.30	156.20
Facility hire	37.80	37.30
Water expenses	18.00	16.30
Rent	153.70	137.80
Insurance	31.40	25.30
Rates and Taxes	74.50	84.20
Bank charges and guarantee commission	11.30	13.60
Printing and stationery	4.80	7.40
Traveling expenses	58.30	59.99
Business promotion expenses	44.50	56.00
Sea trial , launching and commissioning expenses	0.40	10.40
Foreign exchange variation (net)		
Expenditure	-	105.00
Less: Income	-	(77.50)
	-	27.50
Corporate membership expenses	3.60	1.10
Sale of fixed assets (net)		
Loss	9.70	58.10
Less: Profit	(0.90)	(4.10)
	8.80	54.00
Miscellaneous expenses	2.20	34.10
Research and development expenses	82.50	-
Legal, professional and consultant fees	17.30	20.40
Books and periodicals	0.90	1.10
Postage, telegrams and phones	12.00	10.20
Training expenses	17.40	16.20
CISF and security board expenses	171.00	143.20
Advertising expenses	1.20	9.90
Custom office establishment expenses	4.70	5.50
Loose tools consumed	39.90	13.50
Directors fees & expenses	1.00	1.60
Reduction in value of materials	5.80	3.90
Liquidated damages	12,510.90	0.60
Consumption of stores and spares etc.	167.60	150.60
Corporate social responsibility expenses (Refer Annexure VII- Note 1)	-	26.30
Total	**13,603.80**	**1,124.19**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXXII
Restated Unconsolidated summary statement of Other expenses - Expenses transferred to Fixed assets

(₹ in million)

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Employee cost	(25.50)	(33.00)
Total	**(25.50)**	**(33.00)**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXXIII
Restated Unconsolidated summary statement of Provisions

(₹ in million)

Particulars	For the year ended	
	31st March, 2014	**31st March, 2013**
Liquidated damages	1.00	0.20
Guarantee repairs	-	47.80
Doubtful debts	942.10	573.90
Others	286.60	299.60
Total	**1,229.70**	**921.50**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXXIV
Restated Unconsolidated Statement of Profit/Loss for Earnings Per Share:

(₹ in million)

	For the year ended	
Particulars	**31st March, 2014**	**31st March, 2013**
Profit / (Loss) after Tax	(2,830.29)	4,073.44
Profit / (Loss) including exceptional items attributable to Equity Shares	(2,830.29)	4,073.44
Profit / (Loss) excluding exceptional items attributable to Equity Shares	(2,830.29)	4,073.44
Number of shares	24,90,00,000	24,90,00,000
Earnings per share Basic (in ₹)	(11.37)	16.36
Earnings per share Diluted (in ₹)	(11.37)	16.36
(Share having nominal value of ₹ 10 each)		

Notes:
1. During FY 2016-17 the Company issued bonus shares in the ratio of 1:4. As per AS 20, weighted average number of total equity shares for FY 2013-14 and FY 2012-13 has been adjusted for bonus issue.

2. During FY 2017-18 the Face Value of equity shares has been split from ₹100 to ₹10. As per Ind AS 33, weighted average number of total equity shares for FY 2016-17, FY 2015-16, FY 2014-15 has been adjusted for share split.

3. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXXV
Restated Unconsolidated Statement of Contingent Liabilities & Commitments of Mazagon Dock Shipbuilders Limited

1 Amounts for which Company may be contingently liable: **(₹ in million)**

Particulars	As at	
	31st March, 2014	31st March, 2013
a) Estimated amount of contracts remaining to be executed on capital account.	2,579.50	3,414.80
b) Estimated amount of Liquidated Damages on contracts under Execution	2,304.20	5,640.30
c) Position of non-fund based limits utilized for:	-	-
(i)Letters of Credit	12,823.50	12,773.80
(ii) Guarantees and counter guarantees	284.90	1,159.90
d) Indemnity Bonds issued by the Company to Customers for various contracts	4,06,012.30	2,94,799.00

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

Particulars	As at	
	31st March, 2014	31st March, 2013
(i)Suppliers and Sub-contractors	233.30	206.20
(ii) Others	382.00	382.00
(iii) Interest on (i) and (ii) above	1,805.70	2,222.00

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

Particulars	As at	
	31st March, 2014	31st March, 2013
i)Sales Tax *	11,047.60	10,893.60
ii)Excise Duty		
a) On Vendors	3.10	3.40
b)On MDL	16.00	15.00

Notes

* Against the above claim, part payments of ₹41.03 million (previous year ₹40.03 million) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹15.96 million (inclusive of interest and penalty) (previous year ₹15.05 million) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007- March 2008. The Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

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

Particulars	As at	
	31st March, 2014	31st March, 2013
(i) Excise Duty	1.50	1.50
(ii) Service Tax* (including interest and penalties)	642.80	630.50

Notes:
* Includes ₹292.70 million (previous year's ₹291.90 million) towards Show Cause Notices issued by the Service Tax Dept. for the years from 2005-06 to 2012-13.

5 Appeals pending against disputed demands pending before Adjudicating / Appellate authorities:

Particulars	As at	
	31st March, 2014	**31st March, 2013**
Custom Duty	2.00	2.00

Mazagon Dock Shipbuilders Limited
Annexure XXXVI
Restated Unconsolidated Statement of Employee benefits:

1 Various benefits provided to employees are classified as under:- **(₹ in million)**

(I) Defined Contribution Plans

(a) Provident Fund
(b) State Defined Contribution Plans
(i)Employers' Contribution to Employees' State Insurance
(ii)Employers' Contribution to Employees' Pension Scheme, 1995.
(iii) Employers' Contribution to Employees' Deposit Linked Insurance Scheme.

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

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
1 Employers' Contribution to Provident Fund	306.00	276.70
2 Employers' Contribution to Employees' State Insurance	4.30	15.00
3 Employers' Contribution to EPS (Employees' Pension Scheme)	50.20	50.30
4 Employers' Contribution to Employees' Deposit Linked Insurance Scheme	4.20	3.80

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

(II) Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme)

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

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
1Discount Rate (per annum)	8.00%	8.00%
2Rate of increase in compensation levels	9.00%	9.00%

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

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Opening Balance as on 1st April, 2013	2,547.80	2,533.50
Add : Credit from MDL	39.10	85.50
Less : Amount paid towards claims	(303.00)	(298.00)
Add : Interest credited	227.60	226.80
Closing Balance as on 31st March, 2014	2,511.50	2,547.80
Present value of past service benefit	2,491.90	2,470.70

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

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Opening Balance as on 01.04.2013	1,086.90	1,102.70
Add : Contribution during 2013-14	-	-
	10,86.90	1,102.70
Less : Withdrawals, if any	10,86.90	113.90
	-	988.80
Add : Interest credited to Fund as on 31.03.2014	-	98.10
Fund balance as on 31.03.2014	-	1,086.90
Fund requirement as per Actuarial Valuation as on 31.03.2014	-	1,176.30

The actuarial liability excludes the fixed term employees, for which separate short-term provision of ₹54.00million (previous year: ₹45.50million) exists.

2 Actuarial valuation of liability towards Gratuity
Defined Benefit Plans Gratuity - as per actuarial valuation on 31st March, 2014

i) Assumptions

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
a) Discount Rate	8.00%	8.00%
b) Salary Escalation	9.00%	9.00%
c) Actual Rate of Return = 9.50% = Estimated Rate of Return as ARD falls on 31 March		

ii) Table showing changes in present value of obligations

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Present value of obligations as at beginning of year	2,470.70	2,441.70
Interest Cost	197.70	195.30
Current Service Cost	62.60	73.10
Benefits Paid	(303.00)	(298.00)
Actuarial (gain) / Loss on obligations	63.90	58.60
Present value of obligations as at end of year	2,491.90	2,470.70

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

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Fair value of plan assets at beginning of year	2,547.80	2,533.50
Expected return on plan assets	227.60	226.80
Contributions	39.10	85.50
Benefits paid	(303.00)	(298.00)
Actuarial (gain) / Loss on Plan assets	-	-
Fair value of plan assets at the end of year	2,511.50	2,547.80

iv) Table showing fair value of plan assets

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Fair value of plan assets at beginning of year	2,547.80	2,533.50
Actual return on plan assets	227.60	226.80
Contributions	39.10	85.50
Benefits paid	(303.00)	(298.00)
Fair value of plan assets at the end of year	2,511.50	2,547.80
Funded status	19.60	77.00
Excess of Actual over estimated return on plan assets	-	-

v) Actuarial Gain / Loss recognized

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Actuarial (gain) / Loss for the year - Obligation	(63.90)	(58.60)
Actuarial (gain) / Loss for the year - plan assets	-	-
Actuarial(gain) / Loss on obligations	63.90	58.60
Actuarial (gain) / Loss recognized in the year	63.90	58.60

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

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Present value of obligations as at the end of year	2,491.90	2,470.70
Fair value of plan assets as at the end of the year	2,511.50	2,547.80
Funded status	19.60	77.00
Net Asset / (Liability) recognized in balance sheet	19.60	77.00

vii) Expenses recognized in statement of Profit and Loss

Particulars	For the year ended	
	31st March, 2014	31st March, 2013
Current Service Cost	62.60	73.10
Interest Cost	197.70	195.30
Expected return on Plan Assets	(227.60)	(226.80)
Net Actuarial (gain) / Loss recognized in the year	63.90	58.60
Expenses recognized in statement of Profit and Loss	96.50	100.30

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXXVII
Restated Unconsolidated Statement of Computation of disclosure in relation to Revised Schedule VI to the Companies Act, 1956 –

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

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

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

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

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

Mazagon Dock Shipbuilders Limited
Annexure XXXVIII
Restated Unconsolidated Statement of Expenditure in Foreign Currency (on Cash Basis):

(₹ in million)

Particulars	As at	
	31st March, 2014	31st March, 2013
Royalty	-	86.40
Technical Know-how	297.90	536.70
Professional and Consultancy Fees	447.20	-
Other matters	1,153.60	2,323.20

Notes:
1. The figures disclosed above are based on the Restated Unconsolidated Financial Information of the Company

2. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XXXIX
Restated Unconsolidated Statement of Directors' Remuneration : **(₹ in million)**

Particulars	As at	
	31st March, 2014	31st March, 2013
(i) Salaries and Allowances	8.90	8.40
(ii) Contribution to Provident Fund and other Funds	0.90	0.90
(exclusive of Provision for Gratuity and leave encashment)		
(iii) Medical Expenses reimbursed	0.20	0.20
(iv) Leave Travel Concession	0.50	0.60
(v) Annual Performance Related Pay	1.80	4.70
(vi) Sitting Fees and other expenses	1.20	1.70

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.

Notes:

1. The figures disclosed above are based on the Restated Unconsolidated Financial Information of the Company

2. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XL
Restated Unconsolidated Statement of Provisions made, utilised, written back:

(₹ in million)

Particulars	As at			
	1st April, 2013	Additions	Utilised/ Adjustment	31st March, 2014
Provision for Gratuity	61.20	31.20	19.93	72.47
Provision for Leave Salary Encashment	1,221.80	113.70	45.50	1,290.00
Provision for Post-Retirement Benefit Scheme	335.00	96.20	14.26	416.94
Provision for Pension for Officers	305.50	-	42.40	263.10
Provision for Custom Duty Demand	42.60	-	-	42.60
Provision for Doubtful Debts and disallowances	755.20	943.10	-	1,698.30
Provision for Liquidated Damages	36.60	10,204.90	-	10,241.50
Provision for Guarantee Repairs	80.80	-	65.20	15.60
Other Provisions	340.30	288.10	302.10	326.30
Total	**3,179.00**	**11,677.20**	**489.39**	**14,366.81**

Particulars	As at			
	1st April, 2012	Additions	Utilised/ Adjustment	31st March, 2013
Provision for Gratuity	65.80	21.70	26.30	61.20
Provision for Leave Salary Encashment	1,029.00	232.30	39.50	1,221.80
Provision for Post-Retirement Benefit Scheme	206.70	128.30	23.96	311.04
Provision for Pension for Officers	239.20	66.30	-	305.50
Provision for Custom Duty Demand	42.60	-	-	42.60
Provision for Doubtful Debts and disallowances	181.10	574.10	-	755.20
Provision for Liquidated Damages	36.60	-	-	36.60
Provision for Guarantee Repairs	52.70	62.80	34.70	80.80
Provision for Interest Payable	133.10	24.00	157.10	-
Other Provisions	54.10	354.60	68.40	340.30
Total	**2,040.90**	**1,464.10**	**349.96**	**3,155.04**

Notes:

1. The figures disclosed above are based on the Restated Unconsolidated Financial Information of the Company.

2. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited

Annexure XLI

Restated Unconsolidated Statement of details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)

(₹ in million)

Particulars			31st March, 2014	31st March, 2013
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:				
Principal amount due to micro and small enterprises			9.50	-
Interest due on above			0.70	-
Total			**10.20**	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year			43.80	116.80
The amount of interest accrued and remaining unpaid at the end of each accounting year			1.80	4.20
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006			-	-
Information in respect of micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006) has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors. The Company did not have any transaction with micro or small enterprises. Consequently, as at the balance sheet date, no amounts are due to any of the micro or small entities.				

Notes:

1. The figures disclosed above are based on the Restated Unconsolidated Financial Information of the Company

2. The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XLII
Restated Unconsolidated Statement of remuneration to the Statutory Auditors:

Miscellaneous Expenses' include remuneration to the Statutory Auditors: **(₹ in million)**

Particulars	As at	
	31st March, 2014	**31st March, 2013**
Audit Fees	0.70	0.70
Out of pocket expenses	-	0.10
Tax Audit Fees	0.10	0.10
Total	**0.80**	**0.90**

Note:
The above statement should be read with the notes to the Restated Unconsolidated Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited
Annexure XLIII
Reconciliation of Opening Reserve

(₹ in million)

Particulars	Amount	Amount
Net Surplus in the Statement of Profit and Loss as at 1st April, 2012 as per audited financial statements		**156.00**
Adjustments:		
Adjustment of due to prior period items		
Recognition of prior period revenue and reversal of prior period expenses before FY 12-13	481.71	
Reversal of income wrongly booked	(80.88)	
Expenses pertaining to previous period	(2.13)	398.69
Tax Impact on above-asset/(liability)		(96.00)
Adjustment of due to material adjustments relating to previous years		
Reversal of post-retirement medical provisions due to change in scheme, w.e.f. 2006-07		10.89
Tax Impact on above-asset/(liability)		(3.53)
Total impact of adjustments		310.05
Net Surplus in Statement of restated reserves and surplus as at 1st April 2012		466.05

Mazagon Dock Shipbuilders Limited
Annexure XLIV
Restated Standalone Statement of Accounting Ratios

Sr. No.	Particulars		2013-14	2012-13
A	**Earnings Per Share (EPS) - Basic and Diluted**			
	Restated Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (₹ in million)		(2,830.29)	4,073.44
	Net Profit / (Loss) for calculation of basic EPS (₹ in million)	A	**(2,830.29)**	**4,073.44**
	Weighted average number of equity shares outstanding		1,99,20,000	1,99,20,000
	Bonus shares issued in FY 16-17, restated for all periods		49,80,000	49,80,000
	Weighted average number of equity shares for calculating basic EPS		**2,49,00,000**	**2,49,00,000**
	Weighted average number of equity shares after considering Share Split (during half year ended 30th Sep 2017) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS	B	24,90,00,000	24,90,00,000
	EPS (In ₹) - Basic	**A/B**	**(11.37)**	**16.36**
	EPS (In ₹) - Diluted	**C**	**(11.37)**	**16.36**
B	**Return on net worth**			
	Restated Profit / (Loss) after Tax (₹ in million)	D	(2,830.29)	4,073.44
	Restated Net Worth for Equity Shareholders (₹ in million)	E	14,382.33	18,399.20
	Return on Net worth (%)	**D/E*100**	**-19.68%**	**22.14%**
C	**Net Asset Value Per Equity Share**			
	Net worth at the end of the periods (₹ in million)	F	14,382.33	18,399.20
	Number of equity shares outstanding at the end of the periods	G	24,90,00,000	24,90,00,000
	Net Asset Value Per Share (In ₹)	**F/G**	57.76	73.89

Note:
The above ratios have been computed on the basis of the Restated Summary Statements - Annexure I & Annexure II.
i)Formula:

Basic Earnings per share (₹) $\frac{\text{Profit/Loss after tax (as restated) attributable to Owners}}{\text{Weighted average number of equity shares}}$

Diluted Earnings per share (₹) $\frac{\text{Profit/Loss after tax (as restated after adjustments for diluted)}}{\text{Weighted average number of equity shares}}$

Return on net worth (%) $\frac{\text{Profit/Loss after tax (as restated)}}{\text{Net worth at the end of the years}} \times 100$

Net Asset Value per equity share (₹) $\frac{\text{Net worth at the end of the years (as restated)}}{\text{Weighted average number of equity shares}} \times 100$

ii)The above statement should be read with the notes to Restated Standalone Summary Statements as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Standalone Financial Statements appearing in Annexure V.

iii) Net worth for ratios mentioned represents sum of Paid-up share capital, reserves and surplus/Other equity (Capital Redemption Reserve and surplus in the Statement of Profit and Loss).

iv) Earnings per share calculations are in accordance with Accounting Standard 20-Earnings Per Share ('AS 20') and Ind AS 33 - Earnings per share, notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. As per AS 20, in case of bonus share, the number of shares outstanding before the event is adjusted for the proportionate change in the number of equity shares outstanding as if the event has occurred at the beginning of the earliest period reported. Weighted average number of equity shares outstanding during all the previous years have been considered accordingly.

v) During FY 2017-18 the Face Value of equity shares has been split from ₹100 to ₹10. As per Ind AS 33, weighted average number of total equity shares for FY 2016-17, FY 2015-16, FY 2014-15 has been adjusted for share split.

vi) During the year ended March 31,2017, the Company issued bonus shares, in the ratio of one share for every four equity shares held, to the existing shareholders by way of capitalization of Capital Redemption Reserve, which has been approved at the Annual general meeting held by the Company on September 28, 2016.

vii) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during period/year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number

Mazagon Dock Shipbuilders Limited
Annexure XLV
Statement of Dividend paid

Particulars	During the year	
	2013-14	**2012-13**
Number of equity shares outstanding	1,99,20,000	1,99,20,000
Dividend paid (In ₹ million)		
Final	-	996.00
Tax on above dividend	-	161.60
Rate of Dividend (%)	0%	50%
Dividend per equity share (₹)	-	50.00
Interim	1,000.00	-
Tax on above dividend	170.00	-
Rate of Dividend (%)	50%	0%
Dividend per equity share (₹)	50.20	

Notes:

1 The above information has not been restated to give effect for issue of bonus share subsequent to 28th September 2016 and represents historical information.

2 The above statement should be read with the Notes to the Restated Unconsolidated Summary Statements-Accounting Policies as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XLVI
Restated Unconsolidated Statement of Tax Shelter

(₹ in million)

Sr. No.	Particulars	31st March, 2014	31st March, 2013
A	**Profit before tax as per restated profit and loss account**	**(4,343)**	**6,231**
B	Statutory Tax rate (%)	34%	32%
C	Tax at Statutory rate	(1,476.27)	2,021.74
	Adjustment for Permanent differences		
1	Expenses disallowed / Income allowed	0.26	0.11
2	Income exempt under Income Tax Act	(32.27)	(84.92)
3	Others	15.52	(4.38)
D	**Total Permanent differences**	**(16.49)**	**(89.19)**
	Adjustment for Timing differences		
1	Difference between book depreciation and income tax depreciation	(61.66)	(11.30)
2	Provision for anticipated losses and gains	917.20	719.57
3	Disallowance under section 43B	173.05	363.94
4	Adjustments due to reinstatement	-	-
5	Others	10,137.85	322.75
E	**Total Timing differences**	**11,166.44**	**1,394.96**
F	**Net Adjustment**	**11,149.95**	**1,305.77**
G=(F*B)	Tax expenses/(savings) thereon	**3,789.87**	**423.66**
	Statutory Tax on profits before restatement		**-**
H	**Current tax (C + G)**	**2,313.60**	**2,445.40**
	Current tax as per books	2,313.60	2,445.40
I	Short/ (excess) provision for earlier years	(31.10)	165.00
J	Deferred tax charge/ (credit)	(3,795.47)	(452.60)
L	**Total Tax Expenses (H+I+J)**	**(1,512.97)**	**2,157.80**

Mazagon Dock Shipbuilders Limited
Annexure XLVII
Restated Unconsolidated statement of Related Party Transactions:

1 **Relate Party Disclosure**

a) Name of related party and description of relationships

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

ii)Goa Shipyard Limited — Associate Company (holding 47.21% of the equity share capital)

iii) Key Managerial Personnel	
RAdm R K Shrawat AVSM (Retd)	Chairman and Managing Director
Cmde Rakesh Anand (Retd)(From 01.01.2013)	Director (Corporate Planning & Personnel)
Rakesh Bajaj (Upto 31.12.2012)	Director (Corporate Planning & Personnel)
Cdr P R Raghunath (Retd)(From 01.04.2013)	Director (Shipbuilding)
Shri Gopal Bharti(Upto 01.01.2013)	Director (Submarine & Heavy Engineering)
Capt Rajiv Lath (Retd) (From 19.09.2013)	Director (Submarine & Heavy Engineering)
Shri Selvaraj M(From 01.11.2012)	Director (Finance)
Shri Gar Rao (Upto 18.10.2012)	Director (Finance)

b) Transactions with Related Parties

The total amount of transactions that have been entered with related parties for the relevant financial year is as given below:**(₹ in million)**

Particulars	**Year ended**	**Sales to related parties**	**Dividend Received**	**Rent from related parties**	**Amounts receivable /(payable) by related parties**
Other Related Party:					
Indian Navy	31st March,2014	28812.67	-	-	8,772.95
	31st March,2013	23302.65	-	-	7,748.55
Associate:					
Goa Shipyard Ltd.	31st March,2014	-	27.50	0.02	-
	31st March,2013	-	81.80	0.02	-

(₹ in million)

Remuneration to Key Managerial Personnel*	**31st March, 2014**	**31st March, 2013**
RAdm R K Shrawat AVSM (Retd)	3.32	2.04
Cmde Rakesh Anand (Retd)(From 01.01.2013)	2.40	5.78
Rakesh Bajaj (Upto 31.12.2012)	-	2.69
Cdr P R Raghunath (Retd) (From 01.04.2013)	2.68	3.05
Shri Gopal Bharti (Upto 01.01.2013)	-	2.92
Capt Rajiv Lath (Retd) (From 19.09.2013)	1.42	-
Shri Selvaraj M(From 01.11.2012)	2.74	1.38
Shri Gar Rao(Upto 18.10.2012)	-	2.25

* As per Statement of Profit and Loss Account.

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

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

The above statement should be read with the Notes to the Restated Unconsolidated Summary Statements-Accounting Policies as appearing in Annexure IV and Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements appearing in Annexure V.

Mazagon Dock Shipbuilders Limited

2 **Annexure XLVIII**

Restated Unconsolidated Other Notes

1. The financial statements are presented in ₹in million. Those items which are required to be disclosed and which were not presented in the financial statement due to rounding off to the nearest ₹in million are given as follows –

Particulars	**As at**	
	31st March, 2014	**31st March, 2013**
Annexure XXII		
Cash on hand	32,467	-
Balance in Cash Credit Accounts	20,388	-
Total	**52,855**	**-**

2 During FY 2013-14 the Company has accounted ₹2306.00 million (2012-13 Nil) towards liquidated damages claimed by the customer by way of reduction in debtors, relating to late deliveries of Project 17 ships in earlier years. The Company is in process of initiating arbitration proceedings for recovery of this amount.

3 The Company has entered into a Joint Venture with Pipavav Defence and Offshore Engg. Co. Ltd. and formed a Joint Venture Company - "Mazagon Dock Pipavav Defence Pvt Ltd." incorporated in Mumbai, India, during financial year 2012-13. The Company's share in the Joint Venture is 50%. The Company has subscribed to 1,00,000 equity shares of ₹10 each at par in the Joint Venture Company. As on 31st March, 2014, the Joint Venture Company has not commenced its operations.

4 Project 17 contract envisages 1st ship to be built on a cost plus basis and 2nd and 3rd ships on a firm and fixed price calculated on the basis of the cost and price of the 1st ship. Pending finalisation of the cost and price of the 1st ship, during FY 13-14 income on this project is recognised as per the contract except for the material element and profit thereon which is above the ceiling by ₹195.70 million (2012-13 Nil) and ₹14.70 million (2012-13 Nil) respectively, which the Company is confident of realising.

5 Amendment for inclusion of B&D spares in the existing contract for Project 15A is being finalised. Pending finalisation, income on the supply of the B&D spares for Project 15A of ₹93.70 million (2012-13 ₹52.90 million) is recognised as per Ministry of Defence guidelines.

6 During financial year 2013-14 the customer has disputed ERV claim of Project 17 of ₹592.50 million (2012-13 Nil). The company is confident of realising the same as the claim is in accordance with the contractual terms.

7 Post-Retirement Medical Benefit Scheme (for Executives) was introduced in FY 2006-07. Since beginning it was erroneously classified as defined benefit plan and consequently was accounted on actuarial basis till FY 2014-15. After management reviewed the scheme, it was reclassified as defined contribution plan, since management was of the view that its liability towards the scheme was limited only to the extent of 3% of sum of Basic salaries and Dearness Allowance (D.A.). On contribution of the said amount, MDL is no more liable to its employees. While restating the financial statements for FY 2012-13 and FY 2013-14, the difference between liability as per actuary's report and sum of 3% of basic salaries and D.A. pertaining to period prior to 1st April 2012, was adjusted in opening retained earnings as on that date.

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

As per our report of even date	For and on behalf of the Board of Directors
Ford Rhodes Parks & Co. LLP Chartered Accountants Firm Registration No. 102860W/W100089	**Cmde. Rakesh Anand, IN (Retd)** Chairman and Managing Director
Shrikant Prabhu Partner Membership No. 35296	**Sanjiv Sharma** Director (Finance)
Date: 1st March 2018 Mumbai	**Vijayalakshmi Kamal Kumar** Company Secretary

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following discussion is intended to convey management's perspective on our financial condition and results of operations for the six months period ended September 30, 2017 and the Fiscals ended March 31, 2017, 2016 and 2015. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our Restated Standalone Financial Statements and the sections entitled "Summary Financial Information," and "Financial Statements" on pages 53 and 191, respectively. This discussion contains forward-looking statements and reflects our current views with respect to future events and our financial performance and involves numerous risks and uncertainties, including, but not limited to, those described in the section entitled "Risk Factors" on page 16. Actual results could differ materially from those contained in any forward-looking statements and for further details regarding forward-looking statements, see "Forward-Looking Statements" on page 15. Unless otherwise stated, the financial information of our Company used in this section has been derived from the Restated Standalone Financial Statements. We did not prepare consolidated financial statements for periods prior to Fiscal Year 2016, since our Company was not required to consolidate financial statements under applicable law and accounting standards prior to Fiscal Year 2016. For further details, see "Financial Statements – Restated Consolidated Financial Statements - Note 6" on page 193.

Our Restated Standalone Financial Statements have been prepared, based on financial statements as at and for the six months period ended September 30, 2017 and for the financial year ended March 31, 2017, in accordance with Indian Accounting Standards ("Ind AS") as prescribed under Section 133 of Companies Act read with Companies (Indian Accounting Standards) Rules 2015 and other relevant provisions of the Companies Act and as at and for the year ended March 31, 2016, in accordance with Ind AS being the comparative period for the year ended March 31, 2017; and the financial statements as at and for the year ended March 31, 2015, prepared in accordance with accounting standards as prescribed under Section 133 of the Companies Act read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act, which has been converted into figures as per Ind AS to align accounting policies, exemptions and disclosures as adopted for the preparation of the first Ind AS financial statements for the year ended March 31, 2017; and the financial statements of the Company as at and for the years ended March 31, 2014 and March 31, 2013 prepared in accordance with Accounting Standards prescribed under Section 211 (3C) of the Companies Act, 1956 read with the Companies Accounting Standard Rules (2006) ("Indian GAAP").

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those described under "Presentation of Financial, Industry and Market Data", "Risk Factors" and "Forward Looking Statements" on pages 12, 16 and 15, respectively, and elsewhere in this Draft Red Herring Prospectus.

Ind AS differs in certain respects from Indian GAAP and other accounting principles with which prospective investors may be familiar. As a result, the Restated Standalone Financial Statements prepared under Ind AS for Fiscals 2017, 2016 and 2015 may not be comparable to our historical financial statements.

Our fiscal year ends on March 31 of each year. Accordingly, unless otherwise stated, all references to a particular fiscal year are to the 12-month period ended March 31 of that year.

Overview

We are a defence public sector undertaking shipyard under the Department of Defence Production, MoD with a maximum shipbuilding and submarine capacity of 40,000 DWT (*Source: CRISIL Report*), engaged in the construction and repair of warships and submarines for the MoD for use by the Indian Navy and other vessels for commercial clients. We are a wholly-owned GoI company, conferred with the 'Mini-ratna-I' status in 2006, by the Department of Public Enterprises. We are India's only shipyard to have built destroyers and conventional submarines for the Indian Navy. We are also one of the initial shipyards to manufacture Corvettes (Veer and Khukri Class) in India (*Source: CRISIL Report*).

The business divisions in which we operate are (i) shipbuilding and (ii) submarine and heavy engineering. Our shipbuilding division includes the building and repair of naval ships. We are currently building four P-15 B destroyers and four P-17A stealth frigates for the MoD for use by the Indian Navy. Our submarine and heavy engineering division includes building, repair and refits of diesel electric submarines. We are currently building five Scorpene class submarines under a transfer of technology agreement with Naval Group for the MoD for use by the Indian Navy. Since 1960, we have built a total of 795 vessels including 25 warships, from advanced destroyers to missile boats and three submarines. We have also delivered cargo ships, passenger ships, supply vessels, multipurpose support vessels, water tankers, tugs, dredgers, fishing travellers, barges and border outposts for various customers in India as well as abroad.

Some of the vessels built and delivered by us in the past include, six Leander class frigates, three Godavari class frigates, three corvettes, four missile boats, six destroyers, three submarines and three Shivalik class frigates for the MoD for use by the Indian Navy and constructed and delivered seven offshore patrol vessels to the Indian Coast Guard. We have fabricated and delivered jackets, main decks of wellhead platforms, process platforms and jack up rigs, etc,

Our shipyard is strategically located on the west coast of India, on the sea route connecting Europe, West Asia and the Pacific Rim, a busy international maritime route. We are headquartered in Mumbai which is also the headquarters of the Western Naval Command of the Indian Navy. We are also exploring the possibilities of developing a greenfield shipyard at Nhava, Navi Mumbai with a shiplift, wet basin, workshops, stores and buildings and a ship repair facility spread over an area of 40 acres.

Our shipbuilding and submarine and heavy engineering divisions are both ISO 9001:2008 certified.

Over the last 15 Fiscals, the total number of orders for vessels received and delivered by us is set out below:

Division	Orders Received	Orders Delivered
Shipbuilding	16	27
Submarine and heavy engineering	6	1

In addition to the above, we have also completed repairs for two submarines.

Prior to our incorporation in 1934, a small dry dock was constructed in Mazagaon village, Mumbai, to service the ships of the British East India Company in 1774 which was subsequently developed into a ship repair yard and later a ship building yard over the course of two centuries. We were incorporated as a private limited company in 1934 and in the year 1960, the GoI took over our Company to expand its warship development programme designating it as a DPSU under the MoD. For further details, see "*History and Certain Corporate Matters*" on page 152.

Our Company has posted profits continuously in the last three Fiscals. Our total income was ₹42,109.03 million, ₹48,866.92 million, ₹42,950.53 million and ₹20,625.93 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively. Our profit for the year was ₹5,285.20 million, ₹6,025.09 million, ₹5,489.86 million and ₹2,667.80 million for Fiscals 2015, 2016 and 2017 and for the six months period ended September 30, 2017 respectively.

Factors affecting our results of operations

The following is a discussion of certain factors that have had, and continue to have, a significant effect on our financial results:

Change in policy framework governing defence procurement and manufacturing including defence budget

Our business is subject to the laws, regulations and policies of the GoI. Changes in applicable regulations may have an impact on our business and results of operations. Our results of operations have been favourably affected by the GoI's initiatives to further develop the Indian Navy, by way of increased government spending in defence procurement and its policy that the Indian Navy must give the first opportunity to domestic companies to meet their defence product requirements. In May 2017, the Government introduced a strategic partnership model under DPP 2016 (the "DPP Strategic Partnership Model") under which the GoI identified a few Indian private companies as strategic partners who would tie up with shortlisted foreign OEMs to manufacture military platforms and equipments. These policies have raised the level of competition and we cannot assure you that we will be as competitive under the new policy or that we will continue to be awarded contracts by our customers. Our results of operations may be impacted by our ability to formulate and adjust business strategies in accordance with market demand as influenced by changing GoI regulations and policies and competitive landscape.

Imposition of liquidated damages and invocation of performance bank guarantees / indemnity bonds by our customers

Our shipbuilding and submarine contracts with our customer provide for liquidated damages for delays in delivery. In the past, we have been required to re – negotiate some of the terms such as price, date of delivery and scope of work of our shipbuilding contracts due to a delay in delivery of the vessel. As at September 30, 2017 and as at the Financial Years 2017, 2016 and 2015, we had made provision for liquidated damages amounting to ₹10,275.02 million, ₹10,241.48 million, ₹10,241.50 million and ₹10,241.48 million respectively on contracts under execution.

We are also required to provide performance bank guarantees or indemnity bonds against which payments and mobilization advances are released by our customers upon our execution of the contracts. These performance bank guarantees and indemnity bonds require us to incur liabilities for and on behalf of our customers against all losses and damages incurred by them due to any breach of the terms and conditions of such contracts by us or due to the acts and omissions of our vendors, suppliers, collaborators and sub – contractors.

Significant dependence on a single or few suppliers or customers

We are highly dependent on the Indian Navy for our contracts. As of February 28, 2018, our Order Book from the MoD was ₹527,608 million which constitutes 100% of our Order Book. Our entire Order Book has been awarded to us by the MoD on a nomination basis, which means that such orders have been awarded to us pursuant to floating of tenders by the MoD only to our Company.

Our Critical Accounting Policies (as per Ind AS Restated Standalone Financial Statements)

Certain of our accounting policies require the application of judgment by our management in selecting appropriate assumptions for calculating financial estimates, which inherently contain some degree of uncertainty. Our management bases its estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the reported carrying values of assets and liabilities and disclosure of contingent liabilities and the reported amounts of revenues and expenses that may not be readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We believe the following are the critical accounting policies and estimates used in the preparation of our financial statements. For more information on each of these policies, see the Restated Financial Statements included in this Draft Red Herring Prospectus.

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:

<u>Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized:</u>

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.

<u>Recognition and measurement of defined benefit obligations:</u>

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.

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.

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.

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.

Determining whether an arrangement contains a lease:

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

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

b) Current versus non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

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 12 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 12 months after the reporting period

All other assets are classified as non - current.

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 12 months after the reporting period, or
iv. There is no unconditional right to defer the settlement of the liability for at least 12 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:*

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. April 01, 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 April 01, 2015, are recognised as deferred revenue, which is amortised equally over the useful lives of the assets.

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 and machinery	Wet basin	60 years
Plant and machinery	Goliath crane (300 ton capacity)	30 years

b. Loose tools costing over ₹5,000 is written off evenly over a period of five years commencing from the year of purchase.

c. Additions to assets individually costing ₹5,000 or less are depreciated at 100%.

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

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

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

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

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

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

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

d) Intangible assets:

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

e) Impairment of assets:

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

f) Investment in associate:

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

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

Exemption availed under Ind AS 101: On transition to Ind AS, Company has elected to continue with the carrying value of its investments in its associate as at April 01, 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

g) Foreign currency transactions:

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

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

h) Borrowing costs:

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

i) Inventory valuation

i. Raw materials and stores and general spares are valued at weighted average cost.
ii. Equipment for specific projects are valued at cost.
iii. Stock-in-transit is valued at cost.
iv. Cost of inventories comprises of purchase cost, conversion and other cost incurred in bringing them to the present location and condition.
v. Provision for obsolescence will be made for raw materials, stores and spares not moved for over three 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

Construction & repair contracts

Fixed Price Contract:

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

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

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

Cost Plus Contract:

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

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

Unbilled Revenue:

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

Unearned Income:

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

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

Dividend income

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

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.

Rendering of services

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

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.

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:

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

Security deposit

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

Leases

As a lessee

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

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

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.

Employee benefits

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.

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.

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.

<u>Post-retirement medical scheme</u>

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.

<u>Provident fund and pension</u>

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.

Dividend to equity shareholders

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

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.

<u>Current income tax:</u>

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

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

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

<u>Deferred tax:</u>

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.

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.

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.

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.

Principal components of revenue and expenditure

Our revenue and expenditure are reported in the following manner:

Income

Our income comprises of contract revenue, other operating revenue and other income.

Contract revenue

Our contract revenue consists of revenue from construction of warships and submarines.

Other operating revenue

Our other operating revenue primarily consists of commission on procurement of spares and sale of scraps.

Other Income

Our other income primarily consists of interest income on short term deposits from banks and dividend from the Associate Company.

Expenditure

Our expenses primarily comprise of the following:

- *Cost of materials consumed,* consists of consumption of equipment and raw materials for construction and repair of ships and submarines;

- *Employee benefits expense,* consists of salaries, wages, allowances and bonus;

- *Finance costs,* which primarily consists of costs on account of rewinding of liability in the relevant year on account of deferred liability to vendors (due to deposit of vendors and on payment liability to foreign suppliers);

- *Depreciation and amortization expenses,* consists of depreciation of fixed assets and amortization of intangible assets;

- *Sub-contract expenses*, consists of any facility/job obtained on hire basis by us;

- *Power and fuel expenses,* consists of expenses for power and fuel;

- *Other expenses,* consists of residual expenses for project (technical services expenses and cost of training fees etc.) and non-project related expenses (repairs and maintenance, facility hire, business promotion expenditure and consumption of stores and spares etc.); and

- *Provisions,* consists of provision for doubtful debts, liquidated damages and guarantee repairs.

Tax Expenses

Elements of our tax expenses are as follows:

- *Current tax*: Our current tax expenses primarily consists of income tax paid on the profits and other income generated by us during a financial year / period. Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off;

- *Deferred tax*: Our deferred tax expenses consists of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Other comprehensive income

Other comprehensive income consists of all the items of income and expense (including reclassification adjustments) that are not recognised in profit or loss.

Total Comprehensive Income for the year

Total comprehensive income for the year consists of profit for the year and other comprehensive income.

Our results of operations

The following table sets forth our revenue from operations and other income for the six months period ended September 30, 2017 and Fiscals 2017, 2016 and 2015, in absolute terms and expressed as a percentage of total income for such periods.

(₹ in million)

	For the six months period ended September 30, 2017	% of total income	Fiscal 2017	% of total income	Fiscal 2016	% of total income	Fiscal 2015	% of total income
Income								
Contract revenue	17,474.32	84.72	35,236.68	82.04	41,062.20	84.03	36,050.29	85.61
Other operating revenue	39.71	0.19	68.11	0.16	208.40	0.43	288.40	0.68
	17,514.03	84.91	35,304.79	82.20	41,270.60	84.46	36,338.69	86.30
Other income	3,111.90	15.09	7,645.74	17.80	7,596.32	15.54	5,770.34	13.70
Total income	**20,625.93**	**100.00**	**42,950.53**	**100.00**	**48,866.92**	**100.00**	**42,109.03**	**100.00**

	For the six months period ended September 30, 2017	% of total income	Fiscal 2017	% of total income	Fiscal 2016	% of total income	Fiscal 2015	% of total income
Expenses								
Cost of materials consumed	10,884.08	52.77	21,400.75	49.83	26,449.70	54.13	20,914.13	49.67
Employee benefits expense	3,424.77	16.60	7,288.37	16.97	7,597.24	15.55	6,928.92	16.45
Finance costs	19.16	0.09	38.95	0.09	39.01	0.08	38.67	0.09
Depreciation and amortization expenses	231.69	1.12	393.90	0.92	438.10	0.90	330.34	0.78
Sub-contract	516.87	2.51	1,101.93	2.57	1,349.20	2.76	1,507.10	3.58
Power and fuel	125.72	0.61	260.44	0.61	282.20	0.58	252.00	0.60
Other expenses: (a) Project related	728.86	3.53	1,417.13	3.30	2,035.20	4.16	3,070.41	7.29
(b) Others	515.72	2.50	1,594.53	3.71	1,215.80	2.49	1,084.51	2.58
Expenses transferred to Fixed Assets	-	-	-	-	-	-	(13.00)	(0.03)
Provisions	163.54	0.79	1,084.53	2.53	217.00	0.44	153.99	0.37
Total expenses	**16,610.41**	80.53	**34,580.53**	80.51	**39,623.45**	81.08	**34,267.07**	81.38
Restated Profit before tax	**4,015.52**	19.47	**8,370.00**	19.49	**9,243.47**	18.92	**7,841.96**	18.62
Tax expense:								
Current tax	1,520.42	7.37	2,930.71	6.82	3,522.00	7.21	2,567.16	6.10
Deferred tax (credit) / charge	(172.70)	(0.84)	(50.57)	(0.12)	(349.32)	(0.71)	(10.40)	(0.02)
Adjustment of tax relating to earlier years	-	-	-	-	45.70	0.09	-	-
Profit for the year attributable to equity shareholders	**2,667.80**	12.93	**5,489.86**	12.78	**6,025.09**	12.33	**5,285.20**	12.55
Other comprehensive income ('OCI')								
OCI not to be reclassified to profit or loss in subsequent periods:								
Remeasurement gains/(losses) on defined benefit plans	(744.45)	(3.61)	(13.46)	(0.03)	66.50	0.14	(1.10)	(0.00)
Income tax effect	249.09	1.21	4.66	0.01	(23.01)	(0.05)	0.37	0.00

	For the six months period ended September 30, 2017	% of total income	Fiscal 2017	% of total income	Fiscal 2016	% of total income	Fiscal 2015	% of total income
Total comprehensive income for the year attributable to equity shareholders	**2,172.44**	10.53	**5,481.06**	12.76	**6,068.58**	12.42	**5,284.47**	12.55

Six months period ended September 30, 2017

Total income: We had a total income of ₹20,625.93 million for the six months period ended September 30, 2017 which comprised of:

- *Contract revenue:* Our contract revenue for the six months period ended September 30, 2017 was ₹17,474.32 million which consists of revenue from our warship and submarine projects;

- *Other operating revenue:* Our operating revenue for the six months period ended September 30, 2017 consisted of ₹39.71 million comprised of ₹28.34 million from commission on procurement of spares and ₹11.37 million from sale of scraps; and

- *Other income:* Our other income for the six months period ended September 30, 2017 was ₹3,111.90 million which consisted of ₹2,523.64 million from interest income and ₹192.35 million from dividend received from our Associate Company;

Total expenses: Our total expenses were ₹16,610.41 million for the six months period ended September 30, 2017 which comprised of:

- *Cost of materials consumed:* Our cost of materials consumed for the six months period ended September 30, 2017 was ₹10,884.08 million which comprised primarily of the raw materials and stores on shipbuilding and submarine projects of ₹1,904.19 million;

- *Employee benefits expense:* Our employee benefit expenses for the six months period ended September 30, 2017 was ₹3,424.77 million primarily consisted of salaries, wages, allowances, bonus of ₹2,653.76 million and retirement benefit as well as welfare expenses amounting to ₹771.01 million;

- *Finance cost:* Our finance cost for the six months period ended September 30, 2017 was ₹19.16 million which consists of interest cost on deferred payment liability to foreign supplier of ₹18.96 million;

- *Depreciation and amortization expense:* Our depreciation and amortization expense for the six months period ended September 30, 2017 was ₹231.69 million;

- *Sub-contract:* Our sub-contract expenses for the six months period ended September 30, 2017 was ₹516.87 million;

- *Power and fuel:* Our power and fuel cost for the six months period ended September 30, 2017 was ₹125.72 million;

- *Other expenses:* Project related expenses for the six months period ended September 30, 2017 was ₹728.86 million and consisted of residual expenses like advising team fees and other expenses of ₹273.31 million, training expenses of ₹42.97 million, technicians' fees of ₹42.92 million and service tax of ₹130.54 million. Non-project related expenses for the six months period ended September 30, 2017 was ₹515.72 million and consisted of cost of repairs and maintenance of ₹18.46 million, facility hire of ₹25.32 million, business promotion expenditure of ₹36.97 million and consumption of stores and spares of ₹80.29 million thereon; and

- *Provisions:* Our provisions for the six months period ended September 30, 2017 was ₹163.54 million.

Profit before tax: As a result of the above, our profit before tax for the six months period ended September 30, 2017 was ₹4,015.52 million.

Tax expenses: Our tax expenses for the six months period ended September 30, 2017 was ₹1,347.72 million which consisted of ₹1,520.42 million from current tax and ₹172.70 million from deferred tax credit.

Profit for the year attributable to equity shareholder: Our profit for the six months period ended September 30, 2017 was ₹2,667.80 million.

Other comprehensive income: We recorded a total other comprehensive loss for the six months period ended September 30, 2017 of ₹495.36 million. This was principally due to actuarial loss on retirement benefits.

Total comprehensive income for the year: We recorded a total comprehensive income for the six months period ended September 30, 2017 of ₹2,172.44 million.

Fiscal 2017 compared to Fiscal 2016

Total Income

Our total income decreased by 12.11% to ₹42,950.53 million in Fiscal 2017 from ₹48,866.92 million in Fiscal 2016 due to the reasons as mentioned below:

Contract revenue:

Our contract revenue decreased by 14.19% to ₹35,236.68 million in Fiscal 2017 from ₹41,062.20 million in Fiscal 2016. This decrease was primarily due to decrease in ship construction. Our revenue from ship construction decreased by 14.19% to ₹35,236.68 million in Fiscal 2017 from ₹41,062.20 million in Fiscal 2016. This decrease was on account of non-availability of the equipment for our shipbuilding projects.

Other operating revenue:

Our other operating revenue decreased by 67.32% to ₹68.11 million in Fiscal 2017 from ₹208.40 million in Fiscal 2016. This decrease was primarily due to lesser procurement of spares amounting to ₹122.13 million and sale of scraps amounting to ₹12.44 million.

Other Income:

Our other income increased by 0.65% to ₹7,645.74 million in Fiscal 2017 from ₹7,596.32 million in Fiscal 2016. This increase was primarily due to increase in the provision of trade receivables reversed amounting to ₹831.07 million. The break-up of other income for Fiscals 2016 and 2017 is as follows:

(₹ in million)

Particulars	Recurring / Non-recurring	Related/not related to business activity	For the period ended March 31, 2017		For the period ended March 31, 2016	
Interest						
On deposits with banks	Recurring	Related	6,403.49		6,845.20	
Less: Interest liability to customer on advances	Recurring	Related	105.13		89.50	
			6,298.36		6,755.70	
On income tax refund	Non-recurring	Not Related	11.83		0.10	
Other interest	Recurring	Not Related	18.60	6,328.79	24.80	6,780.60
Dividend from Goa Shipyard Ltd.	Non-recurring	Not Related		87.93		74.20

Particulars	Recurring / Non-recurring	Related/not related to business activity	For the period ended March 31, 2017		For the period ended March 31, 2016	
Other non operating income						
Rent refund on right to occupancy	Non-recurring	Not Related		-		49.50
Liabilities / provisions no longer required written back	Non-recurring	Related		229.72		460.10
Provision for trade receivables reversed	Recurring	Related		860.17		29.10
Provision for obsolete stock reversed	Recurring	Related		3.50		-
Insurance claims	Non-recurring	Not Related		1.58		-
Sale / scrapping of fixed assets (net)						
Profit	Non-recurring	Related	5.33		1.20	
Less: Loss	Non-recurring	Related	2.20	3.13	0.50	0.70
Liquidated damages recovered						
Capital	Non-recurring	Related		5.24		-
Others	Non-recurring	Related		19.77		16.50
Miscellaneous income / recoveries	Recurring	Related		39.99		24.60
Amortisation gain on deferred deposits of Vendors	Recurring	Related		0.16		0.02
Amortisation of deferred revenue (Customer funded assets)	Recurring	Related		25.41		121.20
Interest Income on deferred payment liability to foreign supplier	Recurring	Related		38.80		38.30
Interest Income on deferred deposit with MbPT	Recurring	Related		1.55		1.50
Foreign exchange variation (net)						
Income	Recurring	Related	-		-	
Less: Loss	Recurring	Related	-	-	-	-
				7,645.74		**7,596.32**

Total Expenses

Our total expenditure decreased by 12.73% to ₹34,580.53 million in Fiscal 2017 from ₹39,623.45 million in Fiscal 2016 due to the reasons as mentioned below:

Cost of materials consumed

Our cost of materials consumed decreased by 19.09% to ₹21,400.75 million in Fiscal 2017 from ₹26,449.70 million in Fiscal 2016. This decrease was primarily due to non-availability of major equipment for shipbuilding projects amounting to ₹2,127.80 million and increase in the stock in transit and materials pending inspection amounting to ₹373.90 million.

Employee benefits expense

Our employee benefits expense decreased by 4.07% to ₹7,288.37 million in Fiscal 2017 from ₹7,597.24 million in Fiscal 2016. This decrease was primarily due to provision for pension of non-executives in Fiscal 2016 due to the decrease in number of employees in Fiscal 2017 as compared to Fiscal 2016 and consequently resulted in a decrease in salaries, wages, allowances and bonus amounting to ₹316.55 million and a decrease in pension amounting to ₹286.90 million.

Finance Costs

Our finance costs decreased by 0.15% to ₹38.95 million in Fiscal 2017 from ₹39.01 million in Fiscal 2016.

Depreciation and amortisation expense

Our depreciation and amortisation expense decreased by 10.09% to ₹393.90 million in Fiscal 2017 from ₹438.10 million in Fiscal 2016. This decrease was primarily due to transfer of intangible assets from internal accrual to customer funded assets.

Sub-contract

Our sub-contract expense decreased by 18.33% to ₹1,101.93 million in Fiscal 2017 from ₹1,349.20 million in Fiscal 2016. This decrease was primarily on account of our shipbuilding projects being in the initial stages.

Power and fuel

Our power and fuel expense decreased by 7.71% to ₹260.44 million in Fiscal 2017 from ₹282.20 million in Fiscal 2016. This decrease was primarily due to installation of solar power plants at our premises at Mazagaon, Mumbai.

Other expense

Our other expenses consists of residual expenses.

- Project related

Project expenses decreased by 30.37% to ₹1,417.13 million in Fiscal 2017 from ₹2,035.20 million in Fiscal 2016. The decrease in residual expense for project was primarily due to decrease in advising team fees and other expenses, training expenses, technicians' fees and service tax.

- Other expenses

Our other expenses increased for non-project related expenses by 31.15% to ₹1,594.53 million in Fiscal 2017 from ₹1,215.80 million in Fiscal 2016. The increase in non-project related expenses was primarily due to increase in cost of repairs and maintenance, facility hire, business promotion expenditure and consumption of stores and spares thereon.

Provisions

Our provisions increased by 399.78% from ₹217.00 million in Fiscal 2016 to ₹1,084.53 million in Fiscal 2017 on account of increase in provision for doubtful debts.

Profit before tax:

As a result of the factors outlined above, our profit before tax decreased by 9.45% to ₹8,370.00 million in Fiscal 2017 from ₹9,243.47 million in Fiscal 2016.

Tax expense

- *Current tax:* Our current tax decreased by 16.79% to ₹2,930.71 million in Fiscal 2017 from ₹3,522.00 million in Fiscal 2016. This decrease was primarily due to lesser taxable income.

- *Deferred tax:* Our deferred tax credit was ₹50.57 million in Fiscal 2017 as compared to a deffered tax credit of ₹349.32 million in Fiscal 2016.

Profit for the year attributable to equity shareholders

Due to the factors mentioned above, our profit for the year attributable to equity shareholders decreased by 8.88% to ₹5,489.86 million in Fiscal 2017 from ₹6,025.09 million in Fiscal 2016.

Other comprehensive income

Our other comprehensive income decreased by 79.77% to ₹8.80 million in Fiscal 2017 from ₹43.49 million in Fiscal 2016. This decrease was primarily due to actuarial loss on account of gratuity.

Total comprehensive income for the year:

Our total comprehensive income for the year decreased by 9.68% to ₹5,481.06 million in Fiscal 2017 from ₹6,068.58 million in Fiscal 2016.

Fiscal 2016 compared to Fiscal 2015

Total Income

Our total income increased by 16.05% to ₹48,866.92 million in Fiscal 2016 from ₹42,109.03 million in Fiscal 2015 which was an increase due to the reasons as mentioned below:

Contract revenue:

Our contract revenue increased by 13.90% to ₹41,062.20 million in Fiscal 2016 from ₹36,050.29 million in Fiscal 2015 This increase was primarily due to increase in ship construction. Our revenue from ship construction increased by 13.90% to ₹41,062.20 million in Fiscal 2016 from ₹36,050.29 million in Fiscal 2015. This increase was on account of installation of major equipment on our warships and submarines.

Other operating revenue:

Our other operating revenue decreased by 27.74% to ₹208.40 million in Fiscal 2016 from ₹288.40 million in Fiscal 2015.This decrease was primarily due to export incentive received and accrued in Fiscal 2015 amounting to ₹84.44 million which was not available in Fiscal 2016.

Other Income:

Our other income increased by 31.64% to ₹7,596.32 million in Fiscal 2016 from ₹5,770.34 million in Fiscal 2015. This increase was primarily due to increased provision no longer required to be written back amounting to ₹120.91 million. The break-up of other income for Fiscals 2015 and 2016 is as follows:

(₹ in million)

Particulars	Recurring / Non-recurring	Related/not related to business activity	For the period ended March 31, 2016		For the period ended March 31, 2015 (Proforma)	
Interest						
On deposits with banks	Recurring	Related	6,845.20		5,228.99	
Less: Interest liability to customer on advances	Recurring	Related	89.50		70.10	
			6,755.70		5,158.89	
On income tax refund	Non-recurring	Not Related	0.10		-	
Other interest	Recurring	Not Related	24.80	6,780.60	30.10	5,188.99
Dividend from Goa Shipyard Ltd.	Non-recurring	Not Related		74.20		-
Other non operating income						
Rent refund on right to occupancy	Non-recurring	Not Related		49.50		-
Liabilities / provisions no longer required written back	Non-recurring	Related		460.10		339.19
Provision for trade receivables reversed	Recurring	Related		29.10		-
Provision for obsolete stock reversed	Recurring	Related		-		-

Particulars	Recurring / Non-recurring	Related/not related to business activity	For the period ended March 31, 2016		For the period ended March 31, 2015 (Proforma)	
Insurance claims	Non-recurring	Not Related		-		16.32
Sale / scrapping of fixed assets (net)						
Profit	Non-recurring	Related	1.20		-	
Less: Loss	Non-recurring	Related	0.50	0.70	-	-
Liquidated damages recovered						
Capital	Non-recurring	Related		-		6.13
Others	Non-recurring	Related		16.50		12.16
Miscellaneous income / recoveries	Recurring	Related		24.60		162.40
Amortisation gain on deferred deposits of Vendors	Recurring	Related		0.02		-
Amortisation of deferred revenue (Customer funded assets)	Recurring	Related		121.20		-
Interest Income on deferred payment liability to foreign supplier	Recurring	Related		38.30		38.37
Interest Income on deferred deposit with MbPT	Recurring	Related		1.50		1.34
Foreign exchange variation (net)						
Income	Recurring	Related	-		12.81	
Less: Loss	Recurring	Related	-	-	7.37	5.44
				7,596.32		**5,770.34**

Total Expenses

Our total expenditure increased by 15.63% to ₹39,623.45 million in Fiscal 2016 from ₹34,267.07 million in Fiscal 2015 due to the reasons as mentioned below:

Cost of materials consumed

Our cost of materials consumed increased by 26.47% to ₹26,449.70 million in Fiscal 2016 from ₹20,914.13 million in Fiscal 2015 This increase was primarily due to increase in consumption of major equipment on our warships, submarine and other commercial projects amounting to ₹5,267.67 million and decrease in stock in transit and materials pending inspection amounting to ₹345.10 million.

Employee benefits expense

Our employee benefits expense increased by 9.65% to ₹7,597.24 million in Fiscal 2016 from ₹6,928.92 million in Fiscal 2015. This increase was primarily due to provision for pension of non-executives in Fiscal 2016 amounting to ₹350.30 million.

Finance Costs

Our finance costs increased by 0.87% to ₹39.01 million in Fiscal 2016 from ₹38.67 million in Fiscal 2015 primarily due to increase in other costs of ₹0.40 million and the increase in interest cost on deferred payment liability to foreign supplier amounting to ₹0.07 million.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 32.62% to ₹438.10 million in Fiscal 2016 from ₹330.34 million in Fiscal 2015. This increase was primarily on account of transfer of intangible assets from internal accrual to customer funded assets.

Sub-contract

Our sub-contract expense decreased by 10.48% to ₹1,349.20 million in Fiscal 2016 from ₹1,507.10 million in Fiscal 2015 This decrease was primarily on account of the shipbuilding projects being in the initial stages.

Power and fuel

Our power and fuel expense increased by 11.98% to ₹282.20 million in Fiscal 2016 from ₹252.00 million in Fiscal 2015 This increase was primarily due to increase in the contract revenue.

Other expense

Our other expenses consists of residual expenses.

- Project related

Project expenses decreased by 33.72% to ₹2,035.20 million in Fiscal 2016 from ₹3,070.41 million in Fiscal 2015. The decrease in residual expense for project was primarily due to decrease in advising team fees and bank charges.

- Other expenses

Our other expenses increased for non-project related expenses by 12.11% to ₹1,215.80 million in Fiscal 2016 from ₹1,084.51 million in Fiscal 2015. The increase in non-project related expenses was primarily due to increase in consumption of stores and spares' CISF and security expenses, R&D and travelling expenses.

Profit before tax:

As a result of the factors outlined above, our profit before tax increased by 17.87% to ₹9,243.47 million in Fiscal 2016 from ₹7,841.96 million in Fiscal 2015.

Tax expense

- *Current tax:* Our current tax increased by 37.19% to ₹3,522.00 million in Fiscal 2016 from ₹2,567.16 million in Fiscal 2015. This increase was primarily due to increase in taxable income.

- *Deferred tax:* Our deferred tax decreased by 3,258.85% to ₹349.32 million in Fiscal 2016 from ₹10.40 million in Fiscal 2015.

Profit for the year attributable to equity shareholders

Due to the factors mentioned above, our profit for the year attributable to equity shareholders increased by 13.99% to ₹6,025.09 million in Fiscal 2016 from ₹5,285.20 million in Fiscal 2015. This increase was primarily due to increase in total revenue.

Other comprehensive income

Our other comprehensive income increased by 5857.53% to ₹43.49 million in Fiscal 2016 from a negative of ₹0.73 million in Fiscal 2015. This increase was primarily due to actuarial gain on account of employee retirement expenses.

Total comprehensive income for the year:

Our total comprehensive income for the year increased by 14.84% to ₹6,068.58 million in Fiscal 2016 from ₹5,284.47 million in Fiscal 2015.

Liquidity and capital resources

Our primary liquidity requirements are towards working capital and upgradation / modernisation of our facilities. We have been able to finance our working capital requirements primarily through cash generated from our operations and stage payments received for our projects. We have relied on cash from internal resources and funds received from customers for upgradation / modernisation of our facilities our business and operations. Our primary sources of liquidity have historically been from our stage payments received for our projects. We also have sanctioned facilities from our banks which we use as and when required. Cash and bank balances consist of cash on hand, bank balances and fixed deposits with banks.

The following table sets forth information on our cash and cash equivalents as at the dates indicated:

(₹ in million)

Particulars	As at September 30, 2017	As at March 31		
		2017	2016	2015
Cash and cash equivalents	5,871.20	1,428.78	8,977.70	2,148.84
Bank balance other than cash and cash equivalents	76,010.00	82,200.00	79,050.00	74,000.00

The following table summarises our cash flows from our restated financial information of cash flows as at September 30, 2017 and for the Fiscal 2017, Fiscal 2016 and Fiscal 2015:

(₹ in million)

	For the six months period ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Net cashflow from (used in) operating activities	1,927.83	(10,092.68)	3,771.32	(4,789.80)
Net cashflow from (used in) investing activities	2,514.59	4,941.26	4,261.84	4,375.34
Net cashflow from (used in) financing activities	-	(2,397.50)	(1,204.30)	(1,200.20)
Cash and cash equivalents at the beginning of the year	1,428.78	8,977.70	2,148.84	3,763.50
Cash and cash equivalents at the end of the year	5,871.20	1,428.78	8,977.70	2,148.84

Net cashflow from (used in) Operating activities

For the six months period ended September 30, 2017, our net cashflow generated from operating activities was ₹1,927.83 million, principally attributable to (i) profit before tax of ₹4,015.52 as adjusted for finance cost of ₹19.16 million and depreciation/ amortisation of ₹231.69 million, interest income of ₹2,523.65 million and receipt of dividend of ₹192.35 million; and (ii) movements in working capital. Movements in working capital included increase in trade receivables and loans and advances of ₹21,150.91 million and increase in other current and non-current liabilities of ₹11,366.34 million.

Net cashflow used in operating activities was ₹10,092.68 million in Fiscal 2017 which was principally attributable to (i) profit before tax of ₹8,370.00 million as adjusted for finance cost of ₹38.95 million, and depreciation/ amortisation of ₹393.90 million, interest income of ₹6,328.79 million and receipt of dividend of ₹87.93 million; and (ii) movements in working capital. Movements in working capital included decrease in trade receivables and loans and advances of ₹1,776.67 million and increase in other current and non-current liabilities of ₹12,650.19 million.

Net cashflow generated from operating activities was ₹3,771.32 million in Fiscal 2016 which was principally attributable to (i) profit before tax of ₹9,243.47 million as adjusted for finance cost of ₹39.01 million, depreciation/ amortisation of ₹438.10 million, interest income of ₹6,780.60 million and receipt of dividend of ₹74.20 million; and (ii) movements in working capital. Movements in working capital included decrease in trade receivables and loans and advances of ₹5,583.38 million and increase in other current and non-current liabilities of ₹3,676.74 million.

Net cashflow used in operating activities was ₹4,789.80 million in Fiscal 2015 which was principally attributable to (i) profit before tax of ₹7,841.96 million as adjusted for finance cost of ₹38.67 million, depreciation/ amortisation of ₹330.34 million and interest income of ₹5,188.99 million; and (ii) movements in working capital. Movements in working capital included decrease in inventories of ₹5,813.91 million, increase in trade receivables and loans and advances of ₹6,658.38 million, increase in other current and non-current assets of ₹20,884.19 million and increase in other current and non-current liabilities of ₹16,726.28 million

Net cashflow from (used in) Investing activities

For the six months period ended September 30, 2017, our net cashflow generated from investing activities was ₹2,514.59 million, principally attributable to interest received of ₹2,523.65 million.

Net cashflow generated from investing activities was ₹4,941.26 million in Fiscal 2017. This was primarily due to interest received of ₹6,328.79 million.

Net cashflow generated from investing activities was ₹4,261.84 million in Fiscal 2016. This was primarily due to interest received of ₹6,780.60 million.

Net cashflow generated from investing activities was ₹4,375.34 million in Fiscal 2015. This was primarily due to interest received of ₹5,188.99 million.

Net cashflow from (used in) Financing activities

For the six months period ended September 30, 2017, our net cashflow used in financing activities was nil.

Net cashflow used in financing activities was ₹2,397.50 million for Fiscal 2017 comprising of dividend paid (including dividend distribution tax thereon).

Net cashflow used in financing activities was ₹1,204.30 million for Fiscal 2016 comprising of dividend paid (including dividend distribution tax thereon) and finance costs.

Net cashflow used in financing activities was ₹1,200.20 million for Fiscal 2015 comprising of dividend paid (including dividend distribution tax thereon) and finance costs.

Related party transactions

The details in relation to related party transactions, please see "*Financial Statements*" on page 191.

Contingent Liabilities

As on September 30, 2017, our contingent liabilities are set out below:

(₹ in million)

Particulars	Brief description of nature and obligations as on September 30, 2017
Amounts for which Company may be contingently liable:	
Estimated amount of contracts remaining to be executed on capital account.	915.90
Position of non-fund based limits utilized for	
(a) Letters of credit	11,369.53
(b) Guarantees and counter guarantee	80.49
Indemnity Bonds issued by the Company to customers for various contracts.	483,170.40
Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	46.70

Particulars	Brief description of nature and obligations as on September 30, 2017
Claims against the Company pending under litigation not acknowledged as debts in respect of claims made by:	
Suppliers and sub-contractors	63.80
Others	348.70
Interest on (i) and (ii) above	1,274.20
Amounts paid / payable by Company and reimbursable by Customers in the matters under dispute pending at various Assessment / Appellate Authorities relating to:	
Sales Tax *	11,228.70
Excise Duty	
a) On Vendors	18.00
b) On MDL	2.70
Appeals against disputed tax demands pending before Adjudicating / Appellate Authorities not provided for in matters relating to:	
Excise Duty	1.50
Service Tax* (including interest and penalties)	687.70
Income Tax	441.80
Appeals pending against disputed demands pending before Adjudicating / Appellate authorities	
Custom Duty	2.80

* Against the above claim, part payments of ₹61.40 million (In 2017: ₹58.40 million, 2016: ₹58.40 million, 2015: ₹57.40 million) have been made under protest.

Our contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities become non-contingent, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future. For further details, see "*Risk Factors*" and "*Outstanding Litigation and Material Developments*" on pages 16 and 491.

Off balance sheet items

We do not have any off balance sheet items.

Capital and other commitments

As of September 30, 2017, we had contractual obligations of ₹915.90 million.

Secured and unsecured borrowings

As of February 28, 2018, the outstanding non-fund based exposure of our Company is ₹9,173.61 million. For further details, please see "*Financial Indebtedness*" on page 489.

Capital expenditure

The capital expenditure represents our expenditure in relation with setting up facilities at our premises such as wet basin, cradle assembly workshop, submarine assemply workshop, goliath crane and machineries and other facilities for construction of ships and submarine. The following table sets out the total capital expenditure for the periods indicated:

(₹ in million)

Particulars	For the six months period ended September 30, 2017	Fiscal 2017	Fiscal 2016	Fiscal 2015
Capital Expenditure	207.79	1,462.77	1,662.10	1,697.44

Qualitative disclosures about market risk

Market risk is the risk of loss related to adverse changes in raw material (equipment) required for construction of ships and submarines. Our market risk is related to inflation risk.

Commodity Price Risk

We are exposed to fluctuations in the price of components, finished and semi-finished parts, systems and subsystems assembly and sub-assemblies, basic raw materials. The market price of these commodities fluctuate due to certain factors, such as government policy, level of demand and supply in the market and the global economic environment. Therefore, fluctuations in the prices of raw materials have an effect on our business, results of operations and financial condition. For further details, see "*Risk Factor*" on page 16.

Foreign Currency Exchange Risk

We are exposed to foreign currency risk since we import components from foreign vendors. For further details, see "*Risk Factors*" on page 16.

Seasonality of business

Our business is not seasonal in nature.

Interest rate and inflation

Our business is dependent on interest income from our operating activities, which contributed 62.85%, 75.61%, 73.36% and 66.17% of our profit before tax for the six month period ended September 30, 2017, Fiscal 2017, Fiscal 2016 and Fiscal 2015, respectively.

Interest rates are highly sensitive to many factors beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors.

Furthermore, the rise in inflation and consequent fluctuation in interest rates, repo and reverse repo rates has led to revision in the interest rates on loans provided by banks and financial institutions. Due to these factors, interest rates in India have experienced a relatively high degree of volatility.

Reservations, qualifications and adverse remarks

There are no reservations, qualifications, matters of emphasis and adverse remarks by the Comptroller and Auditor General of India.

There are no reservations, qualifications, matters of emphasis and adverse remarks by our Statutory Auditors for the Fiscal 2017, 2016, 2015, 2014 and 2013, except as follows:

Sr. No.	Financial Year	Auditor's comments	Management's response
	Matter of emphasis by our Statutory Auditors in our Restated Standalone Financial Statements		
1.	September 30, 2017	In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements.	The Company is following up with Mumbai Port Trust for execution of lease agreement to renew the lease period. Meanwhile, the Company is

Sr. No.	Financial Year	Auditor's comments	Management's response
			paying lease rent as per the previous lease agreement.
		Registration formalities are pending in respect of certain properties	The Company has completed registration formalities of 218 out of 227 numbers of apartments upto September 30, 2017. The registration formalities of nine apartments are pending. The Company is following up with City and Industrial Development Corporation for completion of balance apartments registration formalities.
		In respect to the balances due from / to Indian Navy which are in the process of reconciliation.	Adjustments if any will be carried out after completion of reconciliation.
2.	Fiscal 2017	In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements. .	The Company is following up with Mumbai Port Trust for execution of lease agreement to renew the lease period. Meanwhile, the Company is paying lease rent as demanded as per the previous lease agreement.
		Registration formalities are pending in respect of certain properties	The Company has completed registration formalities of 218 out of 227 numbers of apartments upto September 30, 2017. The registration formalities of nine apartments are pending. The Company is following up with City and Industrial Development Corporation for completion of balance apartments registration formalities
		In respect to the balances due from / to Indian Navy which are in the process of reconciliation.	Adjustments if any will be carried out after completion of reconciliation.
3.	Fiscal 2016:	In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements.	The Company is following up with Mumbai Port Trust for execution of lease agreement to renew the lease period. Meanwhile, the Company is paying lease rent as per the previous lease agreement
		Registration formalities are pending in respect of certain properties.	The Company has completed registration formalities of 218 out of 227 numbers of apartments upto September 30, 2017. The registration formalities of nine apartments are pending. The Company is following up with City and Industrial Development Corporation for completion of balance apartments registration formalities.
		Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books	The Company has completed the reconciliation of various accounts and adjustment entries have been

Sr. No.	Financial Year	Auditor's comments	Management's response
		of accounts and is under the process of reconciliation and confirmation.	passed in the accounts of Financial Year 2016-17
4.	Fiscal 2015	In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements.	The Company is following up with Mumbai Port Trust for execution of lease agreement to renew the lease period. Meanwhile, the Company is paying lease rent as per the previous lease agreement.
		Registration formalities are pending in respect of certain properties.	The Company has completed registration formalities of 218 out of 227 numbers of apartments upto September 30, 2017. The registration formalities of nine apartments are pending. The Company is following up with City and Industrial Development Corporation for completion of balance apartments registration formalities.
		Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation.	The Company has completed the reconciliation of various accounts and adjustment entries have been passed in the accounts in Financial Year 2016-17
		Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory / consumption is done at the time of settlement, cannot be determined.	The Company has made provision in the purchase order system to account the other charges which will adjust the inventory value automatically at the time of receipt from Financial Year 2015-16.
5.	Fiscal 2014	In respect of certain leasehold properties, depreciation has been charged on the basis of available information pending execution of lease agreements.	The Company is following up with Mumbai Port Trust for execution of lease agreement to renew the lease period. Meanwhile, the Company is paying lease rent as per the previous lease agreement.
		Registration formalities are pending in respect of certain properties.	The Company has completed registration formalities of 218 out of 227 numbers of apartments upto September 30, 2017. The registration formalities of nine apartments are pending. The Company is following up with City and Industrial Development Corporation for completion of balance apartments registration formalities.
		Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation.	The Company has completed the reconciliation of various accounts and adjustment entries have been passed in the books of accounts in Financial Year 2016-17
		Effect arising out of purchases accounted for on the basis of prices as per purchase order for which	The Company has made provision in the purchase order system to account the other

Sr. No.	Financial Year	Auditor's comments	Management's response
		adjustments to inventory / consumption is done at the time of settlement, cannot be determined.	charges which will adjust the inventory value automatically at the time of receipt from Financial Year 2015-16.
6.	Fiscal 2013	In respect of certain leasehold properties, depreciation has been charged on the basis of available information pending execution of lease agreements.	The Company is following up with Mumbai Port Trust for execution of lease agreement to renew the lease period. Meanwhile, the Company is paying lease rent as per previous lease agreement.
		Registration formalities are pending in respect of certain properties.	The Company has completed registration formalities of 218 out of 227 numbers of apartments upto September 30, 2017. The registration formalities of nine apartments are pending. The Company is following up with City and Industrial Development Corporation for completion of balance apartments registration formalities
		Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books of accounts and is under the process of reconciliation and confirmation.	The Company has completed the reconciliation of various accounts and adjustment entries have been passed in the accounts in Financial Year 2016-17
		Effect arising out of purchases accounted for on the basis of prices as per purchase order for which adjustments to inventory / consumption is done at the time of settlement, cannot be determined.	The Company has made provision in the purchase order system to account the other charges which will adjust the inventory value automatically at the time of receipt from Financial Year 2015-16.
	Matter of emphasis by our Statutory Auditors in our Restated Consolidated Financial Statements		
7.	September 30, 2017	In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements.	The Company is following up with Mumbai Port Trust for execution of lease agreement to renew the lease period. Meanwhile, the Company is paying lease rent as per previous lease agreement.
		Registration formalities are pending in respect of certain properties.	The Company has completed registration formalities of 218 out of 227 numbers of apartments upto September 30, 2017. The registration formalities of nine apartments are pending. The Company is following up with City and Industrial Development Corporation for completion of balance apartments registration formalities.
		In respect to the balances due from / to Indian Navy which are in the process of reconciliation.	Adjustments if any will be carried out after completion of reconciliation.
		The financials of Joint Venture Company "Mazagon Dock Piapava Defence Pvt Ltd" in	The Company's share in the Joint Venture Company's share capital

Sr. No.	Financial Year	Auditor's comments	Management's response
		which the Company holds 50% of the equity has not been consolidated by the management in the restated consolidated financial statement.	has not been paid. The Joint Venture company has not commenced its operations. Therefore, the Company has not consolidated the accounts.
		In respect of associate, the company has made provision for gratuity and leave encashment liability based on best estimates and not based on actuarial valuation.	It is a fact. No corrective action can be taken since the accounts are of September 30, 2017
8.	Fiscal 2017	In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements.	The Company is following up with Mumbai Port Trust for execution of lease agreement to renew the lease period. Meanwhile, the Company is paying lease rent as per previous lease agreement.
		Registration formalities are pending in respect of certain properties.	The Company has completed registration formalities of 218 out of 227 numbers of apartments upto September 30, 2017. The registration formalities of nine apartments are pending. The Company is following up with City and Industrial Development Corporation for completion of balance apartments registration formalities.
		In respect to the balances due from / to Indian Navy which are in the process of reconciliation.	Adjustments if any will be carried out after completion of reconciliation.
		The financials of Joint Venture Company "Mazagon Dock Piapava Defence Pvt Ltd" in which the Company holds 50% of the equity has not been consolidated by the management in the restated consolidated financial statement.	The Company's share in the Joint Venture Company's share capital has not been paid. The Joint Venture company has not commenced its operations. Therefore, the Company has not consolidated the accounts.
9.	Fiscal 2016	In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent and charged on the basis of available information pending execution of lease agreements.	The Company is following up with Mumbai Port Trust for execution of lease agreement to renew the lease period. Meanwhile, the Company is paying lease rent as per previous lease agreement.
		Registration formalities are pending in respect of certain properties.	The Company has completed registration formalities of 218 out of 227 numbers of apartments upto September 30, 2017. The registration formalities of nine apartments are pending. The Company is following up with City and Industrial Development Corporationfor completion of balance apartments registration formalities.
		Balance of current assets, loans and advances, current liabilities, clearing accounts is as per books	The Company has completed the reconciliation of various accounts and adjustment entries have been

Sr. No.	Financial Year	Auditor's comments	Management's response
		of accounts and is under the process of reconciliation and confirmation.	passed in the accounts of Financial Year 2016-17.
		The financials of Joint Venture Company "Mazagon Dock Piapava Defence Pvt Ltd" in which the Company holds 50% of the equity has not been consolidated by the management in the consolidated financial statements.	The Company's share in the Joint Venture Company's Share capital has not been paid. The Joint Venture Company has not commenced its operations. Therefore, the Company has not consolidated the accounts.

Unusual or infrequent events or transactions

Except as disclosed in the Draft Red Herring Prospectus, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "*Management's Discussion and Analysis of Financial Condition and Results of Operations –Factors affecting our results of operations*" and the uncertainties described in the section titled "*Risk Factors*" on pages 459 and 16, *re*spectively. To our knowledge, except as disclosed in this Draft Red Herring Prospectus, there are no known factors which we expect to have a material adverse impact on sales, revenue or income from continuing operations.

Future in relationships between Costs and Revenues

Other than as described in "*Risk Factors*" on page 16 and this section, we believe there are no known factors that might affect the future relationship between cost and revenue.

Competitive Conditions

We expect competition in our industry from existing and potential competitors to intensify. For details, please see the discussions of our competition in "*Risk Factors*" and "*Our Business*" on pages 16 and 132 respectively.

New products or business segments

Other than as described in "*Our Business*" on page 132, there are no new products or business segments in which we operate.

Significant developments after September 30, 2017 that may affect our future results of operations

To our knowledge, except as stated below and as otherwise disclosed in this Draft Red Herring Prospectus, there is no subsequent development after the date of our financial statements contained in this Draft Red Herring Prospectus which materially and adversely affects, or is likely to affect, our operations or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

i. Our Company has entered in tripartite memorandum of understanding between the Company, HAL and BEL for setting up of 150 MW grid connected solar power plants on the lands owned by Ordnance Factory Boards (OFB) as per Ministry of New & Renewable Energy scheme as directed by MoD. The Company's share of contribution in the project is ₹2,835 million over a period of three years;

ii. Our Company has paid first interim dividend declared in the board meeting held on December 05, 2017 amounting to ₹1,050 million and dividend distribution tax on the same amounting to ₹213.76 million has been paid in December 2017. Further, our Company has also paid the second interim dividend declared in the board meeting held on March 01, 2018 of ₹750 million and dividend distribution tax on the same amounting to ₹153 million has been paid in March 2018; and

iii. Our Company has completed the buy back of 24,900,000 Equity Shares on December 08, 2018, at a price of ₹101.80 per Equity Share from the existing shareholders as authorized by our shareholders through a resolution dated September 22, 2017. For further details, see "*Capital Structure*" on page 73.

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's outstanding borrowings as on February 28, 2018 together with a brief description of certain significant terms of such financing arrangements.

I. Fund Based Borrowing

A. Secured Borrowings

The details of the secured borrowings are provided below:

(in ₹)

<table>
<tr><td>Lender and Term</td><td>Working capital consortium agreement dated April 22, 1994, as last modified by fourth supplemental working capital consortium agreement dated December 12, 2008 entered with State Bank of India ("SBI") as the lead bank along with Canara bank</td></tr>
<tr><td>Particulars</td><td><table>
<tr><th>Facilities</th><th>SBI</th><th>Canara Bank</th></tr>
<tr><td>Cash Credit</td><td>500 million</td><td>Nil</td></tr>
<tr><td>Letter of Credit</td><td>16,000 million</td><td>4,000 million</td></tr>
<tr><td>Bank Guarantee</td><td>2,800 million</td><td>700 million</td></tr>
</table></td></tr>
<tr><td>Amount outstanding as on February 28, 2018</td><td><table>
<tr><th></th><th>SBI</th><th>Canara Bank</th></tr>
<tr><td>Cash Credit</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Bank Gurantees</td><td>24.81 million</td><td>Nil</td></tr>
<tr><td>Letter of Credit</td><td>9,148.80 million</td><td>Nil</td></tr>
<tr><td>Total</td><td>9,173.61million</td><td>Nil</td></tr>
</table></td></tr>
<tr><td>Margin, Interest and Repayment terms</td><td>Terms of payment – On demand<table>
<tr><th></th><th>Margin</th><th>Rate of interest</th></tr>
<tr><td>Cash Credit</td><td>25%</td><td>0.25% above MCLR</td></tr>
<tr><td>Letter of credit</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Bank Guarantee</td><td>Regular: Nil
If disputed: 100%</td><td>Nil</td></tr>
</table></td></tr>
<tr><td>Security</td><td>First pari-passu charge on the whole of the currents assets of the borrower namely stocks of raw materials stock in process semi-finished and finished goods, stores and spares not relating to plant and machinery bills receivables and book debts and all other movables both present future lying loose or stored at factory premises goodowns at Mumbai or in transit or on high seas or on order or delivery howsoever and wheresoever in the possession of the company and substitution or additions except inventory of Indian Navy.</td></tr>
</table>

Our Company shall not without the prior written consent of the bank, do the following:

1. Formation of any scheme of amalgamation or reconstruction or merger or de-merger.

2. Any new project or scheme of expansion or acquisition of fixed assets if such investment results in breach of finanacial covenant(s) or diversion of working capital funds for financing long-term assets.

3. Investment by way of share capital or loan or advance funds to or place deposits with any other concern (including group company).

4. Create any charge, lein or encumbrance over its undertaking or any part thereof in facour of any financial institiution, bank, company, firm or persons.

5. Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the lender. However, fixed assets to the extent of 5% of gross block may be sold in any financial year provided such sale does not dilute FACR below minimum stipulated level.

6. Transfer of controlling interest or making any drastic change in the management set-up including resignation of promoter director (including Key Management Personnel).

7. Effect, any change in our Company's capital structure where the shareholding of the existing Promoters (a) gets diluted below the current level; or (b) leads to dilution in controlling stake for any reason (whichever is lower) without prior permission of the bank.

8. Repay monies brought in by the promoters/directors/principal sharehodlers and their friends and relatives by way of deposits/loans/advances.

9. Undertake guarantee obligations on behalf of any third party or any other company.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding: (i) criminal proceedings; (ii) actions by statutory/ regulatory authorities; (iii) indirect and direct tax proceedings; and (iv) other material litigations involving our Company, Directors and Group Company. Our Board, in its meeting held on March 01, 2018, adopted a policy on identification of Group Company, material creditors and material litigations ("**Materiality Policy**").*

As per the Materiality Policy, for the purposes of (iv) above, all the outstanding litigation involving our Company: (a) where the amounts involved in such litigation exceed 1% of the PAT of our Company (as per the last full year restated consolidated financial statements of our Company) are to be considered as material pending litigation; (b) and other litigation which does not meet the criteria set out in (a) above but whose adverse outcome would materially and adversely affect the operations or financial position of our Company, have been disclosed in this Draft Red Herring Prospectus.

Additionally, as per the Materiality Policy, for the purposes of (iv) above, all outstanding litigation involving our Directors and Group Company, an adverse outcome of which would materially and adversely affect the reputation, operations or financial position of our Company, have been considered as material litigation and disclosed in this Draft Red Herring Prospectus.

Accordingly, the materiality threshold for (iv) above, for our Company is ₹59.56 million (i.e. 1% of the net profit after tax of our Company i.e., ₹5,956.20 million as per the restated financial statements of our Company) for Fiscal 2017.

Further, the pre-litigation notices received by Company, its Directors, and our Group company, from third parties (excluding those notices issued by statutory/regulatory/tax authorities or notices threatening criminal action) shall, unless otherwise decided by the Board, not be evaluated for materiality until such time that any of the Company, its Directors and/or its Group company are impleaded as defendants in litigation proceedings before any judicial forum.

Further, except as stated in this section, there are no: (i) pending proceedings initiated against our Company for economic offences; (ii) default and non - payment of statutory dues by our Company; (iii) inquiries, inspections or investigations initiated or conducted under the Companies Act or any previous companies law in the last five years against our Company from the date of this Prospectus; (iv) material frauds committed against our Company in the last five years; (v) overdues to banks or financial institutions by our Company; (vi) defaults against banks or financial institutions by our Company; (vii) fines imposed or compounding offences against our Company; (viii) proceedings initiated against our Company for economic offences; (ix) matters involving our Company pertaining to violation of securities law, and (x) outstanding dues to material creditors and material small scale undertakings.

As per the Materiality Policy, outstanding dues to creditors in excess of 5% *of the total trade payables as per last restated consolidated financial statements of our Company are to be considered as material outstanding dues. Accordingly, the threshold for material dues would be 5% of total trade payable as per the restated consolidated financial statements as at September 30, 2017 i.e. 5% of ₹11,049.77 million which is ₹552.49 million. Further, all outstanding dues have been disclosed in a consolidated manner in this section. Details of material outstanding dues to creditors and details of outstanding dues to small scale undertakings and other creditors are disclosed on our website at www.mazagondock.in.*

Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus. All terms defined in a particular litigation are for that particular litigation only.

I. Litigation against our Company

a) Criminal Complaints

1. State of Maharashtra at the instance of Deputy Director, Industrial Safety and Health, Mumbai, State of Maharashtra ("**Complainant**") has filed a complaint bearing CC No. 544/SF/2014 against P.K. Shasidharan, an employee of our Company ("**Accused**"), before the 29th Court of the Metropolitan Magistrate, Dadar, Mumbai ("**District Court**") regarding contravention of section 32(b) of the Factories

Act, 1948, on account of death of an employee as a result of a fatal accident which occurred on January 27, 2014 while working in the factory premises of our Company. The complaint has been filed praying that the Accused be punished under section 92 of the Factories Act, 1948. The matter is currently pending before the District Court.

2. State of Maharashtra at the instance of Deputy Director, Industrial Safety and Health, State of Maharashtra ("**Complainant**") has filed a complaint bearing CC No. 621/SF/2016 against P. S. Shenwai, an employee of our Company ("**Accused**"), before the 29th Court of the Metropolitan Magistrate, Dadar, Mumbai ("**District Court**") regarding contravention of Rule 64(8) of the Maharashtra Factories Rules, 1963, on account of bodily injury caused to an employee as a result of a fatal accident occurred on January 15, 2016 while working in the factory premises of our Company. The complaint has been filed praying that the Accused be punished under Section 92 of the Factories Act, 1948. The matter is currently pending before the District Court.

3. State of Maharashtra at the instance of Deputy Director, Industrial Safety and Health, State of Maharashtra ("**Complainant**") has filed a complaint bearing CC No. 1013/SF/2014 against D. J. Bagade, Manager, Alcock Ashdown, a unit of our Company ("**Accused**"), before the 29th Court of the Metropolitan Magistrate, Dadar, Mumbai ("**District Court**") regarding contravention of Rule 115(1) and 115(2) of the Maharashtra Factories Rules, 1963, on account of death of an employee as a result of a fatal accident which occurred on May 10, 2014 while working in the factory premises of our Company. The complaint has been filed praying that the Accused be punished under Section 92 of the Factories Act, 1948. The matter is pending before the District Court.

4. State of Maharashtra at the instance of Deputy Director, Industrial Safety and Health, State of Maharashtra ("**Complainant**") has filed a complaint bearing CC No. 157/SF/2014 against P.K. Sasidharan, an employee of our Company ("**Accused**"), before the 29th Court of the Metropolitan Magistrate, Dadar, Mumbai ("**District Court**") regarding contravention of Rule 3-A of the Maharashtra Factories Rules, 1963, on account of bodily injury caused to an employee as a result of a fatal accident occurred on October 25, 2013 while working in the factory premises of our Company. The complaint has been filed praying that the Accused shall be punished under Section 92 of the Factories Act, 1948. The matter is pending before the District Court.

5. State of Maharashtra at the instance of Deputy Director, Industrial Safety and Health, State of Maharashtra ("**Complainant**") has filed a complaint bearing CC No. 5410/SF/2011 against Ramgopal Dhanuji Sardare, an employee of our Company ("**Accused**"), before the 29th Court of the Metropolitan Magistrate, Dadar, Mumbai ("**District Court**") regarding contravention of Section 7-A(2)(a) of the Factories Act, 1948, on account of death of one employee and bodily injury caused to another employee on April 09, 2011, while working in the factory premises of our Company. The complaint has been filed praying that the Accused be punished under Section 92 of the Factories Act, 1948. The matter is pending before the District Court.

6. State of Maharashtra at the instance of Deputy Director, Industrial Safety and Health, State of Maharashtra ("**Complainant**") has filed a complaint bearing CC No. 2929501/SF/2009 against Ramgopal Dhanuji Sardare, an employee of our Company ("**Accused**"), before the 29th Court of the Metropolitan Magistrate, Dadar, Mumbai ("**District Court**") regarding contravention of Section 7-A(2)(a) of the Factories Act, 1948, on account of bodily injury caused to two employees on February 09, 2009 while working in the factory premises of our Company. The complaint has been filed praying that the Accused be punished under Section 92 of the Factories Act, 1948. The matter is pending before the District Court.

b) *Actions by Statutory and Regulatory Authorities and inquiries by SEBI*

1. The Securities and Exchange Board of India ("**SEBI**") had issued a letter dated April 22, 2015 ("**Letter**") to our Company with respect to the investigation they were conducting into the trading in the scrips of Pipavav Defence and Offshore Engineering Co. Limited (now known as Reliance Naval and Engineering Limited) ("**Pipavav**") and requesting us to submit certain details such as the chronology of events which led to our Company expressing interest in Pipavav. Our Company, through its letter dated May 05, 2015 responded to the Letter ("**Reply**"), furnished SEBI with the details as requested in the Letter. SEBI further replied vide letter dated June 09, 2015 to our Reply and asked for additional documents which was

provided by our Company vide our letter dated June 22, 2015. There has been no further correspondence in this regard by SEBI.

2. The MoEF issued a show cause notice dated April 18, 2016 ("**SCN**") with respect to violations under Environment Protection Act and Environment Impact Assessment Notification, 2006 for the extension of goliath crane south rail track by 50 meters towards sea ("**Project**") undertaken by us as part of the Mazadock modernisation project wherein they have stated that the Project was undertaken without obtaining prior environmental clearance. The MoEF has further asked us to provide clarification on the aforesaid violations within 30 days of receipt of the SCN, to which our Company has replied *vide* letter dated May 23, 2016 ("**Reply**") providing the clarifications sought. There has been no further correspondence from MoEF with respect to the above matter.

c) Tax proceedings

Indirect Tax proceedings

S. No.	Type of Indirect Tax	Number of cases	Approximate amount in dispute/ demanded (in ₹ million)
1.	Sales tax	55	11,992.29
2.	Services tax	3	1,584.76
3.	Central Excise	13	40.25
4.	Customs tax	2	2.77
Total		**73**	**13,620.07**

Direct Tax proceedings

S. No.	Type of Direct Tax	Number of cases	Approximate amount in dispute/ demanded (in ₹ million)
1.	Income Tax	8	606.11
Total		**8**	**606.11**

d) Other material litigations against our Company

Civil Proceedings

1. During the year 1988, State Government of Maharashtra initiated land acquisition proceedings for acquisition of land in occupation of Scindia Workshops Limited ("**Appellant**"), bearing survey No. 3/2, 4/2, 247, 835 and 836 situated at Mazagon in Mumbai, India, for expansion of our Company. The Special Land Acquisition Officer, MHADA, Bombay ("**SLAO**") vide award dated May 29, 1991 directed our Company to pay a sum of ₹11 million as compensation ("**Award**") and the same was deposited in the reference court by our Company. The Appellant had thereafter filed a suit under Section 18 of the Land Acquisition Act, 1894 ("**LA Act**") before the High Court of Judicature at Bombay ("**High Court**") seeking enhancement of compensation of ₹322.8 million with respect to land and ₹47.64 million with respect to plant and machinery. The High Court vide its order dated October 20, 2005, ("**Order**") rejected the claim for enhancement of market value, however allowed a sum of ₹5.22 million being the value of the three RCC structures. The Court had also awarded solatium at the rate of 30% and interest as per the provision of the LA Act. Our Company had accordingly paid the sum to SLAO. Aggrieved by the Order the Appellant has filed an appeal bearing appeal no. 583 of 2007 against the SLAO, the Mumbai Port Trust and the State of Maharashtra before the High Court on September 13, 2007 to lead additional evidence and enhancement of the compensation granted by the SLAO which was rejected by the High Court in its order dated January 10, 2011. This matter is currently pending in the High Court.

2. Mazgaon Dock Retired Officers Trust ("**Petitioner**") has on behalf of 89 retired officers of our Company filed a writ petition bearing Writ Petition No. 1408/2011 under Article 226 of the Constitution of India against the Union of India, Ministry of Personal, Public Grievances & Pension (Department of Pension and Pensioners Welfare), Ministry of Defence (Department of Defence Production), Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises) and our Company (together hereinafter referred to as the "**Respondents**") before the High Court of Bombay at Bombay ("**High**

Court"). The Petitioner has contended that our Company along with other Respondents had discriminated the members of the Petitioner in respect of payment of the revised gratuity to the members of the Petitioner in accordance with sixth central pay commission with effect from January 01, 2006. The Petitioner has, *inter-alia*, prayed before the High Court for issuance of a writ of mandamus, or any other appropriate writ directing the Respondents to give benefits of the enhanced gratuity with effect from January 01, 2006 along with interest at the rate of 18% per annum from the date of entitlement till the date of payment. This matter is currently pending in the High Court.

3. Mazgaon Dock Officers Association, acting on behalf of 800 executives employed with our Company alongwith Mr. M.A. Siddiqui (hereinafter together referred to as the "**Petitioners**") have filed a writ petition bearing Writ Petition (L) No. 2976 of 2010 against the Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India, Ministry of Defence, Government of India, our Company and the Chairman and Managing Director of our Company (hereinafter together referred to as the "**Respondents**") before the High Court of Bombay at Bombay ("**High Court**"). The Petitioners have challenged the circular dated December 21, 2010 issued by the Chairman and Managing Director of our Company and the order dated May 26, 2010 made by the Ministry of Defence, Government of India in the matter of revised scales of pay with effect from January 01, 2007 for the executive employees of the Mazgaon Dock Officers Association This matter is pending for final hearing in the High Court.

4. Mazgaon Dock Officers Association, acting on behalf of 196 officers employed with our Compnay along with Mr. Mookkanthottathil Sunny Antony (hereinafter together referred to as the "**Petitioners**") have filed a writ petition bearing Writ Petition No. 995 of 2012 against the Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Govenrment of India, the Principal Secretary, Ministry of Defence, Government of India, our Company and the Chairman and Managing Director of our Company (hereinafter together referred to as the "**Respondents**") before the High Court of Bombay at Bombay ("**High Court**"). The Petitioners have challenged the cotents of circular bearing No. CH/54/2009 dated June 04, 2009 issued by the Chairman and Managing Director of our Company and the consequential deductions made from the monthly salary paid to the Petitioners. The petitioners have *inter-alia*, prayed for directing our Company to consider re-fixing the monthly salary of the Petitiioners with effect from January 01, 2007. This matter is currently pending in the High Court.

II. Litigations by our Company

a) Criminal Complaints

1. An FIR bearing FIR No. BA1/2014/A0030 dated November 5, 2014 ("**FIR**") has been registered by the Anti Corruption Branch, Central Bureau of Investigation, Mumbai ("**CBI**") which was based on a written complaint bearing RC Reference No. MDL/Vig/CBI/5786/2014-90 dated October 31, 2014 by K. S. Shenoy, Deputy General Manager (Vigilance) of our Company ("**Complainant**") against K. Jeevanandam, Deputy General Manager, Ship Building Maintenance Department and other unknown officers of our Company. ("**Accused**"). The complaint was filed on the grounds of the Accused committing the offences punishable under Section 120-B, 420, 409 of the Indian Penal Code and Section 13 (2) r/w Sec. 13 (1)(d) of Prevention of Corruption Act wherein the Accused had abused their official positions to enter into a criminal conspiracy with Tractor India Limited who had been given a turnkey contract for dismantling and total overhauling of two manitowoc cranes and further causing loss of ₹20 million to our Company. The matter is pending for investigation before the CBI.

5. An FIR bearing FIR No. 72/17 dated July 02, 2017 ("**FIR**") has been registered by the Siwaree Police Station, Mumbai which was based on a written statement dated July 02, 2017 by S.S. Dikshit, Chief Security Officer in our Company ("**Complainant**") against an unknown accused ("**Accused**"). The complaint was filed on the grounds of the Accused committing the offences punishable under Section 380 of the Indian Penal Code wherein the Accused had stolen 555 pieces lead metal bricks, weighting 20 kg each i.e., total weight 12 Tones, kept at ground floor of M.M.P. store causing loss of ₹5.5 million to our Company. The matter is pending for investigation before the police officers.

6. A complaint bearing CC No. 1111/PW/09 C.R. No. 35/09 ("**Complaint**") has been filed by our Company in the Court of Metropolitan Magistrate 52nd Court of Metropolitan Magistrate, Kurla, Mumbai ("**District Court**") which was based on a FIR bearing C.R. No. 35/09 filed by Shri Sunil Lahu Gore, Junior Engineer in our Company ("**Complainant**") against an unknown accused ("**Accused**"). The complaint

was filed on the grounds of the Accused committing the offences punishable under Section 381 of the Indian Penal Code wherein the Accused had stolen total 238.5 meters of cable wire in four pieces having size 3 x 95 mm, causing loss of ₹0.4 million to our Company. The matter is pending for investigation before the District Court.

b) *Other material litigations by our Company*

Civil Proceedings

1. Our Company has filed a plaint bearing commercial suit No. 114/2016 against Shipping Corporation of India Limited ("**SCIL**") and Jeumont Electric, France ("**Jeumont**") (hereinafter collectively referred as "**Defendants**") before the High Court of Bombay at Bombay ("**High Court**") regarding recovery of damages on account of the damage caused to the consignment of electric propulsion motor ("**Consignment**") for a submarine, entrusted by our Company to SCIL for carriage from Antwerp to Mumbai. SCIL had entered into a contract of affreightment with our Company for the carriage of Consignment and had issued a bill of lading dated December 19, 2014. Thereafter, the Consignment got damaged and was off loaded at the port of Hamburg. Subsequently, our Company approached the High Court vide Admiralty Suit (L) No. 738 of 2015 wherein the High Court vide order dated August 21, 2015 recorded the undertaking of SCIL that the Consignment would be delivered to the transporter appointed by our Company and Jeumont, which was subsequently delivered on August 26, 2015. In the present case, our Company has claimed a sum of ₹381.91 million ("**Principal Amount**") along with various other damages, collectively aggregating to ₹559.36 million along with interest at the rate of 18% per annum on the Principal Amount on account of SCIL's non-performance of its contractual obligations. This matter is currently pending before the High Court.

2. Our Company has filed a statement of claim bearing Case No.: PMA/SKM/01/2014 against Dredging Corporation of India Limited ("**Respondent**") before the Ministry of Heavy Industries & Public Enterprises ("**Tribunal**") challenging the actions of Respondent in wrongfully encashing the performance guarantee bond bearing 02GPGE No. I 103550001 dated December 21, 2010, amounting to ₹273.70 million ("**Performance Guarantee Bond**"), issued by Canara Bank in favour of the Respondent on behalf of our Company. Our Company had entered into a contract dated October 24, 2005 with the Respondent, wherein our Company had agreed to design, build, launch, equip complete and sell and deliver to the Respondent one dumb cutter suction dredger after completion and successful trials and our Company had provided the Performance Guarantee Bond. Thereafter, the Respondent encashed the Performance Guarantee Bond pursuant to which our Company filed the present application. Our Company has claimed a sum of ₹301,420,178 along with further interest on ₹301.42 million in relation to the wrongful encashment of the Performance Guarantee Bond and a sum of EURO 2,649 along with accrued interest of EURO 358,651.26 in relation to the spare parts procured and supplied for the Respondent from original equipment manufacturer. The arbitration proceedings are closed and the award on our claim is awaited.

III. Outstanding dues to small scale undertakings and other creditors by our Company

As on September 30, 2017, our Company has 1,458 creditors. Based on the Materiality Policy adopted by our Board, the threshold for material dues is 5% of total trade payable as at September 30, 2017, i.e. 5% of ₹11,049.77 million which is ₹552.49 million. Details of the dues owed to creditors are given below:

S. No.	Name of the creditor	Amount Outstanding (in ₹ million)
	Small scale undertakings	
	Nil	
	Other creditors	
1)	Naval Group Paris (DCNS)	2,339.71
2)	Bharat Electronics Limited	1,780.22
3)	Brahmos Aerospace Private Limited	764.65
Total		**4,884.58**

The details pertaining to net outstanding dues towards creditors are available on the website of our Company at www.mazagondock.in. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website www.mazagondock.in would be doing so at their own risk.

IV. Details of default and non – payment of statutory dues by our Company

Nil

V. Details of pending litigation involving any other person whose outcome could have material adverse effect on the position of our Company

For details, please refer to "*Outstanding Litigation and Material Developments- Other material litigations against the Company- Civil Proceedings*" on page 493.

VI. Material fraud committed against our Company in the last five years and actions taken by our Company in this regard

There has been no material fraud committed against our Company in the last five years, except as given below:

Nil

VII. Pending proceedings initiated against our Company for economic offences

Nil

VIII. Inquiries, investigations etc. instituted under the Companies Act in the last five years against our Company

Except as stated below, there has not been any inquiries, investigations etc instituted under the Companies Act in the last five years against our Company.

The office of Registrar of Companies, Mumbai, Ministry of Corporate Affairs ("**RoC**") issued a show-cause notice dated July 10, 2015 ("**SCN**") for violation of section 149(1) of the Companies Act 2013 ("**Act**") for non-appointment of a woman director on our Board. Our Company, *vide* reply dated July 24, 2015 to the SCN, stated that our Company is a registered private company wholly owned by the Government of India under the Ministry of Defence, and since our Company is neither a listed company nor a public company, it is not coming within the purview of Section 149(1) of the Act read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 with respect to appointment of women director, hence our Company was under no obligation to appoint a women director on our board and further requested RoC to withdraw the SCN and communicate their reply to us. We have not received any further correspondence from RoC with respect to the above matter.

IX. Material Developments

For details of significant developments post September 30, 2017, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 458

X. Details of fines imposed or compounding of offences under the Companies Act in the last five years immediately preceding the year of this Draft Red Herring Prospectus

Nil

XI. Litigations involving our Directors

i. Litigations against our Directors

a) Criminal litigation

Nil

b) *Actions by Statutory and Regulatory Authorities*

Nil

c) *Tax proceedings*

Nil

d) *Other material pending litigations*

Civil

Our Chairman and Managing Director has been made party to certain civil litigation against our Company. For details, please refer to "*Outstanding Litigation and Material Developments- Other material litigations against the Company-Civil Proceedings*" on page 493.

ii. ***Litigations by our Directors***

a) *Criminal Litigation*

Nil

b) *Other material pending litigations*

Nil

XII. Litigations involving our Group company

i. ***Litigations against our Group company***

a) *Criminal litigation*

Nil

b) *Actions by Statutory and Regulatory Authorities*

Our Group Company has received a show cause notice dated July 03, 2015 from the Registrar of Companies, Goa, Daman & Diu regarding non-appointment of woman director, which was suitably replied by our Group Company on July 13, 2015. Thereafter, a woman director was appointed by GoI with effect from June 02, 2016.

c) *Tax proceedings*

Indirect Tax proceedings

S. No.	Type of Indirect Tax	Number of cases	Approximate amount in dispute/ demanded (in ₹ million)
1.	Sales tax	2	11.10
Total		**2**	**11.10**

Direct Tax proceedings

S. No.	Type of Direct Tax	Number of cases	Approximate amount in dispute/ demanded (in ₹ million)
1.	Income Tax	4	170.68
Total		**4**	**170.68**

d) Other material pending litigations

Civil proceedings

1. During the year 2002, GSL (hereinafter referred to as the "**Respondent**") had filed a Criminal Complaint No. 99/N2002/B against Mr. Suresh Chandra Sharma (hereinafter referred to as the "**Plaintiff**") under Section 630 of the Companies Act, 1956 before the Court of Judicial Magistrate, First Class at Vasco da Gama ("**Trial Court**"), accusing the Plaintiff for wrongfully withholding the companies fund, The Trial Court vide its judgment and order dated July 23, 2008 dismissed the said complaint and acquitted the Plaintiff. Against the said order, GSL had filed a criminal appeal bearing Criminal Appeal No. 18/2009 before the Hon'ble High Court of Bombay at Goa ("**High Court**"). The High Court vide its order dated August 10, 2012 quashed and set aside the judgment of the Trial Court and remanded the matter back to Trial Court to pass a fresh judgment and order. The Trial Court after hearing the parties vide its order dated May 30, 2014 dismissed the complaint once again and acquitted the Plaintiff. A plaint bearing civil suit No. 13/2014 ("**Civil Suit**") has been filed by the Plaintiff against GSL before the Court of Civil Judge Senior Division, Vasco, Goa ("**Civil Court**") seeking damages amounting to ₹84 million, contending that GSL had initiated false and malicious criminal proceedings against the Plaintiff. This matter is pending before the Civil Court.

2. An arbitration proceeding bearing case no. 117(1)/2015 has been initiated by Shoft Shipyard Private Limited ("**Claimant**") against our Group Company before the sole arbitrator Justice F. Rebello (Retired Chief Justice of Allahabad High Court), wherein the Claimant has claimed ₹32.20 million along with an interest at the rate of 27% per annum. In response to the aforesaid arbitration application, our Group Company has filed its common statement of defence & common counter claim of ₹250.27 million along with an interest at the rate of 27% per annum. The matter is currently pending.

3. An arbitration proceeding bearing case no. 117(2)/2015 has been initiated by Shoft Shipyard Private Limited ("**Claimant**") against our Group Company before the sole arbitrator Justice F. Rebello (Retired Chief Justice of Allahabad High Court), wherein the Claimant has claimed ₹35.53 million along with an interest at the rate of 27% per annum. In response to the aforesaid arbitration application, our Group Company has filed its common statement of defence and common counter claim of ₹250.27 million along with an interest at the rate of 27% per annum. The matter is currently pending.

ii. *Litigations by our Group company*

a) Criminal Litigation

Nil

b) Other material pending litigations

Nil

XIII. Other material legal/statutory/regulatory proceedings involving other persons that may adversely affect our Company.

Our Statutory Auditor has received a show cause notice dated February 21, 2018 from the Institute of Chartered Accountants of India, directing them to show cause as to why no disciplinary proceedings should not be initiated against them in relation to their failure to comply with applicable accounting standards due to which the fraud involving Gitanjali Gems Limited, whose books of accounts for the Financial Year 2017 were audited by them. Our Statutory Auditor has replied to the show cause notice vide its letter dated February 26, 2018. The matter is currently pending.

GOVERNMENT AND OTHER APPROVALS

In view of the approvals listed below, our Company can undertake the Offer and our Company can undertake its current business activities, and no further major approvals from any governmental or regulatory authority are required to undertake the Offer or continue the business activities of our Company. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus. Certain approvals may have lapsed in their normal course and our Company has either made applications to the appropriate authorities for renewal of such licenses and/or approvals or are in the process of making such applications. For details in connection with the regulatory and legal framework within which we operate, see "Key Regulations and Policies" on page 146.

1. Incorporation details

- Certificate of incorporation bearing No. 2079 of 1933-1934 dated February 26, 1934 issued to our Company under the Indian Companies Act, 1913 by the RoC.

- Certificate of Change of name No. 2079 granted by the RoC, dated October 26/28, 1957 certifying the name change from 'Mazagon Dock Limited' to 'Mazagon Dock Private Limited' on December 10, 1957 under the Companies Act, 1956 (under order of the Central Government, conveyed by the Ministry of Finance, Department of Company Law Administration by their no. 18 (30)-CL 57).

- Fresh certificate of incorporation No. 2079 dated December 23, 1960 granted by the RoC dated December 07, 1960 certifying change in name from 'Mazagon Dock Private Limited' to 'Mazagon Dock Limited'(pursuant to approval of the Central Government accorded to Regional Director/Department of Company Law Administration, Ministry of Commerce and Industry, by his letter No. RD: 12(35)-60-Change).

- Fresh certificate of incorporation bearing CIN U35100MH1934GO1002079 dated May 28, 2015 issued by the RoC to our Company consequent upon change in name of the Company from 'Mazagon Dock Limited' to 'Mazagon Dock Shipbuilders Limited'.

- Change of status to public company on December 08, 2017 and a fresh certificate of incorporation consequent upon conversion to public limited company was issued by the RoC.

2. Approvals in relation to the Offer

For the approvals and authorisations obtained by our Company, see "*Other Regulatory and Statutory Disclosures – Authority for the Offer*" on page 502.

3. In principle approvals from Stock Exchanges

Our Company received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

4. Material approvals for our business and operations

In order to operate our business, our Company requires various approvals and/or licences under various rules and regulations in India. These approvals and/or licenses include environmental consents required from the relevant pollution control boards, factory licenses, license to operate lifts, health licenses as required under the municipal corporation, license for storing petroleum, permission for electrical installations, license for operating source store room and storage sheds for storage of radioactive products and gas cylinders, license for portable walkie talkie required for the vigilance department. We have also obtained USR license and inspection certificates of the submarine yards of the Company. Our Company has made or is in the process of making renewal applications for registrations that have expired in the ordinary course.

5. Employment and labour related licences

Our Company has various labour registrations in place, including but not limited to contract labour licenses, shops and establishment license and employee state insurance. These registrations include those that are one-time registrations and those that are valid only for a fixed period, as specified in the registration certificates.

Our Company has made or is in the process of making renewal applications for registrations that have expired in the ordinary course.

6. Tax related and foreign trade related approvals

Our Company has various tax registrations including goods and servive tax, PAN and TAN allotment numbers. Further, we have been allotted an Importer-Exporter Code for our foreign trade license. These registrations are only one-time registrations and are valid until cancelled or suspended.

7. Quality certificates

Our Company has obtained recognition certificate for its inhouse R&D unit under Department of Scientific and Industrial Research as well as quality certifications for its shipbuilding and submarine divisions.

8. Pending Approvals

Certain consents, licenses, registrations, permissions and approvals may have elapsed in their normal course and our Company undertakes to obtain all consents, approvals, licenses, registrations and permissions required to operate its business.

i. Approvals which have expired for which renewal applications have been made:

a) Application dated August 20, 2015 made to Maharashtra State Pollution Control Board for the renewal of its consent to operate under Air Act, Water Act and Hazardous Wastes Rules for our manufacturing unit at Mazagaon;

b) Application dated May 12, 2017 made to Petroleum & Explosives Safety Organization for construction of storage shed for LPG and industrial gas cylinders for our manufacturing unit at Mazagaon.

c) Application dated January 04, 2017 made to Department of Telecommunication for renewal of wireless telegraph license used at our manufacturing unit at Mazagaon.

d) Application dated October 24, 2017 made to Department of Labour, Government of Maharashtra for the renewal of the factory license bearing number 074859 for the year 2018-19.

e) Application dated October 26, 2017 made to Department of Labour, Government of Maharashtra for the renewal of the factory license bearing number 108501 for the year 2018-19.

f) Application dated October 27, 2017 made to Department of Labour, Government of Maharashtra for the renewal of the factory license bearing number 104674 for the year 2018-19.

g) Application dated October 26, 2017 made to Department of Labour, Government of Maharashtra for the renewal of the factory license bearing number 64680 for the year 2018-19.

h) Application dated December 04, 2017 made to Department of Telecommunication for the renewal of VHF license number FL-42/1-2 for the period from January 01, 2018 to December 31, 2018.

i) Application dated December 12, 2017 made to Department of Telecommunication for the renewal of VHF license number G-506/1-16 for the period from January 01, 2018 to December 31, 2018.

ii. **Approvals which have expired for which renewal applications have not been made:** Nil

iii. **Approvals for which no application has been made**: Nil

9. **Trademarks**

The logo of our Company, is registered with the Trade Marks Registry, Mumbai.

10. Pending trademarks:

Our Company has not applied for any trademarks, which are currently pending for registration:

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board of Directors has, pursuant to resolutions passed at its meeting held on March 01, 2018 approved the Offer.

The President of India, acting through the MoD has, *vide* letter bearing reference No. 23(60)/2015/D(NS-I) dated March 09, 2018 consented to include such Equity Shares constituting 20% of the post-Offer Equity Share capital of our Company, as minimum promoter's contribution for the Offer.

The Offer has been authorized by the Selling Shareholder, through its letter bearing number 23(60)/2015/GRSE/D(NS-I) dated February 01, 2018, conveying the approval granted by the Selling Shareholder GoI for the Offer.

The Selling Shareholder vide its letter bearing number 23(60)/2015/D(NS-I) dated March 09, 2018, conveyed the consent for inclusion of 22,410,000 Equity Shares and such number of additional Equity Shares not exceeding 5% of the post offer share capital as permitted under applicable law for allocation and allotment to eligible employees of our Company under the Employee Reservation Portion, held by the President of India, acting through the Ministry of Defence, Government of India as part of the Offer for Sale.

The Selling Shareholder hereby confirms that the Equity Shares forming part of the Offer have been held by it for more than a period of one year as on the date of the Draft Red Herring Prospectus in accordance with Regulation 26(6) of the SEBI ICDR Regulations.

The Selling Shareholder hereby confirms that the the Equity Shares forming part of the Offer are free from any lien, charge, and encumbrance.

Prohibition by SEBI or governmental authorities

Our Company, our Promoter, our Directors, our Joint Venture Company and Group Company have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or other authorities.

Our Promoter and our Directors were not, or also are not, a promoter or a director or persons in control of any other company which is debarred from accessing the capital market under any order or directions made by SEBI.

None of our Directors are (a) associated with the securities market in any manner, including securities market related business, and/ or (b) no action has been initiated by SEBI against our Directors, or entities with which our Directors are involved in as Promoter and/or directors. None of our Company, our Joint Venture Company, our Directors, our Promoter and Group Company have been identified as a Wilful Defaulter. None of our Company, our Directors and our Promoter has been in violation of securities laws in India.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations as described under the eligibility criteria calculated in accordance with the Restated Financial Statements.

(a) Our Company has net tangible assets of at least ₹30 million in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets. As the Offer is being made entirely through an offer for sale, the limit of not more than 50% of the net tangible assets being monetary assets, is not applicable;

(b) Our Company has a minimum average pre-tax operating profit of ₹150 million, calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years.

(c) Our Company has a pre-Offer net worth of at least ₹10 million in each of the preceding three full years (of 12 months each);

(d) The aggregate of the proposed Offer and all previous issues made in the same financial year in terms of Offer size does not exceed five times its pre-Offer net worth as per the audited balance sheet of the preceding financial year; and

(e) Our Company has not changed its name in the last year.

We are eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations, as calculated in accordance with the Restated Financial Statements of our Company.

Our Company's pre-tax operating profit, net worth and net tangible assets derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at, and for the immediately preceding five Financial Years from the date of this Draft Red Herring Prospectus are stated below:

(₹ in million, except percentage values)

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016		For the year ended 31st March, 2015	For the year ended 31st March, 2014	For the year ended 31st March, 2013
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Standalone	Standalone
Pre-tax operating profit, as restated	763.21	1,229.55	1,685.16	1,905.98	2,110.30	(10,469.90)	949.36
Net Worth, as restated	26,245.33	30,020.94	23,161.78	26,344.04	18,413.70	14,382.34	18,399.20
Net tangible Assets, as restated	184,669.80	188,445.41	181,836.62	185,018.88	177,320.92	157,149.55	156,795.05

Notes:

1) *'Net Tangible Assets' has been defined as sum of all net assets of our Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by Institute of Chartered Accountants of India. (i.e Total Asset – Intangible Assets)*

2) *'Pre – tax Operating Profits' has been calculated as net profit before the aggregate of tax, extra-ordinary item, finance cost and other income. Since the Restated Consolidated Financial Statements are not available for Fiscal 2015, for calculating average pre – tax operating profit, we have considered the pre – tax oerating profit for Fiscal 2017 and Fiscal 2016 of the Restated Consolidated Financial Statements and for Fiscal 2015 of the Restated Standalone Financial Statements.*

3) *'Net Worth' has been defined as the aggregate of the paid-up capital (equity share capital and preference capital), share premium, account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account, if any.*

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI ICDR Regulations failing which the entire application money shall be refunded. If such money is not repaid within the timeline as prescribed under applicable laws, the Selling Shareholder and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

The status of compliance of our Company with the conditions as specified under Regulations 4(2) and 4(5)(a) of the SEBI ICDR Regulations, is as follows:

i. Our Company has received the in-principle approvals from BSE and NSE pursuant to their letters dated [●] and [●], respectively.;

ii. Our Company along with the Registrar to the Offer, has entered into tripartite agreements dated January 22, 2018 and January 17, 2018 with the NSDL and CDSL, respectively, for dematerialisation of the Equity Shares;

iii. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus; and

iv. None of our Company, our Joint Venture Company, our Group Company or Directors is a Wilful Defaulter.

Given that the Offer is through an Offer for Sale by the Selling Shareholder and the Offer Proceeds will not be received by our Company, Regulation 4(2) (g) and Clause VII C (1) of Part A of Schedule VIII of the SEBI ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the Offer and existing identifiable internal accruals) does not apply.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLMS, YES SECURITIES (INDIA) LIMITED, AXIS CAPITAL LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, IDFC BANK LIMITED AND JM FINANCIAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE SELLING SHAREHOLDER WILL BE RESPONSIBLE ONLY FOR THE STATEMENTS SPECIFICALLY CONFIRMED OR UNDERTAKEN BY IT IN THE DRAFT RED HERRING PROSPECTUS IN RELATION TO ITSELF AND ITS EQUITY SHARES OFFERED IN THE OFFER FOR SALE, THE BRLMS, YES SECURITIES (INDIA) LIMITED, AXIS CAPITAL LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, IDFC BANK LIMITED AND JM FINANCIAL LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDER DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE. THE BRLMS, YES SECURITIES (INDIA) LIMITED, AXIS CAPITAL LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, IDFC BANK LIMITED AND JM FINANCIAL LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 28, 2018, WHICH READS AS FOLLOWS:

WE, THE BRLMS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID OFFER[1];

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY;

WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER[1];

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED, AND OTHER APPLICABLE LEGAL REQUIREMENTS[1].

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. – <u>NOTED FOR COMPLIANCE</u>

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF ITS EQUITY SHARES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, WHICH RELATES TO THE EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. <u>COMPLIED WITH AND NOTED FOR COMPLIANCE</u>

7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC OFFER. –<u>NOT APPLICABLE</u>

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF

ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECTS CLAUSE OF ITS MEMORANDUM OF ASSOCIATION - <u>COMPLIED WITH TO THE EXTENT APPLICABLE</u>

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 40(3) OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY AND THE SELLING SHAREHOLDERS SPECIFICALLY CONTAINS THIS CONDITION. <u>NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.</u>**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – <u>NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, THE EQUITY SHARES IN THE OFFER ARE TO BE ISSUED ONLY IN DEMATERIALISED FORM</u>.**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION[1].**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

    (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SEBI FROM TIME TO TIME[1].

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE OFFER. <u>NOTED FOR COMPLIANCE.</u>**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. –**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS BELOW (WHO ARE RESPONSIBLE FOR PRICING THE**

OFFER)', AS PER FORMAT SPECIFIED BY THE SEBI THROUGH CIRCULAR.

17. **WE CERTIFY THAT THE PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. –COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS OF THE COMPANY, IN ACCORDANCE WITH ACCOUNTING STANDARD 18 / IND AS 24 AND INCLUDED IN THE DRAFT RED HERRING PROSPECTUS.**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y (1) (A) OR (B) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM, UNDER CHAPTER XC OF THESE REGULATIONS. (IF APPLICABLE). NOT APPLICABLE.**

[1]The Company being a defence public sector undertaking, due to the national interest and security related concerns, certain material information/ documents in relation to the business and operations of the Company have been classified as 'sensitive/confidential' by the Ministry of Defence, Government of India and the Company. Considering the confidential nature of the document/ information relating to the business of the Company, SEBI has granted relaxations in terms of letter SEBI/HO//CFD/DIL1/OW/P/2017/18400/1 dated August 3, 2017 from the strict enforcement of certain requirement under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, pursuant to representation from Department of Investment and Public Asset Management and Ministry of Defence, Government of India. As a result, such information/ documents have not been made accessible to the BRLMs and the Legal Counsels for their due diligence and this has limited the overall due diligence process undertaken by the BRLMs and the Legal Counsels. Hence, such documents and information have not been disclosed in the Draft Red Herring Prospectus, and as a result in certain cases the disclosure contained in the Draft Red Herring Prospectus is not as detailed as may be required.

The filing of this Draft Red Herring Prospectus does not, however, absolve our Company, the Selling Shareholder and any person who has authorised the Offer from any liabilities under Section 34 or Section 36 of the Companies Act or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up, at any point of time, with the BRLMs any irregularities or lapses in this Draft Red Herring Prospectus, the Red Herring Prospectus and Prospectus.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26 and 30, of the Companies Act.

Price information of past issues handled by the BRLMs

The price information of past issues handled by the BRLMs is as follows:

Price information of past issues (during current financial year and two financial years preceding the current financial year) handled by YES Securities

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Varun Beverages Limited	11,125.00	445.00	November 08, 2016	430.00	-5.00% - change in closing price; -3.47% - change in closing benchmark	-9.36% - change in closing price; +3.01% - change in closing benchmark	+10.60% - change in closing price; +9.02% - change in closing benchmark
2	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	+127.92% - change in closing price; +5.84% - change in closing benchmark	+128.62% - change in closing price; +2.61% - change in closing benchmark	+139.03% - change in closing price; +10.19% - change in closing benchmark
3	GTPL Hathway Limited	4,848.00	170.00	July 4, 2017	170.00	-13.32% - change in closing price; +4.16% - change in closing benchmark	-18.88% - change in closing price; +2.56% - change in closing benchmark	-3.68% - change in closing price; +8.55% - change in closing benchmark

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
4	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-1.88% - change in closing price; +1.89% - change in closing benchmark	+3.14% - change in closing price; +4.92% - change in closing benchmark	+45.54% - change in closing price; +6.90% - change in closing benchmark
5	Dixon Technologies (India) Limited	5,992.79	1,766	September 18, 2017	2,725.00	+50.78% - change in closing price; +0.57% - change in closing benchmark	+98.26% - change in closing price; +2.32% - change in closing benchmark	+92.73% - change in closing price; -0.58% - change in closing benchmark
6	Reliance Nippon Life Asset Management Company Limited	15,422.40	252.00	November 06, 2017	295.90	+1.21% - change in closing price; -3.90% - change in closing benchmark	+8.12% - change in closing price; +2.05% - change in closing benchmark	-
7	The New India Assurance Company Limited	96,000.00	800.00	November 13, 2017	750.00	-29.83% - change in closing price; -0.31% - change in closing benchmark	-7.81% - change in closing price; +3.08% - change in closing benchmark	-
8	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+4.09% - change in closing price; +3.85% - change in closing benchmark	+6.27% - change in closing price; -2.83% - change in closing benchmark	-
9	Aster DM Healthcare Limited	9,801.37	190.00	February 26, 2018	183.00	-	-	-
10	Bharat Dynamics Limited	9,609.44	428.00	March 23, 2018	370.00	-	-	-

Notes:

1. *Benchmark Index taken as CNX NIFTY*
2. *Price on NSE is considered for all of the above calculations*
3. *% change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index on the day of the listing date.*
4. *The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day has been considered for the computation.*

Summary statement of price information of past issues handled by YES Securities

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-2018	9	161,206.66	-	1	2	2	-	2	1	-	1	1	1	-
2016-2017	2	15,125.00	-	-	1	1	-	-	-	-	-	1	-	1
2015-2016	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Notes:

a. *Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date.*

b. *The information for the financial year is based on issue listed during such financial year.*

Price information of past issues(during current financial year and two financial years preceding the current financial year) handled by Axis Capital

Sr. No.	Issue name	Issue size (₹ millions)	Issue price(₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Bandhan Bank Limited	44,730.19	375.00	March 27, 2018	499.00	-	-	-
2	Aster DM Healthcare Limited	9801.00	190.00	February 26, 2018	183.00	-13.66% [-3.77%]	-	-
3	Khadim India Limited	5,430.57	750.00	November 14, 2017	730.00	-10.40% [+0.06%]	-6.47% [+3.47%]	-
4	The New India Assurance Company Limited	18,933.96	800$	November 13, 2017	750.00	-27.91% [+0.15%]	-7.81% [+3.08%]	-
5	Mahindra Logistics Limited	8,288.84	429^	November 10, 2017	429.00	+2.49% [0.00%]	+9.48% [+1.50%]	-
6	Reliance Nippon Life Asset Management Limited	15,422.40	252	November 06, 2017	295.90	+3.61% [-3.19%]	+8.12% [+2.05%]	-
7	General Insurance Corporation of India	111,758.43	912@	October 25, 2017	850.00	-12.92% [+0.52%]	-13.95% [+6.52%]	-
8	Indian Energy Exchange Limited	10,007.26	1650	October 23, 2017	1,500.00	-8.15% [+1.39%]	-1.95% [+7.67%]	-
9	Godrej Agrovet Limited	11,573.12#	460	Ocotober 16, 2017	615.60	+14.96% [-0.43%]	+35.66% [+4.99%]	-
10	SBI Life Insurance Company Limited	83,887.29	700*	October 03, 2017	735.00	-7.56% [+5.89%]	-0.07% [+5.84%]	-

Source: www.nseindia.com
**Offer Price was ₹632.00 per equity share to Eligible Employees*
#Company has undertaken a Pre-Ipo Placement aggregating to ₹84.88 Million. The size of the fresh issue as disclosed in the draft red herring prospectus dated July 18, 2017, being ₹3,000.00 Million, has been reduced accordingly.
@Offer Price was ₹855.00 per equity share to Retail Individual Bidders and Eligible Employees
^Offer Price was ₹387.00 per equity share to Eligible Employees
$Offer Price was ₹770.00 per equity share to Retail Individual Bidders and Eligible Employees

Notes:
a. *Issue Size derived from Prospectus/final post issue reports, as available.*
b. *The CNX NIFTY is considered as the Benchmark Index.*
c. *Price on NSE is considered for all of the above calculations.*
d. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the next trading day has been considered.*
e. *Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available*

Summary statement of price information of past issues (during current financial year and two financial years preceding the current financial year) handled by Axis Capital

Financial Year	Total no. of IPOs	Total funds raised (₹ in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	17	374,302.05	-	1	8	1	2	4	-	2	-	2	2	1
2016-2017	10	111,377.80	-	-	1	4	2	3	-	-	-	7	1	2
2015-2016	8	60,375.66	0	0	3	0	4	1	0	0	3	1	2	2

** The information is as on the date of the document*
The information for each of the financial years is based on issues listed during such financial year.

Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.

Price information of past issues handled by Edelweiss Financial

Sr. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	Galaxy Surfactants Limited	9,370.88	1480.00	February 8, 2018	1,525.00	1.14% [-3.31%]	Not Applicable	Not Applicable
2.	Amber Enterprises India Limited	6,000.00	859.00^^^	January 30, 2018	1,175.00	27.15% [-5.04%]	Not Applicable	Not Applicable
3.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	3.50% [3.00%]	6.27% [-2.83%]	Not Applicable
4.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-3.57% [3.95%]	-11.51% [0.75%]	Not Applicable
5.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	30.16% [1.02%]	48.93% [2.11%]	Not Applicable
6.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	3.61% [-3.19%]	8.12% [2.05%]	Not Applicable
7.	Prataap Snacks Limited	4,815.98	938.00^^	October 5, 2017	1,270.00	25.12% [5.70%]	31.82% [5.60%]	Not Applicable
8.	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.10	3.62% [6.25%]	18.97% [8.17%]	15.36% [4.06%]
9.	Cochin Shipyard Limited	14,429.30	432.00^	August 11, 2017	440.15	30.14% [3.04%]	30.96% [6.10%]	20.01% [8.11%]
10.	Central Depository Services (India) Limited	5,239.91	149.00	June 30, 2017	250.00	127.92%; [5.84%]	128.86% [2.26%]	146.71% [10.61%]

Source: www.nseindia.com

^^^ Amber Enterprises India Limited - Employee Discount of ₹ 85 per Equity Share to the Offer Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the Offer Price of Rs. 859 per equity share

^^Prataap Snacks Limited - Employee Discount of ₹ 90 per Equity Share to the Issue Price was offered to the Eligible Employees Bidding in the Employee Reservation Portion. All calculations are based on the issue price of Rs. 938 per equity share

^ Cochin Shipyard Limited - Discount of Rs.21 per equity share was offered to retail bidders & eligible employees. All calculations are based on the offer price of Rs. 432 per equity share

Notes

1. *Based on date of listing.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs Issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
4. *The Nifty 50 index is considered as the Benchmark Index*
5. *Not Applicable. – Period not completed*
6. *Disclosure in Table-1 restricted to 10 issues.*

Summary statement of price information of past issues handled by Edelweiss Financial

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2017-18*	11	218,549.76	-	-	1	1	5	4	-	-	-	2	-	2
2016 - 17	6	123,361.22	-	-	1	1	3	1	-	-	-	3	2	1
2015 - 16	7	56,157.83	-	-	3	-	2	2	-	-	4	-	1	2

**The information is as on the date of the document*

1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

For the financial year 2017-18 – 11 issues have been completed. However, nine issues have completed 90 days and only four issues have completed 180 days yet. However, the disclosure under Table-1 is restricted to the latest 10 issues.
For the financial year 2016-17 – six issues were completed and for the financial year 2015-16, seven issues were completed.

Price information of past issues handled by IDFC

Sr. No.	Issuer Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 180th calendar day from listing
1.	HPL Electric & Power Limited	3,610.00	202.00	October 04, 2016	190.00	-14.75% [-2.91%]	-51.19% [-6.72%]	-37.77% [5.34%]
2.	Shankara Building Products Limited	3,450.01	460.00	April 05, 2017	545.00	51.25% [0.51%]	81.25% [4.16%]	214.30% [5.08%]
3.	Dixon Technologies (India) Limited	5,992.79	1,766.00	September 18, 2017	2,725.00	50.07% [0.57%]	97.90% [3.63%]	95.41% [2.32%]
4.	The New India Assurance Company Limited	95,858.23	800.00*	November 13, 2017	748.90	-27.66% [0.59%]	-8.29% [3.84%]	Not Available

Sr. No.	Issuer Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date (₹)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark] – 180th calendar day from listing
5.	Khadim India Limited	5,430.57	750.00	November 14, 2017	730.00	-10.40% [0.06%]	-6.47% [3.47%]	Not Available
6.	HDFC Standard Life Insurance Company Limited	86,950.00	290.00	November 17, 2017	310.00	30.16% [1.02%]	48.93% [2.11%]	Not Available
7.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-3.57% [3.95%]	-11.51% [0.75%]	Not Available
8.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	674.00	3.26% [3.48%]	4.65% [-2.02%]	Not Available
9.	Newgen Software Technologies Ltd	4,246.21	245.00	January 29, 2018	253.00	-0.29% [-5.34%]	Not Available	Not Available
10.	Amber Enterprises India Ltd	5,995.74	859.00**	January 30, 2018	1,180.00	27.40% [-5.31%]	Not Available	Not Available

** The offer price was 770.00 per equity share after a discount of ₹30 per equity share to retail individual bidders and eligible employees.*
*** The offer price was 774.00 per equity share after a discount of ₹85 per equity share to eligible employees.*

Notes:

i. *Source: www.nseindia.com and www.bseindia.com for the price information and prospectus/finalised basis of allotment for issue details.*
ii. *NSE was the designated stock exchange for the IPOs listed as item 1,5,6 & 7 and BSE was the designated stock exchange for the IPOs listed as item 2,3,4,8,9 & 10. Therefore, price information and benchmark index values have been/will be shown only for designated stock exchange. NIFTY and SENSEX have been used as the benchmark indices.*
iii. *In case of reporting dates falling on a trading holiday, values for the trading day, immediately following the trading holiday have been considered.*
iv. *Since 30, 90 and 180 calendar days, from listing date has not elapsed for certain IPOs, data for the same is not available.*

Summary statement of price information of past issues handled by IDFC

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ in million)	No. of IPOs trading at discount - 30th calendar day from listing			No. of IPOs trading at premium - 30th calendar day from listing			No. of IPOs trading at discount - 180th calendar day from listing			No. of IPOs trading at premium - 180th calendar day from listing		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	9	219,468.50	-	1	3	2	2	1	-	-	-	2	-	-
2016-2017	1	3,610.00	-	-	1	-	-	-	-	1	-	-	-	-
2015-2016**	-	-	-	-	-	-	-	-	-	-	-	-	-	-

**As on the date of DRHP*
*** From October 21, 2015, the date of registration under SEBI (Merchant Banker) Regulations 1992,*
Notes:

i. *Date of listing of equity shares has been considered for calculating total no. of IPOs in a particular financial year.*
ii. *The discount/premium has been/will be calculated based on the closing stock price.*

iii. *Since 30 and 180 calendar days, from listing date has not elapsed for certain IPOs, data for the same is not available.*

Price information of past issues handled by JM Financial

Sr. No.	Issue name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1.	Bandhan Bank Limited	44,730.19	375.00	March 27, 2018	499.00	NA	NA	NA
2.	Aster DM Healthcare Limited	9,801.00	190.00	February 26, 2018	183.00	-13.66% [-3.77%]	NA	NA
3.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 08, 2018	1,525.00	+1.14% [-3.31%]	NA	NA
4.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	+3.61% [-3.19%]	+5.91% [+2.95%]	NA
5.	Prataap Snacks Limited	4,815.98	938.00(1)	October 05, 2017	1,270.00	+25.12% [+5.70%]	+31.82% [+5.60%)	NA
6.	SBI Life Insurance Company Limited	83,887.29	700.00(2)	October 03, 2017	735.00	-7.56% [+5.89%]	-0.66% [+6.81%]	NA
7.	ICICI Lombard General Insurance Company Limited	57,009.40	661.00	September 27, 2017	651.10	+3.62% [+6.25%]	+17.60% [+7.78%]	+12.13% [2.69%]
8.	Cochin Shipyard Limited	14,429.30	432.00(3)	August 11, 2017	440.15	+27.06% [+2.31%]	+30.96% [+6.10%]	+20.01% [+8.11%]
9.	GTPL Hathway Limited	4,848.00	170.00	July 04, 2017	170.00	-10.71% [+4.87%]	-19.09% [+1.82%]	-2.94% [+9.54%]
10.	S Chand and Company Limited	7,286.00	670.00	May 09, 2017	700.00	-17.37% [+3.72%]	-25.38% [+8.05%]	-27.92% [+12.19%]

Source: www.nseindia.com; for price information and prospectus/ basis of allotment for issue details

Notes:

1. *A discount of ₹90 per equity share had been offered to eligible employees.*
2. *A discount of ₹68 per equity share had been offered to eligible employees.*
3. *A discount of ₹21 per equity share had been offered to eligible employees and retail individual bidders.*
4. *Opening price information as disclosed on the website of NSE.*
5. *Change in closing price over the issue/offer price as disclosed on NSE.*
6. *Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.*
7. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
8. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.*
9. *Restricted to 10 issues.*

Summary statement of price information of past issues handled by JM Financial

Financial Year	Total no. of IPOs	Total funds raised (₹ in millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50 %	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2017-2018*	10	251,600.44	-	-	3	-	2	3	-	1	1	-	-	2
2016-2017	7	137,049.21	-	-	2	1	1	3	-	-	1	2	2	2
2015-2016	1	5,081.70	-	-	-	-	-	1	-	-	-	-	-	1

* *The information is as on the date of the document*

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in circular reference CIR/MIRSD/1/2012 dated January 10, 2012, issued by SEBI, kindly refer to the websites of the BRLMs, as set forth in the table below:

Sr. No	Name of the BRLMs	Website
1.	YES Securities (India) Limited	www.yesinvest.in
2.	Axis Capital Limited	www.axiscapital.co.in
3.	Edelweiss Financial Services Limited	www.edelweissfin.com
4.	IDFC Bank Limited	www.idfcbank.com
5.	JM Financial Limited	www.jmfl.com

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement entered amongst the Selling Shareholder, our Company and the BRLMs and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and Bidders at large and no selective or additional information would be made available for a section of the Bidders in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

The Selling Shareholder, our Company, or any member of the Syndicate is not liable for any failure in downloading the Bids due to faults in any software/ hardware system or otherwise.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to the Selling Shareholder, our Company, Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. The Selling Shareholder, our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with and perform services for our Company and the Selling Shareholder, in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company and Selling Shareholder, for which they have received and may in the future receive compensation.

Disclaimer from our Company, the Selling Shareholder, our Directors and the BRLMs

Our Company, the Selling Shareholder, our Directors and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website www.mazagondock.in or the respective websites of our Group Company, would be doing so at his or her own risk. The Selling Shareholder accepts no responsibility for any statements made other than those made in relation to it and/or to the Equity Shares offered through the Offer for Sale.

Disclaimer in Respect of Jurisdiction

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from RBI), or trusts registered under applicable trust law and who are authorised under their respective constitutions to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act , multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDA, permitted provident funds and pension funds, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, Systemically Important Non-Banking Financial Companies and permitted Non-Residents including FPIs, NRI Bidders, FVCIs, multi-lateral and bilateral development financial institutions and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. The Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) at Mumbai, India only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Selling Shareholder, our Company and our Group Company from the date thereof or that the information contained therein is correct as of any time subsequent to this date.

THE OFFER AND SALE OF THE EQUITY SHARES HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S PROMULGATED UNDER THE U.S. SECURITIES ACT ("REGULATION S")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. ACCORDINGLY, THE EQUITY SHARES ARE BEING OFFERED AND SOLD ONLY OUTSIDE THE UNITED STATES AND ONLY TO NON-U.S. PERSONS IN RELIANCE ON REGULATION S. EACH PURCHASER OF EQUITY SHARES WILL BE REQUIRED TO REPRESENT AND AGREE, AMONG OTHER THINGS, THAT SUCH PURCHASER IS A NON-U.S. PERSON ACQUIRING THE EQUITY SHARES IN AN "OFFSHORE TRANSACTION" IN ACCORDANCE WITH REGULATION S.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at the Corporation Finance Department, Securities and Exchange Board of India, SEBI Bhawan, Plot No. C – 4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC, and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with the RoC situated at the address below:

Registrar of Companies
100, Everest
Marine Drive
Mumbai 400 002

Listing

The Equity Shares are proposed to be listed on BSE and NSE. Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, all monies received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within the prescribed time after our Company is liable to repay it, then our Company and every officer in default may, on and from expiry of such period, shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges are taken within six Working Days from the Bid/Offer Closing Date or within such other period as may be prescribed. The Selling Shareholder confirms that it shall extend complete co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing of the Equity Shares and commencement of trading of the Equity Shares on the Stock Exchanges within six Working Days from the Bid/Offer Closing Date, or such other period as may be prescribed.

If our Company does not Allot Equity Shares pursuant to the Issue within six Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Consents

Consents in writing of (a) the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, the BRLMs, legal counsels, bankers to our Company, the Registrar to the Offer, and consents in writing of (b) Syndicate Members and the Banker(s) to the Offer will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 26 and 32 of the Companies Act. Further, consents received prior to filing of this Draft Red Herring Prospectus have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus with SEBI.

Expert Opinion

Except as stated below, our Company has not obtained any expert opinions:

As required under Section 26(1)(a)(v) of the Companies Act, our Company has received written consent from our Statutory Auditor, to include their name as an "expert" as defined under Section 2(38) of the Companies Act in respect of their (a) reports dated March 01, 2018 on the Restated Financial Statements; and (b) report dated March 20, 2018 on the statement of tax benefits available for our Company and the Shareholders.

Such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Offer related expenses

The total expenses of the Offer are estimated to be approximate ₹[●] million. The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, registrar and depository fees and listing fees.

For further details, see "*Objects of the Offer*" on page 91.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expenses) will be as per the Syndicate Agreement, a copy of which will be available for inspection at our Registered and Corporate Office.

Commission payable to SCSBs, Registered Brokers, RTAs and CDPs

For details of the commission payable to SCBS, Registered Brokers, RTAs and CDPs, see "*Objects of the Offer*" on page 91.

Fees Payable to the Registrar to the Offer

The fees payable to the Registrar to the Offer for processing of Bid cum Application Forms, data entry, printing of Allotment Advice/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the Registrar Agreement, a copy of which will be available for inspection at our Registered and Corporate Office.

The Registrar to the Offer shall be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment advice by registered post/speed post subject to postal rules/ under certificate of posting.

Particulars regarding public or rights issues during the last five years

There have been no public or rights issue by our Company during the last five years preceeding the date of this Draft Red Herring Prospectus.

Issues otherwise than for Cash

Our Company has not issued any equity shares for consideration otherwise than for cash, except as disclosed in "*Capital Structure*" on page 73.

Previous capital issue in the preceeding three years by listed group companies, subsidiaries and associates of our Company

We do not have any subsidiary. Further, our Associate Company and our Group Company are not listed on any stock exchange in India or abroad.

Performance vis-à-vis objects – Last issue of our Company, Group companies, subsidiaries or Associate Companies

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary. Further, our Company, Associate Company and our Group Company have not undertaken any public or rights issue in the 10 years preceding the date of this Draft Red Herring Prospectus.

Commission, brokerage and selling commission paid on previous issues

Since this is an initial public offering of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares.

Outstanding Debentures or Bonds

Our Company does not have any outstanding debentures and bonds as of the date of this Draft Red Herring Prospectus.

Outstanding Preference Shares

Our Company does not have any outstanding preference shares as of the date of this Draft Red Herring Prospectus.

Partly Paid Up Shares

Our Company does not have any partly paid up Equity Shares as of the date of this Draft Red Herring Prospectus.

Stock Market Data of our Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange.

Mechanism for Redressal of Investor Grievances by our Company

The Registrar Agreement provides for retention of records with the Registrar to the Offer for a period of at least three years from the date of despatch of letters of allotment, demat credit and refund orders, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the ASBA process may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the first Bidder, Bid cum Application Form number, Bidder DP ID, Client ID, PAN, date of submission of the Bid cum Application Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder. Further, the investor shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI Regulations. Investors can contact the Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

Disposal of Investor Grievances by our Company

We estimate that the average time required by us or the Registrar to the Offer for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders Relationship Committee. For details, see "*Our Management – Committees of the Board – Stakeholder Relationship Committee*" on page 179.

Our Company has appointed Vijayalakshmi Kumar, Company Secretary as the Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems. She can be contacted at the following address:

Address Dockyard Road, Mumbai - 400010
Telephone: 022-2376 2000
Facsimile: 022- 2372 5043

Email: investor@mazdock.com

Disposal of investor grievances by listed group companies

As on the date of this Draft Red Herring Prospectus, our Group Company is not listed on any stock exchange.

Changes in Statutory Auditors

There has been no changes in the statutory auditors of our Company in the last three years preceeding the date of this Draft Red Herring Prospectus:

Capitalization of reserves or profits

We have not capitalized our reserves or profits at any time during last five years, except as stated in "*Capital Structure*" on page 91.

Revaluation of assets

There has been no revaluation of assets of our Company in the last five years.

SECTION VII – OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares being Allotted pursuant to this Offer are subject to the provisions of the Companies Act, the SCRA, SCRR, SEBI ICDR Regulations, our Memorandum of Association and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, the ASBA Form, the Revision Form, CAN, the Allotment Advice, the SEBI Listing Regulations and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities issued from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI, the FIPB and/or other authorities, as in force and to the extent applicable or such other conditions as may be prescribed by such authorities while granting its approval for the Offer.

Offer related expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million. The expenses of the Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal expenses, statutory advertisement expenses, registrar and depository fees and listing fees.

For further details in relation to Offer related expenses, see "*Objects of the Offer*" and "*Other Regulatory and Statutory Disclosures*" on pages 91 and 502, respectively.

Ranking of the Equity Shares

The Equity Shares shall be subject to the provisions of the Companies Act, Memorandum of Association, Articles of Association, the SEBI Listing Regulations, and shall rank pari passu in all respects with the existing Equity Shares including rights in respect of dividend and other corporate benefits if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of the Articles of Association*" on page 576.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders as per the provisions of the Companies Act, our Memorandum of Association, Articles of Association, the SEBI Listing Regulations and other applicable laws including guidelines or directives that may be issued by the GoI in this respect. All dividends, declared by our Company after the date of Allotment (pursuant to the Allotment of Equity Shares), will be payable to the Bidders who have been Allotted Equity Shares, for the entire year, in accordance with applicable law. For further details in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" on pages 190 and 576, respectively.

Face Value, Offer Price and Price Band

The face value of each Equity Share is ₹10 each. The Floor Price of the Equity Shares is ₹[●] per Equity Share and the Cap Price is ₹[●] per Equity Share. The Price Band, minimum Bid lot size, the Retail Discount and the Employee Discount, as applicable will be decided by the Selling Shareholder and our Company, in consultation with the BRLMs, and advertised in [●] editions of [●] the English national daily newspaper, [●] editions of a [●], the Hindi national daily newspaper and [●] editions of [●], a Marathi daily newspaper (Marathi also being the regional language in the place where our Registered Office is located), each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their website. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the ASBA Forms available at the websites of the Stock Exchanges. The Offer Price shall be determined by the Selling Shareholder and our Company, in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares by way of Book Building Process.

At any given point of time there shall be only one denomination of the Equity Shares.

Retail Discount and Employee Discount

Retail Discount and Employee Discount of ₹[●] per Equity Share and ₹[●] per Equity Share respectively to the Offer Price may be offered to the Retail Individual Bidders and the Eligible Employees bidding in the Employee Reservation Portion, respectively.

Compliance with disclosure and accounting norms

Our Company shall comply with applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles of Association, the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy or "e-voting";
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see "*Main Provisions of the Articles of Association*" on page 576.

Market Lot and Trading Lot

The trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the minimum tradable lot is one Equity Share. Allotment in the Offer will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares. See "*Offer Procedure – Part B – General Information Document for Investing in Public Issues - Allotment Procedure and Basis of Allotment*" on page 564.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

The courts of Mumbai, India will have exclusive jurisdiction in relation to this Offer.

Bid/Offer Programme

FOR ALL BIDDERS	**OFFER OPENS ON [●]**
FOR QIBs *	**OFFER CLOSES ON [●]**

** The Selling Shareholder and our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative date
Bid/Offer Closing Date	[●]
Finalisation of Basis of Allotment with the	[●]

Event	Indicative date
Designated Stock Exchange	
Unblocking of funds from ASBA Account	[●]
Credit of the Equity Shares to depository accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

The above timetable is indicative and does not constitute any obligation on the Selling Shareholder, our Company, or the BRLMs. While the Selling Shareholder and our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may change due to various factors, such as extension of the Bid/Offer Period by the Selling Shareholder and our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholder confirms that it shall extend complete co-operation required by our Company, the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date.

Bids and any revision in Bids shall be accepted only between 10.00 a.m. and 5.00 p.m. (IST) during the Bid/Offer Period (except on the Bid/Offer Closing Date) at the Bidding Centres as mentioned on the ASBA Form. On the Bid/Offer Closing Date, the Bids shall be accepted and uploaded as follows:

a) in case of Bids by QIBs and Non-Institutional Bidders under the QIB Portion and Non-Institutional Bidders respectively, the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and

b) in case of Bids by Retail Individual Bidders and Eligible Employees Bidding under the Employee Reservation Portion (if any), the Bids and the revisions in Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs will be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, **no later than 3:00 p.m**. (Indian Standard Time) on the Bid/Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under this Offer. Bids will only be accepted on Working Days. Bids by Bidders shall be uploaded by the SCSBs in the electronic system to be provided by the Stock Exchanges. Neither the Selling Shareholder, nor our Company, nor any member of the Syndicate is liable for any failure in uploading or downloading the Bids due to faults in any software / hardware system or otherwise. Any time mentioned in this Draft Red Herring Prospectus is Indian Standard Time.

The Selling Shareholder and our Company in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly

In case of any revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members. However, in case of revision in the Price Band, the Bid Lot shall remain the same. The requirements for minimum subscription are not applicable in case of the Offer for Sale.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic ASBA Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Nomination facility to investors

In accordance with Section 72 of the Companies Act and the rules made thereunder, the first or sole Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the first or sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale or transfer or alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered and Corporate Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

i. to register himself or herself as the holder of the Equity Shares; or
ii. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If investors wish to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

The requirement of minimum subscription is not applicable to the Offer in accordance with the SEBI ICDR Regulations. However, if our Company does not make the minimum Allotment as specified under terms of the Rule 19(2)(b)(iii) of the SCRR, including devolvement of Underwriters, if any, within 60 days from the date of Bid/Offer Closing Date, the Selling Shareholder and our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, the Selling Shareholder and our Company and shall pay interest prescribed under the applicable law.

Further, the Selling Shareholder and our Company and shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 26(4) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, the Selling Shareholder and our Company shall be liable to pay interest on the application money in accordance with applicable laws.

Option to receive Equity Shares in dematerialised form

Pursuant to Section 29 of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares can be applied for in the dematerialised form only.

Further to the listing of the Equity Shares, the trading of the Equity Shares shall only be in the dematerialised form on the Stock Exchanges.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Offer Equity Shares, the minimum Promoter's Contribution, as detailed in "*Capital Structure*" on page 73 and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See, "*Main Provisions of the Articles of Association*" on page 576.

Withdrawal of the Offer

The Selling Shareholder and our Company, in consultation with the BRLMs, reserve the right not to proceed with the entire or portion of the Offer for any reason at any time after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the Pre-Offer Advertisements were published, within two days of the Bid/Offer Closing Date, providing reasons for not proceeding with the Offer. Further, the Stock Exchanges shall be informed promptly in this regard by our Company. The BRLMs, through the Registrar to the Offer, shall notify the SCSBs to unblock the bank accounts of the Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Offer our Company subsequently determines that it will proceed with an issue/offer for sale of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed, and the final RoC approval of the Prospectus after it is registered with the RoC and filed with the SEBI and Stock Exchanges.

OFFER STRUCTURE

Initial public offering of [●] Equity Shares of face value of ₹10 each through an Offer for Sale by the Selling Shareholder, for cash at a price of ₹[●] per Equity Share (less Retail Discount and Employee Discount, as applicable) aggregating to ₹[●] million comprising a Net Offer of 22,410,000 Equity Shares and an Employee Reservation Portion of [●] Equity Shares. The Offer and Net Offer shall constitute [●]% and 10.00% of the post-Offer paid-up Equity Share capital of our Company.

Subject to receipt of necessary approvals from the GoI, [●] additional Equity Shares may be reserved for Eligible Employees. The Offer less Employee Reservation Portion is referred to as the Net Offer. The Offer will comprise of a Net Offer of 22,410,000 Equity Shares and the Employee Reservation Portion of [●] Equity Shares. the Employee Reservation Portion, if any, shall not exceed 5.00% of the post-offer paid-up Equity Share capital of the Company. The Offer and the Net Offer shall constitute [●]% and 10.00% respectively of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	Eligible Employees Bidding in the Employee Reservation Portion (if any)**	QIBs	Non-Institutional Bidders	Retail Individual Bidders**
Number of Equity Shares available for Allotment/allocation(1)*	[●] Equity Shares.	Not more than 11, 205,000 Equity Shares or the Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Not less than 3,361,500 Equity Shares or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 7,843,500 Equity Shares or Net Offer less allocation to QIB Bidders and Non-Institutional Bidders.
Percentage of Offer size available for Allotment/allocation	[●]% of the Offer.	Not more than 50% of the Net Offer shall be allocated to QIB Bidders. However, upto 5.00% of the QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for all QIBs in the QIBs Portion.	Not less than 15% of the Net Offer or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Net Offer or the Net Offer less allocation to QIB Bidders and Non-Institutional Bidders.
Basis of Allotment if respective category is oversubscribed*	Proportionate	Proportionate as follows: 560,250 Equity Shares shall be available for allocation on a proportionate	Proportionate	Proportionate, subject to minimum Bid Lot. For further details, see

Particulars	**Eligible Employees Bidding in the Employee Reservation Portion (if any)****	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders****
		basis to Mutual Funds only and 10,644,750 Equity Shares shall be available for allocation on a proportionate basis to all other QIBs, including Mutual Funds receiving Allocation as above		"*Offer Procedure – Part B – General Information Document for Investing in Public Issues – Allotment Procedure and Basis of Allotment – Allotment to RIIs*" on page 564.
Minimum Bid	[●] Equity Shares [(1)]	Such number of Equity Shares such that the Bid Amount exceeds ₹200,000 in multiples of [●] Equity Shares.	Such number of Equity Shares such that the Bid Amount exceeds ₹200,000 in multiples of [●] Equity Shares.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares (in multiples of [●] Equity Shares) for which the Bid Amount does not exceed ₹500,000 (net of Employee Discount). [(1)]	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceeds the size of the Offer, subject to such limits as may be applicable to the Bidder.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid does not exceeds the size of the Offer, subject to such limits as may be applicable to the Bidder.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹200,000 (net of Retail Discount).
Mode of Allotment	Compulsorily in dematerialised form.			
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.			
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.			
Trading Lot	One Equity Share			
Who can Apply[(2)]	Eligible Employees.	Mutual Funds, VCFs, AIFs, FVCIs, FPIs (other than Category III FPIs) public financial institution as defined in Section 2(72) of the Companies Act, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the IRDA,	Eligible NRI Bidders, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts and Category III FPIs registered with SEBI, which is a	Resident Indian individuals, HUFs (in the name of the Karta) and Eligible NRI Bidders.

Particulars	Eligible Employees Bidding in the Employee Reservation Portion (if any)**	QIBs	Non-Institutional Bidders	Retail Individual Bidders**
		provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, National Investment Fund set up by the GoI, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies.	foreign corporate or foreign individual for Equity Shares such that the Bid Amount exceeds ₹200,000 in value.	
Terms of payment	The SCSB shall be authorised to block the full Bid Amount mentioned in the of the ASBA Form.			
Mode of Bidding	Only through the ASBA process.			

(1) Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b)(iii) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations and Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be Allotted on a proportionate basis to QIBs, 5.00% of the QIB Portion will be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer will be available for allocation to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation to Retail Individual Bidders, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. Further, subject to receipt of necessary approvals from the GoI, [●] Equity Shares may be offered for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received from them at or above the Offer Price.

In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. Further, an Eligible Employee Bidding in the Employee Reservation Portion (if any) can also Bid under the Net Offer and such Bids will not be treated as multiple Bids. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹200,000), shall be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above the Offer Price, under-subscription(if any) in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

(2) In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the ASBA Form. The ASBA Form should contain only the name of the first Bidder whose name should also appear as

the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the ASBA Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

** Assuming full subscription in the Offer.*
******** *The Selling Shareholder and our Company, in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent to up to ₹[●] per Equity Share) on the Offer Price to the Retail Individual Bidders and the Eligible Employees Bidding under Retail Portion and the Employee Reservation Portion (if any), respectively. The amount of Retail Discount and Employee Discount, as applicable, will be advertised in all newspapers wherein the pre-Offer Advertisement will be published. For further details, see "Offer Procedure" on page 529.*

Period of operation of subscription list

See "*Terms of the Offer – Bid/ Offer Programme*" on page 521.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated circular dated November 10, 2015 notified (CIR/CFD/POL/CYC/LL/11/2015 and SEBI circular bearing SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 (the "**General Information Document**") included below under "**Part B – General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue. All Designated Intermediaries in relation to the Offer should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016, in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

Our Company, the Selling Shareholder and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus.

Part – A

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 26(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs. Such number of Equity Shares representing 5.00% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5.00% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining QIB Portion for proportionate allocation to QIBs, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Net Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. Further, subject to receipt of necessary approvals from the GoI, [●] Equity Shares may be offered for allocation and Allotment on a proportionate basis to the Eligible Employees Bidding in the Employee Reservation Portion, conditional upon valid Bids being received from them at or above the Offer Price.

In the event of under-subscription in the Employee Reservation Portion (if any), the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000. The unsubscribed portion, if any, in the Employee Reservation Portion (after allocation over ₹200,000), shall be added to the Net Offer. In the event of under-subscription in the Net Offer, spill over to the extent of under-subscription shall be allowed from the Employee Reservation Portion. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of the Selling Shareholder and our Company in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis, subject to applicable law. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. In accordance with Rule 19(2)(b)(iii) of the SCRR, the Net Offer will constitute at least 10.00% of the post Offer paid-up Equity Share capital of our Company.

The Equity Shares, upon listing, shall be traded only in the dematerialised segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. ASBA Forms which do not have the details of the Bidders depository accounts, including DP ID,

Client ID and PAN, shall be treated as incomplete and rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

ASBA Form

All Bidders are required to mandatorily participate in the Offer only through the ASBA process.

Copies of the ASBA Form and the Abridged Prospectus will be available with the Designated Intermediaries at the Bidding Centres and at our Registered and Corporate Office. Electronic copies of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com), at least one day prior to the Bid/Offer Opening Date.

All Bidders shall ensure that their Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms). ASBA Forms not bearing such specified stamp are liable to be rejected. Additionally, Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form. ASBA Form that does not contain such details will be rejected. Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

The prescribed colour of the ASBA Form for the various categories of Bidders is as follows:

Category	Colour of ASBA Form
Resident Indians and Eligible NRI Bidders applying on a non-repatriation basis.	[●]
Non-Residents including Eligible NRI Bidders, FVCIs, FPIs, FIIs (other than sub-accounts which are foreign corporates or foreign individuals Bidding under the QIB Category), and registered multilateral and bilateral development financial institutions applying on a repatriation basis.	[●]
Eligible Employees Bidding in the Employee Reservation Portion (if any). *	[●]

 # The colour of ASBA Forms, will be included in the Red Herring Prospectus.
**Subject to receipt of necessary approvals from the GoI, [●] Equity Shares may be reserved for allocation and Allotment on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion. The Employee Reservation Portion, if any, shall not exceed 5.00% of the post-Offer capital of our Company, or increase the size of the Offer by more than 20%.*

Designated Intermediaries (other than SCSBs) shall submit/ deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account, details of which were provided by the Bidder in his respective ASBA Form and shall not submit it to any non-SCSB bank or the Banker(s) to the Offer.

Participation by the BRLMs and the Syndicate Members and their associates/ affiliates

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and the Syndicate Members may subscribe to or purchase the Equity Shares in the Net Offer, either in the QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders. Such Bidding and subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Bids by Mutual Funds

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid in whole or in part, in either case, without assigning any reason thereof.

No Mutual Fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any Company's paid-up share capital carrying voting rights.

Bids by Eligible NRI Bidders

Eligible NRI Bidders may obtain copies of ASBA Forms from the Designated Intermediaries. Eligible NRI Bidders Bidding on a repatriation basis by using the Non-Resident Forms should authorise their SCSB to block their Non-Resident External ("NRE") account or Foreign Currency Non-Resident ("FCNR") account for the full Bid Amount, while Eligible NRI Bidders Bidding on a non-repatriation basis by using the Resident Forms should authorise their SCSB to block their Non-Resident Ordinary ("NRO") account for the full Bid Amount, at the time of submission of the ASBA Form.

Eligible NRI Bidders Bidding on a repatriation basis are advised to use the ASBA Form for Non-Residents ([●] in colour), while Eligible NRI Bidders Bidding on a non-repatriation basis are advised to use the ASBA Form for Residents ([●] in colour).

Bids by FPIs

In terms of the SEBI FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) must be below 10% of our post-Offer equity share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. The aggregate limit of 24% may be increased up to the sectorial cap by way of a resolution passed by our Board, followed by a special resolution passed by the shareholders of our Company and subject to prior intimation to RBI. For calculating the aggregate holding of FPIs in our company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. In terms of the above-mentioned provisions of the FEMA Regulations, the existing individual and aggregate investment limits for an FII or sub account in our Company are 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

QFIs which are not registered as FPIs under the SEBI FPI Regulations shall not be eligible to participate in this Offer.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments ("ODIs"). Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments in our Company.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the GoI from time to time. FPIs who wish to participate in the Offer are advised to use the ASBA Form for non-residents ([●] in colour). FPIs are required to Bid through the ASBA process to participate in the Offer.

An FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III FPI and unregulated broad based funds, which are classified as Category II FPIs by virtue of their investment manager being appropriately regulated, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with "know your client" norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by, or on behalf of it, to any persons that are not regulated by an appropriate foreign regulatory authority.

An FPI is also required to ensure that any transfer of ODIs is made by, or on behalf of it subject to the following conditions:

(a) such ODIs are transferred to persons subject to fulfilment of SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the ODIs are to be transferred to are pre-approved by the FPI.

Bids by VCFs, AIFs and FVCIs

The SEBI VCF Regulations, SEBI AIF Regulations and SEBI FVCI Regulations prescribe the investment restrictions on VCFs, AIFs and FVCIs, respectively.

Accordingly, the holding in any company by any individual VCF or FVCI should not exceed 25% of the corpus of the VCF or FVCI. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to initial public offerings.

Category I and II AIFs cannot invest more than 25% of the investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

There is no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders (except Eligible Employees Bidding in the Employee Reservation Portion (if any)) will be treated on the same basis with other categories for the purpose of allocation.

The Selling Shareholder, our Company, or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

All Non-Resident investors should note that dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the ASBA Form. Failing this, the Selling Shareholder and our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason therefor.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDAI must be attached to the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended are broadly set forth below:

(i) equity shares of a company: the lower of 10%* of the investee company's outstanding equity shares (face value) or 10% of the respective fund in case of a life insurer/ investment assets in case of a general insurer or a reinsurer;

(ii) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or a reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(iii) the industry sector in which the investee company operates: not more than 15% of the respective fund of a life insurer or general insurance or 15% of the investment assets, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under points (i), (ii) or (iii) above, as the case may be.

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by the IRDAI from time to time to time.

**The above limit of 10% shall stand substituted as 15% of outstanding equity shares (face value) for insurance companies with investment assets of ₹2,500,000 million or more and 12% of outstanding equity shares (face value) for insurers with investment assets of ₹500,000 million or more but less than ₹2,500,000 million.*

Bids by provident funds/ pension funds

In case of Bids made by provident funds/ pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to reject any Bid, without assigning any reason thereof.

Bids by banking companies

The investment limit for banking companies in financial services companies, not being subsidiaries, as per the Banking Regulation Act, 1949 and the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10 % of the bank's paid-up share capital and reserves as per the last audited balance sheet or a subsequent balance sheet, whichever is lower. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA Bids.

Bids by Systemically Important NBFCs

In case of Bids made by Systemically Important NBFCs registered with RBI, a certified copy of the the certificate of registration issued by RBI indicating that the Bidder is a systemically important non-banking financial company, along with certified copy of its last audited financial statements on standalone basis and networth certificate from its auditors, must be lodged with the Bid cum Application Form. Failing which our Company in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason.

The investment limit for Systemically Important NBFCs shall be as prescribed by RBI from time to time.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs (including FIIs), AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million and pension funds with a minimum corpus of ₹250 million (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged along with the ASBA Form. Failing this, the Selling Shareholder and our Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

The Selling Shareholder and our Company, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Form.

Bids by Eligible Employees under the Employee Reservation Portion (if any)*

Bids by Eligible Employees under the Emplo Reservation Portion (if any) shall be subject to the following:

- Such Bids must be made in the prescribed ASBA Form (i.e., [●] in colour) and are required to be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. The Allotment in the Employee Reservation Portion will be on a proportionate basis.

- Such Bidders should mention their employee identification number at the relevant place in the ASBA Form.

- The Bidder should be an Eligible Employee as defined above. In case of joint bids, the First Bidder shall be an Eligible Employee.

- Such Bidders must ensure that the Bid Amount does not exceed ₹500,000. However, a Bid by an Eligible Employee in the Employee Reservation Portion will be considered for allocation, in the first instance, for a Bid Amount of up to ₹200,000. In the event of under-subscription in the Employee Reservation Portion, the unsubscribed portion will be available for allocation and Allotment, proportionately to all Eligible Employees who have Bid in excess of ₹200,000, subject to the maximum value of Allotment made to such Eligible Employee not exceeding ₹500,000.

- Such Bidders have the option to bid at Cut-off Price indicating their agreement to Bid and purchase at the Offer Price.

- Such Bidders can place their Bids by only using the ASBA process.

- The Eligible Employee who Bid in the Employee Reservation Portion can also Bid in the Net Offer and such Bids shall not be treated as multiple Bids. To clarify, an Eligible Employee Bidding in the Employee Reservation Portion for up to ₹500,000, can also Bid in the Net Offer and such Bids will not be treated as multiple Bids. The Selling Shareholder and our Company, in consultation with the BRLMs reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories. For further details, see "*Offer Procedure – Multiple Bids*" on page 550.

- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Offer Price, full allocation shall be made to the Eligible Employees to the extent of their demand.

- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Offer Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of Allotment, see "*Offer Procedure – Allotment Procedure and Basis of Allotment*" on page 564.

***Subject to receipt of necessary approvals from the GoI, [●] Equity Shares may be reserved for allocation and Allotment on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion. The Employee Reservation Portion, if any, shall not exceed 5.00% of the post-Offer capital of our Company, or increase the size of the Offer by more than 20%. The Selling Shareholder and our Company, in consultation with the BRLMs, may offer a discount of up to [●]% (equivalent to up to ₹[●]) on the Offer Price to the Eligible Employees Bidding under the Employee Reservation Portion (if any).*

In accordance with existing regulations, OCBs cannot participate in the Offer.

The above information is given for the benefit of Bidders. The Selling Shareholder and our Company, our Directors, the officers of our Company and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring

Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a Pre-Offer Advertisement.

Information for Bidders

In addition to the instructions provided to Bidders set forth in the sub-section titled "*Part B – General Information Document for Investing in Public Issues*" on page 542, Bidders are requested to note the following additional information in relation to the Offer.

1. The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip ("**Acknowledgement Slip**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three Acknowledgement Slips for each ASBA Form. It is the Bidder's responsibility to obtain the Acknowledgement Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/ Allotted. Such Acknowledgement will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised Acknowledgement Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

2. In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, the Selling Shareholder and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the Selling Shareholder, the management or any scheme of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

3. In the event of an upward revision in the Price Band, Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion (if any) who had Bid at Cut-off Price could either (i) revise their Bid; or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹200,000 (for Retail Individual Bidders) or ₹500,000 (for Eligible Employees Bidding in the Employee Reservation Portion (if any)) if such Bidder wants to continue to Bid at Cut-off Price. The revised Bids must be submitted to the same Designated Intermediary to whom the original Bid was submitted. In case the Bid Amount for any Bid under the Retail Portion or Employee Reservation Portion (if any) exceeds ₹200,000 and ₹500,000, respectively, due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount, then such Bid may be rejected if it is at the Cut-off Price. If, however, the Retail Individual Bidder or Eligible Employee does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Retail Individual Bidder or Eligible Employee and the Retail Individual Bidder or Eligible Employee is deemed to have approved such revised Bid at Cut-off Price.

4. In the event of a downward revision in the Price Band, Retail Individual Bidders or Eligible Employees who have bid at the Cut-off Price may revise their Bid; otherwise, the excess amount paid at the time of Bidding would be unblocked after Allotment is finalised.

5. Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

In addition to the information provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Interest and Refunds*" on page 567.

Signing of the Underwriting Agreement and the RoC Filing

The Selling Shareholder and our Company intend to enter into an Underwriting Agreement with the Underwriters on or immediately after the finalisation of the Offer Price. After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Offer size and underwriting arrangements and would be complete in all material respects.

GENERAL INSTRUCTIONS

In addition to the general instructions provided in the sub-section titled "Part B – General Information Document for Investing in Public Issues" on page 542, Bidders are requested to note the additional instructions provided below.

Do's:

1. All Bidders should submit their Bids through the ASBA process only;

2. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable laws;

3. Ensure that you have Bid within the Price Band;

4. Read all the instructions carefully and complete the ASBA Form in the prescribed form;

5. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;

6. Ensure that your ASBA Form, bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time.

7. Ensure that the ASBA Form is signed by the account holder in case the Bidder is not the ASBA Account holder. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;

8. Ensure that you request for and receive a stamped Acknowledgement Slip of the ASBA Form for all your Bid options from the concerned Designated Intermediary as proof of registration of the ASBA Form;

9. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the Designated Intermediaries;

10. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised Acknowledgement Slip;

11. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the Income Tax Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications wherein PAN is not mentioned will be rejected;

12. Ensure that the Demographic Details are updated, true and correct in all respects;

13. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

14. Ensure that the name(s) given in the ASBA Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the ASBA Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the ASBA Forms;

15. Ensure that you tick the correct investor category and the investor status, as applicable, in the ASBA Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

16. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;

17. Ensure that Bids submitted by any person outside India is in compliance with applicable foreign and Indian laws;

18. Ensure that the DP ID, the Client ID and the PAN mentioned in the ASBA Form and entered into the electronic system of the Stock Exchanges by the relevant Designated Intermediary match with the DP ID, Client ID and PAN available in the Depository database;

19. Ensure that the ASBA Forms are delivered by you within the time prescribed as per the ASBA Form and the Red Herring Prospectus;

20. Ensure that while Bidding through a Designated Intermediary, the ASBA Form is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in).

21. Ensure that you have mentioned the correct ASBA Account number in the ASBA Form;

22. Ensure that you have correctly signed the authorisation/undertaking box in the ASBA Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Form; and

23. The ASBA Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid or revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid on another ASBA Form after you have submitted a Bid to a Designated Intermediary;

4. Do not pay the Bid Amount by cheques and demand drafts or in cash, by money order or by postal order or by stock-invest;

5. Do not send ASBA Forms by post. Instead submit the same to only a Designated Intermediary;

6. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;

7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

8. Do not submit more than five ASBA Forms per ASBA Account;

9. Do not Bid for a Bid Amount exceeding ₹200,000 for Bids by Retail Individual Bidders and ₹500,000 for Bids by Eligible Employees under the Employee Reservation Portion (if any);

10. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

11. Do not fill up the ASBA Form such that the Equity Shares Bid for exceeds the Offer size and/ or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or maximum amount permissible under the applicable laws or under the terms of the RHP/Prospectus;

12. Do not submit the General Index Registration ("GIR") number instead of the PAN;

13. Do not submit the Bids without instructions to block funds equivalent to the Bid Amount in the ASBA Account;

14. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

15. Do not submit Bids on plain paper or on incomplete or illegible ASBA Forms or on ASBA Forms in a colour prescribed for another category of Bidder;

16. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/Offer Closing Date;

17. If you are a Non-Institutional Bidder or Retail Individual Bidder or an Eligible Employee Bidding under the Employee Reservation Portion (if any), do not submit your Bid after 3.00 p.m. on the Bid/Offer Closing Date;

18. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 ; (other than minors having valid depository accounts as per Demographic Details provided by the depository);

19. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor; and

20. Do not submit ASBA Bids to a Designated Intermediary at a Bidding Centre unless the SCSB where the ASBA Account is maintained, as specified in the ASBA Form, has named at least one branch in the relevant Bidding Centre, for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at http://www.sebi.gov.in);

The ASBA Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Offer Procedure in Book Built Issue – Rejection and Responsibility for Upload of Bids – Grounds for Technical Rejections*" on page 561, Bidders are requested to note that Bids may be rejected on the following additional technical grounds.

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;

3. Bids submitted on a plain paper;

4. Bids by HUFs not mentioned correctly as given in the sub-section titled "*Part B – General Information Document for Investing in Public Issues – Category of Investors eligible to participate in an offer*" on page 544;

5. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;

6. Bids submitted without the signature of the First Bidder or sole Bidder;

7. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;

8. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010;

9. GIR number furnished instead of PAN;

10. Bids by Retail Individual Bidders or Eligible Employees Bidding in the Employee Reservation Portion (if any) with Bid Amount for a value of more than ₹200,000 or ₹500,000, respectively;

11. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;

12. Bids accompanied by stockinvest, money order, postal order or cash;

13. Bids by persons outside India who have not received a preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and an "International Wrap" that contains, among other things, the selling restrictions applicable to the offer outside India; and

14. Bids uploaded by QIBs after 4.00 pm on the QIB Bid/Offer Closing Date and by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid/Offer Closing Date, and Bids by Retail Individual Bidders and Eligible Employees Bidding in the Employee Reservation Portion (if any) uploaded after 5.00 p.m. on the Bid/Offer Closing Date, unless extended by the Stock Exchanges.

Depository Arrangements

The Allotment of the Equity Shares shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, as of the date of this Draft Red Herring Prospectus, the following agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer.

- Agreement dated January 22, 2018 amongst NSDL, our Company and the Registrar to the Offer
- Agreement dated January 17, 2018 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [●] Equity Shares.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, which is reproduced below:

"Any person who:

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- That if our Company and/or the Selling Shareholder do not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the Pre-Offer Advertisements were published. The Stock Exchanges shall also be informed promptly;

- The Promoter's Contribution has been brought in to the extent of not less than the specified minimum lot, as required under the SEBI ICDR Regulations;

- That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- That all steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges within six Working Days of the Bid/Offer Closing Date or such other period as may be prescribed shall be taken;

- If the Allotment is not made, application monies will be unblocked in the ASBA Accounts within the time as prescribed under applicable law, failing which interest will be due to be paid to the Bidders as per applicable laws;

- That where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the Bidder within the time as prescribed under applicable law, giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit for the refund;

- That the certificates of the securities or refund intimation to Eligible NRI Bidders shall be despatched within specified time;

- No further Offer of Equity Shares shall be made until the Equity Shares are listed or until the Bid monies are unblocked in the ASBA Accounts on account of non-listing, under-subscription etc;

- That our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time; and

- Adequate arrangements shall be made to collect all ASBA Forms by Bidders.

UNDERTAKINGS BY THE SELLING SHAREHOLDER

The Selling Shareholder undertakes the following:

- If the Selling Shareholder and/or our Company does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the Pre-Offer Advertisements were published. The Stock Exchanges shall also be informed promptly;

- It shall deposit the Equity Shares in an escrow account opened with the Registrar to the Offer at least one Working Day prior to the Bid/Offer Opening Date;

- It is the legal and beneficial holder of the Equity Shares and have valid and full title to the Equity Shares;

- That the Equity Shares (a) have been held by it for a continuous period of at least one year prior to the date of filing of the Draft Red Herring Prospectus with SEBI; and (b) are free and clear of any pledge and it shall not create any lien, charge or encumbrance on the Equity Shares; and (c) shall be in dematerialised form at the time of transfer and shall transfer valid and marketable title to the Bidder free from any charges, lien, encumbrances and any transfer restrictions of any kind whatsoever;

- It shall take all steps and provide all assistance to our Company and the BRLMs, as may be required for the completion of the necessary formalities for listing and commencement of trading at the Stock exchanges within six Working Days from the Bid/Offer Closing Date, failing which it shall forthwith repay the monies received from Bidders. In case of delay, interest as per applicable law shall be paid by the Selling Shareholder if transfer of the Equity Shares has not been made or refund orders have not been dispatched within the aforesaid dates;

- Funds required for making refunds to unsuccessful applicants as per the mode disclosed in the Red Herring Prospectus and the Prospectus shall be made available to the Registrar to the Offer, in accordance with applicable law.

- It shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges is obtained;

- It shall not offer, lend, sell, transfer, charge, pledge or otherwise encumbrance or transfer (to the extent applicable) the Equity Shares until the earlier of (i) the Equity Shares which will be offered through the Red Herring Prospectus being listed or until the Bid Amounts are refunded on account of non-listing, under-subscription etc. pursuant to the Offer; or (ii) the Offer being postponed, withdrawn or abandoned as per the terms of the agreement(s) between the Selling Shareholder, our Company and the BRLMs;

- It has authorised the Company Secretary and Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Equity Shares and it shall provide such reasonable support and extend reasonable cooperation as may be required by our Company and the BRLMs in the regard; and

- It shall comply with all applicable laws, including but not limited to, the SEBI ICDR Regulations, SEBI Act, SCRA, SCRR, the listing rules of (and agreements with) the Stock Exchanges, and guidelines, instructions, rules, communications, circulars and regulations issued by the GoI, the RoC, SEBI, the RBI, the Stock Exchanges and under the FEMA or by any other governmental or statutory authority, and the Companies Act and the rules and regulations made thereunder, each as amended.

The decisions with respect to the Price Band, the minimum Bid lot, reservations in the Offer, rupee amount of the Retail Discount and Employee Discount, as applicable, revision of Price Band, Offer Price, will be taken by the Selling Shareholder and our Company, in consultation with the BRLMs.

Utilisation of Offer Proceeds

The Selling Shareholder along with our Company declare that all monies received out of this Offer shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act.

Withdrawal of the Offer

For details, see "*Terms of the Offer - Withdrawal of the Offer*" on page 524.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("RHP")/ Prospectus filed by the Issuer with the Registrar of Companies ("RoC"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the BRLM(s) to the Offer and on the website of Securities and Exchange Board of India ("SEBI") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may refer to the section "*Glossary and Abbreviations*".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/27 of SEBI ICDR Regulations. For details of compliance with the eligibility requirements by the Issuer Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, an issuer can either determine the Issue Price through the Book Building Process ("Book Built Issue") or undertake a Fixed Price Issue ("Fixed Price Issue"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Issue Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 Offer Period

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than 10 Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of Stock Exchange(s).

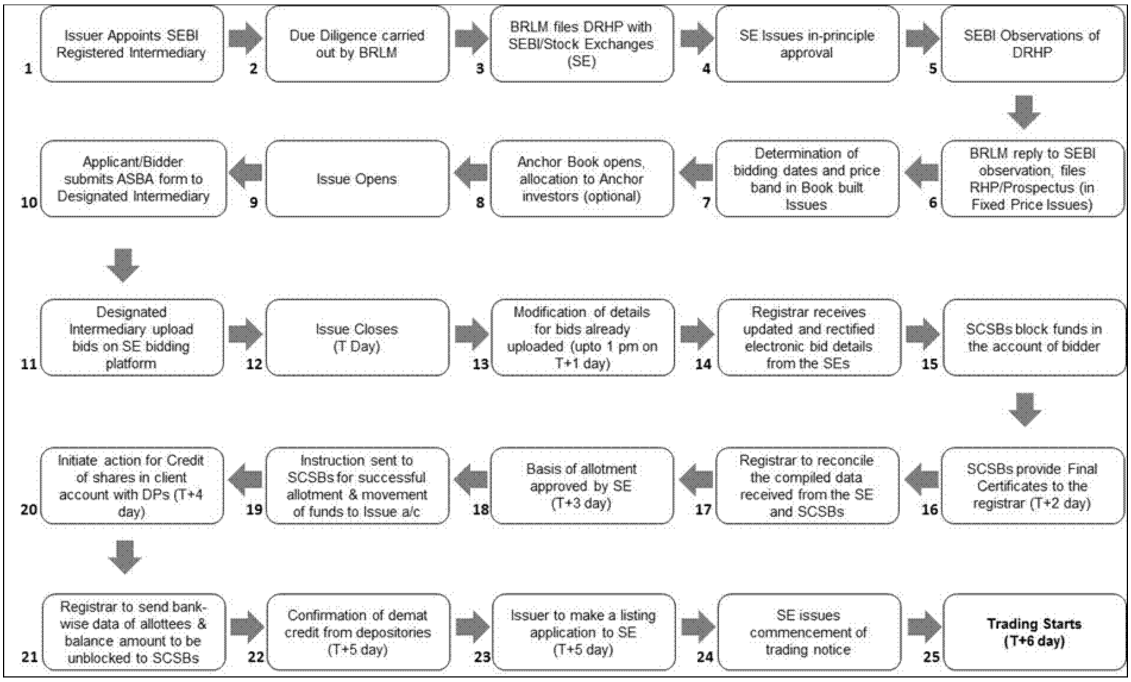
In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues, the Bid/Offer Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges and the BRLM(s), and the advertisement in the newspaper(s) issued in this regard.

2.6 Flowchart of Timelines

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs.:

- In case of Issue other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

i. Step 7 : Determination of Issue Date and Price
ii. Step 10: Applicant submits ASBA Application Form with any of the Designated Intermediaries
iii. Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform
iv. Step 12: Offer period closes
v. Step 15: Not Applicable



SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN THE ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Bidders/Applicants, such as NRIs, FII's, FPIs and FVCIs may not be allowed to Bid/Apply in the Offeror to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);

- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);

- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or First Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;

- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;

- QIBs;

- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;

- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulationsand other laws, as applicable);

- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;

- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;

- FPIs other than Category III foreign portfolio investors bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, bidding under the NIIs category;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Issue.

SECTION 4: APPLYING IN THE OFFER

Book Built Issue: Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the book running lead managers, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed color of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Color of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals bidding under the QIB), FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) and Bidders Bidding/applying in the reserved category	As specified by the Issuer

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 Instructions for Filing the Bid Cum Application Form/ Application Form

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✔ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with individual)

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date :	3)	

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

ASBA Bank A/c No.
Bank & Branch

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

COMMON BID CUM APPLICATION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

Address : .... Contact Details: .... CIN No ....

FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✔ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

NRI	Non-Resident Indian(s) (Repatriation basis)
FII	FII or Sub-account not a Corporate/Foreign Individual
FIISA	FII Sub-account Corporate/Individual
FVCI	Foreign Venture Capital Investor
FPI	Foreign Portfolio Investors
OTH	Others (Please Specify)________

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER

Date : ____________

8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)

2)

3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

INITIAL PUBLIC ISSUE - NR

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures) | Bank & Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile | Email

Stamp & Signature of SCSB Branch

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No. ____________

Bank & Branch ____________

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

TEAR HERE

4.1.1 Field Number 1: Name and Contact Details of the Sole/First Bidder/Applicant

a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

c) **Joint Bids/Applications:** In the case of Joint Bids/Applications, the Bids /Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such First Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such First Bidder/Applicant would be deemed to have signed on behalf of the joint holders.

d) **Impersonation:** Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"Any person who:

- *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*
- *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 Field Number 2: Pan Number of Sole/First Bidder/Applicant

a) PAN (of the Sole/ First Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants). Consequently, all Bidder/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

d) Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.

e) Bids/Applications by Bidders/Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.3 Field Number 3: Bidders/Applicants Depository Account Details

a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected**.

b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

c) Bidders/Applicants should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to the Offer.

d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.4 Field Number 4: Bid Options

a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs /FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (For further details bidders may refer to (Section 5.6 (e))

c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

d) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

e) **Allotment:** The allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be

Allotted on a proportionate basis. For details of the Bid Lot, bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.

b) In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

c) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

d) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.

e) RII may revise their bids until Bid/Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.

f) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

g) For Anchor Investors, if applicable, the Bid Amount shall be least ₹100 million. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Portion under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.

h) A Bid cannot be submitted for more than the Offer size.

i) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

j) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

4.1.4.2 Multiple Bids

a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

I. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

II. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

c) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 Field Number 5 : Category of Bidders

a) The categories of Bidders identified as per the SEBI ICDR Regulationsfor the purpose of Bidding, allocation and Allotment in the Offer are RIIs, NIIs and QIBs.

b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, bidders may refer to the RHP/Prospectus.

c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

d) The SEBI ICDR Regulations, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation, Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 Field Number 6: Investor Status

a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

b) Certain categories of Bidders/Applicants, such as NRIs, FPIs, and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 Field Number 7: Payment Details

a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If Discount is applicable in the Offer, the RIBs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

b) RIBs who Bid at Cut-off price shall arrange to blockthe Bid Amount based on the Cap Price.

c) All Bidders (except Anchor Investors) have to participate in the Offer only through the ASBA mechanism.

d) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 Instructions for Anchor Investors (if any):

a) Anchor Investors may submit their Bids with a Book Running Lead Manager.
b) Payments should be made by either by direct credit, RTGS or NEFT.
c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.7.2 Payment instructions for ASBA Bidders

a) Bidders may submit the ASBA Form either

   I. in physical mode to any Designated Intermediary, or

   II. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form.

b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with a SCSB, may not be accepted.

c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.

d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

f) Bidders should submit the Bid cum Application Form only at the Bidding Centres, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.

g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designatd Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to ASBA Forms.

h) Bidders bidding directly through the SCSBs should ensure that ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.

j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.

l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.

m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.3 Unblocking of ASBA Account

a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.

c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.7.4 Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.5 Discount (if applicable)

a) The Discount is stated in absolute rupee terms.

b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

c) The Bidders entitled to the applicable Discount in the Offer may block the Bid Amount less Discount.

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RII category.

4.1.8 Field Number 8: Signatures and Other Authorisations

a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

c) The signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 Acknowledgement and Future Communication

a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.

b) All communications in connection with Bids made in the Offer may be addressed as under:

i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of Allotted Equity Shares, refund intimations, the Bidders should contact the Registrar to the Offer.

ii. In case of Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated SCSB Branch.

iii. In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders should contact the relevant Syndicate Member.

iv. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker.

v. In case of Bids submitted to the RTA, the Bidders should contact the relevant RTAs.

vi. In case of Bids submitted to the CDP, the Bidders should contact the relevant DP.

vii. Bidder may contact our Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Offer.

c) The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder and ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 Instructions for Filing the Revision Form

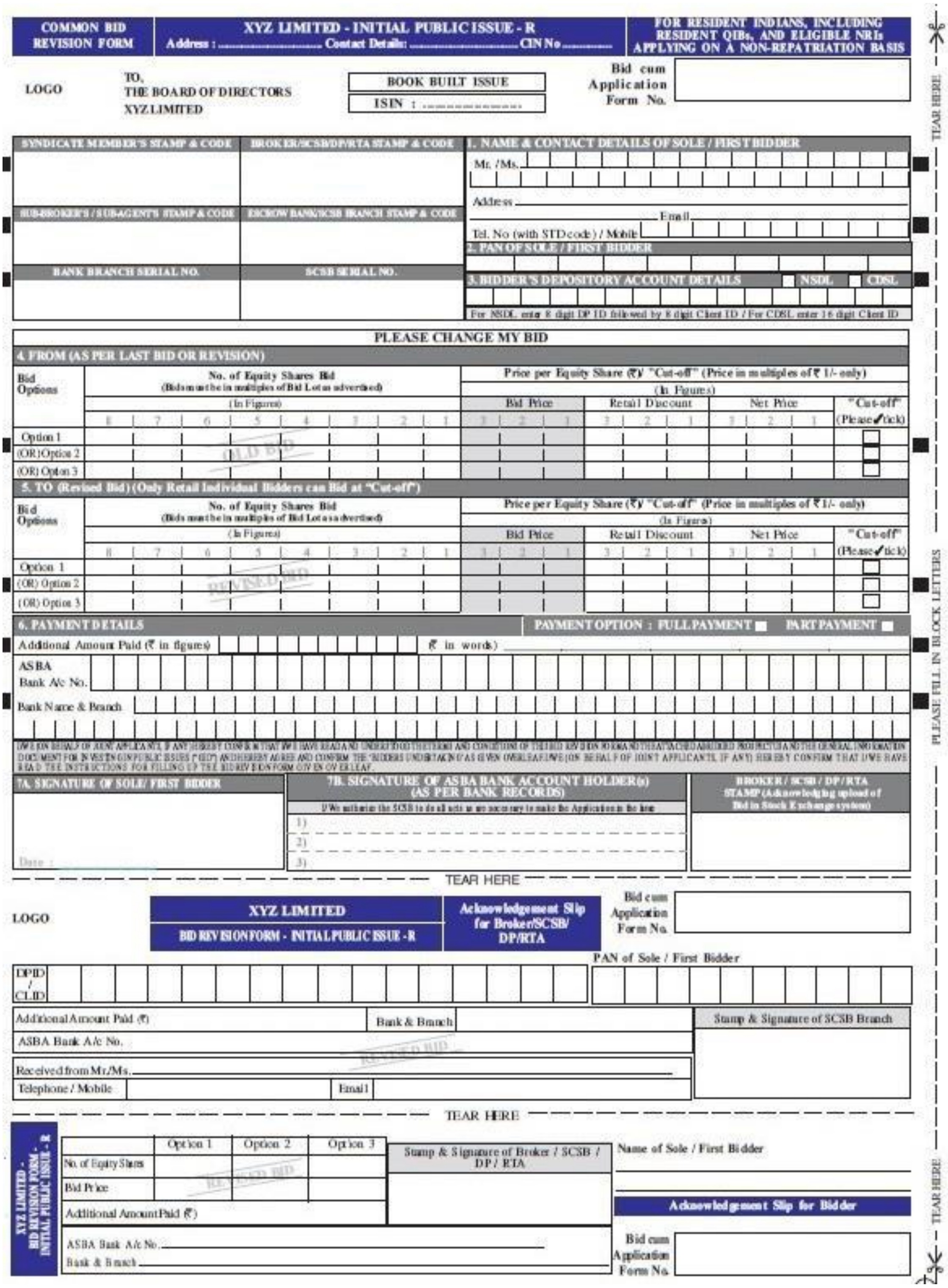
a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIIs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

b) RII may revise their bids or withdraw their Bids til the Bid/Offer Closing Date.

c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

d) The Bidder/Applicant can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

e) A sample Revision form is reproduced below:


COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE

BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE

ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO.

SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2					
(OR) Option 3					

OLD BID

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2					
(OR) Option 3					

REVISED BID

6. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT PART PAYMENT

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

PAN of Sole / First Bidder

DPID / CLID

Additional Amount Paid (₹)

Bank & Branch

Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile

Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1. Fields 1, 2 And 3: Name and Contact Details of Sole/First Bidder/Applicant, Pan of Sole/First Bidder/Applicant & Depository Account Details of the Bidder/Applicant

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2. Field 4 & 5: Bid Options Revision 'From' and 'To'

a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

c) In case of revision of Bids by RIIs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding may be unblocked after the allotment is finalised.

4.2.3. Field 6: Payment Details

a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

b) Bidder/Applicant may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of bidding may be unblocked after the finalization of basis of allotment.

4.2.4. Fields 7 : Signatures and Acknowledgements

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 Instructions for Filing Application Form in Offer made other than through the Book Building Process (Fixed Price Issue)

4.3.1. Fields 1, 2, 3 Name and Contact Details of Sole/First Bidder/Applicant, Pan of Sole/First Bidder/Applicant & Depository Account Details of the Bidder/Applicant

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2. Field 4: Price, Application Quantity & Amount

a) The Issuer may mention Price or Price band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

b) **Minimum Application Value and Bid Lot:** The Issuer in consultation with the Lead Manager may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

c) Applications by RIIs and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000.

d) Applications by the Eligible Employees under the Employee Reservation Portion must be for such minimum number of shares so as to ensure that the application amount payable does not exceed ₹500,000 on a net basis. However, Allotment to an Eligible Employee in the Employee Reservation Potion may exceed ₹200,000 (which will be less Employee Discount) only in the event of an under-subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion, for a value in excess of ₹200,000, subject to the total Allotment to an Eligible Employee not exceeding ₹500,000 (which will be less Employee Discount).

e) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be

f) An application cannot be submitted for more than the Offer size.

g) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

h) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

i) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

   i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FII sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

   ii. For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

j) The following applications may not be treated as multiple Bids:

   i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Offer portion in public category.

   ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

iii. Applications by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3. Field Number 5: Category of Applicants

a) The categories of applicants identified as per the SEBI ICDR Regulationsfor the purpose of Bidding, allocation and allotment in the Offer are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

c) The SEBI ICDR Regulations specify the allocation or allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation, applicant may refer to the Prospectus.

4.3.4. Field Number 6: Investor Status

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5. Field 7: Payment Details

a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Offer.

b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

4.3.5.1. Payment instructions for Applicants

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

4.3.5.2. Unblocking of ASBA Account

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

4.3.5.3. Discount (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.2

4.3.6. Field Number 8: Signatures And Other Authorisations & Acknowledgement And Future Communication

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 Submission of Bid Cum Application Form/ Revision Form/Application Form

4.4.1. Bidders/Applicants may submit completed Bid-cum-application form / Revision Form in the following manner:-

Mode of Application		**Submission of Bid cum Application Form**
Application by Anchor Investors (if applicable)	1)	To the BRLMs at the locations specified in the Anchor Investor Application Form
ASBA Application	1)	To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centre or the RTA at the Designated RTA Location or the DP at the Designated DP Location.
	2)	To the Designated branches of the SCSBs

a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

b) Upon submission of the Bid-cum-Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the Registrar of Companies (RoC) and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid-cum-Application Form will be considered as the application form.

SECTION 5: OFFER PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations. The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1. Submission of Bids

a) During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the BRLMs, to register their Bid.

b) In case of Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2. Electronic Registration of Bids

a) The Designated Intermediaries may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.

b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in the Red Herring Prospectus.

c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The Designated Intermediaries are given till one p.m. on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3. Build Up of the Book

a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.

b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the bidding centres during the Bid/Offer Period.

5.4. Withdrawal of Bids

a) RIIs can withdraw their Bids until Bid/Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediaries who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalization of basis of allotment. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5. Rejection & Responsibility for Upload of Bids

a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

    i. the Bids accepted by the Designated Intermediaries;

    ii. the Bids uploaded by the Designated Intermediaries; and

    iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediaries.

    iv. With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.

b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect.

c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA account or on technical grounds.

d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

e) All bids by QIBs, NIIs & RIIs Bidders can be rejected on technical grounds listed herein.

f) Any RII whose Bid has not been considered for Allotment, due to failures on the part of the SCSB may seek redressal from the concerned SCSB within three months of the listing date in accordance with the circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

5.5.1. Grounds for Technical Rejections

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the Designated Intermediaries or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, which have been detailed at various placed in this GID:-

a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

b) Bids/Applications by OCBs;

c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust etc., relevant documents are not being submitted along with the Bid cum application form/Application Form;

e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

g) PAN not mentioned in the Bid cum Application Form/Application Form except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

i) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

j) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

k) Bids/Applications at Cut-off Price by NIIs and QIBs;

l) The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

m) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

n) Bids/Applications for shares more than the prescribed limit by each Stock Exchange for each category;

o) Submission of more than five ASBA Forms/Application Form as per ASBA Account;

p) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;

q) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

r) Bids not uploaded in the Stock Exchanges bidding system;

s) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

t) Where no confirmation is received from SCSB for blocking of funds;

u) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

v) Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Offer;

w) Bids/Applications not uploaded on the terminals of the Stock Exchanges; and

x) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6. Basis of Allocation

a) The SEBI ICDR Regulations specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP / Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP / Prospectus.

b) Under-subscription in any category (except QIB portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB category is not available for subscription to other categories.

c) In case of under subscription in the Net Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of ₹20 to ₹24 per share, Offer size of 3,000 equity shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Amount (₹)	Cumulative Quantity	Subscription
500	24	500	16.70%
1000	23	1,500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.70%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of equity shares is the price at which the book cuts off, i.e., ₹22 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Offer Price at or below such Cut-Off Price, i.e., at or below ₹22. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of bidding ("Alternate Book Building Process").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: OFFER PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Issue. As the Offer Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to any of the Designated Intermediary or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a Fixed Price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Investor is will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1. Allotment to RIIs

Bids received from the RIIs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

a) In the event the number of RIIs who have submitted valid Bids in the Offer is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

b) In the event the number of RIIs who have submitted valid Bids in the Offer is more than Maximum RII Allottees, the RIIs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2. Allotment to NIIs

Bids received from NIIs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIIs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3. Allotment to QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations or RHP / Prospectus. Bids received from QIBs bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

a) In the first instance allocation to Mutual Funds for up to 5.00% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5.00% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5.00% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5.00% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs as set out at paragraph 7.4(b) below;

b) In the second instance, allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5.00% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4. Allotment to Anchor Investor (if applicable)

a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the Issuer in consultation with the Selling Shareholder and the BRLMs , subject to compliance with the following requirements:

   i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

   ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

   iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

      o a maximum number of two Anchor Investors for allocation up to ₹100 million;

      o a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹100 million and up to ₹2,500 million subject to minimum allotment of ₹50 million per such Anchor Investor; and

      o a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof, subject to minimum allotment of ₹50 million per such Anchor Investor.

b) An Anchor Investor shall make an application of a value of at least ₹100 million in the Offer.

c) A physical book is prepared by the Registrar on the basis of the Anchor Investment Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

d) **In the event that the Offer Price is higher than the Anchor Investor Offer Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Offer Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

e) **In the event the Offer Price is lower than the Anchor Investor Offer Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5. Basis of Allotment for QIBs (other than Anchor Investors), NIBs and Reserved Category in case of Over-Subscribed Offer.

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

a) Bidders may be categorized according to the number of Equity Shares applied for;

b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

d) In all Bids where the proportionate allotment is less than the minimum bid lot decided per Bidder, the allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

e) If the proportionate allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all bidders in such categories may be arrived at after such rounding off; and

f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6. Designated Date and Allotment of Equity Shares

a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Public Offer Account Agreement, into the Public Offer Account with the Bankers to the Issue. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to transfer the funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.

b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

   Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1. Completion of Formalities for Listing & Commencement of Trading

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit to Equity Shares the beneficiary account with Depositories, within six Working Days of the Bid/Offer Closing Date.

8.2. Grounds for Refund

8.2.1. Non Receipt of Listing Permission

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than ₹5 lakhs but which may extend to ₹50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹50,000 but which may extend to ₹3 lakhs, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from the Bidders/Applicants.

If such money is not repaid within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2. Non Receipt of Minimum Subsciption

If the Issuer does not receive a minimum subscription of 90% of the Net Offer, including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 Working Days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3. Minimum Number of Allottees

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4. In case of Offers made under Compulsory Book Building

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulationscomes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulationsbut fails to allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3. Mode of Refund

a) **In case of ASBA Bids**: Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bids or for any excess amount blocked on Bidding.

b) **In case of Anchor Investor**: Within six Working Days of the Bid/OfferClosing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

c) In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investors Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

8.3.1. Electronic Mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various modes as mentioned below:

a) **NACH**—National Automated Clearing House which is a consolidated system of ECS. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS;

b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code **("IFSC")**, which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Bidders/Applicants through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

c) **Direct Credit**— Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

d) **RTGS**— Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS.

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

8.4. Interest in case of delay in allotment or refund

The Issuer may pay interest at the rate of 15% per annum if Allotment is not made and refund instructions have not been given to the clearing system in the disclosed manner for unblocking of funds in the ASBA Account are not dispatched within the 15 Working days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/ Allot/ Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants.
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted.
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009.
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors.
Application Form	The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue.
Application Supported by Blocked Amount/ (ASBA)/ASBA	An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder/Applicant.
ASBA Bid	A Bid made by an ASBA Bidder
ASBA Bidder/Applicant	Prospective Bidders/Applicants in the Offer who Bid/apply through ASBA.
Banker(s) to the Offer/ Escrow Collection Bank(s)/ Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account(s) may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer.
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer.
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application.
Bid /Offer Closing Date	The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/Offer Closing Date.

Term	Description
Bid/Offer Opening Date	The date on which the Syndicate and the SCSBs may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/bidders may refer to the RHP/Prospectus for the Bid/Offer Opening Date.
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/Offer Period.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount.
Bid cum Application Form	The form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form.
Bidder/Applicant	Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/Applicant.
Book Built Process/ Book Building Process/ Book Building Method	The book building process as provided under the SEBI ICDR Regulations, 2009, in terms of which the Offer is being made.
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/ Book Running Lead Manager(s)/Lead Manager/ LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
Business Day	Monday to Friday (except public holidays)
CAN/Confirmation of Allotment Note	The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange.
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted.
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account.
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price.
DP	Depository Participant
DP ID	Depository Participant’s Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited

Term	Description
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details.
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Offer may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale.
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer.
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band.
Employees	Employees of an Issuer as defined under the SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details Bidder/Applicant may refer to the RHP/Prospectus.
Equity Shares	Equity shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders/Applicants (excluding the ASBA Bidders/Applicants) may issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Public Offer Account Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager(s), the Syndicate Member(s), the Public Offer Account(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof.
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Offer.
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form.
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India.
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under the SEBI ICDR Regulations, 2009, in terms of which the Offer is being made.
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto.
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/ Company	The Issuer proposing the initial public offering/further public offering as applicable.
Maximum RII Allottees	The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot.

Term	Description
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form.
NACH	National Automated Clearing House
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares.
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non-Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than₹200,000 (but not including NRIs other than Eligible NRIs).
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form.
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FIIs, FPIs, QFIs and FVCIs.
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA.
Offer/Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder.
Offer Price	The final price (less any Retail Discount, if applicable) at which Equity Shares will be Allotted in terms of the Red Herring Prospectus. The Offer Price will be decided by the Selling Shareholder in consultation with the BRLMs on the Pricing Date.
Other Investors	Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation.
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Offer Price.
Prospectus	The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 1956 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information.
Public Offer Account	An account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date.

Term	Description
Qualified Foreign Investors or QFIs	Non-Resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies.
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis.
Qualified Institutional Buyers or QIBs	As defined under the SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/ RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus.
Refunds through electronic transfer of funds	Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable.
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate.
Registrar to the Offer/RTI	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form.
Reserved Category/ Categories	Categories of persons eligible for making application/bidding under reservation portion.
Reservation Portion	The portion of the Offer reserved for category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Investors / RIIs	Investors who applies or bids for a value of not more than ₹200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building process to modify the quantity of Equity Shares and/or bid price indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s).
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html
Specified Locations	Refer to definition of Broker Centers

Term	Description
Stock Exchanges/ SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed.
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of the Bids in this Offer (excluding Bids from ASBA Bidders/ Applicants).
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus.
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s).
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date.
Working Day	All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Offer Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA and the circulars and notifications issued thereunder. Unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

The Consolidated FDI Policy consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect prior to August 28, 2017. The Master Direction - Foreign Investment in India issued by the RBI from time to time lays down the modalities as to how the foreign exchange business must be conducted by the authorised persons with their customers/ constituents with a view to implementing the FEMA Regulations. The Master Direction – Foreign Investment in India bearing FED Master Direction No. 11/2017-18 dated January 4, 2018 compiles all the instructions issued in relation to foreign investment in India and its related aspects under the FEMA.The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Consolidated FDI Policy will be valid until the DIPP issues an updated circular. Subject to the provisions of the Consolidated FDI Policy, FDI is allowed under the automatic route for companies engaged in the manufacturing sector.

Foreign investment is permitted (except in the prohibited sectors) in Indian companies, either through the automatic route or the approval route, depending upon the sector in which foreign investment is sought to be made. The DIPP makes policy announcements on FDI through press notes and press releases which are notified by the RBI as amendments to the FEMA Regulations. In case of any conflict, the FEMA Regulations prevail. The regulatory framework, over a period of time, thus, consists of acts, regulations, press notes, press releases, and clarifications among other amendments. The consolidated FDI policy circular of 2017, effective August 28, 2017 issued by the DIPP ("**FDI Circular**") consolidates the policy framework in force as on August 28, 2017 and reflects the FDI Policy as on August 28, 2017. Further, the FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DIPP. In terms of the FDI Circular, a defence company is permitted to have FDI of up to 49% under the automatic route. FDI above 49% is under approval route on case to case basis, wherever it is likely to result in access to modern and 'state-of-art' technology in India.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the DIPP or the RBI, provided that (i) the activities of the investee company are under the automatic route under the Consolidated FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the Non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per existing regulations, OCBs cannot participate in the Offer.

The Equity Shares have not been, and will not be, registered with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are being offered and sold: (i) within India, to Indian institutional, non-institutional and retail investors in accordance with SEBI ICDR Regulations and pursuant to the requirements of Regulation S ("Regulation S") under the United States Securities Act of 1933, as amended (the "Securities Act"); and and (ii) outside the United States and India to institutional investors in offshore transactions and otherwise pursuant to the requirements of Rule 903 and 904 of Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the Book Running Lead Managers are not liable for any amendments, modification, or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Certain defined terms used in the Articles of Association are set forth below. All other defined terms used in this section have the meaning given to them in the Articles of Association.

Article No.	Article	Particulars
1	Applicability of Table F	The regulations contained in Table F of the first schedule to the Act, shall not apply to the company except in so far as they are embodied in the following Articles, which shall be the regulations for the management of the Company.
4	Amount of Capital	The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause 5 of Memorandum of the Company from time to time.
5(a)	Increase of Capital by the Company, and how carried into effect	The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares or Securities which may be unclassified or may be classified or subdivided or consolidated at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient.
5(b)	Issue of Shares and Debentures	The Company may issue Shares (whether forming part of original capital or any increased capital), debentures and other Securities in accordance with the provisions of Section 42, 55, 62, 63 and 71 of the Act and Rules made there under subject to these Articles.
7	Redeemable Preference Shares	Subject to the provisions of Section 55 of the Act, the Company shall have the power to issue on a cumulative or non-cumulative basis, preference Shares which are or at the option of the Company, are liable to be redeemed in any manner permissible under the Act
8	Provisions to apply on issue of redeemable preference Shares	On the issue of redeemable preference Shares under the provisions of Article 7 hereof, the following provisions shall take effect: (a) No such Shares or Securities shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of Shares made for the purpose of the redemption; (b) No such Shares or Securities shall be redeemed unless they are fully paid; (c) The premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares or Securities are redeemed; (d) Where any such Shares or Securities are redeemed otherwise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the Share capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up Share capital of the Company;
9	Reduction of Capital	The Company may (subject to the provisions of Sections 66 and other applicable provision’s, if any, of the Act) from time to time, by Special Resolution, reduce its Capital in any manner for the time being authorized by law and in particular (without prejudice to the generality of the power)

Article No.	Article	Particulars
		capital may be paid off on the footing that it may be called up again or otherwise.
10	Consolidation, sub-division and cancellation	Subject to the provisions of Section 61 of the Act and to the approval of the President, the Company in General Meeting may from time to time subdivide or consolidate its Shares, or any of them, and the resolution whereby any Share is sub-divided, may determine that, as between the holders of the Shares resulting from such sub-division, one or more of such Shares shall have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in General Meeting may also cancel Shares which have not been taken or agreed to be taken by any Person and diminish the amount of its Share capital by the amount of the Shares so cancelled.
12	Buy back of Shares	The Company may, notwithstanding anything contained in these Articles but subject to the provisions of Sections 68 to 70 and any other applicable provisions of the Act or any other applicable law for the time being in force, and pursuant to a resolution of the Board or a special resolution of the Shareholder, purchase its own Shares or other specified Securities.
16	Issue of Securities	Subject to compliance with applicable provision of the Act and rules framed there under the Board of the Company shall have power to issue any kind of Securities as permitted to be issued under the Act and rules framed thereunder.
19	Shares should be numbered progressively and no share to be subdivided	The Shares in the Capital shall be numbered progressively according to their several denominations, and, except in the manner herein mentioned before, no Share shall be sub-divided.
20	Further issue of Shares	Where the board of Directors decide to increase the Capital of the Company by the issue of new Shares then, subject to any direction to the contrary which may be given by the Company in General Meeting, and subject only to those directions, such new Shares shall be offered to the Persons who, at the date of the offer, are holders of the equity Shares of the Company, in proportion, as nearly as circumstances admit, to the Capital paid up on those Shares at that date; and such offer shall made by a notice specifying the numbers of Shares offered and limiting a time as prescribed under the Act, if not accepted, will be deemed to have been declined. After the expiry of the time specified in a notice aforesaid or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the Shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the Company.
23	Liability of Members	Every member or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his Share or Shares which may, for the time being, remain unpaid there on, in such amounts, at such time or times, and in such manner, as the Board of Directors shall, from time to time, in accordance with the Company's Articles require or fix for the payment thereof.
24	Share Certificates	Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class or denomination registered in is name, or if the Directors so approve (upon paying such fees as the Directors may from time to time determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery of such certificates within two months from the date of allotment unless the conditions of issue thereof otherwise provide, or within 15 days of the receipt of the application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares, as the case may be. Every certificate of Shares shall be under the seal of the Company and shall specify the number and

Article No.	Article	Particulars
		distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon; (a) Provided that in case of Securities held by the member / bond/ debenture holder in dematerialized form, no Share/bond/debenture certificates shall be issued. (b) No certificate of any Share or Shares shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out or where the pages on the reverse for recording transfers have been fully utilized unless the certificates in lieu of which it is issued is surrendered to the Company.
28	Calls on and forfeiture of Shares	All the provisions contained in Schedule I, Table F of the Act in respect of calls of Shares and forfeiture thereof shall apply to the Company, except the proviso to Regulation13 (i) thereof. Provided that the option or right to call on Shares shall not be given to any Person or Persons without the sanction of the Company in General Meeting; Any amount paid-up in advance of calls on any Share may carry interest but shall not entitle the holder of the Share to participate in respect thereof, in a dividend subsequently declared; There will be no forfeiture of unclaimed dividends before the claim becomes barred by law.
29(a)	Commission	Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any Person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally) for any Shares/Securities or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any Shares/Securities or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or partly in one way and partly in the other.
29(b)	Brokerage	The Company may pay on any issue of Shares/Securities and debentures, such brokerage as may be reasonable and lawful.
30	Company to have Lien on Shares	Subject to proviso hereinafter contained, the Company shall have a first and paramount lien upon all the Shares/Securities (other than fully paid-up Shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Securities and no equitable interest in any Share/Securities shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such Shares/Securities.
31	As to enforcing lien by sale	For the purpose of enforcing such lien the Board of Directors may sell the Shares/Securities subject thereto, in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Shares/Securities and may authorize any of their Member to execute a transfer thereof on behalf of and in the name of such Member.
32	Application of proceeds of sale	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the Shares/Securities before the sale) be paid to the Person entitled to the Shares/Securities at the date of the sale

Article No.	Article	Particulars
35	Form of transfer	The instrument of transfer of any Share/Security or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of Shares/Securities or debenture and registration thereof. The instrument of transfer shall be in a common form approved by the stock exchange
36	Instrument to be executed by transferor and transferee	The instrument of transfer of any Share/Security or debenture of the Company shall be executed by or on behalf of both the transferor and transferee. The transferor shall be deemed to remain a holder of the Share/Security or debenture until the name of the transferee is entered in the Register of Members or register of debenture holders in respect thereof.
37	Holding / transfer / transmission of Shares in electronic form	The Board shall be entitled to dematerialize or rematerialize its Shares/Securities or debentures (both present and future) held by it with the depository and to offer its Securities for subscription in a dematerialized form pursuant to the Depositories Act, 1996 and the rules framed thereunder, if any. Every Person subscribing to Shares or Securities or debentures offered by the Company shall have the option to receive the certificates or to hold the Shares or Securities or debentures with a depository. Such a Person who is the beneficial owner of Shares or Securities or debentures can at any time opt out of a Depository, if permitted by law, in respect of any Shares or Securities or debentures and the Company shall, in the manner and within the time prescribed provided by the Depositories Act, 1996 issue to the beneficial owner, the required certificates of Shares or Securities or debentures (as the case maybe).
53	Power to borrow	Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any Person, Firm, Company, Co-operative Society, any Body Corporate, Bank, Institution whether incorporated in India or abroad, Government or any Authority or any other Body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specified purpose.
57(a)	Calling of extra-ordinary general meetings	The Directors may, whenever they think fit, convene an extra-ordinary general meeting and they shall on requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene extra-ordinary general meeting of the members.
61	Quorum for General Meeting	The quorum for a general meeting shall be as provided in the Act.
62	Chairman of General Meeting	The Chairman of the Board of Directors shall be entitled to take the chair at every General Meeting, whether ordinary or extraordinary. If there be no such Chairman, or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair, then the Members present shall elect one of the members present to be the Chairman.
65	Right of President to	(a) The President, so long as he is a Shareholder of the Company may,

Article No.	Article	Particulars
	appoint any Person as his representative	from time to time, appoint one or more Persons (who need not be a member or members of the Company) to represent him at all or any meeting of the Company. (b) Anyone of the Persons appointed under sub-clause (1) of this Article who is personally present at the meeting shall be deemed to be member entitled to vote and be present in person and shall be entitled to represent the President at all or any such meetings and to vote on his behalf whether on a show of hands or on a poll. (c) The President may, from time to time, cancel any appointment made under sub-clause (1) of this Article and make fresh appointments. (d) The production at the meeting of an order of the President evidenced as provided in the Constitution of India shall be accepted by the Company as sufficient evidence of any such appointment or cancellation as aforesaid. (e) Any person appointed by the President under this Article may, if so authorized by such order, appoint a proxy, whether specially or generally.
67	Members in arrears not to vote	No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of Shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right or lien.
68	Number of votes each member entitled	Subject to the provision of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of Shares for the time being forming part of the Capital of the Company, every Member, not disqualified by the last preceding Article shall be entitled to be present and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be laid down as in Section 47 of the Act, provided, however, if any preference Shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference Shares.
70	Votes of joint members	In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted, to the exclusion of the votes of the other joint holders. If more than one of the said Persons remains present then the senior shall alone be entitled to speak and to vote in respect of such Shares but the other or others of the joint holders shall be entitled to be present at the meeting. For this purpose, seniority shall be determined by the order in which the names stand in the register of members.
71	Votes may be given by proxy or by representative	Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly authorised as per the provisions of the Act.
72	Representation of a body corporate	A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such Person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company.
73	Appointment of a	The instrument appointing a proxy and the power-of-attorney or other

Article No.	Article	Particulars
	Proxy	authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the Person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.
75	Proxies when to be deposited	The instrument appointing a proxy and the power-of attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the Person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.
77	Validity of votes given by proxy notwithstanding death of a member	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.
81	Postal ballot	Notwithstanding anything contained in the provisions of the Act, and the Rules made thereunder, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall get any such business / resolutions passed by means of postal ballot instead of transacting the business in the General Meeting of the Company.
82	E-voting	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.
83	Number of Directors	Subject to the provisions of Section 149 of the Act, the President shall from time to time, determine in writing the number of Directors (including Debenture and Alternate Directors) which however shall not be less than three and not more than such number as per the provisions of the Act. A Director of the Company shall not be bound to hold any qualification Shares in the Company.
85	President to appoint Directors and determine their remuneration	(a) The Chairman of the Board of Directors and the Government representatives on the Board of Directors shall be appointed by the President. Other members of the Board of Directors shall be appointed by the President in consultation with the Chairman of the Board of Directors. The Directors shall be paid such remuneration as the President may, from time to time determine. (b) The Directors appointed from time to time shall be entitled to hold office for such period as the President of India may determine. (c) The President shall have the power to remove any Director appointed by him from office at any time in his absolute discretion. (d) The vacancy, in the office of a Director appointed by the President caused by retirement, removal, resignation, death or otherwise, may be filled by the President by fresh appointment.
87	Directors may act notwithstanding any vacancy	The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a General Meeting, but for no other purpose.
88	Vacancy of Directors	The vacancy in the office of a Director caused by retirement, removal, resignation, death or otherwise, shall be filled by reappointment or fresh

Article No.	Article	Particulars
		appointment by the President of India.
89	Alternate Director	In place of a Director who is out of India, the President of India may, in accordance with Article 77, appoint any Person to be an alternate Director during the period of absence out of India, of the Director concerned and such appointment shall have effect, and such appointee, whilst he holds office as an alternate Director, shall be entitled to notice of meetings of the Directors and to attend and to vote there-at accordingly and he shall ipso facto vacate office if and when the original Director returns to India or vacates office as Director.
90	Sitting fees	Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time as per the Act) for attending meetings of the Board or Committees thereof.
91(a)	Appointment of Managing Director	(a) The President may, from time to time, appoint any Person to the Office of the Chairman of the Board of Directors or Managing Director or Managing Directors of the Company and or any individual as full time functional Director of the Company for such time and at such remuneration as he may think fit and may from time to time remove or dismiss him or them from service and appoint another or others in his or their place or places. (c) The President of India at his discretion may appoint the same Persons or two different Persons as the Chairman of the Board of Directors and the Managing Director of the Company for such period and on such terms and conditions as he may think fit and may revoke such appointment. The Chairman and the Managing Directors so appointed shall be entitled to hold office till the expiry of his tenure unless removed earlier by the President of India and any vacancy arising either by death, removal, resignation or otherwise may be filled by fresh appointment by the President of India.
92	When meeting to be convened	A minimum number of four meetings of the Directors shall have been held in every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board.
93	Quorum	The quorum for a meeting of the Board shall be in accordance with the provisions of the Section 174 of the Act. If a quorum is not present within 15 minutes from the time appointed for holding a meeting of the Board it shall be adjourned until such date and time as the Chairman of the Board shall decide.
97	Power of Board Meeting	A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board of Directors generally.
98	Appointment of committee	The Board may delegate any of their powers to a committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to Person, or purposes, but every committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board.
101	Circular resolution	No resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the Members of the committee, then in India (not being less in number than the quorum fixed for a meeting of the Board or committee, as the case may be), and to all other Directors or Members of the committee, at their usual address in India and has been approved by such of the Directors or Members of the committee as are then in India, or

Article No.	Article	Particulars
		by a majority of such of them, as are then in India, or by a majority of such of them, as are entitled to vote on the resolution
104	Power of Directors	(a) The Chairman shall reserve for the decision of the President any proposals or decisions of the Directors in any matter which, in the opinion of the Chairman is of such importance as to be reserved for the approval of the President. No action shall be taken by the Company in respect of any proposal or decision of the Directors reserved for the approval of the President as aforesaid until his approval to the same has been obtained. (b) Without prejudice to the generality of the above provisions, the Directors shall reserve for the decision of the President: (i) Authorisation to raise the amount of capital and the terms and conditions on which it may be raised; (ii) Approval of the Company's five years and annual plans of development and the Company's capital budget; (iii) Approval of the Company's revenue budget in case where there is an element of deficit which is proposed to be met by obtaining funds from the Government; (iv) Approval of the agreements involving foreign collaboration proposed to be entered into by the Company; (v) Any matter relating to the sale, lease, exchange, mortgage and/or disposal otherwise of the whole or substantially the whole of the undertaking of the Company or any part thereof; and (vi) Any matter relating to (a) the promotion of company/companies; (b) entering into partnership and /or arrangement for sharing profits; (c) formation of subsidiary company/companies outside India; (d) Taking or otherwise acquiring and holding Shares in any other company. (c) Without prejudice to general powers conferred by Article 130 and so as not in any way to limit or restrict those powers, and without prejudice to the other powers conferred by these Articles, it is hereby declared that the Directors shall have the following powers that is to say, power:- (i) To sanction capital expenditure in case where detailed project reports have been prepared with estimates of different component parts of the Projects and where such Project Reports have been approved by Government. (ii) In case of variation in approved estimates which are not more than 10% for any particular component part, the Board of Directors will be competent to proceed with the work without further reference to Government provided there is no substantial

Article No.	Article	Particulars
		variation in the scope of the project. (iii) To incur expenditure on new projects, modernization, purchase of equipment etc., without Government approval upto Rs. 500 crores or equal to net worth of the Company whichever is less. (iv) To establish joint ventures and subsidiaries in India subject to the condition that the equity investment of the Company shall be limited to 15% of the net worth of the Company in one project limited to Rs. 500 Crores. (v) The Board of Directors of the Company shall have the powers to further delegate the powers relating to human resource management (Appointments, transfer, posting etc.) of below Board level executives to sub-committees of the Board or to executives of the Company as may be decided by the Board.
105	Certain powers of the Board	It is hereby declared that the Directors shall have the following powers, that is to say, power:- (a) To pay and charge to the capital account of the Company any interest lawfully payable there out under the provisions of the Act; (b) To purchase or otherwise acquire for the Company any property, rights or privileges, which the Company is authorized to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit; (c) To pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially in cash or in Shares, bonds, debentures, mortgages, or other Securities of the Company; (d) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit; (e) To accept from any Member, so far as may be permissible by law, a surrender of his Shares or any part thereof, on such terms and conditions as shall be agreed; (f) To appoint any Person to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purpose; and to execute and do all such deeds; (g) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company; (h) To act on behalf of the Company in all matters relating to bankrupts all insolvents; (i) To open any account or accounts with such bank as the Board of Directors may select or appoint, to operate on such accounts; (j) To make and give receipt, release and other discharges for moneys

Article No.	Article	Particulars
		payable to the Company; (k) To invest and deal with any moneys of the Company not immediately require for the purpose thereof, upon security (not being Shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realize such investments; (l) To execute in the name and on behalf of the Company in favour of any Director or other Person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit; (m) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents; (n) To distribute by way of bonus amongst the staff of the Company a Share or Shares in the profits of the Company, and to give to any officers or other Persons employed by the Company a commission on the profits of any particular business or transaction; (o) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and the wives, widows and families or the dependents or connections of such Persons, by building or contributing to the building of houses, dwellings or chawls, or by grants of money, pensions, gratuities, allowances, bonus or other payments; or by creating and from time to time subscribing or contributing to provident and other associations; (p) Before recommending any dividend to set aside, out of the profits of the Company such sums as they may think proper for depreciation or to depreciation fund, or to an insurance fund, or as a reserve fund or sinking fund or any special fund to meet contingencies or to repay or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company; (q) To create the posts and appoint and at their discretion, remove or suspend all officers and other employees excepting those posts, the powers for the creation of which and appointment thereto, are reserved for the President of India and generally of assistants, supervisors, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties; (r) To establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any Person to be Members of such Local Boards and to fix their remunerations; (s) At any time to delegate to any Person so appointed any of the powers, authorities and discretions for the time being vested in the Board of Directors, other than their power to make calls or to make loans or borrow moneys, and to authorise the members for the time being of any such local Board, or any of them to fill up any vacancies therein; (t) To appoint any Person or Persons to be the Attorney or Attorneys of

Article No.	Article	Particulars
		the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors, under These Presents and excluding the power to make calls and excluding also except in the limits authorized by the Board the power to make loans and borrow moneys) and for such period; and (u) To enter into such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
109	Division of profit	The profits of the Company, subject to any special rights relating thereto, created or authorized to be created by These Presents and subject to the provisions of the Articles, shall be divisible among the Members in proportion to the amount of capital called up on the Shares held by them respectively.
110	Company in general meeting may declare dividends	The Company in General Meeting may declare Dividends, but no Dividend shall exceed the amount recommended by the Board, however, the Company in General Meeting may declare a lesser Dividend.
112(a)	Interim dividends	(a) Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of Shares and at such times as it may think fit.
120(a)	Capitalisation of profits	(a) The Company in General Meeting may, upon the recommendation of the Board, resolve- (i) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and (ii) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
124	Winding-up	Subject to the provisions of the applicable laws and the rules made thereunder— (a) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not. (b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. (c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any Shares or other Securities whereon there is any liability.
125	Directors' and others right to indemnity	Subject to provisions of the Act, every Director, or officer or servant of the Company or any Person (whether an Officer of the Company or not) employed by the Company as auditor, shall be indemnified by the Company, and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such

Article No.	Article	Particulars
		Person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, officer or auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the court.
128	President's rights to issue directives	Notwithstanding anything contained in any of these Articles, the President may from time to time, issue such directives or instructions as he may consider necessary in regard to the affairs or the conduct of the business of the Company or Directors thereof and in like manner may vary and annual any such directive or instruction. Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Directors shall duly comply with and give immediate effect to directives or instructions so received. In particular, the President shall have power - (a) to call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time, and (b) to issue directives to the Company as to the exercise and performance of its functions in matters involving national security of substantial public interest and to ensure that the Company gives effect to such directives. The Board shall, except where the President considers that the interest of the national security requires otherwise, incorporate the contents of directives issued by the President in the annual report of the Company and also indicate its impact on the financial position of the Company.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of filing of the Draft Red Herring Prospectus) which are or may be deemed material have been attached to the copy of the Red Herring Prospectus will be delivered to the RoC for registration. Copied of these contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10.00 a.m. to 5.00 p.m. on all Working Days from the date of filing the Red Herring Prospectus until the Bid/Offer Closing Date:

A. Material Contracts for the Offer

1. Offer agreement dated March 27, 2018 entered amongst our Company, the Selling Shareholder and the BRLMs.

2. Registrar agreement dated March 27, 2018 entered amongst our Company, the Selling Shareholder and the Registrar to the Offer.

3. Syndicate agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, Syndicate Members and the Registrar to the Offer.

4. Underwriting agreement dated [●] among our Company, the Selling Shareholder, the BRLMs, and the Syndicate Members.

5. Public offer account agreement dated [●] among the Selling Shareholder, our Company, the BRMLs, the Banker to the Offer and the Registrar to the Offer.

6. Tripartite Agreement dated January 17, 2018 amongst CDSL, our Company and the Registrar to the Offer.

7. Tripartite Agreement dated January 22, 2018 amongst NSDL, our Company and the Registrar to the Offer.

8. Share escrow agreement dated [●], among our Company, the Selling Shareholder and the share escrow agent.

B. Material Documents

1. Certified copies of our Memorandum of Association and Articles of Association, as amended from time to time.

2. Certificate of incorporation dated May 28, 2015 issued to our Company by the RoC pursuant to the change of name of our Company.

3. Certificate of change of name dated December 10, 1957 issued by the Registrar of Companies, Bombay.

4. Fresh certificate of incorporation dated December 23, 1960 issued by the Registrar of Companies, Bombay.

5. Certificate of incorporation pursuant to change of name dated May 28, 2015 issued by the Registrar of Companies, Mumbai.

6. Certificate of incorporation pursuant to change of name dated December 08, 2017 issued by the Registrar of Companies, Mumbai.

7. Resolutions of our Board dated March 01, 2018 authorising the Offer.

8. Resolution of our Board and our IPO Committee dated March 27, 2018 and March 27, 2018, respectively adopting the DRHP.

9. Letter bearing number 23(60)/2015/GRSE/D(NS-I) dated February 01, 2018 issued by the MoD, conveying the approval for the Offer.

10. Letter bearing number 23(60)/2015/D(NS-I) dated March 09, 2018 issued by the MoD, conveyed the consent for inclusion of 22,410,000 Equity Shares and such number of additional Equity Shares not exceeding 5.00% of the post offer share capital as permitted under applicable law for allocation and allotment to eligible employees of our Company under the Employee Reservation Portion, held by the President of India, acting through the Ministry of Defence, Government of India as part of the Offer for Sale.

11. Shareholders agreement dated July 21, 2012 entered between our Company and Pipavav Defence and Offshore Engineering Company Limited (now known as Reliance Defence and Engineering Limited).

12. Memorandum of understanding signed with Ministry of Defence for the financial year 2017-18.

13. Memorandum of Understanding dated November 24, 2017 entered between Bharat Electronics Limited, Hindustan Aeronautics Limited and our Company.

14. Ministry of Defence order No. 2(5)/2015/MDL/D(NS-I) dated November 11, 2016 and March 30, 2017 for the appointment of Rakesh Anand as Chairman and Managing Director and prescribing the terms and conditions of his appointment.

15. Ministry of Defence order No. 2(14)/2014/MDL/D(NS-I) dated February 29, 2016 for the appointment of Sanjiv Sharma as Director (Finance) and prescribing the terms and conditions of his appointment.

16. Ministry of Defence order No. No. 4/1 (1)/2017/ D(NS) dated October 26, 2017 and February 13, 2018 for the appointment of T.V. Thomas as Director (Corporate Planning and Personnel) and prescribing the terms and conditions of his appointment.

17. Ministry of Defence order No. 2(10)/2013/D(NS-I) dated November 27, 2015 for the appointment of Shridhar L. Bapat as Independent Director (Part time Non Official) and prescribing the terms and conditions of his appointment.

18. Ministry of Defence order No. 2(10)/2013/D(NS-I) dated November 27, 2015 for the appointment of Usha Sankar as Independent Director (Part time Non Official) and prescribing the terms and conditions of her appointment.

19. Ministry of Defence order No. 2(10)/2013/D(NS-I) dated January 07, 2016 for the appointment of Sanjeev Bhasin as Independent Director (Part time Non Official) and prescribing the terms and conditions of his appointment.

20. Ministry of Defence order No. 11(57)/2017/Misc/D(NS) dated September 13, 2017 for the appointment of Devi Prasad Pande as Independent Director (Part time Non Official) and prescribing the terms and conditions of his appointment.

21. Ministry of Defence order No. 11(57)/2017/Misc/D(NS) dated September 13, 2017 for the appointment of Kamaiah Bandi as Independent Director (Part time Non Official) and prescribing the terms and conditions of his appointment.

22. Ministry of Defence order No. 2(18)/2012/MDL/D(NS-I) dated January 24, 2014 for the appointment of Rajeev Lath as Director (Submarine & Heavy Engineering.) and prescribing the terms and conditions of his appointment.

23. Ministry of Defence order No. 4/1(2)/2017/D(NS), Department of Defence Production, Ministry of Defence, Government of India dated January 31, 2018 for the appointment of Anil K. Saxena as Director (Shipbuilding) and prescribing the terms of his appointment.

24. Ministry of Defence order No. 11 (57)/2017/Misc/D(NS) D(Naval System), Department of Defence Production, Ministry of Defence, Government of India dated March 09, 2018 for the appointment of Mailareshwar J. Jeevannavar as Independent Director (Part time Non Official) and prescribing the terms and conditions of his appointment.

25. SEBI Exemption letter No. SEBI/HO/CFD/DIL1/OW/P/2017/18400/1 dated August 03, 2017 issued by SEBI.

26. Copies of annual reports of our Company for Fiscal Years 2013, 2014, 2015, 2016 and 2017.

27. Copy of the Restated Financial Statements of our Company.

28. The examination reports of the Statutory Auditor, on our Company's Restated Standalone Financial Statements dated March 01, 2018 and Restated Consolidated Financial Statements dated March 01, 2018 included in this Draft Red Herring Prospectus.

29. Statement of special tax benefits from Statutory Auditor dated March 20, 2018.

30. Written consent of the Statutory Auditor, to include their name as required under Section 26(1)(a)(v) of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of their: (a) reports dated March 01, 2018 on the Restated Standalone Financial Statements and the Restated Consolidated Financial Statement; (b) report dated March 20, 2018 on the statement of possible tax benefits available for our Company and the Shareholders.

31. Consents of the Bankers to our Company, BRLMs, Syndicate Members, Registrar to the Offer, Directors of our Company, Company Secretary and Compliance Officer, Chief Financial Officer, Banker(s) to the Offer, CRISIL Limited and legal counsels, in their respective capacities.

32. In-principle listing approvals dated [●] and [●] from BSE and NSE respectively.

33. SEBI observation letter dated [●].

34. Due diligence Certificate dated March 28, 2018 addressed to SEBI from the BRLMs.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, hereby certify and declare that, all the relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the rules, regulations and guidelines issued by the SEBI established under Section 3 of the SEBI Act as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, SCRA, SCRR, the SEBI Act, each as amended or rules made there under or guidelines and regulations issued, as the case may be. We further certify that all the disclosures and statements made in this Draft Red Hearing Prospectus are true and correct.

Signed by the Directors of our Company and our Chief Financial Officer

Rakesh Anand
Chairman and Managing Director

Shridhar L. Bapat
Independent Director (Part Time Non-Official)

Rajiv Lath
Director (Submarine & Heavy Engineering)

Usha Sankar
Independent Director (Part Time Non-Official)

Sanjiv Sharma
Director (Finance) and Chief Financial Officer

Sanjeev Bhasin
Independent Director (Part Time Non-Official)

T.V. Thomas
Director (Corporate Planning and Personnel)

Devi Prasad Pande
Independent Director (Part Time Non-Official)

Anil K. Saxena
Director (Shipbuilding)

Mailareshwar J. Jeevannavar
Independent Director (Part Time Non-Official)

Kamaiah Bandi
Independent Director (Part Time Non-Official)

Sanjiv Sharma
Chief Financial Officer

Date: March 28, 2018
Place: Mumbai

DECLARATION

On behalf of the Selling Shareholder, I certify that the statements and undertakings made in this Draft Red Herring Prospectus about or in relation to the Selling Shareholder and the Equity Shares offered pursuant to the Offer for Sale are true and correct.

Signed on behalf of the Selling Shareholder

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Name: Sadhna Khanna
Designation: Deputy Secretary (NS)
On behalf of the President of India,
Acting through the Ministry of Defence, Government of India

Date: March 28, 2018
Place: New Delhi