DRAFT RED HERRING PROSPECTUS
Dated August 05, 2019
(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 -Brief history of our Company*" and "*History and Certain Corporate Matters - Changes in the Registered Office*" on pages 144 and 144 respectively.

Registered and Corporate Office: Dockyard Road, Mumbai - 400010, Maharashtra, India

Contact Person: Vijayalakshmi Kumar, Company Secretary and Compliance Officer; **Telephone:** +91 22 2376 2000 **E-mail:** investor@mazdock.com

Website: https://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 28,012,500 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 12.50% 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 MUMBAI EDITION 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 TWO 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. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of three Working Days, subject to the 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 public notice 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) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"), read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**SEBI ICDR Regulations**"). The Offer is being made through the Book Building Process in accordance with Regulation 6(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 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 bank accounts (including UPI ID, in case of RIBs) which will be blocked by the SCSBs or the bank accounts linked with the UPI ID, as applicable, to participate in the Offer. For details, see "*Offer Procedure*" on page 334

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. The Floor Price, Cap Price and Offer Price (as determined and justified by our Company and the Selling Shareholder, in consultation with the BRLMs in accordance with SEBI ICDR Regulations), 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 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 this Draft Red Herring Prospectus. Specific attention of the investors is invited to the statement of "*Risk Factors*" on page 20**.**

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. The Selling Shareholder accepts responsibility for and confirms the statements made by it in this Draft Red Herring Prospectus to the extent of information specifically pertaining to them and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect.

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 signed copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the Registrar of Companies, Maharashtra ("**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 352.

BOOK RUNNING LEAD MANAGERS

YES SECURITIES	AXIS CAPITAL	Edelweiss — Ideas create, values protect
YES SECURITIES (INDIA) LIMITED	**AXIS CAPITAL LIMITED**	**EDELWEISS FINANCIAL SERVICES LIMITED**
Address: Unit No. 602 A, 6th Floor, Tower 1 & 2, IFC Senapati Bapat Marg, Elphinstone Road, Mumbai- 400 013	**Address:** Axis House, 1st Floor, Wadia International Centre Pandurang Budhkar Marg, Worli, Mumbai -400 025	**Address:** 14th Floor, Edelweiss House, Off. C.S.T Road, Kalina, Mumbai -400 098
Telephone: +91 22 3012 6919	**Telephone:** + 91 22 4325 2183	**Telephone:** +91 22 4009 4400
Email: mdl.ipo@ysil.in	**Email:** mazagon.ipo@axiscap.in	**Email:** mdl.ipo@edelweissfin.com
Website: www.yesinvest.in	**Website:** www.axiscapital.co.in	**Website:** www.edelweissfin.com
Investor Grievance ID: igc@ysil.in	**Investor Grievance ID:** complaints@axiscap.in	**Investor Grievance ID:** customerservice.mb@edelweissfin.com
Contact Person: Mukesh Garg/ Pratik Pednekar	**Contact Person**: Mayuri Arya/Akash Aggarwal	**Contact Person**: Nishita John
SEBI Registration Number: INM000012227	**SEBI Registration Number:** INM000012029	**SEBI Registration Number:** INM0000010650

BOOK RUNNING LEAD MANAGERS		**REGISTRAR TO THE OFFER**
IDFC SECURITIES	JM FINANCIAL	alankit — Health & Wealth, We Manage Both
IDFC SECURITIES LIMITED	**JM FINANCIAL LIMITED**	**ALANKIT ASSIGNMENTS LIMITED**
Address: 6th floor**,** One IndiaBulls Centre, Tower 1C, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone, Mumbai – 400013.	**Address:** 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.	**Address:** 205-208, Anarkali Complex, Jhandewalan Extension, New Delhi – 110055
Telephone: +91 22 4202 2500	**Telephone:** +91 22 6630 3030	**Telephone:** +911- 4254 1954/933, +922-4348 1293
Email: mazagon.ipo@idfc.com	**Email:** mdl.ipo@jmfl.com	**Email:** abhijitd@alankit.com, kamalarora@alankit.com
Website: www.idfc.com/capital/index.htm	**Website:** www.jmfl.com	**Website:** www.alankit.com
Investor Grievance ID: Investorgrievance@idfc.com	**Investor Grievance ID:** grievance.ibd@jmfl.com	**Investor Grievance ID:** mdligr@alankit.com
Contact Person: Gaurav Mittal	**Contact Person**: Prachee Dhuri	**Contact Person**: Kamal Arora/ Abhijit Deb/Virender Sharma
SEBI Registration Number: MB/INM000011336	**SEBI Registration Number:** INM000010361	**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 Managerial Personnel	Key management personnel of our Company in terms SEBI ICDR Regulations and as disclosed in "*Our Management-Key Managerial Personnel*" on page 173.
Materiality Policy	Our Company, in its Board meeting held on August 05, 2019 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 – 400 010 Maharashtra, India.
Restated Financial Statements	The audited consolidated financial statements of our Company as at and for the financial years ended March 31, 2019, 2018 and 2017, 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 and the Companies Act and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, together with the schedules, notes and annexures thereto.
RoC	Registrar of Companies, Maharashtra, situated at Mumbai, India.
SEBI Exemption Application	The exemption application dated August 05, 2019 made by our Company to SEBI pursuant to the MoD letter dated August 05, 2019 regarding certain

Term	Description
	information/ matter/thing for which exemption has been sought from SEBI under the SEBI ICDR Regulations and the SEBI Listing Regulations.
Senior Management Personnel	Senior management of the Company but does not include Key Managrial Personnel and as disclosed in "*Our Management Key Managerial Personnel and Senior Management Personnel*" on page 173.
Shareholders	Shareholders of our Company.
Statutory Auditor/ Auditor	The statutory auditor of our Company, namely, JCR & Co., 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 by authorising a SCSB to block the Bid Amount in the ASBA Account and will include applications made by RIBs using UPI, where the Bid amount will be blocked upon acceptance of UPI Mandate Request by RIBs.
ASBA Account	A bank account maintained by ASBA Bidder with a SCSB for blocking the Bid Amount mentioned in the ASBA Form and will include a bank account of RIBs linked with UPI.
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 this Draft Red Herring Prospectus and the Prospectus.
Axis Capital	Axis Capital Limited.
Banker(s) to the Offer/Public Offer Account Bank	IDBI Bank Limited and Axis Bank Limited
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer
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.
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 Mumbai 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.

Term	Description
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 Mumbai 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 XIII 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 Securities and JM Financial.
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker and in case of RIBs only ASBA Forms with UPI. 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 and UPI ID whererever applicable.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants and in case of RIBs, only ASBA Forms with UPI . 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 relevant amounts are transferred from the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, and the instructions are issued to the SCSBs (in case of RIBs using UPI Mechanism, instruction issued through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account or the Refund Account, as the case may be, in terms of the Red

Term	Description
	Herring Prospectus following which Equity Shares will be Allotted in the Offer
Designated Intermediaries	In relation to ASBA Forms submitted by RIBs authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs and NIBs, Designated Intermediaries shall mean SCSBs, Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs.
Designated RTA Locations	Such locations of the RTAs where relevant Bidders can submit the ASBA Forms to RTAs and in case of RIBs, only ASBA Forms with UPI. 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 (other than ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism) 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 August 05, 2019, 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 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, who are Indian nationals and are based, working and present in India and continue to be on the rolls of our Company as on the date of submission of their ASBA Form; b) Director of our Company, whether a whole-time Director or otherwise, not holding either himself/herself or through their relatives or through any body corporate, directly or indirectly, more than 10% of the outstanding Equity Shares (excluding other Directors not eligible to invest in the Offer under applicable laws, rules, regulations and guidelines) as on the date of filing of the Red Herring Prospectus with the RoC and who continues to be a Director of our Company until submission of the ASBA Form and is based, working and present in India or abroad as on the date of submission of the ASBA Form Provided Directors, Key Managerial 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); and 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.

Term	Description
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 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.
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 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 pursuant to the circular (CIR/ CFD/ POLICYCELL/ 11/ 2015) dated November 10, 2015, the circular (CIR/ CFD/ DIL/ 1/ 2016) dated January 1, 2016, (SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 26) dated January 21, 2016, (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018 and the circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, notified by SEBI, updated pursuant SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019
IDFC Securities	IDFC Securities 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 700,313 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 an 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.

Term	Description
	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 August 05, 2019 between our Company, the Selling Shareholder and 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 two 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 Mumbai edition of the Marathi daily newspaper [●] (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 Syndicate Members, the Registrar to the Offer, Sponsor Bank 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 14,006,250 Equity Shares which shall be Allotted to QIBs.
Qualified Institutional Buyers/QIBs/QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) 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	IDBI Bank Limited and Axis Bank Limited
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 August 05, 2019 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.

Term	Description
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 and the UPI Circulars.
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)/RII(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 98,04,375 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), as applicable. QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or 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	The banks registered with SEBI, offering services, (i) in relation to ASBA where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or such other website as updated from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as 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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 and updated from time to time.
Sponsor Bank	ICICI Bank Limited, being a banker to the Offer, appointed by our Company to act as a conduit between the Stock Exchanges and NPCI in order to push the mandate collect requests and/or payment instructions of the RIBs using the UPI.
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 accept bids, applications and place orders with respect to the Offer and carry out activities as an underwriter, in this case, [●].
Syndicate/Members of the Syndicate	The BRLMs and the Syndicate Members.

Term	Description
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.
UPI	Unified payments interface which is an instant payment mechanism, developed by NPCI.
UPI Circulars	The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 01, 2018, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 03, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 and any subsequent circulars or notifications issued by SEBI in this regard.
UPI ID	ID created on the UPI for single- window mobile payment system developed by the NPCI.
UPI Mandate Request	The request initiated by the Sponsor Bank and received by an RII using the UPI Mechanism to authorise blocking of funds or modification or withdrawal of a Bid on the UPI mobile or other application equivalent to the Bid Amount and subsequent debit of funds in case of Allotment.
UPI Mechanism	The bidding mechanism that may be used by an RII to make a Bid in the Offer in accordance with UPI Circulars.
UPI Pin	Password to authenticate UPI transaction.
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 and public holidays, 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 and as modified by the UPI Circulars.
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.
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.

Term	Description
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 DPIIT 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.
DPIIT	Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as Department of Industrial Policy and Promotion)
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.
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.

Term	Description
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.
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.
NPCI	National Payments Corporation of India.
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 AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, as amended.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000, as amended.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015, as amended.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended.
Securities Act	U.S. Securities Act of 1933.
Sq. ft./ Sft/ sqft	Square foot.
Sq. mt.	Square meter.

Term	Description
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 "*Description of Equity Shares and Terms of the Articles of Association*" on pages 86, 181, 83, 303, 334 and 347 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, Ind AS 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 Ind AS. The Restated Financial Statements have been prepared, based on financial statements (i) as at and for the Financial Year ended March 31, 2019, March 31, 2018 and March 31, 2017 prepared in accordance with Ind AS as prescribed under Section 133 of Companies Act read with the Ind AS Rules. 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 Ind AS and the SEBI ICDR Regulations.

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 20, 122 and 270 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 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 on March 31, 2019	As on March 31, 2018	As on March 31, 2017
1 US$	69.17(1)	65.04(2)	64.84

Source: www.fbil.org.in for March 31, 2019 and RBI Reference Rate for rest of the years

1. *Exchange rate as on March 29, 2019, as RBI Reference Rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and Saturday respectively.*
2. *Exchange rate as on March 28, 2018, as RBI Reference Rate is not available for March 31, 2018, March 30, 2018 and March 29, 2018 being a holiday*

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 20.

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 83 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 orders;
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 managerial 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 20, 122 and 270 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 ICDR Regulations, 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.

SUMMARY OF OFFER DOCUMENT

Summary of Business

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. The business divisions in which we operate are (i) shipbuilding and (ii) submarine and heavy engineering. Our Order Book, as on June 30, 2019, currently comprises of four P-15 B destroyers, four P-17A stealth frigates, repair and refit of a ship, five Scorpene class submarines and one medium refit and life certification of a submarine.

Summary of Industry

The global shipbuilding industry comprises construction and modification of ships, offshore vessels and rigs.

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.

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.

Promoter

Our Promoter is the President of India acting through the Ministry of Defence, GoI.

Offer Size

The Offer is a 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.

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.

Pre-Offer shareholding of our Promoter

S. No.	Category of shareholder	Number of Equity Shares**	% of total paid up Equity Share capital
1.	Promoter*	224,100,000	100

**Including Equity Shares held by the nominees of the Promoter*
***Equity Shares of face value ₹10 each*

Summary of Financial Information

(in ₹ million, except earning per share (basic and diluted) and net asset value per Equity Share)

Particulars	Financial year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Share capital	2,241.00	2,241.00	2,490.00
Net worth	32,305.93	28,456.01	30,021.22
Revenue	52,425.35	50,451.42	43,211.26
Profit after tax	5,345.99	4,957.49	5,956.20
Earnings per share (Basic)	23.85	20.60	23.92
Earnings per share (Diluted)	23.85	20.60	23.92

Particulars	Financial year ended		
	March 31, 2019	March 31, 2018	March 31, 2017
Net asset value per Equity Share	144.16	126.98	120.57
Total borrowings	Nil	Nil	Nil

For further details please refer to Restated Financial Statements included in "*Financial Information*" on page 181.

Qualifications of the Auditors

The Restated Financial Statements do not contain any qualification that have not been given effect to by the Auditors.

Our Statutory Auditors have provided certain matter of emphasis in their audit report on our Restated Financial Statements for the Financial Year 2017 to the Financial Year 2019. For details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation Reservations, qualifications and adverse remarks*" on page 295.

Summary of Outstanding Litigation

A summary of outstanding litigation proceedings involving our Company and our Directors as on the date of this Draft Red Herring Prospectus is provided below:

Type of Proceedings	Number of Cases	(Approximate) Total amount involved (in ₹ million)
Cases against our Company		
Criminal Complaints	7	-
Tax proceedings	83	14,561.54
Civil proceedings	8	344.75
Actions by statutory and regulatory authorities	4	Not quantifiable
Cases by our Company		
Criminal Complaints	4	25.90
Civil proceedings	2	854.36
Cases against our Directors		
Civil	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*

For further details, see "*Outstanding Litigation and Material Developments*" on page 303.

Risk Factors

Please refer to "*Risk Factors*" on page 20.

Summary of Contingent Liabilities of our Company

Contingent Liabilities	As at March 31, 2019 (in ₹ million)
Amounts for which Company may be contingently liable:	
Estimated amount of contracts remaining to be executed on capital account.	784.70
Estimated amount of liquidated damages on contracts under execution.	11,004.50
Position of non-fund based limits utilized for	
(a) Letters of credit	7,689.90
(b) Guarantees and counter guarantees	188.30
Indemnity Bonds issued by the Company to customers for various contracts.	507,663.30
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:	

Contingent Liabilities	As at March 31, 2019 (in ₹ million)
(i) Suppliers and sub-contractors	49.80
(ii) Others	583.20
Interest on (i) and (ii) above	1,294.80
Amounts paid / payable by Company and reimbursable by Customers in the matters under dispute pending at various Assessment / Appellate Authorities relating to:	
Sales Tax *	11,515.00
Excise Duty	
a) On Vendors	19.00
b) On MDL	2.90
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)	706.70
Appeals pending against disputed demands pending before Adjudicating / Appellate authorities	
Custom Duty	0.80

**Against the above claim, part payments of ₹67.56 million (In 2018: ₹61.40 million) have been made under protest.*

The Excise authorities have passed an order dated May 31, 2013 resulting in demand for ₹19.70 million inclusive of interest and penalty (In 2018: ₹19.24 million) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. Our Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

*** Includes ₹292.80 million (In 2018: ₹292.80 million) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2013-14.*

For further details please refer to "*Financial Information- Restated Ind AS Consolidated Statement of Contingent Liabilities and Capital Commitments included in Annexure XXV*" on page 247.

Summary of Related Party Transactions

The summary of the related party transactions of our Company as indicated in the Restated Financial Statements is as follows:

(in ₹ million)

Name of the transacting related party	Fiscal 2019	Fiscal 2018	Fiscal 2017
Compensation to Related Parties			
R.K Shrawat Chairman and Managing Director (upto December 31, 2016)	-	-	11.40
P.R Raghunath Director (Shipbuilding) (upto February 27, 2017)	-	-	6.33
Rakesh Anand – Chairman and Managing Director	5.90	5.69	5.24
T.V Thomas - Director (Corporate Planning and Personnel)	4.80	2.36	NA
A.K Saxena - Director (Shipbuilding)	4.70	0.10	NA
Rajiv Lath - Director (Submarine & Heavy Engineering)	5.40	5.49	5.11
Sanjiv Sharma - Director (Finance) and Chief Financial Officer	5.70	4.10	4.07
Goa Shipyard Limited – Associate			
Sales / (Purchase) to / from GSL	(25.90)	Nil	Nil
Rent from GSL	0.80	0.73	0.71

Name of the transacting related party	Fiscal 2019	Fiscal 2018	Fiscal 2017
Loans to & from KMP	**-**	**-**	**-**
Transactions entered with Govt. and Govt. Entities			
Indian Navy	46,428.87	44,849.96	35,613.61

For further details of the related party transactions during the last three Fiscal Years, see "*Financial Statements – Restated Ind AS Consolidated Statement of Related Party Transactions included in Annexure XXIV* " on page 245.

Financing Arrangements

There have been no financing arrangements whereby our Promoter, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of this Draft Red Herring Prospectus.

Weighted average price at which the Equity Shares were acquired by our Promoter in the one year preceding the date of this Draft Red Herring Prospectus

Our Promoter has not acquired any Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

Average cost of acquisition

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).

Details of pre-Offer Placement

Our Company does not contemplate any issuance or placement of Equity Shares from the date of this Draft Red Herring Prospectus till the listing of the Equity Shares.

Issue of Equity Shares for consideration other than cash in the last one year

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.

Split/ Consolidation of Equity Shares in the last one year

Our Company has not undertaken any split or consolidation of the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

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 122 and 270, 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 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, for which we have filed the SEBI Exemption Application. 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 mostly 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 June 30, 2019, our Order Book from the MoD was ₹542,827 million which constitutes 100% of our Order Book. A significant portion of our 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 except for a recent order which has been awarded to us on a competitive basis. Our Order Book currently comprises of building and construction of four 'P-15B' destroyers, four 'P-17A' stealth frigates, repair and refit of a ship, five Scorpene class submarines and undertaking the medium refit and life certification of a submarine for the Indian Navy. There is no assurance that we will be selected by the MoD for future defence orders by the MoD on a nomination basis.

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. 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. Under the DPP Strategic Partnership Model, the MoD has issued a request for expression of interest to shortlist Indian strategic partners for the construction of six conventional submarine under Project-75-India (P-75-I). Although we are in the process of submitting our expression of interest for the P-75-I, there is no assurance that we will be able to be selected for the project by the MoD.

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.

With these changes in the policy framework in the defence sector, there is a gradual shift towards competitive bidding. We had recently been awarded an order for refit and repair of a ship on competitive basis by the MoD. Although we were successfully awarded this order, there is no guarantee that we will be able to effectively compete for defence orders in the future. This may have an adverse effect on our business prospects and financial conditions.

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. In addition, we may be required to pass on liquidated damages collected from vendors. For the Financial Years 2019, 2018 and 2017, the liquidated damages collected from vendors and payable to customer were ₹408.99 million, ₹169.01 million, and ₹888.60 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 ship refit contract, we are required to provide an indemnity bond equal to 100% of the advance payment and a performance bond equal to 10% of the contract value and are required to pay liquidated damages equivalent to a sum of 0.5% of the unfinished / undelivered / unfulfilled part of the contract for each week of delay solely attributable to us beyond the duration of the contract subject to a maximum of 10% of the contract price excluding growth of work and taxes. We are also required to pay consequential damages (such as additional costs incurred by the Government of India towards the salaries of the crew of the ship) in the event there is delay which is unacceptable beyond the period for which maximum liquidated damages can be levied and in the event the delay attributable to us leads to unacceptable delays in refit completion, consequential damages will be imposed over and above the liquidated damages. In case of our submarine building 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)). In case of our submarine refit contract, we are required to provide an indemnity bond equal to 10% of the contract value and are required to pay liquidated damages equivalent to a sum of 0.5% of the unfinished / undelivered / unfulfilled part of the contract for each week of delay solely attributable to us beyond the duration of the contract subject to a maximum of 10% of the contract price excluding taxes, duties and government levies (subject to a grace period of 3 months). We are also required to pay consequential damages (such as additional costs incurred by the Government of India towards the salaries of the crew of the submarine) in the event there is delay beyond the period for which maximum liquidated damages can be levied. As at Financial Years ended 2019, 2018 and 2017, provision for liquidated damages outstanding were ₹10,782.52 million, ₹10,423.62 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. A substantial portion of our business is awarded through nomination of contracts by the MoD. Our total sales were derived from sales to the MoD for the Financial Years 2019, 2018 and 2017. 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. The future revenues of our Company under existing multi-year contracts are reliant on the continuing availability of budgetary appropriations by the MoD and release of such funds by the MoD or the Indian Navy to us in a timely manner and any disruptions to the availability of such appropriations or release of such funds could adversely affect our revenues, results of operations or financial conditions. As at March 31, 2019, the amount of dues owed to us by Indian Navy/MoD was ₹14,713.15

million. 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 by the MoD in subsequent years may impact the funding available for these defence programs. Delays or cuts in funding can impact the timing of available funds or lead to changes in defence program content. Any reduction or unavailability of the funds available to 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' for which we have filed the SEBI Exemption Application 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 Financial Years 2019, 2018 and 2017 . 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 VI Part A(10)(B)(1)(b), (10)(B)(1)(c), (10)(B)(3), (10)(D)(b)(i), (10)(D)(b)(ii), (10)(D)(b)(iii), (10)(D)(b)(iv), (10)(E)(d), and (10)(E)(e) of SEBI ICDR Regulations,following disclosures are required to be made in this Draft Red Herring Prospectus: (i) details of plant, machinery, technology, process; (ii) description of subsisting collaborations, any performance guarantee or assistance in marketing by the collaborators, infrastructure facilities for raw materials and utilities like water, electricity, etc; (iii) a table giving the existing installed capacities for each product, capacity utilisation for such products in the previous three years; (iv) significant financial or strategic partnerships; (v) time/cost overrun in setting up projects; (vi) details of capacity / facility creation, location of plants; (vii) launch of key products or services, entry in new geographies or exit from existing markets; and (viii) key terms of material contracts including with strategic partners, joint venture partners and/or financial partners, entered into, other than in the ordinary course of business of our Company. We have pursuant to the SEBI Exemption Application sought exemption from SEBI 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. Further, pursuant to the SEBI Exemption Application, our Company has sought for exemption from SEBI 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 VI, Part A (18)(1), (18)(2) of SEBI ICDR Regulations and accordingly we will not be disclosing these in the list of documents available for inspection in this 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, Our Company has pursuant to the SEBI Exemption Application sought from SEBI, 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) and 11(b) of Form A (due diligence certificate alongwith Draft Red Herring Prospectus), clause 1 of Form C (due diligence certificate at the time of registering the Red Herring Prospectus/ Prospectus with RoC), Form D (due diligence certificate in the event of disclosure of material events after the filing of Red Herring Prospectus/ Prospectus with RoC) of Schedule V 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. ***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 Financial Statements for the Financial Year 2017 to the Financial Year 2019, as given below:

Sr. No.	Financial Year	Auditor's comments
1.	Fiscal 2019	Registration formalities are pending in respect of certain properties
		Balance of advance to vendors and balance outstanding in trade payables are subject to confirmation
		In respect to the balances due from / to Indian Navy which are in the process of reconciliation
2.	Fiscal 2018	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 agreement
		Registration formalities are pending in respect of certain properties.
		In respect to the balances due from / to Indian Navy which are in the process of reconciliation
		Balance of advance to vendors and balance outstanding in trade payables are subject to confirmation.
		The financials of Joint Venture Company "Mazagon Dock Pipavav Defence Private Limited" in which the Company holds 50% of the equity has not been consolidated by the management in the restated consolidated financial statement.
		Stating the reason for non-provisioning of the liquidated damages related to the project
3.	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 agreement
		Registration formalities are pending in respect of certain properties
		In respect to the balances due from / to Indian Navy which are in the process of reconciliation.
		Balance of advance to Vendors and balance outstanding in trade payables are subject to confirmation.
		The financials of Joint Venture Company "Mazagon Dock Pipavav Defence Private Limited" in which the Company holds 50% of the equity has not been consolidated by the management in the restated consolidated financial statement.

For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operation Reservations, qualifications and adverse remarks*" on page 295.

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.

6. ***Our Company or its technical collaborators may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.***

U.S. law generally prohibits or restricts U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries or territories and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions.

We have entered into a number of non-disclosure agreements, memorandums of understanding and projects for technical collaboration, transfer of technology and co-development of certain products with entities engaged in the similar sector of business in other jurisdictions. Our Company carries on its operations with technical collaborators, located in, countries, such as Russia, to which certain OFAC-administered and other sanctions continue to apply. For example, in relation to the P-15B destroyers, we are acquiring certain equipments from Russia where sanctions are being imposed. Although we believe we have compliance systems in place that are sufficient to block prohibited transactions, and our Company has not been notified that any penalties or other measures will be imposed on it, in relation to its technical collaborator located in Russia, there can be no assurance that our Company will be able to fully monitor all of its transactions for any such potential violation.

Our Company also has limited exposure to Russia and other foreign jurisdictions. Our Company can provide no assurances that its future business will be free of risk under sanctions implemented against these jurisdictions or that it will conform its business to the expectations and requirements of authorities of any government that does not have jurisdiction over the business but nevertheless asserts the right to impose sanctions on an extraterritorial basis. Further, investors in the Equity Shares could incur reputational or other risks as a result of our Company's and our Company's technical collaborators and suppliers dealing in or with countries or with persons that are the subject of U.S. or other applicable economic or similar sanctions. In addition, because many sanctions programs are evolving, new requirements or restrictions could come into effect which might increase regulatory scrutiny of our Company's business or result in one or more of its business activities being deemed to have violated sanctions, or being sanctionable

7. ***Our revenues from the MoD contracts including the submarine refit 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 including the submarine refit 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.

8. ***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.

9. ***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.

10. ***We may be subject to penalties in the event we are unable to justify the alleged non-compliance with respect to the Mazdock 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, 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. 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 Mazdock Modernisation project, without obtaining the prior permission of MoEF.

For further details, see "*Outstanding Litigation and Material Developments Actions by Statutory and Regulatory Authorities and inquiries by SEBI*" on page 304. 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.

11. *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 have recently entered into an agreement dated June 06, 2019 with the Government of Maharashtra whereby 27 acres of land at Nhava, Navi Mumbai has been allotted to us for the proposed development of greenfield shipyard and the remaining 10 acres of land has been occupied by easement, for which we have already received certain approvals for capital expenditure and are in the process of obtaining other approvals. In the event we do not receive the remaining approvals, 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, 2021. 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.

12. *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 2017, 2018 and 2019 respectively, our cost of materials consumed constituted, 61.27%, 61.26% and 57.29%, 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.

13. *There are outstanding legal and tax proceedings involving the 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 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	7	-
2.	Tax proceedings	83	14,561.54
3.	Civil proceedings	8	344.75
4.	Actions by statutory and regulatory authorities	4	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	4	25.90
3.	Civil proceedings	2	854.36

III. **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 303.

14. *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.

15. ***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.

16. ***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.

17. ***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. We have recently entered into an agreement dated June 06, 2019 with the Government of Maharashtra whereby 27 acres of land at Nhava, Navi Mumbai has been allotted to us for the proposed development of greenfield shipyard and the remaining 10 acres of land has been occupied by easement. We are also in the process of acquiring 11.47 acres of workshop land on a long term lease of 29 years (extendable twice by a further period of 29 years each) from the MbPT for certain workshops, clerk basins and other premises. The upfront lease fee payable for such long term lease (for the initial period of 29 years) is ₹8,140 million plus taxes.

Some of the leases for the plots taken on leasehold basis from the MbPT have expired and are under renewal. The MbPT has proposed the renewal of expired leases of four plots for a period of 30 years by an upfront payment of around ₹2,731.40 million plus applicable taxes, towards lease premium and ₹410 million plus applicable taxes towards arrears of rent for the period from Fiscal 2006 onwards. This proposal of lease renewal also provides the option of annual payment of lease rent for a period of 10 years amounting to approximately ₹194.4 million per annum plus applicable taxes.

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 which will result in a disruption in our operations or us unable to continue to operate from such locations in the future.

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.

Further, for some of the plots that have been occupied by possession, we may not be able to register such plots in our name on account of lack of documents evidencing title.

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.

18. ***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 managerial 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. We have filed the SEBI Exemption Application for seeking the above exemptions from SEBI.

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 168.

Further, pursuant to the SEBI Exemption Application, our Company has sought exemption from SEBI from the continuous disclosure requirements under the equity listing agreements with respect to the information in the Red Herring Prospectus which are exempt from disclosure, including, but not limited to, details of collaborators and market for the product and services, business strategy and time and cost overruns. Therefore, prospective investors should note that disclosure of such information in relation to our Company may be limited as compared with other companies which are listed on the Stock Exchanges and we may not be in compliance with the terms of the SEBI Listing Regulations and other applicable laws. There can be no assurance that all information in relation to our Company that may be material to the investors will be disclosed by our Company to the Stock Exchanges.

19. ***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.

20. *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.

21. *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 138 and 310, 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.

In the event a license expires or a new approval is required to be obtained from the concerned regulatory authority, an application is made under the relevant regulations to the appropriate authority. We had recently made applications to the MoEF for getting the CRZ clearance with respect to three projects under the Mazdock Modernisation project programme, namely for (i) extension of goliath crane south rail by 50 metres; (ii) submarine section assembly workshop; and (iii) construction of wet basin, but the same has been rejected on account of certain shortcomings and we have been advised to resubmit such applications. We are in the process of appointing a consultant for conducting studies and obtaining the recommendations of the Maharashtra Coastal Zone Management Authority prior to making such revised applications. We cannot assure you whether these licenses will be granted to us in a timely manner or at all. In the event there is any delay in receiving the approval or we are not able to receive the approval, we will not be able to continue our operations from those facilities and may be subject to penalties, which will have an adverse effect on our business, operations and financial conditions. For further details regarding certain material approvals yet to be obtained by our Company, see "*Government and Other Approvals- Pending Approvals*"on page 311.

22. *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 June 30, 2019, our Order Book was ₹542,827 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.

23. *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.

Recently, a fire incident took place at our premises in one of the under-construction destroyers of Project 15B (INS Visakhapatnam) which resulted in the death of one contract worker and injury to another worker. Although immediate actions were taken to minimise the impact of the fire and an enquiry was initiated by the Company to ascertain the cause of the fire, we cannot assure you that such incidents will not happen in the future and have an adverse impact on the financial condition and operations of our Company.

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.

24. ***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.

25. ***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.***

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.

Additional labour unrest could result due to the operative labour union within our workforce. 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 have entered into a memorandum of settlement dated November 16, 2018 which is effective till December 31, 2026 which provides the details of the terms of appointment and payment terms with the registered trade unions.

We cannot assure you that there may not be incidences of labour unrest and absenteeism from work by some of our employees. Although we have not faced such incidences in the past, we cannot assure you that we may not face such instances in the future. 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.

26. ***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. Although no regulatory action/litigation is pending against us in relation to the missing documents, we cannot assure you 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.

27. ***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.

28. ***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.

29. ***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 are available. 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.

30. ***We are highly dependent on the expertise of our key managerial 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 managerial 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) (Satish P. Shenai), executive director (SB-Works and Nhava) (Deviprasad. R. Kulkarni), executive director (Indigenisation and Admin) (Jawahar M Jangir) 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.

31. ***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.

32. ***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.

33. ***Our business could be negatively affected by cyber or other security threats or other disruptions. Further, we are susceptible to espionage activities from enemies of India.***

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 Information Technology*" on page 135.

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.

Further, our Company may be susceptible to espionage attempts. These attempts may include individuals attempting to steal blueprints and layouts of our facilities including designs of the warships and submarines being constructed or which have been constructed by us in the past. Although, we have not faced such instances in the past, there can be no assurance that espionage attempts will not be made in the future. This may have an adverse effect on our business, financial condition and results of operations.

34. ***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 State Bank of India as the lead bank along with Canara bank, and as at June 30, 2019, our outstanding non-fund based exposure was ₹11,452.76 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 promoter/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 301.

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.

35. ***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**.**

36. ***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 ship repair contract, we are required to provide a guarantee period of six months for workmanship and material defects for items repaired and 12 months for new installations under the contract upon signing of delivery acceptance certificate. In case of our submarine building 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.

In case of our submarine refit contract, we are required to provide a warranty period of six months for workmanship and material defects for items repaired / overhauled and 12 months for workmanship and material defects for items renewed and replaced under the contract from the date of successful completion of harbour acceptance trials.

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.

37. ***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 open 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 personal accident insurance covering death, permanent partial disability, permanent total disability or temporary total disability due to work related accidents or otherwise of our employees money insurance policy for cash in safe and in transit, fidelity floater 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.

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 including recovery and cyber 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), File Lifecycle Management System (FLM), 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 from operating activities in the past and may continue to have negative cash flows from operating activities in the future.***

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

(₹ in millions)

	Fiscal 2019	Fiscal 2018	Fiscal 2017
Net cashflow from (used in) operating activities	575.98	4,416.56	(10,092.68)

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 March 31, 2019. 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 March 31, 2019:

(₹ in million)

Particulars	Brief description of nature and obligations as on March 31, 2019
Amounts for which Company may be contingently liable:	
Estimated amount of contracts remaining to be executed on capital account.	784.70
Estimated amount of liquidated damages on contracts under execution.	11,004.50
Position of non-fund based limits utilized for	
(a) Letters of credit	7,689.90
(b) Guarantees and counter guarantees	188.30
Indemnity Bonds issued by the Company to customers for various contracts.	507,663.30
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:	
(i) Suppliers and sub-contractors	49.80
(ii) Others	583.20
Interest on (i) and (ii) above	1,294.80

Particulars	Brief description of nature and obligations as on March 31, 2019
Amounts paid / payable by Company and reimbursable by Customers in the matters under dispute pending at various Assessment / Appellate Authorities relating to:	
Sales Tax *	11,515.00
Excise Duty	
a) On Vendors	19.00
b) On MDL	2.90
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)	706.70
Appeals pending against disputed demands pending before Adjudicating / Appellate authorities	
Custom Duty	0.80

**Against the above claim, part payments of ₹67.56 million (In 2018: ₹61.40 million) have been made under protest.*

The Excise authorities have passed an order dated May 31, 2013 resulting in demand for ₹19.70 million inclusive of interest and penalty (In 2018: ₹19.24 million) in respect of BBLRP Project Job Work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. Our Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

*** Includes ₹292.80 million (In 2018: ₹292.80 million) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2013-14.*

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 the related party transactions, see "*Financial Statements – Restated Ind AS Consolidated Statement of Related Party Transactions included in Annexure XXIV* " on page 245.

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 and Group Company*" on page 173.

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 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. ***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.

50. ***Investment risk involved 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 had 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. Although, we have decided to withdraw from the MoU and are awaiting approval from MoD, we cannot assure you whether we will get such approval. Further, there is also the 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.

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 180.

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

Our financial statements are prepared and presented in conformity with Ind AS. Ind AS differs in certain significant respects from U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. If our financial statements were to be prepared in accordance with such other accounting principles or U.S. GAAP, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they may be more familiar.

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 138 for details of the laws, rules and regulations currently applicable to us.

The regulatory and policy changes 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.

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. Investors' 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 and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. However, any gain realized on the sale of listed equity shares on or before March 31, 2018 on a stock exchange held for more than 12 months will not be subject to long term capital gains tax in India if Securities Transaction Tax ("**STT**") is paid on the sale transaction and additionally, as stipulated by the Finance Act, 2017, STT had been paid at the time of acquisition of such equity shares on or after October 1, 2004, except in the case of such acquisitions of equity shares which are not subject to STT, as notified by the Central Government under notification no. 43/2017/F. No. 370142/09/2017-TPL on June 5, 2017. However, the Finance Act, 2018, has now levied taxes on such long term capital gains exceeding ₹ 100,000 arising from sale of Equity Shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such Equity Shares. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less 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 the 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 Managerial 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.

SECTION III: INTRODUCTION

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	28,012,500 Equity Shares aggregating to ₹[●] million
A) QIB Portion(3)	Not more than 14,006,250 Equity Shares
of which:	
Mutual Fund Portion	700,313 Equity Shares
Balance of QIB portion for all QIBs including Mutual Funds	13,305,937 Equity Shares
B) Non-Institutional Portion(3)	Not less than 4,201,875 Equity Shares
C) Retail Portion(3)(4)	Not less than 9,804,375 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 81.

(1) The Offer has been authorised by our Board pursuant to a resolution passed at its meeting held on August 05, 2019. The Offer has been authorized by the Selling Shareholder, through its letter bearing number No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019, 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 Draft Red Herring Prospectus 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 No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019, conveyed the consent for inclusion of 28,012,500 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 330.

(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 Pre-Offer Advertisement" on page 343.

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.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the Restated Financial Statements of our Company. The financial statements referred to above are presented under "*Financial Statements*" beginning on page 181. 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 270.

RESTATED CONSOLIDATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(*₹ in million*)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
	ASSETS			
A	**Non-current assets**			
	Property, Plant and Equipment	7,309.96	6,179.68	5,249.00
	Capital work-in-progress	887.67	853.82	984.28
	Other intangible assets	229.91	284.12	213.52
		8,427.54	**7,317.62**	**6,446.80**
	Financial assets			
	Investments	4,306.69	4,291.47	3,835.89
	Trade receivable	157.82	159.28	160.46
	Loans	66.60	89.49	87.01
	Other financial assets	1,435.16	34.00	33.98
	Deferred tax assets (net)	5,746.38	5,443.79	4,988.07
	Non-current tax assets (net)	1,933.76	2,067.25	1,811.33
	Other non-current assets	5,425.11	3,642.74	1,420.13
	Total of non-current assets	**27,499.06**	**23,045.64**	**18,783.67**
B	**Current assets**			
	Inventories	37,903.03	37,859.69	40,286.56
	Financial assets			
	Trade receivables	14,713.15	11,088.54	8,087.28
	Cash and cash equivalents	7,296.81	3,735.85	1,428.78
	Bank balances other than cash and cash equivalents	67,400.00	68,160.00	82,200.00
	Loans	42.87	9.12	10.22
	Others	2,212.97	1,105.35	1,476.67
	Contract assets	9,013.05	7,379.37	11,632.44
	Assets held for sale	20.71	0.08	0.21
	Other current assets	42,166.49	41,060.07	29,741.44
	Total of current assets	**180,769.08**	**170,398.07**	**174,863.60**
	Total A+B	**208,268.14**	**193,443.71**	**193,647.27**
	EQUITY AND LIABILITIES			
C	**EQUITY**			
	Equity share capital	2,241.00	2,241.00	2,490.00
	Other equity	30,064.93	26,215.01	27,531.22
	Total equity	**32,305.93**	**28,456.01**	**30,021.22**
D	**Non-current liabilities**			
	Financial liabilities			
	Trade payables	157.82	159.28	160.46
	Others	10.24	6.80	1.41
	Other long-term liabilities	1,578.37	1,597.35	1,669.47
	Long-term provisions	12,518.61	12,245.87	12,121.11
	Total non-current liabilities	**14,265.04**	**14,009.30**	**13,952.45**
E	**Current liabilities**			
	Financial liabilities			
	Borrowings			
	Trade payables			
	i. total outstanding dues of micro and small enterprises	186.80	134.20	131.64

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
	ii. total outstanding dues other than (i) above	28,985.70	23,776.53	9,131.83
	Others	2,367.02	2,578.71	1,747.11
	Contract liability	128,955.39	123,189.02	137,595.64
	Other current liabilities	220.60	98.79	251.06
	Short-term provisions	981.66	1,201.15	816.32
	Total current liabilities	**161,697.17**	**150,978.40**	**149,673.60**
	Total C+D+E	**208,268.14**	**193,443.71**	**193,647.27**

RESTATED CONSOLIDATED SUMMARY STATEMENT OF PROFIT AND LOSS

(*₹ in million*)

Sr No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
A	**Income**			
	Revenue from operations	46,491.51	44,879.85	35,653.45
	Other income	5,933.84	5,571.57	7,557.81
	Total income	**52,425.35**	**50,451.42**	**43,211.26**
B	**Expenses**			
	Cost of materials consumed	25,571.21	26,928.93	21,400.75
	Procurement of base and depot spares	6,080.47	917.17	348.66
	Employee benefits expense	6,894.66	8,857.00	7,288.37
	Finance costs	41.01	38.52	38.95
	Depreciation and amortization expenses	614.18	502.17	393.90
	Sub-contract	1,759.07	3,226.95	1,101.93
	Power and fuel	192.63	226.23	260.44
	Other expenses: (a) Project related	809.07	1,512.06	1,417.13
	(b) Others	1,917.33	1,370.49	1,594.53
	Expenses transferred to Fixed Assets	-	-	-
	Provisions	747.84	374.36	1,084.53
	Total expenses	**44,627.47**	**43,953.88**	**34,929.19**
C	**Profit before tax**	**7,797.88**	**6,497.54**	**8,282.07**
	Tax expense:			
	Current tax	3,321.06	2,915.20	2,930.71
	Deferred tax (credit) / charge	(302.58)	(455.58)	(50.57)
	Adjustment of tax relating to earlier years	54.31	106.43	-
D	**Profit for the period attributable to equity shareholders**	**4,725.09**	**3,931.49**	**5,401.93**
	Share of Net Profit/(loss) of associate	**620.90**	**1,026.00**	**554.27**
	Profit for the year	**5,345.99**	**4,957.49**	**5,956.20**
E	**Other comprehensive income ('OCI')**			
	OCI not to be reclassified to profit or loss in subsequent periods:			
	Remeasurement of defined employee benefit plan	(237.86)	(599.34)	(13.46)
	Income tax effect	83.12	207.42	4.66
	Remeasurement of post employment benefit obligation of associate	(39.24)	(8.30)	3.59
F	**Total comprehensive income for the period attributable to equity shareholders**	**5,152.01**	**4,557.27**	**5,950.99**

RESTATED CONSOLIDATED SUMMARY STATEMENT OF CASH FLOWS

(*₹ in million*)

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
A	**Cash flow from operating activities**			
	Profit before tax (as restated)	7,797.88	6,497.54	8,282.07
	Adjustments for :			
	(+) Non cash expenditure and non operating expenses			
	Depreciation / Amortization	614.18	502.17	393.90
	Finance cost	41.01	38.52	38.95
	Prior Period depreciation (income) / expenditure	-	-	-
	Amortization of prepaid rentals	1.52	1.52	1.52
	(-) Non operating income			
	Profit / Loss on sale of fixed assets	1.79	1.92	(3.13)
	Interest income	(5,411.54)	(4,827.10)	(6,328.79)
	Amortization gain on deferred deposits of vendors	(1.32)	(0.69)	(0.16)
	Amortization of deferred revenue (customer funded assets)	(73.73)	(73.30)	(25.41)
	Interest income on deferred payment liability to foreign supplier	(37.69)	(37.92)	(38.80)
	Interest income on deferred deposit with MbPT	(1.76)	(1.60)	(1.55)
	Fund utilized for CSR	-	-	-
	Operating profit before working capital changes	**2,930.34**	**2,101.06**	**2,318.60**
	Movement in working capital			
	Decrease / (Increase) in inventories	(43.34)	2,426.87	2,160.14
	Decrease / (Increase) in trade receivables and loans and advances	(3,594.56)	(2,961.94)	2,323.46
	Decrease / (Increase) other current and non current assets	(6,330.51)	5,122.93	(13,196.96)
	(Decrease) / Increase in trade payables and provisions	5,034.69	14,517.81	(1,580.25)
	(Decrease) / Increase in other current and non current liabilities	5,738.12	(13,720.04)	1,343.47
	Cash flow from operations generated	**3,734.74**	**7,486.69**	**(6,631.54)**
	Direct tax paid (net of refunds)	(3,158.76)	(3,070.13)	(3,461.14)
	Net cash from (used in) operating activities (A)	**575.98**	**4,416.56**	**(10,092.68)**
B	**Cash flow from investing activities**			
	Purchase of Property, plant and equipment (net of adjustments)	(1,715.39)	(1,508.77)	(2,183.34)
	Capital work in progress	(33.85)	130.46	711.56
	Proceeds from sale of property, plant and equipment	2.73	3.50	7.58
	Capital advance	57.72	(1.42)	(11.26)
	Interest received	5,411.54	4,827.10	6,328.79
	Dividend received	469.90	467.14	87.93
	Net cash from / (used in) investing activities (B)	**4,192.65**	**3,918.01**	**4,941.26**
C	**Cash flow from financing activities**			
	Dividend paid (including dividend distribution tax thereon)	(1,205.55)	(2,953.70)	(2,397.50)
	Buy Back of equity share capital	-	(2,534.90)	-
	Payment of buy back tax	-	(538.90)	-
	Finance cost	(2.12)	-	-
	Net cash from / (used in) financing activities (C)	**(1,207.67)**	**(6,027.50)**	**(2,397.50)**

Sr. No.	Particulars	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**3,560.96**	**2,307.07**	**(7,548.92)**
	Cash and cash equivalents at the beginning of the period	**3,735.85**	**1,428.78**	**8,977.70**
	Cash and cash equivalents at the end of the period	**7,296.81**	**3,735.85**	**1,428.78**
	Components of cash and cash equivalents:			
	Balances with banks:-			
	- In Current accounts			
	i) In India	320.55	16.43	6.07
	ii) Outside India	7.09	9.80	7.93
	- In cash credit accounts	0.18	-	-
	- In deposit accounts	6,968.99	3,709.52	1,414.78
	- In fixed deposit accounts - maturity less than 3 months	-	-	-
	Cash on hand	-	0.10	-
	Total	**7,296.81**	**3,735.85**	**1,428.78**

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 144.

Registered and Corporate Office

Mazagon Dock Shipbuilders Limited
Dockyard Road, Mumbai – 400 010
Corporate Identity Number: U35100MH1934GOI002079
Registration Number: 002079

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	Flat No. 16, Currie House, 7th floor, Mazagon Dock Shipbuilders Limited, Dockyard Road–Mumbai - 400 010, Maharashtra, India.
Rajiv Lath Director (Submarine & Heavy Engineering)	06713808	12, Currie House, MDL Officers Quarters, Dockyard Road, Mazagaon, Mumbai, 400 010, Maharashtra, India
Sanjiv Sharma Director (Finance) and Chief Financial Officer	05328027	14, Currie House, MDL Residential Colony, Mumbai, 400 010, Maharashtra, India
T.V. Thomas Director (Corporate Planning and Personnel)	07978819	11, Currie House, MDL Officers Quarters, Dockyard Road, Mazagaon, Mumbai – 400 010, Maharashtra, India.
Anil K. Saxena Director (Shipbuilding)	08006255	15, 6th floor, Currie House, MDL Officers Residential Complex– Mumbai - 400 010, Maharashtra, India
Barun Mitra Nominee Director	07012558	House No. D1/33, Rabindra Nagar, New Delhi-110 003, Delhi, 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 Nagar, Noida - 201 301, Uttar Pradesh, India

Name and Designation	DIN	Address
Devi Prasad Pande Independent Director (Part Time Non-Official)	00960974	Flat No. H 32 D, SFS Flats, Saket, New Delhi – 110 117, Delhi, India
Kamaiah Bandi Independent Director (Part Time Non-Official)	07962235	15-8, Sudarshan Nagar, Serilingampally, Lingampalli, Rangareddi-500 019, Telangana, India
Mailareshwar J. Jeevannavar Independent Director (Part Time Non-Official)	03266130	House No. 05, Laxmi Layout, Basaveshwar Nagar, Gokul Road, Hubli 580 030, Karnataka, India

For further details of our Board of Directors, see "*Our Management*" on page 153.

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 2010
Email: investor@mazdock.com

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
E-mail: mdl.ipo@ysil.in
Investor grievance e-mail: igc@ysil.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
E-mail: mazagon.ipo@axiscap.in
Investor grievance e-mail: complaints@axiscap.in
Contact Person: Mayuri Arya/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
E-mail: mdl.ipo@edelweissfin.com
Investor grievance e-mail: customerservice.mb@edelweissfin.com
Contact Person: Nishita John
Website: www.edelweissfin.com
SEBI Registration No.: INM0000010650

IDFC SECURITIES LIMITED
Address: 6th floor, One IndiaBulls Centre, Tower 1C, 841, Jupiter Mills Compound, Senapati Bapat Marg, Elphinstone, Mumbai – 400 013.
Telephone: +91 22 4202 2500
Email: mazagon.ipo@idfc.com
Investor Grievance ID: Investorgrievance@idfc.com
Contact Person: Gaurav Mittal
Website: www.idfc.com/capital/index.htm
SEBI Registration Number: MB/INM000011336

JM FINANCIAL LIMITED
Address: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025.
Telephone: +91 22 6630 3030
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
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 Securities
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 Securities
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 Securities
13.	Appointment of Banker(s) to the Offer, Sponsor Bank 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, Sponsor Bank 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, follow-up with	BRLMs	Axis Capital

Sr. No	Activity	Responsibility	Co-ordinator
	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.		
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
205-208, Anarkali Complex, Jhandewalan Extension,
New Delhi – 110055
Telephone: +911- 4254 1954/933, +922-4348 1293
Email: abhijitd@alankit.com, kamalarora@alankit.com
Website: www.alankit.com
Investor Grievance ID: mdligr@alankit.com
Contact Person: Kamal Arora/ Abhijit Deb/ Virender Sharma
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

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

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

Statutory Auditors of our Company

JCR & Co. Chartered Accountants
Level 3, Raval House, 18th Road, Khar West, Mumbai-400052
Telephone: +91 22 2605 4593/96
Firm Registration No: 105270W

Email: jcrcindia@gmail.com
Peer Review No: 011298

Changes in Auditors during the last three years

There has been a change in Auditors during the last three years. Below mentioned are the details of the previous auditors:

Ford Rhodes Parks & Co. LLP
312/313, Sai Commercial Building,
BKS Devshi Marg,
Govandi (E), Mumbai 400 088
Firm Registration No: 102860W / W100089
Email: frp_mumbai@hotmail.com
Peer Review No: 010240

Reason for change: JCR & Co. Chartered Accountants was appointed by the office of CAG through its letter dated July 19, 2018

Bankers to our Company

State Bank of India
2nd floor, Commercial Branch,
N.G.N Vaidya Marg,
Horniman Circle, Fort,
Mumbai – 400 001
Telephone: +91 22 2266 2064
Email: c.sarkar@sbi.co.in

HDFC Bank Limited
HDFC Bank House,
Senapati Bapat Marg,
Lower Parel (West),
Mumbai – 400 013
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/Refund Bank

IDBI Bank Limited
Mittal Tower, C wing, ground floor,
Nariman Point, Mumbai-400 021
Telephone: +91 22-2288 5424
Email: ibk10000004@idbi.co.in
Contact person:Siddharth Saksena
Website: www.idbi.com

Axis Bank Limited
New Marinelines branch
Gr. Floor, Harchandrai House,
81, Queen's road, M.K Marg,
Mumbai-400 002
Telephone: +91 22 6700 2331
Email: NewMarineLines.Branchhead@axisbank.com
Contact person: Soumitra Roy
Website: www.axisbank.com
SEBI Registration Number: INBI00000017

Sponsor Bank

ICICI Bank Limited
Capital Market Division, 1st Floor;
122, Mistry Bhavan, Dinshaw Vachha Road,
Backbay Reclamation, Churchgate,
Mumbai - 400020
Telephone: +91 22 6681 8911/23/24
Email: kmr.saurabh@icicibank.com
Contact person: Saurabh Kumar
Website: www.icicibank.com
SEBI Registration Number: INBI00000004

Designated Intermediaries

Self-Certified Syndicate Banks

The banks registered with SEBI, which offer services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time.

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 Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35and updated from time to time.

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circulars CIR/ CFD/ 14/ 2012 dated October 4, 2012 and CIR/ CFD/ POLICYCELL/ 11/ 2015 dated November 10, 2015, Bidders can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the RTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of the SEBI (www.sebi.gov.in) and 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.

Green Shoe Option

No green shoe option is applicable 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, JCR & Co., Chartered Accountants, who hold a valid peer review certificate, to include its name as required under section 26 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 reports dated August 05, 2019 of the Statutory Auditors on the Restated Financial Statements of our Company and the statement of tax benefits dated August 05, 2019, 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.

Filing of this Draft Red Herring Prospectus

This Draft Red Herring Prospectus has been filed with the Securities Exchange Board of India at Corporation Finance Department, Division of Issues and Listing, SEBI Bhavan, Plot No.C4-A, 'G' Block, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra.

The Red Herring Prospectus and Prospectus, along with the material contracts and documents referred to in the Red Herring Prospectus and Prospectus will be filed with the RoC at the office of the Registrar of Companies located at 100, Everest, 5th Floor, Marine Drive, Mumbai – 400 002.

Book Building Process

Book building process, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus, the Bid cum Application Forms and the Revision Form 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 two 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 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 Sponsor Bank;
- the Registered Brokers;
- the Registrar to the Offer;
- the Banker(s) to the Offer;
- the RTAs; and
- the Collecting Depository Participants.

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

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 or withdraw their Bids until the Bid/Offer Closing Date. Only RIBs can participate using UPI Mechanism.

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 330 and 334, respectively.

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-Withdrawal of the Offer*" on page 329.

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 fulfil 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 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 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.

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[(b)]	[●]	[●]
	Net Offer of up to 28,012,500 Equity Shares	280,125,000	[●]
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 147.*
***As the Offer is an Offer for Sale, the entire proceeds would go to the Selling Shareholder. Our Company shall not receive any proceeds from the Offer.*

(a) *The Offer has been authorised by resolutions of our Board dated August 05, 2019 and by the Selling Shareholder through its letter bearing number No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019, conveying the approval granted by the Selling Shareholder GoI for the Offer.*
(b) *The Selling Shareholder vide its letter bearing number No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019, conveyed the consent for inclusion of 28,012,500 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 conside ration	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 conside ration	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 shareholders 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 34.

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 34.*

(iii) Issuance of shares for consideration other than cash or out of revaluation reserves

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	Benefits accrued to our Company
November 30, 1935*	17,996	100	-	Allotment pursuant to sale agreement dated November 30, 1935	-**

**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*

*** We do not have the relevant back-up to ascertain the above disclosure, for details, 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 34.*

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	Benefits accrued to our Company
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 by issue of 12,372,000, 7% Redeemable Cumulative Preference shares	-

**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.*

2. Details of shareholding of our Promoter in our Company

a) As on the date of this Draft Red Herring Prospectus, our Promoter (directly and through his nominees) holds 224,100,000 Equity Shares, equivalent to 100% (including 60 Equity Shares held by six nominees of our Promoter) of the issued, subscribed and paid-up Equity Share capital of our Company. The details regarding our Promoter's shareholding is set out below.

S. No.	Name of the Shareholder	Pre- Offer		Post- Offer*	
		No. of Equity Shares**	% of total Share-holding	No. of Equity Shares	% of total Share-holding
1.	The President of India through Ministry of Defence*	224,100,000	100	[●]	[●]
	Total	224,100,000	**100**	[●]	[●]

* *Including Equity Shares held by the nominees of our Promoter.*

** *Equity Shares of face value ₹10 each.*

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

The build up of the equity shareholding of our Promoter since incorporation of our Company is set forth in the table below:

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

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**
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
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

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 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
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

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 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
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	24,899,994	Negligible	Negligible

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**
					its nominees			
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*
****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.*

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

c) **Details of Promoter contribution and lock in:**

Pursuant to Regulations 14 and 16 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 Promoter 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**") and the balance portion shall be locked in for a period of one year from the date of Allotment.

The President of India, acting through the MoD has, *vide* letter bearing reference No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019 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.

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

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	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
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

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	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
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

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	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.*

Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(i) The Equity Shares offered for Promoters' Contribution do not include (a) Equity Shares acquired in the three years immediately preceding the date of this Draft Red Herring Prospectus for consideration other than cash, and revaluation of assets or capitalisation of intangible assets; or (b) bonus shares out of revaluation reserves or unrealised profits of our Company or bonus shares issued against Equity Shares, which are otherwise ineligible for computation of Promoter's Contribution;

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

(iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Draft Red Herring Prospectus pursuant to conversion from a partnership firm; and

(iv) The Equity Shares forming part of the Promoter's Contribution are not subject to any pledge.

Details of other lock-in

In addition to the 20% of the post Offer shareholding of our Company held by the Promoter and locked-in for three years as specified above, the entire pre Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment.

Our Company, the Directors and the BRLMs have no existing buyback arrangements or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

All Equity Shares issued pursuant to the Offer shall be fully paid-up at the time of Allotment and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

As on the date of this Draft Red Herring Prospectus, the BRLMs and their respective associates (as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares. The BRLMs and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

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. **Our Shareholding Pattern**

The table below presents the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

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: Class eg: X	Class eg: Y	Total	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)	
(A)	**Promoter & Promoter Group***	7	224,100,000	--	--	224,100,000	100	224,100,000	--	224,100,000	100	--	--	--	--	--	--	224,099,940
(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	--	--	--	--	--	--	- 224,099,940

** 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 Vijayendra, Rakesh Anand, Ashwani Kumar, Ajay Kumar, Barun Mitra and Sharda Prasad 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.*

5. Other details of shareholding of our Company

(a) As on the date of the filing of this Draft Red Herring Prospectus, our Company has seven Shareholders.

(b) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share Capital of our Company, on a fully diluted basis, as on the date of this Draft Red Herring Prospectus.

S. No.	Name of the Shareholder	No. of Equity Shares**	Percentage of the pre-Issue Equity Share Capital (%)	Number of Equity Shares on a fully diluted basis	Percentage of the pre- Issue Equity Share Capital on a fully diluted basis
1.	The President of India through Ministry of Defence*	224,100,000	100	224,100,000	100
	Total	**224,100,000**	**100**	**224,100,000**	**100**

* *Including Equity Shares held by the nominees of our Promoter.*

** *Equity Shares of face value ₹10 each.*

(c) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share Capital of our Company, on a fully diluted basis, as of 10 days prior to the date of this Draft Red Herring Prospectus.

S. No.	Name of the Shareholder	No. of Equity Shares**	Percentage of the pre-Issue Equity Share Capital (%)	Number of Equity Shares on a fully diluted basis	Percentage of the pre- Issue Equity Share Capital on a fully diluted basis
1.	The President of India through Ministry of Defence*	224,100,000	100	224,100,000	100
	Total	**224,100,000**	**100**	**224,100,000**	**100**

* *Including Equity Shares held by the nominees of our Promoter.*

** *Equity Shares of face value ₹10 each.*

(d) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share Capital of our Company, on a fully diluted basis, as of one year prior to the date of this Draft Red Herring Prospectus.

S. No.	Name of the Shareholder	No. of Equity Shares**	Percentage of the pre-Issue Equity Share Capital (%)	Number of Equity Shares on a fully diluted basis	Percentage of the pre- Issue Equity Share Capital on a fully diluted basis
1.	The President of India through Ministry of Defence*	224,100,000	100	224,100,000	100
	Total	**224,100,000**	**100**	**224,100,000**	**100**

* *Including Equity Shares held by the nominees of our Promoter.*

** *Equity Shares of face value ₹10 each.*

(e) Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share Capital of our Company, on a fully diluted basis, as of two years prior to the date of this Draft Red Herring Prospectus.

S. No.	Name of the Shareholder	No. of Equity Shares**	Percentage of the pre-Issue Equity Share Capital (%)	Number of Equity Shares on a fully diluted basis	Percentage of the pre- Issue Equity Share Capital on a fully diluted basis
1.	The President of India through Ministry of Defence*	24,900,000	100	24,900,000	100
	Total	**24,900,000**	**100**	**24,900,000**	**100**

* *Including Equity Shares held by the nominees of our Promoter.*

** *Equity Shares of face value ₹100 each.*

6. Our Company has not allotted any shares pursuant to any scheme approved under sections 230-234 of the Companies Act, 2013 or under sections 391-394 of the Companies Act, 1956.

7. 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.

8. 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.

9. There have 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.

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

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

12. Our Company has not issued any Equity Shares during the period of one year preceeding the date of this Draft Red Herring Prospectus.

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 ₹[●] 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.

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. Expenses in relation to 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:

Activity	Estimated amount* (in ₹ million)	As a % of total estimated Offer related expenses*	As a % of Offer Size*
Payment to the BRLMs (including underwriting fee, brokerage and selling commission)	[●]	[●]	[●]
Commission and processing fee for SCSBs and fees payable to the Sponsor Banks for Bids made by RIBs using UPI**	[●]	[●]	[●]
Brokerage, selling commission and upload fees for Syndicate Members, Registered Brokers, RTAs and CDPs**	[●]	[●]	[●]
Fee payable to Registrar to the Offer**	[●]	[●]	[●]
Printing and stationery expenses			
Advertising and marketing expenses			
Listing fees, SEBI filing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
Fee payable to legal counsels	[●]	[●]	[●]
Others	[●]	[●]	[●]
Miscellaneous	[●]	[●]	[●]
Total estimated Offer Expenses	[●]	[●]	[●]

*****_To be incorporated in the Prospectus after finalization 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 20, 122, 270 and 181, 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 122 .

Quantitative Factors

The information presented below relating to our Company is based on the Restated 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 Financial Information:

Year ended	**Basic EPS (in ₹)**	**Diluted EPS (in ₹)**	**Weight**
March 31, 2019	23.85	23.85	3
March 31, 2018	20.60	20.60	2
March 31, 2017	23.92	23.92	1
Weighted Average	**22.78**	**22.78**	

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	
P/E based on basic and diluted EPS at the lower end of the Price Band for Fiscal 2019	[●]
P/E based on basic and diluted EPS at the higher end of the Price Band for Fiscal 2019	[●]

Industry P/E Ratio*

Particulars	P/E
Highest	12.28
Lowest	10.67
Average	11.47

**The industry composite has been calculated as the arithmetic average P/E of Cochin Shipyard Limited and Garden Reach Shipbuilders & Engineers Limited as the industry peers disclosed in this section as Reliance Naval and Engineering Limited has reported losses for the relevant Financial Years.*

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

As per our Restated Financial Statements:

Period ended	RoNW (%)	Weight
March 31, 2019	16.55	3
March 31, 2018	17.42	2
March 31, 2017	19.84	1
Weighted Average	17.39	

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, 2019

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	(in ₹)
As on March 31, 2019	144.16

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	Consolidated	Face value (₹ per share)	EPS (₹ per share)		NAV (₹ per share)	P/E$	RoNW (%)
			Basic	Diluted			
Company							
Mazagon Dock Shipbuilders Limited*	Consolidated	10	23.85	23.85	144.16	[●]	16.55
Peers							
Cochin Shipyard	Consolidated	10	35.47(1)	35.47(1)	253.05(2)	10.14	14.35(3)

Name of Company	Consolidated	Face value (₹ per share)	EPS (₹ per share)		NAV (₹ per share)	P/E$	RoNW (%)
			Basic	Diluted			
Limited**							
Reliance Naval and Engineering Limited***	Consolidated	10	(7.84) (1)	(7.84) (1)	19.65(2)	NA(4)	NA(4)
Garden Reach Shipbuilders & Engineers Limited**	Unconsolidated	10	9.60(1)	9.60(1)	90.64(2)	14.12	10.42(3)

**Based on Restated Financial Statements as on and for the year ended March 31, 2019.*

***Source: Based on audited financial statements as on and for the year ended March 31, 2019 available at www.bseindia.com$P/E figures for the peers is computed based on closing market price as on August 02, 2019 as available at BSE website (available at www.bseindia.com) divided by Basic EPS for FY 2019 in the filings made with stock exchanges (for Cochin Shipyard Limited, Reliance Naval and Engineering Limited and Garden Reach Shipbuilders & Engineers Limited)*

(1) Basic and diluted EPS refer to basic and diluted EPS sourced from the audited financial statements for (i) FY 2019 for Cochin Shipyard Limited, Reliance Naval and Engineering Limited and Garden Reach Shipbuilders and Engineers Limited

(2) Computed as equity share capital + other equity divided by closing outstanding number of fully paid up equity shares as sourced from the audited financial statements for FY 2019

(3) Computed as net profit after tax for the year divided by equity share capital + other equity as sourced from the audited financial statements for FY 2019

(4) P/E ratio and RoNW for the aforesaid peer is not applicable since the aforesaid peer reported loss for FY 2019

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 20, 122, 270 and 181, 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 SPECIAL 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 Direct and Indirect tax laws presently in force in India.

We hereby consent to the extracts of this certificate being used in the draft red herring prospectus, red herring prospectus and 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 JCR & Co
Chartered Accountants
FRN: 105720W

Mitesh Chheda
Partner
Membership No: 160688

Date: August 05, 2018
Place: Mumbai
UDIN: 19160688AAAAAV5849

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

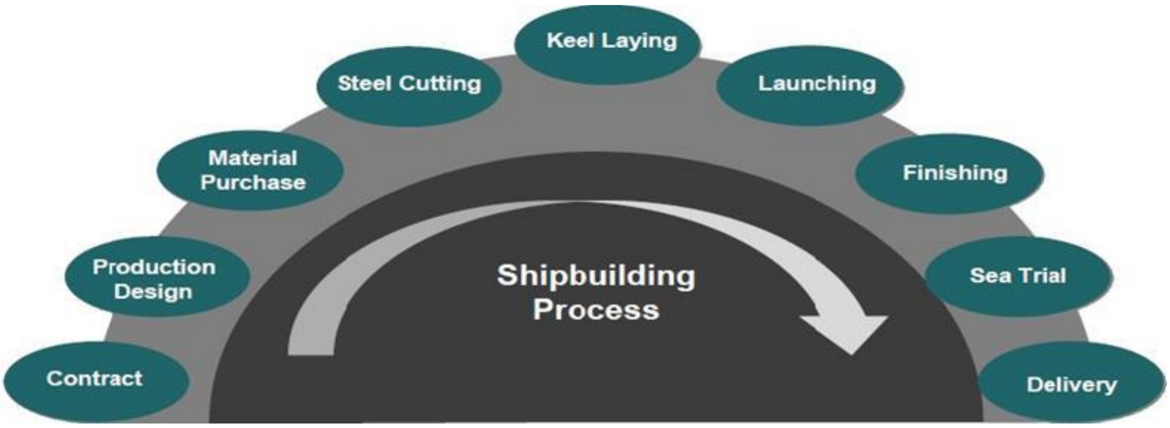
An overview of the global shipbuilding industry

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.

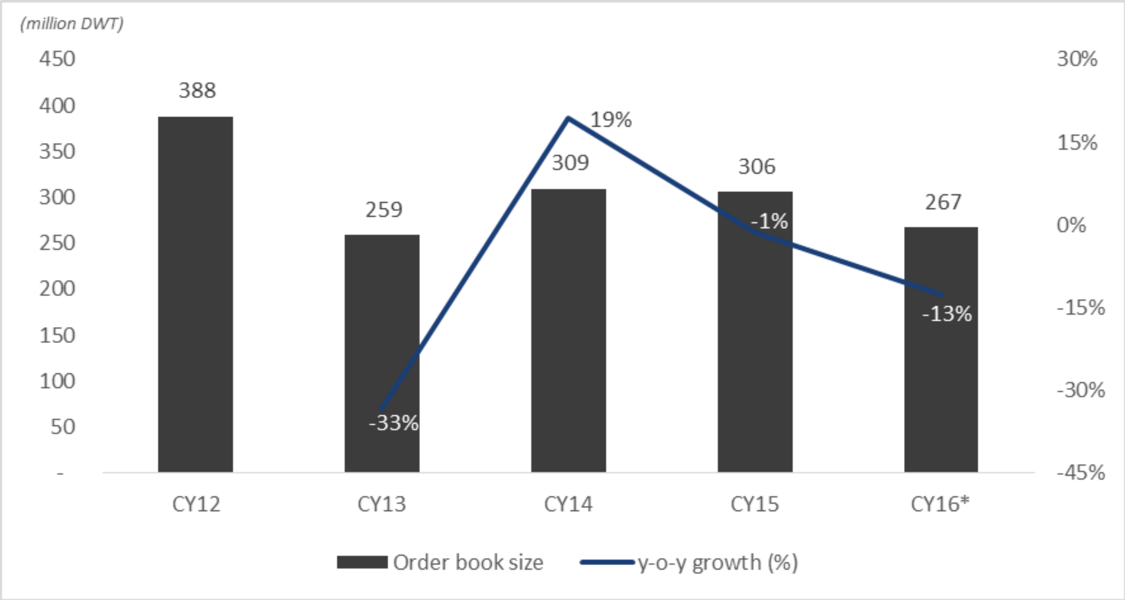
- Typically, a shipyard requires a working capital of around 25-35% of the cost of the ship during the construction period. Moreover, the interest rates offered to shipbuilding yards in these countries are quite low.

- 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

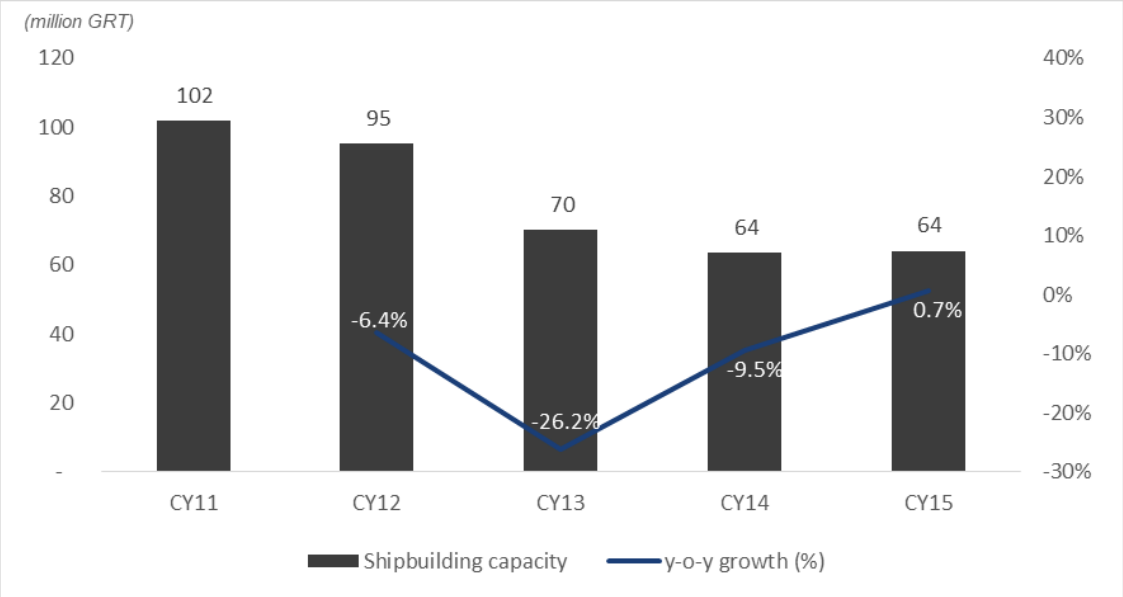
In line with the falling shipyard capacity and stretched finances of owners and banks, the global order book declined for most vessel types in 2015 and 2016. Between 2012 and 2016, the global order book declined at a compound annual growth rate (CAGR) of 8.9%. From their peak values in 2008 and 2009, 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%.

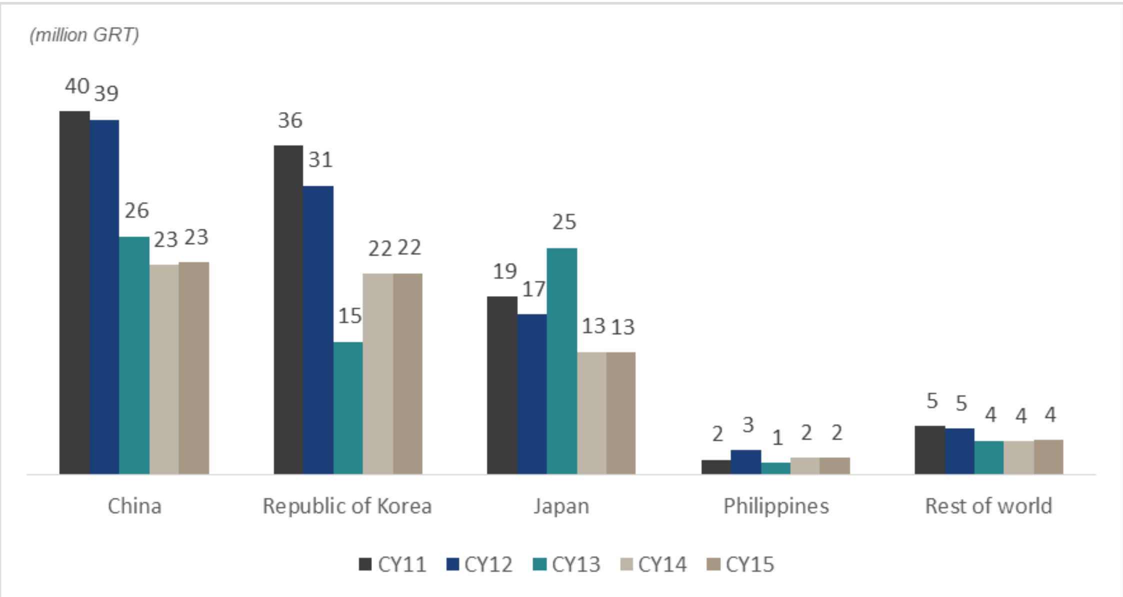
Year-wise ships deliveries globally (in million GRT)



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)



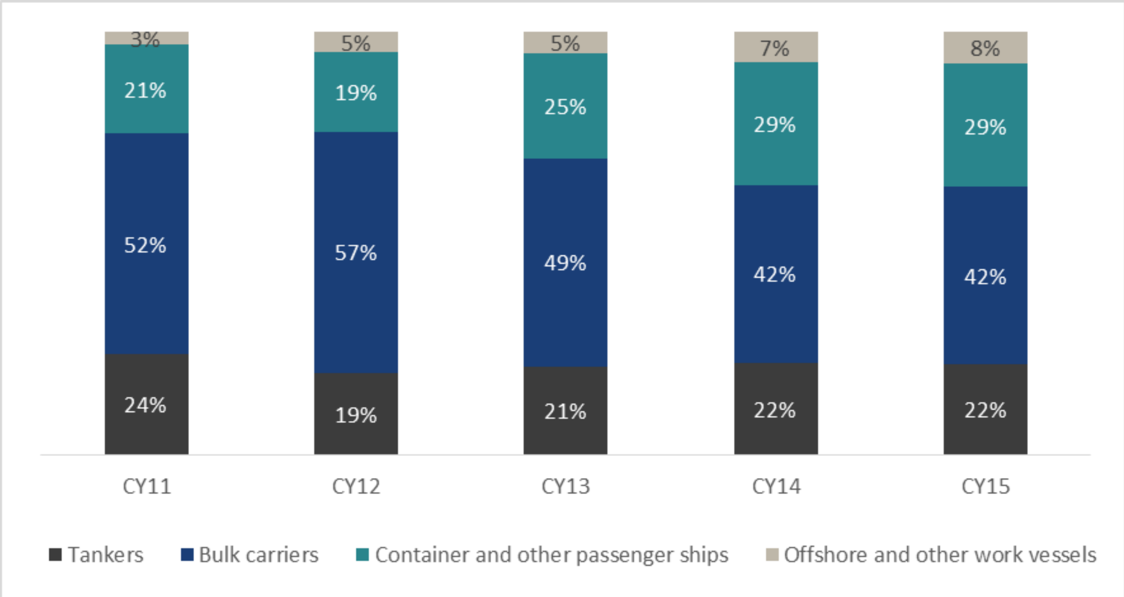
Note: Data does not include ships with tonnage capacity below 100 GRT.
Source: UNCTAD-Review of Maritime Transport published in 2016, CRISIL Research

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

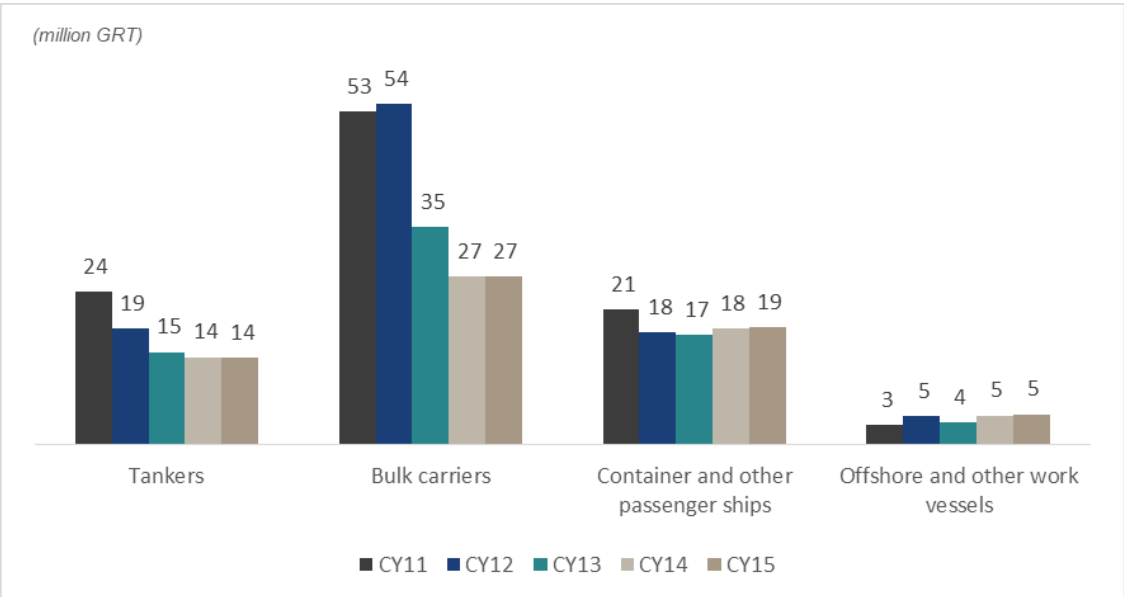
Year-wise trend in ships delivered by major countries



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:

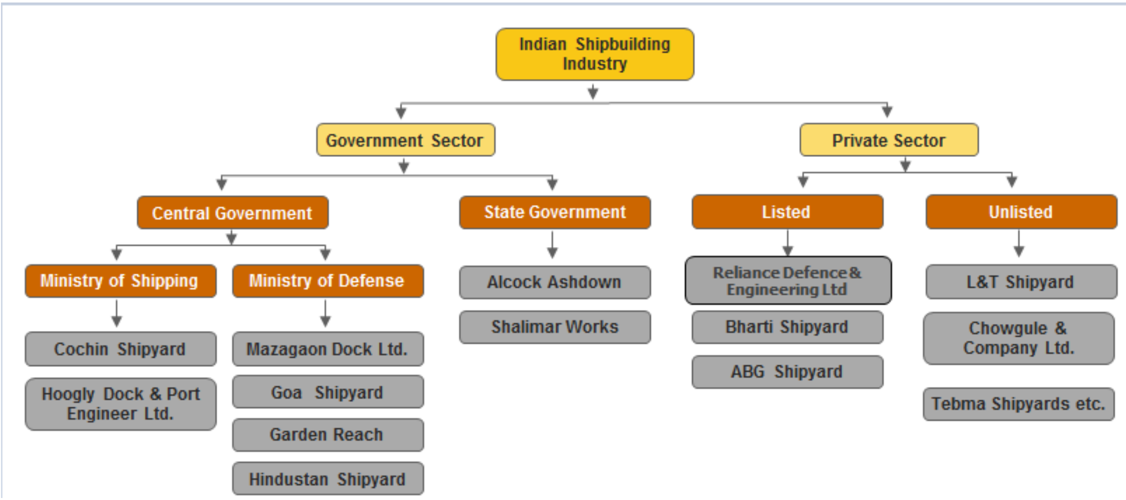
Public sector shipyards: India's major shipyards have historically been from the public sector. They primarily build merchant-class ships and naval vessels. The Indian shipbuilding industry comprises eight public sector shipyards out of which four naval shipyards come under the purview of India's Ministry 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.

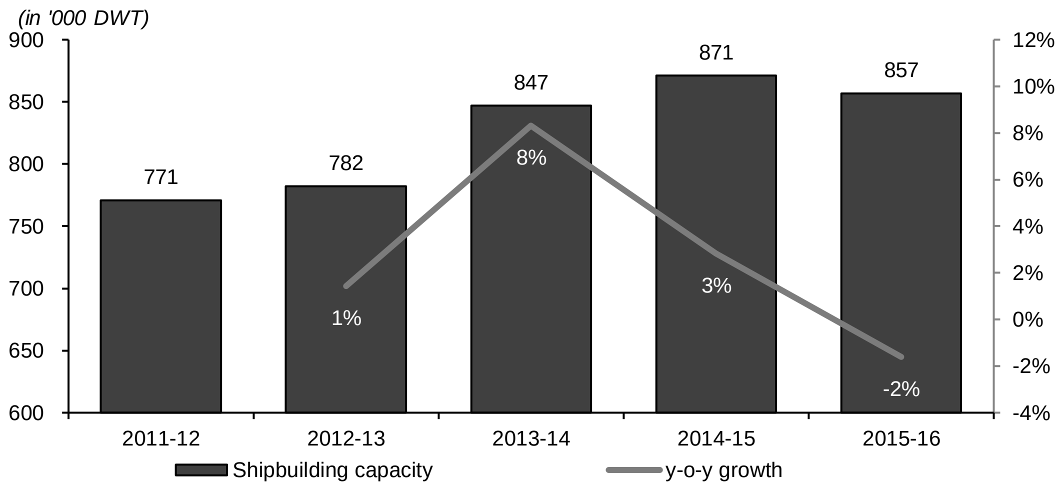


Source: CRISIL Research

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.

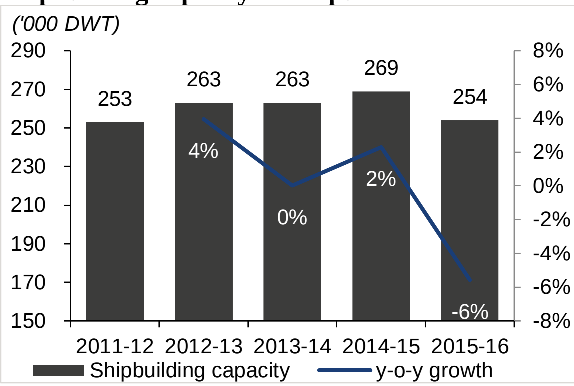
Shipbuilding capacity in India (in '000 DWT)



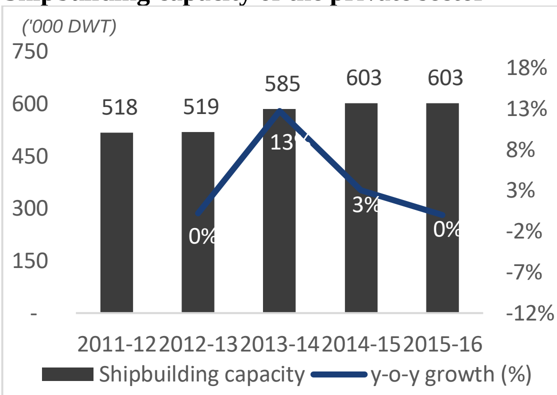
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping and considering MDL's shipbuilding capacity from annual report, CRISIL Research

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

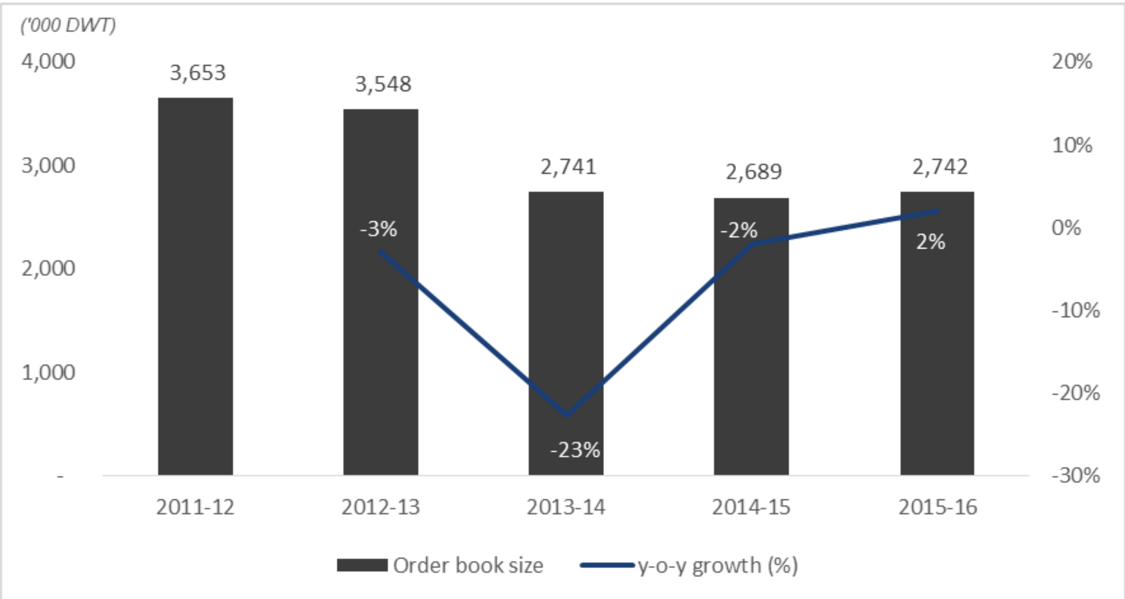


Shipbuilding capacity of the private sector



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

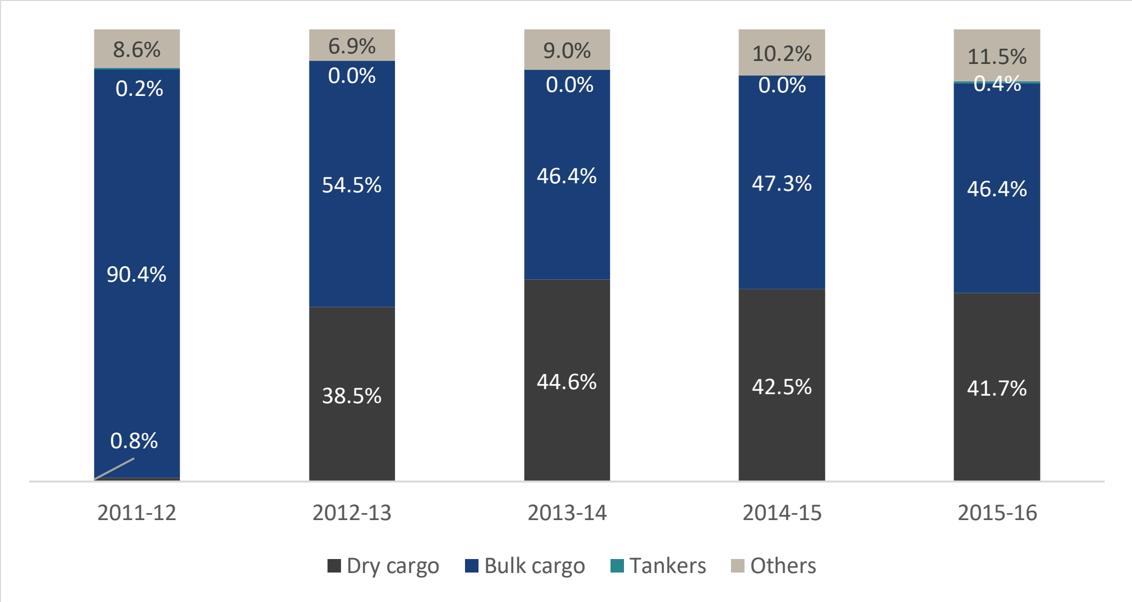
Indian shipbuilding order book



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

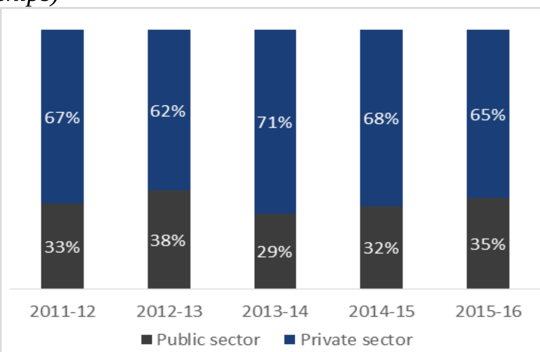


Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

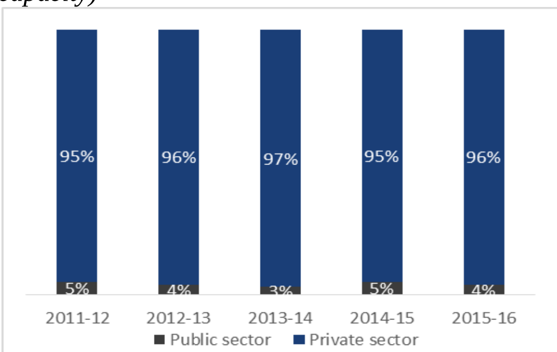
During 2011-12 to 2015-16, the bulk cargo segment accounted for the largest share in terms of capacity. Its share rose significantly in 2012-13, because RDEL's orders were reclassified from bulk cargo to dry cargo.

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)



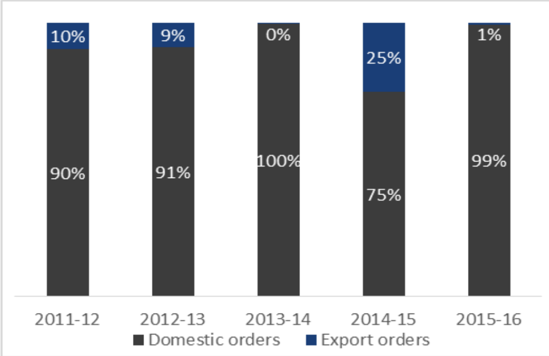
Note: Public sector includes 8 players and private sector includes 15 players.
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

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.

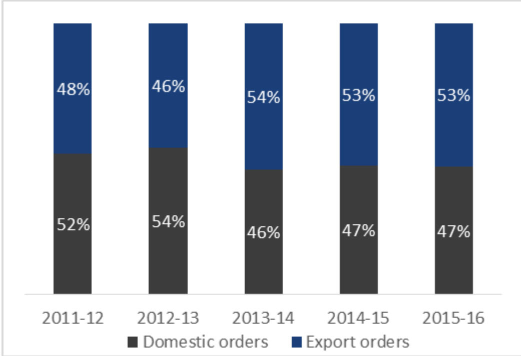
As per our industry interactions, commercial vessels in the order book of private sector players have either been cancelled or put on hold. Additionally, the majority of ship orders for clients engaged in the defence sector are with public sector players.

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)



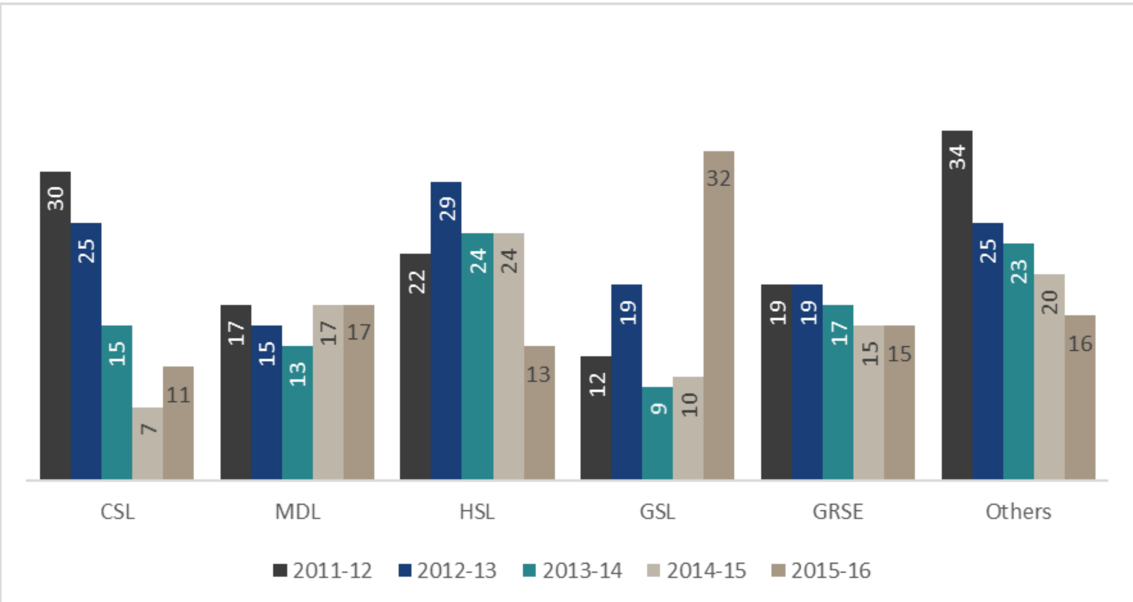
Note: Public sector includes 8 players and private sector includes 15 players.
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

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.

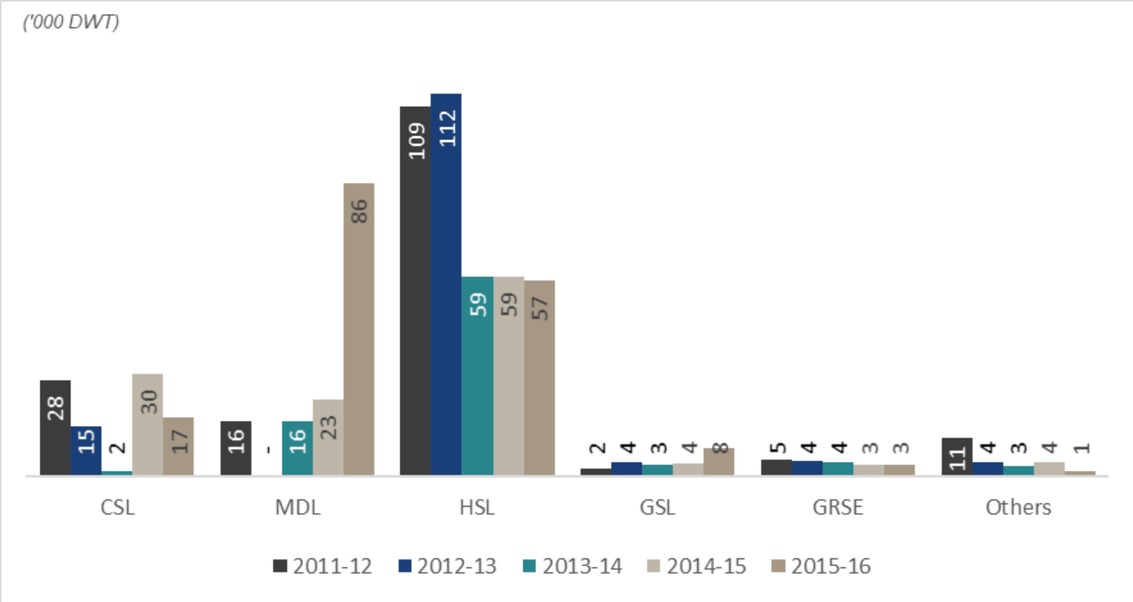
Public sector company-wise order book (number of ships)



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

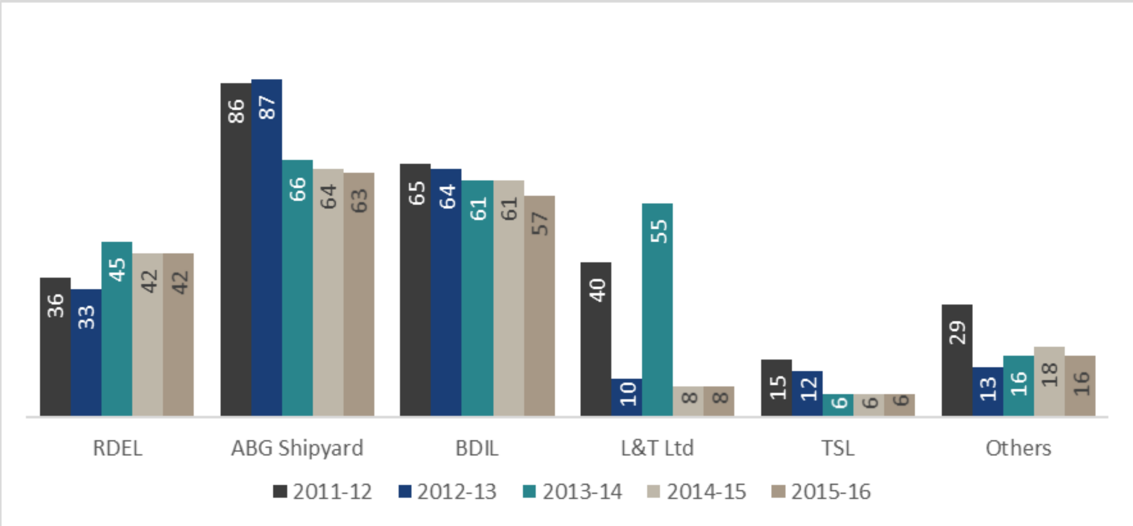
As on March 31, 2016, MDL contributed to around half of the public sector's order book, in terms of DWT. Among public sector players, the average tonnage per ship on order was the highest for MDL, followed by HSL.

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)

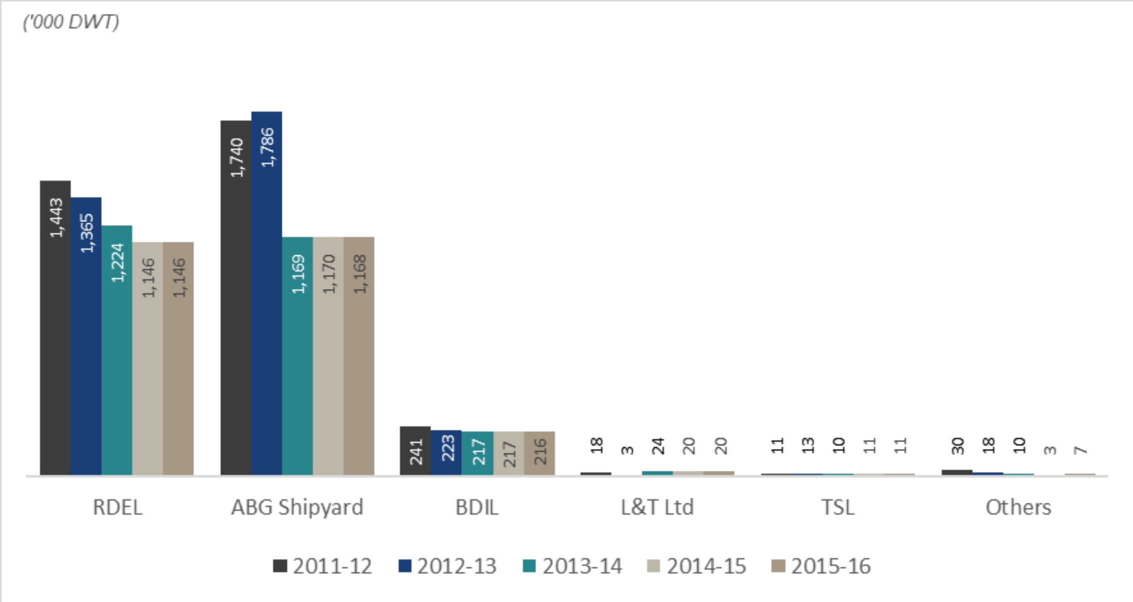


Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

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)

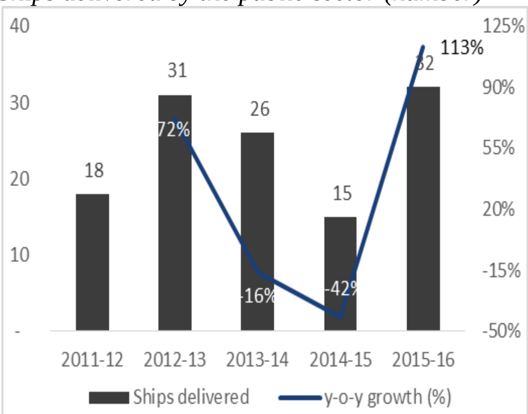


Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

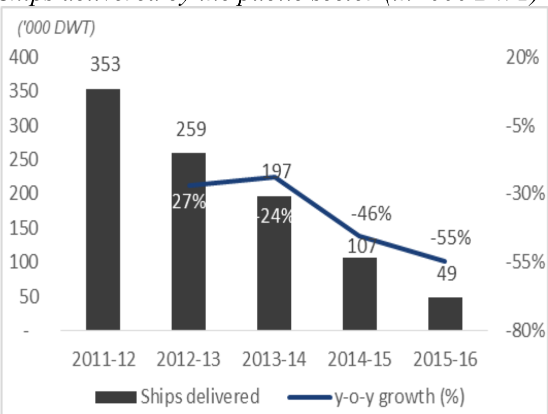
Company-wise ship deliveries

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)

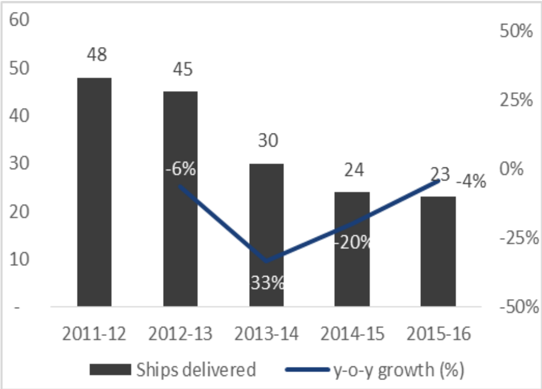


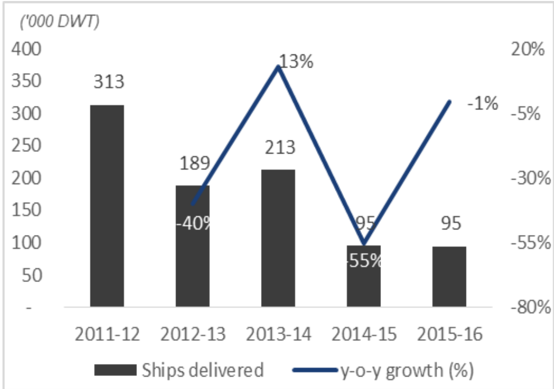
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

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

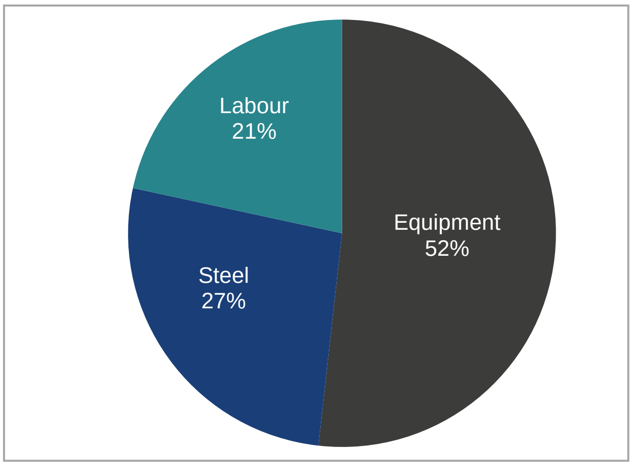
The Indian government has taken steps to encourage defence shipbuilding in the country. According to PIB, in June 2016, Foreign Direct Investment (FDI) Policy in defence sector has been reviewed. As per the updated policy, FDI of up to 49% is allowed under automatic route and above 49% under Government 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.

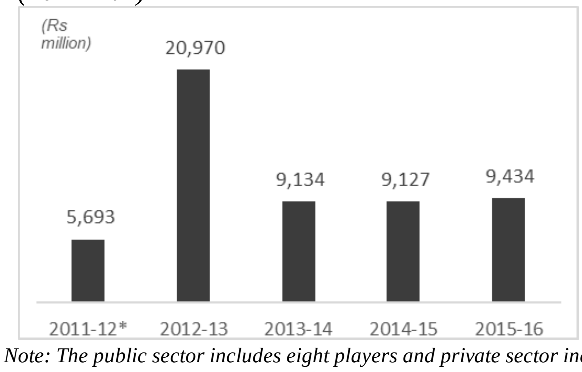
A review of the Indian ship repairing industry

Size of the industry

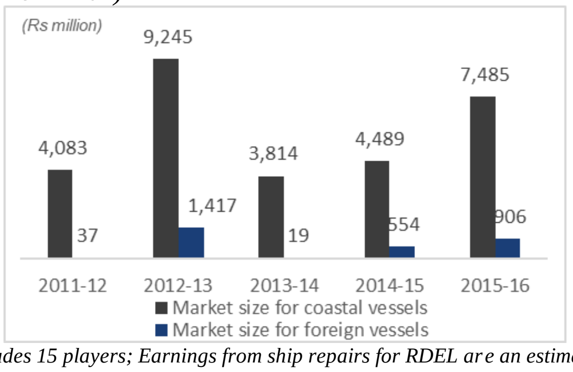
According to a report published by the Ministry of Shipping at the India Maritime Summit 2016, the global ship repair market is estimated to be around USD 12 billion. Shipyards in Singapore, Bahrain, Dubai and Middle East account for a major share of this market. These locations have achieved a dominant 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)

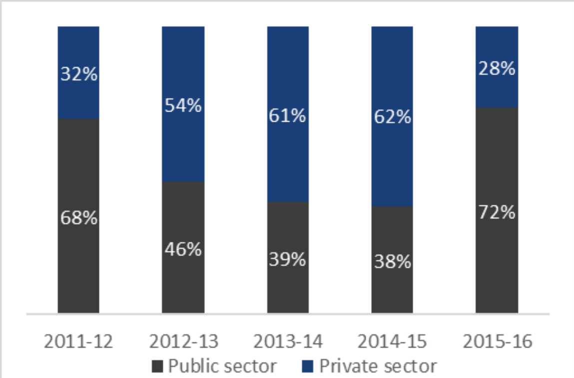


Sector-wise breakup of ships repaired in India Rs million)

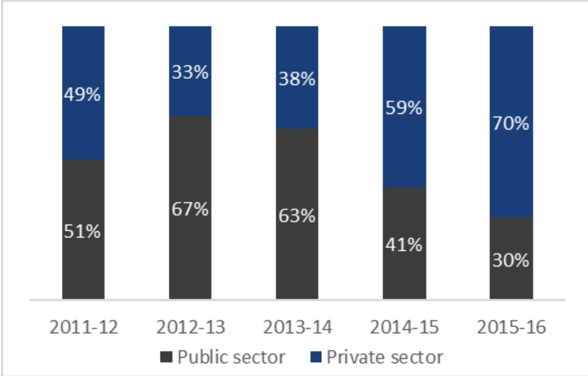


Note: The public sector includes eight players and private sector includes 15 players; Earnings from ship repairs for RDEL are an estimate; Sector-wise breakup does not include data for RDEL
Source: Statistics of India's shipbuilding and ship repairing industry, published by the Ministry of Shipping;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

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



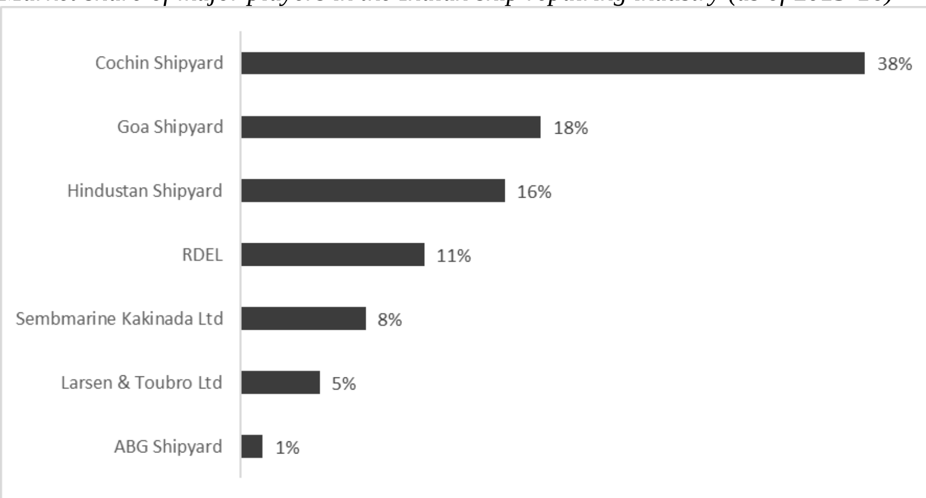
Sector-wise breakup of ships repaired in India, in terms of number of ships



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)



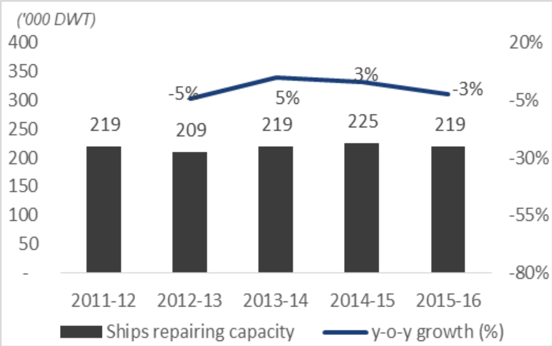
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by the Ministry of Shipping; CRISIL Research

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.

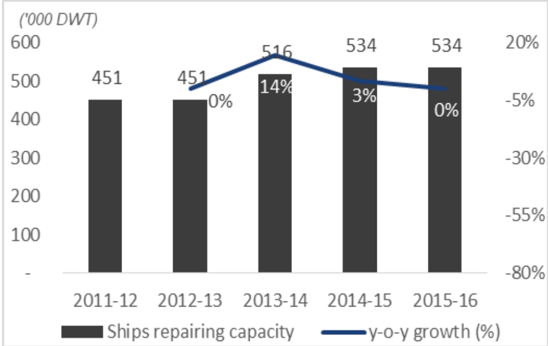
Ship repairing capacity

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

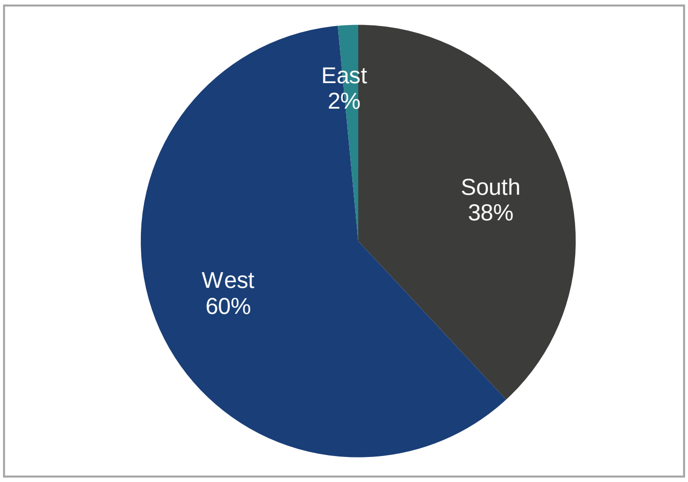


Ship repairing capacity of private sector



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.

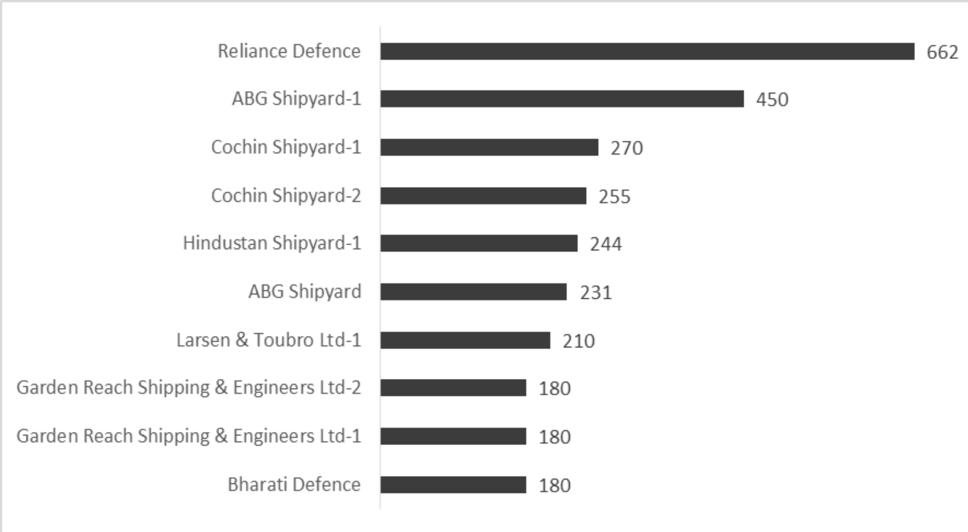
Company-wise ship repairing facilities

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.

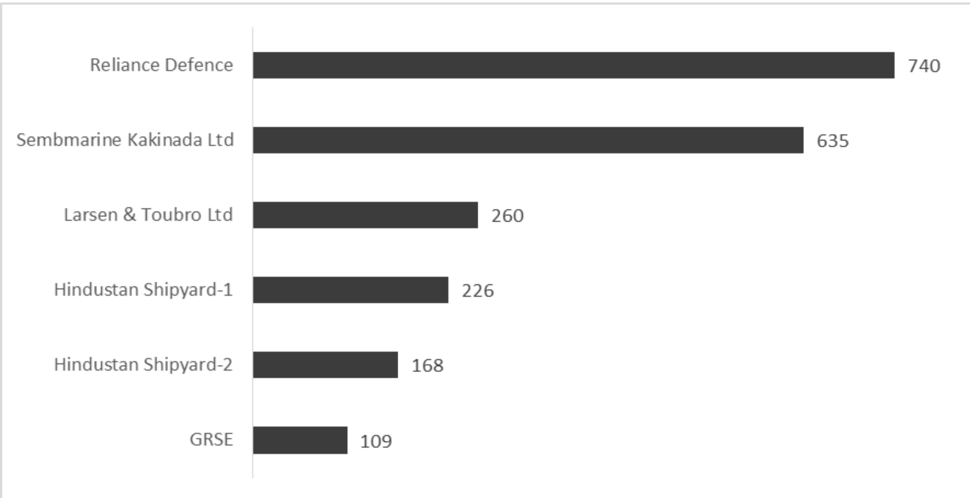
Some players also provide other repairing facilities, such as jetty, shiplift, slipway, submersible ship/platform and quay. On the whole, public sector has 27 such facilities and private sector 10. Within the public sector, GRSE and GSL have eleven and eight facilities, respectively. Among private sector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

Dry dock facilities as per maximum length that can be accommodated



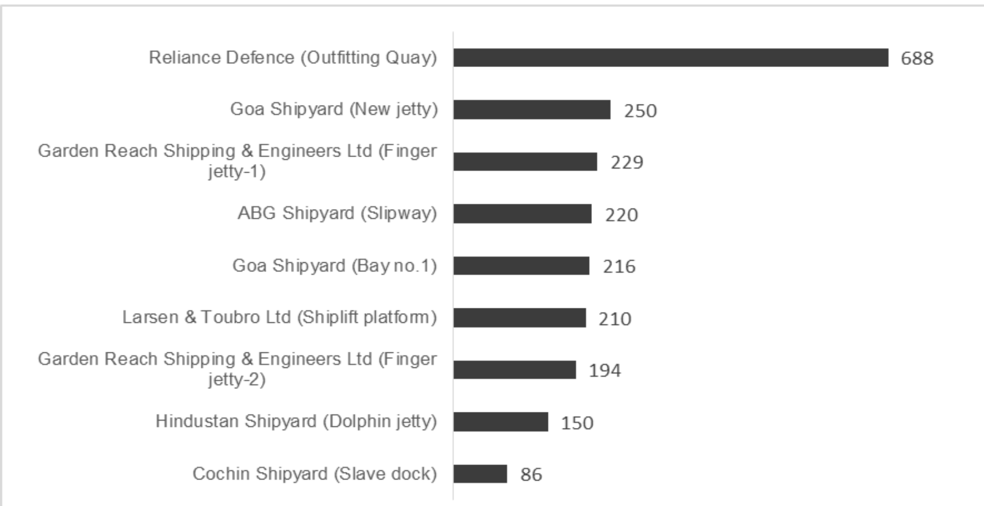
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by Ministry of Shipping; CRISIL Research

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



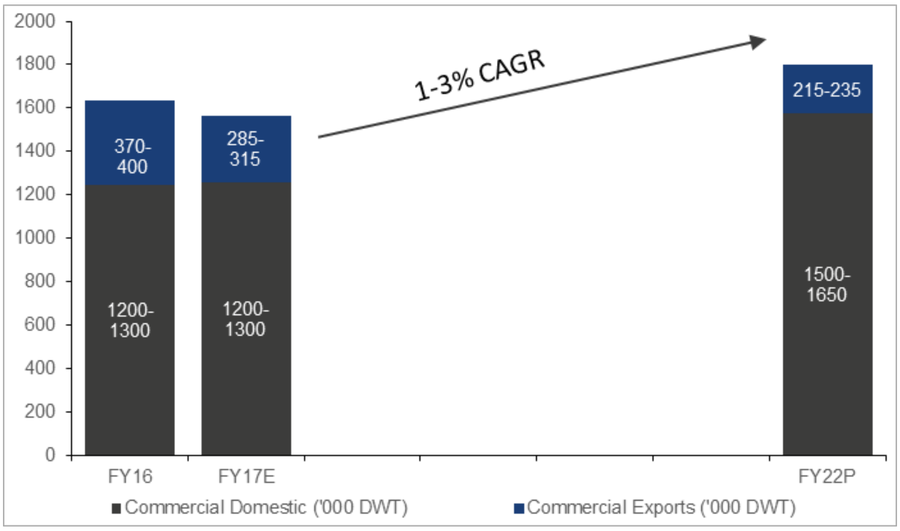
Source: Statistics of India's shipbuilding and ship repairing industry (2015-16), published by Ministry of Shipping; CRISIL Research

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

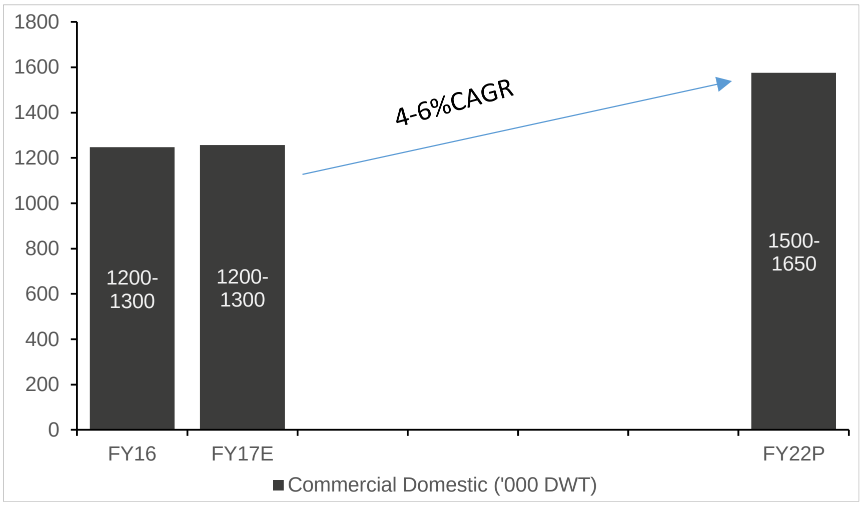
In the past, the Indian commercial shipbuilding industry primarily catered to the dry bulk segment amongst cargo vessels. A majority of these orders were with private players such as ABG Shipyard. Sluggish demand and economic slowdown in 2013-14 resulted in cancellation of bulk carrier orders and piling 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.

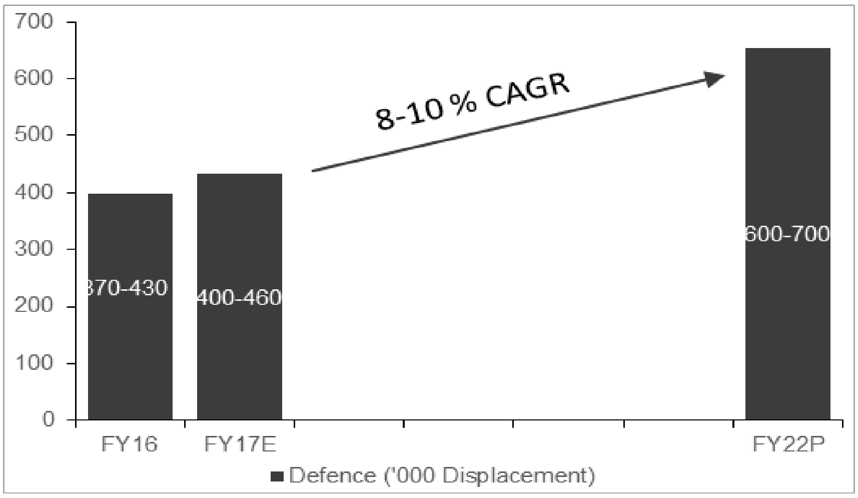
Impact of policy initiative insufficient to offset weak global commercial demand

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 competeviness 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.

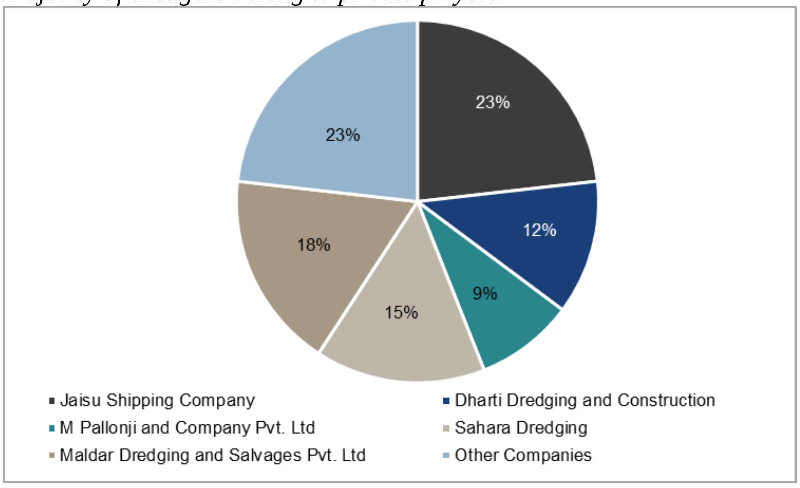
- If more than one company owning Indian flag dredger participates in the tender, the right of first refusal will go to that Indian company which has quoted the lowest rate of all, and is within 10% of the lowest valid offer put up in that tender.

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%).

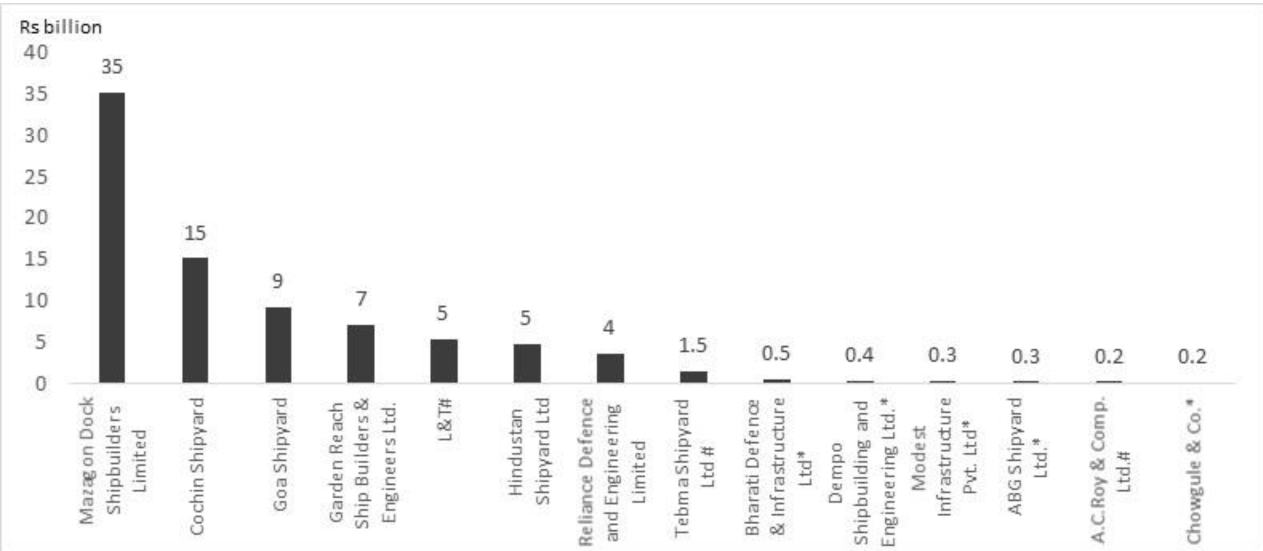
Overview of competitive landscape

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 20, 270 and 181 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 2017, 2018 and 2019 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 financials on a standalone basis.

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, for which we have filed the SEBI Exemption Application. 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 23.

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 and undertaking repair and refit of a ship 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/ in the process of delivering five Scorpene class submarines under a transfer of technology agreement with Naval Group as well as one medium refit and life certification of a submarine 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. (*Source: CRISIL Report*). We have 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. (*Source: CRISIL Report*).

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. (*Source: CRISIL Report*).

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 37 acres.

Our shipbuilding and submarine and heavy engineering divisions are both ISO 9001:2015 certified.

Over the last 17 Fiscals, the total number of orders for vessels received and delivered by us is set out below:

Division	Orders Received	Orders Delivered
Shipbuilding	15*	27
Submarine and heavy engineering	7**	4**

** includes refit and repairs of the ships*
***includes refit and repairs of the 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 144.

Our Company has posted profits continuously in the last three Fiscals. Our total income was ₹43,211.26 million, ₹50,451.42 million and ₹52,425.35 million for Fiscals 2017, 2018 and 2019 respectively. Our profit for the year was ₹5,956.20 million, ₹4,957.49 million and ₹5,345.99 million for Fiscals 2017, 2018 and 2019 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 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 9001:2015 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 "*Make in India*" webpage to boost the Make in India campaign. The entire indigenisation process and the list of systems, equipment and items alongwith the necessary technical details which are to be indigenised have been identified.

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 have recently approved the setting up of the indigenisation fund in compliance with the policy dated March 08, 2019 for indigenisation of components and spares used in defence platforms for DPSUs which was promulgated by the MoD.

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 ₹43,211.26 million, ₹50,451.42 million and ₹52,425.35 million for Fiscals 2017, 2018 and 2019 respectively. Our profit for the year was ₹5,956.20 million, ₹4,957.49 million and ₹5,345.99 million for Fiscals 2017, 2018 and 2019 respectively.Our breakup of revenue from operations is as follows:

(₹ in million)

Fiscal	**Revenue from Shipbuilding division**	**Revenue from Submarine and heavy engineering division**	**Other operating revenue***	**Revenue from operations**
2017	12,010.66	23,602.95	39.84	35,653.45
2018	21,097.92	23,752.04	29.89	44,879.85
2019	24,687.57	21,741.29	62.64	46,491.51

**Other operating revenue includes sale of scrap and stores, ship repair, change in inventory of scrap, export incentive and duty drawback.*

Further, as of June 30, 2019, our Order Book for shipbuilding and submarines and heavy engineering was ₹542,827 million comprising of three major shipbuilding projects and two submarine projects.

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 Management*" on page 153.

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. For this purpose, we have entered into agency agreements with sales agents in order to procure customers for our products which we propose to sell in the identified markets of Europe, Far East, South East Asia, Middle East, Indian Ocean Rimcountries, Latin America and Africa 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 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 37 acres which we believe will be suitable for construction and repair of warships and commercial ships with larger dimensions. We have also entered into a contract for the repair, refit and services of a ship. 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 June 30, 2019, our Order Book position, is as follows:

Particulars	Nos.	Client	Value (₹ million)
Shipbuilding			
P15B Destroyers	4	MoD	238,019
P17A Stealth Frigates	4	MoD	243,086
Repair, refit and services of a ship	1	MoD	179
Submarine and heavy engineering			
P75 Scorpene Submarines	5	MoD	48,500
Medium Refit and Life Certification (MRLC) of a submarine	1	MoD	13,043
Total Order Book			**542,827**

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.

Further, we have recently undertaken the repair and refit of a ship.

Some of the vessels delivered by our Company in the past 17 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	2010	*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
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, manpower 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 for shipbuilding

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.

Contract terms for refit of ship

We undertake the refit of ships as per the scope of work agreed with our customer. The customer has the right to modify the scope of work during the execution of the contract. Such modifications to the scope of work and the cost and time implications are required to be mutually agreed between the customer and us on priority in writing prior to undertaking such modifications to the scope of work. We are required to provide an indemnity bond equal to 100% of the advance payment and a performance bond equal to 10% of the contract value and are required to pay liquidated damages equivalent to a sum of 0.5% of the unfinished / undelivered / unfulfilled part of the contract for each week of delay solely attributable to us beyond the duration of the contract subject to a maximum of 10% of the contract price excluding growth of work and taxes. We are also required to pay consequential damages (such as additional costs incurred by the Government of India towards the salaries of the crew of the ship) in the event there is delay which is unacceptable beyond the period for which maximum liquidated damages can be levied and in the event the delay attributable to us leads to unacceptable delays in refit completion, consequential damages will be imposed over and above the liquidated damages. We are required to provide a guarantee period of six months for workmanship and material defects for items repaired and 12 months for new installations under the contract upon signing of delivery acceptance certificate. The customer has the right to terminate the contract, inter alia, in the event the delivery of ship is delayed for causes not attributable to force majeure for more than three months after the scheduled date of delivery and for causes of force majeure by more than six months provided force majeure clause is included in contract, where the customer has noticed that we have utilized the services of any Indian or foreign agent in getting the contract and have paid any commission to them or as per the decision of the arbitral tribunal.

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. We have recently undertaken the medium refit and life certification of one submarine; and

- *Scorpene Submarines*: We are building/ in the process of delivering 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 for submarine building

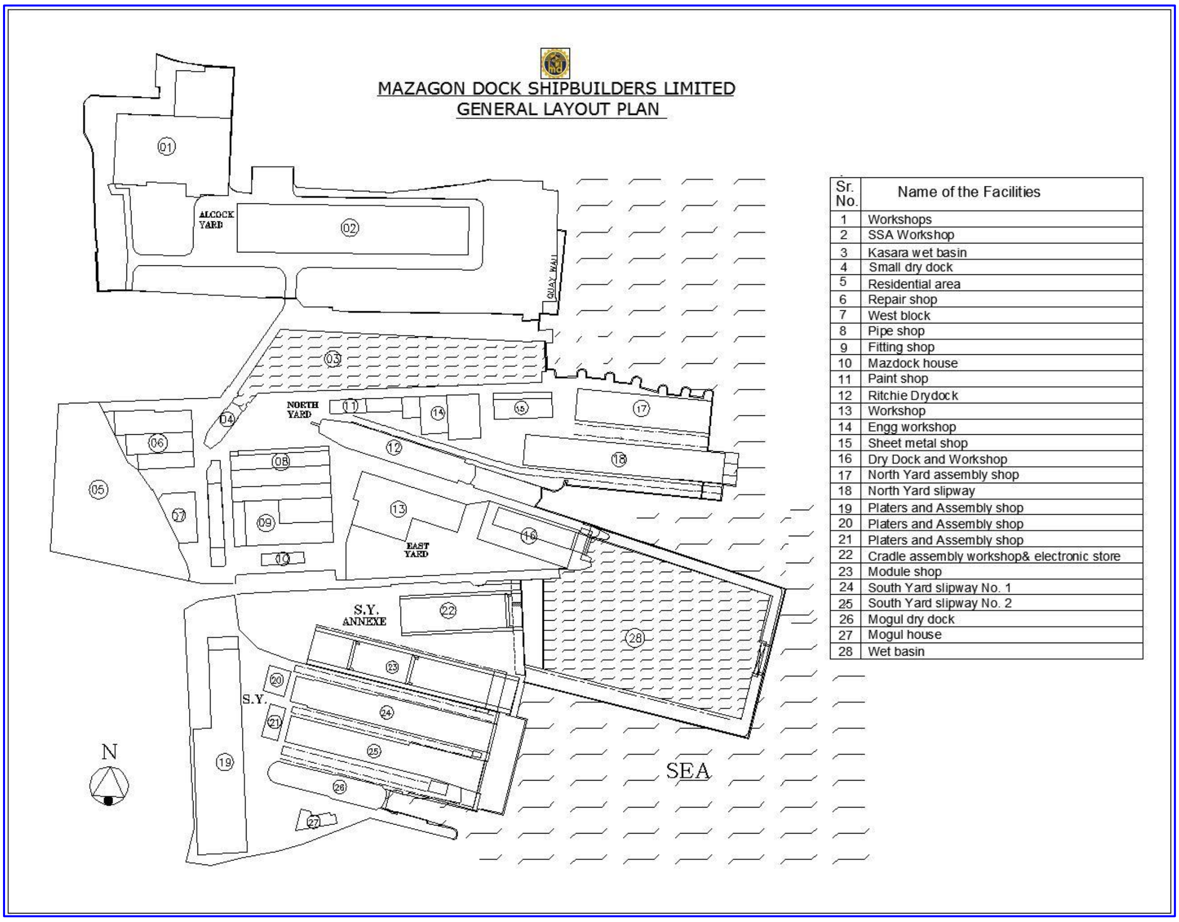
We typically enter into an agreement with our customers for the supply of our products. The design for the vessels has been provided by the collaborator for our customer and we are required to construct the vessels in line with these designs. We are required to provide a warranty period of 12 months 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.

Contract terms for refit of submarines

We undertake the refit of submarines as per the scope of work agreed with our customer. The customer has the right to modify the scope of work during the execution of the contract. Such modifications to the scope of work and the cost and time implications are required to be mutually agreed between the customer and us on priority in writing prior to undertaking such modifications to the scope of work. The customer is obligated to supply to us certain equipments / materials as free supply items for undertaking the scope of work as envisaged in the contract. We are required to provide an indemnity bond equal to 10% of the contract value and are required to pay liquidated damages equivalent to a sum of 0.5% of the unfinished / undelivered / unfulfilled part of the contract for each week of delay solely attributable to us beyond the duration of the contract subject to a maximum of 10% of the contract price excluding taxes, duties and government levies (subject to a grace period of 3 months). We are also required to pay consequential damages (such as additional costs incurred by the Government of India towards the salaries of the crew of the submarine) in the event there is delay beyond the period for which maximum liquidated damages can be levied. We are required to provide a warranty period of six months for workmanship and material defects for items repaired / overhauled and 12 months for workmanship and material defects for items renewed and replaced under the contract from the date of successful completion of harbour acceptance trials. The customer has the right to terminate the contract, inter alia, in the event the delivery of materials is delayed for causes not attributable to force majeure and for reasons not attributable to the customer for more than three months after the scheduled date of delivery or as per the decision of the arbitral tribunal.

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 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 37 acres . which shall be suitable for undertaking construction and repair of warships and commercial ships. Out of the 37 acres, we have recently entered into an agreement dated June 06, 2019 with the Government of Maharashtra whereby 27 acres of land at Nhava, Navi Mumbai has been allotted to us and the remaining 10 acres of land has been occupied by easement.

We also have a large store house and steel yard complex at Anik, located at Chembur.

We have also taken on lease 4.79 acres of land in Gavhan, Navi Mumbai which we are exploring to utilize for constructing a building for commercial office use, apprentice training centre and residential quarters.

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. We have also entered into memorandum of undertakings with certain companies for design of ships, supply of equipment, construction and repair of ships.

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. While we have recently been awarded an order for refit and repair of a ship on competitive basis by the MoD, there is no guarantee that we will be able to effectively compete for defence orders in the future. For further details, see "*Risk Factors-We predominantly depend on the MoD for defence orders and have mostly 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 20.

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 recently entered into agency agreements with sales agent in order to procure customers for our products which we propose to sell in the identified markets of Europe, Far East, South East Asia, Middle East, Indian Ocean Rim countries, Latin America and Africa region. Further, 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 June 30, 2019, our Company had employed 4,293 permanent employees, comprising of 1,073 executives, 364 staff and 2,856 workmen. Since we are a project based organization, we have also employed 2,497 personnel on fixed term contract basis for temporary period of two years. We also employed 3,703 contract laborers during the month of June 2019. 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 June 30, 2019, 3,220 of our employees are unionized. We have entered into a memorandum of settlement dated November 16, 2018 which is effective till December 31, 2026 and sets out the payment terms and other changes to the terms of appointment with the registered trade unions of our Company. 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 have recently entered into an agreement dated June 06, 2019 with the Government of Maharashtra whereby 27 acres of land at Nhava, Navi Mumbai has been allotted to us for the proposed development of greenfield shipyard and the remaining 10 acres of land has been occupied by easement. Some of the lease which was taken from MbPT had expired and the MbPT has proposed the renewal of expired leases of four plots for a period of 30 years by an upfront payment of around ₹2,731.40 million plus applicable taxes, towards lease premium and ₹410 million plus applicable taxes towards arrears of rent for the period from Fiscal 2006 onwards. This proposal of lease renewal also provides the option of annual payment of lease rent for a period of 10 years amounting to approximately ₹194.4 million per annum plus applicable taxes.We are also in the process of acquiring 11.47 acres of workshop land on a long term lease of 29 years (extendable twice by a further period of 29 years each) from the MbPT for certain workshops, clerk basins and other premises. The upfront lease fee payable for such long term lease (for the initial period of 29 years) is ₹8,140 million plus taxes. 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 30.

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 open 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, 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 including recovery and cyber 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), File Lifecycle Management System (FLM), 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. Security Information and Event Management ("**SIEM**") for the centralized log management of IT systems is in place. 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 main data centre and the disaster recovery centre have been established

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 138.

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 144.

Intellectual Property

The logo of our Company, has been registered under the Trademarks Act with the Trade Marks Registry, Mumbai. Further, an application bearing number 4004133 dated November 21, 2018 has been filed by our Company for its colour logo which is pending before the Trade Marks Registry, Mumbai.

Our Company has applied for patents, trademarks, copyrights and designs including in relation to certain products and processes for our shipbuilding and submarine divisions. For further details, see "*Government and other Approvals*" on page 310

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 ₹136.53 million, ₹242.60 million and ₹234.69 million in Fiscals 2017, 2018 and 2019 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 310.

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, and amended from time to time, 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 guidelines and parameter for capacity assessment prior to it being recommended for nomination/issuance of RFPs and naval shipbuilding procedure such as design, build strategy, build specifications, of the warships and submarines. It has introduced a new sub-category 'Make-II (Industry Funded)' which primarily focuses upon development of equipment/system/platform or their upgrades or their subsystems/sub-assembly/assemblies/components with focus on import substitution for which no government funding is envisaged for prototype development purposes but has assurance of orders on successful development and trials of the prototype. Further, there has been a special emphasis on fostering "*Strategic Partnerships*" with the Indian private defense industry.

(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 and, for a subsequent offence, with imprisonment for a term which may extend to six months, or with fine or with both. 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 DPIIT. Consolidated FDI Policy will be valid until the DPIIT 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, Employee'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, 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. However, the occupier may not require authorisation, in case the consent to establish or to operate is not required under the Water Act and Air Act. The occupier, the importer, the transporter, waste collector 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 Solid Wastes Rules. Penalties for contravention of the provisions of the 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. 56 dated March 30, 2016 ("Revised Framework for ECB Guidelines"), companies in infrastructure sector have been placed under track-I, i.e. medium term ECB which effectively means that overseas borrowings by such entities shall need to comply with three to five 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. For the purpose of ECB, "Exploration, Mining and Refinery" sectors which are not included in the Harmonised list of infrastructure sector but were eligible to take ECB under the ECB framework published *vide* A.P. (DIR Series) Circular No. 48 dated September 18, 2013 will be deemed as in the infrastructure sector. 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. Revisions were made to the Public Procurement (Preference to Make in India), Order 2017 *vide* Memorandum No. P-45021/2/2017-PP(BE-II) dated May 28, 2018 and *vide* Memorandum No. P-45021/2/2017-PP(BE-II) dated May 29, 2019. 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 and prescribes the threshold limits for procurement from local suppliers as well as functions of standing committee to oversee the implementation of the Order.

IX. Settlement of Disputes through Administrative Mechanism for Resolution of CPSE's Disputes (AMRCD):

The Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, Government of India, by its office memorandum dated June 14, 2018 has replaced the permanent machinery of arbitration with Administrative Mechanism for Resolution of CPSEs disputes with effect from May 22, 2018.

In the event of any dispute or difference relating to the interpretation and application of the provisions of commercial contract(s) between CPSEs/ port trusts *inter se* and also between CPSEs and government departments (excluding disputes concerning Railways, Income Tax, Customs and Excise departments), such dispute or difference shall be taken up by either party for resolution through AMRCD.

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 in the last ten years

Set out below are the amendments to our Memorandum of Association in the last ten years:

Date of Shareholder resolution	Nature of amendment
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	Commissoned 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.

Year of award	Description of the Award
	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.
	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.
	Awarded two Gold and one Silver Awards at ICQCC- 2015, South Korea (Pending) Rainbow .
2016	Awarded two Gold Awards at ICQCC-2016, Bangkok, Thailand.
	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	Dun & bradstreet PSU awards 2017 for 'Manufacturing Transportation Equipment', awarded by Dun & Bradstreet.
2018	Accredited with ISO 9001:2015 Quality Management Systems (QMS) of Shipbuilding Division for the scope of Design, Development, Construction and Servicing of Warships, Merchant Ships and Floating Crafts.
	Accredited with ISO 9001:2015 Quality Management Systems (QMS) of Submarine Division for the scope of Design, Development, Construction, Refit, Test and Trials of submarines.
	Accredited with ISO 9001:2015 Quality Management Systems (QMS) of Training Department for the scope of Imparting Training to Trade Apprentices and Employees.

Year of award	Description of the Award
	BML Munjal award for "*Business Excellence through Learning and Development*" in the Public sector- Manufacturing category
	Awarded two Awards at ICQCC-2018, Singapore.
	National Award for Innovative Training Practices 2017-18 awarded by Indian Society for Training and Development, New Delhi
	NIPM National Award for HR Best Practices 2018
	Awarded Governance Now 5th PSU Award 2018 for Playing Pivotal Role In "*Make-In-India*"
	Accredited with ISO 9001:2015 Quality Management Systems (QMS) for the scope of Pre-sea Training in Maritime Engineering in accordance with Standards of Training Certification and Watch Keeping for Seafarers (STCW) 2010
2019	Accredited with ISO 14001:2015 and OHSAS 18001:2007 for integrated management system for our shipbuilding, submarine and heavy engineering, our corporate planning and personnel and finance divisions
	Awarded 6th Annual Green Tech CSR Silver Award 2018 in Engineering Sector for outstanding achievement in corporate social responsibility by the Greentech Foundation
	Golden Peacock Award for Innovative Product / Service Award, awarded by Institute of Directors
	Awarded India CSR Project of the Year award 2019 by the India CSR Group

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.

Joint Ventures

As on the date of this 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, as 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.

MD Pipavav had pursuant to its board resolution dated October 26, 2018 made an application to the RoC for striking-off of its name from the RoC under section 248(2) of the Companies Act 2013 and the same is currently pending.

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 them to do activities similar and/or synergistic to our Company but currently it is not carrying out any activity.

Interest of Joint Venture Company in our Company

Except as stated in "*Our Business*" on pages 122, our Joint Venture Company does not have any interest in our Company's business.

Accumulated profits or losses

There are no accumulated profits or losses of our Joint Venture Company that are not accounted for by our Company.

Defaults or rescheduling/restructuring of borrowings with financial institutions/ banks

There have been no defaults or rescheduling/restructuring of borrowings with financial institutions or banks.

Time and Cost Overruns in setting up the projects

Pursuant to the SEBI Exemption Application, our Company has sought for exemption from making certain disclosures in this Draft Red Herring Prospectus, including time/cost overruns in setting up projects.

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 has paid for the equity shares of MD Pipavav which have been subscribed to by them.

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:

Memorandum of understanding signed with Ministry of Defence for the financial year 2019-20

Our Company entered into a memorandum of understanding dated June 20, 2019 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 2019-20, our Company has proposed to undertake the following in the MoU, including but not limited to: (i) shipbuilding hull fabrication shop capacity utilization (in-house); (ii) exports; (iii) development or revenue from new products or products with new feature (three artificial intelligence enabled projects); (iv) completion of milestone of clients' orders/ agreements without time overrun; (v) virtual reality lab (VRL), completion of lineout inspection of one compartment of P17A in VRL; (vi) reduction in claims against the Company not acknowledged as debt over previous year; (vii) achievement of HR parameters of continuous nature, *viz,* regular updation of succession plan and its approval by the board of directors, review and implementation of employee performance and submitting compliance report to the board of directors; (viii) initiatives for women employees for work life balance as well as leadership development; (ix) capability development programs for executives to build their technical and managerial competencies for higher position; and (x) reduction in imports

Memorandum of Understanding ("MoU") dated November 24, 2017 entered between Bharat Electronics Limited ("BEL"), Hindustan Aeronautics Limited ("HAL") and our Company

The MoU was entered into 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 to 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.

Our Company has decided to withdraw from the MoU and is awaiting approval from MoD.

Agreements with key managerial personnel or a Director or Promoter or any other employee of the Company

There are no agreements entered into by key managerial personnel or a Director or Promoter or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

Financial and Strategic Partners

Pursuant to the SEBI Exemption Application, our Company has sought for exemption from making certain disclosures in this Draft Red Herring Prospectus, including details of financial and strategic partners of our Company.

Details regarding material acquisitions or divestments of business/undertakings, mergers, any amalgamations, and revaluation of assets in the last ten years

Our Company has not made any material acquisitions or divestments of business or undertakings; or entered into any scheme of merger or amalgamation, or undertaken revaluation of assets, in the last ten years.

Details of guarantees given to third parties by our Promoter for offering the shares in this Offer for Sale

As on the date of this Draft Red Herring Prospectus, no guarantee has been issued by our Promoter to third parties offerring its Equity Shares in this Offer for Sale.

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 12 Directors, of which five are executive Directors, one is a Nominee Director 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, Date of Birth, Age, Occupation, Term, Period of Directorship and DIN	Other Directorships
Rakesh Anand *Designation:* Chairman and Managing Director *Address:* Flat No. 16, Currie House, 7th floor, Mazagon Dock Shipbuilders Limited, Dockyard Road, Mumbai - 400 010, Maharashtra, India. *Date of Birth:* November 20, 1959 *Age*: 59 years *Occupation:* Service *Term:* five years w.e.f. January 01, 2017. *Period of Directorship*: Director since January 01, 2017 *DIN:*06461099	Nil
Rajiv Lath *Designation:* Director (Submarine & Heavy Engineering) *Address:* 12, Currie House, MDL Officers Quarters, Dockyard Road, Mazagaon, Mumbai, 400 010, Maharashtra, India *Occupation:* Service *Date of Birth:* October 15, 1959 *Age*: 59 years *Term:* five years w.e.f. September 19, 2013 and further extended till October 31, 2019 *Period of Directorship*: Director since September 19, 2013 *DIN:*06713808	Nil
Sanjiv Sharma *Designation:* Director (Finance) and Chief Financial Officer *Address*: 14, Currie House, MDL Residential Colony, Mumbai, 400 010, Maharashtra, India *Occupation:* Service	Nil

Name, Designation, Address, Date of Birth, Age, Occupation, Term, Period of Directorship and DIN	Other Directorships
Date of Birth: October 04, 1959 *Age*: 59 years *Term*: five years w.e.f. June 01, 2015 *Period of Directorship*: Director since June 01, 2015 *DIN:* 05328027	
T.V. Thomas *Designation:* Director (Corporate Planning and Personnel) *Address:* 11, Currie House, MDL Officers Quarters, Dockyard Road, Mazagaon, Mumbai – 400 010, Maharashtra, India. *Occupation:* Service *Date of Birth:* June 15, 1961 *Age*: 58 years *Term:* w.e.f. November 02, 2017 till the age of his superannuation (being June 30, 2021) *Period of Directorship*: Director since November 02, 2017 *DIN:* 07978819	Nil
Anil K. Saxena *Designation:* Director (Shipbuilding) *Address:*15, 6th floor, Currie House, MDL Officers Residential Complex, Mumbai - 400 010, Maharashtra, India. *Occupation:* Service *Date of Birth:* January 19, 1961 *Age*: 58 years *Term:* five years w.e.f. March 21, 2018 *Period of Directorship*: Director since March 21, 2018 *DIN:* 08006255	Nil
Barun Mitra *Designation:* Nominee Director *Address*: House No. D1/33, Rabindra Nagar, New Delhi-110 003, Delhi, India *Occupation:* Service *Date of Birth:* March 06, 1962	Nil

Name, Designation, Address, Date of Birth, Age, Occupation, Term, Period of Directorship and DIN	Other Directorships
Age: 57 years *Term:* Till further communication from the Department of Defence Production, Ministry of Defence, Government of India *Period of Directorship***:** Director since July 17, 2018 *DIN:* 07012558	
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 *Date of Birth:* October 30, 1952 *Age*: 66 years *Term:* three years w.e.f. November 27, 2015 and further extended till November 26, 2019 *Period of Directorship***:** Director since November 27, 2015 *DIN:* 03363761	Nil
Usha Sankar *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 *Date of Birth:* May 03, 1954 *Age*: 65 years *Term:* three years w.e.f. November 27, 2015 and further extended till November 26, 2019 *Period of Directorship***:** Director since November 27, 2015 *DIN:* 06998746	Chennai Metro Rail Limited
Sanjeev Bhasin *Designation:* Independent Director (Part Time Non-Official) *Address:* A-3, Noida Expressway, Sector 108 Noida, Gautam Nagar, Noida - 201 301, Uttar Pradesh, India *Occupation:* Retired	Nil

Name, Designation, Address, Date of Birth, Age, Occupation, Term, Period of Directorship and DIN	Other Directorships
Date of Birth: April 14, 1951 *Age*: 68 years *Term:* three years w.e.f. January 07, 2016 and further extended till January 06, 2020 *Period of Directorship***:** Director since January 07, 2016 *DIN:* 07413068	
Devi Prasad Pande *Designation:* Independent Director (Part Time Non-Official) *Address:* Flat No. H 32 D, SFS Flats, Saket, New Delhi – 110 117, Delhi, India *Occupation:* Retired *Date of Birth:* January 15, 1955 *Age*: 64 years *Term:* three years w.e.f. September 13, 2017. *Period of Directorship***:** Director since September 13, 2017 *DIN:* 00960974	Nil
Kamaiah Bandi *Designation:* Independent Director (Part Time Non-Official) *Address:* 15-8, Sudarshan Nagar, Serilingampally, Lingampalli, Rangareddi - 500019, Telangana, India. *Occupation:* Retired *Date of Birth:* July 01, 1952 *Age*: 67 years *Term:* three years w.e.f. October 10, 2017 *Period of Directorship***:** Director since October 10, 2017 *DIN:* 07962235	Nil
Mailareshwar J. Jeevannavar *Designation:* Independent Director (Part Time Non-Official) *Address*: House No. 05, Laxmi Layout, Basaveshwar Nagar, Gokul Road, Hubli 580 030, Karnataka, India. *Occupation:* Medical practitioner *Date of Birth:* December 15, 1955	Nil

Name, Designation, Address, Date of Birth, Age, Occupation, Term, Period of Directorship and DIN	Other Directorships
Age: 63 years *Term:* three years w.e.f. March 09, 2018 *Period of Directorship*: Director since March 09, 2018 *DIN:* 03266130	

Relationship between our Directors

None of our Directors are related to each other.

Brief profiles of our Directors

Rakesh Anand, aged 59 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 59 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 59 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 58 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 58 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 bachelor's degree in engineering from Nagpur University, 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. 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 director general 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.

Barun Mitra, aged 57 years, is the Nominee Director of our Company. He was appointed as a Director on July 17, 2018. He holds a bachelor's and a master's degree in arts (history) from University of Delhi. He also holds a bachelor's degree in law from the Delhi University and a post graduate diploma in patents law from National Academy of Legal Studies and Research University of Law, Hyderabad. He is currently the Additional Secretary (Defence Production) in the Ministry of Defence, Government of India. He is an Indian Administrative Service officer (Manipur cadre) of 1987 batch with over 30 years of administrative experience in wide array of fields like urban development, district administration, health and family welfare, human resource development, personnel and general administration shipping and defence.

Shridhar L. Bapat, aged 66 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 65 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 68 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 64 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 67 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. He was previously 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 63 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.

Details of borrowing powers

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 further 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 Production, Ministry of Defence, Government of India dated October 26, 2017.	November 02, 2017	From the date of his assumption of charge of 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	January 31, 2018	For a period of five years from the date of his assumption of charge

Sr. No.	Name of the Director	Letter of Appointment	Date of Appointment	Term
		Defence, Government of India dated January 31, 2018		of post, or till the date of his superannuation or until further orders, whichever is earliest.
6.	Barun Mitra	No. 8(80)/ 2015-D (Coord/ DDP), Department of Defence Production, Ministry of Defence, Government of India dated July 17, 2018.	July 17, 2018	Till further communication from the Department of Defence Production, Ministry of Defence, Government of India
7.	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 and extension letter No. 11(57)/2017/Misc/D(NS) dated November 22, 2018	November 27, 2015	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier. The term has been further extended till November 26, 2019
8.	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 and extension letter No. 11(57)/2017/Misc/D(NS) dated November 22, 2018	November 27, 2015	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier. The term has been further extended till November 26, 2019
9.	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 and extension letter No. 11(57)/2017/Misc/D(NS) dated November 22, 2018	January 07, 2016	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier. The term has been further extended till January 06, 2020
10.	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.
11.	Kamaiah Bandi	No. 11(57)/2017/Misc/D(NS) D(Naval System), Department of Defence Production, Ministry of Defence, Government of	October 10, 2017	For a period of three years from the date of notification of their appointment, or until further orders, whichever is earlier.

Sr. No.	Name of the Director	Letter of Appointment	Date of Appointment	Term
		India dated September 13, 2017		
12.	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 the extension 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 and the current terms and conditions of his employment were prescribed by the MoD pursuant to the letter bearing reference No. 4/1 (2)/2017/ D(NS) dated January 18, 2019. 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 March 21, 2018 or till the date of his superannuation, being January 31, 2021, or until further orders, 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 ₹225,800 per month in the revised pay scale of ₹180,000 - ₹340,000 from the date of his assumption of office, i.e. March 21, 2018.
Headquarters	His headquarters will be at 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 August 03, 2017
House Rent Allowance	He will be entitled to house rent allowances as per rates indicated in DPE's office memorandum dated August 03, 2017 and August 04, 2017.
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 as mentioned in the appointment letter 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 reaches

	the maximum of his pay scale provided his performance rating is '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 as per the instructions contained under DPE's office memorandum dated January 21, 2013 and November 04, 2013. The recovery amount 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 DPE's office memorandum dated August 03, 2017.
Other benefits and perquisites/superannuation	He will be eligible for allowances and perquisites, as decided by the Board of our Company subject to a ceiling of 35% of his basic pay as indicated in DPE's office memorandum dated August 03, 2017, August 04, 2017 and September 07, 2017.
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 board level executives 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

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 2019:

(₹in million)

Name of the Director	Total remuneration
Rakesh Anand	5.90
Rajiv Lath	5.40
Sanjiv Sharma	5.70
T.V. Thomas	4.80
Anil K. Saxena	4.70

Remuneration to our Independent Directors

Pursuant to a resolution of our Board dated November 30, 2018 and subject to approval of the MoD, our Independent Directors are entitled to receive sitting fees of ₹20,000 each 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 every additional meeting on the same day attended by the Director within the limits prescribed under the Companies Act, 2013, and the rules made thereunder.

The details of sitting fees paid to our non-executive and Independent Directors for Financial Year 2019 are as follows:

(₹ in million)

Name of the Director	Total remuneration
Shridhar L. Bapat	0.38
Usha Sankar	0.17

Name of the Director	Total remuneration
Sanjiv Bhasin	0.15
Devi Prasad Pande	0.07
Kamaiah Bandi	0.15
Mailareshwar J. Jeevannavar	0.03

Remuneration to our Nominee Director

Our Nominee Director is not entitled to any remuneration or fees 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 Directors

The Articles of Association do not require our Directors to hold any qualification shares in our Company.

The shareholding of the Directors 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
Barun Mitra	10	Negligible

Service contracts with Directors

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.

Our Nominee Director may be deemed to be interested to the extent of the shareholding in our Company of the President of India.

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 181, 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.

Arrangement or 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 were selected as a Director or member of the senior management:

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.

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 or 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.

Confirmations

None of our Directors have been identified as a Wilful Defaulter.

None of our Directors is, or was a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

None of our Directors is, or was a director of any listed company which has been, or was delisted from any stock exchange during the term of their directorship in such company.

None of our Directors are or were, associated with any other company which is debarred from accessing the capital market by the Securities and Exchange Board of India.

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 12 Directors, of which five are executive Directors, one is a Nominee Director 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 12 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 the SEBI Exemption Application. 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 31.

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 March 19, 2001, 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 of the auditors;

c. approval of payment to statutory auditors for any other services rendered by the statutory auditors;

d. reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the Board for approval, with particular reference to:

i. matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;

ii. changes, if any, in accounting policies and practices and reasons for the same;

iii. major accounting entries involving estimates based on the exercise of judgement by management;

iv. significant adjustments made in the financial statements arising out of audit findings;

v. compliance with listing and other legal requirements relating to financial statements;

vi. disclosure of any related party transactions;

vii. modified opinion(s) in the draft audit report.

e. reviewing, with the management, the quarterly/half yearly financial statements before submission to the Board for approval;

f. reviewing with the management, the statement of uses/application of funds raised through an issue (i.e. public issue, rights issue, preferential issue etc.) the statement of funds utilised for purposes other than those stated in the offer document/prospectus, notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in these matters;

g. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

h. approval or any subsequent modification of transactions of the Company with related parties;

i. scrutiny of inter-corporate loans and investments;

j. valuation of undertakings or assets of the Company wherever it is necessary;

k. evaluation of internal financial controls and risk management systems;

l. reviewing with the management, performance of Internal Auditors, adequacy of the internal control systems;

m. appointment and removal of internal auditors and determining the scope of internal audit in consultation with the internal auditors;

n. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

o. discussion with internal auditors of any significant findings and follow up there on;

p. review the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

q. review observations of statutory, internal & government auditors and provide recommendations based on the same;

r. to review the follow up action on the audit observations of the C&AG audit;

s. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

t. to look into the reasons for substantial defaults in the payment of the depositors, debenture holders, shareholders (in case of non-payment of declared dividend and creditors);

u. to review the functioning of the whistle blower mechanism;

v. approval of appointment of chief financial officer after assessing the qualifications, experience and background etc of the candidate;

w. review and monitor the auditor's independence and performance and effectiveness of audit process;

x. examination of the financial statements and auditor's report thereon;

y. Carrying out any other function or matter that may be referred to the Audit Committee by the Board from time to time.

z. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

(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 April 03, 2019**.** 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)
Kamaiah Bandi	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.

(h) Recommend to the board, all remuneration, in whatever form, payable to senior management

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) Resolving the grievances of the security holders of the Company including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

(b) Review of measures taken for effective exercise of voting rights by shareholders.

(c) Review of adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

(d) Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company

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)

Name	Position in the Committee	Designation
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.

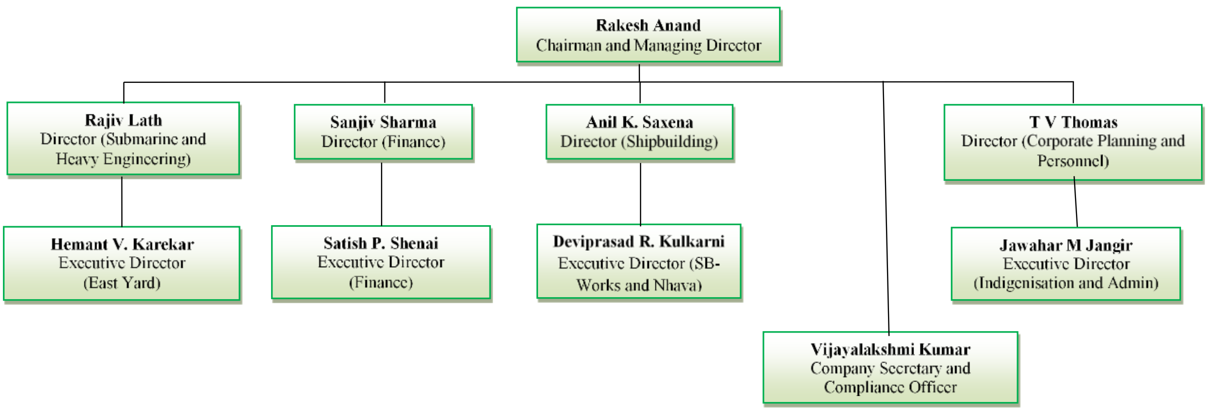
Scope and terms of reference:

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.

Further, we have also constituted an IPO Committee and certain internal committees for the internal management of our Company.

Management Organisation Structure



Key Managerial 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 Managerial Personnel of our Company:

1. Vijayalakshmi Kumar, Company Secretary and Compliance Officer;

Brief Profiles of our Key Managerial 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 157

Vijayalakshmi Kumar 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 received a gross remuneration of ₹1.64 million in Fiscal Year 2019.

The following persons are the Senior Management Personnel of our Company:

1. Satish P. Shenai, executive director (finance);

2. Hemant V. Karekar, executive director (east yard);
3. Deviprasad. R. Kulkarni, executive director (SB-Works and Nhava); and
4. Jawahar M Jangir**,** executive director (indigenisation and admin).

Brief Profiles of our Senior Management Personnel

Satish P. Shenai is an executive director (finance) of our Company. He has been associated with our Company since September 13, 1985 and has been in the present position since July 01, 2018. He holds a bachelor's degree in engineering (mechanical) from Karnatak University and a master's degree in financial management from University of Bombay. He is responsible for all finance related activities of the Company. He has about 33 years of experience in finance, accounts, audit, commercial, purchase and project planning. He received a gross remuneration of ₹4.16 million in Fiscal Year 2019.

Hemant V. Karekar 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 ₹4.39 million in Fiscal Year 2019.

Deviprasad. R. Kulkarni is an executive director (SB-Works and Nhava) of our Company. He has been associated with our Company since July 01, 1982 and has been in the present position since July 01, 2018. He holds a bachelor's degree in technology (metallurgical engineering) from Indian Institute of Technology, Kanpur. He has over 36 years of work experience in planning support and co-ordination, materials, quality control, commercial and planning. He received a gross remuneration of ₹4.10 million in Fiscal Year 2019.

Jawahar M Jangir is an executive director (indigenisation and admin) of our Company. He has been associated with our Company since August 25, 2015 and has been in the present position since July 01, 2019. He has completed basic engineering course from I.N.S Shivaji, Lonavala, master's degree of science in marine engineering from Royal Naval Engineering College and another master's degree of science in defence and strategic studies from the University of Madras. He also holds a master's diploma in business administration from the Symbiosis Institute of Management Studies and a degree of doctor of philosophy in business administration from Aligarh Muslim University. Prior to joining our Company, he has worked with Indian Navy. He has about 35 years of work experience in handling and achieving indigenisation targets and resolving issues related with development of indigenous equipment and responsible for security, public relations office, transport and other admin sections. He received a gross remuneration of ₹4.48 million in Fiscal Year 2019.

All our Key Managerial Personnel are permanent employees of our Company.

Relationship among Key Managerial Personnel

None of our Key Managerial Personnel are related to each other.

Family relationship of Directors with the Key Managerial Personnel

None of the Key Managerial Personnel are related to the Directors of our Company.

Bonus or profit sharing plan for the Key Managerial Personnel

Other than the performance-related pay scheme for our employees, through which bonus incentive payments are made to our employees (including our Key Managerial Personnel), our Company does not have a bonus or profit sharing plan.

Shareholding of Key Managerial Personnel

Except as mentioned below, none of our Key Managerial 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 Managerial Personnel

Our Company has not entered into any service contracts, pursuant to which, its Key Managerial 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 Managerial Personnel, is entitled to any benefit upon termination of employment or superannuation.

Interest of Key Managerial Personnel

None of our Key Managemerial 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 Managerial Personnel.

Contingent and deferred compensation payable to our Directors and Key Managerial Personnel

No contingent or deferred compensation is payable to our Directors and Key Managerial Personnel which does not form part of their remuneration.

Changes in our Board and Key Managerial 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
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
Subhash Chandra	April 05, 2018	Appointed as a Nominee Director
Subhash Chandra	July 17, 2018	Ceased to be a Nominee Director
Barun Mitra	July 17, 2018	Appointed as a Nominee Director

Changes in our other Key Managerial Personnel other than by way of retirement in the normal course in the preceeding three years from the date of this Draft Red Herring Prospectus are set forth below:

Name	Date of appointment/ cessation	Reasons
Hemant V. Karekar	November 30, 2016	Promoted as an executive director (east yard)
Sanjiv Sharma	December 05, 2017	Appointed as Chief Financial Officer
Madhavi V. Kulkarni	March 01, 2018	Ceased to be a Company Secretary
Vijayalakshmi Kumar	March 01, 2018	Appointment as Company Secretary
Satish P. Shenai	July 01, 2018	Promoted as an executive director (finance)

Name	Date of appointment/ cessation	Reasons
Amar J. Das	July 01, 2018	Promoted as an executive director (design)
Pramod S. Shenwai	July 01, 2018	Promoted as an executive director (P17A)
Deviprasad. R. Kulkarni	July 01, 2018	Promoted as an executive director (PSC/Nhava)
Deviprasad. R. Kulkarni	November 13, 2018	Re-designation as an executive director (SB-Works and Nhava)
Jawahar M Jangir	July 01, 2019	Promoted as an executive director (indigenisation and admin)

Employee stock option and employee stock purchase schemes

Our Company does not have any employee stock option and employee stock purchase schemes.

Payment or benefit to Key Managerial Personnel

No salary 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.

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel was selected as Key Managerial Personnel:

OUR PROMOTER 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)(pp) of the SEBI ICDR Regulations) as specified in Schedule VI 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) such companies (other than promoter(s) and subsidiary/subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under the applicable accounting standards; and

(ii) other companies that are considered material by our Board.

Pursuant to a board resolution dated August 05, 2019, 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 Financial Statements of our 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 applicable accounting standards.

Goa Shipyard Limited

Corporate Information

GSL, incorporated on November 26, 1957 under the name "*Estaleiros Navais De Goa Limitada*" was originally incorporated under the Portuguese 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 activities

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, and barge owners, lightermen, wharfingers, warehousemen, shipbreakers, shiprepairers, salvers, 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

Shareholder	Number of equity shares at ₹5 each	Percentage holding (%)
Others*	1,979,368	1.70
Total	**116,403,748**	**100**

**There are 208 other shareholders apart from our Company and President of India.*

Interest of Promoter

Our Promoter holds 51.09% shares in our Group company.

Litigations

As on the date of this DRHP, there are no outstanding litigations involving our Group Company which may have a material impact on our 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, leave and license fee 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 three 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 three 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 42.

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 2019. However, for details of our investments in our Group Company in the Fiscal Year 2019, see "*Financial Statements – Restated Financial Statements*", on page 181.

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 / insolvency 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 181, 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.

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. In line with the CPSE Capital Restructuring Guidelines, our Board has recommended a dividend for Fiscal 2019. Our Company has also sought certain exemptions from compliance of the CPSE Capital Restructuring Guidelines including for payment of dividend more than the dividend recommended, buy back of Equity Shares, issuance of bonus Equity Shares and the split of the face value of our Equity Shares for Fiscal 2019.

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 181 and 301 respectively. Our Company may also, from time to time, pay interim dividends.

The dividend and dividend distribution tax paid by our Company during the last three fiscals and for the period from April 01, 2019 till the date of this Draft Red Herring Prospectus is presented below:

Particulars	**Period from April 01, 2019 till the date of this DRHP#**	**Fiscal Year**		
		2019	**2018**	**2017**
Face value of Equity Share (in ₹)	10**	10**	10**	100
Total Dividend (in ₹ million)	558.20	1,000	2,454	1,992
Number of Equity Shares (in million)	224.10**	224.10**	224.10**	24.90*
Total Dividend per Equity Share (in ₹)	2.49	4.46	10.95	80.00
Total dividend rate (%)	24.91	44.62	109.50	80.00
Dividend Distribution Tax (in ₹ million)	114.71	205.55	499.60	405.50
Mode of payment of dividend	N/A	RTGS	RTGS	RTGS

**Our Company had issued bonus shares in the financial year 2016-17 in the ratio of 1:4*
***Shareholders in Annual General Meeting held on September 22, 2017 have approved split of equity shares from face value of ₹ 100 to ₹ 10 per Equity Share. Accordingly, the number of Equity Shares have increased from 24.90 million Equity Shares to 249.00 million Equity Shares. Our Company completed 10% buyback of Equity Shares (No. of Equity Shares: 24.9 million of ₹10 each) in December 2017.*

#Our Company in its board meeting dated June 17, 2019 declared final dividend of ₹558.20 million which was approved by the shareholders in the annual general meeting held on July 19, 2019 for the financial year 2019. This will entail a payout of ₹558.20 million towards dividend, ₹114.71 million has been paid as dividend distribution tax.

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 20. 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 with the Company referred to as "Group"), which comprises the Restated Consolidated Summary Statement of Assets and Liabilities as at 31st March, 2019, 31st March, 2018 and 31st March, 2017, the Restated Consolidated Summary Statements of Profit and Loss (including other comprehensive income) ,Restated Consolidated Summary Statement of changes in equity for each of the years ended 31st March, 2019, 31st March, 2018 and 31st March, 2017, Restated Consolidated Summary Statement of Cash Flows for each of the years ended 31st March, 2019, 31st March, 2018 and 31st March, 2017 respectively and the Summary of Significant Accounting Policies and other explanatory information (collectively, the "Restated Consolidated Financial Information") as approved by the Board of Directors of the Company at their meeting held on 5th August, 2019 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("proposed IPO") 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, 2018 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations").

   c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (together with BSE the "Stock Exchanges") and Registrar of Companies, Mumbai, Maharashtra in connection with the proposed IPO. The Restated Consolidated Financial Information has been prepared by the management of the Company on the basis of preparation stated in note 2.1 under Annexure V- Basis of preparation and Significant Accounting Policies to the Restated Consolidated Financial Information. The respective Board of Director of the Company and the Associate is responsible for designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors of the Company and of the Associate is also responsible for identifying and ensuring that the Group complies with the Act, Rules, Guidance Note and ICDR Regulations.

3. 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 3rd January, 2019 and amendment letter dated 26th July 2019.in connection with the proposed Initial Public Offering (IPO) of the Company;
   b) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (ICAI). This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information and

   d) The requirements of Section 26 of the Companies Act and ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the IPO.

4. These Restated Consolidated Financial Information have been compiled by the Management from the:

   a) Audited Consolidated financial statements of the Group as at and for the year ended on 31st March, 2019 which include the comparative Ind AS financial statements as at and for the year ended 31st March, 2018 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 and other accounting principles generally accepted in India, which have been approved by the Board of directors at their meeting held on17th June, 2019.

b) Audited Consolidated financial statements of the Group as at and for the year ended 31st March, 2018 which include the comparative Ind AS financial statements as at and for the year ended 31st March, 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 and other accounting principles generally accepted in India, which have been approved by the Board of directors at their meeting held on 16th July, 2018.

5. For the purpose of our examination, we have relied on:

a) Auditors' report issued by us dated 17th June 2019 on the consolidated financial statements of the Company for the year ended 31st March,2019 as referred in Paragraph [4](a) above; and

b) Auditors' Reports issued by Fords Rhodes & Parks & Co LLP, (the "Previous Auditors") dated 16th July 2018 and 23rd August 2017 on the consolidated financial statements of the Group as at and for the years ended 31st March, 2018 and 31st March, 2017 respectively, as referred in Paragraph [4] (b) above

6. As indicated above and in respect of GSL:

a) We did not audit the financial statements of GSL (the associate) as at and for each of the years ended 31st March, 2019, 31st March, 2018 and 31st March, 2017 whose share of net profit/(loss) included in the Restated Consolidated Financial Information, for the relevant years is tabulated below which have been audited by other auditors, M/s ABM & Associates LLP. and M/s Deshpande Pandit & Co., and whose reports have been furnished to us by the Company's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors;

(₹ in million)

Name of Entity	**Audit for the period/year ended**	**Share of net Profit/(Loss)**	**Name of the Auditor(s)**
Goa Shipyard Limited	31st March, 2019	6209.00	M/s ABM & Associates LLP
	31st March, 2018	1,026.00	M/s ABM & Associates LLP
	31st March, 2017	554.27	M/s Deshpande Pandit & Co.

b) Our opinion on the consolidated Ind AS financial statements is not modified in respect of these matters.

7. Emphasis of Matter

We draw attention to the following matters in the annexure to the restated consolidated financial statement:

For the year ended 31st March, 2019;

a) Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (xiv))

b) Balance of Advance to Vendors and balance outstanding in Trade Payables are subject to confirmation. (Refer Annexure XXV Point No. B)

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, 2018;

a. The financials of Joint Venture Company "Mazagon Dock Pipavav 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 for the years ended 31st March, 2018. (Refer Annexure XXVIII Note no. 5)

b. 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 agreement (Refer Annexure – XI Point no 2)

c. Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (vii))

d. Balance of Advance to Vendors and balance outstanding in Trade Payables are subject to confirmation. (Refer Annexure XXV Point No. B)

e. In respect to the balances due from / to Indian Navy which are in the process of reconciliation. (Refer Annexure XXV Note No. C)

f. Stating the reason for non-provisioning of the liquidated damages related to the project (Refer Note No. XXVIII Point No. 8)

For the period ended 31st March, 2017;

a. The financials of Joint Venture Company "Mazagon Dock Pipavav 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 for years ended 31st March, 2017 (Refer Annexure XXVIII Note no. 5)

b. 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 agreement (Refer Annexure – XI Point no 2)

c. Registration formalities are pending in respect of certain properties. (Refer Annexure VIII Point no. (i))

d. Balance of Advance to Vendors and balance outstanding in Trade Payables are subject to confirmation. (Refer Annexure XXV Point No. B)

e. In respect to the balances due from / to Indian Navy which are in the process of reconciliation. (Refer Annexure XXV Note No. C).

Our opinion is not modified in respect of these matters

8. Based on our examination and according to the information and explanations given to us, and also as per the reliance placed on the reports submitted by the Previous Auditors and other auditors, for the respective years, we report that the Restated Consolidated Financial Information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively during the years ended 31st March, 2018 and 31st March, 2017; to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the financial year ended 31st March, 2019 and have been fully described in Annexure VII - Notes on Statements of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements,

b) do not require any adjustments as there are no qualifications in the Auditor's Report;

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited consolidated Ind As financial statements mentioned in paragraph 4 above.

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 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.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP/RHP/Prospectus to be filed with Securities and Exchange Board of India, Stock Exchanges and Registrar of Companies, Mumbai, Maharashtra in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

13. List of Restated Consolidated Financial Information examined and enclosed with Examination report:

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. Restated 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 Restatement 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 Depreciation expense 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

For JCR & Co
Chartered Accountants
Firm Registration Number: 105270W

Mitesh Chheda
Partner
Membership No. 160688

Date: August 05, 2019
Place: Mumbai

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure I
Restated Ind AS Consolidated Summary Statement of Assets and Liabilities

(₹ in million)

Sr. No.	Particulars	Annexure	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2017
	ASSETS				
A	**Non-current assets**				
	Property, Plant and Equipment	VIII	7,309.96	6,179.68	5,249.00
	Capital work-in-progress	XI	887.67	853.82	984.28
	Other intangible assets	VIII	229.91	284.12	213.52
			8,427.54	**7,317.62**	**6,446.80**
	Financial assets				
	Investments	IX	4,306.69	4,291.47	3,835.89
	Trade receivable	XIV	157.82	159.28	160.46
	Loans	XI	66.60	89.49	87.01
	Other financial assets	XI	1,435.16	34.00	33.98
	Deferred tax assets (net)	XII	5,746.38	5,443.79	4,988.07
	Non-current tax assets (net)	XI	1,933.76	2,067.25	1,811.33
	Other non-current assets	XI	5,425.11	3,642.74	1,420.13
	Total of non-current assets		**27,499.06**	**23,045.64**	**18,783.67**
B	**Current assets**				
	Inventories	XIII	37,903.03	37,859.69	40,286.56
	Financial assets				
	Trade receivables	XIV	14,713.15	11,088.54	8,087.28
	Cash and cash equivalents	X	7,296.81	3,735.85	1,428.78
	Bank balances other than cash and cash equivalents	X	67,400.00	68,160.00	82,200.00
	Loans	XI	42.87	9.12	10.22
	Others	XI	2,212.97	1,105.35	1,476.67
	Contract assets		9,013.05	7,379.37	11,632.44
	Assets held for sale		20.71	0.08	0.21
	Other current assets	XI	42,166.49	41,060.07	29,741.44
	Total of current assets		**1,80,769.08**	**1,70,398.07**	**1,74,863.60**
	Total A+B		**2,08,268.14**	**1,93,443.71**	**1,93,647.27**
	EQUITY AND LIABILITIES				
	-				

C	**EQUITY**				
	Equity share capital	XV	2,241.00	2,241.00	2,490.00
	Other equity	IV	30,064.93	26,215.01	27,531.22
	Total equity		**32,305.93**	**28,456.01**	**30,021.22**
D	**Non-current liabilities**				
	Financial liabilities				
	Trade payables	XVII	157.82	159.28	160.46
	Others	XVII	10.24	6.80	1.41
	Other long-term liabilities	XVII	1,578.37	1,597.35	1,669.47
	Long-term provisions	XVI	12,518.61	12,245.87	12,121.11
	Total non-current liabilities		**14,265.04**	**14,009.30**	**13,952.45**
E	**Current liabilities**				
	Financial liabilities				
	Borrowings				
	Trade payables				
	i. total outstanding dues of micro and small enterprises		186.80	134.20	131.64
	ii. total outstanding dues other than (i) above	XVII	28,985.70	23,776.53	9,131.83
	Others	XVII	2,367.02	2,578.71	1,747.11
	Contract liability		1,28,955.39	1,23,189.02	1,37,595.64
	Other current liabilities	XVII	220.60	98.79	251.06
	Short-term provisions	XVI	981.66	1,201.15	816.32
	Total current liabilities		**1,61,697.17**	**1,50,978.40**	**1,49,673.60**
	Total C+D+E		**2,08,268.14**	**1,93,443.71**	**1,93,647.27**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

As per our report of even date

For
JCR & Co

Chartered Accountants

Firm Registration No. 105270W

For and on behalf of the Board of Directors

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

Mitesh Chheda

Partner

Membership No. 160688

Date – 05th August, 2019

Place - Mumbai

Sanjiv Sharma

Director (Finance)

Vijayalakshmi Kamal Kumar

Company Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure II

Restated Ind AS Consolidated Summary Statement of Profits and Losses (₹ in million)

Sr No.	Particulars	Annexure	For the year ended 31st March, 2019	For the year ended 31st March, 2018	For the year ended 31st March, 2017
F	**Income**				
	Revenue from operations	XVIII	46,491.51	44,879.85	35,653.45
	Other income	XIX	5,933.84	5,571.57	7,557.81
	Total income		**52,425.35**	**50,451.42**	**43,211.26**
G	**Expenses**				
	Cost of materials consumed	XX	25,571.21	26,928.93	21,400.75
	Procurement of base and depot spares		6,080.47	917.17	348.66
	Employee benefits expense	XXI	6,894.66	8,857.00	7,288.37
	Finance costs	XXII	41.01	38.52	38.95
	Depreciation and amortization expenses	VIII	614.18	502.17	393.90
	Sub-contract		1,759.07	3,226.95	1,101.93
	Power and fuel		192.63	226.23	260.44
	Other expenses: (a) Project related	XXIII	809.07	1,512.06	1,417.13
	(b) Others	XXIII	1,917.33	1,370.49	1,594.53
	Provisions	XXIII	747.84	374.36	1,084.53
	Total expenses		**44,627.47**	**43,953.88**	**34,929.19**
H	**Profit before tax**		**7,797.88**	**6,497.54**	**8,282.07**
	Tax expense:				
	Current tax		3,321.06	2,915.20	2,930.71
	Deferred tax (credit) / charge		(302.58)	(455.58)	(50.57)
	Adjustment of tax relating to earlier years		54.31	106.43	-
I	**Profit for the period attributable to equity shareholders**		**4,725.09**	**3,931.49**	**5,401.93**
	Share of Net Profit/(loss) of associate		**620.90**	**1,026.00**	**554.27**
	Profit for the year		**5,345.99**	**4,957.49**	**5,956.20**
J	**Other comprehensive income ('OCI')**				
	OCI not to be reclassified to profit or loss in subsequent periods:				

	Remeasurement of defined employee benefit plan		(237.86)	(599.34)	(13.46)
	Income tax effect		83.12	207.42	4.66
	Remeasurement of post employment benefit obligation of associate		(39.24)	(8.30)	3.59
K	**Total comprehensive income for the period attributable to equity shareholders**		**5,152.01**	**4,557.27**	**5,950.99**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

As per our report of even date

For
JCR & Co
Chartered Accountants
Firm Registration No. 105270W

Mitesh Chheda

Partner

Membership No. 160688

Date – 05th August, 2019

Place - 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 Consolidated Summary Statement of Cash Flows

(₹ in million)

Sr. No.	Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018	For the year ended 31st March, 2017
A	**Cash flow from operating activities**			
	Profit before tax (as restated)	7,797.88	6,497.54	8,282.07
	Adjustments for :			
	(+) Non cash expenditure and non operating expenses			
	Depreciation / Amortization	614.18	502.17	393.90
	Finance cost	41.01	38.52	38.95
	Prior Period depreciation (income) / expenditure	-	-	-
	Amortization of prepaid rentals	1.52	1.52	1.52
	(-) Non operating income			
	Profit / Loss on sale of fixed assets	1.79	1.92	(3.13)
	Interest income	(5,411.54)	(4,827.10)	(6,328.79)
	Amortization gain on deferred deposits of vendors	(1.32)	(0.69)	(0.16)
	Amortization of deferred revenue (customer funded assets)	(73.73)	(73.30)	(25.41)
	Interest income on deferred payment liability to foreign supplier	(37.69)	(37.92)	(38.80)
	Interest income on deferred deposit with MbPT	(1.76)	(1.60)	(1.55)
	Fund utilized for CSR	-	-	-
	Operating profit before working capital changes	**2,930.34**	**2,101.06**	**2,318.60**
	Movement in working capital			
	Decrease / (Increase) in inventories	(43.34)	2,426.87	2,160.14
	Decrease / (Increase) in trade receivables and loans and advances	(3,594.56)	(2,961.94)	2,323.46
	Decrease / (Increase) other current and non current assets	(6,330.51)	5,122.93	(13,196.96)
	(Decrease) / Increase in trade payables and provisions	5,034.69	14,517.81	(1,580.25)
	(Decrease) / Increase in other current and non current liabilities	5,738.12	(13,720.04)	1,343.47
	Cash flow from operations generated	**3,734.74**	**7,486.69**	**(6,631.54)**
	Direct tax paid (net of refunds)	(3,158.76)	(3,070.13)	(3,461.14)
	Net cash from (used in) operating activities (A)	**575.98**	**4,416.56**	**(10,092.68)**
B	**Cash flow from investing activities**			
	Purchase of Property, plant and equipment (net of adjustments)	(1,715.39)	(1,508.77)	(2,183.34)

	Capital work in progress	(33.85)	130.46	711.56
	Proceeds from sale of property, plant and equipment	2.73	3.50	7.58
	Capital advance	57.72	(1.42)	(11.26)
	Interest received	5,411.54	4,827.10	6,328.79
	Dividend received	469.90	467.14	87.93
	Net cash from / (used in) investing activities (B)	**4,192.65**	**3,918.01**	**4,941.26**
C	**Cash flow from financing activities**			
	Dividend paid (including dividend distribution tax thereon)	(1,205.55)	(2,953.70)	(2,397.50)
	Buy Back of equity share capital	-	(2,534.90)	-
	Payment of buy back tax	-	(538.90)	-
	Finance cost	(2.12)	-	-
	Net cash from / (used in) financing activities (C)	**(1,207.67)**	**(6,027.50)**	**(2,397.50)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**3,560.96**	**2,307.07**	**(7,548.92)**
	Cash and cash equivalents at the beginning of the period	**3,735.85**	**1,428.78**	**8,977.70**
	Cash and cash equivalents at the end of the period	**7,296.81**	**3,735.85**	**1,428.78**

Note: Figure in bracket indicate outflow

Sr. No.	Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018	For the year ended 31st March, 2017
	Components of cash and cash equivalents:			
	Balances with banks:-			
	- In Current accounts			
	i) In India	320.55	16.43	6.07
	ii) Outside India	7.09	9.80	7.93
	- In cash credit accounts	0.18	-	-
	- In deposit accounts	6,968.99	3,709.52	1,414.78
	- In fixed deposit accounts - maturity less than 3 months	-	-	-
	Cash on hand	-	0.10	-
	Total	**7,296.81**	**3,735.85**	**1,428.78**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and 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

For
JCR & Co
Chartered Accountants
Firm Registration No. 105270W

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

Mitesh Chheda
Partner
Membership No. 160688

Sanjiv Sharma
Director
(Finance)

Date – 05th August, 2019
Place - Mumbai

Vijayalakshmi Kamal Kumar
Company
Secretary

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure IV
Restated Ind AS Consolidated Statement of Changes in Equity

(A) Equity share capital

(₹ in million)

Particulars	31st March, 2019	31st March, 2018	31st March, 2017
Opening balance	2,241.00	2,490.00	1,992.00
Changes in equity share capital during the period			
Buy back of equity shares	-	(249.00)	-
Issue of bonus share (in the ratio of 1 : 4)	-	-	498.00
Closing balance	**2,241.00**	**2,241.00**	**2,490.00**

Shareholders in Annual General Meeting held on 22nd September 2017 have approved split of equity shares from face value of ₹ 100 to ₹ 10 per share. Accordingly number of shares have increased from 24.90 million to 249.00 million.

(B) Other equity

For the year ended 31st March, 2019 **(₹ in million)**

Particulars	Retained Earnings	General Surplus	Capital Surplus	Capital Redemption Surplus	Other Comprehensive Income (OCI)	Total Other Equity
Balance as at 1st April, 2018	3,603.74	21,980.53	0.50	988.20	(357.96)	26,215.01
Profit / (loss) for the year	4,725.09					4,725.09
Share of change in reserves of associate	485.13					485.13
Remeasurement of defined employee benefit plan (net of tax)					(154.74)	(154.74)
Dividends						
Interim	(1,000.00)					(1,000.00)
Final						-
Tax on dividends	(205.55)					(205.55)
Balance as at 31st March, 2019	**7,608.40**	**21,980.53**	**0.50**	**988.20**	**(512.70)**	**30,064.93**

For the year ended 31st March, 2018 **(₹ in million)**

Particulars	Retained Earnings	General Surplus	Capital Surplus	Capital Redemption Surplus	Other Comprehensive Income (OCI)	Total Other Equity
Balance as at 1st April, 2017	2,242.13	24,515.43	0.50	739.20	33.96	27,531.22
Profit / (loss) for the year	3,931.49					3,931.49
Share of change in reserves of associate	922.71					922.71
Remeasurement of defined employee benefit plan (net of tax)					(391.92)	(391.92)
Buy back of shares at premium		(2,285.90)				(2,285.90)
Transfer from general surplus to capital redemption surplus		(249.00)		249.00		-
Tax on buy back	(538.90)			-		(538.90)
Dividends						-
Interim	(1,800.00)					(1,800.00)
Final	(654.10)					(654.10)
Tax on dividends	(499.60)					(499.60)
Balance as at 31st March, 2018	**3,603.74**	**21,980.53**	**0.50**	**988.20**	**(357.96)**	**26,215.01**

For the year ended 31st March, 2017 **(₹ in million)**

Particulars	Retained Earnings	General Surplus	Capital Surplus	Capital Redemption Surplus	CSR Fund	Other Comprehensive Income (OCI)	Total Other Equity
Balance as at 1st April, 2016	(1,443.94)	24,327.33	0.50	1,237.20	188.10	42.76	24,351.95
Profit / (loss) for the year	5,401.93						5,401.93
Share of change in reserves of associate	681.64						681.64
Remeasurement of defined employee benefit plan (net of tax)						(8.80)	(8.80)
Changes in accounting policies / prior period items							-
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)
Transfer to general surplus					(188.10)		(188.10)

Transfer from CSR surplus		188.10					188.10
Balance as at 31st March, 2017	**2,242.13**	**24,515.43**	**0.50**	**739.20**	**-**	**33.96**	**27,531.22**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

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

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

Capital redemption surplus: These surplus are created out of redemption of 7% Redeemable cumulative preference shares and buy back of Equity shares.

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

Dividend: The board has recommended the payment of final dividend of ₹ 558.20 million for FY 2018-19. It has been approved by shareholders in the Annual General Meeting.

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.

Bonus Issue: The company had issued bonus shares in the ration of 1:4 in the year 2016-17 amounting to ₹ 498 million.

As per our report of even date

For
JCR & Co
Chartered Accountants
Firm Registration No. 105270W

Mitesh Chheda
Partner
Membership No. 160688

Date – 05th August, 2019

Place - 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 Consolidated 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 Consolidated Summary Statement of Assets and Liabilities of the Company as at March 31, 2019, 2018 and 2017 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 year ended March 31, 2019, 2018 and 2017 (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"), Registrar of companies (ROC), Stock exchange 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, 2018 ("the SEBI regulations") as amended from time to time.

The Restated Ind AS Consolidated Summary Statements have been compiled from:

Audited Consolidated financial statements of the Company for the year ended March 31, 2019, 2018 and 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.

The Restated Ind AS Consolidated Financial information were approved by the board of directors of the Company on 05th August, 2019.

2.2 Summary of significant accounting policies:

a) Use of estimates :

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

Estimates and assumptions are required in particular for:

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

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

ii. Recognition and measurement of defined benefit obligations:

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

iii. Recognition of deferred tax assets:

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

iv. Recognition and measurement of other provisions:

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

v. Discounting of long-term financial liabilities

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

vi. Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue Recognition'. The estimates are revised periodically.

b) Current versus non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

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

i. Expected to be realised or intended to be sold or consumed in normal operating cycle

ii. Held primarily for the purpose of trading

iii. Expected to be realised within twelve months after the reporting period, or

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

All other assets are classified as non - current.

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

i. It is expected to be settled in normal operating cycle

ii. It is held primarily for the purpose of trading

iii. It is due to be settled within twelve months after the reporting period, or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non - current.

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

c) Property, plant and equipment:

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

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

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

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

· Spares purchased along with PPE are capitalised.

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

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

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

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

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

ii. Depreciation:

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

Asset class	**Description**	**Years**
Plant & Machinery	Wet basin	60 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 1, 2015, measured as per previous GAAP and used that carrying value as the deemed cost of the same.

g) Foreign currency transactions:

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

· Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing on the date of the transaction.

· Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the reporting date.

· Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

· Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

h) Borrowing costs:

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

i) Inventory valuation

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

ii. Equipment for specific projects are valued at cost.

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

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

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

vi. Scrap is valued at estimated net realizable value.

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

j) Revenue recognition

i. **Ship construction & repair contracts**

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

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

(a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs

(b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced or

(c) The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

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

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

Fixed Price Contract:

Revenues from construction contracts with customers are recognized over time using input method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately.

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

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

Additional revenue, in respect of contracts completed in earlier years, is accounted for as contract revenue in the year in which such revenue materializes.
For contracts in which performance obligation is satisfied within 12 months (at a point of time), revenue is recognised at the time of completion of performance obligation.

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

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

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

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

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

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

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

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

o) Provision for current & deferred tax

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

Current income tax:

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

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

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

Deferred tax:

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

Deferred tax assets and liabilities are offset only if:

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

p) Provision for doubtful debts and loans and advances :

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

q) Warranty provision:

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

r) Provision, contingent liabilities and contingent assets:

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

Mazagon Dock Shipbuilders Limited

Annexure VI

Restated Ind AS Consolidated Statement of Capitalisation

(₹ in million)

Particulars	Pre-offer as at 31st March, 2019	Adjusted for post offer
Debts		
Short Term Debts	Nil	Nil
Long Term Debts	Nil	Nil
Total Debts	Nil	Nil
Share Holder's Funds		
Share Capital	2,241.00	2,241.00
Surplus as Restated	30,064.93	30,064.93
Total Share Holders Funds	32,305.93	32,305.93
Total Debts/Total Shareholders Funds	Nil	Nil
Long Term Debts/ Total Shareholders Funds	Nil	Nil

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure VII

Statement of Restatement 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, 2018	**31st March, 2017**
A	**Net profit as per audited financial statements**	**4956.92**	**5,850.95**
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		
	Unaccounted revenue, now recognized-		-
	-on sale of ship;		
	-Commission on B&D spares		7.43
	Excess booking of revenue	(133.74)	
	Restatement of incomes treated as 'prior period income', on account of change in contract revenue		-
	Prior period expenses restated in correct period on account of:		-
	-Depreciation expenses;		
	-Bad debts; and		
	-Repairs and maintenance expenses		
	Unrecorded gratuity expenses pertaining to previous years, now restated	-	-
	Increase/(Decrease) in share of profit of Associate	-	(49.70)
	Reversal of gratuity expenses now restated	130.65	-
	Reversal of CSR expenditure	0.90	
	Reversal of Employee benefit expense	3.20	
b.	**Material adjustments relating to previous years**		
	Increase/(Decrease) in Income		
	(Increase)/Decrease in Expenses		
	Reversal of excess provision towards 'post retirement medical benefit'.		-
	Reversal of actuarial gain / (loss) on leave encashment		(114.58)
	Consumption of specific equipment charged in the correct year		-
	Reversal of wrongly booked liability towards vendor escalations		-
	Capital expenditure pertaining to F.Y. 2014-15, wrongly charged to revenue, now rectified		-
	Error in recording excess Subcontracting Expenses, now reversed		-
2	**Ind AS adjustments for proforma period**		-
C	**Total adjustments**	**1.01**	**(156.85)**
D	**Restated profit / (loss) before tax adjustments (A-C)**	**4,957.93**	**5,694.10**

E	**Tax impact of adjustments**		
a.	On restatement adjustments-income/(expense)	(0.44)	262.10
b.	On Ind AS adjustments	-	-
F	**Restated profit / (loss) after tax**	**4,957.49**	**5,956.20**

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 Summary Statements.

Material regroupings

Appropriate adjustments have been made in the Restated Consolidated 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 year ended 31st March, 2019 prepared in accordance with Schedule III and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (as amended).

MAZAGON DOCK SHIPBUILDERS LIMITED
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	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	1,364.78	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
	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	837.92	(3.60)	10.50	2,432.02	-	221.80	-	9.30	212.50	2,219.52	1,608.20

Note: 9 Nos Vessels under the head "Launches and Boats" costing ₹ 30.19 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	-
3	Plant and Equipment	398.20	131.15	-	-	529.35	41.90	19.60	-	-	61.50	467.85	356.30
4	Electrical Installation and Equipments	-	62.62	-	-	62.62	-	0.52	-	-	0.52	62.10	-

5	Furniture and Fixtures	-	22.62	-	-	22.62	-	0.55	-	-	0.55	22.07	-
6	Office Equipment	-	14.51	-	-	14.51	-	0.70	-	-	0.70	13.81	-
7	Computers and Data Processing Units					-	-				-	-	-
	i) Server and Network	33.80	-	-	-	33.80	0.20	5.63	-	-	5.83	27.97	33.60
8	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**	**1,229.70**
	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	1,098.22	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 01-04-16	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**	**Adjustments in the Year**	**Disposal in the Year**	**Balance 31-03-17**	**Opening 01-04-16**	**For the Year**	**Adjustments in the Year**	**Disposal in the Year**	**Balance 31-03-17**	**As on 31-03-17**	**As on 31-03-16**
1	Computer Software/SAP-ERP	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

(i) 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).

(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 ₹ 1149.20 million (2016: ₹ 1113.52 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
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**
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**
3	**Funded By MDL**	837.90	-	269.20	-	-	5.10	-	-	23.70	13.30	**1,149.20**	**1,113.52**
	Previous Year's Figures	822.13	-	267.73	-	-	-	-	-	23.67	-	**1,113.52**	**957.15**

MAZAGON DOCK SHIPBUILDERS LIMITED
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	Adjustments	Disposal	Balance 31-03-18	Opening 01-04-17	For the Year	Adjustments	Disposal	Balance 31-03-2018	As on 31-03-18	As on 31-03-17
A	**Assets Owned by MDL**												
1	Freehold Land	286.70	182.77	-	-	469.47	-	-	-	-	-	469.47	286.70
2	Buildings: i) Factory Building	174.07	3.23	-	0.13	177.17	10.42	8.49	-	0.12	18.79	158.38	163.65
	ii) Office and Staff Quarters							-	-	-			
	a) RCC	187.80	1.94	-	0.06	189.68	8.05	5.69	-	0.06	13.68	176.00	179.75
	b) Non RCC	39.30	32.17	-	-	71.47	2.52	2.27	-	-	4.79	66.68	36.78
3	Road	66.69	-	0.60	-	67.29	23.15	12.61	-	-	35.76	31.53	43.54
4	Other Civil Works	0.90	-	-	-	0.90	0.58	0.28	-	-	0.86	0.04	0.32
5	Plant and Equipment	1,364.79	721.30	(0.60)	6.47	2,079.02	103.05	112.80	-	5.76	210.09	1,868.93	1,261.73
6	Furniture and Fixtures	134.54	9.56	-	0.27	143.82	30.15	15.99	-	0.25	45.89	97.93	104.39
7	Vehicles	172.80	22.01	-	2.40	192.41	43.68	24.22	-	2.26	65.64	126.77	129.12
8	Office Equipment	173.89	18.76	-	1.68	190.97	55.09	33.23	-	1.61	86.71	104.26	118.80

9	Building Berths, Kasara Basin, Dry Docks and Launchways	-	-	-	-	-	-	-	-	-	-	-	-
10	Computers and Data Processing Units		-		-			-	-	-			
	i) Desktops, Laptops etc.	42.99	25.99	-	13.61	55.37	9.64	24.46	-	13.58	20.52	34.85	33.35
	ii) Server and Network	189.69	114.32	-	19.28	284.73	31.83	38.44	-	15.34	54.93	229.80	157.86
11	Loose Tools	25.07	12.94	-	-	38.01	19.15	7.88	-	-	27.03	10.98	5.92
12	Ship - Launches and Boats	30.19	13.43	-	-	43.62	3.00	1.56	-	-	4.56	39.06	27.19
13	Electrical Installation and Equipments	122.21	23.22	-	-	145.43	27.17	17.46	-	-	44.63	100.80	95.04
	Sub-total	**3,011.63**	**1,181.64**	**-**	**43.90**	**4,149.36**	**367.48**	**305.38**	**-**	**38.98**	**633.88**	**3,515.48**	**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: 10 Vessels under the head "Launches and Boats" costing ₹ 43.62 million (Previous year - ₹ 30.19 million) out of which ₹ 30.19 million (Previous year - ₹ 30.19 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 and registration of one vessel costing ₹ 13.43 million in the name of CMD is under process as on 31st March, 2018.

(₹ in million)

		GROSS BLOCK					**DEPRECIATION / AMORTISATION**					**NET BLOCK**	
B	**Jointly Funded Assets**	**Cost as on 01-04-17**	**Additions**	**Adjustments**	**Disposal**	**Balance 31-03-18**	**Opening 01-04-17**	**For the Year**	**Adjustments**	**Disposal**	**Balance 31-03-2018**	**As on 31-03-18**	**As on 31-03-17**
1	Buildings: i) Factory Building	1,799.35	15.51	-	-	1,814.86	58.19	57.76	-	-	115.95	1,698.91	1,741.16
	ii) Office and Staff Quarters		-	-	-	-	-	-	-	-	-	-	-
	a) RCC	156.50	5.59	-	-	162.09	0.24	2.83	-	-	3.07	159.02	156.26
	b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	-

2	Roads	13.28	-			13.28	0.22	2.52			2.74	10.54	13.06
3	Plant and Equipment	529.35	136.20	-	-	665.55	61.50	29.85	-	-	91.35	574.20	467.85
4	Electrical Installation and Equipments	62.62	2.26	-	-	64.88	0.52	6.15	-	-	6.67	58.21	62.10
5	Furniture and Fixtures	22.62	-	-	-	22.62	0.55	2.11	-	-	2.66	19.96	22.07
6	Office Equipment	14.51	0.79	-	-	15.30	0.70	2.81	-	-	3.51	11.79	13.81
7	Computers and Data Processing Units	-	-			-	-				-		-
	i) Server and Network	33.80	-	-	-	33.80	5.83	5.70	-	-	11.53	22.27	27.97
8	Ship - Launches and Boats	101.71	12.54	-	-	114.25	1.13	3.82	-	-	4.95	109.30	100.58
	Sub-total	**2,733.74**	**172.89**	-	-	**2,906.63**	**128.88**	**113.55**	-	-	**242.43**	**2,664.20**	**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	1,229.70
	Total Tangibles Assets (A+B)	**5,745.37**	**1,354.53**	-	**43.90**	**7,055.99**	**496.36**	**418.93**	-	**38.98**	**876.31**	**6,179.68**	**5,249.00**
	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	3,449.22

Intangible Assets **(₹ in million)**

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-17	Additions	Adjustments	Disposal	Balance 31-03-18	Opening 01-04-17	For the Year	Adjustments	Disposal	Balance 31-03-2018	As on 31-03-18	As on 31-03-17
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	72.70	6.70	-	-	79.40	24.18	15.77	-	-	39.95	39.45	48.52

2	Other than SAP-ERP	238.52	147.54	-	6.02	380.04	87.69	63.84	-	5.62	145.91	234.13	150.83
	Sub Total	**311.22**	**154.24**	**-**	**6.02**	**459.44**	**111.87**	**79.61**	**-**	**5.62**	**185.86**	**273.58**	**199.35**
	Previous Year's Figures	256.60	54.62	-	-	311.22	46.10	65.77	-	-	111.87	199.35	210.50

(₹ in million)

B	**Jointly Funded Assets**	**GROSS BLOCK**					**DEPRECIATION / AMORTISATION**					**NET BLOCK**	
		Cost as on 01-04-17	**Additions**	**Adjustments**	**Disposal**	**Balance 31-03-18**	**Opening 01-04-17**	**For the Year**	**Adjustments**	**Disposal**	**Balance 31-03-2018**	**As on 31-03-18**	**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	3.63	-	-	7.56	10.54	14.17
	Sub Total	**118.10**	**-**	**-**	**-**	**118.10**	**103.93**	**3.63**	**-**	**-**	**107.56**	**10.54**	**14.17**
	Previous Year's Figures	118.10	-	-	-	118.10	100.30	3.63	-	-	103.93	14.17	17.80
	Total Intangible Assets (A+B)	**429.32**	**154.24**	**-**	**6.02**	**577.54**	**215.80**	**83.24**	**-**	**5.62**	**293.42**	**284.12**	**213.52**
	Previous Year's Figures	374.70	54.62	-	-	429.32	146.40	69.40	-	-	215.80	213.52	228.30
	Total Assets (i+ii)	**6,174.69**	**1,508.77**	**-**	**49.92**	**7,633.53**	**712.16**	**502.17**	**-**	**44.60**	**1,169.73**	**6,463.80**	**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	3,677.52

(vii) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 1.4 million (2017: ₹ 11.4 million)

(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 period 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 period 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 ₹ 1299.13 million (2017: ₹ 1149.20 million,) (net cost to Company) were capitalised upto 31st March 2018 as jointly funded by the Company and Indian Navy and depreciation of ₹ 424.20 million (2017: ₹ 307.0 million) has been accounted on it upto 31st March 2018. Total Assets of ₹ 10334.10 million (2017: ₹ 10161.20 million) are jointly funded by the Company and Indian Navy.

(xiii) 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 31-03-18	Total as on 31-03-17
1	Total Cost upto 31.03.2018	3,399.92	64.88	6,515.18	34.54	9.58	114.25	16.62	24.15	141.81	13.28	10334.21	10161.20
2	Less: Funded By Navy	2,543.00	62.79	6,128.71	34.54	9.58	98.33	15.84	24.15	118.14	-	9035.08	9012.00
3	**Funded By MDL**	856.92	2.09	386.47	0.00	0.00	15.92	0.78	0.00	23.67	13.28	1299.13	1149.20
	Previous Year's Figures	837.90	-	269.20	-	-	5.10	-	-	23.70	13.30	1,149.20	1,113.52

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure VIII
Restated Ind AS Consolidated Statement of Property, plant and equipment and Intangible assets

₹ in lakhs

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-18	Additions	Adjustments	Disposal	Balance 31-03-19	Opening 01-04-18	For the Year	Adjustments	Disposal	Balance 31-03-19	As on 31.03.2019	As on 31-03-18
A	**Assets Owned by MDL**												
1	Freehold Land	469.47	500.02	-	-	969.49	-	-	-	-	-	969.49	469.47
2	Buildings: i) Factory Building	177.17	101.82	-	0.35	278.64	18.79	10.27	-	0.34	28.72	249.92	158.38
	ii) Office and Staff Quarters												
	a) RCC	189.68	76.55	-	0.06	266.17	13.68	10.59	-	0.06	24.21	241.96	176.00
	b) Non RCC	71.47	10.23	-	2.76	78.94	4.79	3.35	-	2.63	5.51	73.43	66.68
	iii) Others (Temporary structure)	0.90	0.36	-	-	1.26	0.86	0.05	-	-	0.91	0.35	0.04
3	Road	67.29	-	-	-	67.29	35.76	12.61	-	-	48.37	18.92	31.53
4	Plant and Equipment	2,079.02	200.97	-	18.77	2,261.22	210.09	151.72	-	15.32	346.49	1,914.73	1,868.93
5	Furniture and Fixtures	143.82	18.65	-	1.62	160.85	45.89	16.01	-	0.65	61.25	99.60	97.93
6	Vehicles	192.41	2.36	-	2.81	191.96	65.64	25.54	-	2.58	88.60	103.36	126.77
7	Office Equipment	190.97	73.83	-	68.61	196.19	86.71	34.08	-	50.14	70.65	125.54	104.26
8	Computers and Data Processing Units												

	i) Desktops, Laptops etc.	55.37	46.81	-	39.85	62.33	20.52	36.73	-	39.85	17.40	44.93	34.85
	ii) Server and Network	284.73	118.71	-	21.05	382.39	54.93	65.65	-	19.83	100.75	281.64	229.80
9	Loose Tools	38.01	16.00	-	0.78	53.23	27.03	7.08	-	0.78	33.33	19.90	10.98
10	Ship - Launches and Boats	43.62	450.00	-	-	493.62	4.56	4.09	-	-	8.65	484.97	39.06
11	Electrical Installation and Equipments	145.43	38.78	-	0.02	184.19	44.63	18.50	-	0.02	63.11	121.08	100.80
	Sub-total	**4,149.36**	**1,655.09**	**-**	**156.68**	**5,647.77**	**633.88**	**396.27**	**-**	**132.20**	**897.95**	**4,749.82**	**3,515.48**
	Previous Year's Figures	3,011.62	1,181.64	-	43.90	4,149.36	367.48	305.38	-	38.98	633.88	3,515.48	2,644.14

Note: Vessels under the head "Launches and Boats" costing ₹ 493.62 million (2018 - ₹ 43.62 million) out of which ₹ 493.62 million (2018 - ₹ 30.19 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 lakhs

B	**Jointly Funded Assets**	**GROSS BLOCK**					**DEPRECIATION / AMORTISATION**					**NET BLOCK**	
		Cost as on 01-04-18	**Additions**	**Adjustments**	**Disposal**	**Balance 31-03-19**	**Opening 01-04-18**	**For the Year**	**Adjustments**	**Disposal**	**Balance 31-03-19**	**As on 31.03.2019**	**As on 31-03-18**
1	Buildings: i) Factory Building	1,814.86	5.42	-	-	1,820.28	115.95	57.97	-	-	173.92	1,646.36	1,698.91
	ii) Office and Staff Quarters	-	-	-	-	-	-	-	-	-	-	-	-
	a) RCC	162.09	-	-	-	162.09	3.07	2.84	-	-	5.91	156.18	159.02
	b) Non RCC	-	-	-	-	-	-	-	-	-	-	-	-
2	Roads	13.28	-	-	-	13.28	2.74	2.52	-	-	5.26	8.02	10.54

3	Plant and Equipment	665.55	5.95	-	-	671.50	91.35	30.82	-	-	122.17	549.33	574.20
4	Electrical Installation and Equipments	64.88	-	-	-	64.88	6.67	6.16	-	-	12.83	52.05	58.21
5	Furniture and Fixtures	22.62	-	-	0.96	21.66	2.66	2.07	-	0.31	4.42	17.24	19.96
6	Office Equipment	15.30	-	-	-	15.30	3.51	2.82	-	-	6.33	8.97	11.79
7	Computers and Data Processing Units												
	i) Server and Network	33.80	-	-	-	33.80	11.53	5.70	-	-	17.23	16.57	22.27
8	Ship - Launches and Boats	114.25	-	-	-	114.25	4.95	3.88	-	-	8.83	105.42	109.30
	Sub-total	**2,906.63**	**11.37**	**-**	**0.96**	**2,917.04**	**242.43**	**114.78**	**-**	**0.31**	**356.90**	**2,560.14**	**2,664.20**
	Previous Year's Figures	2,733.74	172.89	-	-	2,906.63	128.88	113.55	-	-	242.43	2,664.20	2,604.86
	Total Tangibles Assets (A+B)	**7,055.99**	**1,666.46**	**-**	**157.64**	**8,564.81**	**876.31**	**511.05**	**-**	**132.51**	**1,254.85**	**7,309.96**	**6,179.68**
	Previous Year's Figures	5,745.37	1,354.53	-	43.90	7,055.99	496.36	418.93	-	38.98	876.31	6,179.68	5,249.00

Intangible Assets **₹ in lakhs**

Sr. No.	Particulars	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-18	Additions	Adjustments	Disposal	Balance 31-03-19	Opening 01-04-18	For the Year	Adjustments	Disposal	Balance 31-03-19	As on 31.03.2019	As on 31-03-18
A	**Assets Owned by MDL**												
1	Computer Software/SAP-ERP	79.40	-	-	-	79.40	39.95	16.22	-	-	56.17	23.23	39.45

2	Other than SAP-ERP	380.04	48.93	-	-	428.97	145.91	83.29	-	-	229.20	199.77	234.13
	Sub Total	**459.44**	**48.93**	**-**	**-**	**508.37**	**185.86**	**99.51**	**-**	**-**	**285.37**	**223.00**	**273.58**
	Previous Year's Figures	311.22	154.24	-	6.02	459.44	111.87	79.61	-	5.62	185.86	273.58	199.35

₹ in lakhs

B	Jointly Funded Assets	GROSS BLOCK					DEPRECIATION / AMORTISATION					NET BLOCK	
		Cost as on 01-04-18	**Additions**	**Adjustments**	**Disposal**	**Balance 31-03-19**	**Opening 01-04-18**	**For the Year**	**Adjustments**	**Disposal**	**Balance 31-03-19**	**As on 31.03.2019**	**As on 31-03-18**
1	Computer Software/SAP-ERP	100.00	-	-	-	100.00	100.00	-	-	-	100.00	-	-
2	Other than SAP-ERP	18.10	-	-	-	18.10	7.56	3.63	-	-	11.19	6.91	10.54
	Sub Total	**118.10**	**-**	**-**	**-**	**118.10**	**107.56**	**3.63**	**-**	**-**	**111.19**	**6.91**	**10.54**
	Previous Year's Figures	118.10	-	-	-	118.10	103.93	3.63	-	-	107.56	10.54	14.17
	Total Intangible Assets (A+B)	**577.54**	**48.93**	**-**	**-**	**626.47**	**293.42**	**103.14**	**-**	**-**	**396.56**	**229.91**	**284.12**
	Previous Year's Figures	429.32	154.24	-	6.02	577.54	215.80	83.24	-	5.62	293.42	284.12	213.52
	Total Assets (i+ii)	**7,633.53**	**1,715.39**	**-**	**157.64**	**9,191.28**	**1,169.73**	**614.18**	**-**	**132.51**	**1,651.41**	**7,539.87**	**6,463.80**
	Previous Year's Figures	6,174.69	1,508.77	-	49.92	7,633.53	712.16	502.17	-	44.60	1,169.73	6,463.80	5,462.52

(xiv) Residential Building at Vashi: Registration formalities are pending in respect of flats at Vashi purchased from CIDCO amounting to ₹ 1.4 million (2018: ₹ 1.4 million)

(xv) 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.

(xvi) 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.

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

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

(vvix) **Assets jointly funded by MDL and Indian Navy**

₹ in lakhs

Sr. No.	**Particulars**	**Office and Factory Building**	**Electric Installations & Equipment**	**Plant and Equipment**	**CDPU**	**Temporary Structure**	**Ships, Launches & Boats**	**Office Equipment**	**Furniture and Fixtures**	**Intangible assets**	**Roads**	**Total as on 31-03-2019**	**Total as on 31-03-18**
1	Total Cost upto 31.03.2019	3,405.35	64.88	6,521.13	34.54	9.58	114.25	16.62	24.15	141.81	13.28	**10,345.59**	**10,334.21**
2	Less: Funded By Navy	2,548.42	62.79	6,133.66	34.54	9.58	98.33	15.84	24.15	118.14	-	**9,045.45**	**9,035.08**
3	Funded By MDL	856.93	2.09	387.47	-	-	15.92	0.78	-	23.67	13.28	**1,300.14**	**1,299.13**
	Previous Year's Figures	856.92	2.09	386.47	-	-	15.92	0.78	-	23.67	13.28	**1,299.13**	**1,149.20**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure IX
Restated Ind AS Consolidated Statement of Non-Current investments

(₹ in million)

Particulars	31st March, 2019	31st March, 2018	31st March, 2017
Investments Investments in equity instruments (Unquoted) Equity shares of Goa Shipyard Limited 5,49,57,600 Equity shares of ₹ 5 each fully paid up (in FY 2017-18, 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 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)	4,306.69	4,291.47	3,835.89
	4,306.69	**4,291.47**	**3,835.89**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure X

Restated Ind AS Consolidated Statement of Cash and Bank balances

(₹ in million)

Particulars	**31st March, 2019**		**31st March, 2018**		**31st March, 2017**	
Cash and cash equivalents						
Balances with banks:-						
- In current accounts						
i. In India	320.55		16.43		6.07	
ii. Outside India	7.09	327.64	9.80	26.23	7.93	14.00
- In cash credit accounts		0.18		-		-
- In flexi deposit accounts		6,968.99		3,709.52		1,414.78
- In fixed deposit accounts - maturity less than 3 months		-		-		-
Cash on hand		-		0.10		-
		7,296.81		**3,735.85**		**1,428.78**
Bank balance other than cash and cash equivalents						
In fixed deposit accounts - more than 3 months but not more than 12 months maturity		67,400.00		68,160.00		82,200.00
		67,400.00		**68,160.00**		**82,200.00**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XI
Restated Ind AS Consolidated Statement of Other Assets

Capital work-in-progress **(₹ in million)**

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
1. Own resources						
A. Tangible assets						
Opening balance	839.92		838.81		317.54	
Add: Expenditure during the period	1,698.82		1,182.79		1,242.53	
Less: Capitalisation during the period	1,655.10	883.64	1,181.68	839.92	721.26	838.81
B. Intangible assets under development						
Opening balance						
Add: Expenditure during the period	48.93		154.20		54.62	
Less: Capitalisation/adjustments during the period	48.93	-	154.20	-	54.62	-
2. Funded by Indian Navy						
a) Mazdock Modernisation Project						
Opening balance	-		-		-	
Add: Expenditure / adjustments during the period	-		-		-	
Less: Capitalisation / adjustments during the period	-		-		-	
	-		-		-	
b) Submarine facilities upgradation project						
Opening balance	13.90		145.47		1,378.30	
Add: Expenditure/adjustments during the period	1.50		41.32		165.62	
Less: Capitalisation/adjustments during the period	11.37		172.89		1,398.45	
2 (a) + 2 (b)	4.03		13.90		145.47	
Less: Advances received from customer (as per contra-2.4)	-	4.03	-	13.90	-	145.47
		887.67		**853.82**		**984.28**

Other Non current Financial assets

Loans

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
(Unsecured, considered good, unless otherwise stated)						
Security deposits						
Security deposits with Mumbai Port Trust		34.26		32.49		30.87
Other deposits		32.34		57.00		56.14
		66.60		**89.49**		**87.01**

Other financial assets

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
Fixed deposits with bank with maturity over 12 months (The above deposit is under lien with Mumbai Port Trust)		34.00		34.00		33.98
Leave encashment fund		1,401.16		-		-
		1,435.16		**34.00**		**33.98**

Non-current assets

Non-current tax asset (net)

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
Advance income tax paid		11,012.36		11,883.12		11,392.50
Less: Provision for tax		9,078.60		9,815.87		9,581.17
		1,933.76		**2,067.25**		**1,811.33**

Other non-current assets

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
(Unsecured, considered good unless otherwise stated)						
Capital advances		10.76		68.48		67.06
Deposits with custom and excise authorities		2.40		2.40		2.40
Other deposits						
Other receivables - considered good	0.85		1.91		0.41	
Other receivables - considered doubtful	279.09		279.53		294.60	
Less: Allowance for doubtful receivables	279.09	0.85	279.53	1.91	294.60	0.41
Advances paid to vendors - considered doubtful	6.24		6.24		0.24	
Less: Allowance for doubtful advances	6.24	-	6.24	-	0.24	-
VAT / sales tax receivable		1,250.40		1,157.41		1,257.44
GST input tax credit						
Services	2,185.66		742.69		-	
Materials	1,508.50	3,694.16	1,167.06	1,909.75	-	-
Export incentive receivable						
Considered good	19.28		37.12		37.11	
Considered doubtful	10.71		10.70		10.71	
	29.99		47.82		47.82	
Less: Allowance for doubtful receivables	10.71	19.28	10.70	37.12	10.71	37.11
Prepaid expenses						
Prepaid lease rent	450.38		463.27		49.35	

Less: amortisation / unwinding of prepaid rentals	1.52		1.50		1.52	
Less: current	7.80	441.06	6.60	455.17	6.56	41.27
Others		6.20		10.50		14.44
		5,425.11		**3,642.74**		**1,420.13**

1. Amounts due from Directors / Promoters / Promoter group company / relative of promoters / relatives of Directors / Subsidiary companies for the year ended 31st March, 2019 is Nil (31st March,2018, 2017 is Nil.)

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

a. Certain Land at Mumbai taken from Mumbai Port Trust (MbPT) Mumbai. However MDL continues to occupy the land and is paying rent according to the terms and conditions of the contract. The lease period is assumed to be 29 years from the date of expiry of the leases.

b. The company is in possession of approx. 10 acre land belonging to CIDCO which ONGC ceded to MDL is or about the year 1984 for the cost of Rs. 2 million. MDL is having permanently tenancy rights to co-terminate with the leasehold right of ONGC with the CIDCO land in their possession.

Other Current financial assets

Loans **(₹ in million)**

Particulars	**31st March, 2019**		**31st March, 2018**		**31st March, 2017**	
(Unsecured, considered good)						
Employee related		38.45		9.12		10.22
Others		4.42		-		
		42.87		**9.12**		**10.22**

Others

Particulars	**31st March, 2019**		**31st March, 2018**		**31st March, 2017**	
Insurance claims receivable		60.58		50.97		-
Interest accrued on deposits and advances		1,893.50		1,048.67		1,471.38
Other receivables		258.89		5.71		5.29
		2,212.97		**1,105.35**		**1,476.67**

Other current assets

Particulars	**31st March, 2019**		**31st March, 2018**		**31st March, 2017**	
(Unsecured, considered good)						
Advances other than capital advances						
Advances paid to vendors		41,934.22		40,902.80		29,614.43
Travel advance to employees		1.18		3.37		4.63
Others		2.51		17.73		22.84
Prepaid expenses						
Prepaid lease rentals		7.80		6.60		6.56
Others		220.78		129.57		92.98
		42,166.49		**41,060.07**		**29,741.44**

Note:
1. The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

2. Amounts due from Directors / Promoters / Promoter group company / relative of promoters / relatives of Directors / Subsidiary companies for the year ended 31st March, 2019 is Nil (31st March,2018, 2017 is Nil.)

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XII
Restated Ind AS Consolidated Statement of Deferred Tax Assets

(₹ in million)

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
Deferred tax assets						
Provisions	6,858.40		6,513.59		5,853.93	
Others	-	6,858.40	-	6,513.59	288.83	6,142.76
Deferred tax liabilities						
Service tax	(145.67)		(145.70)		(144.27)	
Depreciation	(966.35)		(924.10)		(871.54)	
Others	-	(1,112.02)	-	(1,069.80)	(138.88)	(1,154.69)
Deferred tax assets (net)		**5,746.38**		**5,443.79**		**4,988.07**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure XIII

Restated Ind AS Consolidated Statement of Inventories

(₹ in million)

Particulars	**31st March, 2019**		**31st March, 2018**		**31st March, 2017**	
Raw materials						
Material in stores	1,524.46		1,679.06		1,716.41	
Less: Provision for obsolescence	11.06	1,513.40	8.08	1,670.98	8.94	1,707.47
Stores and spares						
Material in stores	205.08		174.46		187.78	
Less: Provision for obsolescence	10.68	194.40	11.10	163.36	7.25	180.53
Equipment for specific projects						
Material in stores/site	35,794.51		32,952.73		36,380.23	
Less: Provision for obsolescence	-		15.50		18.08	
	35,794.51		32,937.23		36,362.15	
Stock in transit	221.61		947.50		1,971.71	
Materials pending inspection	171.43	36,187.55	2,131.69	36,016.42	53.88	38,387.74
Scrap		7.68		8.93		10.82
		37,903.03		**37,859.69**		**40,286.56**

Note:
(i) Inventory costing ₹ Nil (2018: ₹ 6210.70, 2017: ₹ 6210.70 million) is held with Original Equipment Manufacturer (OEM) and inventory costing ₹ 238.30 million (2018: 8.90 million, 2017: Nil) is held with other vendors.
(iii) Inventory costing ₹ 57.60 million (2018: Rs. 57.60 million, 2017: Nil) is held at customer's store.
(iv) The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XIV
Restated Ind AS Consolidated Statement of Trade Receivables

Non current trade receivable **(₹ in million)**

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
(Unsecured, Considered good, unless otherwise stated)						
Deferred debts		196.95		198.38		199.59
Less: Amount receivable within 12 months		39.13		39.10		39.13
		157.82		**159.28**		**160.46**

Current trade receivables **(₹ in million)**

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
(Unsecured, considered good unless otherwise stated)						
Debts outstanding over six months						
Considered good	13,565.19		10,077.05		7,469.56	
Considered doubtful	1,803.10		1,629.87		1,861.55	
	15,368.29		11,706.92		9,331.11	
Less: Loss allowance	1,803.09	13,565.20	1,629.87	10,077.05	1,861.55	7,469.56
Towards B&D spares						
Considered good	1,147.95		1,011.49		617.72	
Considered doubtful	75.80		75.80		322.64	
	1,223.75		1,087.29		940.36	
Less: Loss allowance	75.80	1,147.95	75.80	1,011.49	322.64	617.72
		14,713.15		**11,088.54**		**8,087.28**

Breakup of Trade receivables

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
Trade receivables considered good - secured		-		-		-
Trade receivables considered good - unsecured		14,713.14		11,088.54		8,087.28
Trade receivables considered doubtful - secured		-		-		-
Trade receivables considered doubtful - unsecured		1,878.90		1,705.67		2,184.19
Trade receivables which have significant increase in credit risk		-		-		-
Trade receivables - credit impaired		-		-		-

Total		16,592.04		12,794.21		10,271.47
Loss allowance		1,878.89		1,705.67		2,184.19
Total trade receivables (current)		**14,713.15**		**11,088.54**		**8,087.28**

Note:
1. The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

2. Amounts due from Directors/Promoters/Promoter Group Companies/Relatives of Promoters/Relatives of Directors/Subsidiary companies for the year ended 31st March, 2019 is Nil (31st March,2018, 2017 is Nil.)

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XV
Restated Ind AS Consolidated Statement of Share Capital

(₹ in million)

Particulars	**As at 31st March, 2019**		**As at 31st March, 2018**		**As at 31st March, 2017**	
Authorized share capital						
32,37,20,000 (In FY 2017-18 3,23,72,000, in FY 2016-17 3,23,72,000) equity shares of ₹ 10 each (₹ 10 each in FY 2017-18, ₹ 100 each in FY 2016-17).		3,237.20		3,237.20		3,237.20
		3,237.20		**3,237.20**		**3,237.20**
Issued, subscribed and fully paid-up shares						
22,41,00,000 (In FY 2017-18 22,41,00,000, in FY 2016-17 2,49,00,000) equity shares of ₹ 10 each (₹ 10 each in FY 2017-18, ₹ 100 each in FY 2016-17).		2,241.00		2,241.00		2,490.00
		2,241.00		**2,241.00**		**2,490.00**

All equity shares are held by the President of India and his nominees.

Particulars	**As at 31st March, 2019**		**As at 31st March, 2018**		**As at 31st March, 2017**	
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	22,41,00,000	100%	22,41,00,000	100%	2,49,00,000	100%

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

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.

The company had issued bonus shares in the ration of 1:4 in the year 2016-17 amounting to ₹ 498 million.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XVI
Restated Ind AS Consolidated Statement of Provisions

Long-term provisions **(₹ in million)**

Particulars	31st March, 2019	31st March, 2018	31st March, 2017
Employee benefits			
Post retirement benefit schemes			
Medical	580.85	715.29	653.12
Gift card	61.70	7.88	7.32
Leave salary encashment	1,027.25	1,053.75	1,170.68
Welfare Expenses	39.95	34.54	37.75
Other provisions			
Provision for liquidated damages	10,782.52	10,423.62	10,241.48
Others	26.34	10.79	10.76
	12,518.61	**12,245.87**	**12,121.11**

Short-term provisions

Particulars	31st March, 2019	31st March, 2018	31st March, 2017
Employee benefit			
Post retirement benefit			
Medical	36.31	29.30	26.77
Gift card	7.96	0.90	2.17
Leave salary encashment	421.49	451.42	378.09
Gratuity	260.88	376.20	230.73
Welfare Expenses	9.67	15.20	13.44
Other provisions			
Guarantee repairs	202.76	285.53	122.53
Custom duty	42.59	42.60	42.59
Other	-		-
	981.66	**1,201.15**	**816.32**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XVII
Restated Ind AS Consolidated Statement of Other Liabilities

Non current
Trade payables and other financial liabilities

(₹ in million)

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
Trade payables						
Total outstanding dues of creditors other than MSME						
Deferred payment liability to a foreign supplier		196.95		198.38		199.59
Less: Amount payable within 12 months		39.13		39.10		39.13
		157.82		**159.28**		**160.46**
Others						
Security and other deposits		10.24		6.80		1.41
		10.24		**6.80**		**1.41**

Other long-term liabilities

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
Funds received from customer for infrastructure projects	9,051.15		8,949.72		8,672.50	
Add: Received during the period	54.37		101.43		378.63	
Less: Transferred to fixed assets for capitalisation	7,235.23		7,235.23		7,235.23	
Less: Amortisation of deferred revenue	293.49	1,576.80	219.93	1,595.99	146.61	1,669.29
Deferred deposits		1.57		1.36		0.18
		1,578.37		**1,597.35**		**1,669.47**

Current
Trade payables and other financial liabilities

Particulars	31st March, 2019		31st March, 2018		31st March, 2017	
Trade payables						
Other vendors		28,946.57		23,737.43		9,092.70
Deferred payment liability to a foreign supplier		39.13		39.10		39.13
		28,985.70		**23,776.53**		**9,131.83**
Others financial liabilities						
Retention money payable		66.83		49.41		60.62
Liquidated damages payable		408.99		169.01		888.60
Interest payable on advances received from customer		264.57		81.38		105.13

Employee related		1,059.29		2,203.28		640.36
Others		504.72		5.06		5.97
Security and other deposits		62.62		70.57		46.43
		2,367.02		**2,578.71**		**1,747.11**

Other current liabilities

Particulars	**31st March, 2019**		**31st March, 2018**		**31st March, 2017**	
Statutory dues		219.21		97.79		251.06
Deferred Deposits		1.39		1.00		-
		220.60		**98.79**		**251.06**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XVIII
Restated Ind AS Consolidated Statement of Revenue

Revenue from operations **(₹ in million)**

Particulars	31st March, 2019	31st March, 2018	31st March, 2017
Contract revenue			
Ship construction	39,909.47	43,858.42	35,236.68
Sale of goods			
Sale of base and depot spares	6,519.40	991.54	376.93
Sale of services			
Ship Repair	-	-	(1.93)
Other operating revenue			
Sale of scrap and stores	62.64	29.89	38.96
Changes in inventory of scrap	-	-	2.81
Export incentive	-		
Duty drawback	-		
	46,491.51	**44,879.85**	**35,653.45**

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

Particulars	31st March, 2019	31st March, 2018	31st March, 2017
The amount of contract revenue recognised as revenue for the period	39,909.47	43,858.42	35,236.68
Aggregate amount of cost incurred and recognised profits (less recognised losses, if any)	2,12,936.84	1,73,908.82	1,71,285.11
The amount of advances received (gross)	3,41,831.97	2,98,585.70	2,91,622.60
The amount of retentions by customers	3,462.30	5,204.40	4,893.40

Note -

1. The company has adopted Ind AS 115 from 1st April, 2018 with full modified retrospective approach. However, adoption of Ind AS 115 has no effect on profitability and turnover of the company except from FY 2018-19 onwards, the Company as principal has recognised revenue for supply of base and depot spares at the time of satisfactory completion of delivery as against recognition of only service charges as revenue in previous years as agent. This has resulted in increase in total revenue by Rs. 6080.47 million, 917.17 million and 348.66 million in FY 2018-19, FY 2017-18 and FY 2016-17 respectively and no effect on profitability for each of the above mentioned years.

2. The Company is engaged in the production of defence equipment and was exempted from 'Segment Reporting' vide notification S.O. 802(E) dtd. 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 115.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XIX
Restated Ind AS Consolidated Statement of Other Income

(₹ in million)

Particulars	Nature (Recurring / Non-recurring)	Related / not related to business activity	31st March, 2019		31st March, 2018		31st March, 2017	
Interest from								
Deposits with banks	Recurring	Related	5,511.77		4,891.18		6,403.49	
Less: Interest liability to customer on advances	Recurring	Related	264.57		81.38		105.13	
			5,247.20		4,809.80		6,298.36	
On income tax refund	Non - recurring	Not related	141.02		-		11.83	
Other interest	Recurring	Not related	23.32	5,411.54	17.30	4,827.10	18.60	6,328.79
Other non-operating income								
Rent refund on right to occupancy	Non - recurring	Not related		-		-		-
Liabilities / provisions no longer required written back	Non - recurring	Related		219.60		567.42		229.72
Provision for trade receivables reversed	Recurring	Related		-		-		860.17
Provision for obsolete stock reversed	Recurring	Related		-		-		3.50
Insurance claims	Non - recurring	Not related		10.77		-		1.58
Sale / scrapping of fixed assets (net)								
Profit	Non - recurring	Related	-		-		5.33	
Less: Loss	Non - recurring	Related	-	-	-	-	2.20	3.13
Liquidated damages recovered								
Capital	Non - recurring	Related		7.32		18.47		5.24
Others	Non - recurring	Related		30.24		3.11		19.77

Miscellaneous income / recoveries	Recurring	Related		139.87		41.96		39.99
Amortisation gain on deferred deposits of Vendors	Recurring	Related		1.32		0.69		0.16
Amortisation of deferred revenue (Customer funded assets)	Recurring	Related		73.73		73.30		25.41
Interest Income on deferred payment liability to foreign supplier	Recurring	Related		37.69		37.92		38.80
Interest Income on deferred deposit with MbPT	Recurring	Related		1.76		1.60		1.55
				5,933.84		**5,571.57**		**7,557.81**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Anexure XX
Restated Ind AS Consolidated Statement of Cost of raw material consumed

(₹ in million)

Particulars	**31st March, 2019**	**31st March, 2018**	**31st March, 2017**
Opening stock			
Raw materials, stores and spares	1,853.51	1,904.20	1,230.60
Equipment for specific projects	32,952.74	36,380.20	39,167.30
Stock-in-transit and materials pending inspection	3,079.19	2,025.60	2,185.50
Add: Purchases	25,843.65	24,697.83	19,363.10
	63,729.09	65,007.83	61,946.50
Less: Closing stock			
Raw materials, stores and spares	1,729.54	1,853.52	1,904.19
Equipment for specific projects	35,794.51	32,952.73	36,380.23
Stock-in-transit and materials pending inspection	393.04	3,079.19	2,025.59
	25,812.00	27,122.39	21,636.49
Less: Reduction in Value-included in Other Expenses			
Less: Provision for obsolete stock	2.55	3.00	6.11
Less: Stores and spares consumption included in repairs and maintenance	0.05	0.20	1.32
Less: Stores and spares consumption included in other expenses	238.19	190.26	228.31
	25,571.21	**26,928.93**	**21,400.75**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXI
Notes to Restated Ind AS Consolidated Statements of Employee Benefit Expense

(₹ in million)

Particulars	31st March, 2019	31st March, 2018	31st March, 2017
Salaries, wages, allowances and bonus	5,155.04	7,033.93	5,444.15
Pension	193.86	157.52	117.00
Contribution to provident fund	487.61	417.26	406.63
Contribution to employees state insurance scheme	38.09	62.37	18.63
Workmen and staff welfare expenses	459.02	585.92	651.85
Gratuity	235.46	259.34	151.04
Encashment of privilege leave	325.58	340.66	499.07
	6,894.66	**8,857.00**	**7,288.37**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXII
Restated Ind AS Consolidated Statements of Finance Cost

(₹ in million)

Particulars	31st March, 2019	31st March, 2018	31st March, 2017
Interest cost on deferred deposits of vendors	1.20	0.60	0.15
Interest cost on deferred payment liability to foreign supplier	37.69	37.92	38.80
Others	2.12	-	-
	41.01	**38.52**	**38.95**

Note:
The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXIII
Restated Ind AS Consolidated Statements of Other Expenses

Other expenses - projects related **(₹ in million)**

Particulars	**31st March, 2019**	**31st March, 2018**	**31st March, 2017**
Technician fees and other expenses	252.84	155.84	343.89
Service tax expenses	-	131.49	249.42
Technical know-how expenses (net of reversals)	-	(9.83)	9.84
Advising team fees and other expenses	173.30	381.72	210.03
Facility hire	148.21	74.70	69.04
Rent	8.36	6.98	6.69
Insurance	-	-	1.02
Bank charges and guarantee commission	(1.12)	23.47	27.78
Travelling expenses	7.22	15.82	32.01
Sea Trial, launching and commissioning expenses	3.06	2.76	73.41
Legal, professional and consultant fees	86.22	191.96	106.82
Training expenses	104.33	463.68	258.39
Miscellaneous expenses	26.65	73.47	28.79
	809.07	**1,512.06**	**1,417.13**

Other expenses

Particulars	**31st March, 2019**	**31st March, 2018**	**31st March, 2017**
Repairs and maintenance:			
Buildings	187.13	26.71	71.29
Plant and machinery	191.48	196.43	168.70
Steam launches and boats, motor cars, lorries, etc.	100.81	83.38	132.86
Dredging			-
Less: Work done internally and other expenditure which has been included in other heads of expenses	(239.93)	(249.47)	(241.78)
	239.49	57.05	131.07
Facility hire	59.92	74.25	72.93
Water expenses	23.49	18.21	26.39
Rent	82.03	78.54	82.45
Insurance	37.91	38.38	39.83
Rates and taxes	85.67	75.27	63.34
Bank charges and guarantee commission	1.72	1.53	2.36
Printing and stationery	7.56	10.33	6.36
Travelling expenses	60.99	59.56	76.60
Business promotion expenses	55.70	87.47	76.88
Sea trial, launching and commissioning expenses	0.52	1.50	17.61
Corporate membership expenses	3.21	2.32	1.85
Changes in inventory of scrap	1.26	1.88	-
Foreign exchange variation (net)			
Loss	1.49	4.25	20.87
Less: Profit	(0.83)	(2.40)	(19.82)
Miscellaneous expenses	423.21	106.30	213.05
Audit fees	0.83	0.75	1.15
Lease charges	3.42	3.34	3.27
Legal, professional and consultant fees	40.83	24.43	44.17
Books and periodicals	6.64	8.31	1.20
Postage, telegrams and phones	11.31	15.90	16.14
Training expenses	14.29	24.91	20.59

CISF and security board expenses	272.51	233.86	257.61
Directors fees and expenses	0.95	0.82	0.92
Provision for obsolete stock	2.55	3.00	13.65
Consumption of stores and spares etc.	238.19	190.26	228.31
Other interest	4.47	4.43	55.20
Amortisation / unwinding of prepaid rentals	1.52	1.52	1.52
Advance write off	-	-	2.50
Corporate social responsibility expenses	234.69	242.60	136.53
Sale / scrapping of fixed assets (net)			
Loss	3.75	4.64	-
Less: Profit	(1.96)	(2.72)	-
	1,917.33	**1,370.49**	**1,594.53**

(i) Foreign Exchange gain / loss on raw materials and project specific equipments has been considered in Cost of Material Consumed.

(ii) Expenditure on Research and Development and allied expenses aggregating to ₹ 854.00 million (2018: 751.10 million, 2017: 770.90 million) is reflected under respective heads in the above note.

Provisions

Particulars	**31st March, 2019**	**31st March, 2018**	**31st March, 2017**
Liquidated Damages	358.90	182.15	-
Doubtful debts / receivable	388.94	29.12	1,074.53
Guarantee repairs	-	163.00	10.00
Others	-	0.09	0.00
	747.84	**374.36**	**1,084.53**

MAZAGON DOCK SHIPBUILDERS LIMITED

Annexure XXIV

Restated Ind AS Consolidated Statement of Related Party Transactions

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
Cmde T V Thomas (From 02.11.2017)	Director (Corporate Planning & Personnel)
RAdm A K Saxena (Retd) (From 21.03.2018)	Director (Shipbuilding)
Cdr P R Raghunath (Retd) (Upto 27.02.2017)	Director (Shipbuilding)
Capt Rajiv Lath (Retd) (From 19.09.2013)	Director (Submarine & Heavy Engineering)
Shri Sanjiv Sharma (From 01.06.2015)	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 / (Purchase) to / from related parties**	**Rent from Related parties**	**Amounts receivable /(payable) by related parties**
Associate:				
Goa Shipyard Ltd.	31/03/2019	(25.90)	0.80	(0.90)
	31/03/2018	-	0.73	0.30
	31/03/2017	-	0.71	0.30
Other Related Party:				
Indian Navy	31/03/2019	46,428.87	-	14,713.15
	31/03/2018	44,849.96	-	11,088.54
	31/03/2017	35,613.61	-	8,087.28

(₹ in million)

Remuneration to Key Managerial Personnel*	**31st March, 2019**	**31st March, 2018**	**31st March, 2017**
RAdm R K Shrawat AVSM (Retd) (Upto 31.12.16)	-	-	11.40
Cdr P R Raghunath (Retd) (Upto 27.02.2017)	-	-	6.33
Cmde Rakesh Anand (Retd)	5.90	5.69	5.24
Capt Rajiv Lath (Retd)	5.40	5.49	5.11

Shri Sanjiv Sharma	5.70	4.10	4.07
Cmde T V Thomas	4.80	2.36	-
RAdm A K Saxena (Retd)	4.70	0.10	-

* 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 Ind AS 24 "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 and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED

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		
		31st March, 2019	31st March, 2018	31st March, 2017
1	Amounts for which Company may be contingently liable:			
	a) Estimated amount of contracts remaining to be executed on capital account.	784.70	605.90	575.40
	b) Estimated amount of liquidated damages on contracts under execution.	11,004.50	971.80	-
	c) Position of non-fund based limits utilized for:			
	(i) Letters of credit	7,689.90	8,928.27	8,766.40
	(ii) Guarantees and counter guarantees	188.30	84.28	72.60
	d) Indemnity Bonds issued by the Company to customers for various contracts.	5,07,663.30	5,06,041.02	4,83,387.50
	e) Bonus to eligible employees as per Payment of Bonus Act for the year 2014-15.	46.70	46.70	46.70

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

(₹ in million)

Sr. No.	Particulars	As at		
		31st March, 2019	31st March, 2018	31st March, 2017
i)	Suppliers and sub-contractors	49.80	60.20	139.00
ii)	Others	583.20	429.68	348.70
iii)	Interest on (i) and (ii) above	1,294.80	1,245.73	1,295.70
		1,927.80	**1,735.61**	**1,783.40**

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		
		31st March, 2019	31st March, 2018	31st March, 2017
i)	Sales Tax *	11,515.00	11,523.09	11,228.70
ii)	Excise Duty			
	a) On Vendors	19.00	18.38	17.70
	b) On MDL	2.90	2.77	2.70
		21.90	**21.15**	**20.40**
		11,536.90	**11,544.24**	**11,249.10**

*Against the above claim, part payments of ₹ 67.56 million (In 2018: 61.40 million, 2017: ₹ 58.40 million) have been made under protest.

The Excise authorities have passed an order dated 31.05.2013 resulting in demand for ₹ 19.70 million inclusive of interest and penalty (In 2018: ₹ 19.24 million, 2017: ₹ 18.33 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		
		31st March, 2019	31st March, 2018	31st March, 2017
i)	Excise Duty	1.50	1.50	1.50
ii)	Service Tax* (including interest and penalties)	706.70	697.20	687.70
iii)	Income Tax	-	514.82	441.80
		708.20	**1,213.52**	**1,131.00**

* Includes ₹ 292.80 million (In 2018: ₹ 292.80 million, 2017: ₹ 292.70 million) towards Show Cause Notices issued by the Service Tax Department for the years from 2005-06 to 2013-14.

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

Particulars	As at		
	31st March, 2019	31st March, 2018	31st March, 2017
Custom Duty	0.80	2.80	2.80

B Letters seeking confirmation of balances in the accounts of vendor balances are sent to vendors on yearly basis. On the basis of replies received from certain vendors, adjustments wherever necessary have been made in the accounts.

C For Financial Year 2016-17, 2017-18 and 2018-19: 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 and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXVI
Statement Dividend paid

Particulars	**2018-19**	**2017-18**	**2016-17**
Number of equity shares outstanding	22,41,00,000	22,41,00,000	2,49,00,000
Dividend paid (₹ in million)	-	-	
Final	-	654.10	992.00
Tax on above dividend	-	133.16	201.90
Rate of Dividend (%)	NA	29.19%	39.84%
Dividend per equity share (₹)	-	2.92	39.84
Interim	1,000.00	1,800.00	1,000.00
Tax on above dividend	205.55	366.44	203.60
Rate of Dividend (%)	44.62%	80.32%	40.16%
Dividend per equity share (₹)	4.46	8.03	40.16

Note:
1. The above statement should be read with the Notes to the Restated Ind AS Consolidated Summary Statements - Accounting Policies - Annexure V and Statement of Restatement Adjustments to Audited Ind AS Consolidated Financial Statements - Annexure VII and Restated Ind AS Consolidated Statement of Other Annexure XXVIII.

2. Shareholders in Annual General Meeting held on 22nd September, 2017 have approved split of equity shares from face value of ₹ 100 to ₹ 10 per share. Accordingly number of shares have increased from 24.90 million to 249.00 million. The Company has completed 10% Buyback of equity shares (No. Of Shares: 24.9 million of ₹10 each) in December 2017.

3. The board has recommended the payment of final dividend of ₹ 558.20 million for FY 2018-19. It has been approved by shareholders in the Annual General Meeting.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXVII
Restated Ind AS Consolidated Statement of Accounting Ratios

Sl. No.	Particulars		For the year ended 31st March ,2019	For the year ended 31st March ,2018	For the year ended 31st March ,2017
A	**Earning Per Share (EPS) - Basic and Diluted**				
	Restated Net Profit / (Loss) as per Profit and loss for calculation of basic EPS (Rupees in million)		5,345.99	4,957.49	5,956.20
	Net Profit / (Loss) for calculation of basic EPS (₹ in million)	A	**5,345.99**	**4,957.49**	**5,956.20**
	Weighted average number of equity shares outstanding		**22,41,00,000**	**2,49,00,000**	**2,49,00,000**
	Bonus shares issued in FY 2016-17, restated for all periods		-	-	-
	Weighted average number of equity shares for calculating basic EPS		**22,41,00,000**	**2,49,00,000**	**2,49,00,000**
	Weighted average number of equity shares after considering Share Split (during year ended 31st March 2018) from FV ₹ 100 to FV ₹ 10 for calculating basic EPS		**22,41,00,000**	**24,90,00,000**	**24,90,00,000**
	Buyback of shares during FY 2017-18			2,49,00,000	
	Weighted average number of equity shares after considering Buy back for calculating basic EPS	B	22,41,00,000	24,07,00,000	24,90,00,000
	EPS (in ₹) - Basic	**A/B**	**23.85**	**20.60**	**23.92**
	EPS (in ₹) - Diluted	**C**	**23.85**	**20.60**	**23.92**
B	**Return on net worth**				
	Restated Profit / (Loss) after Tax (₹ In million)	D	5,345.99	4,957.49	5,956.20
	Restated Net Worth for Equity Shareholders (₹ in million)	E	32,305.93	28,456.01	30,021.22
	Return on Net worth (%)	**D/E*100**	**16.55%**	**17.42%**	**19.84%**
C	**Net Asset Value Per Equity Share**				
	Net worth at the end of the periods (₹ in million)	F	32,305.93	28,456.01	30,021.22
	Number of equity shares outstanding at the end of the periods	G/H	22,41,00,000	22,41,00,000	24,90,00,000
	Net Asset Value Per Share (₹)	**F/G**	**144.16**	**126.98**	**120.57**
D	**Earnings before interest, tax, depreciation and amortization (EBITDA)**		**8,453.07**	**7,038.23**	**8,714.92**

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 (Rupees) $\dfrac{\text{Profit/Loss after tax (as restated) attributable to Owners}}{\text{Weighted average number of equity shares}}$

Diluted Earnings per share (Rupees) $\dfrac{\text{Profit/Loss after tax (as restated after adjustments for diluted)}}{\text{Weighted average number of equity shares}}$

Return on net worth (%) $\dfrac{\text{Profit/Loss after tax (as restated)}}{\text{Net worth at the end of the years}} \times 100$

Net Asset Value per equity share (Rupees) $\dfrac{\text{Net worth at the end of the periods (as restated)}}{\text{Total number of equity shares outstanding at end of the periods}}$

Earnings before interest, taxes, depreciation and amortization (Rupees) = Profit before tax + Finance cost + depreciation and amortization expenses.

i) The figures disclosed above are based on the Restated Consolidated Summary Statements of Assets and Liabilities of the Company.

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 VII.

iii) Net worth for ratios mentioned represents sum of Paid-up share capital, surplus/Other equity (general surplus, capital surplus, capital redemption surplus and retained earnings).

iv) Earnings per share calculations are in accordance with 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 Ind AS 33, 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 periods have been considered accordingly.

v) Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period adjusted by the number of equity shares issued during period 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

vi) During the period 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 surplus 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: 24.90 million of ₹ 10 each) for ₹ 2534.86 million and ₹ 538.88 million tax thereon total amounting to ₹ 3073.73 million in December 2017.

MAZAGON DOCK SHIPBUILDERS LIMITED
Annexure XXVIII

1 Employee Benefits

1.1 Various benefits provided to employees are classified as under:- **(₹ in million)**

(I) Defined Contribution Plans	31st March, 2019	31st March, 2018	31st March, 2017
(a) Provident Fund (b) State Defined Contribution Plans (i) Employers' Contribution to Employees' State Insurance (ii) Employers' Contribution to Employees' Pension Scheme, 1995. (iii) Employers' Contribution to Employees' Deposit Linked Insurance Scheme. During the year, the Company has recognized the following amounts in the Profit and Loss Account:-			
1. Employers' Contribution to Provident Fund	474.20	413.50	392.10
2. Employers' Contribution to Employees' State Insurance	38.09	62.30	18.60
3. Employers' Contribution to EPS (Employees' Pension Scheme)	193.90	157.50	117.00
4. Employers' Contribution to Employees' Deposit Linked Insurance Scheme	13.40	3.70	14.50

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

(II) Defined Benefit Plans

Contribution to Gratuity Fund (Funded Scheme)	31st March, 2019	31st March, 2018	31st March, 2017
Actuarial valuation was performed by an insurer in respect of the aforesaid Defined Benefit Plans based on the following assumptions:-			
1 Discount Rate (per annum)	7.50%	7.25%	7.25%
2 Rate of increase in compensation levels	7.00%	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	31st March, 2019	31st March, 2018	31st March, 2017
Opening Balance	2,599.90	2,105.80	2,246.90
Add : Credit from Company	500.00	662.71	21.40
Less : Amount paid towards claims	(503.50)	(324.39)	(333.90)
Add : Interest credited	182.10	155.75	171.40

Closing Balance	2,778.50	2,599.86	2,105.80
Present value of past service benefit	2,871.60	2,807.16	2,236.60

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	31st March, 2019	31st March, 2018	31st March, 2017
i)	**Assumptions**			
	a) Discount Rate	7.50%	7.50%	7.25%
	b) Salary Escalation	7.00%	7.00%	7.50%
	c) Actual Rate of Return = Estimated Rate of Return as ARD falls on 31st March	7.36%	8.20%	8.19%
	d) Expected average remaining working lives of employees (years)	14	14	14
ii)	**Table showing changes in present value of obligations**			
	Present value of obligations as at beginning of year	2,807.20	2,236.60	2,275.00
	Interest cost	210.50	162.16	170.60
	Current service cost	134.90	128.41	111.40
	Benefits paid	(503.50)	(324.39)	(333.90)
	Actuarial (gain) / loss on obligations	222.40	604.38	13.50
	Present value of obligations as at end of year	2,871.60	2,807.16	2,236.60
iii)	**Table showing changes in the fair value of plan assets**			
	Fair value of plan assets at beginning of year	2,599.90	2,105.80	2,246.90
	Expected return on plan assets	182.10	155.75	171.40
	Contributions	500.00	662.71	21.40
	Benefits paid	(503.50)	(324.39)	(333.90)
	Actuarial (gain) / loss on plan assets	-	-	-
	Fair value of plan assets at the end of year	2,778.50	2,599.86	2,105.80
iv)	**Table showing fair value of plan assets**			
	Fair value of plan assets at beginning of year	2,599.90	2,105.80	2,246.90
	Actual return on plan assets	182.10	155.75	171.40
	Contributions	500.00	662.71	21.40
	Benefits paid	(503.50)	(324.39)	(333.90)
	Fair value of plan assets at the end of year	2,778.50	2,599.86	2,105.80

	Funded status	(93.10)	(207.29)	(130.80)
	Excess of Actual over estimated return on plan assets	-	-	-
v)	**Actuarial gain / loss recognized**			
	Actuarial (gain) / loss for the year - obligation	222.40	604.38	13.50
	Actuarial (gain) / loss for the year - plan assets	-	-	-
	Total (gain) / loss for the year	222.40	604.38	13.50
	Actuarial (gain) / loss recognised in the year	222.40	604.38	13.50
	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	2,871.60	2,807.16	2,236.60
	Fair value of plan assets as at the end of the year	2,778.50	2,599.86	2,105.80
	Funded status	(93.10)	(207.29)	(130.80)
	Net Asset / (Liability) recognized in balance sheet	(93.10)	(207.29)	(130.80)
vii)	**Expenses recognized in statement of Profit and Loss**			
	Current service cost	134.90	128.41	111.40
	Interest cost	7.78	9.49	170.60
	Expected return on plan assets	(182.10)	(155.75)	(171.40)
	Expenses recognized in statement of profit and loss	142.68	137.89	110.60
viii)	**Expenses recognized in Other Comprehensive Income**			
	Actuarial (gain) / loss recognised in the year	222.40	604.38	13.50
ix)	**Current/Non-current Liability**			
	Current Liability	934.40	830.50	574.60
	Non-current Liability	1,937.20	1,949.37	1,662.00
	Present Value of the Defined Gratuity Benefit Obligation	2,871.60	2,779.87	2,236.60

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	31st March, 2019		31st March, 2018		31st March, 2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)						
if Discount rate is decreased to 7.00% (2018: 7.00%, 2017: 6.75%, 2016: 7.00%, 2015: 7.45%)	57.00 1.99%		55.37 1.97%		46.70 2.09%	
if Discount rate is increased to 8.00% (2018: 8.00%, 2017: 7.75%, 2016: 8.00%, 2015: 8.45%)		53.80 1.87%		105.23 3.75%		44.30 1.98%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)						

if Discount rate is increased to 7.50% (2018: 7.50%, 2017: 8.00%, 2016: 8.00%, 2015: 9%)	38.50 1.34%		42.11 1.50%		17.40 0.78%	
if Discount rate is decreased to 6.50% (2018: 6.50%, 2017: 7.00%, 2016: 7.00%, 2015: 8.00%)		36.70 1.28%		93.17 3.32%		16.50 0.74%

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.

		31st March, 2019	31st March, 2018	31st March, 2017
i)	**Assumptions**			
	Discount rate	7.50%	7.50%	7.25%
	Rate of increase in compensation levels	7.00%	7.00%	7.50%
	Expected average remaining working lives of employees (years)	14.00	14.00	14.00
ii)	**Table showing changes in present value of obligations**			
	Present value of obligation as at the beginning of the year	1,393.70	1,469.90	1,238.90
	Acquisition adjustment	-	-	-
	Interest cost	104.50	106.57	92.90
	Current service cost	10.20	88.40	157.20
	Curtailment cost / (credit)	-	-	-
	Settlement cost / (credit)	-	-	-
	Benefits paid	(279.00)	(166.69)	(133.30)
	Actuarial (gain) / loss on obligations	174.40	(104.57)	114.20
	Present value of obligation as at the end of the year	1,403.90	1,393.65	1,469.90
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	1	-	-
	Contributions	1,400	-	-
	Benefits paid	-	-	-
	Actuarial gain / (loss) on plan assets	-	-	-
	Fair value of plan assets at the end of the year	1,401	-	-
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	1,401	-	-
	Fair value of plan asset at the end of the year	-	-	-
	Funded status	(27.00)	(1,393.65)	(1,469.90)
	Excess of actual over estimated return on plan assets	-	-	-
v)	**Actuarial gain / loss recognized**			
	Actuarial (gain) / loss for the year - obligation	174.40	(104.57)	114.20
	Actuarial (gain) / loss for the year - plan assets	-	-	-
	Total (gain) / loss for the year	174.40	(104.57)	114.20
	Actuarial (gain) / loss recognised in the year	174.40	(104.57)	114.20
	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	1,403.90	1,393.65	1,469.90
	Fair value of plan assets as at end of the year	1,401.20	-	-
	Funded status	(2.70)	(1,393.65)	(1,469.90)
	Unrecognized actuarial (gains) / losses	-	-	-
	Net asset / (liability) recognized in balance sheet	(2.70)	(1,393.65)	(1,469.90)
vii)	**Expenses recognized in statement of profit and loss**			
	Current service cost	10.20	88.40	157.20
	Interest cost	104.50	106.57	92.90
	Expected return on plan assets	174.40	-	-
	Curtailment cost / (credit)	289.10	-	-
	Settlement cost / (credit)		-	-
	Actuarial (gain) / loss recognised in the year	174.40	(104.57)	114.20
	Expenses recognized in the statement of profit and loss		90.40	364.30
viii)	**Current/Non-current Liability**			
	Current Liability	376.60	339.92	299.20
	Non-current Liability	1,027.30	1,053.73	1,170.70
	Present Value of the Defined Leave Encashment Benefit Obligation	1,403.90	1,393.65	1,469.90

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	31st March, 2019		31st March, 2018		31st March, 2017	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount Rate varied by 0.5% (other assumptions remaining unchanged)						
if Discount rate is decreased to 7.00% (2018: 7.00%, 2017: 6.75%, 2016: 7.00%, 2015: 7.25%)	41.10 2.93%		40.27 2.89%		43.50 2.96%	
if Discount rate is increased to 8.00% (2018: 8.00%, 2017: 7.75%, 2016: 8.00%, 2015: 8.25%)		38.30 2.73%		37.57 2.70%		40.60 2.76%
Salary Growth Rate varied by 0.5% (other assumptions remaining unchanged)						
if Discount rate is increased to 7.50% (2018: 7.50%, 2017: 8.00%, 2016: 8.00%, 2015: 9.00%)	41.10 2.93%		40.27 2.89%		43.20 2.94%	
if Discount rate is decreased to 6.50% (2018: 6.50%, 2017: 7.00%, 2016: 7.00%, 2015: 8.00%)		38.62 2.75%		37.91 2.72%		40.70 2.77%

2	**Provisions made, utilised, written back**	**31st March, 2019**	**31st March, 2018**	**31st March, 2017**
a)	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	10,423.62	10,241.50	10,241.50
	Additions	358.90	186.42	-
	Utilised/Adjusted	-	4.30	-
	Closing Balance	**10,782.52**	**10,423.62**	**10,241.50**
	* Includes amount of ₹ 10204.90 million adjusted in retained earnings			
c)	**Provision for Guarantee Repairs:**			
	Opening Balance	285.60	122.60	4.20
	Additions	-	283.00	120.00
	Utilised/Adjusted	79.80	120.00	116.20
	Closing Balance	**205.80**	**285.60**	**8.00**
d)	**Other Provisions:**			
	Opening Balance	10.76	10.76	22.83
	Additions	-	-	-
	Utilised/Adjusted	-	-	12.07
	Closing Balance	**10.76**	**10.76**	**10.76**

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 -	**31st March, 2019**	**31st March, 2018**	**31st March, 2017**
Principal amount due and remaining unpaid	16.05	14.70	8.90
Interest due on above and the unpaid interest	6.94	1.2	0.80
Interest paid	-	-	-
Payment made beyond the appointed day during the year	231.00	131.80	87.70
Interest accrued and remaining unpaid on above	10.3	3.5	3.40

4 **Miscellaneous Expenses include:**

Remuneration to the Statutory Auditors	**31st March, 2019**	**31st March, 2018**	**31st March, 2017**
i) Audit fees	0.80	0.80	1.00
ii) Out of pocket expenses	-	-	-
iii) Tax audit fees	0.10	0.10	0.10
	0.90	**0.90**	**1.10**

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

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 ₹ 962.8 million, payable over 45 years from 1992-93, in equal annual instalments of ₹ 21.4 million was converted from Rouble to units of Special Drawings Rights (SDR) and stated in Rupees. The amount payable within a year of ₹ 39.1 million (2018 - ₹ 39.1 million) includes half yearly accrued instalment of ₹ 21.4 million (2018 - ₹ 21.4 million) and ₹ 17.7 million (2018 - ₹ 17.7 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, 2019 which is ₹ 91.0858 for 1 SDR. These payments are reimbursable by Indian Navy. Accordingly, ₹ 704.3 million (amortised costs of ₹ 197.0 million) held at foreign supplier deferred credit as on 31st March 2019.

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

8 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

9 Business Segment Reporting

a) The Company is engaged in the production of defence equipment and was exempted from 'Segment Reporting' vide notification S.O. 802(E) dtd. 23rd February, 2018 by amending notification no G.S.R. 463(E) dated 5th June, 2015. In view of the above, no disclosure is made separately by the Company on operating segments under Ind AS 108.

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

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

10 Fair Value Measurement

Financial Instruments by Category

(₹ in million)

Particulars	31st March, 2019			31st March, 2018			31st March, 2017		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial Assets									
Security Deposits			34.30	-	-	32.49	-	-	30.87
Russian Deferred Debit			197.00	-	-	198.40	-	-	199.59
Financial Liabilities									
Russian Deferred Credit			197.00	-	-	198.40	-	-	199.59
Security Deposits			118.00	-	-	7.80	-	-	1.41

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					
		31st March, 2019		31st March, 2018		31st March, 2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets							

Security deposits	Level 3	37.60	34.30	37.60	32.49	37.60	30.87
Russian Deferred Debit	Level 3	704.33	197.00	743.50	198.40	782.60	199.59
Financial liabilities							
Russian Deferred Credit	Level 3	704.33	197.00	743.50	198.40	782.60	199.59
Security Deposits	Level 3	14.90	118.00	10.10	7.80	1.60	1.41

11 Financial risk management

a) Credit Risk

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

i)Trade Receivables and contract asset

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

ii) Financial Instruments and cash deposits

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

b) Liquidity Risk

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

c) Market Risk

i) Foreign currency risk and sensitivity

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

ii) Foreign Currency Risk
Exposure

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

(₹ in million)

Particulars	CAD	EUR	GBP	NOK	SEK	SGD	USD
Financial Liabilities							
31st March, 2019	0.20	1,296.40	1.70	0.40	0.10	-	786.30
31st March, 2018	-	566.05	8.98	7.27	0.14	-	1,509.98
31st March, 2017	0.14	909.39	2.58	0.85	416.55	-	9.69

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		
		31st March, 2019	31st March, 2018	31st March, 2017
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%	64.82	28.30	45.47
	INR/EUR decreases by 5%	(64.82)	(28.30)	(45.47)
GBP Sensitivity*				
	INR/GBP increases by 5%	0.09	0.45	0.13
	INR/GBP decreases by 5%	(0.09)	(0.45)	(0.13)
NOK Sensitivity*				
	INR/NOK increases by 5%	0.00	0.36	0.04
	INR/NOK decreases by 5%	(0.00)	(0.36)	(0.04)
SEK Sensitivity*				
	INR/SEK increases by 5%	0.01	0.01	20.83
	INR/SEK decreases by 5%	(0.01)	(0.01)	(20.83)
SGD Sensitivity*				
	INR/SGD increases by 5%	-	-	-
	INR/SGD decreases by 5%	-	-	-

USD Sensitivity*				
	INR/USD increases by 5%	39.32	75.50	0.48
	INR/USD decreases by 5%	(39.32)	(75.50)	(0.48)
	* Holding all other variables constant			

Equity price risk

At the reporting date, the equity shares of MDL are not listed on any stock exchange and the entire equity share capital is held by Government of India. Therefore, MDL's equity shares are not susceptible to market price risk arising from uncertainties about future values of the investment securities.

12 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
Annexure XXVIII

1
3 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		
		2018-19	2017-18	2016-17
Clause (i)	Eradicating hunger, poverty and malnutrition, promoting health care, sanitation and making available safe drinking water.	83.70	99.50	60.60
Clause (ii)	Promoting education, including special education and employment enhancing vocational skills among the children, women, elderly and the differently abled.	112.10	118.72	56.50
Clause (iv)	Ensuring environment al sustainabilit y, ecological balance, protection of flaura and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water	3.40	-	-

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
Clause (vi)	measures for the benefit of armed forces veterans, war widows and their dependents	0.50	-	-
Clause (vii)	Training to promote rural sports, nationally recognised sports, Paralympic sports and Olympic sports;	3.00	-	5.00
Clause (ix)	contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;	4.00	-	-
Clause (x)	Rural development projects;	17.80	14.51	10.10
	Total	**224.50**	**232.73**	**132.40**

Particulars	**2018-19**	**2017-18**	**2016-17**
Amount required to be spent by the Company during the year	161.30	167.40	152.00
Amount spent during the year (incl. Administration Expenses)	234.69	242.60	136.53

(₹ in million)

14 **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
5	Closing Cash in hand as on 30.12.2016	-	0.07	0.07

15 **Earnings per share (EPS)**

Computation of Profit/Loss for Earnings Per Share	31st March, 2019	31st March, 2018	31st March, 2017
Profit attributable to equity shareholders of the company used in calculating basic and diluted earnings per share (₹ million)	5345.99	4957.49	5956.20
Weighted average number of equity shares used as the denominator in calculating basic & diluted earnings per share	22,41,00,000	24,07,00,000	24,90,00,000
Earnings per share Basic & Diluted (in ₹) (Share having nominal value of ₹ 10 each)	23.85	20.60	23.92

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 has been adjusted for share split.

16 During FY 2016-17, the Company delivered ship and recognised liquidated damages of ₹ 492.30 million in FY 2016-17. The Company is confident that additional liquidated damages of ₹ 971.80 million (2017 - ₹ Nil) which are under discussions with customer, will not be levied and hence no provision is recognised for the same.

17 As on 31st March, 2019, Inventory held on behalf of Navy is ₹ 407.39 million (2018 - ₹ 409.60 million, 2017 - ₹ 910.30 million).

18 The Company is developing certain equipment for project as per customer's advice. The contract with customer does not include the development cost of the equipment. The Company has approached the customer for amending the contract and is confident of inclusion in contract for reimbursement of such costs. Accordingly, costs of ₹ 1970.20 million has been recognised in financial statements of FY 2017-18 along with corresponding revenue.

19 As per contract with customer for ships, Material Overheads (MOH) on variable cost components shall be charged to the vessel. However, payment will be made as per supplementary contract which is yet to be signed. Pending signing of the supplementary contract, the Company has recognised MOH of ₹ 250.40 million (2018 - Rs. 208.80 million) and profit there on of Rs. 18.90 million (2018 - ₹ 15.70 million) in the Statement of Profit and Loss.

20 **Adoption of Ind AS 115**

Revenue Recognition: The company has adopted Ind AS 115 from 1st April, 2018 with full modified retrospective approach. However, adoption of Ind AS 115 has no effect on profitability and turnover of the company except from FY 2018-19 onwards, the Company as principal has recognised revenue for supply of base and depot spares at the time of satisfactory completion of delivery as against recognition of only service charges as revenue in previous years as agent. This has resulted in increase in total revenue by Rs. 6080.47 million, 917.17 million, 348.66 million in FY 2018-19, FY 2017-18, FY 2016-17 respectively and no effect on profitability for each of the above mentioned years.

21 **Additional Notes to the Consolidated Financial Statements**

a **Interest In Associate**

Name of the Company	Country of Incorporation	% of Ownership as at 31st March, 2019	% of Ownership as at 31st March, 2018	% of Ownership as at 31st March, 2017
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 year ended 31st March, 2019						
Mazagon Dock Shipbuilders Ltd	88.39	4,725.09	79.77	(154.74)	88.71	4,570.35
Goa Shipyard Limited	11.61	620.90	20.23	(39.24)	11.29	581.66
Total	100.00	5,345.99	100.00	(193.98)	100.00	5,152.01
For year ended 31st March, 2018						
Mazagon Dock Shipbuilders Ltd	79.30	3,931.49	97.93	(391.92)	77.67	3,539.57
Goa Shipyard Limited	20.70	1,026.00	2.07	(8.30)	22.33	1,017.70
Total	100.00	4,957.49	100.00	(400.22)	100.00	4,557.27
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	557.86
Total	100.00	5,956.20	100.00	(5.21)	100.00	5,950.99

22 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

JCR & Co
Chartered Accountants
Firm Registration No. 105270W

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

Mitesh Chheda
Partner
Membership No. 160688

Sanjiv Sharma
Director (Finance)

Date – 05th August, 2019
Place - 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 Fiscals ended March 31, 2017, 2018 and 2019. You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our Restated Financial Statements and the sections entitled "Summary Financial Information," and "Financial Statements" on pages 50 and 181, 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 20. 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 Financial Statements.

Our Restated Financial Statements have been prepared, based on financial statements as at and for the financial years ended March 31, 2019, March 31, 2018, 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.

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 and undertaking repair and refit of a ship 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/ in the process of delivering five Scorpene class submarines under a transfer of technology agreement with Naval Group as well as one medium refit and life certification of a submarine 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. (*Source: CRISIL Report*). We have 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. (*Source: CRISIL Report*).

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. (*Source: CRISIL Report*).

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 37 acres.

Our shipbuilding and submarine and heavy engineering divisions are both ISO 9001:2015 certified.

Over the last 17 Fiscals, the total number of orders for vessels received and delivered by us is set out below:

Division	Orders Received	Orders Delivered
Shipbuilding	15*	27
Submarine and heavy engineering	7**	4**

** includes refit and repairs of the ships*
***includes refit and repairs of the 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 144.

Our Company has posted profits continuously in the last three Fiscals. Our total income was ₹43,211.26 million, ₹50,451.42 million and ₹52,425.35 million for Fiscals 2017, 2018 and 2019 respectively. Our profit for the year was ₹5,956.20 million, ₹4,957.49 million and ₹5,345.99 million for Fiscals 2017, 2018 and 2019 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. Further, 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 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 Financial Years 2019, 2018 and 2017, provision for liquidated damages outstanding were ₹10,782.52 million, ₹10,423.62 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 June 30, 2019, our Order Book from the MoD was ₹542,827 million which constitutes 100% of our Order Book. A significant portion of our 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.

Recent Accounting Pronouncements and Changes in Accounting Policies

We have historically prepared our financial statements in accordance with Indian GAAP. As required under applicable law, our Company transitioned from Indian GAAP to Ind AS and for the purposes of the transition to Ind AS, we have followed the guidance prescribed under Ind AS 101 – First Time Adoption of Indian Accounting Standards with April 01, 2016 being the transition date.

Further, Ind AS 115 – Revenue from Contracts with Customers was initially notified under the Companies (Indian Accounting Standards) Rules, 2015, and is applicable for financial periods beginning April 01, 2018. The standard applies to contracts with customers and relates to revenue recognition on transfer of goods or services to customers. Further, the new standard requires certain enhanced disclosures on the nature, timing and uncertainty of revenues and cash flows arising from the entity's contracts with customers. It also offers a range of transition options, and an entity may apply the new standard to its historical transactions - and retrospectively adjust each comparative period, or an entity may recognize the cumulative effect of applying the new standard at the date of initial application - and make no adjustments to its comparative information. The Company has adopted the full retrospective approach under the standard. Under this approach, no adjustments were required to be made to the retained earnings as of April 01, 2018.

In addition, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018 in March 2018, notifying amendments to Ind AS 40 'Investment Property', Ind AS 21 'The effects of changes in foreign exchange rate', Ind AS 12 'Income taxes', Ind AS 28 'Investments in Associates and Joint Venture' and Ind AS 112 'Disclosure of interest in other entities', in order to maintain convergence with IFRS. These amendments are effective for the financial year beginning on or after April 01, 2018. The Accounting Standard Board (ASB) of the ICAI) on Ind AS 116 concerning 'Leases'. Ind AS 116 has replaced Ind AS 17 with effect from the financial year beginning on or after April 01, 2019.

Except as disclosed below and in this Draft Red Herring Prospectus, there have been no changes in our accounting policies in the last three fiscal years/ periods:

Existing policy	Revised policy
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. **Ship construction & repair contracts**	Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue Recognition'. The estimates are revised periodically. **Ship construction & repair contracts** Revenue from ship construction / repair contracts shall be recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset. The Company transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met. a. the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; b. the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

Existing policy	Revised policy
	c. the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.
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.	**Fixed Price Contract** Revenues from construction contracts with customers are recognized over time using input method i.e. by comparing the actual costs incurred to the total costs anticipated for the entire contract. These estimates are revised periodically. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense immediately. When the outcome of a construction / repair contract cannot be reliably estimated, contract revenue is recognized only to the extent of contract cost incurred that are likely to be recoverable.
Cost Plus Contract In case of cost plus contracts, contract revenue is recognized on the basis of cost incurred plus profit margin applicable on the contract, when such cost can be estimated reliably. Additional revenue, in respect of contracts completed in earlier years, is accounted for as contract revenue in the year in which such revenue materializes.	**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'.	**Unbilled Revenue** The same has been deleted.
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	**Unearned Income** The same has been deleted.

Existing policy	Revised policy
paid by the customer are classified under 'Trade receivables'.	
	Contract Asset: The company's right to consideration in exchange for goods or services that the Company has transferred to a customer when that right is conditioned on something other than the passage of time (for example, the entity's future performance).
-	**Contract Liability:** The Company's obligation to transfer goods or services to a customer for which the entity has received consideration (or the amount is due) from the customer.
Rendering of services	
Revenue from services is recognised 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 end of the total services to be provided.	The same has been deleted.
Revenue from Supply of Base & Depot (B&D) spares	
-	Revenue from supply of B&D is to be recognised based on satisfaction of performance obligation satisfied at a point in time based on proof of receipts of goods from Naval Stores.
Dividend Policy	
Dividend Income Dividend income from investment is recognized when the company's right to receive payment has been established, which is generally when shareholders approve the dividend.	**Dividend Income** Dividend income from investment is recognized when the company's right to receive payment is established.
Dividend to equity shareholders Dividend to Equity Shareholders is recognized as a liability and deducted from shareholders equity, in the period in which dividends are approved by the equity shareholders in the general meeting.	**Dividend to equity shareholders** The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

Our Critical Accounting Policies (as per Restated 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.

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) **Significant accounting policies:**

2.1 *Basis of preparation:*

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

2.2 *Summary of significant accounting policies:*

a) Use of estimates:

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

Estimates and assumptions are required in particular for:

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

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

ii. Recognition and measurement of defined benefit obligations:

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

iii. Recognition of deferred tax assets:

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

iv. Recognition and measurement of other provisions:

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

v. Discounting of long-term financial liabilities

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

vi. Determination of estimated cost to complete the contract is required for computing revenue as per Ind AS 115 on 'Revenue from contracts with customers'. The estimates are revised periodically.

b) Current versus non-current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

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

i. Expected to be realised or intended to be sold or consumed in normal operating cycle

ii. Held primarily for the purpose of trading

iii. Expected to be realised within twelve months after the reporting period, or

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

All other assets are classified as non - current.

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

i. It is expected to be settled in normal operating cycle

ii. It is held primarily for the purpose of trading

iii. It is due to be settled within twelve months after the reporting period, or

iv. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are treated as non - current.

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

c) Property, plant and equipment:

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

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

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

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

• Spares purchased along with PPE are capitalised.

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

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

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

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

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

ii. Depreciation:

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

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

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

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

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

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

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

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

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

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

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

d) Intangible assets:

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

e) Impairment of assets:

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

f) Investment in associate:

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

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

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

g) Foreign currency transactions:

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

• Transactions denominated in foreign currencies are initially recorded at the exchange rate prevailing on the date of the transaction.

• Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange at the reporting date.

• Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

• Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

h) Borrowing costs:

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

i) Inventory valuation

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

ii. Equipment for specific projects are valued at cost.

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

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

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

vi. Scrap is valued at estimated net realizable value.

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

j) Revenue recognition

i. Ship construction & repair contracts

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

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

(a) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs

(b) the Company's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced or

(c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

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

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

Fixed Price Contract:

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

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

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

Cost Plus Contract:

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

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

Contract Asset:

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

Contract Liability:

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

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

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

ii. Dividend income

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

iii. Interest income

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

iv. 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 equity and a financial liability or equity instrument of another entity.

l) Financial Assets:

i. Classification:

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

ii. Initial recognition and measurement:

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

iii. Financial assets measured at amortized cost:

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

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

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

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

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

vi. Investment in equity instruments:

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

vii. Investment in debt instruments:

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

viii. Impairment of financial asset:

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

ix. Derecognition of financial assets:

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

Financial liabilities:

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

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

i. *Classification, initial recognition and measurement*

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

ii. *Subsequent measurement*

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

iii. *De-recognition of financial liability*

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

iv. *Retentions*

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

v. *Security deposit*

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

m) *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.

n) *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.

o) *Dividend to equity shareholders*

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

p) *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.

q) *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.

r) *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.

s) *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.

Revenue from operations

Our revenue from operations consists of revenue from ship construction (including submarine construction), sale of base and depot spares, and ship repair.

Other Income

Our other income primarily consists of interest income on short term deposits from banks.

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;

- *Procurement of base and depot spares:* consists of the base and depot spares such as base and depot spares for shipbuilding and submarine projects that has been procured;

- *Employee benefits expense,* which primarily consists of salaries, wages, allowances and bonus and workmen and staff welfare expenses;

- *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 related expenses (technical know-how expenses, technicians' fees and other expenses and training expenses etc.) and other expenses (repairs and maintenance, facility hire, business promotion expenses 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 Fiscals 2019, 2018 and 2017, in absolute terms and expressed as a percentage of our total income for such periods.

(₹ in million)

	Fiscal 2019	**% of total income**	**Fiscal 2018**	**% of total income**	**Fiscal 2017**	**% of total income**
Income						
Revenue from Operations	46,491.51	88.68	44,879.85	88.96	35,653.45	82.51
Other income	5,933.84	11.32	5,571.57	11.04	7,557.81	17.49
Total income	52,425.35	100.00	50,451.42	100.00	43,211.26	100.00
Expenses						
Cost of materials consumed	25,571.21	48.78	26,928.93	53.38	21,400.75	49.53
Procurement of Base & Depo Spares	6,080.47	11.60	917.17	1.82	348.66	0.81
Employee benefits expense	6,894.66	13.15	8,857.00	17.56	7,288.37	16.87
Finance costs	41.01	0.08	38.52	0.08	38.95	0.09
Depreciation and amortization expenses	614.18	1.17	502.17	1.00	393.90	0.91
Sub-contract	1,759.07	3.36	3,226.95	6.40	1,101.93	2.55
Power and fuel	192.63	0.37	226.23	0.45	260.44	0.60
Other expenses: (a) Project related	809.07	1.54	1,512.06	3.00	1,417.13	3.28
(b) Others	1,917.33	3.66	1,370.49	2.72	1,594.53	3.69
Provisions	747.84	1.43	374.36	0.74	1,084.53	2.51
Total expenses	44,627.47	85.13	43,953.88	87.12	34,929.19	80.83
Restated Profit before tax	7,797.88	14.87	6,497.54	12.88	8,282.07	19.17
Tax expense:						

	Fiscal 2019	% of total income	Fiscal 2018	% of total income	Fiscal 2017	% of total income
Current tax	3,321.06	6.33	2,915.20	5.78	2,930.71	6.78
Deferred tax (credit) / charge	(302.58)	(0.58)	(455.58)	(0.90)	(50.57)	(0.12)
Adjustment of tax relating to earlier years	54.31	0.10	106.43	0.21	00	0
Profit for the year attributable to equity shareholders	4,725.09	9.01	3,931.49	7.79	5,401.93	12.50
Share of Net Profit/(loss) of associate	620.90	1.18	1,026.00	2.03	554.27	1.28
Profit for the year	**5,345.99**	**10.20**	**4,957.49**	**9.83**	**5,956.20**	**13.78**
Other comprehensive income ('OCI')						
Remeasurement of defined employee benefit plan	(237.86)	(0.45)	(599.34)	(1.19)	(13.46)	(0.03)
Income tax effect	83.12	0.16	207.42	0.41	4.66	0.01
Remeasurement of post-employment benefit obligation of associate	(39.24)	(0.07)	(8.30)	(0.02)	3.59	0.01
Total comprehensive income for the year attributable to equity shareholders	**5,152.01**	**9.83**	**4,557.27**	**9.03**	**5,950.99**	**13.77**

Fiscal 2019 compared to Fiscal 2018

Total Income

Our total income increased by 3.91% to ₹52,425.35 million in Fiscal 2019 from ₹50,451.42 million in Fiscal 2018 due to the reasons as mentioned below:

Revenue from operations:

Our revenue from operations increased by 3.59 % to ₹46,491.25 million in Fiscal 2019 from ₹44,879.85 million in Fiscal 2018. This increase was primarily due to sale of base and depot spares amounting to ₹6,519.40 million.

Other Income:

Our other income increased by 6.50% to ₹5,933.84 million in Fiscal 2019 from ₹5,571.57 million in Fiscal 2018. This increase was primarily due to increase in interest income. The break-up of other income for Fiscals 2019 and 2018 is as follows:

(₹ in million)

Particulars	Nature (Recurring / Non-recurring)	Related / not related to business activity	March 31, 2019		March 31, 2018	
Interest from						
Deposits with banks	Recurring	Related	5,511.77		4,891.18	
Less: Interest liability to customer on advances	Recurring	Related	264.57		81.38	
			5,247.20		4,809.80	
On income tax refund	Non - recurring	Not related	141.02		-	
Other interest	Recurring	Not related	23.32	5,411.54	17.30	4,827.10
Other non-operating income						
Rent refund on right to occupancy	Non - recurring	Not related		-		-
Liabilities / provisions no longer required written back	Non - recurring	Related		219.60		567.42
Provision for trade receivables reversed	Recurring	Related		-		-
Provision for obsolete stock reversed	Recurring	Related		-		-
Insurance claims	Non - recurring	Not related		10.77		-
Sale / scrapping of fixed assets (net)						
Profit	Non - recurring	Related	-		-	
Less: Loss	Non - recurring	Related	-	-	-	-
Liquidated damages recovered						
Capital	Non - recurring	Related		7.32		18.47
Others	Non - recurring	Related		30.24		3.11
Miscellaneous income / recoveries	Recurring	Related		139.87		41.96
Amortisation gain on deferred deposits of Vendors	Recurring	Related		1.32		0.69
Amortisation of deferred revenue (Customer funded assets)	Recurring	Related		73.73		73.30
Interest Income on deferred payment liability to foreign supplier	Recurring	Related		37.69		37.92
Interest Income on deferred deposit with MbPT	Recurring	Related		1.76		1.60
Foreign exchange variation (net)	Recurring	Related				
Income	Recurring	Related	-		-	
Less: Loss	Recurring	Related	-	-	-	-
				5,933.84		**5,571.57**

Total Expenses

Our total expenditure increased by 1.53% to ₹44,627.47 million in Fiscal 2019 from ₹43,953.88 million in Fiscal 2018 due to the reasons as mentioned below:

Cost of materials consumed

Our cost of materials consumed decreased by 5.04% to ₹25,571.21 million in Fiscal 2019 from ₹26,928.93 million in Fiscal 2018. This decrease was primarily due to non-availability of project equipment.

Procurement of base and depot spares

Our procurement of base and depot spares increased by 562.96% to ₹6,080.47 million in Fiscal 2019 from ₹917.17 million in Fiscal 2018 due to supply made to our customer.

Employee benefits expense

Our employee benefits expense decreased by 22.16% to ₹6,894.66 million in Fiscal 2019 from ₹8,857.00 million in Fiscal 2018. This decrease was primarily due to decrease in salaries, wages, allowances and bonus.

Finance Costs

Our finance costs increased by 6.46% to ₹41.01 million in Fiscal 2019 from ₹38.52 million in Fiscal 2018.

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 22.31% to ₹614.18 million in Fiscal 2019 from ₹502.17 million in Fiscal 2018. This increase was primarily due to purchase of two tugs and other construction activities and the consequent depreciation.

Sub-contract

Our sub-contract expense decreased by 45.49% to ₹1,759.07 million in Fiscal 2019 from ₹3,226.95 million in Fiscal 2018. This decrease was primarily on account of payment made during Fiscal 2018 for one time services related to projects availed during Fiscal 2018.

Power and fuel

Our power and fuel expense decreased by 14.85% to ₹192.63 million in Fiscal 2019 from ₹226.23 million in Fiscal 2018. This decrease was primarily due to use of solar energy generated in-house for our operations.

Other expense

Our other expenses consist of residual expenses.

- Project related

Project expenses decreased by 46.49% to ₹809.07 million in Fiscal 2019 from ₹1,512.06 million in Fiscal 2018. The decrease was primarily due to a decrease in training expense, technical know how expenses (net of reversals), service tax expenses which is partially offset by increase in technician fees and other expenses.

- Other expenses

Our other expenses increased by 39.90% to ₹1,917.33 million in Fiscal 2019 from ₹1,370.49 million in Fiscal 2018. The increase in other expenses was primarily due to increase in miscellaneous expenses and expenses for facility hire.

Provisions

Our provisions increased by 99.76% to ₹747.84 million in Fiscal 2019 from ₹374.36 million in Fiscal 2018 on account of provison for doubtful debts of ₹388.94 million in Fiscal 2019 and ₹29.12 million in Fiscal 2018 and liquidated damages of ₹358.90 million in Fiscal 2019 and ₹182.15 million in Fiscal 2018.

Profit before tax:

As a result of the factors outlined above, our profit before tax increased by 20.01% to ₹7,797.88 million in Fiscal 2019 from ₹6,497.54 million in Fiscal 2018.

Tax expense

- *Current tax:* Our current tax increased by 13.92% to ₹3,321.06 million in Fiscal 2019 from ₹2,915.20 million in Fiscal 2018. This increase was primarily due to increase in taxable income.

- *Deferred tax:* Our deferred tax credit was ₹302.58 million in Fiscal 2019 as compared to a deferred tax credit of ₹455.58 million in Fiscal 2018.

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 20.19% to ₹4,725.09 million in Fiscal 2019 from ₹3,931.49 million in Fiscal 2018.

Share of net profit of associate

The share of our net profit of associate decreased by 39.48% to ₹620.90 million in Fiscal 2019 from ₹1,026.00 million in Fiscal 2018.

Profit for the year

Our profit for the year increased by 7.84% to ₹5,345.99 million in Fiscal 2019 from ₹4,957.49 million in Fiscal 2018.

Other comprehensive income

Our other comprehensive income increased by 51.53 % to ₹(193.98) million in Fiscal 2019 from ₹(400.22) million in Fiscal 2018.

Total comprehensive income for the year:

Our total comprehensive income for the year increased by 13.05% to ₹5,152.01 million in Fiscal 2019 from ₹4,557.27 million in Fiscal 2018.

Fiscal 2018 compared to Fiscal 2017

Total Income

Our total income increased by 16.76% to ₹50,451.42 million in Fiscal 2018 from ₹43,211.26 million in Fiscal 2017 due to the reasons as mentioned below:

Revenue from operations:

Our revenue from operations increased by 25.88 % to ₹44,879.85 million in Fiscal 2018 from ₹35,653.45 million in Fiscal 2017. This increase was primarily due to increase in ship construction on account of consumption of project material.

Other Income:

Our other income decreased by 26.28 % to ₹5,571.57 million in Fiscal 2018 from ₹7,557.81 million in Fiscal 2017. This decrease was primarily due to decrease in interest on deposit with banks amounting to ₹1,512.31 million. The break-up of other income for Fiscals 2018 and 2017 is as follows:

(₹ in million)

Particulars	Recurring / Non-recurring	Related/not related to business activity	For the period ended March 31, 2018		For the period ended March 31, 2017	
Interest						
On deposits with banks	Recurring	Related	4,891.18		6,403.49	
Less: Interest liability to customer on advances	Recurring	Related	(81.38)		(105.13)	
			4,809.80		6,298.36	

Particulars	Recurring / Non-recurring	Related/not related to business activity	For the period ended March 31, 2018		For the period ended March 31, 2017	
On income tax refund	Non-recurring	Not Related	-		11.83	
Other interest	Recurring	Not Related	17.30	4,827.10	18.60	6,328.79
Other non operating income						
Rent refund on right to occupancy	Non-recurring	Not Related				-
Liabilities / provisions no longer required written back	Non-recurring	Related		567.42		229.72
Provision for trade receivables reversed	Recurring	Related		-		860.17
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	
Less: Loss	Non-recurring	Related	-	-	2.20	3.13
Liquidated damages recovered						
Capital	Non-recurring	Related		18.47		5.24
Others	Non-recurring	Related		3.11		19.77
Miscellaneous income / recoveries	Recurring	Related		41.96		39.99
Amortisation gain on deferred deposits of Vendors	Recurring	Related		0.69		0.16
Amortisation of deferred revenue (Customer funded assets)	Recurring	Related		73.30		25.41
Interest Income on deferred payment liability to foreign supplier	Recurring	Related		37.92		38.80
Interest Income on deferred deposit with MbPT	Recurring	Related		1.60		1.55
				5,571.57		**7,557.81**

Total Expenses

Our total expenditure increased by 25.84 % to ₹43,953.88 million in Fiscal 2018 from ₹34,929.19 million in Fiscal 2017 due to the reasons as mentioned below:

Cost of materials consumed

Our cost of materials consumed increased by 25.83 % to ₹26,928.93 million in Fiscal 2018 from ₹21,400.75 million in Fiscal 2017. This increase was primarily due to increase in issue of project materials which consist of the raw materials and equipment used in projects amounting to ₹5,528.18 million.

Procurement of base and depot spares

Our procurement of base and depot spares increased by 163.05% to ₹917.17 million in Fiscal 2018 from ₹348.66 million in Fiscal 2017. This increase was primarily due to supply of base & depot spares to projects.

Employee benefits expense

Our employee benefits expense increased by 21.52 % to ₹8,857.00 million in Fiscal 2018 from ₹7,288.37 million in Fiscal 2017. This increase was primarily due to provision made towards employee benefits towards wage settlement of non – executives with effect from January 01, 2017.

Finance Costs

Our finance costs decreased by 1.10% to ₹38.52 million in Fiscal 2018 from ₹38.95 million in Fiscal 2017

Depreciation and amortisation expense

Our depreciation and amortisation expense increased by 27.49% to ₹502.17 million in Fiscal 2018 from ₹393.90 million in Fiscal 2017. This increase was primarily due to capitalisation of various assets.

Sub-contract

Our sub-contract expense increased by 192.85% to ₹3,226.95 million in Fiscal 2018 from ₹1,101.93 million in Fiscal 2017. This increase was primarily on account of sub contract jobs for the project.

Power and fuel

Our power and fuel expense decreased by 13.14% to ₹226.23 million in Fiscal 2018 from ₹260.44 million in Fiscal 2017. This decrease was primarily due to use of solar power from own solar plants.

Other expense

Our other expenses consist of residual expenses.

- Project related

Project expenses increased by 6.70 % to ₹1,512.06 million in Fiscal 2018 from ₹1,417.13 million in Fiscal 2017. The increase in residual expense for project was primarily due to increase in advising team fees and other expenses, training expenses, facility hire and legal, professional and consultant fees. This was partially offset by technician's fees and other expenses.

- Other expenses

Our other expenses decreased for other expenses by 14.05% to ₹1,370.49 million in Fiscal 2018 from ₹1,594.53 million in Fiscal 2017. The decrease in other expenses was primarily due to decrease in repairs and maintenance expenses, travelling expenses, rent, CISF and security board expenses and consumption of stores and spares thereon.

Provisions

Our provisions decreased by 65.48% to ₹374.36 million in Fiscal 2018 from ₹1,084.53 million in Fiscal 2017 on account of decrease in provision for doubtful debts. The provision was made for liquidated damages of ₹182.15 million in Fiscal 2018.

Profit before tax:

As a result of the factors outlined above, our profit before tax decreased by 21.55% to ₹6,497.54 million in Fiscal 2018 from ₹8,282.07 million in Fiscal 2017.

Tax expense

- *Current tax:* Our current tax decreased by 0.53% to ₹2,915.20 million in Fiscal 2018 from ₹2,930.71 million in Fiscal 2017. This decrease was primarily due to lesser taxable income.

- *Deferred tax:* Our deferred tax credit was ₹455.58 million in Fiscal 2018 as compared to a deferred tax credit of ₹50.57 million in Fiscal 2017.

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 27.22% to ₹3,931.49 million in Fiscal 2018 from ₹5,401.93 million in Fiscal 2017.

Share of net profit of associate

The share of our net profit of associate increased by 85.11% to ₹1,026.00 million in Fiscal 2018 from ₹554.27 million in Fiscal 2017.

Profit for the year

Our profit for the year decreased by 16.77% to ₹4,957.49 million in Fiscal 2018 from ₹5,956.20 million in Fiscal 2017.

Other comprehensive income

Our other comprehensive income decreased by 7,581.77% to ₹(400.22) million in Fiscal 2018 from ₹(5.21) million in Fiscal 2017. This decrease was primarily due to increase in actuarial loss on account of valuation of gratuity liability.

Total comprehensive income for the year:

Our total comprehensive income for the year decreased by 23.42% to ₹4,557.27 million in Fiscal 2018 from ₹5,950.99 million in Fiscal 2017.

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 March 31**		
	2019	**2018**	**2017**
Cash and cash equivalents	7,296.81	3,735.85	1,428.78
Bank balance other than cash and cash equivalents	67,400.00	68,160.00	82,200.00

The following table summarises our cash flows from our restated financial information of cash flows for the Fiscal 2019, Fiscal 2018 and Fiscal 2017:

(₹ in million)

	Fiscal 2019	Fiscal 2018	Fiscal 2017
Net cash from (used in) operating activities	575.98	4,416.56	(10,092.68)
Net cash from (used in) investing activities	4,192.65	3,918.01	4,941.26
Net cash from (used in) financing activities	(1,207.67)	(6,027.50)	(2,397.50)
Cash and cash equivalents at the beginning of the period	3,735.85	1,428.78	8,977.70
Cash and cash equivalents at the end of the period	7,296.81	3,735.85	1,428.78

Net cash from (used in) Operating activities

Net cash generated from operating activities was ₹575.98 million in Fiscal 2019 which was principally attributable to (i) profit before tax of ₹7,797.88 million adjusted for finance cost of ₹41.01 million, depreciation/amortisation of ₹614.18 million and interest income of ₹5,411.54 million; and (ii) movement in working capital included increase inventories of ₹43.34 million, increase in trade receivable of ₹3,594.56 million, increase in other current and non-current assets of ₹6,330.51 million, increase in trades payable and provision of ₹5,034.69 million and increase in other current and non current liabilities of ₹5,738.12 million and direct tax paid of ₹3,158.76 million.

Net cash from operating activities was ₹4,416.56 million in Fiscal 2018 which was principally attributable to (i) profit before tax of ₹6,497.54 million as adjusted for finance cost of ₹38.52 million, and depreciation/ amortisation of ₹502.17 million and interest income of ₹4,827.10 million; and (ii) movements in working capital. Movements in working capital included decrease in inventory by ₹2,426.87 million in inventories, decrease in other current & non current assets by ₹5,122.93 million, increase in trade payable and provisions of ₹14,517.81 million. increase in trade receivables and loans and advances of ₹2,961.94 million, decrease in other current and non-current liabilities of ₹13,720.04 million and direct taxes paid of ₹3,070.13 million.

Net cash used in operating activities was ₹10,092.68 million in Fiscal 2017 which was principally attributable to (i) profit before tax of ₹8,282.07 million as adjusted for finance cost of ₹38.95 million, and depreciation/ amortisation of ₹393.90 million and interest income of ₹6,328.79 million; and (ii) movements in working capital. Movements in working capital primarily included an increase in other current and non-current assets of ₹13,196.96 million and direct taxes paid of ₹3,461.14 million.

Net cashf from /(used in) Investing activities

Net cash generated from investing activities was ₹4,192.65 million in Fiscal 2019. This was primarily due to interest received of ₹5,411.54 million. This was partially offset by outflows of ₹1,715.39 million for investments in purchase of property, plant and equipment

Net cash generated from investing activities was ₹3,918.01 million in Fiscal 2018. This was primarily due to interest received of ₹4,827.10 million. This was partially offset by outflows of ₹1,508.77 million for investments in purchase of property, plant and equipment.

Net cash generated from investing activities was ₹4,941.26 million in Fiscal 2017. This was primarily due to interest received of ₹6,328.79 million. This was partially offset by outflows of ₹2,183.34 million for investments in purchase of property, plant and equipment.

Net cash from /(used in) Financing activities

Net cash used in financing activities was ₹1,207.67 million for Fiscal 2019 comprising of dividend paid (including dividend distribution tax thereon) and finance costs.

Net cash used in financing activities was ₹6,027.50 million for Fiscal 2018 comprising of dividend paid (including dividend distribution tax thereon), and buy back of equity share capital alongwith buy back tax.

Net cash used in financing activities was ₹2,397.50 million for Fiscal 2017 comprising of dividend paid (including dividend distribution tax thereon).

Related party transactions

The details in relation to related party transactions, please see "*Financial Statements*" on page 181.

Contingent Liabilities

As on March 31, 2019, our contingent liabilities are set out below:

(₹ in million)

Particulars	Brief description of nature and obligations as on March 31, 2019
Amounts for which Company may be contingently liable:	
Estimated amount of contracts remaining to be executed on capital account.	784.70
Estimated amount of liquidated damages on contracts under execution.	11,004.50
Position of non-fund based limits utilized for	
(a) Letters of credit	7,689.90
(b) Guarantees and counter guarantees	188.30
Indemnity Bonds issued by the Company to customers for various contracts.	507,663.30
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:	
(i) Suppliers and sub-contractors	49.80
(ii) Others	583.20
Interest on (i) and (ii) above	1,294.80
Amounts paid / payable by Company and reimbursable by Customers in the matters under dispute pending at various Assessment / Appellate Authorities relating to:	
Sales Tax *	11,515.00
Excise Duty	
a) On Vendors	19.00
b) On MDL	2.90
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)	706.70
Appeals pending against disputed demands pending before Adjudicating / Appellate authorities	
Custom Duty	0.80

**Against the above claim, part payments of ₹67.56 million (In 2018: ₹61.40 million) have been made under protest.*

The excise authorities have passed an order dated May 31, 2013 resulting in demand for ₹19.70 million inclusive of interest and penalty (In 2018: ₹19.24 million) in respect of BBLRP project job work carried out at Nhava Yard, for the removals during the period March 2007-March 2008. Our Company has filed an appeal at CESTAT against the order of the Commissioner. The final hearing is in progress.

*** Includes ₹292.80 million (In 2018: ₹292.80 million) towards show cause notices issued by the service tax department for the years from 2005-06 to 2013-14.*

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 20 and 303.

Off balance sheet items

We do not have any off balance sheet items.

Secured and unsecured borrowings

As of June 30, 2019, the outstanding non-fund based exposure of our Company is ₹11,452.76 million. For further details, please see "*Financial Indebtedness*" on page 301.

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 assembly 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	Fiscal 2019	Fiscal 2018	Fiscal 2017
Capital Expenditure	1,749.25	1,378.26	1,462.80

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 20.

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 20.

Seasonality of business

Our business is not seasonal in nature.

Interest rate and inflation

Our total income includes interest income from cash received for our operating activities, which contributed 69.40%, 74.29% and 76.42% of our profit before tax for the Fiscal 2019, Fiscal 2018 and Fiscal 2017, 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 2019, 2018 and except as follows:

Sr. No.	Financial Year	Auditor's comments	Management's response
1.	Fiscal 2019	Registration formalities are pending in respect of certain properties	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 advance to vendors and balance outstanding in trade payables are subject to confirmation	The Company has the practice of obtaining balance confirmations from vendor. The adjustments are being carried out on wherever required
		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 2018	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 agreement	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 demand /as per the previous lease agreement.
		Registration formalities are pending in respect of certain properties.	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.
		Balance of advance to vendors and balance outstanding in trade payables are subject to confirmation.	The Company has the practice of obtaining balance confirmation from vendor. The adjustments are being carried out on wherever required.
		The financials of Joint Venture Company "Mazagon Dock Pipavav Defence Private Limited" in which the Company holds 50% of the equity has not been consolidated by the management in the restated consolidated financial statement.	a. 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.
		Stating the reason for non-provisioning of the liquidated damages related to the project	The Company believes that additional liquidated damages of ₹ 971.80 million which are under discussions with customer, will not be levied and hence no provision is recognised for the same.
3.	Fiscal 2017	In respect of certain leasehold properties, initial premium paid has been treated as prepaid rent	The Company is following up with Mumbai Port Trust for execution of lease agreement to

Sr. No.	Financial Year	Auditor's comments	Management's response
		and charged on the basis of available information pending execution of lease agreement	renew the lease period. Meanwhile, the Company is paying lease rent as per demand /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.
		Balance of advance to Vendors and balance outstanding in trade payables are subject to confirmation.	The Company has the practice of obtaining balance confirmation from vendor. The adjustments are being carried out on wherever required.
		The financials of Joint Venture Company "Mazagon Dock Pipavav Defence Private Limited" in which the Company holds 50% of the equity has not been consolidated by the management in the restated consolidated financial statement.	a. 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 this 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.

Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations

Except as described in this Draft Red Herring Prospectus, there have been no significant economic changes that have taken place in the last three fiscal years that have materially affected or are likely to affect income from operations.

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 271 and 20, respectively. 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 changes in relationships between Costs and Revenues

Other than as described in "*Risk Factors*" on page 20 and this section, we believe there are no known factors that might affect the future changes in 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 20 and 122 respectively.

New products or business segments

Other than as described in "*Our Business*" on page 122, there are no new products or business segments in which we operate.

Significant developments that may affect our future results of operations

Except as stated below, there is no subsequent development after the date of our last 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:

a) Our Board in its meeting held on June 17, 2019 declared final dividend of ₹558.20 million which was approved by the shareholders in the annual general meeting held on July 19, 2019 for the financial year 2019. This will entail a payout of ₹558.20 million towards dividend, ₹114.71 million has been paid as dividend distribution tax;

b) We have recently entered into an agreement dated June 06, 2019 with the Government of Maharashtra whereby 27 acres of land at Nhava, Navi Mumbai has been allotted to us for the proposed development of greenfield shipyard. The remaining 10 acres of land has been occupied by easement. The proposed development will be for the entire 37 acres of land;

c) We are also in the process of acquiring 11.47 acres of workshop land on a long term lease of 29 years (extendable twice by a further period of 29 years each) from the MbPT for certain workshops, clerk basins and other premises. The upfront lease fee payable for such long term lease (for the initial period of 29 years) is ₹8,140 million plus taxes (total amount works out to be around ₹9851.6 million).We may incur additional short term indebtedness not exceeding ₹10,000 million for the purpose of funding the acquisition of land from the Mumbai Port Trust; and

d) The MbPT has proposed the renewal of expired leases of four plots for a period of 30 years by an upfront payment of around ₹2,731.40 million plus applicable taxes, towards lease premium and ₹410 million plus applicable taxes towards arrears of rent for the period from Fiscal 2006 onwards. This proposal of lease renewal also provides the option of annual payment of lease rent for a period of 10 years amounting to approximately ₹194.4 million per annum plus applicable taxes.

OTHER FINANCIAL INFORMATION

The standalone financial statements of our Company as at and for the year ended March 31, 2019, March 31, 2018 and March 31, 2017 and the reports thereon dated June 17, 2019, July 16, 2018 and August 23, 2017, respectively ("**Standalone Financial Statements**") are available at https://mazagondock.in/Financials.aspx .Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations.

The Standalone Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world.

The Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any of the BRLMs or any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalization as at March 31, 2019, on the basis of our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with the sections titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" on pages 270, 181 and 20, respectively.

(₹ in million)

Particulars	**Pre-Offer as at March 31, 2019**	**Post-Offer as at March 31, 2019**
Debts		
Short term debts	NA	NA
Long term debts	NA	NA
Total Debts	NA	NA
Shareholders' Funds		
Share Capital	2,241.00	2,241.00
Reserves as restated	30,064.93	30,064.93
Total Shareholders' Funds	32,305.93	32,305.93
Total Debts/ Total Shareholders' Funds	**-**	**-**

FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of our Company's outstanding borrowings as on June 30, 2019 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><td>Facilities</td><td>SBI</td><td>Canara Bank</td></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 June 30, 2019</td><td><table>
<tr><td>Facilities</td><td>SBI</td><td>Canara Bank</td></tr>
<tr><td>Cash Credit</td><td>Nil</td><td>Nil</td></tr>
<tr><td>Bank Guarantees</td><td>129.43 million</td><td>Nil</td></tr>
<tr><td>Letter of Credit</td><td>11,323.33million</td><td>Nil</td></tr>
<tr><td>Total</td><td>11,452.76 million</td><td>Nil</td></tr>
</table></td></tr>
<tr><td>Margin, Interest and Repayment terms</td><td>Terms of payment – On demand<table>
<tr><td>Facilities</td><td>Margin</td><td>Rate of interest</td></tr>
<tr><td>Cash Credit</td><td>25%</td><td>0.10% 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 godowns 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>

In addition to the facilities mentioned above, our Company may incur additional short term indebtedness not exceeding ₹10,000 million for the purpose of funding the acquisition of land from the Mumbai Port Trust.

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 financial 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 favour of any financial institution, 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 Managerial 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 shareholders 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 taken by statutory or regulatory authorities; (iii) claims related to direct and indirect taxes in a consolidated manner; and (iv) details of any other pending material litigation which are determined to be material as per the policy adopted by our Board ("**Materiality Policy**") involving our Company and its Directors.*

For the purpose of (iv) above, our Board in its meeting held on August 05, 2019 adopted a policy on identification of material litigation involving our Company and its Directors

In terms of the Materiality Policy, all pending litigation involving our Company and its Directors, other than criminal proceedings and actions by regulatory authorities and statutory authorities, would be considered 'material' if (a) the amounts involved in such litigation exceeds 1.1141% of the net profit for the year of our Company (as per the last full year of the Restated Financial Statements of our Company); (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.

As per the Materiality Policy, the threshold for our Company is ₹59.56 million (i.e. 1.1141% of the net profit for the year of our Company i.e. ₹5,345.99 *million as per the Restated Financial Statements of our Company) for Fiscal 2019.*

There is no outstanding litigation involving our Group Company which has a material impact on our Company.

Further, the pre-litigation notices received by Company and its Directors, 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 and its Directors are impleaded as defendants in litigation proceedings before any judicial forum.

Except as stated in this section, there are no outstanding dues to creditors of our Company. For this purpose, our Board in its meeting held on August 05, 2019, has considered and adopted a policy of materiality for identification of material outstanding dues to creditors. In terms of this materiality policy, outstanding dues to any creditor in excess of 5% *of the total trade payables as per last Restated 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 Financial Statements as at March 31, 2019 i.e. 5% of ₹29,172.50 million which is ₹1,458.63 million. Further, for outstanding dues to any party which is a micro, small or a medium enterprise ("MSME"), the disclosure is based on information available with our Company regarding status of the creditor as defined under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended, as has been relied upon by our Statutory Auditors.*

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.

7. State of Maharashtra at the instance of Deputy Director, Industrial Safety and Health, State of Maharashtra ("**Complainant**") has filed a complaint bearing CC No. 2585/SF/2017 against Mustafa Soni, an employee 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 Maharashtra Factories Rules, 1963, on account of bodily injury caused to one employee on August 09, 2017 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

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 Mazdock 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.

3. The MCA issued a letter dated May 01, 2018 ("**Letter**"), to our Company calling for information/documents under Section 206 of Companies Act, 2013 regarding compliance of provisions of corporate social responsibility ("**CSR**"). The Letter further mentions that the prescribed limit for CSR expenditure in terms of Section 135 of the Companies Act, 2013, as stated in the board's report of the Company was ₹131.6 million while our Company had only spent ₹116.9 million in Financial Year 2016. The Company vide reply dated May 14, 2018 provided the required documents/information. The MCA has vide its email dated January 29, 2019 ("**Email**") asked our Company to furnish additional documents regarding the utilization of the remaining unspent amount towards CSR from the Company. The Company has provided the required details and documents *vide* letter dated February 11, 2019. There has been no further correspondence from MCA with respect to the above matter.

4. 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.

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	56	12,306.16
2.	Services tax	2	1,398.85
3.	Central Excise	12	43.58
4.	Customs	3	0.12
Total		**73**	**13,748.71**

Direct Tax proceedings

S. No.	Type of Direct Tax	Number of cases	Approximate amount in dispute/ demanded (in ₹ million)
1.	Income Tax	10	812.83
Total		**10**	**812.83**

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 Company 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, Government 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 contents 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 Petitioners with effect from January 01, 2007. This matter is currently pending in the High Court.

5. M/s. Haskoning DHV Nederland B V (the **"Claimant")** has filed Commercial Arbitration Petition No. 1297 of 2018 before the High Court of Bombay at Bombay ("**High Court**") against the Company challenging the order passed by the Learned Sole Arbitrator and to set aside the said order passed dated July 02, 2018 and July 30, 2018. The Claimants had invoked the arbitration clause under the consultancy contract agreement dated April 03, 2003 entered into with the Company for creation of shipbuilding

facilities on account of Company's refusal to entertain the claims towards the escalation of rates. The Supreme Court had appointed a Sole Arbitrator to adjudicate the dispute. The Sole Arbitrator had passed the award dated July 02, 2018 in favour of Claimant directing the Company to pay sum of ₹6.81 million with interest @ 10% pa. and the same was paid by the Company. The Claimant being aggrieved by the award has filed the present petition which is currently pending before the High Court.

6. A statement of claim bearing No. CGIT-2/37 of 2017 dated March 12, 2018 ("**Statement of Claim**") has been filed by Prafull P. Donde along with several workmen/ staff members of our Company, working in the non-executive cadre (hereinafter collectively referred to as the "**Claimants**") against our Company, alleging that the management of our Company had illegally and unjustifiably extended the usual working hours by additional one hour for the Claimants and had further made working for such extended one hour as a condition for availing the benefits of the then prevalent contributory superannuation pension scheme ("**Pension Scheme**") without having obtained mandate of the Claimants. The Claimants have *inter-alia* prayed that they be granted the benefits of the Pension Scheme on par with executive officers of our Company with 7% employer contribution on basic pay and dearness allowance with retrospective effect from January 01, 2007. The matter is currently pending before the Hon'ble Central Industrial Tribunal-2 (CGIT-2), Mumbai.

7. A statement of claim bearing No. CGIT-2/20 of 2006 dated May 26, 2006 ("**Statement of Claim**") has been filed by Sanjay Goad along with several workmen/ staff members of Mazagaon Dock Workers' Union (hereinafter collectively referred to as the "**Claimants**") against our Company, alleging that the management of our Company had failed to discuss and settle the demand of the letter of the Claimant dated October 05, 2004 which had asked for upgradation and reclassification of 629 welders by the management of our Company. The Claimants have *inter-alia* prayed that granted proper fitment be granted to all the 629 workmen at par with the workmen working as platers, copper-smiths, electricians etc in Grade-II and remove the difference of 45 paise and 95 paise per day in their daily rate with effect from October 01, 1998 and pay them the entire arrears arising therefrom with 18% compound interest per annum till the date of actual payment. The matter is currently pending before the Hon'ble Central Industrial Tribunal-2 (CGIT-2), Mumbai.

8. A statement of claim bearing No. CGIT-2/59 of 2007 dated January 02, 2008 ("**Statement of Claim**") has been filed by the Mazgaon Dock Workers' Union (hereinafter referred to as the "**Claimants**") against our Company, alleging that the management of our Company had failed to discuss and settle the demand of the Claimants *vide* their letter dated May 09, 2005 which had asked for the removal of anomaly, in respect of 142 workmen, in fitment of their pay/wages, while converting them from daily wage workers to monthly rated workmen w.e.f. October 01, 1998 by the management of our Company. The Claimants have *inter-alia* prayed that they be granted a declaration that the demand raised by the Claimants for up-gradation and re-classification of 111 special grade workers and 31 mistries in our Company is proper and justified, and further that our Company should be directed to give fitment to all 142 workmen in their daily rate with effect from October 01, 1998 and pay them the entire arrears arising therefrom with 18% compound interest per annum till the date of actual payment. The matter is currently pending before the Hon'ble Central Industrial Tribunal-2 (CGIT-2), Mumbai.

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.

2. 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. Dixit, 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.

3. A complaint bearing CC No. 1045/M/2018 in CR No. 72 of 2017 ("**Complaint**") has been filed by our Company before the Court of Metropolitan Magistrate 62nd Court of Metropolitan Magistrate, Dadar, Mumbai ("**District Court**") against the police officials posted at Sewree Police Station ("**Respondent**") under section 156(3) of the Code of Criminal Procedure, 1973 for requesting the District Court to direct the police authorities to conduct a thorough investigation in the case in a time bound manner in the matter of CR No. 72 of 2017 which pertained to a complaint filed by our Company against an unknown accused 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, causing a loss of ₹5.5 million to our Company. The matter is currently pending before the District Court.

4. 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. Mazagon Dock Limited Operatives PF Trust (**"Applicant"**) has filed a company application in company appeal (AT) No. 346 of 2018 against Infrastructure Leasing & Financial Services Ltd. (**"IL&FS")** before the National Company Law Appellate Tribunal, New Delhi (**"NCLAT"**) regarding recovery of sum of ₹295 million, owed by IL&FS. The Applicant had invested the aforesaid amount against debentures issued by IL&FS and its group companies. This amount was held by the Applicant in trust towards the provident fund benefits (**"PF Benefits"**) of the employees of our Company. IL&FS has failed to repay the principal/interest on the stipulated due date and has thereby committed default in payment. The Applicant has prayed for release of an amount of ₹295 million with accrued interest (by IL&FS and its reconstituted board of directors/ group companies) and also to be considered as a financial creditor and consequently be allowed to be a part of the committee of creditors. The matter is currently pending before the NCLAT.

III. Outstanding dues to small scale undertakings and other creditors by our Company

As of March 31, 2019, we had 1,458 creditors on a consolidated basis. The aggregate amount outstanding to such creditors as on March 31, 2019 was ₹29,172.50 million, on a consolidated basis.

Our Board, in its meeting held on August 05, 2019 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors ("**Materiality Policy**"). In terms of the Materiality Policy, creditors of our Company to whom an amount exceeding 5% of our trade payables was outstanding as per the last Restated Financial Statements included in this Dradt Red Herring Prospectus, were considered as 'material' creditors. As per the Restated Financial Statements, our trade payables as at March 31, 2019, was ₹29,172.50 million and accordingly, creditors to whom outstanding dues exceed ₹1,458.63 million have been considered as material creditors for the purposes of disclosure in this Draft Red Herring Prospectus. Based on the above, there are two material creditors of our Company as on March 31, 2019, to whom an aggregate amount of ₹21,020.22 million was outstanding on such date.

Details of the outstanding dues owed as at March 31, 2019 MSMEs and other creditors are given below:

Sl. No:	Type of the Creditor	Number of creditors	Amount due (in ₹ million) as of March 31, 2019
1	Micro, Small and Medium Enterprises ("**MSME**")	820	186.80
2	Other Creditors	638	28,985.70
	TOTAL	1458	29,172.50

The details pertaining to amounts due towards the material creditors are available on the website of our Company at https://mazagondock.in/images/pdf/Outstanding_dues_to_material_creditors_as_on_31.03.2019.pdf. Anyone placing reliance on any other source of information, including our Company's website https://mazagondock.in would be doing so at their own risk.

IV. Material Developments

For details of significant developments post March 31, 2019, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 270

V. Litigations involving our Directors

i. *Litigations against our Directors*

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 305.

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 138.

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 312.

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 service 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 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 November 19, 2018 made to Department of Telecommunication for the renewal of VHF license number FL-42/1-2 for the period from January 01, 2019 to December 31, 2019.

c) Application dated November 19, 2018 made to Department of Telecommunication for the renewal of VHF license number G-506/1-16 for the period from January 01, 2019 to December 31, 2019.

d) Application dated March 18, 2019 regarding renewal of recognition of in-house R&D Units under Ministry of Science and technology, Department of Scientific and Industrial Research Technology Bhavan, Government of India

ii. **Approvals for which no application has been made**:

a) Our Company has not made revised applications to the MoEF for the CRZ clearance of three projects under the Mazdock Modernisation Project programme of the Company namely for (i) extension of goliath crane south rail by 50 metres; (ii) submarine section assembly workshop; and (iii) construction of wet basin, which had been rejected on account of some shortcomings.

9. **Intellectual Property**

The logo of our Company, is registered with the Trade Marks Registry, Mumbai. Further, an application bearing number 4004133 dated November 21, 2018 has been filed by our Company for its colour logo which is pending before the Trade Marks Registry, Mumbai. Our Company has applied for patents, trademarks, copyrights and designs including in relation to certain products and processes for our shipbuilding and submarine divisions.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Our Board of Directors has, pursuant to resolutions passed at its meeting held on August 05, 2019 approved the Offer.

The President of India, acting through the MoD has, *vide* letter bearing reference No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019 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 No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019, conveying the approval granted by the Selling Shareholder GoI for the Offer.

The Selling Shareholder vide its letter bearing number No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019, conveyed the consent for inclusion of 28,012,500 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.

Prohibition by SEBI or governmental authorities

Our Company, our Promoter and our Directors are not prohibited from accessing the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority or court, including any securities market regulator in any jurisdiction.

Directors associated with the securities market

None of our Directors are associated in any manner with the securities market and there has been no action taken by SEBI against our Directors or any entity in the five years preceding the date of this Draft Red Herring Prospectus.

The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India or abroad.

Compliance with Companies (Significant Beneficial Ownership) Rules, 2018

We are a government company and our Promoter is the President of India acting through the Ministry of Defence. Our Promoter, along with its nominees, currently holds 100% of the pre-Offer paid-up Equity Share capital of our Company. The Companies (Significant Beneficial Ownership) Rules, 2018 ("SBO Rules") are not applicable to us in terms of Rule 8 of the SBO Rules.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis in each of the preceding three full years (of 12 months each), . 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;

- Our Company has an average operating profit of ₹150 million calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of the preceding three years;

- Our Company has a net worth of at least ₹10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis;and

- Our Company has not changed its name in the last year.

Our Company's operating profit, net worth, net tangible assets derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at, and for the last three years ended March 31 are set forth below:

As per Restated Financial Statements:

(₹ in million)

Particulars	Fiscal 2019	Fiscal 2018	Fiscal 2017
Operating profit	2,525.95	1,990.49	1,317.47
Net worth	32,305.93	28,456.01	30,021.22
Net tangible assets	202,291.85	187,715.80	188,445.68

** Pre-tax operating profit includes post-tax profit of associate*

Notes:

1) *Net Tangible Assets' has been defined as sum of all net assets of our Company excluding deferred tax assets and intangible assets as defined in Ind Accounting Standard 38 (Ind AS-38)issued by Institute of Chartered Accountants of India. (i.e Total Asset – Intangible Assets).*

2) *'Operating Profits' has been calculated as net profit before the aggregate of tax, other income excluding finance cost. Average operating profit of the Company for the preceeding three fiscals is ₹1,944.64 million.*

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, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees shall not be less than 1,000, failing which, the entire application monies shall be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application monies in accordance with applicable laws.

The status of compliance of our Company with the conditions as specified under Regulations 5 and 7(1) of the SEBI ICDR Regulations are as follows:

(i) Our Company, the Promoter, the Selling Shareholder and our Directors are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoter or our Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Company, nor our Promoter, or Directors is a wilful defaulter (as defined in the SEBI ICDR Regulations);

(iv) None of our Directors has been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) There are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;

(vi) Our Company along with the Registrar to our Company, has entered into tripartite agreements dated January 22, 2018 and January 17, 2018 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;

(vii) The Equity Shares of our Company held by the Promoter are in the dematerialised form, except the sixty Equity Shares held by the nominees of our Promoter which will be transferred to our Promoter post listing of our Equity Shares and dematerialized thereafter;

(viii) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus; and

(ix) 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 7(1) (e) and Clause (9) (C) (1) of Part A of Schedule VI 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

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED 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 THIS DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, BEING YES SECURITIES (INDIA) LIMITED, AXIS CAPITAL LIMITED, EDELWEISS FINANCIAL SERVICES LIMITED, IDFC SECURITIES LIMITED AND JM FINANCIAL LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. 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 THIS DRAFT RED HERRING PROSPECTUS THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 05, 2019, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 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 AND PROSPECTUS.

All legal requirements pertaining to this Offer will be complied with at the time of filing of this Draft 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:

A. YES Securities

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 Rs.)	+/- % 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	Polycab India Limited	13,452.60	538.00	April 16, 2019	633.00	+15.36% [-5.35%]	+14.70% [-1.99%]	-
2	Rail Vikas Nigam Limited	4,768.61	19.00	April 11, 2019	19.00	+19.47% [-2.74%]	+40.26% [-0.35%]	-
3	Garden Reach Shipbuilders & Engineers Limited	3,435.89	118.00	October 10, 2018	102.50	-23.39% [+1.32%]	-19.11%; [+2.98%]	-16.74% [+11.53%]
4	Lemon Tree Hotels Limited	10,386.85	56.00	April 9, 2018	61.60	+30.18%; [+3.26%]	+29.91%; [+3.79%]	+19.46%; [-0.61%]
5	Bharat Dynamics Limited	9,609.44	428.00	March 23, 2018	370.00	-2.90%; [+5.66%]	-9.78%; [+7.43%]	-19.60%; [+12.37%]
6	Aster DM Healthcare Limited	9,801.37	190.00	February 26, 2018	183.00	-13.66%; [-3.77%]	-4.97%; [+0.21%]	-8.16%; [+9.21%]
7	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+3.50%; [+3.00%]	+6.91%; [-1.86%]	-5.20%; [+4.13%]
8	The New India Assurance Company Limited	96,000.00	800.00	November 13, 2017	750.00	-27.91%; [+0.15%]	-12.93%; [+2.25%]	-13.06%; [+5.69%]
9	Reliance Nippon Life Asset Management Company Limited	15,422.40	252.00	November 06, 2017	295.90	+3.61%; [-3.19%]	+5.91%; [+2.95%]	-4.21%; [+1.59%]
10	Dixon Technologies (India) Limited	5,992.79	1,766	September 18, 2017	2,725.00	+50.12; [+0.80%]	+80.93%; [+1.77%]	+95.22%; [+0.41%]

Notes:

1. *Benchmark Index taken as CNX NIFTY*
2. *Price on NSE is considered for 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. *If either of the 30th, 90th or 180th calendar day is a trading holiday, the previous trading day has been considered for the computation.*
5. *Restricted to last 10 issues*

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%
2019-2020	2	18,221.21	-	-	-	-	-	2	-	-	-	-	-	-
2018-2019	2	13,822.74	-	-	1	-	1	-	-	-	1	-	-	1
2017-2018	9	161,206.66	-	1	4	2	-	2	-	-	6	2	1	-

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.*

B. Axis Capital

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	Polycab India Limited	13,452.60	538.00^	16-Apr-19	633.00	+15.36%, [-5.35%]	+14.70%, [-1.99%]	-
2	Chalet Hotels Limited	16,411.80	280.00	07-Feb-19	294.00	+1.14%, [-0.31%]	+24.41%, [+3.87%]	-
3	Ircon International Limited	4,667.03	475.00*	28-Sep-18	412.00	-27.04%, [-8.24%]	-6.60%, [-1.84%]	-15.71%, [+5.06%]
4	HDFC Asset Management Company Limited	28,003.31	1,100.00	06-Aug-18	1,726.25	+57.43%, [+1.17%]	+30.61%, [-7.32%]	+23.78%,[-4.33%]
5	Sandhar Technologies Limited	5,124.80	332.00	02-Apr-18	346.10	+18.09%, [+5.17%]	+15.95%,[+4.92%]	-4.20%, [+7.04%]
6	Hindustan Aeronautics Limited	41,131.33	1,215.00!	28-Mar-18	1,152.00	-6.96%, [+4.98%]	-25.84%, [+6.41%]	-25.45%, [+10.18%]
7	Bandhan Bank Limited	44,730.19	375.00	27-Mar-18	499.00	+31.81%, [3.79%]	+42.96%, [+6.26%]	+51.89%, [+9.42%]
8	Aster DM Healthcare Limited	9801.00	190.00	26-Feb-18	183.00	-13.66%, [-3.77%]	-4.97%, [+0.21%]	-8.16%, [+9.21%]
9	Khadim India Limited	5,430.57	750.00	14-Nov-17	730.00	-10.40%,[+0.06%]	-6.70%, [+2.63%]	+8.77%, [+6.09%]
10	The New India Assurance Company Limited	18,933.96	800.00$	13-Nov-17	750.00	-27.91%,[+0.15%]	-12.93%, [+2.25%]	-13.06%, [+5.69%]

Source: www.nseindia.com
** Offer Price was ₹465.00 per equity share to Retail Individual Bidders and Eligible Employees*
$Offer Price was ₹770.00 per equity share to Retail Individual Bidders and Eligible Employees
! Offer Price was ₹1,190.00 per equity share to Retail Individual Bidders and Eligible Employees
^Offer Price was ₹485.00 per equity share to 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 previoustrading 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%
2019-2020*	1	13,452.60	-	-	-	-	-	1	-	-	-	-	-	-
2018-2019	4	54,206.94	-	1	-	1	-	2	-	-	2	-	-	1
2017-2018	18	492,662.22	-	1	9	1	3	4	-	2	7	4	2	3

** 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.

C. Edelweiss Financial

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.	IndiaMART InterMESH Limited	4,755.89	973.00**	July 4, 2019	1180.00	26.36% [-7.95%]	Not Applicable	Not Applicable
2.	Polycab India Limited	13,452.6	538.00^	April 16, 2019	633.00	15.36% [-5.35%]	14.70% [-1.99%]	Not Applicable
3.	Aavas Financiers Limited	16,403.17	821.00	October 8, 2018	750.00	-19.32% [1.76%]	2.42% [3.67%]	38.82% [12.74%]
4.	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	5.72% [6.56%]	35.20% [2.56%]	50.21% [1.90%]
5.	ICICI Securities Limited	34,801.16	520.00	April 4, 2018	435.00	-27.93% [5.44%]	-37.26% [5.22%]	-44.39% [7.92%]
6.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	1.14% [-3.31%]	-0.85% [1.33%]	-14.68% [7.66%]
7.	Amber Enterprises India Limited	6,000.00	859.00^^^	January 30, 2018	1,175.00	27.15% [-5.04%]	24.98% [-3.23%]	10.58% [2.07%]
8.	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	3.50% [3.00%]	6.91% [-1.86%]	-5.20% [4.13%]

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
9.	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-4.17% [3.37%]	-11.51% [0.75%]	-28.51% [4.93%]
10.	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	31.52% [0.48%]	48.93% [2.11%]	74.66% [5.04%]

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 ₹ 859 per equity share
^Polycab India Limited – employee discount of ₹53 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 ₹538 per equity share
*** IndiaMART InterMESH Limited - A discount of ₹97 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹973 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 previous 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%
2019-20*	2	18,208.49	-	-	-	-	**1**	1	-	-	-	-	-	-
2018-19	3	57,206.02	-	1	1	-	-	1	-	1	-	1	1	-
2017-18	11	218,549.76	-	-	1	1	5	4	-	1	3	3	1	3

**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 previoustrading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

**For the financial year 2019-20 – 2 issue have been completed. 2 issue has completed 30 day and. 1 issue has completed 90 days.*

D. IDFC Securities

Price information of past issues during current financial year and two financial years preceding the current financial year handled by IDFC Securities

Nil

Summary statement of disclosure price information of past issues during current financial year and two financial years preceding the current financial year handled by IDFC Securities

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%
2019-2020*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2018-2019	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2017-2018	-	-	-	-	-	-	-	-	-	-	-	-	-	-

* *The information is as on the date of the document*

E. JM Financial

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.	Metropolis Healthcare Limited	12,042.88	880.00	April 15, 2019	958.00	+3.75% [-4.01%]	+21.39% [-1.18%]	NA
2.	Chalet Hotels Limited	16,411.80	280.00	February 7, 2019	294.00	+1.14% [-0.31%]	+24.41% [+3.87%]	+10.77% [-1.87%]
3.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04% [+1.17%]	+30.61% [-7.32%]	+23.78% [-4.33%]
4.	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	+5.72% [+6.56%]	+35.38% [+2.56%]	+50.21% [1.90%]
5.	IndoStar Capital Finance Limited	18,440.00	572.00	May 21, 2018	600.00	-0.96% [+1.84%]	-16.28% [+9.07%]	-39.97% [+1.57%]
6.	Bandhan Bank Limited	44,730.19	375.00	March 27, 2018	499.00	+31.81% [+3.79%]	+42.96% [+6.26%]	+51.89% [+9.42%]
7.	Aster DM Healthcare Limited	9,801.00	190.00	February 26, 2018	183.00	-13.66% [-3.77%]	-4.97% [+0.21%]	-8.16% [+9.21%]
8.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	+1.14% [-3.31%]	-0.85% [+1.33%]	-14.68% [+7.66%]

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
9.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	+3.61% [-3.19%]	+5.91% [+2.95%]	-4.21% [+1.59%]
10.	Prataap Snacks Limited	4,815.98	938.00(1)	October 5, 2017	1,270.00	+25.12% [+5.70%]	+31.82% [+5.60%)	+40.99% [+3.27%)

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. *Opening price information as disclosed on the website of NSE.*
3. *Change in closing price over the issue/offer price as disclosed on NSE.*
4. *Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.*
5. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
6. *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.*
7. *Restricted to last 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%
2019-2020	1	12,042.88	-	-	-	-	-	1	-	-	-	-	-	-
2018-2019	4	68,856.80	-	-	1	1	-	2	-	1	-	1	1	1
2017-2018	10	251,600.44	-	-	4	-	3	3	-	1	5	1	1	2

* *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 Securities Limited	http://www.idfc.com/capital/index.htm

Sr. No	Name of the BRLMs	Website
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 to be entered into between the Underwriters, the Selling Shareholder and our Company.

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.

Bidders 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 https://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. This 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 this 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 was 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 this 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 has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, 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 has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

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. BSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

Consents

Consents in writing of the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, the BRLMs, legal counsels, the Banker(s) to the Offer, Sponsor Bank, bankers to our Company, the Registrar to the Offer and the Syndicate Members, have been obtained/will be obtained prior to filing of the Red Herring Prospectus with the RoC and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC. 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 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) report dated August 05, 2019 on the Restated Financial Statements; and (b) report dated August 05, 2019 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.

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.

Performance vis-à-vis objects – Public/rights issue of our Company

Our Company has not undertaken any public or rights issue in the five years preceding the date of this Draft Red Herring Prospectus.

Commission, brokerage and selling commission paid on previous issues

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 in the five years preceding 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 eight years after completion of the Offer or such later period as may be prescribed under Applicable Laws, to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Bidding 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, UPI 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.

The Company has obtained authentication on the SCORES and comply with the SEBI circular no.CIR/OIAE/1/2013 dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

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 also constituted a Stakeholders' Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares.

Our Company has not received any investor complaint during the three years preceding the date of this Draft Red Herring Prospectus.

Further, no investor complaint in relation to our Company is pending as on the date of this Draft Red Herring Prospectus.

Our Group Company is not listed on any stock exchange..

Our Company has appointed Vijayalakshmi Kumar, Company Secretary as the Compliance Officer and she 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

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 this Draft Red Herring Prospectus, 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 issue 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.

The Equity Shares being Allotted pursuant to the Offer shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other benefits, if any, declared by our Company after the date of Allotment. For further details, see "*Description Of Equity Shares and Terms of the Articles Of Association*" on page 347.

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 "*Description Of Equity Shares and Terms of the Articles Of Association*" on page 347.

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 Allottees, for the entire year, in accordance with applicable law. For further details in relation to dividends, see "*Dividend Policy*" and "*Description Of Equity Shares and Terms of the Articles Of Association*" on pages 180 and 347, 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 all editions of [●], the English national daily newspaper, all editions of a [●], the Hindi national daily newspaper and Mumbai edition 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 two 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 "*Description Of Equity Shares and Terms of the Articles Of Association*" on page 347.

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.

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 Designated Stock Exchange	[●]
Unblocking of funds from ASBA Account	[●]

Event	Indicative date
Credit of the Equity Shares to depository accounts of Allottees	[●]
Commencement of trading of the Equity Shares on the Stock Exchanges	[●]

The above timetable other than the Bid/Offer Closing Date 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 or such other period as may be prescribed by SEBI, 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 or such other period as may be prescribed by SEBI.

SEBI is in the process of streamlining and reducing the post issue timeline for IPOs. Any circulars or notifications from SEBI after the date of this Draft Red herring Prospectus may result in changes to the abovementioned timelines.

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 and the Designated Branches 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 in the relevant ASBA Account 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 (i) uploading or downloading the Bids due to faults in any software / hardware system or otherwise and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism. 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 provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. 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 public notice and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members and intimated to the SCSBs, Registered Brokers, CRTAs and CDPs. 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. Further, in case of such a discrepancy, the Registrar to the Offer shall ask for rectified data. Bidders may please note that as per letters dated July 03, 2006 and July 06, 2006, issued by the BSE and NSE respectively, Bids and any revisions in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges

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) 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 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 49(1) 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 63 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, "*Description Of Equity Shares and Terms of the Articles Of Association*" on page 347.

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 or such other period as may be prescribed by SEBI, 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 and the Sponsor Bank 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 28,012,500 Equity Shares and an Employee Reservation Portion of [●] Equity Shares. The Offer and Net Offer shall constitute [●]% and 12.50% 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 28,012,500 Equity Shares and the Employee Reservation Portion of [●] Equity Shares. The Offer and the Net Offer shall constitute [●]% and 12.50% 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 14,006,250 Equity Shares or the Net Offer less allocation to Non-Institutional Bidders and Retail Individual Bidders.	Not less than 4,201,875 Equity Shares or the Net Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 9,804,375 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: 700,313 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds	Proportionate	Proportionate, subject to minimum Bid Lot.

Particulars	Eligible Employees Bidding in the Employee Reservation Portion (if any)**	QIBs	Non-Institutional Bidders	Retail Individual Bidders**
		only and 13,305,937 Equity Shares shall be available for allocation on a proportionate basis to all other QIBs, including Mutual Funds receiving Allocation as above		
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 (excluding QIB portion), 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, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the IRDA, provident fund with minimum corpus of ₹250 million, pension fund with minimum corpus of ₹250 million, National Investment Fund set	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 foreign corporate or foreign individual for Equity Shares	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**
		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.	such that the Bid Amount exceeds ₹200,000 in value.	
Terms of payment	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder, or by the Sponsor Bank through the UPI mechanism, that is specified in the ASBA Form at the time of submission 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) of the SCRR read with Regulation 252 of the SEBI ICDR Regulations and Regulation 6(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-Pre-Offer Advertisement" on page 343.

Period of operation of subscription list

See "*Terms of the Offer – Bid/ Offer Programme*" on page 326.

OFFER PROCEDURE

*All Bidders should read 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 pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and circular (SEBI/HO/CFD/DIL2/CIR/P/2018/138) dated November 1, 2018, suitably modified from time to time (the "**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 ICDR Regulations. The General Information Document is 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.*

Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Issue; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment Instructions for ASBA Bidders; (v) Allotment in the Issue; (vi) price discovery and allocation; (vii) general instructions (limited to instructions for completing the Bid cum Application Form); (viii) designated date; (ix) disposal of applications; (x) submission of Bid cum Application Form; (xi) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xii) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xiii) mode of making refunds; and (xiv) interest in case of delay in Allotment or refund.

*SEBI through its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, has introduced an alternate payment mechanism using Unified Payments Interface ("**UPI**") and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*From July 1, 2019, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds has been discontinued. However, the time duration from public issue closure to listing continues to follow the existing timeline of T+6 days. ("**UPI Phase II**").*

Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document which 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, the Red Herring Prospectus and the Prospectus.

Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be available for allocation to QIBs on a proportionate basis. 5% of the net QIB Category shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall 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.

Under-subscription, if any, in any category, except in the QIB Category, would be allowed to be met with spill-over from any other category or combination of categories, at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The ASBA Forms which do not have the details of the Bidders' depository account, including DP ID,

Client ID, PAN and UPI ID, as applicable, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the IPO.

Phased implementation of Unified Payments Interface

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of inter alia, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to upto three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019 by SEBI by way of its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019, and will continue for a period of three months or floating of five main board public issues, whichever is later. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

ASBA Form

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and our Registered Office. An electronic copy 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 mandatorily participate in the Offer only through the ASBA process. Bidders must provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID, as applicable, in the relevant space provided in the ASBA Form. Retail Individual Bidders submitting ASBA Forms with the Syndicate, sub-syndicate, Registered Brokers, RTAs or with CDPs are required to utilize the UPI Mechanism. It is clarified that Retail Individual Bidders may continue to submit physical ASBA Forms with SCSBs without using the UPI Mechanism. The ASBA Forms that do not contain such details will be rejected. Applications made by the RIBs using third party bank account or using third party linked bank account UPI ID are liable for rejection.

Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms). ASBA Forms not bearing such specified stamp are liable to be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with SCSBs. Further, QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs. Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which will be blocked by the SCSB.

The prescribed colour of the ASBA Form for the various categories is as follows:

Category	Colour of ASBA Form*
Resident Indians, including resident QIBs, Non-Institutional Investors, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Eligible NRIs, FVCIs, FPIs and registered bilateral and multilateral institutions applying on a repatriation basis	[●]
Eligible Employees Bidding in the Employee Reservation Portion**	[●]

* *Excluding electronic ASBA Form*

** *ASBA Forms for Eligible Employees will be made available at the Registered and Corporate Office of the Company.*

The relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds.

Who can Bid?

In addition to the category of Bidders set forth in the General Information Document, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs, other than Category III FPIs;
- Category III FPIs who are foreign corporates or foreign individuals only under the Non-Institutional Portion
- Scientific and/or industrial research organisations in India, which are authorised to invest in equity shares; and
- Any other person eligible to Bid in this Offer, under the laws, rules, regulations, guidelines and polices applicable to them.

Participation by the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Bids by Mutual Funds

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, our Company reserves the right to reject any Bid without assigning any reason thereof.

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.

No Mutual Fund scheme shall invest more than 10% of its net asset value in 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 Employees under the Employee Reservation Portion

Bids by Eligible Employees under the Employee Reservation Portion shall be subject to the following:

A. 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.

B. Such Bidders should mention their employee identification number at the relevant place in the ASBA Form.

C. The Bidder should be an Eligible Employee as defined above. In case of joint bids, the First Bidder shall be an Eligible Employee.

D. Bids by Eligible Employees in the Employee Reservation Portion and in the Net Offer portion shall not be treated as multiple Bids. Further, bids by Eligible Employees in the Employee Reservation Portion (subject to the Payment Amount being up to ₹ 200,000) shall also not be treated as multiple Bids. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all portions.

E. Such Bidders have the option to bid at Cut-off Price indicating their agreement to Bid and purchase at the Offer Price.

F. Such Bidders can place their Bids by only using the ASBA process.

G. 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. Only in the event of an under-subscription in the Employee Reservation Portion post the 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.

H. If the aggregate demand in this portion 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.

I. Under-subscription, if any, in any portion, (including the Employee Reservation Portion), except in the QIB Portion, would be allowed to be met with spill-over from any other portion or a combination of portions at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.

J. UPI Mechanism is not allowed for Employees bidding in the Employee Reservation Portion.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of ASBA Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident forms should authorize their SCSB to block their Non-Resident External ("**NRE**") accounts (including UPI ID, if activated), or Foreign Currency Non-Resident ("**FCNR**") accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using resident forms should authorize their SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the ASBA Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the ASBA Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the ASBA Form meant for Non-Residents (blue in colour).

Participation of Eligible NRIs in the Offer shall be subjected to the FEMA Regulations.

Bids by HUFs

Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the ASBA Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs may be considered at par with Bids from individuals.

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 sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

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 sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual and aggregate investment limits in our Company are 10% and 24% of the total paid-up Equity Share capital of our Company, respectively.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

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 FPI 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 offshore derivative instrument is made by, or on behalf of it subject to the following conditions:

(a) offshore derivative instruments 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 offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI.

The holding by any individual VCF or FVCI registered with SEBI in one venture capital undertaking 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 an initial public offering.

The category I and II AIFs cannot invest more than 25% of the investable funds in one investee company. A category III AIF cannot invest more than 10% of the investable 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 1/3rd of its investable 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 VCF Regulation until the existing fund or scheme managed by the fund is wound up.

All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

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, our Company in consultation with the BRLMs reserves the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the ASBA Form, failing which our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, and the Reserve Bank of India Master Direction (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the aggregate investment by a banking company 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. A banking company may hold up to 30% of the paid up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013, respectively. 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 such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the ASBA Form. Failing this, our Company in consultation with the BRLMs reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the IRDAI Investment Regulations, based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them.

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, our Company in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under power of attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the 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 (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, 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 must be lodged along with the ASBA Form. Failing this, our Company in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

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 Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the NBFC-SI, are required to be attached to the ASBA Form. Failing this, our Company, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for NBFC-SI shall be as prescribed by RBI from time to time.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs 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 any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of this Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that you have mentioned the correct ASBA Account number (if you are not a RII bidding using the UPI mechanism) in the Bid cum Application Form;

5. RIBs bidding using the UPI mechanism should ensure that the correct UPI ID is mentioned in the Bid cum Application Form;

6. RIBs bidding shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI;

7. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time. RIBs using UPI mechanism may submit their ASBA Forms with Syndicate Members, Registered Brokers, RTA or Depository Participants;

8. Ensure that you have funds equal to the full Bid Amount in the ASBA Account before submitting the ASBA Form to any of the Designated Intermediaries;

9. In case of joint Bids, ensure that the first applicant is the ASBA Account holder, and also signs the Bid cum Application Form (for all Bidders other than RIBs bidding using the UPI mechanism);

10. Ensure that the names given in the Bid cum Application Form is/are exactly the same as the names in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain the name of only the first Bidder whose name should also appear as the

first holder of the beneficiary account held in joint names;

11. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

12. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the 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, 1961. 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 beneficial 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 in which PAN is not mentioned will be rejected;

14. 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;

15. Ensure that the category and the investor status is indicated;

16. Ensure that in case of Bids under power of attorney or by limited companies, corporates, 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 depository account is active, the correct DP ID, Client ID, the PAN and UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

19. In case of ASBA Bidders (other than RIBs using UPI mechanism), 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);

20. In case of RIBs using UPI mechanism, applications can be made only through SCSBs/mobile applications (a list of SCSBs and mobile application, which are live for applying in public issue using UPI mechanism appears on the website of SEBI at http://www.sebi.gov.in);

21. For RIBs using UPI mechanism, ensure that when applying in public issue using UPI, the name of his bank appears in the list of SCSBs displayed on the website of SEBI at http://www.sebi.gov.in which are live on UPI. The RIBs using UPI mechanism shall further ensure that the name of the application and UPI handle being used for making the application is also appearing in the above list;

22. In case of ASBA Bidders, ensure that you have correctly signed the authorisation / undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or the Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid.;

23. Ensure that the Demographic Details are updated, true and correct in all respects.

24. For RIBs bidding using the UPI mechanism, ensure that you approve the UPI Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent

debit of funds in case of allotment prior to 12.00 pm of the Working Day immediately after the Bid/Offer Closing Date;

25. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

26. RIBs bidding using the UPI mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form;

27. RIBs bidding using the UPI mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of allotment in a timely manner.

The Bid cum Application 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 for a Bid Amount exceeding ₹ 200,000 (for Bids by RIBs);

3. Do not bid on another Bid cum Application Form and after you have submitted a Bid to any of the Designated Intermediary;

4. Do not Bid/ revise the Bid amount to less than the floor price or higher than the cap price;

5. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

6. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

7. Do not Bid at Cut-off Price (for Bids by QIBs, Eligible Employees under the Employee Reservation Portion (subject to the Bid Amount being above ₹ 200,000) and Non-Institutional Bidders));

8. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

9. Do not submit the Bid for an amount more than funds available in your ASBA account;

10. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;

11. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

12. 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);

13. Do not fill up the Bid cum Application 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 regulations or maximum amount permissible under the applicable regulations or under the terms of this Draft Red Herring Prospectus;

14. Do not Bid for Equity Shares more than specified by respective Stock Exchanges for each category;

15. Do not submit more than one Bid cum Application Form per ASBA Account;

16. If you are RIB and are using UPI mechanism, do not submit more than one Bid cum Application Form for each UPI ID.

17. If you are RIB and are using UPI mechanism, do not make the ASBA application using third party bank account or incorrect UPI handle or using third party linked bank account UPI ID or using a bank account of an SCSB or bank which is not mentioned in the list of SCSBs displayed on the website of SEBI at ww.sebi.gov.in.;

18. Do not submit a Bid using UPI ID, if you are not a RII.

19. Do not Bid on another Bid cum Application Form, after you have submitted a Bid to any of the Designated Intermediaries;

20. Do not submit the GIR number instead of the PAN;

21. Do not Bid on a physical ASBA Form that does not have the stamp of a Designated Intermediary;

22. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid / Offer Closing Date;

23. 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 Bidder;

24. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations. If you are RIB and are using UPI mechanism, do not submit the ASBA Form directly with SCSBs;

25. UPI mechanism is not allowed for Employees bidding in the Employee Reservation Portion; and

26. Employees who are not based in India nor working in India are not allowed to bid under the Employee Reservation Portion.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-Offer or post Offer related issues regarding demat credit/refund orders/unblocking etc., investors shall reach out to the company secretary and compliance officer. For details of company secretary and compliance officer, see "*General Information*" beginning on page 55.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the net offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

Pre - Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering this Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR

Regulations, in: (i) all editions of English national daily newspaper [●]; and (ii) all editions of Hindi national daily newspaper [●] and Mumbai edition of the Marathi daily newspaper [●], (Marathi being the regional language of Maharashtra where our Registered Office is located), each with wide circulation. In the pre-Offer advertisement, we shall state the Bid / Offer Opening Date, Bid / Closing Date and the QIB Bid Closing Date. The advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in SEBI ICDR Regulations.

The above information is given for the benefit of the Bidders. 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 prescribed limits under applicable laws or regulations.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price which shall be a date prior to the filing of the Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all ASBA Forms submitted by Bidders;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken in consultation with the BRLMs within such period as may be prescribed under applicable law;
- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law for the delayed period;
- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- compliance with all disclosure and accounting norms as may be specified by SEBI from time to time;
- Promoters' contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees; and
- except for any allotment of Equity Shares to employees of our Company pursuant to exercise of options granted under the Employee Scheme, no further issue of the Equity Shares shall be made till the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

Utilisation of Offer Proceeds

Our Company declares that all monies received out of the 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, 2013.

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.

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 DPIIT 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 DPIIT ("**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 DPIIT. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Consolidated FDI Policy will be valid until the DPIIT 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. 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 technology in India.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the DPIIT 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 – DESCRIPTION OF EQUITY SHARES AND TERMS 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. Capitalised terms used in this section but not defined herein shall have the meaning given to them in the Articles of Association.

Authorised Share 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.

Alteration of Capital

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. The new Shares or securities shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares or securities may be issued with a preferential or qualified right to dividends and in the distribution of assets of the company and with a right of voting at general meeting of the company in conformity with section 47 of the Act.

The Company may (subject to the provisions of Sections 66 and other applicable provisions, 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 capital may be paid off on the footing that it may be called up again or otherwise.

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.

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.

Allotment of Shares

The Company may issue Shares, 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 of Association.

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 and the Directors may, subject to the applicable provisions of the act, exercise such power in any manner as they deem fit and provide for redemption of such Shares on such terms including the right to redeem at a premium or otherwise as they deem fit. the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

Subject to the provisions of Section 62 of the Act and the applicable law, the Company may issue Shares to employees including its Directors other than independent Directors and such other persons as the rules may allow, under employee stock option scheme (ESOP) or any other scheme, if authorized by a special resolution of the Company in general meeting.

Forfeiture and Lien

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. unless otherwise agreed the registration of a transfer of Shares /securities shall operate as a waiver of the company's lien if any, on such Shares.

There will be no forfeiture of unclaimed dividends before the claim becomes barred by law.

The Directors may at any time declare any Shares wholly or in part to be exempt from the provisions of this Article.

Power to issue new certificate

In the event when there is no further space on the back of Share certificate for endorsement of transfer, the Share certificate shall, on request, be replaced by a new certificate free of cost, but a renewal of certificates in the case of certificates torn through, defaced, destroyed, or lost, shall be made on without payment of any fees; provided, however, that such new certificates shall not be granted except upon delivery up of the worn out or defaced or used up certificate for the purpose of cancellation or upon proof of destruction or loss and such indemnity as the board of directors may require in the case of the certificate having been destroyed, lost, or defaced beyond identification. any renewal certificate shall be marked as such.

Transfer and Transmission of Shares

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 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);

The Company shall keep a register and index of beneficial owners in accordance with all applicable provisions of the Act, and the Depositories Act, 1996 with details of Shares /securities and debentures held in dematerialized forms in any medium as may be permitted by law including in any form of electronic medium. The Company shall be entitled to keep in any country outside India, a branch register of beneficial owners residing outside India.

No Shares / securities shall in any circumstances be transferred to any infant, insolvent or person of unsound mind.The provisions relating to transmission by operation of law shall mutatis mutandis apply to any other Securities including debentures of the Company.

Certificate

Subject to the listing obligations and the bye laws of the stock exchanges, 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 fifteen 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 distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares to one of several right holders shall be sufficient delivery to all such holders.

Provided that in case of securities held by the member / bond/ debenture holder in dematerialized form, no Share/bond/debenture certificates shall be issued. 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.

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.

Borrowing Powers

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.

General Meetings

All general meetings of the Company other thanAnnual General Meeting shall be called extra-ordinary general meeting.

Extra-ordinary general meeting

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. If, at any time, there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a general meeting, any Director or any two or more members of the company, holding not less than one-tenth of the total paid-up Share capital of the company, may call for an extra-ordinary general meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

Meetings of Directors

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. The Directors may meet together for the dispatch of business from time to time, and they may adjourn and otherwise regulate their meetings as they think fit.

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 fifteen 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.

Chairman of the Board of Director

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. Any such Directors appointed to any such office shall, if he ceases to hold the office of Director from any cause ipso facto and immediately cease to be the chairman / managing Director or functional Director as the case may be.

The President may, from time to time, entrust to and confer upon the chairman, managing Director(s), general manager(s) for the time being such of the powers exercisable under these articles by the Directors as he may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as he may think expedient, and he may confer such powers either collaterally with or to the exclusion of and in substitution for or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

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.

Votes of Members

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 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.

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. Several executors or administrators of a deceased member in whose name Share stands shall for the purpose of these Articles be deemed joints holders thereof. 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.

Dividend

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.

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.

No dividends shall be paid otherwise than out of profits of the year or any other undistributed profits and no dividend shall carry interest as against the Company. The declaration of the board of directors as to the amount of the profits of the Company shall be conclusive.

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.

Capitalisation of Profit

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 amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

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.

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 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.

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 this Draft Red Herring Prospectus) which are or may be deemed material have been attached to the copy of this Draft Red Herring Prospectus will be delivered to the RoC for registration. Copies 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 this Draft Red Herring Prospectus until the Bid/Offer Closing Date:

A. Material Contracts for the Offer

1. Offer agreement dated August 05, 2019 entered amongst our Company, the Selling Shareholder and the BRLMs.

2. Registrar agreement dated August 05, 2019 entered amongst our Company, the Selling Shareholder and the Registrar to the Offer.

3. Syndicate agreement dated [●] entered amongst our Company, the Selling Shareholder, the BRLMs, Syndicate Members and the Registrar to the Offer.

4. Underwriting agreement dated [●] entered amongst our Company, the Selling Shareholder, the BRLMs, and the Syndicate Members.

5. Public offer account agreement dated [●] entered amongst the Selling Shareholder, our Company, the BRLMs, the Syndicate Members, the Banker(s) to the Offer, the Sponsor Bank 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 [●], entered amongst 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 February 26, 1934 issued to our Company by the RoC.

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 August 05, 2019 authorising the Offer.

8. Resolution of our Board dated August 05, 2019 adopting this Draft Red Herring Prospectus.

9. Letter bearing number No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019 issued by the MoD, conveying the approval for the Offer.

10. Letter bearing number No. 23(60)/2015/D(NS-I) Vol. II dated August 05, 2019 issued by the MoD, conveyed the consent for inclusion of 28,012,500 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 2019-20.

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 November 22, 2018 for extending the terms of Shridhar L. Bapat, Usha Sankar and Sanjeev Bhasin.

21. 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.

22. Ministry of Defence order No. 8(80)/ 2015-D (Coord/ DDP), Department of Defence Production, Ministry of Defence, Government of India dated July 17, 2018 for the appointment of Barun Mitra as Nominee Director.

23. 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.

24. 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.

25. 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 and January 18, 2019 for the appointment of Anil K. Saxena as Director (Shipbuilding) and prescribing the terms of his appointment.

26. 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.

27. SEBI Exemption application dated August 05, 2019 filed with SEBI.

28. Copies of annual reports of our Company for Fiscal Years, 2016, 2017 and 2018.

29. Copy of the Restated Financial Statements of our Company.

30. The examination report of the Statutory Auditor, on our Company's Restated Financial Statements dated August 05, 2019 included in this Draft Red Herring Prospectus.

31. Statement of special tax benefits from Statutory Auditor dated August 05, 2019.

32. Written consent of the Statutory Auditor, to include their name as required under Section 26 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) report dated August 05, 2019 on the Restated Financial Statements and (b) report dated August 05, 2019 on the statement of special tax benefits available for our Company and the Shareholders.

33. Consents of the Bankers to our Company, BRLMs, 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.

34. In-principle listing approvals dated [●] and [●] from BSE and NSE respectively.

35. SEBI observation letter bearing reference number [●] dated [●].

36. Due diligence Certificate dated August 05, 2019 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 or guidelines issued by the Government of India or the rules, regulations or 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 or guidelines and regulations issued thereunder, as the case may be. We further certify that all the disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

Signed by all the Directors of our Company

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)

Kamaiah Bandi
Independent Director (Part Time Non-Official)

Barun Mitra
Nominee Director

Mailareshwar J. Jeevannavar
Independent Director (Part Time Non-Official)

Signed by the Chief Financial Officer

Sanjiv Sharma
Director (Finance) and Chief Financial Officer

Date: August 05, 2019
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: Sharda Prasad
Designation: Deputy Secretary (NS)
On behalf of the President of India,
Acting through the Ministry of Defence,
Government of India

Date: August 05, 2019
Place: New Delhi