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ಪ್ರಧಾನ ಕಛೇರಿ

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HINDUSTAN AERONAUTICS LIMITED

CORPORATE OFFICE

CO/SEC/4(7)/2018/ BSE & NSE Filing/28

29th August, 2018

BSE Limited Listing Department Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001	National Stock Exchange of India Ltd Listing Department Exchange Plaza, 5 th Floor, Plot No C/1, G Block, Bandra-Kurla Complex, Bandra (E) Mumbai – 400051
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Dear Sir/ Madam,

Sub: Intimation of Annual General Meeting and Book Closure

Ref: BSE Scrip Code: 541154, NSE Symbol: HAL

This is to inform that the 55th Annual General Meeting (AGM) of the Company will be held on Friday, 28th September, 2018 at 1500 Hours at HAL Management Academy (New Campus), Doddanekundi Main Road, Marathahalli, Bengaluru-560037 to transact the Ordinary and Special Business set out in the Notice dated 13th August, 2018.

2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 26th September, 2018 to Friday, the 28th September, 2018 for the purpose of AGM (both days inclusive) for the purpose of Annual General Meeting.

3. We are attaching herewith copy of Annual Report 2017-18 containing notice of the Annual General Meeting, Directors' Report, Annual Accounts, etc. for your records.

Thanking you,

Yours Faithfully

For Hindustan Aeronautics Ltd

(G V Sessa Reddy)

Company Secretary & Compliance Officer

15/1, ಕಬ್ಬನ್ ರೋಡ್, ಬೆಂಗಳೂರು - 560 001, ಭಾರತ, 15/1, ಕಬ್ಬನ್ ರೋಡ್, ಬೆಂಗಳೂರು - 560 001, ಭಾರತ

15/1, Cubbon Road, Bangalore - 560 001, India

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CIN: U35301KA1963GOI001622



FY
2017-18



55TH
ANNUAL
REPORT | Hindustan
Aeronautics Limited



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To view or download,
Annual - Report 2017-2018,
please log on to
www.hal-india.co.in/Investors





Vision

To become a significant global player in the aerospace industry

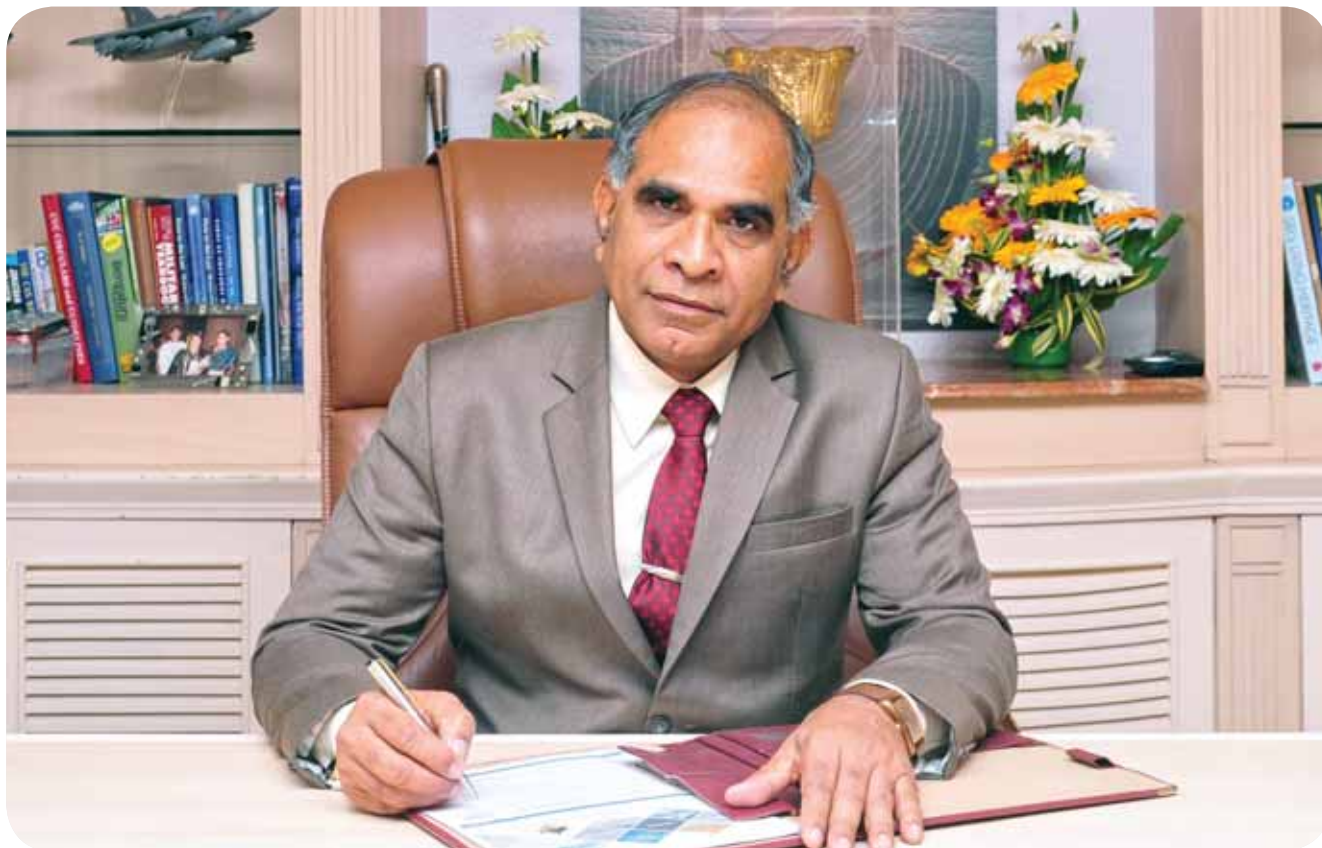
Mission

To achieve self reliance in design, development, manufacture, upgrade and maintenance of aerospace equipment, diversifying into related areas and managing the business in a climate of growing professional competence to achieve world class performance standards for global competitiveness and growth in exports





Chairman's Statement



Dear Shareholders,

At the outset, I thank you for your continued support.

I must sincerely acknowledge the trust and confidence you have placed in the Company during the recent years. As always, we remain committed to pursuing growth opportunities not only ensuring expansion of our businesses but also creating value for all our stakeholders in a sustainable manner.

With this note, I, on behalf of the Board of Directors of HAL, the country's most valued defence public sector enterprise, feel extremely privileged & delighted in communicating with you on the occasion of the AGM and present to you the 55th Annual Report for the financial year 2017-18. In spite of the challenges, your Company has achieved significant growth in revenue and profits. At ₹61,123 crores (as on 31st March, 2018) the order book continues to be healthy and also good order inflow are expected in the future years.

I take this opportunity to share the performance highlights during the past year and future outlook for the Company.

Your company has achieved growth targets in revenues and profit amidst the challenging business environment.

Financial and Performance Highlights of the Year

The Company has recorded highest ever turnover of ₹18,284 crores with growth of 3.86% in comparison with the previous year turnover of ₹17,604 crores.

Revenue from Operations

(₹ in crores)

↳ 2014	15,135
↳ 2015	15,730
↳ 2016	16,758
↳ 2017	17,950
↳ 2018	18,519

Profit Before Tax for the year is ₹3,323 crores as against ₹3,583 crores in the previous year. The Profit After Tax (PAT) for the year is ₹2,070 crores.



The Company had paid 1st interim dividend of ₹23.92 per share of ₹10 each (239%) on 9th March, 2018 and 2nd interim dividend of ₹8.25 per share (83%) on 31st March, 2018, totalling to ₹1,076 crores excluding dividend tax of ₹219 crores.

The Company has bought back 2,71,12,500 equity shares of ₹10/- each from the President of India representing 7.5% of the Share Capital on 19th December, 2017.

The Company has made Initial Public Offering (IPO) of 3,41,07,525 Equity Shares of ₹10/- each through an Offer for Sale by the President of India, acting through the Department of Defence Production, Ministry of Defence, Government of India. The shares of the Company were listed on both BSE Ltd. and National Stock Exchange of India Ltd. on 28th March, 2018.

Your Company has produced 40 numbers of Aircraft and Helicopters covering Su-30 MKI, LCA Tejas & Dornier Do-228 in Fixed Wing Aircraft and ALH Dhruv & Cheetal Helicopters in Rotary wing; in addition to the production of 105 New Engines, overhaul of 220 Aircraft/ Helicopters & 550 engines. Also 146 new aero-structures for space programs have been produced during the period.

Significant Achievements

The Company has witnessed many significant achievements during the year, as follows:-

- HAL received the Initial Operation Clearance (IOC) certificate from the Centre for Military Airworthiness & Certification (CEMILAC) for successfully developing Light Combat Helicopter (LCH), on 26th August, 2017 in the presence of Hon'ble Raksha Mantri.
- The maiden flight of indigenously developed Automatic Flight Control System (AFCS) integrated on LCH has been conducted successfully on 31st January, 2018. The flight of 20 minutes duration saw flawless system engagement throughout. The indigenisation of this critical system may result in FE savings to the tune of ₹2000 Crs over 10 years and more importantly self reliance in this critical technology.
- HAL is proud to have developed the first indigenous Real Time Operating Systems (RTOS) in the country from scratch which is also the first RTOS certified by CEMILAC. The maiden flight of Hawk-i integrated with this indigenously designed & developed RTOS was conducted successfully on 11th December, 2017. HAL's RTOS performance is benchmarked with other commercially off-the-shelf RTOS available around the world in avionics domain and found at par.
- Certificate of Airworthiness was received from DGCA for HAL manufactured Dornier Do-228 Civil Variant aircraft on 21st December, 2017. This will enable its use as a passenger transport aircraft to cater the requirements arising from UDAN (Ude Desh ka Aam Nagrik) initiative under Regional Connectivity Scheme (RCS) of Govt. of India.
- FOC upgrade of Mirage 2000 has been completed successfully and acceptance letter has been received from Air HQ on 22nd March, 2018.

- Hot refuelling on indigenous LCA-Tejas has been carried out successfully followed by a sortie on 26th February, 2018.
- The supersonic 2.5 ton cruise missile Brahmos was integrated by HAL and test fired successfully for the first time from Su-30 MKI aircraft on 22nd November 2017.
- First successful test run of "Hindustan Turbo Shaft Engine (HTSE) -1200 engine" technology demonstrator was carried out on 12th February, 2018.
- First flight of Jaguar DARIN III aircraft with AESA (Active Electronically Scanned Array) Radar was conducted on 10th August, 2017. AESA Radar has features like Multi Target Tracking, Frequency agility, Higher Bandwidth of operation, interleaved modes of operation, higher accuracies and resolution in addition to Higher MTBF.
- HAL produced the tallest ever Pay Load Fairing which protected all the sensitive crucial equipment for GSLV Mk III - India's heaviest rocket during the launch phase.

New Initiatives

Your Company has taken many new initiatives in its pursuit of achieving all round excellence. The highlights are as follows:

- HAL Division at Koraput, Odisha signed a MoU with Odisha Renewable Energy Development Agency (OREDA), on 10th May, 2017 for provisioning of solar energy as an alternative source of power supply to the Division.
- A MoU was signed with the Space Application Centre (SAC), Ahmedabad on 9th May, 2017 to establish a long-term mutually benefitting relationship in the areas of aerospace technologies. The major areas identified for interaction are Airborne Radar systems related technologies, communication systems technologies and Electro-Optic (EO) Payload Development.
- More than 400 imported systems and sub systems of mechanical, electrical, avionics & instrumentation for HAL projects such as ALH, LCA, DO-228, Jaguar etc and over 100 TTGE (Tools Testers and Ground Equipment) items of Su-30 MKI aircraft are hosted in HAL's portal (www.hal-india.co.in) to enable private industries to take up indigenization for import substitution / maintenance and repair.

Future Outlook

According to the "2018 Global Aerospace & Defence (A&D) Sector Outlook" of M/s Deloitte Touche Tohmatsu Ltd, the global aerospace and defence industry is expected to strengthen in 2018 with Deloitte forecasting industry revenues to grow by about 4.1 percent. Commercial aircraft sector revenues are expected to grow 4.8 percent as production levels are likely to be robust. Defence sector is likely to record 3.6 percent growth as the US defence budget returns to growth after experiencing multi-year declines. India is likely to be the 3rd largest aviation market by 2025. The country is forecasted to have a demand for a record 2100 new aircraft in the next two decades, worth USD 290 Billion, with majority being single-aisle planes.



India's defence sector has experienced robust growth over the recent past with India's defence budget for 2017-18 reaching USD 57.4 Billion. This has been led by the country's focus on recapitalising and strengthening its military to counter any potential threat, as well as efforts to upgrade existing assets. Over the past two years, Government has taken multiple initiatives to attract foreign investment in Aerospace & Defence industry, including increased international engagement, a revamped Foreign Direct Investment (FDI) policy and a new defence procurement procedure with amendments in offset regulations.

The Indian Government announced a 'Strategic Partnership Model' for defence manufacturing, under which Indian firms will be allowed to enter into strategic partnerships with non-Indian OEMs in key defence sub-sectors such as fighter aircraft, submarines, helicopters and armoured fighting vehicles. The Strategic Partnership Model aims to enhance India's self-reliance index in defence procurement, including technology transfer.

Considering the changing economic and business environment, HAL has formulated strategies aligned to the government's initiatives and implementing them to maximise the benefits for the company and support the development of Indian Aerospace and Defence Manufacturing Industry.

Research and Development (R&D)

R&D has been the main focus area of your Company for increasing indigenisation and value addition in our products/ systems. In pursuit of technological advancement, your Company continues its focus on technology development. Towards the progress of the R&D efforts, the company has incurred a total expenditure of ₹1,612 crores for the year 2017-18, which is 8.82% of the turnover.

HAL is jointly working with premier R&D organisations like DRDO laboratories, CSIR-NAL and CIPET towards self-reliance in the aviation field. The Company also works closely with premier educational institutes and has established chairs at IIT Madras, IIT Roorkee, IIT Kharagpur, IIT Bombay, IIT Kanpur and IISc Bangalore, to enhance its R&D efforts.

The Company has also transferred a sum of ₹167 crores (10% of Operating Profit After Tax) to R&D reserve for contribution to R&D corpus during the year 2017-18.

Your Company has achieved major progress in various R&D / Development Projects viz. Light Combat Aircraft (LCA), Hindustan Turboprop Trainer Aircraft (HTT-40), ALH-WSI (Rudra), Light Combat Helicopter (LCH), Light Utility Helicopter (LUH), Jaguar Darin III Upgrade, Mirage 2000 Upgrade, Hawk-i, 25 KN Turbofan Engine (HTFE-25), 1200 KW Turboshaft Engine (HTSE-1200) and Mini UAV (8 Kg Class).

HAL has continued the drive across the Company, to assess & identify the technologies & processes which will build its Intellectual Property portfolio. During the year, HAL has filed 114 IPR applications which makes cumulative number of IPRs filed

by the Company to be 1533. During the year, 54 IPRs have been granted and the cumulative IPRs held by the company are 108 (as of March, 2018).

Corporate Governance

Your Company always strives to attain highest standards of Corporate Governance practices. The Company is complying with Government Guidelines on Corporate Governance framed by the Department of Public Enterprises (DPE) for CPSEs, in letter and spirit. A report on Corporate Governance compliances has been made part of the Board's report. Your company is continuously working for the optimum benefit of its stakeholders and has thus moulded its corporate conduct to fulfil these responsibilities. The Company has established systems & procedures to ensure that its Board of Directors is well informed about the policies of the Company to enable them to discharge their responsibilities and to enhance the overall value of all stakeholders.

Corporate Social Responsibility and Sustainability Development

Your Company is committed for discharging its Corporate Social Responsibility as a good Corporate Citizen. During the year, an amount of ₹77.29 crores has been spent on CSR activities.

Acknowledgement

As a going concern, we have to continue our pursuit and cross various milestones to become a significant global player in the aerospace industry. I am sure that with the continued support and encouragement of all stakeholders, the Company shall achieve new heights in all spheres of its activities.

I take this opportunity to extend my sincere gratitude to the Department of Defence Production, Defence Acquisition Council, Defence Finance, Department of Civil Aviation and our valuable customers viz. the Indian Air Force, Army, Navy, Coast Guard, Border Security Force, ISRO and other Global Aviation companies who have extended their continuous support from time to time.

I sincerely thank DGAQA, CEMILAC, Principal Controller of Defence Accounts, Principal Director of Commercial Audit, C&AG, Statutory & Branch Auditors, Bankers, Legal Advisors, Collaborators, Suppliers, Shareholders & other Agencies and acknowledge their contributions in our achievements.

I am grateful to my colleagues on the Board for their valuable guidance. I also acknowledge the immense contribution and dedication of the employees of the Company at all levels.

Jai Hind

T. Suvarna Raju

Chairman and Managing Director

Place: Bangalore

Date: 13.07.2018



Awards



The President of India, Shri Pranab Mukherjee honored HAL with 'SCOPE Meritorious Award 2014-15' for Corporate Governance at New Delhi on 11th April, 2017.



HAL has been conferred 'Golden Peacock Innovative Product/Service Award - 2017' by the Institute of Directors during its 'Dubai Global Convention – 2017' held on 19th April, 2017.



HAL has been conferred 'Raksha Mantri's awards for Excellence' for the year 2015-16 by Shri Arun Jaitley, Defence Minister in New Delhi on 30th May, 2017.



Shri T. Suvarna Raju, CMD, has been conferred the 'Digital Transformer Award 2017' by International Data Corporation (IDC) at New Delhi on 4th August, 2017.

Major Achievements



The Defence Minister, Shri Arun Jaitley, declared the launch of production of HAL-designed Light Combat Helicopter (LCH) on 26th August, 2017 at HAL, Bengaluru.



The Defence Minister, Shri Arun Jaitley, dedicated HAL's role changer design upgrade program of Hawk-i to the nation on 26th August, 2017 at HAL, Bengaluru.



Bell ringing ceremony at BSE Limited, Mumbai on 28th March, 2018 on the occasion of Listing of Shares of the Company



HAL received the 100th Ship-set of Su-30 MKI assemblies from Dynamatic Technologies Limited, Bengaluru in the presence of Dr Subhash Ramrao Bhamre, Minister of State for Defence at Public Private Partnership (PPP) Summit under Make-in-India held at Nashik Division on 9th December, 2017.



Events



HAL held key B2B meetings at Paris Air Show held at Le Bourget, Paris between 19-25 June, 2017.



HAL organized Fifth Global Vendors' Meet on 12th December, 2017 at Bengaluru.



Shri T. Suvarna Raju, CMD along with General Vijay Kumar Singh, (Retd), Minister of State for External Affairs and US delegates during maiden edition of 'The India-US Forum' from 31st July to 1st August, 2017 in New Delhi.



The Defence Minister, Smt. Nirmala Sitharaman, releases Policy Document on Global practices of Leading Aerospace industries / OEMs in aerospace sectors / military aviation stores developed by HAL and DGAQA.



The Defence Minister, Smt. Nirmala Sitharaman inaugurated a two-day 'Defence Industry Development Meet' organised by HAL at Chennai from 18-20 January, 2018.



Chief of Staff of the United State Air Force (USAF) Gen. David L Goldfein flew a sortie on Light Combat Aircraft 'Tejas' from the Jodhpur Air Force Station on 3rd February, 2018.



The Chief of Staff of the French Air Force, General Andre Lanata, flew a sortie on Light Combat Aircraft 'Tejas' from the Jodhpur Air Force Station on 7th February, 2018.



Smt. Nirmala Sitaraman, Defence Minister addressing the media gathering on 11th April, 2018 during DefExpo-2018.



The Prime Minister, Shri Narendra Modi inaugurated the DefExpo- 2018 held in Chennai on 12th April, 2018



As part of Indian CEOs delegation, Mr T. Suvarna Raju, CMD (standing fifth from left) participated in the fourth UK India CEOs forum held at London on 18th April, 2018 chaired by Shri. Narendra Modi, Prime Minister of India and Ms Theresa May, Prime Minister of U.K.



The Chief of the Air Staff, Air Chief Marshal BS Dhanoa, PVSM, AVSM, YSM, VM, ADC visited HAL facilities for the first time on 1st May, 2018.



External Affairs Minister Mrs. Sushma Swaraj handed over HAL Do- 228 aircraft to the President, Republic of Seychelles, Mr. Danny Faure at a ceremony in New Delhi held on 26th June, 2018.





Board of Directors (as on 30th June, 2018)



Shri T. Suvarna Raju
Chairman and Managing
Director (CMD)

Shri T. Suvarna Raju is an alumnus of India's prestigious National Defence College with an M.Phil in Defence Strategic studies. A Mechanical Engineer by graduation and an MBA (Marketing), Shri Raju also holds a PG Diploma in Intellectual Property Rights (IPR) from National Law School of India University.

Shri Raju joined HAL as a Management Trainee in July, 1980 and grew up the ladder with varied experiences of manufacturing, overhaul and upgrade of several fleets including Jaguar and Mirage. He saw through the production of Hawk Mk-132 for the Indian Air Force and Indian Navy well ahead of schedule, right from establishing its manufacturing facilities.

Having worked through Aircraft and Overhaul Divisions in various capacities, he rose on the portals of HAL as GM, Aircraft Division and then to the post of Director (Design & Development). Shri Raju was assigned the additional charge of Chairman w.e.f 1st February, 2015, and appointed as Chairman from 5th March, 2015. The post was re-designated as Chairman & Managing Director w.e.f. 1st April, 2015.

Shri Raju is a firm believer that best of technology can never be bought, it can only be developed. To transform the Company

into a technology power house, he has taken various path breaking measures to make R&D set up in the Company more competitive. He has put in an R&D Policy in place for the same and has brought in all R&D centres of HAL under a Committee of Institutional Network (COIN) to synergise learning across the organisation. In order to create an IPR wealth for the Company, he has been instrumental in registering more than one thousand patents. He has also provided impetus to programmes like LCA, LUH, LCH, IJT and HTT-40 apart from upgrades of Mirage and Jaguar DARIN-III. He is also keenly steering futuristic programmes such as UAVs, FGFA, MTA and Civil Aircraft Development. He has not only pioneered the concept of Performance Based Logistics, but has also been advocating its implementation for the military assets.

Shri Raju is a recipient of Dr. Biren Roy Trust Award of the Aeronautical Society of India for his unstinted efforts in planning and establishment of new technologies at HAL. He is currently Chairman of the Aerospace and Aviation Sector Skill Council, Member of the National Aeronautics Coordination Group and First Member Secretary of the Design and Development Management Board (DDMB) established by MoD.



Shri V. M. Chamola
Director (HR)

Shri V. M. Chamola holds a Masters Degree in Economics from Garhwal University, LLB from APS University & MBA(HRM) from IGNOU.

Shri Chamola served NTPC and NJPC in various capacities before joining HAL in 1996 as Deputy General Manager (Personnel & Administration) at Engine Division, Bangalore Complex. He was promoted as Additional General Manager (Personnel & Administration) and later joined Corporate Office.

He has also served as Chief General Manager, BEML. He possesses rich experience in HRD and has contributed

towards streamlining the HR systems with a view to provide a healthy environment. He took over as Director (Human Resources) of the Company on 27th July, 2011 and further extended upto 31st December, 2019.

He was conferred the "Chanakya Award" for Business Excellence in HR on 12th February, 2012 by the Public Relations Council of India (PRCI) during its Annual Conclave at Mumbai in February 2012. He also held the additional charge of the post of Managing Director (Accessories Complex), HAL in respect of Hyderabad and Korwa Divisions, from 1st August, 2013 to 31st March, 2015.



Shri C V Ramana Rao
Director (Finance) & CFO

Shri C V Ramana Rao, is a Arts Graduate in History, Economic and Political Science. After Graduation he took up the course of Chartered Accountancy and passed in 1985. Subsequently he has also passed Group-I & II of Final Company Secretary Exam.

Shri C V Ramana Rao has more than 37 years of experience in Financial Management, Accounting and Internal Control. He started his career in Foundry & Forge Division and moved to Corporate Office and thereafter reported to BAeHAL a Joint Venture Company of HAL as CFO.

Subsequently on Promotion was assigned to Corporate Office In-charge of Finance and Accounts.

He has specialization in Accounting and Audit and has been instrumental in update of Manuals of system Audit, Costing, Accounts, and Performance Budget etc. and developed a uniform master chart of Accounts.

Before assuming charge as Director (Finance), he was General Manager (Finance)- Accounts & Audit.



Shri Sunil Kumar
Director (Operations)

Shri Sunil Kumar holds bachelor's degree in Mechanical Engineering from Dayalbagh Engineering Institute, Agra. He joined HAL as Design Trainee in 1981. He has over 35 years of comprehensive management and engineering experience in Aerospace Industry and has handled various key assignments at Lucknow, Kanpur, Korwa and Hyderabad divisions of HAL. Shri Sunil Kumar has headed Avionics Divisions, Hyderabad & Korwa as Executive Director (Hyd & Korwa) prior to joining HAL

Corporate Office as Director (Operations) with effect from 16th October, 2017.

Performance of Avionics Division Hyderabad is the testimony of his leadership & execution skills. During his tenure (2012-2017) HAL, Hyderabad bagged various National & State level awards including prestigious Raksha Mantri's award for "Best Performing Division of DPSUs" for two consecutive years 2013-14 & 2014-15.



Shri Arup Chatterjee
Director (Engineering and R&D)

Shri Arup Chatterjee is a B.Tech in Mechanical Engineering from Jadavpur University, and has done M. Tech in Aircraft Production Engineering from IIT, Chennai. He has also done MBA from IGNOU.

Shri Chatterjee joined HAL as 17th Batch Management Trainee in the year 1982. He had held several key positions in the Company prior to his elevation as Director (Engg. and R&D) w.e.f 1st June, 2018

Shri Arup Chatterjee has over 35 years of wide experience in Aerospace Industry. During his career spanning 35 years, Shri Chatterjee has served in various Divisions of HAL. He was the head of Machine Shop, Methods Deptt., IMM Department, Projects, Planning of Avionics Equipment required for

Russian & Western origin Aircraft platform, in Korwa Division, where he has served for 28 years. He has also served in Kanpur Division for 4 years in the field of Air Frame Manufacturing and had served in the capacity of head of IJT project, Planning and IMM for Dornier, Avro & UAV Projects.

Further, he had served in Koraput Division of HAL, where he had immensely contributed in various programmes / projects viz., Repair & Overhaul of R25, R29B & R33 engines for MiG series fighter aircraft as well as Manufacture & repair/ overhaul of AL31FP engines for Su-30 aircraft. Prior to his elevation to the post of Director (Engg. and R&D), he was the General Manager of Aircraft Research & Design Centre.



Shri Chandraker Bharti

Joint Secretary (Aerospace),
Govt. Nominee Director

Shri Chandraker Bharti an engineering graduate from Delhi College of Engineering, joined the Indian Administrative Services in September 1996. He has also acquired M.Sc degree in Public Management & Policy from London School of Economics & Political Science, UK.

He has more than 21 years of experience in Civil Services and held various important assignments, which include Additional

Commissioner, Department of Sales Tax, Govt. of NCT of Delhi; Director, Ministry of Commerce & Industry; Development Commissioner in various Government Departments such as Agriculture, Finance & Planning, Industries & Commerce, Information Technology, etc. in the Union Territory of Pondicherry. He had also served for a short period at Health & Family Welfare and Environment & Forest Departments of Govt. of NCT of Delhi.



Ms. Dipali Khanna

Independent Director

Ms. Dipali Khanna has done Master's Degree in Arts with specialization in History from Delhi University. She holds Master's Degree in Science (specialization in National Security) from National Defence College and has also done Certificate Course in Cost & Management Accountancy from the Institute of Cost & Works Accountants, New Delhi. She was appointed as Part-Time Non-official Director on the Board of the Company with effect from 8th January, 2016.

Ms. Dipali Khanna started her career with the Indian Railway Accounts Service in the year 1976 and has contributed substantially during her career spanning over 39 years with various Government Departments. Formulation of long-term plans that addressed key development goals and objectives of various Ministries of the Government of India was a critical component of her responsibilities.

Ms. Khanna has played a key role in establishment of National Disaster Management Authority (NDMA) and was also responsible for overseeing the restructuring of the then defunct National Film Development Corporation Ltd. (NFDC) by the Government of India, resulting in the Company achieving profitability within one year of restructuring after more than a decade of recurring losses.

Ms. Khanna has also served actively on the Boards of other Public Sector Undertakings (PSUs) under Ministry of Defence, Ministry of Power and Ministry of Information & Broadcasting. She is presently an Independent Director on the Boards of India Power Corporation Ltd. and Nitesh Estates Ltd.

Ms. Khanna is the Member of Kelkar Committee, Ministry of Defence for Public-Private Partnership in Defence.



Dr. J. K. Bajaj

Independent Director

Dr. J.K. Bajaj, the founder Director of the Centre for Policy Studies has done M.Sc (Honours) in Physics and also holds Ph.D in Theoretical Physics from the Punjab University, Chandigarh. His areas of specialization include Scientific & Technological tradition of India; Indian Society, Economy and Polity; Indian ideas and institutions; Religious Demography, Natural Resources and Geography.

Dr. Bajaj, during his career had held several important positions, and has been a member of the apex governing and advisory bodies of several national institutions, including, the Indian Council of Social Science Research (ICSSR).

Currently he is serving as a member of the Governing Body of the National Council of Rural Institutes and as a member of the Expert Group on Environmental Standards of the Ministry of Environment and Forests.

Dr. Bajaj has done extensive research work on science & technology policy, on the interface between science & society and on the Indian traditions of Science & Technology. He has also been interested in studying the geography, culture, history and economy of different parts of India at the micro level and has published detailed and highly illustrated Atlases for several districts of Madhya Pradesh.



Shri Siddharth
Independent Director

Shri Siddharth, a graduate from St. Stephen's College, University of Delhi also holds Post-Graduation with specialization in History from the University of Rajasthan, Jaipur. Shri Siddharth, a 1983 batch IAS officer of West Bengal cadre has more than 32 years of experience and retired as Additional Chief Secretary to Government of West Bengal in November, 2015.

During his illustrious career, Shri Siddharth has served with distinction over Three decades and had held key positions in the Government of India and the State Government. He has rich experience in the field of Commerce & Industry with valuable global exposure. Shri

Siddharth has also served in International Organizations, where he was the Chairman of the Board of Governors of Common Fund for Commodities, Amsterdam – An International Organization with 106 member countries under the aegis of United Nations, during 2010-11. Driven by the impeccable service record coupled with domain expertise, the West Bengal Government appointed him as the Principal Advisor Industry on the day of his retirement in November 2015 and later he was also appointed as Chairman of the Bengal Industrial Development and Promotion Board, where he served from 2016 to 2017.



Shri Neelakanta Iyer R.
Independent Director

Shri Neelakanta Iyer R. is a Chartered Accountant by profession and has more than 36 years of experience. He holds Bachelor Degree of Science in Zoology from University College of Trivandrum and also has done Chartered Accountancy in Finance from the Institute of Chartered Accountants of India, Delhi. His areas of specialization include Funds Management, Budgeting, Cost controls & reduction, Funds raising, Cash flow management and ERP implementation.

Shri Neelakanta Iyer, during his career spanning over 36 years had held several important positions, including Chief Executive Officer, wherein he was instrumental in setting up a greenfield BPO Company for handling accounting and

book keeping jobs from across the globe. He had also served as Financial Controller, Revenue Controller, Financial Advisor and Consultant Chartered Accountant with key focus on streamlining the financial operations, preparation of Corporate Plans for restructuring & diversification, Financial Management, Taxation etc.

Shri Neelakanta Iyer is presently serving as a Consultant, providing consultancy for Small, Medium & Large Business and also to Government of India. His notable assignments with Government of India are Project for Commercial Accounting in the Postal Department, Financial Management of Brihat Mumbai Municipal Corporation and Registration & Management of Non-Government Organizations.



Shri Anil Kumar
Independent Director

Shri Anil Kumar is an M.Tech graduate in Mechanical Engineering from IIT, Delhi. He has served in Bharat Electronics Limited, a Defence Public Sector Undertaking, for more than 38 years.

During his career in BEL, he had held key positions in the areas of Development and Engineering (R&D), Production, Materials Management. He has vast experience in Product Design, Project Management, General Management and Technology Management areas. Shri Anil Kumar retired as Chairman & Managing Director of BEL in

December 2013. Prior to his elevation to the post of Chairman & Managing Director, Shri Anil Kumar had served as Director (Other Units) of BEL, where he had headed 8 of the 9 units of BEL located across the Country. Shri Anil Kumar had also served as Advisor to Chairman, HAL, during October 2014 to September 2015.



Chief Executive Officers (CEOs) (as on 30th June, 2018)



Daljeet Singh

Chief Executive Officer (MC)

Shri Daljeet Singh, Chief Executive Officer, MiG Complex is a Mechanical Engineer from Ravishankar University, Raipur. He had joined HAL as a Management Trainee on 6th August, 1979. He was appointed

as Chief Executive Officer, MiG Complex, w.e.f 1st April, 2015. During his service period of over 39 years, he has held various positions in the Company.



Shri Rajiv Kumar

Chief Executive Officer (AC)

Shri Rajiv Kumar, Chief Executive Officer, Accessories Complex is a Mechanical Engineer from Gorakhpur University, Gorakhpur and Masters of Business Administration from Lucknow University, Uttar Pradesh. He had joined

HAL as a Management Trainee on 28th July, 1980. He was appointed as Chief Executive Officer, Accessories Complex, w.e.f 1st April, 2015. During his service period of over 38 years, he has held various positions in the Company.



Shri Shekhar Shrivastava
Chief Executive Officer (BC)

Shri Shekhar Shrivastava, Chief Executive Officer, Bangalore Complex is a graduate in Mechanical Engineering and holds Master's degree from IIT Chennai in Aircraft Production Engineering. He joined HAL as Management Trainee (Technical) in 1983. He was appointed as Chief Executive Officer, Bangalore Complex,

w.e.f 1st October, 2017. During his career spanning 34 years in HAL, he held various positions in the Company. He has vast experience of handling very complex projects involving various stake holders and interactions with customers like Indian Air Force, Indian Navy, Ministry of Defence and many overseas customers.



Shri G V S Bhaskar
Chief Executive Officer (HC)

Shri G V S Bhaskar, Chief Executive Officer, Helicopter Complex has done B. Tech from Regional Engg College, Warangal and Master of Engineering from Indian Institute of Science, Bangalore. He had joined HAL in August 1984 and started his career in Rotary Wing Research

& Design Centre (RWRDC) as Aeronautical Engineer. He was appointed as Chief Executive Officer, Helicopter Complex, w.e.f 1st October, 2017. As a technical & management executive, he has 33 years of experience in various spectrum of Aeronautical Field.



Financial Highlights

Sl. No.	Particulars	Units	03-04	04-05	05-06	06-07	07-08
A	Our Earnings						
	Sales - Inland	₹ Cr.	3585	4384	5155	7513	8284
	Export Sales	₹ Cr.	215	150	186	271	341
	Total Sales	₹ Cr.	3800	4534	5341	7784	8625
	Changes in WIP & SIT& FG	₹ Cr.	-44	450	575	1418	166
	Total	₹ Cr.	3756	4984	5916	9202	8791
B	Our Outgoings						
	Cost of Materials	₹ Cr.	1674	2686	3313	5980	4684
	Manpower Cost	₹ Cr.	773	809	838	1055	1803
	Net Operating Cost	₹ Cr.	900	918	1014	1163	1686
	Net Financing Cost	₹ Cr.	-247	-251	-452	-840	-1664
	Depreciation	₹ Cr.	57	65	77	100	118
	Total	₹ Cr.	3157	4227	4790	7458	6627
C	Our Savings						
	Profit Before Tax	₹ Cr.	599	757	1126	1744	2164
	Provision For Tax	₹ Cr.	189	256	355	595	532
	Profit After Tax For Appropriation	₹ Cr.	410	501	771	1149	1632
D	We Own						
	Net Block	₹ Cr.	515	526	730	1021	1080
	Other Assets (net)	₹ Cr.	2451	3108	3854	4352	5585
	Total	₹ Cr.	2966	3634	4584	5373	6665
E	We Owe						
	Equity	₹ Cr.	121	121	121	121	121
	Reserves and Surplus	₹ Cr.	2121	2508	3050	3913	5163
	Shareholders' Funds	₹ Cr.	2242	2629	3171	4034	5284
	Deferred Tax Liability	₹ Cr.	354	624	1048	1335	1379
	Borrowings	₹ Cr.	366	363	364	4	2
	Cash Credit Loan	₹ Cr.	5	18	1		
	Total	₹ Cr.	2967	3634	4584	5373	6665
F	Cash and Bank Balance		4841	7480	11146	16706	19646
G	Financial Statistics						
	Revenue from Operations (Net)	₹ Cr.					
	Value of Production	₹ Cr.	3756	4984	5916	9202	8791
	Value Added	₹ Cr.	2082	2298	2603	3222	4107
	Dividend (including Tax)	₹ Cr.	92	114	229	285	383
	R & D Expenditure	₹ Cr.	314	307	434	638	662
	EBITDA	₹ Cr.	800	974	1408	2125	2651
	Inventory	₹ Cr.	2577	3509	4810	7223	8615
	Sundry Debtors	₹ Cr.	990	1106	1404	1281	1486
	No. of Employees	Nos.	30450	29807	29668	31666	34323
	No of Equity Shares	Cr.	12.05	12.05	12.05	12.05	12.05
H	Financial Ratios						
	Sales Per Employee	₹	1247947	1521119	1800256	2458157	2512892
	Value Added Per Employee	₹	683744	770960	877376	1017495	1196574
	PBT to Sales	%	16	17	21	22	25
	Earnings Per Share	₹	34.02	41.58	63.98	95.35	135.44
	Dividend as %age of Equity (including Dividend Tax)	%	76	95	190	237	318

- During the Financial Year 2017-18, GOI divested 3,35,32,320 Equity Shares of ₹10/- each equivalent to 10.03% of the paid up capital of the Company. Consequently, the Company's shares was listed on 28th March 2018.
- The Company has bought back 2,71,12,500 Equity Shares of ₹10/- each on 19th December 2017. The effect of buy-back is considered for the purpose of calculation of Earnings Per Share.
- The Company has bought back 12,05,00,000 Equity Shares of ₹10/- each on 30th March 2016. The effect of buy-back is not considered for the purpose of calculation of Earnings Per Share, as there is no significant change in value of the same.
- The Company has issued 36,15,00,000 Equity Shares as Bonus Shares on 7th Feb 2014.



08-09	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18
9937	11252	12878	13856	13941	14688	15131	16140	17139	17970
437	205	237	348	383	440	490	446	465	314
10374	11457	13115	14204	14324	15128	15621	16586	17604	18284
1437	2033	3335	-1511	-122	740	667	566	-501	-731
11811	13490	16450	12693	14202	15868	16288	17152	17103	17553
7636	9222	11772	5761	8008	9149	8882	9172	8692	8046
2543	1954	2246	2721	2446	2685	3379	3274	3569	4300
887	985	765	2813	2383	2349	2215	2734	1873	2236
-1732	-1525	-1341	-2107	-2316	-2064	-1622	-1549	-880	-634
142	166	169	177	184	171	262	314	266	282
9476	10802	13611	9365	10705	12290	13116	13945	13520	14230
2335	2688	2839	3328	3497	3578	3172	3207	3583	3323
595	721	725	789	500	885	784	1209	967	1253
1740	1967	2114	2539	2997	2693	2388	1998	2616	2070
1328	1466	1509	1556	1548	1582	1559	1694	1985	2391
6816	8163	9722	11260	13397	15794	13996	10140	12462	11484
8144	9629	11231	12816	14945	17376	15555	11834	14447	13875
121	121	121	121	121	482	482	362	362	334
6496	8003	9625	11218	13257	14533	14412	10657	12175	11699
6617	8124	9746	11339	13378	15015	14894	11019	12537	12033
1525	1505	1485	1477	1567	1682	661	815	960	978
2	0	0	0	0	679	-	0	950	760
8144	9629	11231	12816	14945	17376	15555	11834	14447	13875
19745	18658	20099	21933	19128	16935	17671	13299	11117	6524
11811	13490	16450	12693	14202	15868	16288	17152	17103	17553
4175	4268	4678	6932	6194	6719	7406	7980	8411	9507
407	460	493	946	957	1041	576	614	1104	1295
675	832	987	968	1949	1083	1042	1191	1284	1612
2905	3383	3654	4051	4098	4181	3987	4060	4273	4275
10431	13660	17427	16153	17980	22361	24965	23998	21340	19375
1848	1858	2318	3917	5530	6917	6108	4836	4220	7742
34822	33990	33681	32659	32644	32108	31144	30300	29526	29035
12.05	12.05	12.05	12.05	12.05	48.20	48.20	36.15	36.15	33.44
2979151	3370697	3893887	4349184	4387943	4711598	5015733	5473927	5962130	6297179
1198955	1255663	1388914	2122539	1897439	2092625	2377986	2633663	2848508	3274259
23	23	22	23	24	24	20	19	20	18
144.40	163.24	175.44	210.71	62.18	55.87	49.54	41.45	72.35	58.50
338	382	409	785	199	216	120	170	305	387



Corporate Information

Board of Directors (As on 30th June, 2018)

Shri T. Suvarna Raju

Chairman & Managing Director (CMD)

Shri V. M. Chamola

Director (Human Resources)

Shri C. V Ramana Rao

Director (Finance) & CFO

Shri Sunil Kumar

Director (Operations)

Shri Arup Chatterjee

Director (Engineering and R&D)

Shri Chandraker Bharti

Joint Secretary (Aerospace)

Ministry of Defence

Govt. Nominee Director

Ms. Dipali Khanna

Independent Director

Dr. J K Bajaj

Independent Director

Shri Siddharth

Independent Director

Shri Neelakanta Iyer R

Independent Director

Shri Anil Kumar

Independent Director

Company Secretary

Shri G. V. Sessa Reddy

Members of the Management Committee

Shri T. Suvarna Raju

Chairman & Managing Director (CMD)

Shri V. M. Chamola

Director (Human Resources)

Shri C. V Ramana Rao

Director (Finance) & CFO

Shri Sunil Kumar

Director (Operations)

Shri Arup Chatterjee

Director (Engineering and R&D)

Shri Daljeet Singh

Chief Executive Officer (MiG Complex)

Shri Rajiv Kumar

Chief Executive Officer (Accessories Complex)

Shri Shekhar Shrivastava

Chief Executive Officer (Bangalore Complex)

Shri G V S Bhaskar

Chief Executive Officer (Helicopter Complex)



Bankers

State Bank of India
Punjab National Bank
Indian Bank
Indian Overseas Bank
Bank of Baroda
Exim Bank
Syndicate Bank
Union Bank of India

Statutory Auditors

M/s. S. Venkatram & Co.,
Chartered Accountants, Bengaluru

Branch Auditors

M/s. Rajeev Nandan & Co.,
Chartered Accountants, Kanpur

M/s. Desai Associates
Chartered Accountants, Mumbai

M/s. Sarath & Associates
Chartered Accountants, Hyderabad

M/s. Ganesh & Co.,
Chartered Accountants, Bengaluru

M/s. SCM Associates.,
Chartered Accountants, Bhubaneswar

M/s. S.N. Saha & Co.,
Chartered Accountants, Kolkata

M/s. Prakash & Santhosh
Chartered Accountants, Kanpur

M/s. MNS & Co.,
Chartered Accountants, Bengaluru

M/s. P.K. Subramaniam & Co.,
Chartered Accountants, Bengaluru

M/s. Brahmayya & Co.,
Chartered Accountants, Bengaluru

M/s. BNPSY & Associates.,
Chartered Accountants, Luknow

M/s. A. Rahgavendra Rao & Associates.,
Chartered Accountants, Bengaluru

M/s. NNR & Co.,
Chartered Accountants, Bengaluru

M/s. Vijay Sreeram & Co.,
Chartered Accountants, Bengaluru

M/s. YCRJ & Associates
Chartered Accountants, Bengaluru

M/s. SNR & Co.,
Chartered Accountants, Bengaluru

M/s. Venu & Vinay.,
Chartered Accountants, Bengaluru

M/s. K. P. Rao & Co.,
Chartered Accountants, Bengaluru

Cost Auditor

M/s. KPR & Associates.,
Cost Accountants, Bengaluru

Legal Advisers

M/s. Sundaraswamy & Ramdas.,
Advocates, Bengaluru

Tax Consultant

M/s. Price Waterhouse Coopers Pvt. Ltd.

Credit Rating Agency

CARE
FITCH Group
(India Ratings & Research Pvt. Ltd.)



Notice of 55th AGM

NOTICE is hereby given that the 55th Annual General Meeting (AGM) of the Members of Hindustan Aeronautics Limited will be held on Friday, 28th September, 2018 at 1500 Hours at HAL Management Academy (New Campus), Doddanekundi Main Road, Marathahalli, Bengaluru-560037 to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements including Consolidated Financial Statements of the Company for the financial year ended on 31st March, 2018, together with the Board's Report and the Auditors' Report thereon and Comments of the Comptroller & Auditor General of India.
2. To confirm payment of first Interim dividend of ₹23.92 per equity share (face value of ₹10/-) and second Interim dividend of ₹8.25 per equity share (face value of ₹10/-) paid on 9th March, 2018, and 31st March, 2018 respectively for the financial year 2017-18 as final dividend.
3. To appoint a Director in place of Shri V M Chamola, (DIN - 03595483), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Sunil Kumar, (DIN - 07081723) who retires by rotation and being eligible, offers himself for re-appointment.
5. To fix remuneration of Statutory Auditors for the financial year 2018- 19.

In terms of provisions of Section 139(5) read with Section 142 of the Companies Act, 2013, the remuneration of the Auditors of Government Companies, appointed by Comptroller and Auditor General of India, shall be fixed by the Company in General Meeting or in such manner as the Company in General Meeting may determine. Hence, it is proposed that the Members may authorize the Board to fix the remuneration of the Statutory Auditors of the Company for the financial year 2018-19, as may deemed fit.

Special Business

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Dr. J K Bajaj (DIN:07942314), who was appointed as an Independent Director of the Company by the Board of Directors with effect from 11th September, 2017 as per the Govt. of India, MoD letter No.49016/3/2016-D(HAL-III) dated 11th September, 2017, be and is hereby appointed as an independent director of the Company, not liable to retire

by rotation, on same terms & conditions as determined by the Govt. of India,."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Shri Anil Kumar (DIN:02948372), who was appointed as an Independent Director of the Company by the Board of Directors with effect from 5th March, 2018 as per the Govt. of India, MoD letter No.49016/3/2016-D(HAL-III) dated 5th March, 2018, be and is hereby appointed as an independent director of the Company, not liable to retire by rotation, on same terms & conditions as determined by the Govt. of India."

8. To appoint and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Shri Neelakanta Iyer R (DIN:07019560), who was appointed as an Independent Director of the Company by the Board of Directors with effect from 5th March, 2018 as per the Govt. of India, MoD letter No.49016/3/2016-D(HAL-III) dated 5th March, 2018, be and is hereby appointed as an independent director of the Company, not liable to retire by rotation, on same terms & conditions as determined by the Govt. of India,."

9. To appoint and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Shri Siddharth (DIN:06401463), who was appointed as an Independent Director of the Company by the Board of Directors with effect from 5th March, 2018 as per the Govt. of India, MoD letter No.49016/3/2016-D(HAL-III) dated 5th March, 2018, be and is hereby appointed as an independent director of the Company, not liable to retire by rotation, on same terms & conditions as determined by the Govt. of India,."



10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 152(2), 160 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Shri Arup Chatterjee (DIN:08139347) who was appointed as an Additional Director and designated as Director (Engg. and R&D) of the Company by the Board of Directors with effect from 1st June, 2018 as per the Govt. of India, MoD letter No 49016/4/2017-D (HAL-III) dated 3rd May 2018, and who hold office until the date of ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from him under Section 160 of the Companies Act, 2013 signifying his intention to appoint him as a Director, be and is hereby appointed as Director of the Company, on terms and conditions as stipulated by the Government of India.”

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Rear Admiral K.C. Sekhar, AVSM, VSM (Retd), (DIN: 02263868), who was appointed as an Independent Director of the Company by the Board of Directors with effect from 24th July, 2018 as per the Govt. of India, MoD letter 49016/3/2016/- D (HAL-III) dated 24th July, 2018, be and is hereby appointed as an independent director of the Company, not liable to retire by rotation, on same terms & conditions as determined by the Govt. of India.”

12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Dr. S. Malla Reddy, (DIN: 08196657), who was appointed as an Independent Director of the Company by the Board of

Directors with effect from 24th July, 2018 as per the Govt. of India, MoD letter 49016/3/2016/- D (HAL-III) dated 24th July, 2018, be and is hereby appointed as an independent director of the Company, not liable to retire by rotation, on same terms & conditions as determined by the Govt. of India.”

13. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 152(2), 160 and other applicable provisions, if any, of the Companies Act, 2013, and the Rules made thereunder, Shri C.B. Ananthakrishnan, (DIN: 06761339) who was appointed as an Additional Director and designated as Director (Finance) of the Company by the Board of Directors with effect from 1st August, 2018 as per the Govt. of India, MoD letter No 49016/4/2017-D (HAL-III) dated 6th July, 2018, and who hold office until the date of ensuing Annual General Meeting in terms of Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from him under Section 160 of the Companies Act, 2013 signifying his intention to appoint him as a Director, be and is hereby appointed as Director of the Company, on terms and conditions as stipulated by the Government of India.”

14. To ratify the remuneration payable to the Cost auditor appointed by the Board of Directors of the Company for the financial year 2017-18 pursuant to Section 148 and all other applicable provisions of Companies Act, 2013, by passing with or without modification(s), the following resolution as **Ordinary Resolution:**

“RESOLVED THAT pursuant to the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors) Rules, 2014 and other applicable provisions of the Companies Act, 2013, the remuneration of ₹2,50,000/- (Rupees two lakhs and fifty thousand only) excluding applicable Tax payable to M/S KPR & Associates, Cost Accountants, Bangalore, for conducting cost audit of the Company for the financial year 2017-18, as approved by the Board of Directors of the Company at its 406th meeting held on 22nd September, 2017, be and is hereby ratified.”

**By Order of the Board of Directors
For Hindustan Aeronautics Limited**

(G V Sesha Reddy)
Company Secretary

Place: Bengaluru
Date: 13th August, 2018



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY FORTY-EIGHT HOURS (48 HRS.) BEFORE THE COMMENCEMENT OF THE MEETING. **BLANK PROXY FORM IS ATTACHED.**
2. A PERSON CAN ACT AS A PROXY ON BEHALF OF MEMBERS NOT EXCEEDING 50(FIFTY) AND HOLDING IN AGGREGATE NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. PROXIES SUBMITTED ON BEHALF OF LIMITED COMPANIES, SOCIETIES ETC MUST BE SUPPORTED BY APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.
3. Relevant Explanatory Statement pursuant to Section 102(2) of the Companies Act, 2013, in respect of Special Business, as set out above is annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, the 26th September, 2018 to Friday, the 28th September, 2018 for the purpose of AGM (both days inclusive).
5. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM venue.
6. The Register of Contracts or arrangements in which the Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the AGM venue.
7. Brief profile of the Directors seeking appointment/re-appointment as mandated under regulation 36(3) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 forms part of the Notice. The directors have furnished consent/declaration for their appointment/re-appointment as required under the Companies Act, 2013 and the Rules thereunder.
8. Share transfer documents and all correspondence relating thereto, must be addressed to the Registrar & Share Transfer Agent(RTA) of the Company i.e. Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana 500032 Tel: 91-40-67162222, Fax: +91 (40) 2342 0814 E-mail Id: einward.ris@karvy.com; website: www.karvycomputershare.com
9. The Company has designated an exclusive E-mail ID called investors@hal-india.co.in for redressal of shareholders'/ investors' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above e-mail address.
10. In compliance with the provisions of section 108 of the Act, the Rules made thereunder and Regulation 44 of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through e-voting services provided by M/s Karvy Computershare Private Limited, on all resolutions set forth in this Notice. The instruction for e-voting are annexed to the notice. The notice of 55th Annual General Meeting along with the proxy Form and attendance slip is being sent by electronic mode to those members whose email addresses are registered with the Company/ Depositories/RTA, unless any member has requested for a physical copy of the same. For members, who have not registered their email addresses, physical copies are being sent by the permitted mode. The facility for voting will also be made available at the AGM and members attending the AGM, who have not already cast their votes by remote e-voting shall be able to exercise their vote at the AGM through 'Insta Poll'. Members, who have cast their vote by remote e-voting prior to the AGM, may attend the AGM but shall not be entitled to cast their vote again.
11. The Board has appointed M/s Thirupal Gorige & Associates LLP, Practicing Company Secretary, as the Scrutinizer to scrutinize the e-voting / instapoll in a fair and transparent manner.
12. The results of the above resolutions shall be declared not later than 48 hours from the conclusion of the AGM of the Company and the Resolutions will be deemed to be passed on the date of the AGM, subject to receipt of the requisite number of votes in favour of the resolutions.
13. The results of the voting declared along with the scrutinizer's report will be published on the website of the Company (www.hal-india.co.in) and on service provider's website (<https://evoting.karvy.com>) within 48 hours from the conclusion of the AGM and the same shall also be simultaneously communicated to the BSE Limited and the National Stock Exchange of India Limited.
14. In terms of Section 72 of the Companies Act, 2013, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing their own interest. Blank form can be obtained from RTA on request. Members holding shares in dematerialised form may contact their respective DPs for registration of nomination.
15. Pursuant to Section 139(5) read with Section 142 of the Companies Act, 2013, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is to be fixed by the Company in the Annual General Meeting. The members may authorise the Board to fix an appropriate remuneration of Auditors for the year 2018-19 after taking



into consideration the increase in volume of work and prevailing inflation etc.

16. Members are requested:

- I. To bring their copies of Annual Report and Attendance Slip duly completed and signed at the meeting.
- II. To quote their Folio/DP & Client identification No. in all correspondence.
- III. Not to bring brief case, bags, eatables, cell phone etc. as they are prohibited inside the meeting hall for security reasons.
- IV. To notify immediately any change of their address and bank particulars to the RTA or the Company, in case shares are held in physical form and in case their shares are held in dematerialised form, information should be passed on directly to their respective Depository Participants and not to the RTA/ Company, without any delay.
- V. To note that no gift will be distributed at the meeting.

17. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

18. Members may also note that the Notice of the 55th AGM and the Annual-Report 2017-18 of the Company will be available on the Company's website www.hal-india.co.in.

19. Route map showing directions to reach to the venue of the meeting is given at the end of this notice.

Explanatory Statement in Pursuant to Section 102 of the Companies Act, 2013.

Item No.6

Dr. J K Bajaj (DIN: 07942314), was appointed as Independent Director of the Company with effect from 11th September, 2017 under Section 149(4) pursuant to the MoD letter No. 49016/3/2016-D (HAL-III) dated 11th September, 2017.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 and Schedule IV of the Act the appointment of Independent Director(s) has to be approved at the meeting of shareholders of the Company. Therefore, approval of the shareholders is sought for appointment of Dr. J K Bajaj, as Independent Director on same terms and conditions as determined by the Government of India. Dr. J K Bajaj, if appointed as an Independent Director, will not be liable to retire by rotation under Section 152 of the Act.

Dr. J K Bajaj has furnished declaration of independence as specified in Section 149 of the Act and not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Born on 21st March, 1952, Dr. J.K. Bajaj, the founder Director of the Centre for Policy Studies has done M.Sc (Honours) in Physics

and also holds Ph.D in Theoretical Physics from the Punjab University, Chandigarh. His areas of specialization include Scientific & Technological tradition of India; Indian Society, Economy and Polity; Indian ideas and institutions; Religious Demography, Natural Resources and Geography.

Dr. Bajaj has done extensive research work on science & technology policy, on the interface between science and society and on the Indian traditions of Science & Technology. He has also been interested in studying the geography, culture, history and economy of different parts of India at the micro level and has published detailed and highly illustrated Atlases for several districts of Madhya Pradesh.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil
- Membership/ Chairmanship in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil

None of the Directors, Key Managerial Personnel of the Company or their relatives except Dr. J K Bajaj, is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval

Item No.7

Shri Anil Kumar (DIN: 02948372), was appointed as Independent Director of the Company with effect from 5th March, 2018 under Section 149(4) pursuant to the MoD letter 49016/3/2016-D(HAL-III) dated 5th March, 2018.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 and Schedule IV of the Act the appointment of independent director(s) has to be approved at the meeting of shareholders of the Company. Therefore, approval of the shareholders is sought for appointment of Shri Anil Kumar, as Independent Director on same terms and conditions as determined by the Government of India. Shri Anil Kumar, if appointed as an Independent Director, will not be liable to retire by rotation under Section 152 of the Act.

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

Born on 31st December, 1953, Shri Anil Kumar is an M.Tech graduate in Mechanical Engineering from IIT, Delhi. He has served in Bharat Electronics Limited, a Defence Public Sector Undertaking, for more than 38 years.

During his career in BEL, he had held key positions in the areas of Development and Engineering (R&D), Production, Materials Management. He has vast experience in Product Design, Project Management, General Management and Technology



Management areas. Shri Anil Kumar retired as Chairman & Managing Director of BEL in December 2013.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil
- Membership/ Chairmanship in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil

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

The Board of Directors recommends the Ordinary Resolution for your approval

Item No.8

Shri Neelakanta Iyer R (DIN: 07019560), has been appointed as Independent Director of the Company with effect from 5th March, 2018 under Section 149(4), pursuant to the MoD letter 49016/3/2016-D(HAL-III) dated 5th March 2018.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 and Schedule IV of the Act the appointment of independent director(s) has to be approved at the meeting of shareholders the Company. Therefore, approval of the shareholders is sought for appointment of Shri Neelakanta Iyer R, as Independent Director on same terms and conditions as determined by the Government of India. Shri Neelakanta Iyer R, if appointed as an Independent Director, will not be liable to retire by rotation under Section 152 of the Act.

Shri Neelakanta Iyer R has furnished declaration of independence as specified in Section 149 of the Act and not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Born on 28th November, 1953, Shri Neelakanta Iyer is a Chartered Accountant by profession and has more than 36 years of experience. He holds Bachelor Degree of Science in Zoology from University College of Trivandrum and also has done Chartered Accountancy in Finance from the Institute of Chartered Accountants of India, Delhi. His areas of specialization include Funds Management, Budgeting, Cost controls & reduction, Funds raising, Cash flow Management and ERP implementation.

Shri Neelakanta Iyer, during his career spanning over 36 years had held several important positions, including Chief Executive Officer, wherein he was instrumental in setting up a Greenfield BPO Company for handling accounting and book keeping jobs from across the globe.

Shri Neelakanta Iyer is presently serving as a Consultant, providing consultancy for Small, Medium & Large Business and also to Government of India. His notable assignments with

Government of India are Project for Commercial Accounting in the Postal Department, Financial Management of Brihat Mumbai Municipal Corporation and Registration & Management of Non-Government Organizations.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil
- Membership/ Chairmanship in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil

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

The Board of Directors recommends the Ordinary Resolution for your approval

Item No.9

Shri Siddharth (DIN: 06401463), has been appointed as Independent Director of the Company with effect from 5th March, 2018 under Section 149(4), pursuant to the MoD letter 49016/3/2016-D(HAL-III) dated 5th March 2018.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 and Schedule IV of the Act the appointment of independent director(s) has to be approved at the meeting of shareholders the Company. Therefore, approval of the shareholders is sought for appointment of Shri Siddharth, as Independent Director on same terms and conditions as determined by the Government of India. Shri Siddharth, if appointed as an Independent Director, will not be liable to retire by rotation under Section 152 of the Act.

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

Born on 20th November, 1955, Shri Siddharth, a graduate from St. Stephen's College, University of Delhi also holds Post-Graduation with specialization in History from the University of Rajasthan, Jaipur. Shri Siddharth, a 1983 batch IAS officer of West Bengal cadre has more than 32 years of experience and retired as Additional Chief Secretary to Government of West Bengal in November 2015.

During his illustrious career, Shri Siddharth has rich experience in the field of Commerce & Industry with valuable global exposure. Shri Siddharth has also served in International Organizations, where he was the Chairman of the Board of Governors of Common Fund for Commodities, Amsterdam – An International Organization with 106 member countries under the aegis of United Nations, during 2010-11. Driven by the impeccable



service record coupled with domain expertise, the West Bengal Government appointed him as the Principal Advisor Industry on the day of his retirement in November 2015 and later he was also appointed as Chairman of the Bengal Industrial Development and Promotion Board, where he served from 2016 to 2017.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil
- Membership/ Chairmanship in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil

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

The Board of Directors recommends the Ordinary Resolution for your approval

Item No.10

Pursuant to the MoD letter No49016/4/2017-D(HAL-III) dated 3rd May 2018, Shri Arup Chatterjee (DIN:08139347), was appointed as additional director and designated as Director (Engg. and R &D) of the Company by the Board of Directors with effect from 1st June, 2018 under Section 161 of the Companies Act, 2013.

In terms of the provisions of Section 161 of the Companies Act, 2013, and Article No. 103 (7) of the Articles of Association of the Company, he would hold office upto the date of the ensuing Annual General Meeting. A notice in writing under Section 160 of the Act has been received from him signifying his intention to appoint him as Director of the Company along with deposit of Rupees one Lakh, which shall be refunded, in case he is elected as director or gets more than twenty-five percent of total valid votes cast on such resolution.

Shri Arup Chatterjee is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Born on 9th June, 1962, Shri Arup Chatterjee is a B.Tech in Mechanical Engineering from Jadavpur University, M.Tech in Aircraft Production Engineering from IIT, Chennai and MBA from IGNOU.

He has joined HAL as Management Trainee in the year 1982 and has 36 years of experience. He has contributed to various projects viz., Repair & Overhaul of engines for MIG series fighter aircrafts as well as Manufacture & repair /overhaul of AL31FP engines for Su-30 Aircraft.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil

- Membership/ Chairmanship in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil

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

The Board of Directors recommends the Ordinary Resolution for your approval

Item No.11

Rear Admiral K.C. Sekhar (Retd), AVSM, VSM (DIN 02263868), has been appointed as Independent Director of the Company with effect from 24th July, 2018 under Section 149(4), pursuant to the MoD letter 49016/3/2016/- D (HAL-III) dated 24th July, 2018.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 and Schedule IV of the Act the appointment of independent director(s) has to be approved at the meeting of shareholders the Company. Therefore, approval of the shareholders is sought for appointment of Rear Admiral K.C. Sekhar (Retd), as Independent Director on same terms and conditions as determined by the Government of India. Rear Admiral K.C. Sekhar (Retd), if appointed as an Independent Director, will not be liable to retire by rotation under Section 152 of the Act.

Rear Admiral K.C. Sekhar (Retd) has furnished declaration of independence as specified in Section 149 of the Act and not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Born on 31st October, 1951, Rear Admiral K.C. Sekhar (Retd), is an alumni of National Defence Academy and was commissioned in the Indian Navy in July 1972.

During his long career in the Indian Navy spanning over 36 years, Rear Admiral K.C. Sekhar had held various key positions, such as, Director, DMDE, Hyderabad; Diplomatic Assignment at Asmara, Ethiopia; Deputy Director General of Naval Projects; Admiral Superintendent, Naval Dockyard, Mumbai; and Assistant Chief of Material at Naval Headquarters.

Rear Admiral Sekhar was Chairman & Managing Director of Garden Reach Shipbuilders & Engineers (GRSE) from 2nd July 2008 to 31st October 2011. After superannuation from GRSE, Rear Admiral Sekhar served as Chief Operating Officer of erstwhile Pipavav Defence and Off Shore Engg. Company Ltd, Rajoula, Gujarat till 2015. He had also served as Independent Director of Bharat Electronics Ltd during 2013 for a period of one year. Currently, Rear Admiral Sekhar is serving as Independent Director for MV Hospital for Diabetes Pvt. Ltd., Royapuram, Chennai.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil



- Membership/ Chairmanship in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil

None of the Directors, Key Managerial Personnel of the Company or their relatives except Rear Admiral Sekhar, is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval

Item No. 12

Dr. S. Malla Reddy (DIN 08196657), has been appointed as Independent Director of the Company with effect from 24th July, 2018 under Section 149(4), pursuant to the MoD letter 49016/3/2016/- D (HAL-III) dated 24th July, 2018.

Pursuant to the provisions of Section 152(2) of the Companies Act, 2013 and Schedule IV of the Act the appointment of independent director(s) has to be approved at the meeting of shareholders the Company. Therefore, approval of the shareholders is sought for appointment of Dr.S. Malla Reddy, as Independent Director on same terms and conditions as determined by the Government of India. Dr.S. Malla Reddy, if appointed as an Independent Director, will not be liable to retire by rotation under Section 152 of the Act.

Dr. S. Malla Reddy has furnished declaration of independence as specified in Section 149 of the Act and not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Born on 18th February, 1962, Dr. S. Malla Reddy holds Master's Degree in Arts, LLB and Doctor of Philosophy (PhD) in Political Science.

He held various key assignments, such as, Director, Co-op. Agriculture Development Bank, Medchal from 1981-85; Sarpanch, Grama Panchayat Bowrampet from 1988 to 1995 and Director, Golconda Grameena Bank from 2000-2002.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil
- Membership/ Chairmanship in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil

None of the Directors, Key Managerial Personnel of the Company or their relatives except Dr. Malla Reddy, is in any way, concerned or interested, financially or otherwise, in the resolution.

The Board of Directors recommends the Ordinary Resolution for your approval

Item No.13

Pursuant to the MoD letter 49016/4/2017-D (HAL-III) dated 6th July, 2018, Shri C.B. Ananthakrishnan (DIN: 06761339), was appointed as additional director and designated as Director (Finance) of the Company by the Board of Directors with effect from 1st August, 2018 under Section 161 of the Companies Act, 2013.

In term of the provisions of Section 161 of the Companies Act, 2013, and Article No. 103 (7) of the Articles of Association of the Company, he would hold office upto the date of the ensuing Annual General Meeting. A notice in writing under Section 160 of the Act has been received from him signifying his intention to appoint him as Director of the Company along with deposit of Rupees of 1 Lakh, which shall be refunded, in case he is elected as director or gets more than twenty-five percent of total valid votes cast on such resolution.

Shri C.B. Ananthakrishnan is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013.

Born on 29th August, 1964, Shri C B Ananthakrishnan holds a Bachelor's degree in Commerce from Loyola College, Chennai, MBA in Finance from Madras University and is a Cost & Management Accountant. He joined our company as Chief Manager (Finance) on 31st March, 2004 and thereafter worked in various capacities. He has over 30 years of work experience in Public & Private sectors with stints in merchant banking, pharmaceuticals, fertilizers, aerospace industry and has held various positions in our Company. He is also nominee Director of HAL in the Board of three joint ventures of HAL.

He played an active role in HAL's Initial Public Offer (IPO) during March 2018. Having rich experience in pricing, he was instrumental in signing of major helicopter contracts of HAL including supply of 159 helicopters to the Armed Forces.

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

- Disclosure of relationship between directors inter-se: Nil
- Directorship held in other listed Companies: Nil
- Membership/ Chairmanship in other listed Companies: Nil
- Shareholding in Hindustan Aeronautics Ltd: Nil

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

The Board of Directors recommends the Ordinary Resolution for your approval



Item No.14

The Board, on the recommendation of the Audit Committee, has approved in its 406th meeting held on 22nd September, 2017, the appointment of M/s KPR & Associates, Cost Accountants, Bangalore, at a remuneration of ₹2,50,000/- (Rupees two lakhs and fifty thousand only) excluding applicable Tax to conduct the Cost Audit of the Company for the financial year 2017-2018.

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

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

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

**By Order of the Board of Directors
For Hindustan Aeronautics Limited**

(G V Sessa Reddy)
Company Secretary

Place: Bengaluru
Date: 13th August, 2018

Additional information on Directors being appointed/re-appointed as required under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the Director	Shri V M Chamola	Shri Sunil Kumar
DIN	03595483	07081723
Date of Birth	04.12.1959	22.07.1959
Date of appointment	27.07.2011 (Tenure extended beyond 26.07.2016 upto 31.12.2019)	16.10.2017
Brief Resume	Shri V. M. Chamola is Director (Human Resources) of the Company and holds a Masters Degree in Economics from Garhwal University, LLB from APS University & MBA(HRM) from IGNOU. He served NTPC, BEML and NJPC in various capacities before joining HAL. He possesses rich experience in Human Resource Development.	Shri Sunil Kumar is Director (Operations) of the company with effect from October 16, 2017. He joined HAL as Design Trainee in 1981. He holds bachelor's degree in mechanical engineering from Agra University. He has vast experience in Aerospace Industry.
Directorship held in other Listed Companies	Nil	Nil
Membership/ Chairmanship in other listed Companies	Nil	Nil
Shareholding in the Company	40 (as nominee of the promoter)	Nil
Relationship with other directors and Key Managerial Personnel of the Company	Nil	Nil



Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member (s)	
Registered Address	
E-mail Id	
Folio No/ Client Id*	
DP ID	
No. of Shares	

* Applicable for members holding shares in demat form.

I/We, being the member (s) of shares of the above named company, hereby appoint:

1. Name:

Address:

E-mail Id:

Signature:....., or failing him

2. Name:

Address:

E-mail Id:

Signature:, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 55th Annual General Meeting of the company, to be held Friday, 28th September, 2018 at 1500 Hours at HAL Management Academy (New Campus), Doddanekundi Main Road, Marathahalli, Bengaluru-560037 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sl No	RESOLUTIONS	Vote		
		For	Against	Abstain
1	To receive, consider and adopt the Audited Financial Statements (Stand-alone and Consolidated) of the Company for the financial year ended 31 st March 2018 and the reports of the Board of Directors' and Auditors' thereon.			
2	To confirm payment of interim dividend for the financial year 2017-18 as final dividend			
3	To appoint Shri V M Chamola, (DIN - 03595483), who retires by rotation as Director			
4	To appoint Shri Sunil Kumar, (DIN - 07081723), who retires by rotation as Director			
5	To authorise the Board of Directors to fix remuneration of statutory auditors of the Company for the financial year 2018-19			
	SPECIAL BUSINESS			
6	Appointment of Dr. J K Bajaj as Independent Director			
7	Appointment of Shri Anil Kumar as Independent Director			
8	Appointment of Shri Neelakanta Iyer R as Independent Director			
9	Appointment of Shri Siddharth as Independent Director			
10	Appointment of Shri Arup Chatterjee as Director			
11	Appointment of RAdm K.C. Sekhar (Retd), as Independent Director			
12	Appointment of Dr. S. Malla Reddy, as Independent Director			
13	Appointment of Shri C.B. Ananthakrishnan as Director			
14	To ratify the remuneration payable to the Cost auditor for the financial year 2017-18			

Signed this..... day of..... 2018

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



Attendance Slip

Please fill attendance slip and hand it over at the entrance of the meeting venue. Joint shareholders may submit additional slip at the venue of the meeting.

Name of the Shareholder	
Address	
Folio No	
DP ID	
Client ID	
No of Shares held	

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 55th Annual General Meeting of the Hindustan Aeronautics Limited held on Friday, 28th September, 2018 at 1500 Hours at HAL Management Academy (New Campus), Doddanekundi Main Road, Marathahalli, Bengaluru-560037.

Signature of Shareholder / Proxy



Procedure and Instructions for E-Voting

- I. **Remote e-voting:** In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

The process and manner for remote e-voting are as under:

(A) For members who receive notice of Annual General Meeting through e-mail:

Members whose email IDs are registered with the Company/ Depository Participants (s) will receive an email from Karvy informing them of their User-Id and password. Once the members receive the email, he or she will need to go through the following steps to complete the e-voting process:

- i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- ii. Enter the login credentials (i.e. User ID and password).

User ID – for members holding shares in demat form:

(a) For NSDL : 8 character DP ID followed by 8 digit Client ID

(b) For CDSL: 16 digit Beneficiary ID

User ID – for members holding shares in physical form:

EVEN (E-Voting Event Number) followed by Folio Number

Password: Your unique password forwarded via email through the electronic notice.

However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

- iii. After entering these details appropriately, click on "LOGIN".
- iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your

password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
- vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'HINDUSTAN AERONAUTICS LIMITED'
- vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- x. You may then cast your vote by selecting an appropriate option and click on "Submit". A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify.
- xi. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email gthirupal@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "**Corporate Name_Event No.**"

(B) For members who receive the notice of Annual General Meeting in physical form:

In case of Members receive physical copy of Notice of AGM [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

- i. E-Voting Event Number, User ID and Password is provided in the Attendance Slip.
- ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.

- II. **Voting at AGM:** The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at



the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

III. The attendance registration procedure for the AGM is as follows:

- i. Shareholders are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.
- ii. Alternatively, to facilitate smooth registration / entry, the company has also provided web checking facility, which would help the shareholder enter the AGM hall directly without going through the registration formalities at the Registration Counters.
- iii. The web check-in facilities will be available from 25th September, 2018 (9.00 A.M. IST) and ends on 27th September, 2018 (5.00 P.M. IST).

IV. The procedure of web check-in for the AGM is as follows:-

- i. Log in to <https://evoting.karvy.com> and click on web check-in link.
- ii. Select the Company name.
- iii. Pass through the security credentials viz. DP ID, Client ID, Folio Entry, PAN Number and 'CAPTCHA' as directed by the system and click on the submit button.
- iv. The system will validate the credentials. Click on 'Generate my Attendance Slip' button that appear on the screen.
- v. Attendance slip in PDF format will appear on the screen. Select the print option for direct printing or download and save for printing.
- vi. The shareholders need to furnish the printed attendance slip along with valid ID proof such as PAN card, Passport, Aadhaar Card or Driving Licence to enter the AGM hall.

Other Instructions

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. Srinivas

B (Unit: HINDUSTAN AERONAUTICS LIMITED) at Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at einward.ris@karvy.com / evoting@karvy.com or phone no. 040 – 6716 2222 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.

- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on 25th September, 2018 (9.00 A.M. IST) and ends on 27th September, 2018 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 21st September, 2018, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 21st September, 2018.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 21st September, 2018, he/she may obtain the User ID and Password in the manner as mentioned below :

- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890

- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy's toll free number 1800-3454-001.
- iv. Member may send an e-mail request to einward.ris@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

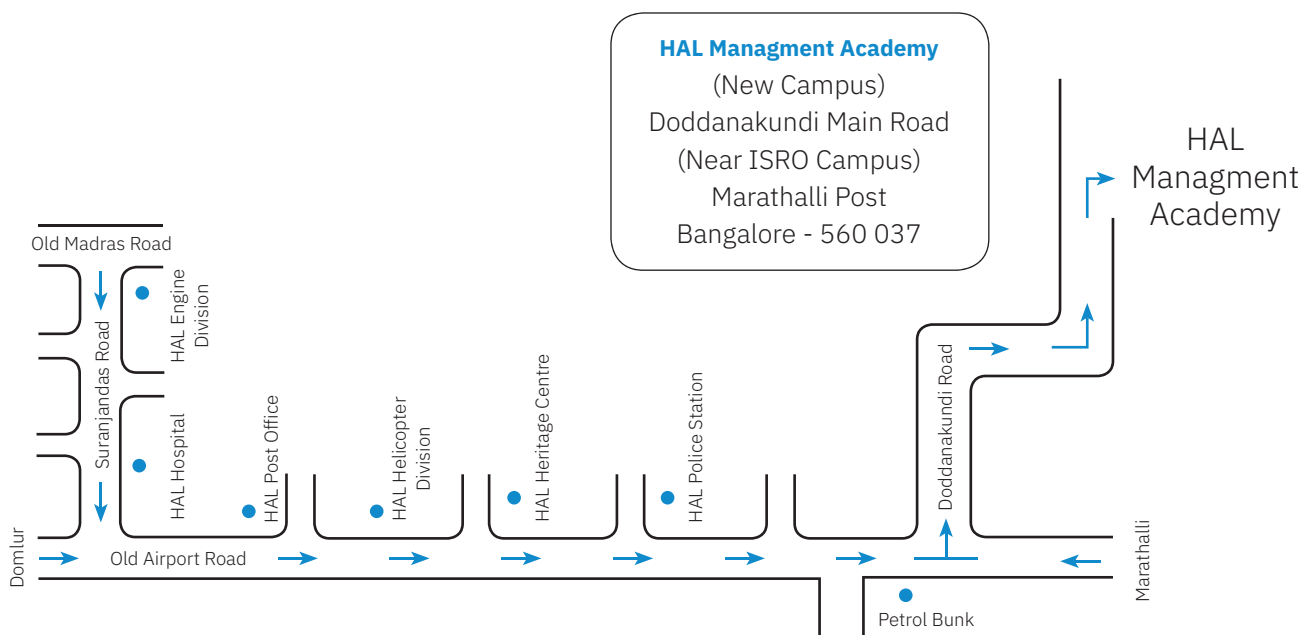


Procedure and Instructions for E-Voting

Your Company will be providing transport facility at 1.30 pm from the specified destinations given below to reach the venue comfortably:

Sl No	PICK UP POINT	LAND MARK
1	HAL Corporate Office, 15/1 Cubbon Road, Bengaluru-560001.	Cubbon Park Metro Station
2	HAL Engine Division, C V Raman Nagar Post, Suranjandas Road, Bengaluru-560093.	Near Swami Vivekananda Metro Station

ROUTE MAP TO THE VENUE





Statutory Reports >



Board's Report

Dear Shareholders,

Your Board of Directors takes pleasure in presenting their 55th Annual Report on the performance of the Company, together with the Audited Financial Statements for the financial year ended 31st March, 2018 and reports of the Statutory Auditors and the Comptroller and Auditor General of India thereon.

Financial Results and Performance Highlights:

The financial highlights for the year ended 31st March, 2018 are summarized as under:

₹ in Lakhs		
PARTICULARS	2017-18	2016-17
Turnover	18,28,386	17,60,379
Exports	31,402	46,502
Profit Before Tax (PBT)	3,32,284	3,58,258
Provision for Tax	1,25,243	96,695
Profit After Tax (PAT)	2,07,041	2,61,563
R&D Expenditure	1,61,186	1,28,373
Earnings/ Share	58.50	72.35
Book Value / Share	360	347

PAT (₹ in crores)

2014	2,693
2015	2,388
2016	1,998
2017	2,616
2018	2,070

During the year under review, the Company's turnover increased to ₹18,28,386 Lakhs from ₹17,60,379 Lakhs in FY 2016-17. Profit Before Tax for the year is ₹3,32,284 Lakhs as against ₹3,58,258 Lakhs in the previous year. The Profit After Tax (PAT) for the year is ₹2,07,041 Lakhs.

Dividend

During the year, your Company paid first interim dividend of ₹23.92 per share of ₹10 each (239%) on 9th March, 2018 and second interim dividend of ₹8.25 per share (83%) on 31st March, 2018, totalling to ₹1,07,587 Lakhs, excluding dividend tax of ₹21,902 Lakhs.

Amount Transferred to Reserves

An amount of ₹16,723 Lakhs was transferred to Research & Development Reserve for the year 2017-18.

Further, an amount of ₹58,118 Lakhs was transferred to General Reserves for the year 2017-18.

Buy back of Shares

During the year, the Company bought back 2,71,12,500 equity shares of ₹10/- each from the President of India at an offer price of ₹339.88 per share and paid total buy back consideration of ₹92,150 Lakhs excluding buy-back tax of ₹20,636 Lakhs on 19th December, 2017.

Disinvestment and Listing on Stock Exchanges

The Company made Initial Public Offering (IPO) of 3,41,07,525 Equity Shares of ₹10/- each through an Offer for Sale by the President of India, acting through the Department of Defence Production, Ministry of Defence, Government of India. The shares of the Company were listed on both BSE Ltd. and National Stock Exchange of India Ltd on 28th March, 2018.

Indian Accounting Standards

The Financial Statements have been prepared in compliance with Indian Accounting Standards (Ind-AS) and provisions of the Companies Act, 2013.

Internal Financial Controls

The Company has in place adequate internal financial controls with reference to financial statements. A detailed note on internal financial controls is provided in the Management Discussion and Analysis Report.

Significant Achievements

The Financial Year 2017-18 was an eventful year and various goals set in the beginning of the year were successfully accomplished.

- **Production of 40 aircraft and helicopters:**
 - o Production of fixed wing aircraft - LCA Tejas, Dornier Do-228 and Su-30 MKI.
 - o Civil certification of Dornier Do-228
 - o Production of Rotary Wing aircraft - Advanced Light Helicopter (ALH) Dhruv, Rudra and Cheetal helicopter.
- **Overhaul of 220 aircraft/helicopters**
- **Engines:**
 - o Production of 105 new engines;
 - o Substantial progress on the Company's new offerings Hindustan Turbo Fan Engine - 25 (HTFE) and Hindustan Turbo Shaft Engine (HTSE) 1200 with successful engine runs;
 - o Overhaul of 550 engines

- **Continuation of export activities**
- **Space:**
 - o Manufacture of 146 new aero-structures.
 - o Successful production of the tallest ever Pay Load Fairing, which protected the fragile GSAT-19 satellite and other sensitive crucial equipment for Geosynchronous Satellite Launch Vehicle (GSLV) Mk III - India's heaviest rocket during the launch phase.
- **Make-in-India:** To provide major boost to defence manufacturing and Government's 'Make-in-India' initiative, HAL invited Expression of Interest (EOI) for identification of Indian Partner for manufacturing of indigenous Advanced Light Helicopter (ALH) - Dhruv (Civil version) through Transfer of Technology (ToT) for civil sector in February, 2018.

Program Developments:

The Company achieved significant progress in various R&D / Development Projects viz. Basic Trainer Aircraft (Hindustan Turbo Trainer HTT-40), Light Combat Helicopter (LCH), Light Utility Helicopter (LUH), Light Combat Aircraft (LCA) - Tejas, Jaguar Darin III Upgrade, Mirage 2000 Upgrade, Hawk-i, Mini UAV and the development of engines.

(I) Fixed Wing aircraft:

Combat Aircraft

(a) Light Combat Aircraft (LCA) - Tejas:

The LCA - Tejas is an indigenously designed and developed 'Make in India' fighter aircraft. It is the smallest and lightest multi-role supersonic single engine fighter in its class. Tejas completed 442 test flights during the year, moving closer to Final Operational Clearance (FOC). Furthermore, hot refuelling (single point pressure refuelling of the aircraft while in operation) on Tejas was carried out successfully on 26th February, 2018 followed by a sortie. This capability will give the Indian Air Force (IAF) much desired advantage during combat operations.

HAL has taken up Design and Development of LCA MK1A which will have additional features like Self Protection Jammer, Active Electronically Scanned Array (AESA) RADAR and Beyond Visual Range(BVR) Missile.



(b) Sukhoi – 30 MKI (Mark India):



The world's fastest supersonic missile, BrahMos was successfully test fired from IAF's frontline fighter, Su-30 MKI for the first time on 22nd November, 2017. HAL integrated the heavy weight missile on Sukhoi-30 overcoming technical challenges to bolster IAF's combat capabilities.

Transport Aircraft:

(c) Dornier Do-228:



HAL Dornier Do-228 is a multi purpose transport aircraft already in service with the Indian Armed Forces. Do-228 received the Certificate of Airworthiness from Directorate General of Civil Aviation (DGCA) for its civil variant on 21st December, 2017. This certification will enable the aircraft to be used as a passenger transport aircraft and give a boost to the Government's Ude Desh Ka Aam Nagrik (UDAN) initiative under the Regional Connectivity Scheme (RCS). HAL has successfully produced two civil variants and they are DGCA certified.

Trainer Aircraft:

(d) Hindustan Turboprop Trainer (HTT – 40)

HTT-40 is the Basic Trainer Aircraft (BTA) currently being indigenously designed and developed by HAL. The aircraft would be used for basic flight training, aerobatics, instrument flying and close-formation flights whereas its secondary roles would include navigation and night flying. Two prototypes have been produced and are undergoing flight trials towards certification. HTT-40 has so far completed 153 test



flights cumulatively. Flight with Anti-Spin Parachute System (ASPS) was carried out successfully on 27th February, 2018 as part of its activities towards IOC.



Aircraft Upgrades:

(e) Mirage 2000:

On the aircraft upgrade front, Mirage 2000 upgrade was successfully completed and Service clearance certificate (FOC) from Centre for Military Airworthiness & Certification (CEMILAC) received on 29th May, 2018. A cumulative of 170 test flights is completed.



(f) Jaguar DARIN III:

The first flight of Jaguar DARIN (Display, Attack, Range and Inertial Navigation) III aircraft with AESA (Active Electronically Scanned Array) Radar was conducted on 10th August, 2017 giving the IAF's main stay strike aircraft a tremendous boost.



The AESA Radar, which is used in most modern combat aircraft, has improved features like multi target tracking, frequency agility, and higher bandwidth of operation, interleaved modes of operation, higher accuracies and resolution in addition to Higher Mean Time Between Failures (MTBF). The multi-mode radar is capable of air-to-air, air-to-ground and air-to-sea tracking and engagement. HAL has already provided a crucial upgrade with DARIN III (electronics system upgrade) earlier.

Aircraft modifications and flight trials towards Final Operational Clearance completed. A cumulative of 347 test flights have been completed.

(g) Hawk Upgrade – “Hawk-i”

Hawk India (Hawk-i) is the indigenously upgraded Hawk Mk 132 aircraft with enhanced operational and training capabilities. The Hon'ble Defence Minister dedicated Hawk-i to the Nation on 26th August, 2017.

Hawk-i was flown with HAL developed indigenous Real Time Operating System (RTOS) on 11th December, 2017. HAL's RTOS performance is benchmarked with other commercially off-the-shelf RTOS available around the world in avionics domain and is found to be at par.



(II) Helicopters:

(a) Light Combat Helicopter (LCH):

The LCH is a dedicated combat helicopter indigenously designed and developed by HAL. HAL received the Initial Operation Clearance (IOC) certificate from the Centre for Military Airworthiness & Certification (CEMILAC) for successfully developing Light Combat Helicopter (LCH) on 26th August, 2017 in the presence of the Hon'ble Defence Minister. The production activities were also initiated on the same day. The indigenously designed and developed LCH has the distinction of being the first attack helicopter to land at Siachen, 4700 metres above the sea level with a payload of 500 kg. Four Technology Demonstrators (TD) are currently under extensive flight-testing. Cumulative of 1274 flights have been carried out, so far out of which 252 flights were completed in 2017-18. The LCH achieved a milestone of 1000th flight on 6th June, 2017.



Following the launch of production, the maiden flight of indigenously developed Automatic Flight Control System (AFCS) integrated on LCH was conducted successfully on 31st January, 2018. The indigenous AFCS will replace the expensive imported system bringing cost advantage besides enhancing technology base.

(b) Advanced Light Helicopter (ALH) Weapon System Integration (WSI) - Rudra

The ALH-WSI-Rudra is the weaponised version of the battle proven ALH Dhruv helicopter. The helicopter is integrated with Turret Gun, Rocket and Air to Air Missile. The helicopter is also integrated with particle separator for operation in desert. The helicopters are inducted into Indian Air Force and Indian Army. Intermediate Infra Red (IR) seeker evaluation trials were completed during January, 2018.



(c) Light Utility Helicopter (LUH)

The LUH is a single engine, new generation 3-ton weight class helicopter, incorporating state-of-the-art technology features, planned to replace Cheetah and Chetak helicopters being operated by the Indian Armed Forces. Two prototypes have been produced and are being used for certification activities. LUH has so far completed a cumulative of 133 test flights out of which 59 flights have been carried out in FY 2017-18.



(III) Aero Engines:

(a) 25 kN Hindustan Turbofan Engine (HTFE-25)

Design and development of a 25kN thrust class turbofan engine, which can be used on Basic/ Advanced military trainers, on small business jets and also large UAV applications is under progress at HAL. The engine can be used on a 5-ton weight class aircraft in single engine configuration and on aircraft of up to nine-ton weight class with twin-engine configuration. Two core engines have been produced so far and are undergoing development trials. So far 255 runs have been completed.



(b) 1200 KW Turboshift Engine (HTSE-1200)

The 1200KW Turbo shaft engine would be used as power plant for 3 to 6-ton category helicopters. HTSE-1200 engine technology demonstrator is assembled and inaugural test run successfully carried out on 12th February, 2018. 150 runs have been completed successfully



(IV) Mini UAV (8 kg class):

HAL's UAV programs are aimed at meeting the emerging requirements of Military, Para-Military, Police and Civil





Sectors. The first Mini UAV was handed over to Central Armed Police Forces (CAPF) on 7th September, 2017 in the presence of the Hon'ble Defence Minister and the Hon'ble Home Minister. Further, the UAV was equipped with Gimbal stabilized medium resolution camera on 10th February, 2018. Parachute recovery system proven on Mini UAV and seven successful recoveries using parachute was carried out.

New Orders:

The Order Book position of your Company as on 31st March, 2018 is ₹61,123 crores.

• The order book comprises the following major programmes to be liquidated.

- Su-30 MKI for Indian Air Force (25 Nos).
- Light Combat Aircraft (LCA) in Initial Operation Clearance (12 Nos) and Final Operation Clearance for Indian Air Force (20 Nos).
- Dornier Do-228 aircraft for Indian Navy (12 Nos) and for Indian Air Force (4 Nos).
- Advanced Light Helicopters for Indian Navy (16 Nos) and Indian Coast Guard (16 Nos). New order for 41 Advanced Light Helicopters (ALH) Dhruv received from the Indian Army (40 Nos) and Indian Navy (1 No) in August, 2017.
- Cheetal Helicopter for Indian Air Force (10 Nos) and Indian Army (6 Nos).
- An order for 8 Chetak Helicopters received from Indian Navy in August, 2017.
- AL-31 FP Engines (used in Su-30 MKI Aircraft) to Indian Air Force.
- ROH task for aircraft /helicopter/engines for one year.

• Anticipated Order:

- Light Combat Aircraft (LCA) – Tejas in Mark (Mk) 1A: An RFP for 83 LCA MK1A configuration was received from the Indian Air Force (IAF) on 21st December, 2017.
- Light Combat Helicopters (LCH): An RFP for 15 LCHs was received from the Indian Air Force (10 Nos) and the Indian Army (5 Nos) on 22nd December, 2017.

Particulars of Loans, Guarantees or Investments

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 form part of notes to the Financial Statements provided in this Annual Report.

Related Party Transactions

There were no significant related party transactions with the Company's promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the

Company. All Related Party Transactions were placed before the Audit Committee / Board, as applicable, for approval. Information pursuant to Section 188(2) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, with related parties referred to in Section 188(1) of the Companies Act, 2013 is attached to this report as **Annexure-I**.

Consolidated Financial Statements

The consolidated financial statements of your Company and its joint venture and subsidiary companies for the year ended 31st March, 2018 has been prepared in accordance with the provisions of Section 129(3) of the Companies Act, 2013 and applicable Accounting Standards and form part of the Annual Report.

Pursuant to first proviso of Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014, a separate statement containing salient features of the financial statements of subsidiaries / associate / joint venture companies in Form AOC-1 is appended to this report, which shall form part of the Financial Statements.

Subsidiary/ Associate/ Joint Venture Companies

At the beginning of the year we had one subsidiary and 13 (thirteen) associate companies.

During the year, the following changes have taken place:

(I) Defence Innovation Organization

Defence Innovation Organization is a Joint Venture (a Section 8 Company) formed with Bharat Electronics Limited (BEL) having 50:50 equity participation, on 10th April, 2017. This is an initiative of the Government to create an eco system to foster innovation and technology development in defence.

(II) Indo-Russian Helicopter Limited

Indo-Russian Helicopters Ltd. (IRHL), a joint venture between HAL, Russian Helicopters and Rosoboronexport was incorporated on 2nd May, 2017 with 50.5% holding by your Company and 49.5% by Russian partners for manufacture and supply of Kamov Ka-226T helicopters in India. The subsidiary was formed pursuant to Inter-Governmental Agreement (IGA) signed by the Government of India with their Russian counterparts.

Pursuant to the provisions of Section 134(3)(q) read with Rule 8 (1) of the Companies (Accounts) Rules, 2014 report on the performance and financial position of each of the Joint Venture and Subsidiary Companies as per provisions of the Companies Act, 2013 is provided herewith and annexed as **Annexure II**.

Annual Return of the Company

In accordance with the provisions of Section 92(3) and Section 134(3)(a) of the Companies Act, 2013 read with Rules 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company is uploaded on the website of the Company www.hal-india.co.in/investors.



Board and Number of Meetings of the Board

The composition of the Board of Directors of the Company as on 31st March, 2018 was 10 (ten) directors comprising of 5 (five) Executive Directors (functional directors including CMD) and 5 (five) Non-executive directors (Independent directors including woman director). During the year, 11 (eleven) Board Meetings were held and the maximum interval between any two meetings was not more than 120 days. The details of meetings of the Board and Committees thereof held during the year is furnished in Corporate Governance Report, which forms part of this Report.

Changes in Board of Directors and Key Managerial Personnel

The following changes took place in the Directors and Key Managerial Personnel (KMP) of your Company during the year:-

- Shri P S Krishnan, Shri Pradipta Banerji, Shri Gopabandhu Pattanaik and AVM (R) D K Pande, AVSM, VSM ceased to be Independent Directors w.e.f 4th May, 2017 on completion of their tenure.
- Shri V Somasundaran, Shri Arun Kumar Sinha & Dr J K Bajaj were appointed as Independent Directors w.e.f 11th September, 2017.
- Shri Sunil Kumar was appointed as Director (Operations) with effect from 16th October, 2017.
- Shri Arun Kumar Sinha ceased to be Independent Director upon resignation w.e.f 22nd January, 2018.
- Shri V Somasundaran ceased to be Independent Director upon resignation w.e.f 6th February, 2018.
- Shri Chandraker Bharti, ceased to be Government Nominee Director w.e.f 1st March, 2018 due to withdrawal of nomination by the Government of India.
- Shri Anil Kumar, Shri Neelakanta Iyer R and Shri Siddharth were appointed as Independent Directors w.e.f 5th March, 2018.

Changes occurred after 31st March, 2018 till the date of signing of this report are as under:

- Dr. C.P. Ramanarayanan, DG, Aeronautical Systems, DRDO was appointed as Government Nominee Director w.e.f 1st May, 2018.
- Shri Chandraker Bharti, Joint Secretary (Aerospace), MoD was appointed as Government Nominee Director w.e.f 15th May, 2018.
- Shri D. K. Venkatesh, Director (Engg. and R &D) ceased as Director upon superannuation on 31st May, 2018.
- Shri Arup Chatterjee was appointed as Director (Engg. and R &D) with effect from 1st June, 2018.
- Dr. C.P. Ramanarayanan, DG, Aeronautical Systems, DRDO ceased as Government Nominee Director w.e.f 19th June, 2018 on withdrawal of nomination by the Government of India.

Committees of the Board

As on 31st March, 2018, the Board had four Statutory Committees, the Audit Committee, the Nomination & Remuneration Committee, CSR & SD Committee and Stakeholders Relationship Committee.

A detailed Note on the composition of the Board and its Committees is provided in the Corporate Governance Report.

Declaration from Independent Directors

The Company has received necessary declaration from each Independent Director of the Company under Section 149(7) of the Companies Act, 2013 stating that the Independent Directors of the Company met with the criteria of their independence laid down in section 149(6) of the Companies Act, 2013.

Company's Policy on Directors' Appointment and Remuneration.

The appointment, tenure and remuneration of Directors (Functional Directors including CMD) are determined by the Government of India. Selection is made by the Public Enterprises Selection Board (PESB). The Terms & Conditions of appointment, including the period of appointment, the scale of pay and other entitlements are notified by the Government of India.

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

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

Your Company being a Government Company the requirement for framing policy on Directors' appointment and remuneration including criteria for determining qualifications etc under section 134(3)(e) of the Companies Act, 2013, do not apply in view of the Gazette notification No GSR 463 (E) dated 5th June, 2015 of the Ministry of Corporate Affairs (MCA) Notification.

Board Evaluation

Pursuant to the Notification No. 463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, your Company being a Government Company the statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors is not required as the performance of directors is evaluated by the Administrative Ministry.

The performance evaluation of the Independent Directors was carried out by the entire Board at its 415th board meeting held on 30th May, 2018. The Directors expressed satisfaction with the evaluation process. The performance of non-independent directors and Board as a whole was reviewed by Independent Directors during the year.



Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Your Company being a defence CPSE, the disclosure of information with respect to conservation of energy, technology absorption, foreign exchange earnings and outgo under the provisions of Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is not required as the Ministry of Corporate Affairs vide Notification GSR No.680 (E) dated 4th September, 2015 has granted exemption to Defence Public Sector Undertakings.

Development and Implementation of Risk Management Policy

Pursuant to Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, your Company has developed and rolled out a comprehensive Risk Management Policy. The policy aims at elimination or reduction of risk exposures through identification and analysis of various types of risks and facilitating timely action for taking risk mitigation measures.

Corporate Social Responsibility (CSR)

Your Company as a responsible corporate has always been committed towards creating a favourable environment to bring about inclusive growth in the society. The Company is fully engaged in ensuring equitable and sustainable growth especially in the area of its operations besides complying with government directives to discharge its social responsibility as a leading Indian corporate.

Pursuant to the provisions of Section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014 & Guidelines of Department of Public Enterprises (DPE), the Company has undertaken various activities as per the CSR Policy of the Company. The projects / programmes / activities are taken up in line with Schedule VII of the Companies Act, 2013.

The Board of Directors of your Company has constituted the Committee on Corporate Social Responsibility & Sustainable Development (CSR & SD) (Disclosed in Corporate Governance Report) in line with the provisions of Section 135 of the Companies Act, 2013. The Committee has formulated and recommended to the Board, CSR Policy indicating the projects / activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.

The Corporate Social Responsibility Policy of the Company is posted on the Company's website www.hal-india.co.in.

A separate report on Corporate Social Responsibility (CSR) activities undertaken by your Company during the year 2017-18 is enclosed as **Annexure-III**.

Business Responsibility Report

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, stipulates that the annual report shall contain a Business Responsibility Report describing the initiatives taken by the listed entity from an environmental, social and governance perspectives in the format specified. Accordingly, the Business

Responsibility Report for the year 2017-18 has been drawn up and appended to this Report.

Significant and Material Orders

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operation in future.

Public Deposits

During the year, your Company has not received any deposit from public.

Issue of Equity Shares with Differential Rights

During the year, the Company has not issued any equity shares with differential rights as to dividend, voting or otherwise.

Particulars of Employees and Related Disclosures

Your Company being a Government Company, the provisions of Section 197 of the Companies Act, 2013 and relevant Rules do not apply in view of the Gazette notification dated 5th June, 2015 issued by Government of India, Ministry of Corporate Affairs.

MoU with Government

Your Company has been signing a Memorandum of Undertaking (MoU) every year with the Ministry of Defence, Government of India.

The performance of the Company for the year 2016-17 has been rated as "Excellent" in terms of MoU with the Government and based on the provisional assessment, the Company maintains the "Excellent Rating" for the year 2017-18 as well.

Credit Rating

During the year, M/s Credit Analysis & Research Limited has granted your company a credit rating of CARE AAA/A1+ for Long Term and Short Term facilities amounting to ₹2,500 Crs.

India Ratings & Research Private Ltd has granted your company a credit ratings of 'IND AAA/ Stable' for working capital fund based facilities amounting upto ₹450 Crs and 'IND A1+' for non fund based working capital facilities amounting to ₹2,050 Crs.

Event subsequent to the date of Financial Statements

Material changes and commitments affecting the financial position of the Company, which have occurred between 31st March, 2018 and date of signing of this Report are – Nil.

Research and Development Efforts

During the year, your Company continued to focus its efforts on new platforms' development, technology development and



capability enhancement. These activities are taken up with a view to bring technological superiority to the products and to cope up with the future technological challenges that are required for development of new products and product enhancements. Towards the progress of the R&D efforts, your Company has incurred a total expenditure of ₹1,61,186 Lakhs for the year 2017-18, which is 9% of the Turnover.

HAL is jointly working with premier R&D organisations like DRDO Laboratories, CSIR-NAL and CIPET towards self-reliance in the aviation field. The Company also works closely with premier educational institutes and has established chairs at IIT Madras, IIT Roorkee, IIT Kharagpur, IIT Bombay, IIT Kanpur and IISc Bangalore to enhance its R&D efforts.

The Company has transferred a sum of ₹16,723 Lakhs (10% of Operating PAT) to R&D reserve for contribution to R&D corpus during the year 2017-18.

Exports

Company's major exports during the year include:

- Supply of second Do-228 aircraft in maritime role to Seychelles People's Defence Force and Periodic Maintenance of first Do-228 aircraft of Seychelles People's Defence Force at HAL facility,
- Repair & Overhaul of Turbomeca 2B2 engine of Mauritius Police Force,
- Supply of aero-structures to France (A320 Passenger Doors to Airbus and Engine Kits to Safran Engines), Germany (Do-228 Structures to RUAG for their ongoing Do-228 NG program), USA (Gunbay Doors and Wire harness to Boeing's F-18 fighter aircraft program),
- Supply of indigenously designed and developed Avionics (Radar Computers, Mission Computers, Display Processors to Su-30 aircraft), Rolled Rings to Rolls Royce's ongoing engine programs and Forgings & Castings to diverse countries. These orders enabled HAL to continue its association with aircraft programmes of these major OEMs while meeting stringent reliability, quality and delivery specifications.
- The Export Sales of the Company during the year is ₹314 Cr.

Over the years, the Company has exported the Aircraft platforms namely Advanced Light Helicopter (ALH)-Dhruv, Cheetal, Cheetah, Chetak, Lancer Helicopters and Do-228 aircraft to overseas customers in Nepal, Afghanistan, Mauritius, Seychelles, Namibia, Ecuador and Suriname. The Company has registered its footprint, over the years, in more than 20 Countries.

In order to ensure that the Customers attain the level of technical competency to handle the maintenance activities independently in future, the Company has deputed its technical experts to Customer Sites for providing product support. Training programmes were also conducted for Customer Pilots, Ground/Air Crews and Technicians at HAL site. The Company has also provided maintenance and overhaul services to cover the life cycle requirements of HAL products.

High-level delegations from various Countries visited HAL facilities and have conveyed their appreciation of HAL's aircraft platforms and facilities. As a follow-up of the visits, technical proposals were submitted to various countries and are being pursued. In addition, the Company is making efforts to secure export orders for aircraft and helicopter platforms arising out of bilateral Defence Cooperation Agreements between the Government of India and the respective Countries.

HAL's brand image and identity was strategically projected by showcasing its products and capabilities while participating in leading international Air Shows/Exhibitions. The Company participated in LAAD 2017-Brazil, Paris Air Show-2017, MAKS 2017-Moscow and Defence & Security 2017-Thailand. Your Company also participated in Wings India 2018 held at Hyderabad.

HAL is interacting with OEMs of Aerospace and Defence Sector and has also signed Letter of Intent to be their Indian Offset Partner to utilise the opportunities arising out of Offset obligations to enhance exports, increase self reliance and also acquire new capabilities & technologies. HAL has been exploring opportunities in the following areas:

- Export of Work Packages
- Export of Avionics and Systems
- Transfer of Technology etc.

Currently, HAL is exporting A-320 Forward Passenger Doors; Weapons Bay and Gun Bay Door of F-18; Wire harness of F-18 aircraft; Avionics and Systems for SU-30 etc., as part of various Offset Contracts.

Procurement from Micro & Small Enterprises (MSEs)

Your Company has been providing increased thrust on enhancing procurement from MSEs and is implementing Public Procurement Policy for Micro & Small Enterprises (MSEs) as per the guidelines / notification issued by the Ministry of MSEs. During the year 2017-18, the total value of procurement including outsourcing made from MSEs is ₹58,997 Lakhs.

Vendor Development Initiatives

Private vendors are being partnered in various projects of HAL including new projects such as LCH, LUH, HTT-40 etc., to turn them into reliable established partners over time. Your Company has got around 2000 registered sub-contractors.

Your Company has been conducting several vendor development programs including programs for MSE/SC/ST vendors to increase the participation of private vendors in the manufacturing programmes. The Company has also been participating in various programs organized by MSME, CII, NSIC and making presentations covering HAL procedures, opportunities available, and requirement from the vendors.

The fifth edition of Global Vendors' Meet was organized at Ghatage Convention Centre, Bengaluru on 12th December, 2017. A total of 37 Foreign and 53 Indian vendors participated in the meet.



Indigenisation / Make in India

In order to achieve self-reliance, the Company has consistently focused and given emphasis on indigenous development of Platforms/Systems/LRUs, Maintenance Spares, Castings/ Forgings etc. Obsolescence of items / LRUs / Raw Materials for ageing aircraft like MiG-21, Jaguar & Kiran and current aircraft like Su-30 MKI etc. are also managed through Indigenisation.

Further, the Company has hosted more than 400 imported systems and sub systems of mechanical, electrical, avionics & instrumentation category on HAL's portal. This can be accessed at www.hal-india.co.in under Make in India.

The Company has also hosted more than 100 Nos. of Tools, Testers and Ground Equipment (TTGE) for Sukhoi-30 MKI on its website under 'Make in India' for maintenance, repair and indigenization by Indian vendors.

Based on the above efforts towards Indigenisation / Make-in-India, more than 2000 items are indigenized during the year. Further, more than 25 No. of items are taken up for indigenous development from the list of imported Systems / Tools / Testers and Ground Equipment hosted on the HAL website under Make-in-India.

Additionally, details of testing facilities of HAL which could be utilized by private industries are also hosted on the website and can be accessed through www.hal-india.co.in.

So far, more than 40 vendors have utilized the HAL test facilities.

Human Resource Development

As on 31st March, 2018, your Company had 29,035 employees. The Company has a scientific manpower plan aligned to the business plans of the Company.

With a view to enrich the academic base of the Company, Sponsorship for Post Graduate Programme in Public Policy and Management (PGPPM) at IIM, Bangalore has been introduced for Officers. The Programme is a one-year full time residential course

and commenced from the Academic Year 2017-18 onwards with sponsorship of 5 officers. Further, during the year 2017-18, 14 Officers were sponsored for Post Graduate Programmes at Cranfield University, UK; Indian Institute of Technology (IITs) at Roorkee, Madras, Bombay & Kharagpur to provide opportunities to the Officers to build their knowledge based competencies. Another 3 Officers were sponsored for Ph.D Programmes at IITs and 1 Officer was sponsored for the MS (Systems Engg.) at SupAero, France. In addition to the above, 90 Executives were imparted Training at least One Week duration in Centres of Excellence (IITs, IIMs, NITs, ICAI, XLRI, etc).

As on 31st March, 2018, 4,514 Apprentices were engaged in the Company.

Leadership Development Program

As a part of the continued efforts towards building Organizational capabilities, 31 Officers in the Senior Management Level were nominated for Leadership Development Programs in collaboration with IIM-Ahmedabad during the year.

Revision of Pay Scale of Executives

In line with the Presidential Directives issued by the Department of Defence Production vide letter dated 10th November, 2017, Pay Revision of Board Level and below Board Level Executives of your Company was effected during November 2017, w.e.f. 01/01/17, in line with the Dept. of Public Enterprises (DPE) OM's dated: 03/08/2017, 04/08/2017 & 07/09/2017.

Employee Welfare

Your Company continues to extend welfare benefits to the employees and their dependants by way of comprehensive Medical Facilities, Housing Facilities, Canteen Facilities (for employees only), Educational Facilities for employee's Children, Sports Facilities, etc.

Representation of SC / STs

Representation of SC / STs in the total Strength of the Company as on 1st January 2017 and 1st January 2018

Category (Grade / Scale of Pay)	Total Strength as on		Number of SCs as on		Number of STs as on	
	1.1.2017	1.1.2018	1.1.2017	1.1.2018	1.1.2017	1.1.2018
Group – A (Grade – II & above)	9041	8807	1599	1557	541	529
Group – B (Grade-I)	92	43	17	8	7	4
Group – C (Scale -3 to Special Scale)	20507	20354	3545	3501	1470	1473
Group – D (Scales – 1 & 2)						
(i) Excluding Safai Karmacharis	18	15	5	4	-	-
(ii) Safai Karmacharis	-	-	-	-	-	-
Total	29658	29219	5166	5070	2018	2006



Recruitments made during the period 1st January, 2017 to 31st December, 2017 and the SC & STs amongst them:

Category (Grade / Scale of Pay)	Total number of Post filled	No. of Reservations made for		No. of Posts filled by appointment of	
		SCs	STs	SCs	STs
Group – A (Grade – II & above)	83	18	9	14	8
Group – B (Grade-I)	7	-	-	-	2
Group – C (Scale -3 to Special Scale)	291	68	33	73	31
Group – D (Scales – 1 & 2)					
(i) Excluding Safai Karmacharis	-	-	-	-	-
(ii) Safai Karmacharis	-	-	-	-	-
Total	381	86	42	87	41

Vacancy based Promotions made during the period 1st January, 2017 to 31st December, 2017 and the SC & STs amongst them:

Category (Grade / Scale of Pay)	Total number Promoted	No. of Reservations made for		No. of Posts filled by Promotion of	
		SCs	STs	SCs	STs
Group – A (Grade – II & above)	1277	NA	NA	211	76
Group – B (Grade-I)	1	-	-	-	-
Group – C (Scale -3 to Special Scale)	-	-	-	-	-
Group – D (Scales – 1 & 2)					
(i) Excluding Safai Karmacharis	-	-	-	-	-
(ii) Safai Karmacharis	-	-	-	-	-
Total	1278	-	-	211	76

Employee Relations (ER) / Industrial Relations

The Employee Relations Scenario in the Company has been peaceful, healthy and cordial. The Company has been maintaining meaningful and effective communication between the Management and the Unions / Associations in order to reduce and eliminate any scope for conflicts and misunderstandings, achieve better understanding and thus facilitate maintenance of Industrial Harmony. Regular Meetings with the representatives of the recognized Unions / Officers Associations at the Divisional, Complex & Corporate Levels were held to discuss issues.

Plant Level and Shop Level Committees with representatives from the Management and Workmen / Union Representatives are functioning in the Divisions to discuss and resolve production related issues and other related matters. In order to address Employee / Public Grievance / Representations, Grievance Redressal Mechanisms are also in place in the Company.

Implementation of Official Language Policy

All out efforts are being made for implementation of the Official Language (OL) Policy of the Government of India. The IT wing of Department of Official Language, GoI, conducted a special Hindi workshop for OL officials on 26th July, 2017 at HAL. The aim was to make the OL officials aware of technical facilities developed in the field of official language. Decisions taken by the Apex Committee are implemented at Company level. Inspections of various Divisions related to Official Language have been conducted successfully by the Department of Official Language / Ministry of Defence during this year.

Prohibition of Sexual Harassment of Women at Workplace

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified in the Company. In line with the Guidelines received from time to time, necessary actions have been taken to prevent Sexual Harassment of Women at Workplace. The HAL CDA Rules applicable to Officers and the Certified Standing Orders applicable to Workmen have the required provisions in this regard.

Internal Complaints Committees as per Section 4 of the Act have been put in place. Information for the year 2017 in terms of Section 22 of the Act, is as indicated below:

- Number of Cases pending as on 01/01/2017 - 4
- Number of Complaints of Sexual Harassment received in the year 2017 - 3
- Number of Complaints disposed of during the year 2017 - 5
- Status of pending cases (2) as on 31/12/2017 - Of the two pending Cases, Enquiry was under progress before the Internal Complaints Committee (ICC) in one Case. In the other Case, the ICC had submitted the Report to the Disciplinary Authority on 30.12.17 and the same was under examination by the Disciplinary Authority for appropriate actions.

Information Technology (IT) Initiatives

To align with the Digital India initiative of the Government of India, your Company has undertaken the following key initiatives



to enhance customer service/ satisfaction, improve processes and quality consciousness through innovative use of IT:

- **Customer Delight:**

In order to effectively track responses of all customer queries/letters by Customer Service Team, a monitoring portal “Commitment Monitoring Portal” is launched. A portal for handling Customer enquiries is also developed for Customer Service Team, which helped in tracking pending Customer RFQ.

As a part of “Gaganshakti” exercise by the Indian Air Force, a Real time monitoring portal for tracking Rotables identified by IAF was developed and launched.

- **Process Improvements:**

- A Quality Dashboard is developed for monitoring of Defect Investigation (DI) and Premature Withdrawal Report (PWR) of repairables sent by the customers to the Divisions. This has helped in faster clearance of repairable items in the Divisions.
- Manual File system is being replaced with e-File system, which is being rolled out across the Company. Time based OTP has been used for ensuring security during e-File transmission.
- KPI Dashboard (with 47 KPIs) is developed for monitoring the trends of Key Performance Indicators (KPIs) across various Divisions in the areas like IMM, Customer Service, HR, MSD, Manufacturing and Quality.
- A centralized program is undertaken for implementation of GST at all Business units. This involved creation of new Tax codes, update of Customer/ Vendor/ Product Master, New invoice formats and development of reports for uploading data to GSTIN portal.

- **IT Infrastructure:**

To strengthen and to provide high speed Fibre connectivity across Bangalore based Divisions and Data centre, a MAN (Metropolitan Area Network) is completed. MAN network enables Centralization of IT Services, effective monitoring and managing critical systems of the Company.

Awards & Recognitions

During the year, your Company has received various Awards and Recognitions. Some of the important accolades received during the year are placed at **Annexure- IV**.

Vigilance

Vigilance in HAL is an ISO 9001-2008 certified Department, headed by the Chief Vigilance Officer, an IPoS Officer on deputation from the Govt of India. Vigilance Officers and Staff are positioned in Corporate Office and all the Divisions & Complexes of the Company.

102 Sensitization sessions, with an aim to bring in more awareness amongst the HAL fraternity, were held in various Divisions. Topics were:

- Transparency in Public Procurement
- CDA Rules
- Filling & Filing of APRs
- Works & Contract Services
- Common Irregularities in Civil Works
- Purchase Procedure
- GST
- Best Practices on Project Management
- Tender Guidelines
- Cyber Security
- Problem areas of contract management
- Role of Vigilance Functionaries
- Complaint Handling Policy
- Vigilance Angle
- Lokpal & Lokayukta Act,
- Online Vigilance Clearance and other Vigilance related matters.

During the period, Vigilance Department has conducted several workshops with important functionalities/stake holders like Material Management, Finance, HR, Service Contracts, Work Contracts, etc.

Vigilance Awareness Week for the year 2017 was observed throughout HAL from 30th October, 2017 to 4th November, 2017 on the theme “My Vision – Corruption Free India”.

Guidelines issued by CVC on Leveraging of Technology, information pertaining to the following aspects are being hosted on HAL Website:-

- Hosting of all Tenders valuing above ₹10 Lakhs
- E-Procurement
- Vendor Directory
- E-payment to vendors
- Contracts /Purchase Orders awarded on nomination/single tender basis.
- Corruption Risk Management Policy
- Online filling and submission of APRs through IFS.



As stipulated by CVC and MoD, Integrity Pact has been introduced for the POs/ Contracts valuing more than ₹5 Crores.

Directors' Responsibility Statement

Pursuant to the provisions of Section 134(3)(c) of the Companies Act, 2013 your directors state that:-

- In the preparation of the annual accounts for the year ended 31st March 2018, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as on 31st March, 2018 and of the profit and loss of the Company for the year ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The Directors have prepared the annual accounts on a "going concern" basis;
- The Directors have laid down internal financial controls which are being followed by the Company and that such internal controls are adequate and are operating effectively;
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Auditors

Statutory Auditors

The Statutory auditors of your Company are appointed by the Comptroller & Auditor General of India (C&AG). M/s. S. Venkatram & Co., Chartered Accountants, Bangalore was appointed as Statutory Auditors for auditing the Accounts of the Company for the year 2017-18 and 18 firms of Chartered Accountants were appointed as Branch Auditors.

The notes on the financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments.

Cost Auditor

M/s. KPR & Associates, Cost Accountants was appointed as Cost Auditors for conducting the Cost Audit of the Company for the year 2017 -18.

Secretarial Auditor

In terms of Section 204(1) of the Companies Act, 2013, the Company has engaged M/s. S. Viswanathan, Practicing Company

Secretary, Bengaluru to conduct Secretarial Audit of the Company for the financial year 2017-18. The Secretarial Audit report is annexed to this Report as **Annexure - V** and forms part of Annual-Report. The said report does not contain any qualification, reservation or adverse remarks.

Auditors' Report

The Auditors' Report on financial statements for the financial year 2017-18 and comments of the Comptroller & Auditor General of India (C & AG) under Section 143(6) of the Companies Act, 2013 are appended to this Report. The statutory auditors' report does not contain any qualification, reservation or adverse marks.

During the year, no fraud has been reported by the Auditors under section 143(12) of the Companies Act, 2013 read with Rule 13 of the Companies (Audit and Auditors) Amendment Rules, 2015.

Corporate Governance

Your Company has taken firm and structured initiatives to maintain highest standards of Corporate Governance and its practices which are valued by our stakeholders. The practices emanate from the need to position multi-layered checks and balances at various levels to ensure transparency of its operations in the decision making process.

In terms of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and guidelines of Department of Public Enterprises (DPE), a report on Corporate Governance for the year ended 31st March, 2018 along with a certificate from the Company's Secretarial Auditor confirming compliance of conditions forms part of this report.

Management Discussion and Analysis Report

As per the terms of Regulations 34(2)(e) of the SEBI Listing Regulations, the Management Discussion and Analysis Report (MDAR) forms part of the Annual Report of the Company.

Vigil Mechanism

The Company has a Whistle Blower Policy approved by the Board and the same is placed on the website of the Company.

The employees are encouraged to raise any of their concerns by way of whistle blowing and none of the employees have been denied access to the Audit Committee.

Quality Initiatives and Safety

Quality Management System (QMS) in all Production Divisions and Research & Design Centres of HAL are accredited to International Aerospace Standard AS9100. Further, all Production Divisions and Research & Design Centres are approved by Directorate General of Aeronautical Quality Assurance (DGAQA) as per the requirements of their document "Approval of Firm and its Quality Management System" (AFQMS). Production Divisions catering to Civil Customers are approved by Director General of Civil Aviation (DGCA) as Production/Maintenance Organization.



Divisions that are exporting products and services are certified to National Aerospace Defence Contractors' Accreditation Program (NADCAP) and have approvals from OEMs like Airbus, Boeing, Turbomeca, Rolls Royce etc. HAL Laboratories are accredited to IS17025 by National Accreditation Board for Testing and Calibration Laboratories (NABL).

The Research & Design Centres of HAL continue to hold Design Organization Approval from Centre for Military Airworthiness & Certification (CEMILAC) and Recognition of in-house R&D from Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Government of India.

Quality improvement through employees' participation is being encouraged by practicing concepts such as Quality Circles, Quality Improvement Teams, Lean Resource Teams and Six Sigma Project Teams in the Divisions. 10 Quality Circle teams comprising more than 50 members, participated in National Convention Quality Circles (NCQC) held at Mysore in December 2017. Nine Quality Circles won awards under PAR EXCELLENCE category and one Quality Circle won award under EXCELLENT category.

Operator's conferences and workshops at customer bases to address fleet specific operational problems continue to be organised HAL.

Joint Quality Audits (JQA) by IAF were concluded for Mirage-2000, MiG-29, SU-30 and Hawk fleets during the year. Observations/ Recommendations of JQA are being addressed to improve the system and processes in order to enhance product quality.

Standardization of Quality Procedures has been achieved through nine Corporate Quality Assurance Guidelines while four of these guidelines have been protected through registration of copyright with the Registrar of Copyrights, New Delhi.

In the financial year 2017-18, all Aircraft / helicopter Divisions at four flying locations have maintained a good flight safety record and there has been no flying accident. However, on 27th June, 2018, one Su-30 MKI produced by the Company crashed during a sortie at Ozar (Nashik) Airport and the same has been reported to the Stock Exchanges.

To enhance the knowledge level of HAL Officers participating in Aircraft Accident Investigation, the Indian Air Force was approached to increase vacancy in Aerospace Safety & Accident Investigation (AS&AI) course. IAF has increased the vacancy from two Officers to six Officers per year. HAL also conducted a Flight Safety and Accident Investigation course from 13th to 16th

June, 2017 and 50 Officers from different Divisions participated in the course.

In order to bring awareness on the procedure of Defect Investigation and various facilities and infrastructure available at HAL Divisions, a presentation was made by HAL during "Aerospace Safety Conclave" held at Air HQ, New Delhi on 23rd March, 2018 to officers from IAF, IA, IN and ICG.

Acknowledgement

The Board places on record its sincere appreciation towards the Company's valued customers, in particular the Defence Services, for the support and confidence reposed by them in the Management of the Company and look forward to the continuance of this mutually supportive relationship in future.

Your Directors acknowledge with a deep sense of appreciation, the valuable support and cooperation received from the Government of India in particular the Ministry of Defence, Department of Defence Production, Defence Acquisition and Defence Finance as well as other Ministries of the Government of India in all the endeavours of the Company.

The Company wishes to place on record its appreciation for the co-operation extended and services provided by the Comptroller & Auditor General of India, the Principal Director of Commercial Audit & Ex-officio Member, Audit Board, Statutory Auditors, Bankers, Collaborators, JV Partners and Suppliers.

Your Directors are also thankful to the shareholders for their faith and continued support in the endeavours of the Company.

Your Directors also wish to place on record their deep sense of appreciation for the committed services by the Company Executives, Staff and Workers for progress and prosperity of the Company.

**For and on behalf of Board of Directors
Hindustan Aeronautics Limited**



**(T. Suvarna Raju)
Chairman & Managing Director**

Place : Bengaluru

Date : 30th June, 2018

Annexure- I to Board's Report

Form No. AOC-2

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

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

1. Details of contracts or arrangement or transactions not at arm's length basis:

Sl No	Name (s) of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any:	Date on which the special resolution was passed in General Meeting as required under first proviso to Section 188
1	Naini Aerospace Limited	Subsidiary	Purchase of goods	-	Purchase of two sets of Looms at a total value of ₹52.36 Lakhs	Development of subsidiary as a source for fabrication/ supply of looms for helicopters and aircraft as per DPR/ Business plan approved by the Board	28 th November, 2017	-	-
2	Naini Aerospace Limited	Subsidiary	Purchase of goods	-	Purchase of two sets of Looms at a total value of ₹137.14 Lakhs	Development of subsidiary as a source for fabrication/ supply of looms for helicopters and aircraft as per DPR/ Business plan approved by the Board	28 th November, 2017	-	-
3	Helicopter Engines MRO Pvt. Ltd	Joint Venture	Leasing of Land	30 years	Leasing of land for establishing repair and overhaul facilities	To utilize unused land base	28 th November, 2017	-	-
4	Naini Aerospace Limited	Subsidiary	Availing of services	3 years	Availing of services for undertaking repair work	For utilizing services of trained manpower of Naini Aerospace during exigencies	1 st March, 2018	-	-

2. Details of material contracts or arrangements or transactions at arm's length basis.

Sl No	Name (s) of the related party	Nature of relationship	Nature of contracts / arrangements / transactions	Duration of the contracts / arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any:
..				 Nil.....			

For and on behalf of Board of Directors
Hindustan Aeronautics Limited



(T. Suvarna Raju)
Chairman & Managing Director

Date: 30th June, 2018
Place: Bengaluru



Annexure- II to Board's Report

Report on the Financial Performance of the Joint Venture Companies and Subsidiary Companies

- Your Company has established 12 (twelve) commercial Joint Venture Companies (JVC) in collaboration with leading international aviation and Indian Organizations and 2 (two) Subsidiary Companies. Besides, the Company has also formed 2 (two) section-8 (non-profit) Companies.
- During the year under review the total turnover reported by all the JVCs and Subsidiaries is to the tune of ₹424.03 Crs as per details given below:

(₹ in Crs)				
Sl. No.	A. Name of the JVCs	HAL shareholding (%)	Turnover	Profit Before Tax
i	BAeHAL Software Ltd.	49	17.23	(1.95)
ii	Indo Russian Aviation Ltd.	48	93.52	28.29
iii	Snecma HAL Aerospace Pvt. Ltd.	50	78.87	7.87
iv	Samtel HAL Display System Ltd.	40	11.58	(1.33)
v	HAL-Edgewood Technologies Pvt. Ltd.	50	1.98	2.20
vi	HALBIT Avionics Pvt. Ltd.	50	3.77	(0.05)
vii	Infotech HAL Ltd.	50	8.1	1.29
viii	HATSOFF Helicopter Training Pvt. Ltd.	50	41.98	9.25
ix	TATA-HAL Technologies Ltd.	50	5.84	(1.43)
x	International Aerospace Manufacturing Pvt. Ltd.	50	160.34	8.56
xi	Multi-Role Transport Aircraft Ltd.*	50	0	(8.64)
xii	Aerospace & Aviation Sector Skill Council (AASSC)**	50	0.07	(0.90)
xiii	Helicopter Engines MRO Private Ltd.	50	0.11	(1.36)
xiv	Defence Innovation Organization **	50	--	--
	B. Name of the Subsidiaries			
xv	Indo-Russian Helicopters Ltd.*	50.5	--	(0.45)
xvi	Naini Aerospace Limited	100	0.64	(10.63)
	Total		424.03	30.72

Note: Figures in brackets () indicate loss

* Not commenced operations

** Section-8 (non-profit) company

- During the current financial year, three JVCs viz. Indo Russian Aviation Ltd., Snecma HAL Aerospace Pvt. Ltd. and International Aerospace Manufacturing Pvt. Ltd. have together paid a dividend of ₹1.25 Crs. to HAL.

Sl. No.	Name of JVCs	₹ in Crs
1	Indo Russian Aviation Ltd	0.23
2	Snecma HAL Aerospace Pvt. Ltd.	0.94
3	International Aerospace Manufacturing Pvt. Ltd	0.08
Total		1.25



Annexure- III to Board's Report

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2017-18

1. A Brief Outline of the Company's CSR Policy, Including Overview of Projects or Programs Undertaken and a Reference to the Web-Link to the CSR Policy and Projects or Programs

Brief outline of Company's CSR Policy:

Consequent to the notification of the Companies Act, 2013 and Rules there under on CSR, CSR Policy of the Company was redrafted / modified in line with the provisions of the said Act. The CSR Policy of the Company was approved by the Board of Directors of HAL at its 380th Meeting held on 27/11/14 based on the recommendation of the CSR & SD Committee of the Board. Salient aspects of the CSR Policy are as under:

- The Budget allocation for CSR Projects is 2 % of the Average Net Profits of the Company made during the three immediately preceding Financial Years.
- The Company will give preference to the local area and areas around the Divisions / Complexes where it operates, for spending the amount earmarked for Corporate Social Responsibility Projects / Activities.
- With regard to 'Need Assessment', Gram Sabhas and Panchayati Raj Institutions at the village level are important and reliable sources for assessing the social, economic and environmental needs in rural areas. Therefore, as far as possible, they should be consulted in planning for CSR Projects/activities.
- The Company may take up long gestation Projects for reaping the maximum benefits and impact towards the social, economic and environment status in the locations identified under CSR projects.
- The Board of Directors of the Company, after taking into account the recommendations of the CSR & SD Committee of the Board, approves the CSR Policy for the company and discloses contents of such policy in its Board Report and the same will be displayed on the company's website.
- The CSR Projects / activities that benefit only the Employees of the Company and their families will not be considered as CSR Project/ activity.
- The surplus arising out of the CSR Projects / Programmes / activities, shall not form part of the business Profit of the Company.
- Board approved CSR Policy will be displayed on the company's website.

Overview of the CSR Projects or Programmes undertaken during 2017-18:

CSR Projects/Activities are being implemented in the vicinity of the Divisions of the Company, in consultation with the District Administration / Gram Panchayat etc. This is done based on need & availability of Funds, with a view to bring in holistic development, improve the quality of life of the socially & economically backward groups and marginalized & weaker Sections of the Society. HAL has been continuing the implementation of CSR Projects / Programmes in sectors like Rural Development and Infrastructure, Education, Drinking Water, Healthcare, Skill Development, Sports Development, Construction of Toilets under Swachh Vidyalaya, etc.

Major CSR Projects / Activities which were implemented during 2017-18 / which are being continued from previous year(s) with a view to contribute in Nation Building are as indicated below:

a) Establishment of HAL-IISc Skill Development Centre under Skill India Initiative

HAL and Indian Institute of Science (IISc), Bangalore have joined hands to launch the unique initiative of establishing HAL-IISc Skill Development Centre at IISc's new Campus at Challakere, Chitradurga District, Karnataka to assist in bridging the Skill Development gaps / to boost Skill Development in the country and contribute to the Nation's Development. MoU with IISc to establish the HAL-IISc Skill Development Centre under CSR initiatives of HAL was signed in 2015-16. The estimated Budget is ₹73.70 Crs for Phase -1 activities. Amounts of ₹5.90 Crs, ₹7.68 Crs & ₹21.84 Crs respectively, were released during 2015-16, 2016-17 & 2017-18 for the Project.

The facility is under construction with an approx. area of 75,000 sq. ft. which includes Lecture Halls, Skill Development workshops, Auditorium with a seating capacity of 250 people, Hostel facilities for trainees & trainers, etc. The Project is expected to be completed by the end 2019-20.

The Centre will provide training at different levels in the following areas:

- Manufacturing Processes;
 - Electronic Systems Engineering;
 - Aerospace and allied Sectors.
- The Courses will be offered at 3 levels:
- * General Technical Skills System Engineering
 - * Specialized Skills for practitioners
 - * Advanced training for experienced personnel



Once the Centre is fully established, it is expected that about 1000 trainees (including trainers) per year on average would benefit from the Skill Development programmes. Thus, a large pool of trained personnel at multiple levels will become available to occupy various positions in the areas of Skill Development.

b) Waste Management Plant in line with the Swachh Bharat Mission of Government of India

Gurudutt Shikshan Prasarak Sanstha at Karanji, Nasik District, Maharashtra is a boarding school in which around 1000 tribal rural students from the nearby areas are studying. The school is located at a distance of around 30 Kms from HAL, Nasik. The food and other organic waste generated in the Hostel was being dumped in a pit which had become a breeding place for mosquitos and other insects. The said place with foul smell all around was causing health hazards to the students.

The School Management had approached / requested HAL to provide a Waste Management Plant to overcome the problem. HAL Nasik Division has provided a Waste Management Plant to the School. The plant has the capacity to generate 24 cubic meters of bio-gas in addition to generation of 30 kgs of manure per day. The gas generated is meeting 40 % of the fuel requirements of the kitchen and the manure is being used in the kitchen garden of the school.



The savings generated from the Waste Management Plant are being used for maintenance of the Plant and other welfare facilities to the children.

c) Beautification of Ganga Ghats

HAL, TAD Kanpur had taken up "Rejuvenation of Ganga Ghat" under the "Namami Gange" Project of the Govt. of India, in consultation with the District Magistrate Kanpur. Beautification / Development of "Siddhnath Ganga Ghat", Jajmau, Kanpur covering approx. 4000 sq. meter area, with construction of RCC Road, Stairs, Parks, Parking Place and a separate Pond for immersion of Idols during festivals was carried out at a cost of around ₹1.32 Crores. The Project was taken up during 2016-17 and completed during 2017-18. After completion, the same was handed over to Nagar Nigam, Kanpur (Kanpur Municipality), for future maintenance.



During the year 2017-18, similar beautification / developmental work was taken up in one more Ghat viz., Dhondi Ganga Ghat, Rooma Kanpur at a cost of around 1.24 Crores. The project is consisting of constructing of RCC Road, Stairs, Parking Place, Parks, Pond for immersion of Idols and installation of High MAST Lights. The work would be completed by July 2018.

d) Kumudvathi River Rejuvenation Programme, Karnataka

HAL in association with the International Association for Human Values [IAHV], Art of Living, a Non-Government Organization (NGO), had taken up the Project of Kumudvathi River rejuvenation in Nelamangala Taluk, Bangalore Rural District, Karnataka. To revive the rain water flow into streams and then to the river, the ground water level needs to be increased by implementing erosion control measures in its catchment area. The catchment area covers about 460 Sq. Km, 278 villages and is classified into 18 mini-watersheds for rejuvenation works.

HAL had implemented 4 Mini Watersheds, out of the total 18, from 2014-15 to 2016-17, at a cost of ₹6.71 Cr. Considering the fact that the Project is serving a good social cause, HAL has implemented two more Mini Water Sheds during 2017-18 at a cost of ₹3.14 crores. In addition to HAL, other Organisations are also supporting the project.



Rejuvenation of the entire River consisting of 18 Mini Water Sheds is expected to be completed by end 2018-19.

e) Pet Bottle Recycling Machines

Usage of plastic is causing environmental hazard and posing serious problems to the society. Large utilization of pet bottles and littering of empty plastic water bottles takes place in Trains/ Railway Stations. In order to overcome the issue of littering of empty water bottles, HAL in association with the South Central Railways had taken up the project of installing Pet Bottle Recycling Machines in Railway Stations. HAL had installed 24 pet bottle recycling machines at a cost of ₹34.5 Lakhs at Secunderabad, Hyderabad, Begumpet and Lingampally Railway Stations in the State of Telangana.



f) Lift for Elderly and Disabled Persons

Secunderabad Railway Station is one of the busiest Railway Stations in the State of Telangana. The Station is catering to the travelling needs of variety of passengers including Sr. Citizens, Disabled Persons, Women, Children etc. The South Central Railway Authorities, Secunderabad had observed the need for Lifts exclusively for the sake of Elderly, Women, Physically Challenged etc., and requested HAL to provide Passenger Lifts.

Considering the genuine social cause, HAL had taken up the Project of providing of "Passenger Lifts for Elderly and Disabled Persons" under CSR. An amount of ₹110 Lakhs was spent for installation of 2 Nos. Passenger Lifts in two Platforms at Secunderabad Railway Station.

g) HAL Football Academy at Bengaluru

HAL has a rich heritage of promoting Football at the National level. Football is a Flag bearer Sport in HAL and a popular Game in the Country.

In the quest to nurture young talent to develop into top class players, a Football Academy for 'Under-15' age group was inaugurated in February 2016 at Bengaluru. Further, 'Under-19' coaching commenced from August 2016. The aim is to spot and develop players of exceptional calibre and prepare them for tough domestic and International tournaments. In addition to professional grooming, emphasis is also given on holistic Personality Development

of the young players. Carefully selected players are being provided professional coaching.



Players from the Academy had represented at various Football Tournaments during 2017-18. Significant achievements are as indicated below:-

- i). 3 Players of Under – 19 Category represented Karnataka State for Junior National Football Championship – May 2017 at Odisha and One Player was nominated as 'Vice Captain' of the State Team.
- ii). 2 Players of Under – 19 Category represented Bangalore University in the South Zone – 2017 Inter University Tournament.
- iii). 1 Player of 'Under – 15' category represented Karnataka State for Junior National Football Championship – December 2017 at Punjab.

h) SAI-HAL Sports Training Centre- Koraput , Odisha State

- i) With a view to identify and nurture tribal / local Rural Sports talent and bring them up to National / International level, SAI-HAL Sports Training Centre has been established at HAL, Koraput Division with technical support and posting of Coaches from the Sports Authority of India (SAI), in July 2010, under its CSR initiatives. HAL Koraput Division had entered into an MoU with the Sports Authority of India (SAI) during 2010, valid for 30 years. HAL had sanctioned an amount of ₹2.89 Crore to provide the infrastructure and for construction of buildings for the Sports Academy and Hostel. Budget of approx. ₹65 Lakh per annum is being spent to meet the running expenditure of the Academy.





- ii) The Centre had initially started coaching in two Disciplines, i.e. Football & Archery in 2010. From 2016-17 onwards, "Athletics" has been added.
- iii) Players from SAI-HAL Sports Training Centre - Koraput had represented at various National Level Tournaments during 2017-18. Significant achievements are as indicated below:-

Archery:

11 Players from the Centre had participated in 6 National level Archery Tournaments and won 34 Medals (14 Gold, 8 Silver & 12 Bronze).

Football:

In Football, 30 Players have participated in various National Level Tournaments and won accolades for HAL. 9 Players participated in 7 I – Leagues (Under -15, Under – 16 & Under -18).

Athletics:

One Player has participated and won Bronze Medal in National School Games.

6 players participated in National Inter-District Tournaments.



i) Awards received by HAL during the year under CSR & SD Categories

- BT- CSR Excellence Award- 2017 from Bureaucracy Today for successfully implementing the Kumudvathi River Rejuvenation Project (received on 22.8.17).
- Skoch "Order of Merit" for Kumudvathi River Rejuvenation project, which has been chosen among the Top-20 "Blue Economy Projects in India" (received on 20.12.17).

2. Composition of the CSR & SD Committee as on 31st March 2018 was as under:

- Ms. Dipali Khanna, Independent Director, Member & Chairperson;
- Shri V M Chamola, Director (HR), Member;

- Shri C V Ramana Rao, Director (Finance) & CFO, Member;
- Shri Sunil Kumar, Director (Operations), Member;
- Shri Rajiv Kumar, Chief Executive Officer (AC), Permanent Invitee;
- Shri Daljeet Singh, Chief Executive Officer (MC), Permanent Invitee;
- Shri Shekhar Shrivastava, Chief Executive Officer (BC), Permanent Invitee
- Shri G V S Bhaskar, Chief Executive Officer (HC), Permanent Invitee;
- Shri G V Sessa Reddy, Company Secretary, Secretary.

3. Average Net Profit of the Company for the last three financial years (2014-15, 2015-16 & 2016-17)

: ₹3,320.69 Crs

4. Prescribed CSR Expenditure (2% of the Amount as in Sl.No 3 Above)

: ₹66.41 Crs

Revenue generated from the Wind Power Plant established utilizing CSR Funds, which was commissioned in 2016-17

: ₹7.37 Crs

Total Budget

: ₹73.78 Crs

5. Details of CSR Spent During the Financial Year

: ₹77.29 Crs

Total amount to be spent during the Financial Year

: ₹73.78 Crs

Amount unspent, if any

: Nil

Manner in which the amount spent during the Financial Year is detailed in **Appendix –A**

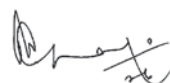
6. In Case the Company has failed to spend the two Per Cent of the average Net Profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report.

Not Applicable

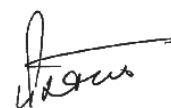
7. Responsibility Statement:

The Responsibility Statement of the CSR & SD Committee of the Board of Directors of the Company is reproduced below:

The Implementation & Monitoring of the CSR Policy is in compliance with the CSR Objectives and Policy of the Company.



(V. M. Chamola)
Director (HR)



(Dipali Khanna)
Chairperson, CSR & SD Committee



Appendix - A

CSR Annual Report: 2017-18

₹ in Lakhs									
Sl. No.	Name of the Division	CSR Project or Activity Identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where Projects or Programs was undertaken	Amount Outlay (Budget) Project or Program-wise	Amount Spent on the Projects or Programmes Direct Expenditure on Project or Programmes	Administrative Overhead Expenditure	Cumulative Expenditure up to the reporting period	Mode of Implementation (Direct or through Implementing Agencies)
1	TTI	Adoption of TTI - Provisioning of Equipments / Machineries	(ii)	Karnataka State (i) Beguru - Chamarajanagar District (ii) Bagepally, Chikballapur District	50.00	43.51	0.00	43.51	Direct
2	TTI	Expenditure incurred towards training of Apprentice Trainees over and above the minimum statutory limit of 2.5% upto 10%	(ii)	Karnataka State, Bangalore	462.00	462.29	0.00	462.29	Direct
Sub Total					512.00	505.80	0.00	505.80	
1	Nasik	Construction of Toilets at Peth Nagar Panchayat, Peth & Jannata Vidyalaya	(i)	Maharashtra State, Nasik District	53.73	55.59	2.26	57.85	Direct
2	Nasik	Waste Management, Conversion of Municipal Waste & Food Waste to Bio Gas & Provision of Saplings.	(iv)	Maharashtra State, Nasik District	82.00	84.63	3.45	88.08	Direct
3	Nasik	Construction of Bitumunis Road over Gangapur Canal Road, Bridge, Development of Crematorium, Canal, Installation of High Mast Light and other Rural Development works, Construction of Foundation/Erection of Aircraft, Horticulture & Electrical Works.	(x)	Maharashtra State, Nasik District	550.00	550.36	22.41	572.77	Direct / Nasik Municipal Corporation.
4	Nasik	Renovation of kitchen for school children, Provision of items for Anganwadi, Distribution of Bicycles to Girls Students	(ii)	Maharashtra State, Nasik District	44.25	38.15	1.55	39.70	Direct
5	Nasik	Skill Development for Women and Youth & Provision of equipments to ITI	(ii)	Maharashtra State, Nasik District	51.23	52.72	2.09	54.81	Direct
6	Nasik	Provision of Mobile Medical Unit & Provision of Medical Equipment to Down Syndrom Association	(i)	Maharashtra State, Nasik District	31.23	7.03	0.29	7.32	Direct
7	Nasik	Promotion of Rural Sports- Volleyball & Kabaddi tournaments	(vii)	Maharashtra State, Nasik District	2.67	2.67	0.11	2.78	Direct
8	Nasik	Expenditure incurred towards training of Apprentice Trainees over and above the minimum statutory limit of 2.5% upto 10%	(ii)	Maharashtra State, Nasik District	260.00	260.00	10.59	270.59	Direct
Sub Total					1075.11	1051.15	42.75	1093.90	



Sl. No.	Name of the Division	CSR Project or Activity Identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where Projects or Programs was undertaken	Amount Outlay (Budget) Project or Program-wise	Amount Spent on the Projects or Programmes Direct Expenditure on Project or Programmes	Administrative Overhead Expenditure	Cumulative Expenditure up to the reporting period	Mode of Implementation (Direct or through Implementing Agencies)
1	Koraput	Construction of 50 Additional Class rooms in the surrounding Govt. Schools of Koraput District through District Admn.	(ii)	Odisha State, Koraput District	184.33	182.74	2.13	184.86	State Administration
2	Koraput	Skill Development / Vocational Training through CIPET or any other Govt. Institutions.	(ii)	Odisha State, Koraput District	5.52	14.40	0.17	14.57	State Administration
3	Koraput	Infrastructure development Works carried out at MANAS (a special school for mentally retarded Children), Koraput etc.	(x)	Odisha State, Koraput District	6.76	6.47	0.08	6.54	Direct
4	Koraput	Construction/repair/renovation of 13 toilet units in Schools	(i)	Odisha State, Koraput District	17.50	18.74	0.22	18.96	Direct
5	Koraput	Imparting Education to poor children in and around Sunabeda, Koraput	(ii)	Odisha State, Koraput District	600.00	600.00	6.98	606.98	Direct
6	Koraput	Expenditure toward running of SAI-HAL Sports Training Centre at Koraput & organizing village Sports tournaments	(vii)	Odisha State, Koraput District	55.00	56.53	0.66	57.18	Direct
7	Koraput	Providing Health care facilities to the inhabitants of Adopted Villages and health camps in the surrounding villages	(i)	Odisha State, Koraput District	40.00	39.85	0.46	40.32	Direct
8	Koraput	Skill Development / Vocational Training through CIPET or any other Govt. Institutions.	(ii)	Odisha State, Koraput District	30.00	36.14	0.42	36.56	State Administration
9	Koraput	Construction of Internal village CC Road & Drain in Rajpalma Village under Swachh Bharat Mission	(x)	Odisha State, Koraput District	40.00	46.30	0.54	46.84	Direct
10	Koraput	Construction of Community hall with boundary wall in Maliguda	(x)	Odisha State, Koraput District	24.00	9.17	0.11	9.28	Direct
11	Koraput	Development of Play ground in Jadaguda	(vii)	Odisha State, Koraput District	11.00	10.38	0.12	10.50	Direct
12	Koraput	Replacement of Doors/Windows of Govt. Primary School, I -Zone, Sunabeda	(ii)	Odisha State, Koraput District	10.00	9.00	0.10	9.10	Direct
13	Koraput	Construction of Public Toilets near HAL Bus Stand.	(i)	Odisha State, Koraput District	15.00	13.58	0.16	13.74	Direct
14	Koraput	Expenditure incurred towards training of Apprentice Trainees over and above the minimum statutory limit of 2.5% upto 10%	(ii)	Odisha State, Koraput District	162.81	162.82	1.90	164.72	Direct
Sub Total					1201.92	1206.11	14.04	1220.15	



₹ in Lakhs

Sl. No.	Name of the Division	CSR Project or Activity Identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where Projects or Programs was undertaken	Amount Outlay (Budget) Project or Program-wise	Amount Spent on the Projects or Programmes Direct Expenditure on Project or Programmes	Administrative Overhead Expenditure	Cumulative Expenditure up to the reporting period	Mode of Implementation (Direct or through Implementing Agencies)
1	Hyderabad	Aids and appliances to Persons With Disabilities (PWD)	(i)	Telangana State, Ranga Reddy District	30.00	30.00	0.00	30.00	State Administration
2	Hyderabad	24 Nos. Installation and Commissioning of pet bottle re-cycle reverse vending machine in Railway Stations at Secunderabad, Hyderabad, Begumpet & Lingampally	(iv)	Telangana State, Hyderabad, Secunderabad, Lingampally, Begumpet, etc.	36.00	35.40	0.00	35.40	Railways
3	Hyderabad	Adoption of Government ITI at Jawahar Nagar in Medchal District for improving Training aids & Methods, regular assessment & monitoring. Infrastructure development by providing required machinery, improvement of curriculum, training of faculty, etc.	(ii)	State Telangana Medchal District	90.72	90.69	0.00	90.69	State Administration
4	Hyderabad	Construction of Multipurpose Community Hall / Dining Hall / Bus Shelter / Library with Books & Materials, etc.	(x)	Telangana State, Ranga Reddy District	84.96	49.13	0.00	49.13	State Administration
5	Hyderabad	Constructions of Class Rooms in ZPHS, Pedda Mangalaram, RR District.	(ii)	Telangana State, Ranga Reddy District	15.00	10.50	0.00	10.50	State Administration
6	Hyderabad	Solar lighting system at SHG dormitory at chikur	(iv)	Telangana State, Ranga Reddy District	5.00	0.18	0.00	0.18	State Administration
7	Hyderabad	Medical camps in Rural Villages	(i)	Telangana State, Ranga Reddy District	10.00	6.95	0.00	6.95	Direct
8	Hyderabad	Provision of Passenger Lift for elderly and disabled persons at Secunderabad Railway Station	(iii)	Telangana State, Secunderabad	111.11	18.21	0.00	18.21	Railways
9	Hyderabad	Installation and Commissioning of pet bottle re-cycle reverse vending machine at Secunderabad Railway station	(iv)	Telangana State, Secunderabad	7.00	0.75	0.00	0.75	Railways
10	Hyderabad	e-Sagu for better farming by IIIT, Hyderabad	(ii)	Telangana State, Ranga Reddy District	15.00	7.00	0.00	7.00	State Administration
11	Hyderabad	Construction of 10 Toilets in Jawahar Navodaya School, Kasaragod at Periyar in Pullur Periyar GP	(i)	State Kerala, Kasaragod	10.00	10.00	0.00	10.00	Direct
12	Hyderabad	Construction of class room building to the Govt. Higher Secondary School, Kakkat, Madikkai Gram Panchayat, Kasaragod.	(ii)	Kerala State, Kasaragod	35.00	35.00	0.00	35.00	Direct
13	Hyderabad	Construction of Toilets in Govt Schools under Swatch Vidyalaya	(i)	State Kerala, Kasaragod	20.00	13.50	0.00	13.50	Direct
14	Hyderabad	Expenditure incurred towards training of Apprentice Trainees over and above the minimum statutory limit of 2.5% upto 10%	(ii)	Telangana State, Hyderabad	103.00	103.19	0.00	103.19	Direct
Sub Total					572.79	410.50	0.00	410.50	



₹ in Lakhs

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1	Lucknow	Construction of Concrete Road (Jaikaranpurva & Nauhai BBK.)	(x)	Uttar Pradesh State, Barabanki District	45.85	42.86	3.70	46.56	Direct
2	Lucknow	Construction of Multipurpose Shed (Ram Nagar, BBK)	(x)	Uttar Pradesh State, Barabanki District	21.81	12.25	1.06	13.31	Direct
3	Lucknow	Construction of Toilet and Renovation of Class Room with Installation of H.P. in Bahrauli School, Barabanki	(ii)	Uttar Pradesh State, Barabanki District	19.36	19.32	1.67	20.99	Direct
4	Lucknow	Improvement and Development of Bahrauli School, Barabanki	(ii)	Uttar Pradesh State, Barabanki District	121.00	94.67	8.17	102.84	Direct
5	Lucknow	Medical Camps	(i)	Uttar Pradesh State, Barabanki District	8.10	8.10	0.70	8.80	Direct
6	Lucknow	Adoption of TTI - Provisioning of Equipments / Machinery	(ii)	Uttar Pradesh State, Lucknow District	75.59	71.03	6.13	77.16	Direct
7	Lucknow	Solar Street Lights in villages	(iv)	Uttar Pradesh State, Lucknow & Barabanki District	90.58	64.99	5.61	70.60	Direct
8	Lucknow	"Construction of Toilets/ Roads and Hand Pump for needy house holds (At Village Ram Nagar and Sakurabad in Barabanki District)"	(x)	Uttar Pradesh State, Barabanki District	49.96	18.95	1.63	20.58	Direct
9	Lucknow	Solar Street Lights in Villages	(iv)	Uttar Pradesh State, ucknow & Barabanki District	235.95	14.86	1.28	16.14	Direct
10	Lucknow	Expenditure incurred towards training of Apprentice Trainees over and above the minimum statutory limit of 2.5% upto 10%	(ii)	Uttar Pradesh State, Lucknow District	150.00	156.80	13.53	170.32	Direct
Sub - Total					818.20	503.83	43.47	547.30	
1	Korwa	Construction / Renovation of roads	(x)	Uttar Pradesh State, Amethi District	108.13	77.83	4.01	81.84	Direct
2	Korwa	Safe Drinking water / Hand Pump	(i)	Uttar Pradesh State, Amethi District	34.30	39.92	2.05	41.97	Direct
3	Korwa	Pond Renovation	(iv)	Uttar Pradesh State, Amethi District	46.47	43.88	2.26	46.14	Direct
4	Korwa	School Renovation	(ii)	Uttar Pradesh State, Amethi District	69.58	64.33	3.31	67.64	Direct
5	Korwa	Construction of Toilets	(i)	Uttar Pradesh State, Amethi District	7.57	7.24	0.37	7.61	Direct
6	Korwa	Community Toilets in the village	(i)	Uttar Pradesh State, Amethi District	60.00	13.37	0.69	14.06	Direct
7	Korwa	Renovation of Primary Health Centre	(i)	Uttar Pradesh State, Amethi District	25.86	22.78	1.17	23.95	Direct



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8	Korwa	Community Centre	(x)	Uttar Pradesh State, Amethi District	85.00	25.81	1.33	27.14	Direct
9	Korwa	Literacy, livelihood projects, safe drinking water	(x)	Uttar Pradesh State, Amethi District	20.00	12.98	0.67	13.65	Direct
10	Korwa	Installation of Solar Street lights	(iv)	Uttar Pradesh State, Amethi District	40.00	71.02	3.65	74.67	Direct
11	Korwa	Expenditure incurred towards training of Apprentice Trainees over and above the minimum statutory limit of 2.5% upto 10%	(ii)	Uttar Pradesh State, Amethi District	72.00	71.64	3.69	75.33	Direct
Sub - Total									
1	Kanpur	Development of Ganga Ghats	(x)	Uttar Pradesh State, Kanpur District	568.91	450.80	23.20	474.00	Direct
2	Kanpur	Wholesome Development of Village like Construction of Toilets, Community centres, construction of roads, Electrical wiring and fittings etc.,	(x)	Uttar Pradesh State, Kanpur District	240.87	174.74	12.14	186.88	Direct
3	Kanpur	Construction of Roads	(x)	Uttar Pradesh State, Kanpur District	20.55	20.55	1.43	21.98	Direct
4	Kanpur	Renovation of Pediatric and Gynecology ward in GVSM Hospital	(i)	Uttar Pradesh State, Kanpur District	2.02	2.02	0.14	2.16	Direct
5	Kanpur	Renovaion work at Mariampur Hospital.	(i)	Uttar Pradesh State, Kanpur District	19.81	19.81	1.38	21.19	Direct
6	Kanpur	RO Plant at CGIT, Kanpur	(i)	Uttar Pradesh State, Kanpur District	14.09	14.09	0.98	15.07	Direct
7	Kanpur	Distribution of support equipments to differently abled persons	(i)	Uttar Pradesh State, Kanpur District	0.45	0.45	0.03	0.48	Direct
8	Kanpur	Installation of 30 KVA on line UPS at NICU, GVSM, Hospital	(i)	Uttar Pradesh State, Kanpur District	11.19	11.40	0.79	12.19	Direct
9	Kanpur	Adoption of wild animals / birds at Kanpur Zoological Park	(iv)	Uttar Pradesh State, Kanpur District	7.20	7.20	0.50	7.70	Direct
10	Kanpur	Wholesome development of village adjacent to HAL (Construction of Road, Community Centre, Toilets, Medical Camps etc.,)	(x)	Uttar Pradesh State, Kanpur District	9.00	8.90	0.62	9.52	Direct
11	Kanpur	Construction of Toilets at Schools in Rural Area	(i)	Uttar Pradesh State, Kanpur District	30.00	12.38	0.86	13.24	Direct
12	Kanpur	Skill Development	(ii)	Uttar Pradesh State, Kanpur District	15.00	17.54	1.22	18.76	Direct
13	Kanpur	Adoption of ITI	(ii)	Uttar Pradesh State, Kanpur District	15.00	19.30	1.34	20.64	Direct
					25.00	18.20	1.26	19.46	Direct



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14		Kanpur	Expenditure incurred towards training of Apprentice Trainees over and above the minimum statutory limit of 2.5% upto 10%	(ii)	Uttar Pradesh State, Kanpur District	72.00	87.23	6.06	93.29	Direct
			Sub - Total			482.18	413.81	28.74	442.55	
1		Helicopter	Renovation of Devanayammal Tamil Higher Primary School	(ii)	Karnataka State, Bangalore District	1.00	1.29	0.09	1.38	Direct
			Sub - Total			1.00	1.29	0.09	1.38	
1		Barrackpore	Furnitures	(x)	West Bengal State, 24 Parganas South District	3.00	3.00	0.05	3.05	Direct
2		Barrackpore	Community Based Tourism	(ii)	West Bengal State, 24 Parganas South District	7.49	6.67	0.11	6.78	State Administration
3		Barrackpore	RCC Roof with Classroom and allied work in School.	(ii)	West Bengal State, 24 Parganas North District	13.02	8.29	0.13	8.42	State Administration
4		Barrackpore	Construction Toiler block	(i)	West Bengal State, 24 Parganas North District	20.00	12.06	0.19	12.25	Project Implemented by respective Schools
5		Barrackpore	Skill & Enterprenurship Development Training	(ii)	West Bengal State, 24 Parganas North District	3.00	1.55	0.03	1.58	Project Implemented by respective Colleges
			Sub - Total			46.51	31.57	0.51	32.08	
1		FMD	Construction of Toilets in 8 Government High Schools in Nittur, H.N.Kote etc., in Tumkur District.	(i)	Karnataka State, Tumkur District	108.00	33.04	1.65	34.70	Direct
2		FMD	Provision of Solar Photovoltaic Roof Top Power Plants with Battery Backup in Schools.	(iv)	Karnataka State, Tumkur District	350.00	137.31	6.87	144.18	Direct
3		FMD	Running expenditure of HAL Football Academy, Bengaluru.	(vii)	Karnataka State, Bangalore District	38.50	20.22	1.01	21.23	Direct
4		FMD	Implementation of One Mini Watershed for Kumudavathy River Rejuvenation Work (Phase-III).	(iv)	Karnataka State, Bangalore District	400.00	202.17	10.12	212.29	International Association for Human Values (IAHV)
5		FMD	Construction of Toilets in Govt. High Schools and Junior College at Gubbi Taluk District for Swatch Vidyalaya Campaign (including Eletrial Works).	(i)	Karnataka State, Tumkur District	75.00	79.01	3.96	82.97	Direct
6		FMD	Provision of Grid Connected Solar Power Plants provided in Schools at Bengaluru	(ii)	Karnataka State, Bangalore District	115.00	121.82	6.10	127.92	Direct



₹ in Lakhs

Sl. No.	Name of the Division	CSR Project or Activity Identified	Sector in which the Project is covered	Project or Programs (1) Local area or other (2) Specify the State and District where Projects or Programs was undertaken	Amount Outlay (Budget) Project or Program-wise	Amount Spent on the Projects or Programmes Direct Expenditure on Project or Programmes	Administrative Overhead Expenditure	Cumulative Expenditure up to the reporting period	Mode of Implementation (Direct or through Implementing Agencies)
7	FMD	Construction of Toilet Blocks for Govt Schools located at Chikkaballapur and Devanahalli Taluk (incl. Electrical Works), HAL(BC).	(ii)	Karnataka State, Chikkaballapur District	75.00	17.07	0.85	17.92	Direct
8	FMD	Providing Improvement Works to the open space located near DRDO Bangalore, HAL(BC).	(iv)	Karnataka State, Bangalore District	100.00	47.56	2.38	49.94	Direct
9	FMD	Providing Face Lifting Works to Road from Doddanakkundi Main Road Turning to till New HMA Campus, under FMD, CSR Activity.	(iv)	Karnataka State, Bangalore District	44.00	11.83	0.59	12.43	Direct
Sub - Total					1305.50	670.04	33.54	703.58	
1	Corporate Office	Establishment of HAL - IISc Skill Development Centre	(ii)	Karnataka State, Chitradurga District	1623.00	2184.00	0.00	2184.00	Direct
2	Corporate Office	Sponsorship of 5 M.Tech Students of CTARA, IIT Bombay	(x)	Maharashtra State, Bombay	40.00	37.00	0.00	37.00	Direct
3	Corporate Office	Administrative Expenses		Karnataka State, Bangalore District	75.00	0.00	77.00	77.00	Direct
Sub - Total					1738.00	2221.00	77.00	2298.00	
GRAND TOTAL					8322.12	7465.90	263.35	7729.25	



Annexure- IV to Board's Report

Awards & Recognitions

Details of the significant awards received during the year 2017-18:-

- HAL has been conferred with Golden Peacock Innovative Product / Service Award – 2017 at Dubai on 19th April, 2017 for the Project “Combined Interrogator and Transponder (CIT)”.
- HAL bagged Raksha Mantri's Award for “Excellence in Performance” under Institutional Category for the year 2015-16 at a Ceremony held on 30th May, 2017 at New Delhi.
- HAL has bagged SKOCH BSE Award & SKOCH Order-Of-Merit Award 2017 on Corporate Excellence for “Integration of BrahMos Missile on SU-30 MKI Aircraft” by SKOCH Group on 20th June, 2017.
- HAL has been awarded with “Gold Trophy” in recognition of outstanding contribution to skill Development in “Best PSU – Public Sector Training Program” Category during the Summit-cum-Awards function on Skilling India organised by ASSOCHAM India on 9th August, 2017.
- HAL bagged IIM Quality Awards for the year 2017 under “Secondary Processing / Fabrication Plants (Other than Casting and Forging)” Category on 14th November 2017.
- HAL has been conferred with “Industry Excellence Awards-2017” by the Institution of Engineers (India) (IEI) on 21st December, 2017.
- Avionics Division, HAL, Hyderabad bagged Raksha Mantri's Award and was adjudged “Best Performing Division of DPSUs” for the year 2014-15 at a Ceremony held on 30th May, 2017 at New Delhi.
- Engine Division, HAL, Bangalore bagged Raksha Mantri's Group/Individual Award for the year 2015-16 under “Indigenisation” Category for “Indigenous development of Adour-871 Low Pressure Compressor Vane-1 Assembly” at a Ceremony held on 30th May, 2017 at New Delhi.
- AURDC, HAL, Nasik bagged Raksha Mantri's Group/Individual Award for the year 2015-16 under “Innovation” Category for “Integration of BrahMos Missile on Su-30MKI aircraft” at a Ceremony held on 30th May, 2017 at New Delhi.
- AURDC, HAL, Nasik bagged Raksha Mantri's Group/Individual Award for the year 2014-15 under “Design Effort” Category for “Integration of Indigenous Radar Warning Receiver (Tarang MK-1B) on various IAF Platforms” at a Ceremony held on 30th May, 2017 at New Delhi.
- Avionics Division, Korwa, HAL has been awarded with “IETE Corporate Award 2017” for performance in the category of Electronic components during the Award Ceremony of 60th IETE Annual Convention held on 17th September, 2017 at Kochi.
- Shri. T Suvarna Raju, CMD, HAL has been conferred with the ‘Digital Transformer Award 2017’ by International Data Corporation (IDC) on 4th August, 2017.



Annexure- V to Board's Report

Form MR-3

Secretarial Audit Report for the financial year ended on 31st March, 2018

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
HINDUSTAN AERONAUTICS LIMITED
15/1, CUBBON ROAD, BANGALORE-560001

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by HINDUSTAN AERONAUTICS LIMITED (CIN: L35301KA1963GOI001622) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended, 31st March, 2018 made available to me.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that, in my opinion, the Company has, during the audit period covering the financial year ended 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

- (i) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made there under; - From the date the said Act and Rules are applicable to the Company.
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; - The Company has demated the entire shares and has complied with the provisions of the Act and Regulations,
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, wherever applicable.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI) from the date the said Act and Regulations and Guidelines are applicable to the Company.

- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Take overs) Regulations, 2011.
- b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
- c. The Securities and Exchange Board of India (Share based Employee benefit) Regulations, 2014
- d. The Securities and Exchange Board of India (Registrars to an issue and share transfer agents) Regulations, 1993
- e. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

I have also reviewed the systems and mechanisms established by the Company for ensuring compliances under other applicable Acts, Laws, Rules, Regulations and Guidelines applicable to the Company and categorized under the following major heads/groups:

1. Industrial (Development and Regulation) Act, 1951 as amended "I(D&R)ACT".
2. Foreign Trade (Development and Regulation) Act, 1992, Foreign Trade Policy (2015-2020) and Foreign Trade (Exemption from Application of Rules in Certain cases) Order 1993.
3. Defence Procurement Procedure, 2016
4. The Aircraft Act, 1934 and the Aircraft Rules, 1937
5. Arms Act, 1959 and Arms Rules 1962
6. Explosives Act, 1884
7. Prevention of Corruption Act, 1988
8. Official Secrets Act, 1923
9. The Legal Metrology Act, 2009
10. The Legal Metrology (Approval of Models) Rules, 2011
11. Labour Law Regulations
12. Intellectual Property Laws
13. Trade Marks Act, 1999
14. The Patents Act, 1970
15. Indian Copyright Act, 1957 and Copyright Rules 1957



16. The Design Act, 2000

17. Environmental Laws

- a) The Environment (Protection) Act, 1986
- b) The Air (Prevention and Control of Pollution) Act, 1981
- c) The Water (Prevention and Control of Pollution) Act, 1974
- d) The Water (Prevention and Control of Pollution) Cess Act, 1977
- e) The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016
- f) Manufacture, storage and Import of Hazardous Chemical Rules, 1989
- g) The Noise Pollution (Regulation & Control) Rules, 2000
- h) Public Liability Insurance Act, 1991
- i) Other applicable statutes imposed by Centre or the State Government from time to time.

18. Labour Laws, Rules and Regulations applicable to the employees of the Company, including Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

19. The Indian Contracts Act,

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India.

I Report that during the period under review, the Company has complied with the provisions of the applicable Other Acts, Rules, Regulations, Guidelines and Secretarial Standards, etc. mentioned above.

I have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws and maintenance of financial records and books of accounts, since the same are subject to review by statutory financial audit, CAG Audit and Internal Audit.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors, Independent Directors and Women Directors.

The Company has constituted following Statutory Committees.

- 1) Audit Committee
- 2) CSR & Sustainable Development Committee
- 3) Stakeholders Relationship Committee
- 4) Nomination and Remuneration Committee

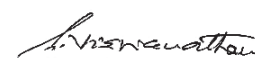
Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda are sent in 7 days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

The Minutes of Meetings of the Board and its Sub Committees and of shareholders are maintained properly.

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

I further report that during the audit period :-

- a. The Company has bought back and extinguished 2,71,12,500 Equity shares at a Price of ₹339.88. per equity share aggregating not exceeding ₹921.50 Crores .
- b. The Company made an initial public offering of 34,107,525 equity shares through an offer for sale.
- c. The equity shares of the Company were listed with the National Stock Exchange of India Ltd. and BSE Ltd.



S.Viswanathan
Practicing Company Secretary
ACS No: 5284
CP No: 5284

Place: Bengaluru
Date: 30th June, 2018
Encl - Annexure A



Annexure A

To
The Members
HINDUSTAN AERONAUTICS LIMITED

My report of even date is to be read along with this letter.

- 1) Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
- 2) I have followed the audit practices and process as are appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
- 3) I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
- 4) Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events, etc.
- 5) The compliance of the Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedure on test basis.
- 6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

S Viswanathan
Practicing Company Secretary
ACS No: 5284
CP No: 5284

Place: Bengaluru
Date: 30th June, 2018



Management Discussion & Analysis Report

1. Industry scenario

1.1 Global Scenario

1.1.1 According to Deloitte's "2018 Global Aerospace and Defence (A&D) Sector Outlook", the global aerospace and defence industry is expected to strengthen in 2018 with Deloitte forecasting industry revenues to grow by about 4.1 percent. The industry closed the 2017 year with 2.1 percent revenue growth. Commercial aircraft sector revenues are expected to grow 4.8 percent, as production levels are likely to be robust. The Defence sector revenues are likely to record 3.6 percent growth as the US defence budget returns to growth after experiencing multi-year declines. India is likely to be the third largest aviation market by 2025. The country is forecast to have a demand for a record 2100 new aircraft in the next two decades, worth 290 Billion USD, with majority being single-aisle planes.

1.1.2 In the defence sector recovery in global gross domestic product (GDP) growth, heightened global security threats, recovery in US defence budget as well as higher defence spending from other regional powers such as India, China and Japan are likely to derive the global defence sector revenue growth in 2018 and beyond. As global tensions rise, defence spending growth is likely to continue over the next five years. Deloitte estimates global defence spending to grow at Compounded Annual Growth Rate (CAGR) of about 3.0 percent over the 2017-22 period crossing 2 Trillion USD by 2022. It is critical for the A&D companies to invest in new and advanced technologies. This will help the industry to be in the forefront of manufacturing, enhancing productivity and efficiency.

1.1.3 In defence sector US remained the largest defence spending nation, accounting for 36 percent of the total global spend of 1682 Billion USD in 2016. China, Russia, Saudi Arabia and France are other nations having defence spending more than India. In terms of percentage of GDP, Oman leads all nations spending 16.5 percent of GDP on military expenditure. International demand for defence and military products is increasing in the Middle East, Eastern Europe, North Korea and the East and South China Seas.

1.2 The Indian Scenario

1.2.1 India's defence sector has experienced robust growth over the recent past with India's defence budget for 2017-18 reaching 57.4 Billion USD. This has been led by country's focus on recapitalising and strengthening its military to counter any potential threat, as well as efforts to upgrade existing assets. Over the past two years, the Government has taken multiple initiatives to attract foreign investment in A&D industry, including increased international engagement, a revamped Foreign Direct Investment (FDI) policy and a new defence procurement procedure with amendments in offset regulations.

1.2.2 In May 2017, the Indian Government announced a 'Strategic Partnership Model' for defence manufacturing, under which Indian firms will be allowed to enter into strategic partnership with non-Indian OEMs in key defence sub-sectors such as fighter aircraft, submarines, helicopters and armoured fighting vehicles. The Strategic Partnership Model aims to enhance India's self-reliance index in defence procurement, including technology transfer.

1.2.3 Moreover, Indian Defence Market continues to be one of the most attractive markets in the world and offers significant opportunities for defence manufacturing firms. Currently, India employs the third largest Armed Forces in the world and sources around 60 percent of its defence requirements through imports.

1.2.4 The Union budget allocation in 2018-19 for Defence Budget (excluding miscellaneous and defence pension) is ₹2,79,305 Cr (43.4 Billion USD) with an increase of 7.7 percent over the previous year allocation of ₹2,59,262 Cr (BE). However, growth declines to 6 percent in comparison to revised estimate (RE) for the previous Financial Year. It is important to note that upward revision is entirely due to increase in revenue expenditure, with the capital expenditure remaining exactly the same. This defence expenditure allocation has come down to 1.49% of GDP from allocation of 1.54% of GDP in previous year and it is also the lowest percentage allocation since 2000-01. This allocation for revenue expenditure and capital expenditure has grown by 7.2 % and 8.6 % respectively over the previous year allocations.

Defence Budget Allocation for 2017-18 and 2018-19 (₹ in Crs)

Year	Revenue Expenditure	Capital Expenditure	Total
2016-17 (RE)	168,635	79,370	248,005
2017-18 (RE)	176,516	86,488	263,004
2018-19 (BE)	185,323	93,982	279,305

1.2.5 The two key budget announcement directly concerning the defence industry are: an industry friendly defence production policy 2018 and two defence industrial corridors. In addition, the announcement extending the reduced corporate tax of 25 percent to all companies with a turnover of up to 250 Cr is likely to benefit a large number of Micro, Small and Medium Enterprises (MSME) in the private sector, that are engaged in defence production.

1.2.6 Lower allocation towards Defence Expenditure for the year 2018-19 in terms of percentage of GDP and marginal increase in capital expenditure are expected to have a negative impact on the new acquisition and modernisation plan of the Armed Forces and will continue to pose challenges to manufacturing companies like HAL. However, Indian Aerospace and Defence market is expected to continue the trend of growth in line with the emerging markets worldwide due to the economic growth of the nation and increased demands from the Armed Forces.



2. Organisation Structure

Presently, HAL has 20 Production / Overhaul Divisions and 11 Research and Development Centres, co-located with the Production Divisions, across the country. These Divisions are organised into five Complexes:

- Bangalore Complex: Production and ROH of Fixed Wing Aircraft/ Engines (Indian and Western origin)
- MiG Complex: Production and ROH of Fixed Wing Aircraft / Engines (Russian origin)
- Helicopter Complex: Production and ROH of Helicopters (Indian and Western origin)
- Accessories Complex: Production and ROH of Accessories and Avionics for both Fixed Wing and Rotary Wing Platforms (Indian, Russian and Western origin)
- Design Complex: Design and Development of Fixed Wing and Rotary Wing Aircraft, Unmanned Aerial Vehicles (UAV), Aero-engines, Avionics and Accessories.

The first four business verticals are headed by Chief Executive Officers (CEOs) and managed as independent profit centres. The R&D centres under Design Complex report to Director (Engineering and R&D) from the view point of integrated functioning for design support and development of future products of the Company.

3. Products and Services

The Company has a comprehensive Design and Development set up and vast experience in design and manufacture of a diversified range of aircraft and its systems. Out of 31 types of aircraft/helicopters in the product portfolio of the Company so far, 17 are of indigenous design. The Company's current product portfolio includes Su-30 MKI, LCA, Dornier, ALH, Cheetal, Chetak and related engines and accessories. The Company is also providing repair and overhaul services for various aircraft and helicopters including related engines and accessories, being operated by the customer. The Company has identified additional key Product and Technology as thrust areas such as Aero-engines, UAVs and Civil Aviation which are being pursued earnestly.

4. SWOT Analysis

It helps in analysing internal strengths and weaknesses of the Firm as well as to identify potential opportunities and threats in the external environment of the organisation. The SWOT analysis of the Company is as follows:

Strengths

- Leadership Position in the Indian Aeronautical industry and in Asia.
- Long credible history of Research & Design, Manufacturing and Maintenance Repair and Overhaul (MRO) services.

- Established track record in offering Product Life Cycle support extending to periods beyond four decades.
- Strong Design & Development capabilities.
- Availability of skilled manpower with adequate expertise in aerospace domain.
- Best-in-class infrastructure
- Consistent performance, stable revenues and potential to initiate new projects
- Thrust on R&D initiatives and partnerships with leading technical institutes

Weaknesses

- Dependence on Indian Defence Customers.
- Dependence of Annual Defence Budget allocation for taking up new modernisation projects (Lower allocation towards defence expenditure in terms of percentage of GDP will have negative impact on new acquisition).
- Dependency on foreign suppliers for critical technologies and raw materials.
- Obsolescence issues due to ageing of Customer Fleet.

Opportunities

- Growing Civil Aviation market in India.
- Surge in modernisation of Indian Defence Services.
- Special emphasis on manufacturing sector by the Government.
- Export markets for Light helicopters, Dornier aircraft and MRO of defence aircraft & helicopters.
- Single window solution provider status, being OEM of major platforms.
- In view of renewed thrust to MSME sector, opportunity to become lead integrator
- Growth potential through acquisitions & partnerships on a global scale.
- Leadership opportunity in boosting Indian aerospace ecosystem.
- Government's thrust on public-private partnerships
- Diversification of products and services
- Government's efforts in increasing indigenous defence manufacturing

Threats

- Changing preference of defence customers by moving away from single source to multiple sources.
- Strategic Partnership Model by GoI is exclusively for private industry.



5. Our strategies

We intend to pursue the following principle strategies to exploit our competitive strengths and grow our business:

- Expand our operations through partnerships and collaborations.
- Diversify through expansion in new growth areas.
- Diversify further into civil aircraft for both manufacturing and servicing opportunities.
- Develop in-house capabilities to design and develop specialised products including aero-engines.
- Leverage advantage of life-time support.
- Develop Human capital.
- Enhancing customer satisfaction.
- Optimising operations towards becoming a lead integrator of aircraft platforms.

6. Product-wise performance

The Ministry of Corporate Affairs vide Notification No 1/2/2014-CL-V dated 23rd February, 2018 has exempted Companies engaged in Defence Production to the extent of application of Ind AS 108 on “Operating Segment”. Disclosure in this regard has been made at Clause No.37 of Note No. 49 to the Accounts.

7. Outlook

India has the third largest military in the world and is the sixth largest spender on defence. India is also one of the largest importers of conventional defence equipment and spends approximately 30% of its total defence budget on capital acquisitions. 60% of Indian's defence-related requirements are currently met through imports.

Over the years, the Government of India has pushed various reforms for Indian Aerospace and Defence Industry and Civil Aviation Industry to create a conducive environment for industries to achieve progressive growth. In recent years, several global aerospace and defence companies have partnered with the local Indian Companies to expand their manufacturing base in India and to take advantage of the continued focus of Government of India on “Make in India” initiative. Under the ‘Make in India’ initiative, the Government is focusing on increasing indigenous defence manufacturing with the aim of becoming self-reliant. The opening up of the defence sector for private sector participation is helping foreign OEMs to enter into strategic partnerships with Indian companies and leverage opportunities in the domestic as well as global markets.

Considering the changing economic and business environment, HAL has formulated strategies aligned to the

government's initiatives and support the development of Indian Aerospace and Defence Manufacturing Industry. Few Major initiatives taken by Company are given below:

- Current projects in hand consists of Design and Development of LCA MK 1A, Light Combat Helicopter, Light Utility Helicopter, 25 KN Turbofan Engine (HTFE-25), 1200 KW Turboshaft Engine (HTSE-1200), Mini UAV (8 kg class).
- Thrust on Design and Development to encourage indigenization of components, accessories and systems required for manufacture as well as repair and overhaul of Aircraft, Engines and associated Systems.
- Focused Vendor Development efforts to encourage greater public private partnerships in which HAL would be playing a lead role in developing a sound manufacturing vendor base in the country.
- To encourage the private sector including MSMEs and start-ups to increase the level of participation in defence:
 - The Company has incorporated favourable policy measures in its Purchase Manual in line with the initiatives of Government of India.
 - The Company has enhanced outsourcing of design and development activities and manufacturing activities.
 - The Company has also provided opportunities to the private industry for indigenization under Make in India.
- Considering the Government of India's UDAN (Ude Desh ka Aam Nagrik) initiative under Regional Connectivity Scheme (RCS), HAL has manufactured two Civil Dornier Do-228. These aircraft are ready for use by suitable agency(ies).

8. Measures to tackle Challenges

The measures taken by HAL to address the challenges, concerns and risks are as follows:

Technology Development / Acquisition

- The Company's focus on R & D has resulted in major successful programmes viz. Light Combat Helicopter (LCH), Light Utility Helicopter (LUH), Light Combat Aircraft (LCA), Basic Trainer Aircraft (HTT-40), Hawk-I, Jaguar Darin III Upgrade, Mirage 2000 Upgrade, 8kg Mini UAV, 25 kN Hindustan Turbo Fan Engine (HTFE-25) and 1200kW Hindustan Turbo Shaft Engine (HTSE-1200). Further, the Company has plans to take up Su-30 MKI Upgrade and Jaguar Re-engining shortly.
- The Company has established chairs at IITs and IISc to benefit from the technological developments and their application in our R & D programs



Diversify through expansion of product portfolio in new growth areas

- Considering the growth of domestic as well as international defence and civil aviation market, there are significant growth opportunities available for the Company in near future. The Company has initiated the indigenous design and development of Indian Multi Role Helicopter (IMRH), a 12- ton medium category helicopter to make the helicopter product portfolio comprehensive alongwith the existing 3 ton and 5 ton categories.
- The Company continues to focus on expanding its presence in global civil segment. To enter in this segment with the target market of Latin America and South-East Asia for civil variant of Advanced Light Helicopter (ALH) Dhruv, the Company has progressed towards obtaining the regulatory approvals i.e. European civil certification from the European Aviation Safety Agency ("EASA") for ALH Dhruv.
- The Company envisages a huge potential for passenger transport aircraft in its product portfolio in the 19-seater, short haul aircraft segment, as the medium of entry into civil segment as part of RCS-UDAN scheme of GOI. In 2017-18, the Company has manufactured two Do-228 civil variant aircraft, which are DGCA certified.

Strategic Partnerships or Collaborations

- The range of products of the Company requires a wide array of technologies and capabilities. The rapid pace of technological development in the aeronautical industry, specialized expertise required in different areas of product life cycle, which makes it difficult to extend our portfolio organically. Therefore, in addition to organic growth through our R&D efforts, focus is on alliances to gain access to new technologies.
- HAL's newly formed JV with Russian Helicopters and JSC Rosoboronexport, Russia, has business potential for production of around 200 nos. of Ka-226T helicopters.

Customer Orientation

- To improve and provide Customer Delight, Customer Service Workshops are being conducted for enhanced awareness and training on products and services to Customers and Customer service personnel.
- MRO Hub at Mamun for phase-I activities of ALH for Indian Army catering Northern and Western sectors has been operationalized. MRO Hub has not only helped in enhancing level of on-site repairs but also improved Fleet serviceability.
- Senior executives of the Company visit Customer operational areas as well as Customer Head Quarters to dovetail the product support for enhancing the effectiveness of Customer Services.

- In-house Corporate online monitoring of Customer assets and spares supply have been introduced to track the progress and delivery schedule. This will increase the availability of floats and spares with Customer, which in turn improves the fleet serviceability.

9. Internal Financial Control

The Company has set up proper and adequate Internal Financial Controls in respect of Financial Statements. The Systems Audit, which is carried out by Internal team of Officials with Finance as well as technical background. This is in addition to internal Audit by the practicing firms of Chartered Accountants. The Manuals pertaining to various functions/activities such as Purchase, Outsourcing, Stores, Accounts, Systems Audit etc., have been updated and implemented. No instance of material weakness in the operations has been observed. The necessary disclosures have been made in Note to Accounts.

The statutory auditors are also required to issue the independent auditor's report vide Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013. The report issued thereupon has been attached along with the standalone and consolidated financial statements respectively.

10. Discussion and Analysis on financial performance with respect to operational performance:

(₹ in Lakhs)

SL No	Particulars	Year Ended 31 st March, 2018	Year Ended 31 st March, 2017
1	Turnover	18,28,386	17,60,379
2	Revenue from Operations (Net)	18,51,925	17,95,020
3	Value of Production	17,55,315	17,10,273
4	Gross Margin	4,27,498	4,27,341
5	Profit Before Tax	3,32,284	3,58,258
6	Tax Expense	1,25,243	96,695
7	Profit After Tax	2,07,041	2,61,563
8	R&D Expenditure	1,61,186	1,28,373
9	Net Worth*	12,03,338	12,53,663
10	Book Value Per Share	360	347
11	Earning Per Share	58.50	72.35
12	Dividend Per Share	32.17	22.13
13	Debt Equity Ratio	0.07:1	0.08:1

*Post Buyback of 2,71,12,500 equity shares @ ₹339.88 per share amounting to ₹92,150 Lakhs excluding tax of ₹20,636 Lakhs.

- Turnover registered a growth of 4% from ₹17,60,379 lakhs in 2016-17 to ₹18,28,386 lakhs in 2017-18.
- Value of production has increased from ₹17,10,273 lakhs in 2016-17 to ₹17,55,315 lakhs in 2017-18, increase of 3%.
- Turnover per employee has increased from ₹60 lakhs in 2016-17 to ₹63 lakhs in 2017-18.



- Book value per share has increased from ₹347 in 2016-17 to ₹360 in 2017-18.
- Net Worth post buyback has decreased from ₹12,53,663 lakhs in 2016-17 to ₹12,03,338 lakhs in 2017-18. 2,71,12,500 equity shares bought back for ₹92,150 lakhs (excluding buyback tax of ₹20,636 Lakhs) during 2017-18.
- Dividend Per share increase from ₹22.13 in 2016-17 to ₹32.17 in 2017-18.

11. Human Resource Development

i) Leadership Development Programme for Senior Management Level:

The Leadership Development Programme was introduced in HAL during 2013-14 and 90 Senior Officers in Grades VII & VIII having excellent track record have undergone the Programme. In furtherance to the initiative, one more batch consisting of 31 Officers was nominated for the Programme during year 2017-18. This program has modules in HAL Management Academy; IIM Ahmedabad; and an international exposure.

ii) HAL Reward Scheme

A Reward Scheme for Exemplary Performance in respect of Executives was notified in the Company on 15/06/2017, with the intention to recognize and encourage exemplary performance of Executives based on innovation, exceptional productivity etc, which would contribute to attainment of the short term and long terms Organizational Goals.

iii) Succession Planning Policy for Posts in Grade- IX (General Manager or equivalent) & above:

Succession Planning plays a pivotal role in developing a Leadership Pipeline, which would ensure continuous

and timely supply of high Performance individuals who occupy critical Leadership Roles. In order to streamline the process of identifying suitable candidates to take over Leadership Positions, a documented Policy on Succession Planning for Posts in Grade-IX and above was notified in the Company on 16/11/2017.

12. Manpower

Total Employees as on 31.03.2018	Officers	Workmen		
		Direct	Indirect	Total
29035	8799	12698	7538	20236

13. Environment Protection and Conservation:

The Company has been planting saplings every year. The Division-wise details of saplings planted during the years 2017-18 and 2016-17 are as indicated below:

SL No	Name of the Division / Complex	Total number of Saplings planted during	
		2017-18	2016-17
1	Bangalore	2,282	4,570
2	Koraput	50,540	41,715
3	Nashik	7,250	6,223
4	Korwa	1,125	11,150
5	Lucknow	1,420	1,789
6	Barrackpore	19,760	10,254
7	TAD, Kanpur	600	800
8	Hyderabad	7,000	10,044
	Total	89,977	86,545



Corporate Governance Report

1. A brief Statement on Company's Philosophy and Code of Governance

The Company's philosophy on Corporate Governance is based on the principles of transparency, honesty, integrity, accountability, Corporate Social Responsibility, compliance of laws, procedures and meeting ethical standards to take care of the interest of all the stakeholders. The Company gives importance to adherence to corporate values and objectives and discharging social responsibilities as a corporate citizen.

Your Company has formulated and uploaded the following policies/codes on its website in line with the Companies Act, 2013 and Listing Regulations:

- Code of Business Conduct and Ethics for Board Members and Senior Management
- Insider Trading Policy
- Policy on Related Party Transactions
- Policy on determination of Materiality of Disclosures
- Policy for Preservation and Archival of Documents
- Training Policy for Directors
- Corporate Social Responsibility Policy
- Whistle Blower Policy
- Risk Management Policy
- Dividend Distribution Policy
- Policy on determining Material Subsidiary
- Policy on Business Responsibility Report
- HR Manuals containing Recruitment and Promotion Rules
- Vigilance Manuals containing vigil mechanism

2. Board of Directors

The Board of Directors headed by Executive Chairman is the apex body which oversees functioning of the Company. The Board provides a long-term vision and strategic thinking in order to improve the quality of governance. It has constituted Sub-Committees to facilitate smooth and efficient flow of decision-making process.

As on 31st March, 2018, the Board of HAL comprises of five Whole time / Functional Directors including Chairman and Managing Director and five Non-Executive (Independent) Directors.

Your Company being a Government Company, appointment of all the Directors is being done by the President of India, through the Ministry of Defence. The Board has an appropriate mix of Executive, Non-Executive (Official and Independent) Directors and is headed by an Executive Chairman. Directors are not *inter se* related to each other.

(a) Composition and category of Directors:

Whole-time / Functional Directors (Executive) (as on 31/03/2018)

- Shri T Suvarna Raju Chairman and Managing Director
- Shri V M Chamola Director (Human Resources)
- Shri D K Venkatesh Director (Engineering and R&D)
- Shri C V Ramana Rao Director (Finance) and CFO
- Shri Sunil Kumar Director (Operations)

Independent Directors (Non-Executive)

- Ms. Dipali Khanna
- Dr. J K Bajaj
- Shri Siddharth
- Shri Neelakanta Iyer R
- Shri Anil Kumar

(b) Meeting and attendance of Directors and their Committee details:

Sl. No.	Directors	Meeting held during respective tenure of Director	No. of Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Committee membership across all Companies #	
						As Chairman	As Member
Whole-time/ Functional (Executive) Director							
1	Shri. T. Suvarna Raju	11	11	Yes	1	-	-
2	Shri. V. M. Chamola	11	10	Yes	2	-	1
3	Shri. Subrahmanyam (Retired on 30.04.2017)	1	1	NA	2	-	-
4	Shri D K Venkatesh	11	11	Yes	1	-	-
5	Shri C V Ramana Rao	11	11	Yes	1	-	1
6	Shri Sunil Kumar (appointed w.e.f 16.10.2017)	7	7	NA	-	-	-



Sl. No.	Directors	Meeting held during respective tenure of Director	No. of Meetings attended	Attendance at the last AGM	No. of other directorship held	No. of Committee membership across all Companies #	
						As Chairman	As Member
Part-time Official (Non -Executive) Director							
7	Shri Rajib Kumar Sen (withdrawal of nomination w.e.f.27.04.2017	-	-	NA	-	-	1
8	Shri. Chandraker Bharti (appointed w.e.f 27.04.2017 and withdrawal of nomination w.e.f.01.03.2018)	7	7	Yes	-	-	1
Independent (Non-Executive) Director							
9	Shri. P S Krishnan (Ceased as Director w.e.f 04.05.2017)	1	1	NA	-	1	1
10	Shri. Pradipta Banerji (Ceased as Director w.e.f 04.05.2017)	1	1	NA	-	-	1
11	Shri. G Pattanaik (Ceased as Director w.e.f 04.05.2017)	1	1	NA	-	1	-
12	AVM (R) D K Pande, AVSM,VSM (Ceased as Director w.e.f 04.05.2017)	1	1	NA	-	-	1
13	Ms Dipali Khanna	11	9	Yes	6	1	-
14	Shri V Somasundaran (appointed w.e.f 11.09.2017 and resigned w.e.f 06.02.2018)	4	2	NA	-	-	1
15	Shri Arun Kumar Sinha (appointed w.e.f 11.09.2017 and resigned w.e.f 22.01.2018)	3	3	NA	-	-	1
16	Dr J K Bajaj (appointed w.e.f 11.09.2017)	9	9	NA	-	-	2
17	Shri Anil Kumar (appointed w.e.f 05.03.2018)	4	4	NA	-	-	1
18	Shri Neelakanta Iyer R (appointed w.e.f 05.03.2018)	4	4	NA	-	-	1
19	Shri Siddharth (appointed w.e.f 05.03.2018)	4	4	NA	1	-	1

In accordance with Regulation 26 of the SEBI (LODR) Regulations, 2015, Membership / Chairpersonship of only Audit Committee and Stakeholders' Relationship Committee are considered.

Notes:

- None of the Directors is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he is a director as per Regulation 26(1)(a) & (b);
- Directors are not per se related to each other.



(c) Number and date of meetings of the Board of Directors

During the financial year ended on 31st March, 2018, Eleven (11) Board Meetings were held as mentioned below:

Sl No	Date of Board Meeting
1	28 th April, 2017
2	29 th June, 2017
3	22 nd September, 2017
4	27 th September, 2017
5	28 th November, 2017
6	2 nd February, 2018
7	1 st March, 2018
8	5 th March, 2018
9	7 th March, 2018
10	7 th March, 2018
11	21 st March, 2018

(d) No. of Equity Shares of the Company held by Directors as on 31st March, 2018.

Sl. No	Name of the Director	No. of Shares held on 31.03.2018
1	Shri. T. Suvarna Raju*	40
2	Shri. V. M. Chamola*	40
3	Shri D K Venkatesh*	40
4	Shri C V Ramana Rao*	40
5	Shri Sunil Kumar	-
6	Ms Dipali Khanna	-
7	Dr J K Bajaj	-
8	Shri Anil Kumar	-
9	Shri Neelakanta Iyer R	-
10	Shri Siddharth	-

*Nominee Shareholders to the President of India, having no beneficial Interest.

(e) Web Link where details of familiarisation programmes imparted to independent directors is disclosed

In order to familiarise the independent Directors with their roles, rights, responsibilities, business model, nature of the industry in which the Company operates, etc., the Company has conducted various familiarization programmes.

The details of the familiarization program is disclosed in the website of the Company at www.hal-india.co.in/investors.

(f) Resume of directors

Brief Resume / profiles of the Directors appointed / re-appointed and their expertise in specific functional areas forms part of the Annual Report.

3. Audit Committee:

- (a) Brief description of terms of reference:** The terms of reference of the Audit Committee are as provided under the Companies Act, 2013 (except to the extent of exemptions granted to the Government Companies) and SEBI (Listing Obligations and Disclosure Requirements) Regulations,

2015 (except to the extent of exemptions provided by SEBI to the Company) and other applicable guidelines to CPSE.

(b) Composition, Name of Members and Chairperson

The Audit Committee consists of the following Directors as on 31st March, 2018:

i.	Ms. Dipali Khanna	Independent Director	Chairperson
ii.	Dr. J K Bajaj	Independent Director	Member
iii.	Shri Siddharth	Independent Director	Member
iv.	Shri Neelakanta Iyer R	Independent Director	Member
v.	Shri Anil Kumar	Independent Director	Member

The composition of the Audit Committee is in line with Section 177 of the Companies Act, 2013, Regulation 18 of the SEBI (LODR) Regulations, 2015 and the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) issued by the Department of Public Enterprises (DPE Guidelines).

Director (Finance) & CFO and Director (Operations) are the permanent invitees to the Committee.

The Company Secretary is the Secretary to the Committee.

(c) Meetings and Attendance

During the year, five (5) Audit Committee Meetings were held on 28th April, 2017, 14th November, 2017, 28th November, 2017, 2nd February, 2018 and 1st March, 2018.

Sl. No.	Name of Members	No. of Meetings held during the tenure	No. of Meetings attended
1	Shri. Chandraker Bharti (appointed w.e.f 27.04.2017 and withdrawal of nomination w.e.f.01/03/2018)	4	4
2	Shri. P S Krishnan (Ceased as Director w.e.f 04/05/2017)	1	1
3	Shri. Pradipta Banerji (Ceased as Director w.e.f 04/05/2017)	1	1
4	Shri. G Pattanaik (Ceased as Director w.e.f 04/05/2017)	1	1
5	AVM (R) D K Pande, AVSM,VSM (Ceased as Director w.e.f 04/05/2017)	1	1



Sl. No.	Name of Members	No. of Meetings held during the tenure	No. of Meetings attended
6	Ms Dipali Khanna	5	5
7	Shri V Somasundaran (appointed w.e.f 11/09/2017 and resigned w.e.f 06/02/2018)	3	2
8	Shri Arun Kumar Sinha (appointed w.e.f 11/09/2017 and resigned w.e.f 22/01/2018)	2	2
9	Dr J K Bajaj (appointed w.e.f 11/09/2017)	4	4
10	Shri Anil Kumar (appointed w.e.f 05/03/2018)	0	0
11	Shri Neelakanta Iyer R (appointed w.e.f 05/03/2018)	0	0
12	Shri Siddharth (appointed w.e.f 05/03/2018)	0	0

4. Nomination & Remuneration Committee

(a) Brief description of terms of reference

The Company, being a Government Company, the appointment, tenure and remuneration of directors are decided by the Government of India. As per the DPE Guidelines, a Nomination and Remuneration Committee was constituted to decide the annual bonus/variable pay pool and policy for its distribution within the prescribed limits. The terms of reference of the Nomination and Remuneration Committee are as provided under the Companies Act, 2013 (except to the extent of exemptions granted to the Government Companies) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (except to the extent of exemptions provided by SEBI to the Company) and other applicable guidelines to CPSE.

The composition of the Committee was in compliance with Regulation 19 of SEBI (LODR) Regulations- 2015. However, Section 178 (2), (3) and (4), of the Companies Act, 2013 relating to 'Nomination and Remuneration Committee' shall not apply to Government Company.

The appointment/remuneration and other matters in respect of Key Managerial Personnel (KMP) and Senior Management Personnel are governed by the HAL Recruitment Rules and Procedures and subject to the policies and directives that may be issued by the Board of Directors and/or CMD as the case may be from time to time. Pay scales of KMPs and Senior Management Personnel are governed by Presidential Directives received from the Ministry of Defence.

(b) Composition, name of Members and Chairperson

The composition of the Nomination and Remuneration Committee as on 31st March, 2018 is as under:

i.	Ms. Dipali Khanna	Chairperson
ii.	Dr. J K Bajaj	Member
iii.	Shri Anil Kumar	Member

Director (HR) & Director (Finance) & CFO are Permanent Invitees to the Committee.

The Company Secretary is the Secretary to the Committee.

(c) Meeting and attendance during the year

During the year under review, 1 (One) meeting of the Committee was held on 12th April, 2017.

5. CSR & Sustainable Development Committee

The CSR & Sustainable Development Committee, headed by an Independent Director, oversees implementation of CSR and Sustainable Development activities in the Company.

The Composition of the Committee as on 31st March, 2018 was as under:-

i.	Ms. Dipali Khanna	Chairperson
ii.	Director (HR)	Member
iii.	Director (Operations)	Member
iv.	Director (Finance) & CFO	Member

All CEOs of the Complexes and General Manager (Finance) – Corporate Office are Permanent Invitees to the Committee.

Company Secretary is the Secretary of the Committee

During the year, 2 (Two) meetings of the Committee were held on 25th April, 2017 & 14th November, 2017.

6. Stakeholders Relationship Committee

(a) Shareholders/Investors Grievance Committee is headed by an Independent Director

The Composition of the Committee as on 31st March, 2018 was as under:-

i.	Dr. J K Bajaj	Member
ii.	Director (HR)	Member
iii.	Director (Finance) & CFO	Member

Company Secretary is the Secretary of the Committee

(b) Brief description of terms of reference: The Committee was constituted primarily to look into redressal of grievances of the shareholders and investors of the Company

(c) Name and designation of Compliance Officer

Shri G V Sessa Reddy
Company Secretary & Compliance Officer
Hindustan Aeronautics Limited
15/1, Cubbon Road, Bengaluru – 560 001. Karnataka
Phone : (080) 2232 0001, Fax: (080) 2232 0758
Email: cosec@hal-india.com



(d) **Number of shareholders' Complaints received upto 31st March, 2018 :** Nil

(e) **Number of Shareholder' Complaints resolved upto 31st March, 2018:** Nil

(f) **Number of Pending Complaints upto 31st March, 2018 :** Nil

7. Risk Management Committee

The Board of Directors of the Company at its 415th meeting held on 30th May, 2018 constituted Risk Management Committee consisting of the following members:

- (i) Director (HR)
- (ii) Director (Engineering and R&D)
- (iii) Director (Finance)
- (iv) Director (Operations)

All CEOs of the Complexes and AGM (JV, OS & RM) are Permanent Invitees to the Committee.

Company Secretary is the Secretary of the Committee

Brief description of Terms of Reference: The risk management committee shall annually review and approve the Risk Management Policy and associated frameworks, processes and practices of the Company. The Committee shall review and reassess the adequacy of the Risk Management Policy annually and recommend any proposed changes to the Board for approval.

8. Other Committees of the Board

The Board has constituted the following Sub-Committees to assist and advise in their respective areas:

a) IPO Committee

The Composition of IPO Committee as on 31st March, 2018 was as under:-

Director (HR)	Chairman
Director (Engg and R&D)	Member

Director (Finance) & CFO	Member
Director (Operations)	Member

Company Secretary is the Secretary of the Committee.

The Board of Directors of the Company at its 415th meeting held on 30th May, 2018 has dissolved the Committee in view of completion of IPO process and shares of the Company got listed on Stock Exchanges w.e.f 28th March, 2018.

b) Management Committee

Management Committee is empowered to approve the proposals as per the powers delegated by the Board. The Composition of the Committee as on 31st March, 2018 was as under:

- Chairman and Managing Director (CMD)
- All Functional Directors - Members
- All CEOs - Members

Company Secretary is the Secretary to the Committee

c) Technology & Design Policy Committee

Technology and Design Policy Committee consisting of all Whole-time Directors, chaired by the CMD of the Company, have been delegated powers by the Board to approve Research & Development and Indigenisation proposals.

GM (ARDC) is the Secretary to the Committee.

9. Remuneration of Directors

HAL being a Government Company, the terms and conditions of appointment and remuneration of Functional Directors are determined by the Government of India through its administrative Ministry, Ministry of Defence, Department of Defence Production. Part-time official Directors (Government Nominee Director) do not draw any remuneration from the Company.

The Part-Time Non-Official Directors (Independent Directors) are paid sitting fee of ₹20,000/- per meeting of the board and its committee meeting as approved by the Board within the ceiling fixed under the Companies Act, 2013 and as per the guidelines issued by the Government of India.



The details of remuneration paid to Functional Directors during the financial year 2017-18 are as follows:

(Amt in ₹)				
Sl No	Name / Designation of Directors	Salary and Perquisites as per Section 17(1) &(2) of the Income Tax Act, 1961	Retirement & other benefits	Total
1	Shri T Suvarna Raju, CMD	64,00,744	-	64,00,744
2	Shri V M Chamola, Director (HR)	56,56,732	-	56,56,732
3	Shri D K Venkatesh, Director (Engg and R&D)	48,34,635	-	48,34,635
4	Shri C V Ramana Rao, Director (Finance) & CFO	42,72,816	-	42,72,816
5	Shri Sunil Kumar*, Director (Operations)	24,48,875	-	24,48,875
6	Shri S Subrahmanyam**, Ex-Director (Operations)	25,23,795	10,00,000	35,23,795

* Shri Sunil Kumar was appointed as Director (Operations) of the Company w.e.f 16.10.2017.

**Shri S Subrahmanyam, ceased as a Director (Operations) of the Company consequent upon superannuation on 30th April, 2017.

During the year, the Part-Time Non-Official Directors (Independent Directors) received sitting fees for attending the meetings of the Board / Committees as follows:

(Amt in ₹)				
Sl. No	Name of Independent Director	Board Meetings	Committee Meetings	Total Remuneration
1	Shri. P S Krishnan	20,000	40,000	60,000
2	Shri. Pradipta Banerji	20,000	80,000	1,00,000
3	Shri. G Pattanaik	20,000	60,000	80,000
4	AVM (R) D K Pande, AVSM,VSM	20,000	60,000	80,000
5	Ms Dipali Khanna	1,80,000	1,60,000	3,40,000
6	Shri V Somasundaran	40,000	60,000	1,00,000
7	Shri Arun Kumar Sinha	60,000	40,000	1,00,000
8	Dr J K Bajaj	1,80,000	1,00,000	2,80,000
9	Shri Anil Kumar	80,000	20,000	1,00,000
10	Shri Neelakanta Iyer R	80,000	20,000	1,00,000
11	Shri Siddharth	80,000	20,000	1,00,000

10. Meetings of Independent Directors

During the year, 2 (Two) Meetings of Independent Directors were held on 11th April, 2017 & 21st March, 2018.

11. Code of Business Conduct and Ethics for Board Members and Senior Management

The Company is committed towards conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. The existing Code of Business Conduct and Ethics for Board Members and Senior Management has been revised in line with the provisions of the Companies Act, 2013 and Listing Regulations and approved by the Board of Directors of the Company at the 405th meeting held on 29th June, 2017. A copy of the Code has been placed on the Company's website www.hal-india.co.in. All members of the Board and Senior Management have confirmed compliance with the Code of Conduct for the year under review. A declaration signed by the Chairman & Managing Director is appended to this report.

12. Insider Trading Policy

In pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015, the Board of Directors of the Company has approved the Insider Trading Policy for dealing in Securities of the Company by an insider.

The Policy is framed with an aim that the employees of the Company and his/her immediate relatives shall not derive any benefit or assist others to derive any benefit from the access to and possession of Price Sensitive Information about the Company which is not in the public domain.

13. CEO/CFO Certification

In terms of Regulation 17(8) of SEBI (LODR) Regulations 2015, the Compliance certificate issued by the CEO and CFO on the financial statements and internal controls relating to financial reporting for the year 2017-18 was submitted to the Board at the meeting held on 30th May, 2018 and attached to this report.



14. Shareholding Pattern as on 31st March, 2018

Sl. No.	Category	Number of Share held	% of total holding
1	President of India	30,08,54,780	89.97
2	Insurance Companies	2,46,81,276	7.38
3	Resident Individuals	40,55,145	1.21
4	Banks	27,11,160	0.81
5	Mutual Funds	10,72,548	0.32
6	Bodies Corporates	5,61,126	0.17
7	Clearing Members	2,09,394	0.06
8	H U F	1,46,534	0.04
9	Non Resident Indians	68,101	0.02
10	Non Resident Indian Non Repatriable	27,036	0.01
11	Promoter Group	400	0.00
	Total	33,43,87,500	100.00

14.1 Top 10 Shareholders as on 31st March, 2018

Sl. No	Name	Number of Share held	% of total holding
1	President of India	30,08,54,780	89.97
2	Life Insurance Corporation of India	2,34,07,104	7.00
3	State Bank of India	16,12,896	0.48
4	ICICI Prudential Balanced Fund	8,06,448	0.24
5	General Insurance Corporation of India	6,69,336	0.20
6	The New India Assurance Company Ltd	6,04,836	0.18
7	Union Bank of India	2,82,252	0.08
8	Canara Bank	2,44,896	0.07
9	Max Life Insurance Company Ltd A/C- ULIF00125/06/04 LifeGrowth104 -Growth Fund	2,25,000	0.07
10	Syndicate Bank	2,05,752	0.06

14.2 Distribution of Shareholding by Size as on 31st March, 2018

Category	Number of Shareholders	% of Shareholders	Total Number of Shares	% of Shareholding
1-5000	1,87,165	99.98	43,90,011	1.31
5001 - 10000	8	0.00	52,826	0.02
10001 - 20000	1	0.00	15,033	0.00
20001 - 30000	1	0.00	22,466	0.01
30001 - 40000	1	0.00	38,400	0.01
40001 - 50000	1	0.00	41,148	0.01
50001 - 100000	3	0.00	2,27,436	0.07
100001 and above	14	0.01	32,96,00,180	98.57
TOTAL:	1,87,194	100.00	33,43,87,500	100.00

15. General Body Meetings:

(a) Details of the last three Annual General Meetings are as follows:-

Meeting No	Financial Year	Venue	Date & Time
52 nd	2014-15	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001. Karnataka	28 th September, 2015 at 1400 Hrs
53 rd	2015-16	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001. Karnataka	30 th July, 2016 at 1400 Hrs
54 th	2016-17	Hindustan Aeronautics Limited 15/1, Cubbon Road, Bengaluru – 560001. Karnataka	29 th July, 2017 at 1300 Hrs



- (b) No Special Resolution was put up at 52nd & 53rd Annual General Meetings. However, in 54th Annual General Meeting one Special Resolution was put up with regard to Alteration of Articles of Association of the Company.
- (c) No special resolution was passed last year through postal ballot and no special resolution is proposed to be conducted through postal ballot.

16. Means of Communication

- (a) **Quarterly/Annual Results:** After listing, the Company is regularly intimating un-audited as well as audited financial results to the Stock Exchanges, in compliance with the Listing Regulations. These financial results are normally published in one leading English newspaper having wide circulation across the country and in one Kannada newspaper having wide circulation across the region. The results are also displayed on the website of the Company www.hal-india.co.in.
- (b) **News Release, Presentation etc.:** The official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website www.hal-india.co.in.
- (c) **Website:** The Company's website www.hal-india.co.in contains separate dedicated section 'Investors' where the information for shareholders is available. Complete Annual Report, Shareholding Pattern and Corporate Governance Report etc. are also available on the website in a user-friendly manner.
- (d) **Annual Report:** Annual Report containing Financial Statements, Auditors' Report, Board's Report, Management Discussion and Analysis Report (MDAR), Business Responsibility Report, Corporate Governance Report, including Information for the Shareholders and other important information is circulated to the members and others entitled thereto.
- (e) **Green Initiative:** As a part of the Green initiative, the Company sends the copy of the notice convening the Annual General Meeting and the Annual Report through email to those shareholders who have registered their email Id's with the DP's / R&T agents and have not opted for a physical copy of the Annual report.

17. Shareholder's information

(a) Annual General Meeting :

The Annual General Meeting for the year 2017-18 will be held on:-

Date	28 th September, 2018
Time	1500 Hrs
Venue	HAL Management Academy (New Campus), Doddanekundi Main Road, Marathahalli, Bengaluru-560037

(b) Financial Calendar :

The financial calendar to approve quarterly/ annual financial results for the year 2018-19 is as under:

Approval of Quarterly Results for the Quarter ending	Tentative date of the Meeting of the Board
30 th June, 2018	On or before 14 th August, 2018
30 th September, 2018	On or before 14 th November, 2018
31 st December, 2018	On or before 14 th February, 2019
31 st March, 2019 (audited)	On or before 30 th May, 2019

(c) Dividend Payment date :

1st Interim Dividend was paid on 9th March, 2018
2nd Interim Dividend was paid on 31st March, 2018

(d) Listing on stock exchanges :

The equity shares of the Company are listed on the following Stock Exchanges:

Name and Address	Stock Code
BSE Ltd P. J. Towers, Dalal Street, Fort Mumbai-400001	541154
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, C-1, G Block, Bandra- Kurla Complex, Bandra(E), Mumbai-400051	HAL

(e) Registrar to an issue and share transfer agents:

M/s Karvy Computershare Pvt Ltd
"Karvy Selenium Tower B", Plot No.31 & 32,
Financial District, Nanakramguda,
Gachibowli, Telangana – 500032
Tel: 040- 6716 2222
Fax: 040- 2343 1551
Email: einward.ris@karvy.com
Website: <https://karisma.karvy.com>

(f) Share transfer system:

The shares of the Company are traded in dematerialised form. Shares sent for transfer are registered within stipulated period. Shares under objection are returned within the stipulated period seeking suitable rectification. The Company has constituted a Share Transfer Committee comprising of Director (Finance) & CFO, Director (Operations) and Company Secretary for approving requests related to Dematerialization/ Rematerialization/ Transfer/ Transmission/ Splitting/ Consolidation/ Reissue of share certificates etc. received from shareholders from time to time.



(g) Dematerialization of shares and liquidity:

As on 31st March, 2018, 100% of the equity shares of the Company are held in dematerialized form with NSDL and CDSL. The details are as under:

Sl. No.	Description	No. of Shareholders	Shares	% of Equity
1	NSDL	110816	332869238	99.55
2	CDSL	76378	1518262	0.45
	Total	187194	334387500	100.00

(h) Listing fees

Annual listing fees for the year 2017-18, as applicable, has been paid to the Stock Exchanges.

(i) Stock market information

Market price data: high, low during each month in the last financial year 2017-18 (28th March, 2018 to 31st March, 2018)

Month	BSE Limited			National Stock Exchange of India Ltd		
	High (₹ Per share)	Low (₹ Per share)	Volume (₹)	High (₹ Per share)	Low (₹ Per share)	Volume (₹)
28 th March, 2018	1184.00	1117.60	25,04,98,571	1184.95	1121.00	1,95,90,25,834

(j) Registered / Corporate Office address and Plant Locations:

(i) Registered/ Corporate Office

Hindustan Aeronautics Limited
15/1, Cubbon Road, Bengaluru – 560 001. Karnataka
Phone : (080) 2232 0001, Fax: (080) 2232 0758
Email: cosec@hal-india.com
Website: www.hal-india.co.in

(ii) Production Divisions:

Aircraft Division, Bengaluru, Karnataka	Airport Service Centre Bengaluru, Karnataka	Sukhoi Engine Division, Koraput, Orissa
LCA Tejas Division Bengaluru, Karnataka	Helicopter Division, Bengaluru, Karnataka	Transport Aircraft Division, Kanpur, Uttar Pradesh
Engine Division, Bengaluru, Karnataka	Helicopter MRO Division, Bengaluru, Karnataka	Accessories Division, Lucknow, Uttar Pradesh
Overhaul Division, Bengaluru, Karnataka	Aerospace Composite Division, Bengaluru, Karnataka	Avionics Division, Korwa, Uttar Pradesh
Aerospace Division, Bengaluru, Karnataka	Aircraft manufacturing Division, Nasik, Maharashtra	- Avionics Division, Hyderabad, Telangana - Strategic Electronic Factory –Branch factory of Hyderabad Division, Kasargod, Kerala
Foundry and Forge Division, Bengaluru, Karnataka	Aircraft Overhaul Division, Nasik, Maharashtra	Barrackpore Division, Barrackpore, West Bengal
Industrial & Marine Gas Turbine Division, Bengaluru, Karnataka	Engine Division, Koraput, Orissa	

(iii) R & D Centres:

Aircraft Research and Design Centre (ARDC), Bengaluru, Karnataka	Gas Turbine R&D Centre (GTRDC), Koraput, Odisha
Rotary Wing Research and Design Centre (RWR&DC), Bengaluru, Karnataka	Transport Aircraft R&D Centre, (TARDC) Kanpur, Uttar Pradesh
Aero Engine R&D Centre (AERDC), Bengaluru, Karnataka	Aerospace Systems & Equipment R&D Centre (ASERDC), Lucknow, Uttar Pradesh
Mission & Combat Systems R&D Centre (MCSRDC), Bengaluru, Karnataka	Strategic Electronics R&D Centre (SLRDC), Hyderabad, Telangana
Central Materials & Processes Laboratory & NDT Centre, Bengaluru, Karnataka	Aerospace Systems & Equipment R&D Centre (ASERDC), Korwa Uttar Pradesh
Aircraft Upgrade R&D Centre (AURDC), Nashik, Maharashtra	



18. Disclosure

(a) Material contracts/related party transactions

The Company has not entered into any material, financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/ or Partners except with certain JVCs and subsidiaries where the Directors of the Company are Nominee Directors without the required shareholdings. The Company has obtained declarations from all concerned in this regard, which were noted by the Board. A comprehensive policy on Related Party Transactions (RPT) has been approved by the Board. The Policy is in line with the SEBI Regulations and Companies Act, 2013.

The details of transactions with related parties are disclosed in Clause 45A Note No. 49 of the Notes to Financial Statements for the year ended 31st March, 2018. The Company has disclosed details of transactions with related parties as per the disclosure requirements of Indian Accounting Standard - 24 on Related Party disclosures. The policy on related party transactions of the Company may be accessed at www.hal-india.co.in/investors.

(b) Details of non-compliances on matters related to capital markets, during the last three years

The Company has complied with applicable rules (except as otherwise stated in this report) and the requirement of regulatory authorities on capital market and no penalties or strictures were imposed on the Company during the last three years. All returns/ reports were filed within the stipulated time with stock exchanges/ other authorities.

Based on the Ministry of Defence, DDP vide letter No. 48013/1/2017-D (HAL-II) dated 31.03.2018, the Company had paid 2nd Interim dividend without complying the applicable SEBI Listing Regulations. However, an application was made to SEBI for exemption in this regard and in turn SEBI had granted exemption vide letter No. CFD/CMD/PR/OW/11002/2018 dated 9th April, 2018.

(c) Vigil Mechanism/Whistle Blower Policy

In terms of Regulation 22 of Listing Regulations, 2015, the Company has established a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy.

The Company has provided ample opportunities to encourage the employees to become whistle blowers (employees who voluntarily and confidentially want to bring the unethical practices, actual or suspected fraudulent transactions in the organization to the notice of the competent authority for the greater interest of the organization and the Nation). It has also ensured a very robust mechanism within the same framework to protect whistle blowers from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

(d) Details of compliance with non-mandatory requirements.

The status on the compliance with the non-mandatory requirements as per the SEBI (LODR) Regulations, 2015 is as under:

- The Company has the position of Chairman & Managing Director (Executive) & there is no Non- executive Chairman.
- The financial statements of the Company are disclosed with unmodified audit opinion.
- Process of communicating with shareholders is very robust and the procedure has been explained under "Means of Communication".
- Head of System Audit reports directly to Director (Finance) of the Company and is an invitee to the meeting of audit committee.

(e) Policy for determining 'material' subsidiaries

The Company does not have any material subsidiary whose net worth exceeds 20% of the consolidated net worth of the holding Company in the immediately preceding accounting year or has generated 20% of the consolidated income of the Company during the previous financial year. However, a policy on material subsidiaries has been formulated with the approval of the Board of Directors in its 415th meeting held on 30th May, 2018 and may be accessed at www.hal-india.co.in/investors.

(f) Accounting Standards: The Company is complying with all applicable Indian Accounting Standards (Ind AS).

Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February, 2018 has exempted the companies engaged in defence production to the extent of application of Ind AS 108 on "Operating Segment". Disclosure in this regard has been made at Clause No.37 of Note No. 49 to the Accounts.

(g) Training of Directors: The Directors were sponsored for training programmes on Corporate Governance.

(h) Right to Information

Your Company has implemented Right to Information Act, 2005 in order to provide information to citizens and to maintain accountability and transparency. The Company has put the RTI Manual on its website. The DoPT has launched RTI online MIS Portal through which also Request for Information can be filed. The Company has designated Central Public Information Officer (CPIO), First Appellate Authority (FAA), Nodal Officer (NO), Transparency Officers (TOs) and Assistant Public Information Officers (APIOs) at all sites and offices.

During 2017-18, 1242 RFI applications were received under the RTI Act, out of which 1141 applications were replied till 31st March, 2018.

The Central Information Commission, New Delhi issued 22 Notices of Hearings during the year 2017-18 and they were attended, through NIC Video Conferencing and all have been disposed off by the CIC.



(i) Redressal of Public Grievances

In order to facilitate resolution of grievances in a transparent and time bound manner, Department of Administrative Reforms & Public Grievances, Government of India has initiated web-based monitoring system at www.pgportal.gov.in.

Your Company is committed to resolution of public grievance in an efficient and time bound manner. Additional General Manager (HR)- Corporate Office has been designated as Nodal Officer (Grievance) to facilitate earliest resolution of public grievances received through the online portal from President's Secretariat, Prime Minister's Office, the Ministry of Defence etc.

As per the directions of GoI, Public Grievances are to be resolved within two months time. If it is not possible to resolve the same within two months period, an interim reply is to be given. Your Company is making all efforts to resolve grievances within the said time frame.

(j) Presidential Directives

All the Presidential Directives and Guidelines issued by the Government of India from time to time regarding reservations for SCs, STs, OBCs, Persons with Disabilities and Ex-Servicemen are complied by HAL. Liaison Officers are appointed in all the Divisions / Offices located across the Country to ensure effective implementation of the Government Directives. Officers who are entrusted with the responsibility of looking after reservation in Recruitment and Promotion are provided with necessary training to enable them to update their knowledge on the subject and carry out their job effectively.

The representation of SCs/STs/OBCs in HAL as on 31st December, 2017 was as under:

Category of Employees	Group A	Group B	Group C	Group D	Total
Scheduled Castes	1557	8	3501	4	5070
Scheduled Tribes	529	4	1473	0	2006
Other Backward Classes	2063	12	5165	6	7246

The representation of Persons with Disabilities and Ex-Servicemen as on 31st December, 2017 was as under:

Category of Employees	Group A	Group B	Group C	Group D	Total
Persons with Disabilities	155	2	523	3	683
Ex-Servicemen	91	1	1635	0	1727

(k) Items of expenditure debited in Books of Accounts, which are not for the purpose of business

No items of expenditure, other than those directly related to its business or incidental thereto, those spent towards the welfare of its employees/ex-employees, towards fulfilling its Corporate Social Responsibility, were debited in the Books of Accounts.

(l) Expenses incurred, which are personal in nature and incurred for the Board of Directors and Top Management

Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the Rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management during the year 2017-18.

(m) Corporate Social Responsibility & Sustainable Development (CSR & SD)

The CSR Budget for the Financial Year 2017-18 worked out to ₹6641 lakhs, based on the statutory 2% of average Profit of preceding 3 years. The Wind Power Project commissioned during 2016-17 by utilizing CSR Funds had generated a revenue of ₹737 lakhs and the same has been added back to the CSR Budget. Thus, the CSR Budget for the year 2017-18 had become ₹7378 lakhs. During the year, the Company had spent ₹7729 lakhs against the said Budget of ₹7378 lakhs towards CSR & Sustainable Development.

(n) Integrity Pact

HAL has adopted and provided for signing of Integrity Pact (IP) and accordingly a clause has been introduced in the Purchase Manual. Pre-contract IP is a binding agreement between the Company and bidders for a specific contract in which the Parties promise that it will not resort to any corrupt practices in any aspect / stage of the contract.

The IP has strengthened the established systems and procedures by creating trust and has full support of the Central Vigilance Commission.

For and on behalf of Board of Directors
Hindustan Aeronautics Limited

(T. Suvarna Raju)

Chairman & Managing Director

Place : Bengaluru

Date : 30th June, 2018

Declaration of Compliance with the Code of Conduct

Pursuant to Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Enterprises, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members & Senior Management of Hindustan Aeronautics Limited, for the year ended 31st March, 2018.

(T Suvarna Raju)

Chairman & Managing Director

Place: Bengaluru

Date: 21st June, 2018



Certificate on Corporate Governance

To,
The members of
Hindustan Aeronautics Limited
Bengaluru

We have examined the compliance of Corporate Governance by Hindustan Aeronautics Limited, as stipulated in Regulations 17 to 27 and Clauses (b) to (i) of Regulation 46(2) and Para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ending March, 31, 2018.

The Compliance of Conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Regulation.

On the basis of our findings from the examination of the records produced and explanations and information furnished to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, for the financial year ended March, 31, 2018

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.



S. Viswanathan
Practising Company Secretary
C.P. No. 5284
ACS No. 5284

Place: Bangalore
Date: 14.06.2018



CEO/CFO Certification Under Regulation 17(8) of the SEBI (LODR) Regulations, 2015 and DPE Guideline on Corporate Governance.

To,
The Board of Directors
Hindustan Aeronautics Limited

1. We have reviewed financial statements and the cash flow statement of Hindustan Aeronautics Limited for the year ended 31st March, 2018 and that to the best of knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the auditors:
 - i. that there are no significant changes in internal control over financial reporting during the year;
 - ii. that there are no significant changes in accounting policies during the year;
 - iii. that there are no instances of significant fraud of which we have become aware.

(C V Ramana Rao)
Director (Finance) & CFO

(T. Suvarna Raju)
Chairman and Managing Director



Business Responsibility Report

Section A: General Information about the Company

1. **Corporate Identity Number (CIN) of the Company** : L35301KA1963GOI001622
2. **Name of the Company** : Hindustan Aeronautics Limited
3. **Registered address** : 15/1, Cubbon Road, Bengaluru - 560001
4. **Website** : www.hal-india.co.in
5. **E - mail ID** : cosec@hal-india.com
6. **Financial Year reported** : 2017-18
7. **Sector(s) that the Company is engaged in (industrial activity code - wise)** : Aerospace and Defence
8. **List three key products/services that the Company manufactures / provides (as in balance sheet):**

The three key products that by the Company manufactures at present are:-

- i. Su-30 MKI Aircraft
- ii. LCA Tejas Aircraft
- iii. Dhruv ALH

9. **Total number of locations where business activity is undertaken by the Company :**

- i. Number of International Locations :-

Overseas Offices: 02 i.e. London (UK) and Moscow (Russia)

- ii. Number of National Locations:-

Manufacturing Locations: 09 i.e. Bengaluru (Karnataka), Lucknow, Kanpur, Korwa (Uttar Pradesh), Nasik (Maharashtra), Hyderabad (Telangana), Koraput (Odisha), Barrackpore (West Bengal), and Kasaragod (Kerala).

Regional/Marketing/Liaison Offices: 04 i.e. New Delhi, Mumbai, Visakhapatnam and Chennai.

10. **Markets served by the Company – Local/State/National/International:** National and International

Section B: Financial Details of the Company

1. **Paid up Capital (INR) :** ₹3,343,875,000
2. **Total Turnover (INR) :** ₹18,28,386 Lakhs
3. **Total Profit After Taxes (INR) :** ₹2,07,041 Lakhs
4. **Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of profit after tax (%) :**

2% of average Net Profit of the Company made during the three preceding financial years. The amount spent during 2017-18 was ₹77.29 Crs. Details are at Appendix – A of Annexure- III to the Board's Report.
5. **List of activities in which expenditure in 4 above has been incurred:**

Refer Appendix-A of Annexure-III to the Board's Report.



Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?

Yes.

- i. Naini Aerospace Limited, Naini (UP)
- ii. Indo-Russian Helicopters Limited, Bengaluru

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).

No

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%].

No

Section D: BR Information

1. Details of Director /Directors responsible for BR.

a) Details of the Director/Director responsible for implementation of the BR policy/policies:

DIN : 03595483

Name : Shri V. M. Chamola

Designation : Director (Human Resources)

b) Details of the BR head :

Sl. No.	Particulars	Details
1	DIN (if applicable)	03595483
2	Name	Shri V. M. Chamola
3	Designation	Director (Human Resources)
4	Telephone number	080-22320315
5	e-mail id	dhr@hal-india.com

2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Policy formulated after extensive internal consultation covering all functional areas.								
3	Does the policy conform to any national/ international standards? If yes, specify?	Policy conforms to SEBI guidelines on "BR Reports" for listed entities and the Ministry of Corporate Affairs 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	All Policies / Manuals of the Company are implemented on duly approved by the Board of Directors and as the case may be, the Competent Authority. Policy has been signed by Director (HR).								



Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	Director (HR)								
6	Indicate the link for the policy to be viewed online?	www.hal-india.co.in/investors/code&policies								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the company have in-house structure to implement the policy/ policies?	Yes								
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	The implementation of obligations with regard to Corporate Governance as contained in Listing Regulation are brought out in the Corporate Governance Report and Audited by the Statutory Auditors. Other policies are validated from time to time by the concerned authorities.								

2a. If answer to Sl. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options).

Sl. No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	Not Applicable as the Company has formulated policies based on all the nine Principles.								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. Governance related to BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?**

Company formulated its BR Reports policy in May 2018. BR performance will be reviewed in subsequent years after watching the implementation in the initial years.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

Yes. Company publishes BR Report and Sustainability Report as part of its Annual Report and posts the same on its website: www.hal-india.co.in/Investors.

Section E: Principle - wise performance

Principle 1

- Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ Others?**

The policy covers the Company. In addition, the Company has adopted Integrity Pact with all vendors/suppliers/contractors/service providers for all Orders/Contracts of value ₹500 lakhs. The pact essentially envisages an agreement between the prospective vendors/bidders and the Principal (HAL), committing the Persons/officials of both sides, not to resort to any corrupt practices in any aspect/stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.



2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof.

Stakeholders complaints (from suppliers) received in the last financial year (2017-18) is NIL.

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities?

None

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

Not Applicable

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

The Company follow a procurement plan to cater the requirements for all the firm orders received by entering into Long Term Business Agreements with the suppliers valid for 3-5 years. This ensures that the vendors have the visibility and firm orders for the period of 3-5 years and consequently company will secure timely delivery.

Company also has long term arrangements for ensuring timely movement of material from suppliers spread widely.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

HAL has taken steps to procure goods and services from Micro and Small enterprises as per the policy of Govt.

To improve capacity and capability of local and small vendors following benefits are provided to MSEs:

- i) Issuance of tender sets free of cost, exemption from payment of Earnest Money Deposit (EMD) & purchase preference.
- ii) Further, HAL provides assistance to MSEs in the following manner:
 - Provides technical documents, drawings, process sheets, tool drawings for special tools, templates and provides available tooling, special / specific-to-type tools / gauges, raw material for aircraft components wherever required to MSEs.
 - Training & technical inputs to the Vendors' personnel/technician/ engineers at HAL and/or at vendors' works by deputing HAL Engineers.
- iii) HAL conducts vendor development programmes/meets at various places to increase the no. of MSMEs participation in HAL manufacturing programmes.
- iv) Further, HAL has relaxed the terms & conditions (viz. payment, prior turnover, prior experience, etc.) to MSMEs as per the directives received from GOI time to time.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.

The main products of the company are Aircraft, Helicopters, Engines and other Accessories for use in strategic/national security applications. Once the products are sold, it does not come back to the company. Hence the company is not in a position to recycle the products.

Company has a well-established mechanism to channelize disposal of waste generated during the manufacture of products/ equipment through authorized recyclers / handlers to respective Pollution Control Board approved Agencies. Metal wastes & Used Oil are sent to authorized recyclers for recycling and recovery. Paper & plastics are handed over to recyclers. Left out food waste is used for generation of Biogas. Biodegradable wastes from townships and market are processed in Organic Waste Converters and utilized as manure for gardening.

Wastewater generated during manufacturing is treated and totally (100%) recycled water is being used for gardening.



Principle 3

1. Please indicate the Total number of employees:

29,035 (as on 31st March, 2018)

2. Please indicate the Total number of employees hired on Contractual / temporary / casual basis:

Contract Labour : 11,349

Casual Labour : 327

3. Please indicate the Number of permanent women employees:

2387

4. Please indicate the Number of permanent employees with disabilities:

681

5. Do you have an employee association that is recognized by management?

Yes, Workmen have recognized Trade Unions and Officers have their own Associations.

6. What percentage of your permanent employees is members of this recognized employee association?

100% (approx.)

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

Sl. No.	Category	No. of complaints filed during the financial year	No. of complaints Pending as on end of the financial year
1	Child labour/forced labour/ involuntary labour	NIL	NIL
2	Sexual harassment	3	2
3	Discriminatory employment	NIL	NIL

8. What percentage of your under-mentioned employees was given safety & skill up-gradation training in the last year?

Sl. No.	Category	% of Persons trained on Safety Aspects	% of Persons trained for skill upgradation
1	Permanent Employees	5	25.9
2	Permanent Women Employees	4.46	9.8
3	Tenure Based Workmen	54.94	43.35
4	Employees with Disability	2.74	23

Principle 4

1. Has the Company mapped its internal and external stakeholders?

Yes

2. Out of the above, has the Company identified the disadvantaged, & marginalized stakeholders?

Yes. Such categories would be (a) SC / ST Employees; (b) Employees with disabilities; and (c) Women employees.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof.

a) Special Initiatives for SC/ST employees and their children:

Employees, including SC / STs, are nominated for training based on identified needs of the Projects.

Children of HAL Employees studying in HAL managed / aided Schools are awarded with Scholarships based on merit. The Scholarships are meant for Students studying in each Standard of the Primary, Secondary and Higher Secondary Classes in each School / College, in each medium of Instruction, in each Division. Scholarships are awarded in the Categories of General, SC & ST.



b) Special initiatives for Employees with Disabilities:

HAL extends Special Allowance for Blind and Orthopedically disabled Workmen who meet the specified conditions. Blind, Deaf & Dumb and Orthopedically disabled Workmen are eligible for Transport Allowance at double the normal rates of Conveyance Allowance. Two-wheeler Advance for purchase of Tricycle is also provided to such Workmen.

Employees with Disabilities are reimbursed the Cost of Artificial Appliances, limited to the Ceilings prescribed by the Company or as per the prevailing CGHS / CSMA Rates, whichever is lower. They are also extended Financial Assistance for purchase of Hearing Aids.

Facilities have been provided in Factory premises like Ramps & Lift to ease the movement of Employees with Disabilities. They are given Special Permission to come to their Work Spot inside Factory premises in Motorized Transport. Further, grace Time of 15 Minutes in Time - Punching at the beginning and end of shift is given to them.

c) Special Initiatives for Women employees:

HAL is a Corporate Life Member of the Forum of Women in Public Sector (WIPS) [under the ageis of the Standing Conference of Public Enterprises (SCOPE)]. Women Employees are sponsored to State / Regional level WIPS Seminars / Programmes conducted by WIPS. Women Employees are nominated for Training Programs such as Women Empowerment, Health Awareness etc.

Ladies Clubs / Family Welfare Associations are functioning in the Complexes / Divisions. They take up various Philanthropic / Socio Cultural Activities.

Special Casual Leave of 14 days is extended to the Women Employees for undergoing family planning operation.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 has been notified in the Company. In line with the Guidelines received from time to time, necessary actions have been taken to prevent Sexual Harassment of Women at Workplace.

Principle 5

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

There is no separate Policy on Human Rights in the Company. However, all HR Policies are framed in the Company by adopting the Principles of Human Rights and applicable Laws. Hence, Human Rights are Fundamental Principles in all the HR Policies.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

NIL

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others.

It covers the Company only. In addition, the Company promotes Customer awareness in Environmental Management to minimize impact on Environment during usage of the Company's Products. The Company also persuades and encourages its Business Partners / Vendors / Contractors to move towards environmental friendly processes, right from design to disposal.

2. Does the company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N

Yes. The Company addresses issues such as Climate Change and Global warming through energy conservation measures and energy substitution. There is a thrust to use renewable energy resources such as wind and solar for energy generation and captive consumption. The Company has a target of installing 50 MW capacity renewable energy power projects out of which around 11 MW is operational (6.3MW based on wind and balance based on solar).

3. Does the company identify and assess potential environmental risks? Y/N

Yes. All the Divisions of the Company are ISO 14001 certified and identification of environmental risks is an ongoing process. Also, Company has a Risk Management Policy with a defined organizational structure for identifying and mitigating risks.



4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether an environmental compliance report is filed?

No

5. Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.

Yes. The Company has a target of installing 50 MW capacity renewable energy power projects, out of which around 11 MW is operational. The Company is working towards 100% replacement of conventional light fittings with LED light fittings in order to reduce the energy consumption. The hyperlinks are:

http://hal-india.co.in/Sustainability/M__112

http://hal-india.co.in/HAL%20Inaugurates/ND__170

http://hal-india.co.in/HAL%20Airport%20Fir/ND__183

6. Are the Emissions / Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

NIL

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.

- Federation of Indian Chambers of Commerce & Industry (FICCI);
- Standing Conference of Public Enterprises (SCOPE);
- Confederation of Indian Industry (CII); and
- Associated Chambers of Commerce and Industry of India (ASSOCHAM);

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

Whenever Policy guidelines are issued, suggestions are being provided. In addition, seminars/workshops are also attended for facilitating our view on the Policies.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

Yes, the Company has specified programs in pursuit of its Sustainability & CSR Policy. The details of the CSR activities undertaken during 2017-18 are provided in Appendix – A of Annexure- III to the Board's Report.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

Most of the CSR Programmes / Projects / Activities are undertaken / executed through in-house teams in co-ordination with the concerned stakeholders by following the laid down commercial procedures of the Company.

The Project 'Kumudvathi River Rejuvenation' has been implemented in association with the NGO namely, International Association for Human Values (IAHV), Art of Living, considering their expertise in the field.

3. Have you done any impact assessment of your initiative?

Generally most of the CSR Projects / Activities are being implemented directly by the Company in the vicinity of its Divisions, based on the suggestions / recommendations of the stakeholders (like Village Heads, Gram Panchayat, District Administration etc.). Further, regular feedback / suggestions are being obtained and needful actions are taken.



HAL has sponsored 5 M.Tech (Technology & Development) Students of Centre for Technology Alternatives for Rural Areas (CTARA), IIT Bombay, under the Skill Development initiative. The students have conducted Impact Assessment Study on CSR activities at select locations of HAL, as part of their Academic Curriculum. The said study revealed that the CSR Projects implemented have made positive impact. It is pertinent to mention here that the Company is in receipt of several communications conveying thanks & appreciation by Village Heads / Panchayat Heads / State & Central Government Agencies etc. As the Projects are identified based on the local needs as expressed / brought out by the stakeholders, the Projects are successful.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

During the year 2017-18, an amount of Rs 77.29 Crores was spent on various CSR Projects / Activities. Major CSR Projects / Activities implemented during 2017-18 are given in Annexure- III to the Board's Report.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain.

Yes. The projects are identified and taken up on the basis of the recommendations / suggestions (which would be Need Assessment) of stakeholders (Community) at the planning stage with a view to improve the quality of life of the socially & economically backward groups and marginalized & weaker Sections of the Society. During and after implementation, regular consultation is made with the beneficiaries for understanding their feedback / concerns. Flagship CSR Projects which brought laurels to the Company are indicated in Annexure- III to the Board's Report.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

Among the stake holders', Customer's issues are addressed by a dedicated Department set up in each of the Divisions. Customer Service Department addresses all issues of customers - Spares supply, Coordination for Repair/ Service at HAL/ at Customer site etc. Periodic meetings are also held with all customers viz., IAF, Army, Navy and Coast Guard for resolving issues on mutually agreeable terms. With regard to product performance, Defect Investigation (DI) Services are provided by the Company on a regular basis. The findings are shared with Customers & appropriate remedial measures are taken to improve the performance of product.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/NA/Remarks (additional information).

HAL being a Defence Public Sector Undertaking, the product information is sensitive and classified. Hence, there is no display of product information.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.

Nil

4. Did your company carry out any consumer survey/consumer satisfaction trends?

In the Company's Divisions, Customer Service Department for the respective product obtains periodical (annual) feedbacks directly from the designated user representatives. They are analysed for arriving at trends and corrective measures. Regular meetings are scheduled with customers to discuss issues and feedback. These are further augmented during Senior Officers' visit to customer sites and top management review with customer.



Independent Auditors' Report

To,
The Members of M/s. Hindustan Aeronautics Limited,
15/1 Cubbon Road,
Bengaluru - 560 001

Report on the Company's Standalone Ind AS Financial Statements:

1. We have audited the accompanying standalone Ind AS financial statements of **M/s. Hindustan Aeronautics Limited** (the "**Company**"), which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the Divisional Auditors of the Company's 37 Divisions, at locations of the Divisions (hereinafter referred to as standalone 'Ind AS financial statements').

Management's Responsibility for the Standalone Ind AS Financial Statements:

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended.
3. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

4. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.
5. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under Section 143(11) of the Act.
6. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.
7. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.
8. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.



Opinion:

9. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, and its **Profit** (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters:

10. We did not audit the Ind AS financial statements of 37 Divisions of the Company included in the standalone Ind AS financial statements, whose financial statements reflect total assets of ₹37,91,794 lakhs as at 31st March, 2018 and total revenues of ₹18,08,770 lakhs for the year ended on that date. The Ind AS financial statements of these Divisions have been audited by the Divisional Auditors' whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these divisions, are based solely on the report of such Divisional Auditors. The Standalone Ind AS financial statements also takes into account the particulars and information made available to us and also changes carried out at the corporate level based on the observations of the Divisional Auditors and the Comptroller and Auditor-General of India who have reviewed the audited Ind AS financial statements of the Divisions under section 143(6) of the Act.
11. Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements:

12. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in "**Annexure - A**" a statement on the matters specified in paragraphs 3 and 4 of the Order.
13. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of audit have been received from the Divisions not visited by us.
 - c) The reports on the accounts of the Divisions of the Company audited under Section 143(8) of the Act by the Divisional Auditors have been sent to us and have been properly dealt with by us in preparing this report.
 - d) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account and with the returns received from Divisions not visited by us.
 - e) Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the Companies engaged in defence production to the extent of application of relevant Accounting Standard on Segment Reporting. In view of the above, no disclosure is made by the Company as required under Ind AS 108. Subject to the above, we state that, in our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - f) In terms of circular No. GSR 463(E) dated 05th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the Company being Government Company, is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors.



- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “**Annexure - B**”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer clause 2 of Note No. 49 to the standalone Ind AS financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, on long-term contracts – Refer clause 50A of Note No. 49 to the standalone Ind AS financial statements. The Company does not have any derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
14. As required by section 143(5) of the Act, we give in “**Annexure – C**”, a statement on the matters specified by the Comptroller and Auditor General of India for the Company.

For **S. Venkatram and Co. LLP**
Chartered Accountants
Firm Registration No: 004656S/S200095



S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



“Annexure A” to the Independent Auditors Report

(referred to in paragraph 12 under the heading ‘Report on Other Legal & Regulatory Requirements’ of our report of even date to the standalone Ind AS financial statements of the Company for the year ended 31st March, 2018. The information contained in this annexure is based on the audit reports received from the 37 divisions of the Company)

As per the books and records produced before us and as per the information and explanations given to us and based on such audit checks that we considered necessary and appropriate, we confirm that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management in accordance with its phased programme designed to cover the assets of all locations/units by physical verification over a period of one to five years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deeds of immovable properties are held in the name of the Company **except as stated in Annexure – D**. The same has been disclosed in Notes to Accounts of standalone Ind AS financial statements.
- (ii) The inventories of the Company have been physically verified by the management at reasonable intervals during the year under audit. We have been informed that the discrepancies noticed on verification between physical stocks and the book records were not material having regard to the nature of business and volume of operations and the same have been properly dealt with in the books of accounts.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the year under review.
- (iv) In our opinion, the Company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 with respect to Loans and Investments made.
- (v) The Company has not accepted any deposits from public.
- (vi) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income tax, Sales Tax, , Service tax, Duty of Customs, Duty of Excise, Value Added Tax, Goods and Services Tax, Cess and other statutory dues with the appropriate authorities. There are no undisputed amounts payable in respect of Income Tax, Wealth Tax, Service Tax, Sales Tax, Value Added Tax, Duty of Customs, Duty of Excise, Goods and Services Tax or cess which have remained outstanding as at 31st March, 2018, concerned for a period of more than six months from the date they became payable.



- (b) There are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited with the appropriate authorities on account of any dispute except as stated below.

Assessment year	Amount (₹ in lakhs)	Appeal by	Forum where dispute is pending
Income tax Act, 1961*			
2005-06, 2006-07, 2010-11	32,716	Both by Assessing Officer and the Company	Karnataka HC
2007-08, 2011-12, 2012-13, 2013-14, 2014-15	1,57,467	The Company	Income Tax Appellate Tribunal
2015-16	22,107	The Company	CIT(A)
Customs Act, 1962#			
2012-13	23,474	The Company	CESTAT
2012-13	95	The Company	CCE (Appeals)
Finance Act, 1994 – Service Tax[§]			
2002-03 to 2014-15	25,396	The Company	CESTAT
April 09 to March 13 and 2010-11	507	The Company	Commissioner
2006-14	98	The Company	Commissioner (Appeals)
2007-08 to 2017-18	15,878	The Company	Department
2006-07 to 2007-08	4,957	Commissioner of Central Excise, Customs and Service Tax	Supreme Court
2008-09 to 2009-10 and 2012-13 to 2014-15	1,232	The Company	Joint Commissioner of Central Excise & Customs, Nashik
April 2009- March 2011 and October 2009- March 2011	158	The Company	CCE(Appeals), Bangalore
2012-13	42	The Company	Commissioner of Central Excise (Appeal - I)
2005-06, 2007-08 to 2009-10 and 2011-12	5,439	The Company	Appellate Tribunal
April 2015- June 2017	35	The Company	Appeal yet to be filed with CCE (Appeals). Demand notice recd.23/03/18
Sales tax / VAT / Entry Tax[@]:			
2010-11 to 2014-15	15,262	The Company	Appellate Tribunal Lucknow
1997-98, 2000-01, 2005-06 to 2008-09	1,809	The Company	WB Commercial Taxes Appellate and Revisional Board, Kolkata
1999-2000, 2002-03 to 2004-05	11,465	The Company	Maharashtra Sales Tax Tribunal, Mumbai
1996-97 to 2003-04 and 2005-06 to 2012-13	50,775	The Company	Appellate Tribunal
1986-87 to 1998-99, 2000-01, 2001-02, 2012-13	93,144	The Company	1 st Appellate Authority
2005-06 to 2011-12	5,42,444	The Company	2 nd Appellate Authority
2013-14 to 2014-15	6,904	The Company	Add. Commissioner (A), Commercial Tax, Kanpur
2004-05	270	The Company	Sr. Deputy Commissioner of Sales Tax, Nasik
2000-01 and 2004-05	944	The Company	Deputy Commissioner (Assessments)



Assessment year	Amount (₹ in lakhs)	Appeal by	Forum where dispute is pending
2008-09 and 2004-10	3,716	The Company	Additional Commissioner (Appeal)
2003-04, 2008-09, 2010-11, 2013-14	14,053	The Company	High Court
2013-14	93,921	The Company	Dy. Comm. Of Sales Tax on 26.03.2018
2005-06	138		CCT, J&K
	11,24,446		

* Amount paid under dispute is ₹1,28,118 lakhs.

Amount paid under dispute is ₹3,127 lakhs.

\$ Amount paid under dispute is ₹172 lakhs.

@ Amount paid under dispute is ₹2,001 lakhs

- (viii) The Company has not defaulted in repayment of loans or borrowings to a financial institution, banks, government or dues to debenture holders during the year under review. The details of loans is as under:

Date of Loan	Amount in lakhs	Purpose	Amount Repaid in lakhs	Date of Repayment
30/06/2017	40,000	Working Capital	40,000	11/07/2017
30/06/2017	40,000		40,000	11/07/2017
20/03/2018	15,000		15,000	20/04/2018
20/03/2018	9,687		9,687	20/04/2018
23/03/2018	15,000		15,000	20/04/2018
28/03/2018	1,11,300		85,000	31/03/2018
28/03/2018	74,700		74,700	31/03/2018
28/03/2018	49,000		49,000	31/03/2018
28/03/2018	90,000		90,000	31/03/2018
29/03/2018	10,000	For Acquisition of Capital Asset	Repayment not yet started	
	4,54,687		4,18,387	

- (ix) The shares of the Company were listed with Bombay Stock Exchange and National Stock Exchange on 28th March, 2018 in pursuance of an IPO of the Company made during the year. However, the Company did not raise money by way of initial public offer during the year under review, as the IPO made by the Company was sale of 3,35,32,320 (10.03%) shares by the promoter viz., the President of India acting through Ministry of Defence. The Company did not raise money by way of further public offer (including debt instruments). The Company has obtained a term loan of ₹100 crores, which is yet to be utilised by the Company.
- (x) No fraud of material nature by the Company or on the Company by its officers or employees has been noticed or reported during the course of audit.
- (xi) The provisions of section 197 are not applicable to a Government Company (in terms of MCA Notification no. G.S.R. 463 (E) dated 05th June, 2015) as the managerial remuneration is paid as per the appointment letter from Government of India.
- (xii) As the Company is neither carrying on the business of nidhi nor reported as a nidhi company, paragraph 3(xii) of the Order is not applicable.
- (xiii) The transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the standalone Ind AS Financial Statements as required by the applicable accounting standards.



- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) As the Company is not carrying on the business of Non-Banking Finance, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **S. Venkatram and Co. LLP**
Chartered Accountants
Firm Registration No: 004656S/S200095


S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



“Annexure – B” to the Independent Auditor’s Report of even date on the Standalone Ind AS Financial Statements of M/s. Hindustan Aeronautics Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. We have audited the internal financial controls over financial reporting of M/s. Hindustan Aeronautics Limited (“the Company”) as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

2. The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.
3. The Company’s Management has in present financial year amongst other areas has specifically identified the following areas (i) Goods in Transit, (ii) Capital Work in Progress, Trade Receivables, (iv) Trade Payables (v) Claims receivable, (vi) Advance to Vendor for Goods & Services/Capital Advances and (vii) Intangible Assets & its Amortisation as a benchmark criteria for establishing Internal Financial Controls over financial reporting.

Auditors’ Responsibility

4. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. . Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.
6. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

8. A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

10. In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

11. Out of 38 divisions of the Company, 37 divisions of the Company are audited by the Divisional Statutory Auditors and our work is confined to the Consolidation of the accounts. Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 37 divisions, is based on the corresponding reports of the auditors of such 37 divisions.

For **S. Venkatram and Co. LLP**
Chartered Accountants
Firm Registration No: 004656S/S200095



S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



“Annexure – C” to the Independent Auditors Report

Directions indicating the areas to be examined by the Auditors during the course of audit of annual accounts of the Company for the year 2017-18 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013.

S. No.	Directions	Observation/Finding
1.	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available	The Company has clear title/lease deeds for freehold and leasehold land respectively except as given in Annexure D and the same has been disclosed in notes to accounts of standalone Ind AS financial statement.
2.	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	There has been no instance of waiver/write off of debts/loans/interest etc., by the Company during the year. The Company during the year has made provision for bad and doubtful debts of ₹4,125 lakhs and claims receivable ₹15,973 lakhs.
3.	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	The Company has maintained proper records for inventory lying with third parties and assets received as gift from Government of India or other authorities.

For **S. Venkatram and Co. LLP**

Chartered Accountants

Firm Registration No: 004656S/S200095

S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



“Annexure – D” to the Independent Auditors Report

S. No.	Particulars	Clause in Note No. 49 to Standalone Ind AS Financial Statement
1	Instruments of transfer in respect of land taken possession by the Company of 734.01 Acres have not been executed amounting to ₹290 lakhs.	14.1
2	Instruments of transfer in respect of building taken possession by the Company have not been executed amounting to ₹35 lakhs.	14.1
3	Land has been handed over/earmarked to the Government/other agencies pending execution of instruments of transfer of 141.98 acres amounting to ₹56 lakhs.	14.2
4	Land has been given on lease to the Government/other agencies of 1106.09 Acres amounting to ₹67 lakhs	14.3
5	The Company's Barrackpore Unit is in possession of 22.51 acres of land on which the division has its Buildings, Hangar, Plant and Machinery etc. The instruments of transfer in favour of division / company either by way of lease or transfer in respect of this land is pending under execution. Provision for lease rental amounting to ₹33 lakhs has been made. The transfer of the land is being pursued with Defence Estate Officer, Kolkata. The above does not include 7.115 acres of land received from the Army in exchange of 5 acres of land at Bangalore which was received free of cost from the State Government before 31st March 1969. Since the value of 5 acres land was NIL, the value of 7.115 acres land received in exchange of 5 acres land is also taken as NIL.	14.4
6	Land under Property, Plant and Equipment includes Land taken on lease for establishing a unit at Kasargod at a cost of ₹708Lakhs (200acres). This cost is amortised over the lease period of 90 years. The Lease charges for the year amounting to ₹8.00 lakhs has been considered under depreciation for the year.	14.4
7	Land under Property Plant land Equipment includes land (0.27 acres) taken on lease for Liason Office Mumbai at a cost of ₹3 lakhs (including development cost). This cost is amortised over the lease period of 30 years . The amount of amortisation has been considered under depreciation for the year.	14.4
8	a) The company's Facilities Management Division (FMD) is holding 2105.831 acres land of which 13.637 acres is under litigation / encroachment by third parties and 10.152 acres is under dispute with BEML. b) Titles to land are not in the name of the Company in respect of 39 survey numbers at FMD Division, However, Records of Tenancy Certificate is available. c) An amount of ₹2314 Lakhs towards Lease cum Rental charges with various parties has not been considered in the books of accounts of FMD, pending dispute settlement.	14.5
9	Land at Nasik Division includes 1.339 acres of land encroached by 7 persons.	14.5



S. No.	Particulars	Clause in Note No. 49 to Standalone Ind AS Financial Statement
10	About 50.21 acres of the land belonging to company's Koraput Division is encroached upon by the nearby villagers for cultivation.	14.5
11	Land at Corporate office includes 711.22 sq.mt of land has been acquired for the Metro Rail Project by M/s. Bangalore Metro Rail Corporation Limited (BMRCL). The compensation awarded of ₹549 Lakhs by M/s. Karnataka Industrial Area Development Board (KIADB) is contested by Company in the City Civil Court at Bangalore. Meanwhile, a Joint Committee comprising the Company & BMRCL Officials was formed to arrive at an out of court settlement. The Joint Committee has finalized the recommendations for out of court settlement and the same has been accepted by the Company. However, on completion of the Metro project, the land utilized is restricted to 272.94 sq.mt. Accordingly, further necessary actions are being taken by the BMRCL/ KIADB in the matter. As the matter is subjudice, no adjustment has been made in the Books.	14.5

For **S. Venkatram and Co. LLP**

Chartered Accountants

Firm Registration No: 004656S/S200095

S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



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प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.

OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BANGALORE - 560 001.

दिनांक/ DATE. *20 June 2018*

To

The Chairman & Managing Director
Hindustan Aeronautics Limited
Corporate Office,
No.15/1, Cubbon Road,
Bangalore-560001.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under
section 143(6) (b) of the Companies Act, 2013.

I forward herewith Nil Comments Certificate of the Comptroller and Auditor General
of India under Section 143(6) (b) of the Companies Act, 2013 on the standalone accounts and
consolidated accounts of Hindustan Aeronautics Limited, Bangalore for the year ended
31 March 2018.

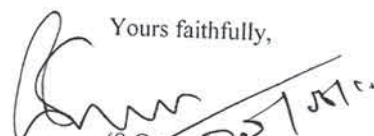
It may please be ensured that the Comments are:

- (i) printed in toto without any editing;
- (ii) placed next to the Statutory Auditors' Report in the Annual Report of the
Company with proper indication in the index;
- (iii) Placed before the AGM as required under proviso to Section 143(6)(b) of the
Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Encl: As above.

Yours faithfully,


(S. Gunasekaran)
Deputy Director (Reports)

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT

प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001.

दू.भा./Phone : 2226 7646 / 2226 1168
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of financial statements (Standalone Financial Statement) of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30.05.2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the Standalone Financial Statement of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

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

Bangalore
Dated: 20 June 2018



Standalone Balance Sheet

As at 31 March, 2018

(₹ in Lakhs)

S.No	Particulars	Note No.	31 st March 2018	31 st March 2017	1 st April 2016
ASSETS					
(1) A. Non-current assets					
(a)-i Property, Plant and Equipment	1				
Gross Block	1A		783914	693077	604499
Less: Accumulated Depreciation	1B		174231	114825	60264
Net Block			609683	578252	544235
ii Property, Plant and Equipment Customer Funded	1				
Gross Block	1D		13385	5854	-
Less: Accumulated Depreciation	1E		1065	322	-
Net Block			12320	5532	-
(b) Capital work-in-progress	2		61692	62112	37537
(c) Investment Property	3				
Gross Block	3A		4	4	4
Less: Accumulated Depreciation	3B		-	-	-
Net Block			4	4	4
(d) Goodwill	4				
(e) Other Intangible Assets	5				
Gross Block	5A		213479	193434	187977
Less: Accumulated Amortization	5B		72513	38052	24931
Less: Impairment	5C		6366	4214	1004
Net Block			134600	151168	162042
(f) Intangible Assets under Development	6				
Gross Block	6A		84090	76828	51041
Less: Accumulated Amortization	6B		-	-	-
Less: Impairment	6C		-	-	-
Net Block			84090	76828	51041
(g) Financial Assets					
(i) Investments in Joint Ventures and Subsidiaries	7				
			13566	19139	16067
(ii) Investments-Others	7A		85371	78935	72573
(iii) Trade Receivables	8		-	-	-
(iv) Loans	9		5409	5889	5199
(v) Others	10		35800	36713	40131
(h) Deferred tax Assets (net)	11		-	-	-
(i) Other Non-Current Assets	12		175074	121067	148624
Sub Total - A			1217609	1135639	1077453
(2) B. Current assets					
(a) Inventories	13		1937518	2134039	2399778
(b) Financial Assets					
(i) Investments	14		-	-	-
(ii) Trade Receivables	15		774155	422016	483638
(iii) Cash and Cash Equivalents	16		9154	277143	33779
(iv) Bank Balances other than (iii) above	17		643266	834541	1296135
(v) Loans	18		6343	9840	9539
(vi) Other Financial Assets	19		217013	257172	220891
(c) Current Tax Assets (Net)	20		-	11493	-
(d) Other Currents Assets	21		113705	69031	129956
Sub Total - B			3701154	4015275	4573716
Total Assets (A+B)			4918763	5150914	5651169



Standalone Balance Sheet

As at 31 March, 2018

(₹ in Lakhs)

S.No	Particulars	Note No.	31 st March 2018	31 st March 2017	1 st April 2016
EQUITY AND LIABILITIES					
(1)	A. Equity				
	(a) Equity Share capital	22	33439	36150	36150
	(b) Other Equity	23	1169899	1217513	1065747
	Sub Total - A		1203338	1253663	1101897
LIABILITIES					
(1)	B. Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	24	10000	-	-
	(ii) Trade Payables	25	282	19255	-
	(iii) Other Financial Liabilities	26	36566	37157	39731
	(b) Provisions	27	183891	201782	248251
	(c) Deferred Tax Liabilities (Net)	28	97758	95992	81475
	(d) Other Non-Current Liabilities	29	846215	984723	915455
	Sub Total - B		1174712	1338909	1284912
(2)	C. Current Liabilities				
	(a) Financial liabilities				
	(i) Borrowings	30	76406	95000	-
	(ii) Trade payables	31	166560	157434	211420
	(iii) Other financial liabilities	32	139934	111955	100710
	(b) Other Current Liabilities	33	1802720	1906140	2678741
	(c) Provisions	34	350153	287813	263766
	(d) Current Tax Liabilities (Net)	35	4940	-	9723
	Sub Total - C		2540713	2558342	3264360
	Total Equity and Liabilities - (A+B+C)		4918763	5150914	5651169

Note '1' to '49' and Accounting Policies attached form part of the Accounts
As per our Report attached

For **S. Venkatram & Co. LLP**
Chartered Accountants
FRN: 004656S/S200095

(S Sundarraman)

Partner
Membership No. 201028

Place: Bengaluru
Date: 30/5/2018

(C.V. RAMANA RAO)

Director (Finance) & CFO
DIN: 07365725

(T. SUVARNA RAJU)

Chairman & Managing Director
DIN: 05183617

(G.V. SESHU REDDY)

Company Secretary



Standalone Statement of Profit and Loss

for the period ended 31 March, 2018

(₹ in Lakhs)

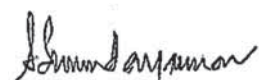
S.No	Particulars	Note No.	31 st March 2018	31 st March 2017
REVENUE-				
I	Revenue from Operations	36	1862378	1855356
II	Other Income	37	76121	104389
III	Total Income (I+II)		1938499	1959745
EXPENSES				
	Cost of Materials Consumed	38	782904	840149
	Purchases of Stock-in-Trade	38A	21730	29073
	Excise Duty		10453	60336
	Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap	39	72877	51085
	Employee Benefits Expense	40	430005	356919
	Finance Costs	41	517	1022
	Depreciation, Amortization Expense	42	94697	68061
	Impairment Loss	42A	2152	3210
	Other Expenses	43	137496	124678
	Direct Input to WIP / Expenses Capitalised	44	52303	46561
	Provisions	45	104414	81187
	Total Gross Expenses		1709548	1662281
	Less: Expenses relating to Capital and Other Accounts	46	103333	60794
	Total expenses (IV)		1606215	1601487
V	Profit/(Loss) before Exceptional items and Tax (III-IV)		332284	358258
VI	Exceptional Items		-	-
VII	Profit/(loss) before tax (V-VI)		332284	358258
VIII	Tax expense:			
	(1) Current Tax		123477	82178
	(2) Deferred Tax		1766	14517
IX	Profit (Loss) for the period from Continuing Operations (VII-VIII)		207041	261563
X	Profit/(loss) from Discontinued Operations		-	-
XI	Tax expense of Discontinued Operations		-	-
XII	Profit/(loss) from Discontinued Operations (after tax) (X-XI)		-	-
XIII	Profit/(loss) for the period (IX+XII)		207041	261563
XIV	Other Comprehensive Income			
	A (i) Items that will not be reclassified to profit or loss	47	-23085	930
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		7983	-322
	B (i) Items that will be reclassified to profit or loss	48	17	1
	(ii) Income tax relating to items that will be reclassified to Profit or Loss		-6	-
			-15091	609
XV	Total Comprehensive Income for the period (XIII+XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		191950	262172
XVI	Earnings per Equity Share (for Continuing Operations):			
	(1) Basic		58.50	72.35
	(2) Diluted		58.50	72.35
XVII	Earnings per Equity Share (for Discontinued Operations):			
	(1) Basic			
	(2) Diluted			
XVIII	Earnings per Equity Share (for Continuing & Discontinued Operations):			
	(1) Basic		58.50	72.35
	(2) Diluted		58.50	72.35

Note '1' to '49' and Accounting Policies attached form part of the Accounts
As per our Report attached

For **S. Venkatram & Co. LLP**

Chartered Accountants

FRN: 004656S/S200095



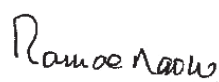
(S Sundararaman)

Partner

Membership No. 201028

Place: Bengaluru

Date: 30/5/2018



(C.V. RAMANA RAO)

Director (Finance) & CFO

DIN: 07365725



(T.SUVARNA RAJU)

Chairman & Managing Director

DIN: 05183617



(G.V. SESHHA REDDY)

Company Secretary



Standalone -Statement of Changes in Equity

for the year ended 31st March 2018

A. Equity Share Capital

Balance as at April 1, 2016	Changes in Equity Share Capital during the year 2016-17	Balance as at 31 st March 2017	Changes in Equity Share Capital during the year 2017-18	Balance as at 31 st March 2018
36150	-	36150	-2711	33439

(₹ in Lakhs)

B. Other Equity

Particulars	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Other Components of equity	Total
					Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation
Balance as at April 1, 2016	31514	12050	1028016	-	-5831	-2
Current Year Transfer	19656	-		261563		
Profit for the year	-1604					
Written Back in Current Year			145621			
Surplus Transferred from Statement of Profit and Loss			-14120			
Transfer to Statement of Profit and Loss			1604			
Transfer from Research & Development Reserve				-19656		
Transfer to Research & Development Reserve				-96286		
Interim Dividend including tax				-14120		
Final Dividend including tax				14120		
Transfer from General Reserves				-145621		
Transfer to General Reserves						
Items that will be reclassified to profit or loss						1
Income tax relating to items that will be reclassified to profit or loss						-
Items that will not be reclassified to profit or loss					930	930
Income tax relating to items that will not be reclassified to profit or loss					-322	-322
Balance as at March 31, 2017	49566	12050	1161121	-	-5223	-1
Balance as at April 1, 2017	49566	12050	1161121	-	-5223	-1
Current Year Transfer	16723	2711		207041		
Profit for the year						
Written Back in Current Year	-948					

(₹ in Lakhs)

Standalone -Statement of Changes in Equity

for the year ended 31st March 2018

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other Components of equity		Total
	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
Surplus Transferred from Statement of Profit and Loss			58118				58118
Transfer from Research & Development Reserve			948				948
Transfer to Research & Development Reserve				-16723			-16723
Withdrawn towards Buy Back of Shares			-110075				-110075
Interim Dividend including tax				-129489			-129489
Final Dividend including tax							-
Transfer to Capital Redemption Reserve				-2711			-2711
Transfer to General Reserves				-58118			-58118
Items that will be reclassified to profit or loss						17	17
Income tax relating to items that will be reclassified to profit or loss						-6	-6
Items that will not be reclassified to profit or loss					-23085		-23085
Income tax relating to items that will not be reclassified to profit or loss					7983		7983
Balance as at March 31, 2018	65341	14761	1110112	-	-20325	10	1169899

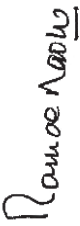
As per our Report attached

For **S. Venkatram & Co. LLP**
Chartered Accountants
FRN: 004656S/S200095


(S Sundararaman)
Partner

Membership No. 201028

Place: Bengaluru
Date: 30/5/2018


(C.V. RAMANA RAO)
Director (Finance) & CFO
DIN: 07365725


(T.SUVARNA RAJU)
Chairman & Managing Director
DIN: 05183617


(G.V.SESHA REDDY)
Company Secretary





Standalone Statement of Cash Flow

For the Period Ended 31st March 2018

Amendment to IND AS 7 :

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

(₹ in Lakhs)

S.No	Particulars	2017-18		2016-17	
I.	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit as per Statement of Profit & Loss		309216		359189
	Adjustments to reconcile net profit to net cash provided by operating activities				
	(Profit)/Loss on Sale of Property, Plant & Equipment	-50		-80	
	Interest Paid	517		1022	
	Interest Received - Net of Interest Liability to Customer	-		-	
	Dividend Received	-125		-304	
	Net (Gain)/Loss on Fair Value Adjustment	40		820	
	Provision for Diminution in Value of Investments	6293		123	
	Depreciation and amortization expense	96849		71271	
	Provision for Doubtful Debts	4125		4530	
	Provision for Doubtful Claims	15973		3036	
	Provision for Replacement and Other charges	25029		24216	
	Provision for Warranty	8634		8394	
	Provision for Raw Materials and Components, Stores and Spare parts and Construction Materials	12829		10011	
	Provision for Liquidated Damages	31531		30877	
	Sub-total		201645		153916
	Operating Profit Before Working Capital Changes		510861		513105
	Adjustments for Changes in Operating Assets and Liabilities				
	Trade Receivables	-356264		57093	
	Loans, Financial Assets and Other Assets	-85814		39966	
	Inventories	196409		266279	
	Trade Payables	-9847		-34731	
	Financial Liabilities, Provisions and Other Liabilities	-231967		-780317	
	Sub-total		-487483		-451710
	Cash generated from Operations		23378		61395
	Direct Tax Paid		-99067		-103716
	Net Cash Provided by Operating Activities (a)		-75689		-42321
II.	CASH FLOW FROM INVESTING ACTIVITIES				
	Investments made	-6436		-6362	
	Investment in Plant, Property & Equipment ¹	-97678		-120140	
	Intangible Assets	-27307		-31244	
	Investment in Joint Ventures	-215		-195	
	Investment in Subsidiary	-505		-3000	
	Investment/(Maturity) of short term deposits	191711		461567	
	Interest Received - Net of Interest Liability to Customer	-		-	
	Dividend Received	125		304	
	Sale of Plant, Property & Equipment	138		1156	
	Net Cash Flow Provided by/(used in) Investing Activities (b)		59833		302086



Standalone Statement of Cash Flow

For the Period Ended 31st March 2018

(₹ in Lakhs)

S.No	Particulars	2017-18		2016-17	
III.	CASH FLOW FROM FINANCING ACTIVITIES				
	Buy Back of Shares	-112786		-	
	Interest Paid	-517		-1022	
	Loan from Banks	-8594		95000	
	Lease Liability	-311			
	Dividend Paid (Interim/ Final Dividend inclusive of Tax)	-129489		-110406	
	Net Cash Flow Provided by Financing Activities (c)		-251697		-16428
	Abstract:				
I.	Net Cash Flow from Operating Activities (a)		-75689		-42321
II.	Net Cash Flow from Investing Activities (b)		59833		302086
III.	Net Cash Flow from Financing Activities (c)		-251697		-16428
	Net increase in Cash and Cash Equivalents during the year		-267553		243337
	Cash and Cash Equivalents at the beginning of the year ²		276707		33370
	Closing Cash and Cash Equivalents at the end of the year ²		9154		276707
	Net increase in Cash and Cash Equivalents during the year		-267553		243337
	Closing Cash and Cash Equivalents as per Ind AS-7		9154		276707
	Add: Other Bank Balances included in Note-16		-		436
	Closing Cash and Cash Equivalents as per Note -16		9154		277143

Notes:

1. Purchase of Fixed Assets are stated inclusive of capital work-in-progress between the beginning and end of the period
2. Cash and Cash Equivalents include Short Term Deposits with Banks
3. Previous year figures are rearranged or regrouped wherever necessary
- 4.. Cash and Cash Equivalents are available fully for use

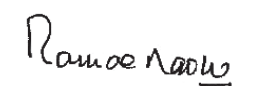
As per our Report attached

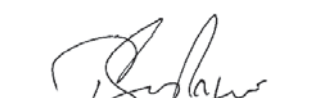
For **S. Venkatram & Co. LLP**
Chartered Accountants
FRN: 004656S/S200095


(S Sundarraman)

Partner
Membership No. 201028

Place: Bengaluru
Date:30/5/2018


(C.V.RAMANA RAO)
Director (Finance) & CFO
DIN: 07365725


(T.SUVARNA RAJU)
Chairman & Managing Director
DIN: 05183617


(G.V.SESHA REDDY)
Company Secretary



Significant Accounting Policies

1. BASIS OF ACCOUNTING:

The Consolidated Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules with effect from 1st April 2016.

2. USES OF ESTIMATES:

Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period.

Estimates and the underline assumption are reviewed on ongoing basis. The revision to the accounting estimates if material are recognized in the period in which the estimates are revised.

3. BASIS OF CONSOLIDATION:

The interest in Joint Venture Companies has been accounted by using the Equity method of accounting to the extent of investment made. The financial statement of the subsidiary Company are consolidated on line by line basis.

4. PROPERTY PLANT & EQUIPMENT(PPE):

- a) Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.
- b) The costs directly attributable including borrowing cost on qualifying asset are capitalized when the Property, Plant and Equipment are ready for use, as intended by the management.
- c) Subsequent expenditure relating to Property, Plant and Equipment including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- d) In accordance with Ind AS 101 provisions relating to first time adoption, the Company has chosen to consider the carrying value for all its Property, Plant and Equipment as their deemed cost as at the Opening Balance Sheet as at April 01, 2015.
- e) Lease hold land is capitalized and depreciated over the period of lease.
- f) As per para D36 of Ind AS 101, in respect of Assets funded by Customer the Company has adopted and applied Appendix C of Ind AS 18 wherein the assets created after 01.04.2016 has been capitalized.
- g) Goods and Service tax (GST) charged by vendors on Property plant and Equipment (PPE) other than civil works are not capitalized, but considered for Input tax credit.
- h) Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013 and the estimated useful lives for the main categories of property, plant and equipment are-

Particulars	Estimated Useful Life (years)
Buildings	Upto 60 years
Plant & Equipment	Upto 25 years
Furniture & Fixtures	Upto 10 years
Motor Vehicles	Upto 10 years
Office Equipment	Upto 5 years
Roads & Drains	Upto 10 years
Water Supply	Upto 15 years
Rail Road Sidings	Upto 15 years
Runways	Upto 10 years
Aircrafts or Helicopters	Upto 20 years



- i) Plant and Equipment individually costing ₹50,000 and below are fully depreciated in the year of purchase.
- j) Where cost of an item of Property, Plant and Equipment are significant and have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.
- k) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.
- l) CSR Assets are fully depreciated in the year of capitalization.
- m) The cost and the related accumulated depreciation is eliminated from the Financial Statement upon sale or de-recognition or retirement of the asset and the resultant gain or losses are recognized in the Statement of Profit and Loss of the relevant period.
- n) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

5. INVESTMENT PROPERTY

- (a) A property is considered as investment property only if the same is held for capital appreciation and /or earning rentals. Properties held by the company (directly or indirectly) which are used in the production of supply of goods or services for administrative purposes are not considered as Investment Property.
- (b) Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. In accordance with Ind AS 101 provisions relating to first time adoption, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz. April 01, 2015.

6. INTANGIBLE ASSETS

- a) Intangible Assets are recognized at cost less any accumulated amortization and accumulated impairment losses if any.
- b) Expenditure on Research and Development is charged off as an expenditure in the year in which it is incurred.
- c) Development Costs having an useful life are recognized as an intangible asset and amortised over its useful life.
- d) Expenditure on licence fees, documentation charges etc, based on the definition criteria of intangible assets in terms of reliability of measurement of cost and future economic benefits from the assets, are amortised over production on technical estimates, and to the extent not amortised, are carried forward.
- e) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over its useful life, on straight line method. Amortisation commences when the asset is available for use.
- f) Wherever it is not possible to assess the useful life of an intangible assets (whether or not significant) the same has not been amortised. Impairment on the intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

7. LEASE ACCOUNTING

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Title may or may not eventually be transferred.

Finance Lease:

- a) At commencement, assets and liabilities in the balance sheet are recognized at lower of fair value and the present value of the minimum lease payments, each determined at inception of lease.



- b) Minimum lease payments shall be apportioned between finance charge and the outstanding liability.
- c) Leased assets are depreciated over the useful life of the leased assets.
- d) Contingent rentals are recognized as expenses in the period in which they are incurred.
- e) Impairment on the leased assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

Operating Lease

- a) Lease other than finance leases are operating leases.
- b) Upfront lease payments, if any, made under operating leases are recognized in the statement of profit and loss over the terms of the lease.
- c) Rent and maintenance charges paid for assets/ liabilities taken on operating leases are charged to revenue in the period in which they arise.

8. LONG TERM INVESTMENT

- a) In accordance with Ind AS 101, provision relating to first time adoption, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance sheet as at 01st April, 2015.
- b) Investments are carried individually at cost less accumulated impairment in the value of such Investment.
- c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.
- d) The company reviews the book value of the investment on a yearly basis and provides for diminution in the value of the investment based on the net worth of the investee company
- e) Impairment in value of investment is made only if in the opinion of management when there is a permanent fall in value of investment.

9. IMPAIRMENT OF ASSETS

As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of impairment. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognised and assets are written down to their recoverable amount.

10. FINANCIAL ASSETS AND LIABILITIES

The Company recognizes all Financial Assets and Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

11. DEFERRED DEBTS

Unpaid installment payments under deferred payment terms for the cost of imported materials and tooling content of the equipment / products sold are accounted as deferred debts from the customer and are recovered as and when the installments are paid.

12. TRADE RECEIVABLES

Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets. Impairment on account of expected credit loss is being assessed on a case to case basis in respect of dues outstanding for a significant period of time.



13. TRADE AND OTHER PAYABLES

Liabilities are recognized for the amounts to be paid in future for goods / services received whether billed by the supplier or not.

14. INVENTORIES

- a) Inventories are valued at lower of cost and Net Realisable Value.
- b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost to date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- c) Provision for redundancy is assessed on ageing at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, wherever necessary, adequate provision is made for the redundancy of such materials in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- d) Saleable / Disposable scrap is valued at Net Realisable Value.
- e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.
- f) Consumables issued from stores and lying unused at the end of the year are not reckoned as inventory.

15. REVENUE RECOGNITION

Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow directly to the entity and the amount of revenue can be measured reliably.

15.1. Manufacturing, Repair and Overhaul / Spares Sale

- a) Sales are set up on the basis of
 - i. Acceptance by the buyer's Inspector, by way of signaling out certificate, in the case of the manufacture of aircraft/helicopters
 - ii. For other deliverables like spares, sales are set up based on acceptance by the buyer's inspection agency or as agreed to by the buyer.
 - iii. For Repair of Aircraft/Helicopter/Engine & Repair/Overhaul of Rotables, Site repairs, Cat 'B' repair servicing etc., sales are recognized on acceptance by the Buyer's inspection agency or as agreed to by the Buyer.
 - iv. For Overhaul of Aircraft/Helicopter/Engine, sales are set up on Percentage Completion of Service (POC) method.
- b) Sales are set up based on prices agreed with the customers. Where the prices are yet to be agreed with the customer, sales are set up on provisional basis.
- c) Revenue on Warranty is being recognized proportionately to the extent of warranty falling within the reporting period.

15.2. Development Sales

Development Sales are recognized on incurrence of expenditure identifiable to work orders and milestones achieved as per contract. Where milestones have not been defined in terms of their respective contract, sales are recognized based on the actual incurrence of expenditure. Where the Customer's sanction for revision (time and cost) is pending, the expenditure incurred is retained in WIP/intangible asset. Subsequent sale is recognized on receipt of revised financial sanction from the Customer.



16. EMPLOYEE BENEFITS

- a) Gratuity and Provident Fund are Defined Benefit Plans and liability is provided on the basis of actuarial valuation in respect of eligible employees and is remitted to the trust progressively.
- b) Provision for Earned leave is a Defined Benefit Plan and the liability is provided on the basis of actuarial valuation.
- c) Pension Scheme and Post Superannuation Group Health Insurance Scheme for employees are Defined Contribution Plans and the contribution to the corpus of the same is made by the Company to the trust. The Company's liability is limited to the extent of contribution made to these funds.

17. FOREIGN CURRENCY TRANSACTION

Assets and Liabilities in foreign currency are re-instated at the rate prevalent on each Balance Sheet date. The Income / Expenditure on account of such transaction is charged to Statement of the Profit & Loss.

18. INCOME TAXES

- a) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961 (the "Act"). Current Tax includes tax liability computed as per the normal provisions of the Act and /or under Section 115JB of the Act.
- b) Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax Assets in excess of Deferred Tax Liability are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

19. CLAIMS BY THE COMPANY

Claims on suppliers / underwriters / carriers towards loss / damages, claims for export subsidy, duty drawbacks, and claims on Customs department for refunds are accounted when claims are preferred and are carried forward till such time the Company has a legal right to recover such amounts.

20. PROVISION AND CONTINGENT LIABILITIES

- a) A provision is recognised, when the Company has the present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.
- b) Where no reliable estimate can be made or when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources, disclosure is made as Contingent Liability.
- c) When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

20.1 PROVISION FOR WARRANTY

Provision for warranty is recognized on actuarial valuation for Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/Rotables and Spares and development activities etc.

20.2 PROVISION FOR LIQUIDATED DAMAGES

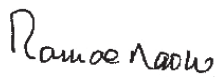
Provision for Liquidated Damages is recognized when there is a delay between the due date of supply of the Goods/ rendering of Service as per delivery schedule and the expected date of delivery of said Goods / rendering of Service in respect of Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/ Rotables, Spares and development activities etc.



20.3 PROVISION FOR ONEROUS CONTRACTS

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

21. The functional currency of the Company is Indian Rupee.



(C.V. RAMANA RAO)

Director (Finance) & CFO

DIN: 07365725



(T. SUVARNA RAJU)

Chairman & Managing Director

DIN: 05183617



(G.V. SESHHA REDDY)

Place: Bangalore

Date: 30.05.2018

Company Secretary



Notes to the Financial Statements

Note -1- Plant, Property and Equipment

Note -1A-Gross Block -Plant, Property and Equipment

Following table represents the changes in Plant, Property & Equipment for the year ended 31st March 2018

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2017	Additions	Reclassification / Adjustment	Disposals	Transfer to (-) from (+) Div	Gross Block as at 31 st March 2018
Cost						
Fixed Assets¹						
Land						
- Leasehold	790	445	-	-	-	1235
- Freehold	1787	-	-	-	-	1787
Buildings	71654	25164	-	-	237	97055
Plant and Equipment	138174	30823	-44	42	-	168911
Furniture and Fixtures	6032	1043	5	29	-	7051
Vehicles	4878	748	-5	78	-	5543
Office Equipment	7465	1543	44	24	-	9028
Assets Used for CSR Activities	4522	3	-	-	-	4525
Others						
Roads and Drains	3187	1225	-	-	-	4412
Water Supply	2270	652	-	2	-	2920
Rail Road Sidings	-	-	-	-	-	-
Runways	1011	765	-	-	-	1776
Aircraft/Helicopters	14212	5542	-	-	-	19754
Sub Total	255982	67953	-	175	237	323997
Special Tools	437095	22822	-	-	-	459917
Total	693077	90775	-	175	237	783914

As per para D7AA of Ind AS 101 dealing with transitional provisions, Property, Plant and Equipment (PPE) and Intangible assets, the Company has considered the carrying values as at the date of transition as the “Deemed Cost” and necessary modifications in the disclosures have been made in the financial statements of the current year. In view of the above, in line with the requirements of Ind AS 1 and Schedule III of the Companies Act, 2013, the figures of the preceding period i.e. as at 1st April 2016 have also been disclosed in the financial statements of the current year. However, there is no change in the Written Down Value of the Fixed Assets in the Financial Statements on account of the above modification in Disclosure.



Note -1B-Accumulated Depreciation- Plant, Property and Equipment

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2017	Additions	Reclassification /Adjustment	Transfer to(-) from (+) Div	Disposals/ Reversals	Provisions as at 31 st March 2018	Net Block as at 31 st March 2018	Net Block as at 31 st March 2017
Depreciation ²								
Land								
- Leasehold	20	16	-	-	-	36	1199	770
- Freehold	-	-	-	-	-	-	1787	1787
Buildings	7057	3395	-	3	-	10455	86600	64597
Plant and Equipment	33492	17980	-32	-	22	51418	117493	104682
Furniture and Fixtures	2958	1463	7	-	14	4414	2637	3074
Vehicles	1208	727	-8	-	31	1896	3647	3670
Office Equipment	4155	1877	33	-	19	6046	2982	3310
Assets Used for CSR Activities	4522	3	-	-	-	4525	-	-
Others								
Roads and Drains	1637	466	-	-	-	2103	2309	1550
Water Supply	433	390	-	-	1	822	2098	1837
Rail Road Sidings	-	-	-	-	-	-	-	-
Runways	526	231	-	-	-	757	1019	485
Aircraft/Helicopters	1514	926	-	-	-	2440	17314	12698
Subtotal	57522	27474	-	3	87	84912	239085	198460
Special Tools	57303	32016	-	-	-	89319	370598	379792
Total	114825	59490	-	3	87	174231	609683	578252

Above Includes:

Gross Value of Assets with M/s. Midhani

Cumulative Depreciation in respect of Assets with M/s. Midhani

31st March 2018

751

498

253

31st March 2018

3774

3760

14

1 Gross Value of Assets retired from Active Use

2 Less : Cumulative Depreciated Value of Assets retired from Active Use.

WDV of Assets Retired from Active Use.

Refer Note No. 49 Clauses 8 and 14



Note -1D-Gross Block -Plant, Property and Equipment (Customer Funded)

Following table represents the changes in Plant, Property & Equipment for the year ended 31st March 2018

(₹ in Lakhs)

Particulars	Gross Block as at 1 st April 2017	Additions	Transfer to (-) from (+) Div	Gross Block as at 31 st March 2018
Cost				
Fixed Assets				
Buildings	1704	3995	-237	5462
Plant and Equipment	3908	3633	-	7541
Furniture and Fixtures	97	52	-	149
Vehicles	71	49	-	120
Office Equipment	37	39	-	76
Others				
Water Supply	37	-	-	37
Total	5854	7768	-237	13385

Note -1E-Accumulated Depreciation- Plant, Property and Equipment (Customer Funded)

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2017	Additions	Transfer to(-) from (+) Div	Disposals/ Reversals	Provision as at 31 st March 2018	Net Block as at 31 st March 2018	Net Block as at 31 st March 2017
Depreciation							
Buildings	30	116	-3	-	143	5319	1674
Plant and Equipment	169	547	-	-	716	6825	3739
Furniture and Fixtures	90	42	-	-	132	17	7
Vehicles	17	18	-	-	35	85	54
Office Equipment	15	19	-	-	34	42	22
Others							
Water Supply	1	4	-	-	5	32	36
Total	322	746	-3	-	1065	12320	5532



Note -1- Plant, Property and Equipment

Note -1A-Gross Block -Plant, Property and Equipment

Following table represents the changes in Plant, Property & Equipment for the year ended 31st March 2017

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2016	Additions	Reclassification / Adjustment	Disposals	Transfer to (-) from (+) Div	Gross Block as at 31 st March 2017
Cost						
Fixed Assets¹						
Land						
- Leasehold	790	-	-	-	-	790
- Freehold	1781	6	-	-	-	1787
Buildings	61989	9665	-	-	-	71654
Plant and Equipment	101791	36411	-4	24	-	138174
Furniture and Fixtures	4792	1252	1	13	-	6032
Vehicles	3585	1356	-	63	-	4878
Office Equipment	5364	2107	3	9	-	7465
Assets Used for CSR Activities	4254	268	-	-	-	4522
Others						
Roads and Drains	2260	927	-	-	-	3187
Water Supply	1627	643	-	-	-	2270
Runways	1011	-	-	-	-	1011
Aircraft/Helicopters	11536	2676	-	-	-	14212
Sub Total	200780	55311	-	109	-	255982
Special Tools	403719	34400	-	1024	-	437095
Total	604499	89711	-	1133	-	693077
Previous Year - Fixed Assets	155666	45269	-	155	-	200780
Previous Year - Special Tools	347694	56025	-	-	-	403719



Note -1B-Accumulated Depreciation- Plant, Property and Equipment

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2016	Additions	Reclassification /Adjustment	Disposals/ Reversals	Provisions as at 31 st March 2017	Net Block as at 31 st March 2017	Net Block as at 31 st March 2016
Depreciation²							
Land							
- Leasehold	8	12	-	-	20	770	782
- Freehold	-	-	-	-	-	1787	1781
Buildings	3849	3208	-	-	7057	64597	58140
Plant and Equipment	16798	16704	2	12	33492	104682	84993
Furniture and Fixtures	1607	1363	-2	10	2958	3074	3185
Vehicles	538	699	-	29	1208	3670	3047
Office Equipment	2239	1922	-	6	4155	3310	3125
Assets Used for CSR Activities	4254	268	-	-	4522	-	-
Others							
Roads and Drains	892	745	-	-	1637	1550	1368
Water Supply	175	258	-	-	433	1837	1452
Rail Road Sidings	-	-	-	-	-	-	-
Runways	266	260	-	-	526	485	745
Aircraft/Helicopters	724	790	-	-	1514	12698	10812
Subtotal	31350	26229	-	57	57522	198460	169430
Special Tools	28914	28389	-	-	57303	379792	374805
Total	60264	54618	-	57	114825	578252	544235
Previous Year - Fixed Assets	-	31417	25	92	31350	169430	155666
Previous Year - Special Tools	-	28914	-	-	28914	374805	347694

Above Includes:

Gross Value of Assets with M/s. Midhani

Cumulative Depreciation in respect of Assets with M/s. Midhani

31 st March 2017	31 st March 2016
751	751
379	88
372	663

1 Gross Value of Assets retired from Active Use

2 Less : Cumulative Depreciated Value of Assets retired from Active Use.

WDV of Assets Retired from Active Use.

31 st March 2017	31 st March 2016
2220	1149
2220	1149
-	-

Also refer Note No. 49 Clauses 8 and 14



Note -1D-Gross Block -Plant, Property and Equipment (Customer Funded)

Following table represents the changes in Plant, Property & Equipment for the year ended 31st March 2017

(₹ in Lakhs)

Particulars	Gross Block as at 1 st April 2016	Additions	Disposals	Gross Block as at 31 st March 2017
Cost				
Fixed Assets				
Buildings	-	1704	-	1704
Plant and Equipment	-	3908	-	3908
Furniture and Fixtures	-	97	-	97
Vehicles	-	71	-	71
Office Equipment	-	37	-	37
Others				
Water Supply	-	37	-	37
Total	-	5854	-	5854

Note -1E-Accumulated Depreciation- Plant, Property and Equipment (Customer Funded)

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2016	Additions	Reclassification /Adjustment	Disposals/ Reversals	Provision as at 31 st March 2017	Net Block as at 31 st March 2017	Net Block as at 31 st March 2016
Depreciation							
Buildings	-	30	-	-	30	1674	-
Plant and Equipment	-	169	-	-	169	3739	-
Furniture and Fixtures	-	90	-	-	90	7	-
Vehicles	-	17	-	-	17	54	-
Office Equipment	-	15	-	-	15	22	-
Others							
Water Supply	-	1	-	-	1	36	-
Total	-	322	-	-	322	5532	-

Note -2 Capital Work in Progress

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Buildings	32175	39625	19396
Plant and Equipment	15034	8879	12830
Roads and Drains	81	-	166
Office Equipment	-	15	165
Water Supply	-	-	110
Plant and Equipment under Inspection and in Transit	12356	12785	4749
Special Tools	2046	808	121
TOTAL	61692	62112	37537



Note -3- Investment Property

Following table represents the changes in Investment Property for the year ended 31st March 2018

Note -3A -Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2017	Additions	Disposals	Gross Block as at 31 st March 2018
Fixed Assets				
Buildings	4	-	-	4
Total	4	-	-	4

As per para D7AA of Ind AS 101 dealing with transitional provisions, Property, Plant and Equipment (PPE) and Intangible assets, the Company has considered the carrying values as at the date of transition as the “Deemed Cost” and necessary modifications in the disclosures have been made in the financial statements of the current year. In view of the above, in line with the requirements of Ind AS 1 and Schedule III of the Companies Act, 2013, the figures of the preceding period i.e. as at 1st April 2016 have also been disclosed in the financial statements of the current year. However, there is no change in the Written Down Value of the Fixed Assets in the Financial Statements on account of the above modification in Disclosure.

Refer Note No.49 Clauses 51

Note-3B -Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2017	Additions	Reclassification /Adjustment	Disposals/ Reversals	Provisions as at 31 st March 2018	Net Block as at 31 st March 2018	Net Block as at 31 st March 2017
Depreciation							
Buildings	-	-	-	-	-	4	4
Total	-	-	-	-	-	4	4

Note -3- Investment Property

Following table represents the changes in Investment Property for the year ended 31st March 2017

Note -3A -Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2016	Additions	Gross block as at 31 st March 2017
Fixed Assets			
Buildings	4	-	4
Total	4	-	4
Previous year investment property	4	-	4

Refer Note No.49 Clauses 51

Note-3B -Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2016	Additions	Disposals/ Reversals	Provisions as at 31 st March 2017	Net Block as at 31 st March 2017	Net Block as at 31 st March 2016
Depreciation						
Buildings	-	-	-	-	4	4
Total	-	-	-	-	4	4
Previous Year - Investment property	-	-	-	-	4	4



Note -5 -Other Intangible Assets

Following table represents the changes in Other Intangible Assets for the year ended 31st March 2018

Note-5A -Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Additions	Adjustment/ Disposals	As on 31 st March 2018
Licence Fees	135174	517	-	135691
Computer Software	4540	429	-	4969
Documentation	33282	4047	-	37329
Development Expenditure	20438	15052	-	35490
Total	193434	20045	-	213479

As per para D7AA of Ind AS 101 dealing with transitional provisions, Property, Plant and Equipment (PPE) and Intangible assets, the Company has considered the carrying values as at the date of transition as the “Deemed Cost” and necessary modifications in the disclosures have been made in the financial statements of the current year. In view of the above, in line with the requirements of Ind AS 1 and Schedule III of the Companies Act, 2013, the figures of the preceding period i.e. as at 1st April 2016 have also been disclosed in the financial statements of the current year. However, there is no change in the Written Down Value of the Fixed Assets in the Financial Statements on account of the above modification in Disclosure.

Note-5B -Accumulated Amortization - Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Amortisation	Adjustment/ Reversals	As on 31 st March 2018
Licence Fees	25982	9590	-	35572
Computer Software	2146	1364	-	3510
Documentation	3506	5557	-	9063
Development Expenditure	6418	17950	-	24368
Total	38052	34461	-	72513

Note-5C -Impairment Loss -Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Impairment	Adjustment/ Reversals	As on 31 st March 2018
Licence Fees	-	-	-	-
Development Expenditure	4214	2152	-	6366
Total	4214	2152	-	6366



Note -5 -Other Intangible Assets

Following table represents the changes in Other Intangible Assets for the year ended 31st March 2017

Note-5A -Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Additions	Adjustment/ Disposals	As on 31 st March 2017
Licence Fees	134667	507	-	135174
Computer Software	3817	723	-	4540
Documentation	30764	2518	-	33282
Development Expenditure	18729	1709	-	20438
Total	187977	5457	-	193434
Previous Year	180299	7678	-	187977

Note-5B -Accumulated Amortization - Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Amortisation	Adjustment/ Reversals	As on 31 st March 2017
Licence Fees	18629	7353	-	25982
Computer Software	1017	1129	-	2146
Documentation	1518	1988	-	3506
Development Expenditure	3767	2651	-	6418
Total	24931	13121	-	38052
Previous Year	-	24931	-	24931

Note-5C -Impairment Loss -Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Amortisation	Adjustment/ Reversals	As on 31 st March 2017
Development Expenditure	1004	3210	-	4214
Total	1004	3210	-	4214
Previous Year	-	1004	-	1004

Note -6 -Intangible Assets under Development

Following table represents the changes in Intangible Assets under Development for the year ended 31st March 2018

Note-6A -Gross Carrying cost -Intangible assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Additions	Adjustment/ Disposals	As on 31 st March 2018
Development Expenditure	76828	33420	-26158	84090
Total	76828	33420	-26158	84090



Note-6B -Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Amortisation	Adjustment	As on 31 st March 2018
Development Expenditure	-	-	-	-
Total	-	-	-	-

Note-6C -Impairment Loss -Intangible assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Impairment Loss	Adjustment	As on 31 st March 2018
Development Expenditure	-	-	-	-
Total	-	-	-	-

Note -6 -Intangible assets under Development

Following table represents the changes in Intangible Assets under Development for the year ended 31st March 2017

Note-6A -Gross Carrying cost -Intangible assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Additions	Adjustment/ Disposals	As on 31 st March 2017
Development Expenditure	51041	25787	-	76828
Total	51041	25787	-	76828
Previous Year	27513	23528	-	51041

Note-6B -Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Amortisation	Adjustment/ Reversals	As on 31 st March 2017
Development Expenditure	-	-	-	-
Total	-	-	-	-
Previous Year	-	-	-	-

Note-6C -Impairment Loss -Intangible assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Impairment Loss	Adjustment/ Reversals	As on 31 st March 2017
Development Expenditure	-	-	-	-
Total	-	-	-	-
Previous Year	-	-	-	-



Note 7-Investments -Joint Ventures & Subsidiaries

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
INVESTMENTS AT COST LESS PROVISION (NON-TRADE / UN-QUOTED)			
Investment in Equity Instruments			
1) In Subsidiaries			
M/s. Naini Aerospace Limited - 3,00,00,000 (3,00,00,000PY) Shares of ₹10 FV each fully paid	3000	3000	-
Indo Russian Helicopters Limited (IRHL) 5,05,000 (Nil PY) Shares of ₹100 FV each fully paid	505	-	-
Total In Equity of Subsidiaries (2)	3505	3000	-
2 - In Joint Ventures			
A) M/s BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹10 FV each fully paid	294	294	294
Net - M/s BAe-HAL Software Ltd	294	294	294
B) M/s Snecma HAL Aerospace Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹100 F.V. each fully paid	1140	1140	1140
Net - M/s Snecma HAL Aerospace Private Ltd	1140	1140	1140
C) M/s Indo Russian Aviation Ltd - 9,36,525 (9,36,525- P.Y) shares of ₹10 FV each fully paid	94	94	94
Net - M/s Indo Russian Aviation Ltd.	94	94	94
D) M/s HALBIT Avionics Pvt Ltd -3,82,500(3,82,500-P.Y) Shares of ₹100 FV each fully paid	383	383	383
Less Provision for Impairment in value of Investment	383	383	383
Net - M/s. HALBIT Avionics Pvt. Ltd.	-	-	-
E) M/s HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹100 FV each fully paid	300	300	300
Less Provision for Impairment in value of Investment	300	300	300
Net- M/s. HAL Edgewood Technologies Pvt. Ltd.	-	-	-
F) M/s SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹100 FV each fully paid	160	160	160
Less Provision for Impairment in value of Investment	160	160	105
Net - M/s SAMTEL HAL Display Systems Ltd	-	-	55
G) M/s INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹10 FV each fully paid	200	200	200
Less Provision for Impairment in value of Investment	166	166	166
Net- M/s. INFOTECH HAL Ltd.	34	34	34
H) M/s HATSOFF Helicopter Training Pvt Ltd -3,84,04,204 (3,84,04,204 P.Y) Shares of ₹10 FV each fully paid	3840	3840	3840
Less Provision for Impairment in value of Investment	3840	3840	3840
Net- M/s. HATSOFF Helicopter Training Pvt. Ltd.	-	-	-



Note 7-Investments -Joint Ventures & Subsidiaries

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
I) M/s TATA HAL Technologies Ltd -50,70,000 (50,70,000 P.Y.) Shares of ₹10 each fully paid	507	507	507
Less Provision for Impairment in value of Investment	495	423	362
Net- M/s. TATA HAL Technologies Ltd.	12	84	145
J) M/s International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹100 FV each fully paid	4250	4250	4250
Less Provision for Impairment in value of Investment	855	855	855
Net-M/s International Aerospace Manufacturing Pvt Ltd	3395	3395	3395
K) M/s. Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹100 FV each fully paid	11347	11347	11347
Less Provision for Impairment in value of Investment	6678	457	450
Net-M/s. Multirole Transport Aircraft Ltd.	4669	10890	10897
L) M/s. Aerospace & Aviation Sector Skill Council(AASSC) - 125 (125 P.Y.) Shares of ₹10000 FV each fully paid	13	13	13
Net-M/s. Aerospace & Aviation Sector Skill Council	13	13	13
M) M/s. Helicopter Engines MRO Pvt Ltd - 4,09,988 Shares of ₹10 FV each fully paid*	410	195	-
Net-M/s. Helicopter Engines MRO Pvt Ltd	410	195	-
Total In Equity of Joint Ventures (2)	10061	16139	16067
TOTAL (1+2)	13566	19139	16067

Disclosure

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
(i) Aggregate amount of Quoted Investment and Market Value.	-	-	-
(ii) Aggregate amount of Unquoted Investments.	13566	19139	16067
(iii) Aggregate amount of impairment in value of investments	12877	6584	6461

* Out of total investment of ₹195 lakhs for PY, amount of ₹50 lakhs only (50,000 shares of ₹100 each) has been allotted as on 31st March 2017.

Note 7A- Financial Asset- Investments-Others

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Investments in Structured Entities (UNQUOTED)			
B) Other Investments (UNQUOTED)	-	-	-
M/s LIC of India (For Funding Vacation Leave)	85371	78935	72573
Total In Other Investments (B)	85371	78935	72573
TOTAL (A)+(B)	85371	78935	72573



Note 8- Financial Asset-Trade Receivables

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Trade Receivables			
Secured Considered Good	-	-	-
Unsecured Considered Good	-	-	-
Doubtful	1302	1312	994
	1302	1312	994
Less: Provision for Doubtful Debts	1302	1312	994
TOTAL	-	-	-

Note 9- Financial Asset- Loans

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Secured Considered Good			
a) Security Deposits			
b) Others			
Employee Advances	-	-	1
Sub-total (A)	-	-	1
B. Unsecured Considered Good			
a) Security Deposits			
Govt Departments for Customs Duty and for Supplies	578	633	250
Public Utility Concerns	3089	3023	2941
Others	295	519	553
b) Others			
Employee Advances	1447	1714	1454
Sub-total (B)	5409	5889	5198
TOTAL (A + B)	5409	5889	5199

Note 10- Financial Asset-Others

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Claims Receivable			
Considered Good	-	-	1374
Considered Doubtful	23054	9299	7925
	23054	9299	9299
Less: Provision for Doubtful Claims	23054	9299	7925
Sub Total -A	-	-	1374
B) Balances with Bank			
Short Term Deposits - Exceeding 12 Months*	-	31	-
Sub Total -B	-	31	-
C) Others			
Deferred Debts	35800	36682	38757
Sub Total -C	35800	36682	38757
TOTAL (A + B + C)	35800	36713	40131
*Fully Earmarked for Committed Liabilities of more than 12 months	-	-	-



Note 11- Deferred Tax Assets (net)

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
TOTAL	-	-	-

Note 12- Other Non- Current assets

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Inventories (Lower of Cost and Net Realisable Value)#			
(i) Raw Materials and Components	56965	43308	35412
Less: Provision for Redundancy	56965	43308	35412
	-	-	-
(ii) Stores and Spares Parts	3066	2977	2100
Less: Provision for Redundancy	3066	2977	2100
	-	-	-
(iii) Loose Tools and Equipment	1698	2296	2176
Less: Provision for Redundancy	1698	2296	2176
	-	-	-
(iv) Construction Materials	21	5	2
Less: Provision for Redundancy	21	5	2
	-	-	-
(v) Inventory - Warranty	1209	1656	-
Less: Provision for Redundancy	1209	1656	-
	-	-	-
Sub Total Inventories	-	-	-
B. Advances			
Capital Advances	5751	12155	11758
Advance Other than Capital Advances:			
Advances against Goods and Services	398	3001	3117
Advances against Special Tools	-	666	4022
Other Loans and Advances	640	651	791
Sub Total Advances	6789	16473	19688
C) Others			
Balances with Revenue Authorities under dispute			
- Income tax	162985	104071	128936
- Others	5300	523	-
TOTAL (A+B+C)	175074	121067	148624
(#) includes those issued to Sub-Contractors for Job Works	-	-	-



Note 13- Inventories

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Inventories (Lower of Cost and Net Realisable Value)#			
(i) Raw Materials and Components	896011	1032114	1231216
Less: Provision for Redundancy	13461	18942	21418
	882550	1013172	1209798
(ii) Work-in-Progress	952309	1024358	1072122
(iii) Finished Goods	-	-	-
(iv) Stock-in-Trade	1282	2304	4646
(v) Stores and Spares Parts	30635	30209	30009
Less: Provision for Redundancy	461	586	567
	30174	29623	29442
(vi) Loose Tools and Equipment	8717	8651	7671
Less: Provision for Redundancy	130	153	143
	8587	8498	7528
(vii) Construction Materials	83	105	99
Less: Provision for Redundancy	1	4	4
	82	101	95
(viii) Disposable Scrap	596	402	1381
(ix) Goods under Inspection and in Transit			
- Raw Material and Components	40528	42507	64946
- Stores and Spare Parts	1534	447	4013
- Loose Tools and Equipment	113	65	1570
	42175	43019	70529
(x) Inventory - Warranty	20065	12714	4301
Less: Provision for Redundancy	302	152	64
	19763	12562	4237
TOTAL	1937518	2134039	2399778
(#) includes those issued to Sub-Contractors for Job Works	45724	37553	31591

Note 14 - Financial Asset- Investments

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
INVESTMENTS AT COST LESS PROVISION (NON-TRADE / UN-QUOTED)	-	-	-
TOTAL	-	-	-

Note 15- Financial Asset- Trade Receivables

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Trade Receivables			
Secured Considered Good	-	15	10
Unsecured Considered Good	729250	399521	477268
Doubtful	16820	12941	10071
	746070	412477	487349
Less: Provision for Doubtful Debts	16820	12941	10071
Sub Total	729250	399536	477278
Unbilled revenue	44905	22480	6360
TOTAL	774155	422016	483638



Note 16 - Financial Asset- Cash & Cash Equivalents

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Balances with Bank			
- Current Account	9148	33418	33352
- Short Term Deposits	-	240000	-
- Other Short Term Deposits with Financial Institutions	-	-	1
B) Cash on Hand	6	6	16
C) Cheques, Drafts on Hand	-	3283	1
Sub Total (A+B+C)	9154	276707	33370
D) Other Bank Balances			
Others			
- Short Term Deposits *	-	436	409
Sub Total-D	-	436	409
TOTAL (A)+(B)+(C)+(D)	9154	277143	33779
*Balance with Banks to the extent held as Margin Money or Security against Borrowings, Guarantees, Other Commitments	-	-	-

Note-17 - Financial Asset- Bank Balances other than (iii) above

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Bank Deposit*	643266	834541	1296135
*Balance with Banks to the extent held as Margin Money or Security against Borrowings, Guarantees, Other Commitments	67000	100000	18

Note 18- Financial Asset- Loans

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Secured, Considered Good			
Security Deposit			
Others			
Employee Advances (\$)	286	102	107
Sub-total (A)	286	102	107
B. Unsecured, Considered Good			
i) Security Deposits			
Govt Departments for Customs Duty and for Supplies	5	3425	3481
Public Utility Concerns	38	38	38
Others	2734	2866	1687
ii) Others			
Employee Advances (\$)	3280	3409	4226
Sub-total (B)	6057	9738	9432
TOTAL (A +B)	6343	9840	9539
(\$ Amount due by the Directors or other Officers of the Company at the end of the year	-	-	-



Note 19- Other Financial Assets

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Claims Receivable			
Considered Good	178896	212335	156800
Considered Doubtful	6777	4576	3978
	185673	216911	160778
Less: Provision for Doubtful Claims	6777	4576	3978
Sub-total	178896	212335	156800
Interest Accrued and Due on Investment with LIC of India	6955	7163	5986
Interest Accrued and not Due	22952	29464	49391
Current Maturities of Deferred Debt	8210	8210	8714
TOTAL	217013	257172	220891

Note-20 Current Tax Assets

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Current Tax (Net)	-	11493	-
TOTAL	-	11493	-

Note-21 Other Current Assets

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Advances against Goods and Services	89117	66014	125949
Advances against Special Tools	-	-	1024
Other Loans and Advances	274	1179	1104
Advances to Related Parties	219	28	264
Others			
Prepaid Expenses	1562	1805	1585
Balances with revenue Authorities			
- Income tax	-	-	-
- Others	14	-	-
Balance with GST Electronic Ledger	22516	-	-
Revenue Stamps	-	-	25
Balances in Franking Machine	3	5	5
TOTAL	113705	69031	129956



EQUITY

Note 22- Equity Share Capital

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Authorised Capital	60000	60000	60000
60,00,00,000 Equity Shares of ₹10 each			
Issued, Subscribed and Fully Paid up	33439	36150	36150
33,43,87,500 Equity Shares of ₹10 each fully paid-up			
Par Value per Share (₹)	10	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the Reporting period			
Opening Equity Shares (Nos.)	361500000	361500000	482000000
Add: Additions during the Year (Nos.)	-	-	-
Less: Shares Bought Back during the year(Nos.)*	27112500	-	120500000
Closing Equity Shares (Nos.)	334387500	361500000	361500000
Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held			
President of India and Nominees	300855180	361500000	361500000
% of Shareholding of President of India and Nominees	89.97%	100.00%	100.00%
Life Insurance Corporation of India	23407104	-	-
% of Shareholding of Life Insurance Corporation of India	7.00%	-	-

Terms/ Rights attached to Equity shares

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation.

*Note 49 of Clause 48

Note 23- Other Equity

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Other Reserves		
A. Research & Development Reserve		
Opening Balance	49566	31514
Add: Current Year Transfer	16723	19656
Less: Transfer to General Reserve on utilisation	948	1604
Closing Balance (A)	65341	49566
B. Capital Redemption Reserve		
Opening Balance	12050	12050
Add: Current Year Transfer	2711	-
Closing Balance (B)	14761	12050
C. General Reserve As per last Balance Sheet		
(+/-) Surplus Transferred from Statement of Profit and Loss	1161121	1028016
Add: Transfer from R&D Reserve	58118	145621
Less: Depreciation on transition .	948	1604
Less: Withdrawn towards Buy Back of Shares#	-	-
Reserve ₹89439 Lakhs		
Tax on Buy Back ₹20636 Lakhs		
Net Amount ₹110075 Lakhs	110075	-
Less: Transfer to Statement of Profit and Loss *	-	14120
Closing Balance (C)	1110112	1161121



Note 23- Other Equity

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Surplus in Statement of Profit and Loss		
Add: Net Profit / (Net Loss) for the Current Year (i)	207041	261563
Add: Transfer from General Reserve* (ii)	-	14120
Less: Appropriations / Allocations		
Transfer to Research & Development Reserve	16723	19656
Dividend CY ₹107587 Lakhs+ Tax ₹21902 Lakhs (Interim Dividend including Tax for the year ended 31 st March 2017: Dividend ₹80000 Lakhs + Tax ₹16286 LakhsPY)	129489	96286
Final Dividend including Tax for the year ended 31 st March 2016: Dividend ₹11732 Lakhs + Tax ₹2388 Lakhs)	-	14120
Transfer to Capital Redemption Reserve	2711	-
Total (iii)	148923	130062
Transfer To General Reserves (i)+(ii)-(iii)	58118	145621
D. Other Components of Equity		
Fair Value through Other Comprehensive Income (FVOCI) (\$)		
Opening Balance	-5224	-5833
Add:- Additions made during the year	-15091	609
Less:- Deletions made during the year	-	-
Closing Balance (D)	-20315	-5224
TOTAL (A+B+C+D)	1169899	1217513

* Represents Final Dividend including Dividend Tax for the year 2015-16

(\$)- Breakup is given separately in Clause 46 of Note 49

Note 49 of Clause 48

Note 24- Borrowings

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Secured Long Term Borrowings:			
a) Term Loans			
(i) From Banks*	10000	-	-
Sub-total (A)	10000	-	-
B. Unsecured Long Term Borrowings:			
Sub-total (B)	-	-	-
TOTAL (A + B)	10000	-	-

*Ref Note No.49 Clause 35A

Note 25- Trade Payables

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Trade Payables*	282	19255	-
TOTAL	282	19255	-
* Includes dues to related parties	-	-	-

Note 26- Other financial liabilities

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Other Liabilities	374	71	563
Deferred liabilities	36192	37086	39168
TOTAL	36566	37157	39731



Note 27- Provisions

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Provisions for Employee Benefits			
Gratuity	52720	2339	3023
Earned Leave	48588	46055	45348
Sub-total (A)	101308	48394	48371
B. Others			
Replacement and Other Charges	12276	10619	9518
Liquidated Damages	45594	58925	79893
Onerous Contract	24713	83844	110469
Sub-total (B)	82583	153388	199880
TOTAL (A + B)	183891	201782	248251

Note 28- Deferred tax liabilities (Net)

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
The tax effect of significant temporary differences that resulted in Deferred Tax Liabilities:			
As per last Balance Sheet	95992	81475	66078
Add / Less: Current Year's Provisions	1766	14517	15397
TOTAL	97758	95992	81475

Note 29- Other Non current Liabilities

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Advances from Customers			
Defence	329076	307106	323089
Sub Total (A)	329076	307106	323089
B. Milestone Receipt			
Defence	504398	661033	574638
Others	12741	16584	17728
Sub Total (B)	517139	677617	592366
TOTAL (A+B)	846215	984723	915455

Note 30- Borrowings

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Secured Short Term Borrowings:			
Loans Repayable on Demand			
(i) From Banks*	76406	95000	-
(ii) From Others	-	-	-
Sub-total (A)	76406	95000	-
B. Unsecured Short Term Borrowings:			
Sub-total (B)	-	-	-
TOTAL (A + B)	76406	95000	-

*Ref Note No.49 Clause 35B(i) & 35B(ii)



Note 31- Trade Payables

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Trade Payables*	166560	157434	211420
TOTAL	166560	157434	211420
* Includes dues to related parties	6775	8087	7254

Note 32- Other Financial Liabilities

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Dues to Employees	47779	39818	30801
Others Liabilities*	84125	61718	57043
Current Maturities of Deferred Liabilities	4046	7203	7983
Due to Capital Creditors	3984	3216	4883
TOTAL	139934	111955	100710
* Includes dues to related parties	170	48	16

Note 33- Other Current Liabilities

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Advances from Customers			
Outstanding Advances from Customers			
Defence	465713	469116	427343
Others	7430	9394	4607
Sub Total (A)	473143	478510	431950
B) Milestone Receipt			
Defence	1225709	1360868	2072821
Others	64885	49375	58658
Sub Total (B)	1290594	1410243	2131479
Advances from Customers (A + B)	1763737	1888753	2563429
C) Other Payables			
Taxes (Other than Taxes on Income)	12763	8486	108301
GST Payable	17377	-	-
Others	8843	8901	7011
TOTAL (A+B+C)	1802720	1906140	2678741

Note 34- Provisions

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Provisions for Employee Benefits			
Earned Leave	36783	35383	33587
Others	35853	23944	5894
Sub-total (A)	72636	59327	39481
B. Others			
Replacement and Other Charges	89301	78071	86288
Warranty	43056	53890	66034
Liquidated Damages	79543	69577	70842
Excise Duty	-	322	1121
Onerous Contract	65617	26625	-
Sub-total (B)	277517	228485	224285
TOTAL (A + B)	350153	287813	263766



Note 35- Current tax liability(Net)

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Current tax liability(Net)	4940	-	9723
TOTAL	4940	-	9723

Note 36- Revenue from Operations

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
A. Sale of Products		
(i) Inland Sales		
Finished Goods	934936	983007
Spares	127927	147226
Development	65640	61520
Miscellaneous	64672	1930
Total Inland Sales of Products	1193175	1193683
(ii) Export Sales		
Finished Goods	15846	27124
Spares	14511	18470
Total Export Sales of Products	30357	45594
Total Sale of Products (A)	1223532	1239277
B. Sale of Services		
(i) Inland Sale of Services		
Repair and Overhaul	612558	579146
Other Services	1704	1384
Total Inland Sales of Services	614262	580530
(ii) Export Sale of Services		
Repair and Overhaul	1001	889
Other Services	44	19
Total Export Sales of Services	1045	908
Total Sales of Services (B)	615307	581438
Total Sales (A+B)	1838839	1820715
C. Other Operating Revenues		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	910	1513
(ii) Provisions no longer required	20141	29754
(iii) Others	2488	3374
Total Operating Revenues (C)	23539	34641
Revenue from Operations (A+B+C)	1862378	1855356



Note 37- Other Income

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Interest Income		
-Short term Deposits	63894	89008
- Sundry Advances - Employees	112	124
- Other Deposits	170	188
Sub-total	64176	89320
Dividend Income		
Dividend income	125	304
Other Non-Operating Income		
Gain on Foreign Currency Transaction and Translation	-	7006
Profit on Sale of Assets (Net)	50	80
Miscellaneous	8318	7425
Gain on Fair Value Adjustment	3452	254
TOTAL	76121	104389

Note 38- Cost of materials consumed

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Consumption Of Raw Material, Components, Stores And Spare Parts		
Opening Stock	1123089	1303139
Add: Purchases	674912	678584
Add: Subcontracting, Fabrication and Machining Charges.	33222	26942
Less: Closing Stock	1008055	1123089
	823168	885576
Less: Transfer to		
Special Tools and Equipment	21306	32227
Development Expenditure	246	2339
Expense Accounts and Others	18712	10861
	40264	45427
TOTAL	782904	840149

Note 38A- Purchase of Stock-in-Trade

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Purchase of Stock-in-Trade	21730	29073



Note 39- Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress and Scrap

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress		
Opening Balance		
(i) Finished Goods	-	-
(ii) Work-in-progress	1024358	1072122
(iii) Stock in Trade	2304	4646
	1026662	1076768
Closing Balance		
(i) Finished Goods	-	-
(ii) Work-in-progress	952309	1024358
(iii) Stock in Trade	1282	2304
	953591	1026662
Accretion / (Decretion) -A	-73071	-50106
Change in Disposables Scrap		
Opening Balance	402	1381
Closing Balance	596	402
Accretion / (Decretion)-B	194	-979
TOTAL (A+B)	-72877	-51085

Note 40- Employee benefits expense*

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Salaries and Wages	335881	298130
Contribution to Provident and Other Funds**		
- Contribution to Provident Fund/ Others	45454	39930
- Contribution to Gratuity	32258	3269
Staff Welfare Expenses(Net)	15310	14298
Rent for Hiring Accommodation for Officers / Staff	1102	1292
TOTAL	430005	356919
*Includes Directors' Remuneration		
Salaries	232	171
Contribution to Provident Fund	15	12
Gratuity	10	-

**Refer Note No. 49 Clauses 43

Note 41- Finance costs

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Finance Cost		
Borrowing costs- Other	102	-
Interest Expense	415	1022
TOTAL	517	1022



Note 42- Depreciation and Amortization expense

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
A. DEPRECIATION ON ASSETS	28220	26551
A. AMORTISATION		
Intangible assets- Development Expenditure	17950	2651
Other Intangible assets		
- Licence Fees	9590	7353
- Computer Software	1364	1129
- Documentation	5557	1988
Special Tools	32016	28389
Sub Total (B)	66477	41510
Sub Total (A+B)	94697	68061

Note 42A-Impairment Loss

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Imperinant loss	2152	3210
TOTAL	2152	3210



Note 43- Other expenses

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Shop Supplies	11402	10485
Power and Fuel	17570	17186
Water Charges	5327	5537
Rent for Office Premises etc.	240	236
Travelling (includes Foreign Travel)	7213	7301
Training (includes Foreign Training)	710	1262
Repairs:		
Buildings	8640	8069
Plant, Machinery and Equipment	13124	13524
Others	5457	4166
Expenses on Tools and Equipment	5563	4875
Insurance	1965	1936
Rates and Taxes	3158	2018
Postage and Telephones	1084	1132
Printing and Stationery	1268	1226
Publicity	1193	3086
Advertisement	1265	1219
Bank Charges	606	615
Loss on Foreign Currency Transaction and Translation	4080	-
Legal Expenses	638	521
Auditors' Remuneration:		
For Audit Fee	38	38
For Taxation matters	7	7
For Other Services	66	98
Selling Agents Commission	16	69
Donations	4	2
Handling Charges	337	413
Write Off:		
Stores	237	151
Shortages / Rejections	-	1
Freight and Insurance	1534	1565
JWG share of Profit	182	183
Corporate Social Responsibility #	7726	6528
Interest on Micro, Small and Medium Enterprises	1	8
Loss on Fair Value Adjustment	3492	1074
Miscellaneous Operating Expenses (@)	33353	30147
TOTAL	137496	124678
(@) includes Director's Sitting Fees	17	16

(#) Does not include CSR assets for the current period is ₹3 Lakhs (For the year 2016-17 ₹268 lakhs) capitalised under Note 1A. Total CSR expenditure for current period is ₹7729 Lakhs (For the year 2016-17 ₹6796 lakhs) Ref Note-49 Clause22



Note 44- Direct Input to WIP / Expenses Capitalised

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
A) DIRECT INPUT TO WIP		
Project related Travel	738	730
Project related Training	8	363
Project related other Expenditure	2157	1961
Travel outstation jobs	43	-
Royalty	1048	748
Foreign Technician Fee	546	6733
Ground Risk Insurance	1696	2178
Design and Development	39523	29467
Sundry Direct Charges - Others	1551	633
Sub-Total (A)	47310	42813
B) EXPENSES CAPITALISED		
Licence Fees	517	507
Computer software	429	723
Documentation	4047	2518
Sub-Total (B)	4993	3748
TOTAL (A + B)	52303	46561

Note 45- Provisions

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Replacement and Other Charges	25029	24216
Warranty	8634	8394
Raw Materials and Components, Stores and Spare parts and Construction Materials	12829	10011
Liquidated Damages	31531	30877
Doubtful Debts	4125	4530
Doubtful Claims	15973	3036
Investments	6293	123
TOTAL	104414	81187

Note 46- Expenses relating to Capital and Other Accounts

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Expenses allocated to:		
Other Intangible assets Expenditure	4993	3748
Special Tools	1515	2173
Capital Works	737	1040
Development Expenditure	22068	25157
Others	74020	28676
TOTAL	103333	60794



Other Comprehensive Income

Note 47- Items that will not be reclassified to Profit or Loss

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
(A) Changes in revaluation surplus	-	-
(B) Remeasurements of the defined benefit plans	-23805	930
(C) Equity Instruments through Other Comprehensive Income	-	-
TOTAL (A+B+C)	-23805	930

Note 48- Items that will be reclassified to profit or loss

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
(i) Exchange differences in translating the financial statements of a foreign operation;	17	1
(ii) Debt Instruments through Other Comprehensive Income;	-	-
TOTAL	17	1



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars			
	Company Overview:			
	Hindustan Aeronautics Limited ("HAL") herein after referred to as, "the Company" is a limited Company incorporated in India. It is presently a Government Company within the meaning of Section 2(45) of the Companies Act, 2013 as the President of India acting through the Ministry of Defence (MoD) holds 89.97% equity shares of the Company.			
1A	The Company is engaged in the design, development, manufacture, repair, overhaul, upgrade and servicing of a wide range of products including, aircraft, helicopters, aero-engines, avionics, accessories and aerospace structures.			
	The Company's operations are organised into five complexes, namely the Bangalore Complex, MiG Complex, Helicopter Complex, Accessories Complex, and Design Complex, which together include 20 production divisions and 11 research and design centres ("R&D Centres") located across India. The Company relies on Indigenous research as well as enter into technology transfer and licence agreements to manufacture its products. In addition, the Company have entered into 13 commercial joint ventures and 2 subsidiaries to grow our operations.			
	Details of Initial Public Offer made during the year:			
1B	During the Financial Year 2017-18, the Hon'ble President of India acting through the Ministry of Defence Production, Government of India divested 3,35,32,320 Equity Shares of ₹10 - each equivalent to 10.03 % of the paid up capital of the Company. Pursuant to approval of basis of allotment of 3,35,32,320 equity shares by IPO committee on 24 th March, 2018, the divested shares were allotted to respective shareholders. Consequently the Company's shares was listed in the National Stock Exchange Limited (NSE) and the Bombay Stock Exchange Limited (BSE) on 28 th March 2018.			
2	Contingent Liabilities not provided for:	31st March 2018	31st March 2017	1st April 2016
	Outstanding Letters of Credit and Guarantees			
	(i) Letters of Credit	102476	106350	93719
(a)	Non-fund based limits of ₹205000 lakhs (PY ₹205000 Lakhs) have been sanctioned by a consortium of bankers The said limits are secured by hypothecation of inventories and receivables. The total Fund based limits (₹45000 lakhs) and Non-Fund based limits (₹205000 lakhs) sanctioned is interchangeable between the consortium of banks and also between Fund based and Non-Fund based limits.			
	(ii) Indemnity Bonds given by the Company for performance	668496	600827	523324
	(iii) Performance Guarantee	203	370	205
(b)(i)	Claims / Demands against the Company not acknowledged as Debts (Gross):			
	(i) Sales Tax / Entry Tax (Refer Clause 19(a)&19(b))	834845	669536	623406
	(ii) Income Tax *	212290	176961	200680
	(iii) Municipal Tax	6653	8967	11969
	(iv) Service Tax (Refer Clause 19(a))	52070	51503	78849
	(v) Customs Duty	23569	23569	23569
	* (Includes ₹32716 lakhs for which the Company has obtained favourable orders from the appellate authorities but the order given effect is yet to be received.)			



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars			
		31 st March 2018	31 st March 2017	1 st April 2016
	Others	13184	5813	6445
	Opening Balance	5813		
	Additions (net of removal during the year)	8730		
	Removal from Opening Balance	1359		
	Closing Balance	13184		
	Total	1142611	936349	944918
	Commitments			
	Estimated amount of contracts remaining to be executed and not provided for:			
	i) on Capital Account	93173	126131	110557
	ii) towards purchase of Inventory and Services	1521410	947278	773917
	Total	1614583	1073409	884474
	Particulars	31st March 2018	31st March 2017	
	Value of Imports calculated on CIF basis:			
	(i) Raw Materials	304746	412213	
	(ii) Components and Spare parts	307691	192300	
	(iii) Capital Goods	15821	16030	
	(iv) Special Tools	10141	28114	
	Total	638399	648657	
	Raw Materials, Spare Parts and Components consumed :			
	(i) Imported (including Customs Duty)	674356	765925	
	(In % to total)	81.92	86.49	
	(ii) Indigenous	148812	119651	
	(In % to total)	18.08	13.51	
	Total (Gross)	823168	885576	
	(Total %)	100	100	
	Expenditure in Foreign currency on account of :			
	(i) Royalty	407	748	
	(ii) License Fee	502	507	
	(iii) Documentation	181	520	
	(iv) Professional, Consultancy and Foreign Technician Fees	11717	14722	
	(v) Foreign Travel	454	641	
	(vi) Liason Office Abroad	346	310	
	(vi) Others	1008	2069	
	Total	14615	19517	
	Earnings in Foreign Exchange :			
	(i) FOB value of exports made by the Company	30357	45594	
	(ii) Services	1045	908	
	Total	31402	46502	
	Property, Plant and Equipment does not include assets given by the customer for use of their jobs by the Company prior to 1 st April 2016. Post 1 st April 2016, assets funded by the customers, is accounted in the books as "Customer Funded Assets".	117713	117713	
	Profit on Sale of Assets	76	94	
	Loss on Sale of Assets	26	14	
	Net (Note 37 - Other Income)	50	80	



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars			
	Goods and Service Tax (GST) has been implemented with effect from 1 st July, 2017. Since, Excise Duty was included in Revenue from Operations (Note 36), to ensure comparability, revenue excluding excise duty on applicable products are given below:			
	(₹ in Lakhs)			
10	Particulars	31 st March 2018	31 st March 2017	
	Revenue from Operations(Gross)	1862378	1855356	
	Less: Excise Duty	10453	60336	
	Revenue from operations(Net)	1851925	1795020	
		31 st March 2018	31 st March 2017	
11	The Company has received a sum of ₹13229 lakhs from Ministry of Defence (MoD), Government of India (GOI) towards investment by the Company in Multirole Transport Aircraft Limited (MTAL). Out of the above, the Company has till date invested a sum of ₹11347 lakhs (PY ₹11347 lakhs). The balance of ₹1882 lakhs (PY ₹1882 lakhs) is shown Other Current liabilities. Interest @ 5.61% has been provided on the unutilised portion under Other Financial Liabilities.	3004	2898	
	The aggregate amount of Research and Development Expenditure recognised as expenses during the period is as below:			
	Research and Development Expenditure	(₹ in Lakhs)		
	Expenditure in R&D included in :	31 st March 2018	31 st March 2017	
12	Raw Material Consumption	20533	23997	
	Direct Expenses	42146	32706	
	Salaries and Wages	60799	45852	
	Other Expenses	7173	7841	
	Depreciation, Amortisation and Impairment	21258	9263	
	Provisions	898	990	
	Inter Services /Common Services	8379	7724	
	Total R & D Expenditure	161186	128373	
13	R&D Corpus Board has approved the creation of R&D Corpus (excluding customer funded R&D) with an annual contribution of 10% of Operating Profit After Tax (PAT). The details of utilisation of the said R&D Reserve is disclosed at Note 23 of the Accounts			
14	Total Land held (in acres). (Refer Note -1A)	11813.44	11813.44	11808.44
				(₹ in Lakhs)
		Division	Assets	Acres
14.1	Instruments of transfer in respect of land and building have not been executed, even though possession by the Company	Lucknow/ Kanpur / FMD / Nasik (Previous Year)	Land	734.01
		Kanpur (Previous Year)	Land	(734.01)
			Building	-
			Building	-
14.2	Land handed over / earmarked to the Government / other agencies pending execution of instruments of transfer	FMD/ Nasik/ Korwa/ Engine / Koraput (Previous Year)	Land	141.98
			Land	(141.98)
14.3	Land given on lease to the Government/ other agencies	FMD/ Nasik/ Lucknow/ Kanpur (Previous Year)	Land	1106.09
			Land	(1106.09)



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars								
14.4	The Company’s Barrackpore Unit is in possession of 22.51 acres (22.51 acres) of land on which the Division has its Buildings, Hangar, Plant and Machinery etc. The instruments of transfer in favour of Division / Company either by way of lease or transfer in respect of this land is pending execution. Provision for lease rental amounting to ₹33 Lakhs (Previous year ₹32.00 Lakhs) has been made. The transfer of the land is being pursued with Defence Estate Officer, Kolkata.								
	The above does not include 7.115 acres of land received from the Army in exchange of 5 acres of land at Bangalore which was received free of cost from the State Government before 31 st March 1969. Since the value of 5 acres land was NIL, the value of 7.115 acres land received in exchange of 5 acres land is also taken as NIL.								
	Land under Property Plant and Equipment includes land taken on lease for establishing a unit at Kasargod at a cost of ₹708 lakhs (200acres). This cost is amortised over the lease period of 90 years. The Lease charges for the year amounting to ₹8.00 Lakhs has been considered under depreciation for the year.								
	Land under Property Plant land Equipment includes land (0.27 acres) taken on lease for Liason Office Mumbai at a cost of ₹3 lakhs (including development cost). This cost is amortised over the lease period of 30 years . The amount of amortisation has been considered under depreciation for the year.								
14.5	Facilities Management Division (FMD) is holding 2105.831 acres (2105.831 acres) land of which 13.637 acres (11.959 acres) is under litigation / encroachment by third parties and 10.152 Acres(10.152 Acres) is under dispute with BEM Limited.								
	b) Titles to land are not in the name of the Company in respect of 39 survey numbers at FMD Division, However, Records of Tenancy Certificate is available.								
	c) An amount of ₹2314 Lakhs (PY ₹2179 Lakhs) towards Lease cum Rental charges with various parties has not been considered in the books of accounts of FMD, pending dispute settlement.								
	d) Land at Nasik Division includes 1.339 acres of land encroached by 7 persons.								
	e) Further, about 50.21 acres of the land belonging to the Company’s Koraput Division is encroached upon by the nearby villagers for cultivation.								
	f) Land at Corporate office includes 711.22 sq.mt of land has been acquired for the Metro Rail Project by M/s. Bangalore Metro Rail Corporation Limited (BMRCL). The compensation awarded of ₹549 Lakhs by M/s. Karnataka Industrial Area Development Board (KIADB) is contested by Company in the City Civil Court at Bangalore. Meanwhile, a Joint Committee comprising the Company & BMRCL Officials was formed to arrive at an out of court settlement. The Joint Committee has finalized the recommendations for out of court settlement and the same has been accepted by the Company. However, on completion of the Metro project, the land utilized is restricted to 272.94 sq.mt. Accordingly, further necessary actions are being taken by the BMRCL/ KIADB in the matter. As the matter is subjudice, no adjustment has been made in the Books.								
15	<table><tr><th>Particulars</th><th>31st March 2018</th><th>31st March 2017</th></tr><tr><td>Sales of the current year includes deliveries for which amendment to firm task is awaited from the customer.</td><td>6315</td><td>4753</td></tr></table>	Particulars	31 st March 2018	31 st March 2017	Sales of the current year includes deliveries for which amendment to firm task is awaited from the customer.	6315	4753		
Particulars	31 st March 2018	31 st March 2017							
Sales of the current year includes deliveries for which amendment to firm task is awaited from the customer.	6315	4753							
16	In respect of the materials received under bulk contracts with the Russian Federation where the suppliers do not Indicate itemized prices, the value of materials issued is assessed on technical estimates to exhibit a fair value of the closing work-in-progress and inventory of these materials is subject to adjustment at the end of the project.								
17	<table><tr><th>Particulars</th><th>31st March 2018</th><th>31st March 2017</th><th>31st March 2016</th></tr><tr><td>The Total inventory does not include materials belonging to customers but held by the Company on their behalf</td><td>76687</td><td>79390</td><td>74905</td></tr></table>	Particulars	31 st March 2018	31 st March 2017	31 st March 2016	The Total inventory does not include materials belonging to customers but held by the Company on their behalf	76687	79390	74905
	Particulars	31 st March 2018	31 st March 2017	31 st March 2016					
The Total inventory does not include materials belonging to customers but held by the Company on their behalf	76687	79390	74905						



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars		
	DIVIDEND POLICY:		
	As per extant memorandum F.No. PP/14(0005)/2016 dated June 20, 2016, of the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India (GOI) ("DoE") read with the memorandum F.No. 5/2/2016-Policy dated 27 th May, 2016 of the Department of Investment & Public Asset Management, Ministry of Finance, GoI, all central public sector enterprises are required to pay a minimum annual dividend of 30% of Profit After Tax (PAT) 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.		
18A	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, the Companies Act, 2013. Further, the dividends, if any, will depend on a number of factors, including but not limited to our earnings, guidelines issued by the DoE, 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, restrictive covenants under the loan or financing arrangements the Company may enter into.		
		31st March 2018	31st March 2017
18B(i)	Dividend paid to Resident shareholders - President of India and nominees (including Interim Dividend)	104820	91732
	Dividend Distribution Tax on the above (including Dividend Distribution Tax on Interim Dividend)	21338	18675
18B(ii)	Dividend paid to Resident shareholders - Other than President of India and nominees (including Interim Dividend)	2759	-
	Dividend Distribution Tax on the above (including Dividend Distribution Tax on Interim Dividend)	562	-
18C	The Company has at 31 st March 2018, has 1427 shareholders who are Non-Resident Indians. The Dividend Paid to the Non-Resident shareholders has been paid in Indian Rupees to their respective Non-Resident Ordinary Rupee Accounts.		
	Dividend paid to Non-Resident shareholders (including Interim Dividend)	8	-
	Dividend Distribution Tax (including Dividend Distribution Tax on Interim Dividend)	2	-
	Final Dividend:	31st March 2018	31st March 2017
18D	(a) The amount of dividend proposed to be distributed to Equity share holders	-	-
	(b) The corresponding amount of dividend distribution tax for the amount of proposed dividend	-	-
19(a)	In terms of Pricing Policy agreed with Indian Air Force and Indian Army, prices approved are exclusive of taxes and duties i.e. Sales Tax, Service Tax, GST, Customs Duty etc. In case, the above customer does not submit an exemption certificate, taxes would be levied and the same would be re-imbursed by the customer.		
	1.) The Sales Tax /VAT/Entry Tax disputes on sales to the Indian Armed Forces in the State of Karnataka and Odisha have been resolved between officials of Department of Defence Production(DDP), Ministry of Defence (MoD), the Company and representatives of Indian Air Force (IAF) and Indian Army with Commercial Tax Department and Finance Department of Government of Karnataka and Odisha		
		31st March 2018	31st March 2017
19(b)	In respect of the VAT & Sales tax dues in the State of Karnataka, the details are as under		
	a. Amount as per agreed formulation, paid by the Company	130710	130710
	b. Amount already collected from the customer	130709	122980
	c. Balance to be collected from the customer (a-b)	1	7730
	2.) In respect of other states, where the sales tax demands are under dispute, the same is shown under contingent liability (Clause 2(b) (i) of Note 49).		



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars			
		31 st March 2018	31 st March 2017	31 st March 2016
20	Information under Micro, Small and Medium Enterprises			
	1. The Principal and the Interest due thereon as at 31 st March, 2018			
	a.) Principal	433	335	1350
	b.) Interest	5	7	165
	2. The amounts paid by the Company beyond the appointed day for the period ending 31 st March 2018			
	a.) Principal			377
	b.) Interest			
	3. The Interest due and payable for the period of delay (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act.			9
	4. The interest accrued and remaining unpaid as at the year ending 31 st March, 2018	1	6	2
	5. The amount of further Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the Small Enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act.	1	8	1
21	The information has been given in respect of such suppliers on the basis of information available with the Company based on information received from such suppliers.			
	The Company in Financial Year 2011-12 and 2012-13 has initiated criminal and civil proceedings for recovery of fraudulently drawn amounts by certain contract employee and his accomplices and institutions namely, the State Bank of India (SBI) for ₹289 Lakhs and Shri Krishna Souharda Credit Co-operative Limited for ₹102.07 Lakhs. Both the civil cases and criminal case are under progress in the court. Properties of the accused amounting to ₹138.30 Lakhs have also been attached by court. During the court proceedings SBI sought an adjournment stating that bank is willing to settle its liability through negotiation with the Company as out of court settlement. Negotiation with SBI is in the advance stage of finalization for recovery of substantial amount. Further the Company is hopeful of getting the amount recovered from the accused through the court as the property of the accused has been attached.			



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31 st March 2018	31 st March 2017
22	Corporate Social Responsibility		
	(a). Gross amount required to be spent by the Company on CSR activities as per Companies Act, 2013	6641	6692
	2017-18:		
	In Cash	Yet to be paid in Cash	Total
	(b). Amount spent during the year on CSR activities		
	(i) Construction / Acquisition of any Assets	496	1,812
	(ii) On purposes other than (i) above	432	5,917
	Total	928	7,729
	2016-17:		
	In Cash	Yet to be paid in Cash	Total
	(b). Amount spent during the year on CSR activities		
	(i) Construction / Acquisition of any Assets	506	2,192
	(ii) On purposes other than (i) above	87	4,604
	Total	593	6,796
	The Company had established Wind Power Plant at Davanagere District, Karnataka as a CSR project in 2015-16. An amount of ₹737 lakhs surplus, was generated through savings in energy charges from the Wind Power Plant for FY 2016-17. The surplus has been utilised for other CSR projects/ activities during FY 2017-18 over and above the 2% budget allocation as per the Companies Act, 2013. The Company has spent an amount of ₹7729 lakhs on CSR activities during the year 2017-18 under the following heads		
	Particulars	(₹ in Lakhs)	
	Drinking Water	40	
	Education	1202	
	Environment Sustainability	724	
	Facilities for Senior Citizens	18	
	Healthcare	167	
	Livelihood Generation	85	
	Rural Development	1047	
	Sanitation	274	
	Sports Development	90	
	Skill Development	3762	
	Others	320	
	Total	7729	
	In the year 2017-18, an amount of ₹932 lakhs surplus, was generated through savings in energy charges from the Wind Power Plant. The surplus will be utilised for other CSR projects/ activities during 2018-19 over and above the 2% budget allocation as per the Companies Act, 2013.		
23	Particulars	31st March 2018	31st March 2017
	Sales includes the element of Provisional sales arising out of finalisation of Fixed Price Quotation (FPQ) prices		
	Repair and Overhaul	18085	6387
	Spares	1036	454
	Total	19121	6841



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
24A	Claims Receivable includes ₹42399 lakhs being a claim made by the Company in terms of Contract for supply of 20 LCA (IOC) (vide No AIR/HQ/S96056/6/4/ASR dated. 31st March, 2006) with IAF (customer) for revision in the Contract Price as per article 3.5 of the said contract. Pursuant to the provisions in the contract, Change Order 3 to the contract was submitted to the customer on 10th April 2018 for a value of ₹536217 lakhs which is under consideration.
24B	The Company's IJT Division is primarily engaged in the production of Intermediate Jet Trainers (IJT) Aircraft. The supply contract with IAF is under execution. In view of the fact that concurrent production is happening alongwith improvement in the Design & Development to meet the customers requirement, resulted in non-absorption of fixed overheads. This in turn has resulted in losses for the division. However, considering the value of advancement / progress made in the products under development, the division will be a cash generating unit once the supply of produced Aircrafts commences.
25A	Operating Cycle The Company is having the Multiple Business Activities. Operating Cycle is determined by Divisions based on Individual business activity.
25B	Seasonality of business : The Company experience cyclicity in respect of recognition of revenue from operations, which is attributable to the delivery of a majority of our products in the second half of the year. The Company recognise sales upon acceptance of the product by customers and issuance of a signalling out certificate by them. The sales are dependent on the certification process which needs to be completed before the customers can take deliveries. The certification process typically takes place in the third and fourth quarter due to favourable weather conditions for flight tests during this period. This leads to bunching up of sales during the third and fourth quarter of each financial year and consequently, the revenue varies significantly between the first and second half of the year.
26	Aircraft have been accepted and signalled out by customers' inspector with fitment of Cat-B items taken on Loan, in cases of non availability of Cat-A item. As the aircraft is flight worthy and the customers have accepted the same, the sales are accounted, consistently, on the basis of Signal Out Certificate (SOC). As a principle, Cat-B / Loan items fitted on the aircraft are excluded in value for recognising Sales. Sales in respect of such Cat-A items are recognized on supply of Cat-A items, within the contract period.
27	Pending finalisation of contract for delivery of 1 ALH to Nepal as directed by Government of India, sales was initially recognised at ₹8210 lakhs (at the rate it was originally sold to Indian Army). Based on the replacement cost, an invoice for ₹12473 lakhs was subsequently raised on Ministry of External Affairs (MEA), Government of India (GOI). Pending confirmation of payment of the balance amount of ₹4989 lakhs (being 40% of the revised invoice), provision has been created. Against the invoice amount, an amount of ₹3150 lakhs has been received in the month November 2017 from the Ministry of External Affairs.
28	Balance shown under Trade Receivables, Trade Payable, Claims Receivable, Advance against Goods and Services, Capital Advances, deposits and stock / materials lying with sub-contractors / fabricators are subject to confirmation, reconciliation & consequential adjustments, if any. Since the Company is a Government entity under the control of Ministry of Defence (MoD), around 98 % of the Company's turnover, around 99 % of Trade receivables, around 97% of Claims receivables and around 99% of the Customer's Advance is with respect to Government and Government related entities. The bills are raised on the customers by the divisions located at various places and reconciliation is carried out on an ongoing basis and provisions made, wherever considered necessary. However, management does not expect to have any material financial impact of such pending confirmation / reconciliation.
29	In the opinion of the Board, the Company do not have any assets other than fixed assets and Non-current investments having a value on realisation in the ordinary course of business less than the amount stated.



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars																							
	Sales, based on Accounting Policy of the Company and experts opinion, is accounted on issuance of Signalling Out Certificate (SOC) by the customers. There is a time lag between SOC and Ferry out of Aircraft / Helicopter in view of the time involved in deputation of Ferry team by the customers, their handling flights and rectification of snags involved, if any, formation of the new squadron, training of pilots etc. The details of Aircraft / Helicopters which are yet to be ferried out (for which sales has been set up) is as under;																							
30A	<table><tr><th rowspan="2">Year</th><th rowspan="2">Sales (Net of Excise Duty) (₹in lakhs)</th><th colspan="3">Value of the Helicopters to be ferried out</th></tr><tr><th>ALH</th><th>% of Sales</th><th>Date of approval of Accounts</th></tr><tr><td>2015-16</td><td>1658627</td><td>6488</td><td>0.39</td><td>29.06.2016</td></tr><tr><td>2016-17</td><td>1760544</td><td>13099</td><td>0.74</td><td>29.06.2017</td></tr><tr><td>2017-18</td><td>1828386</td><td>159298</td><td>8.71</td><td>30.05.2018</td></tr></table>	Year	Sales (Net of Excise Duty) (₹in lakhs)	Value of the Helicopters to be ferried out			ALH	% of Sales	Date of approval of Accounts	2015-16	1658627	6488	0.39	29.06.2016	2016-17	1760544	13099	0.74	29.06.2017	2017-18	1828386	159298	8.71	30.05.2018
	Year			Sales (Net of Excise Duty) (₹in lakhs)	Value of the Helicopters to be ferried out																			
		ALH	% of Sales		Date of approval of Accounts																			
	2015-16	1658627	6488	0.39	29.06.2016																			
	2016-17	1760544	13099	0.74	29.06.2017																			
2017-18	1828386	159298	8.71	30.05.2018																				
	The expenditure involved in the work carried out post SOC date is absorbed against the provision for future charges.																							
	The Company has taken up with Ministry of Defence (MoD) for amendment of ALH contract in respect of both Indian Air Force and Indian Army to bring them in line with the accounting policy of the Company. In respect of Indian Air Force, MoD have concurred “in principle” to above, with the stipulation that the contract amendment can be made only after similar contract amendment in respect of Indian Army contract with the Company is finalized. In respect of Indian Army contracts, the matter is under discussion.																							
30B	₹47258 lakhs under Miscellaneous sales represent Gratuity claims due to increase in Gratuity limit from ₹10 lakhs to ₹20 lakhs.																							
	HTFE 25 Project: The Company has taken up the design and development of Hindustan Turbo Fan Engine (HTFE-25) in 2013-14 with a time frame of 6 years for completion. The project has been initiated based on the technical feasibility and the market potential of 200-250 units.																							
31A	The expenditure of ₹9373 lakhs (PY ₹6513 lakhs) has been accounted under Intangible Assets under Development and would be amortized over production units.																							
	Preliminary Design Review (PDR) of the engine has been completed during 2014-15. The Idle run of core engine achieved during March 2015. Further tests, under progress for full Revolution per minute (Rpm). The second core engine parts are under manufacturing.																							
	HTT 40 Project: The Company has undertaken the design and development of Hindustan Turbo Prop Trainer Aircraft (HTT- 40). Taking into the capability of the proposed Turbo Prop Aircraft , market studies, upgrade functionality etc. requirement of 326 Aircraft (106 Aircraft for IAF and 220 Aircraft for other customers) has been projected by the Company.																							
31B	The Company continues to fund the HTT Design and Development program.																							
	Hence the expenditure of ₹11104 lakhs (PY 12236 lakhs) has been treated as Development Expenditure and accounted under Intangible Assets under Development.																							
31C	Special Tools includes ₹1715 Lakhs (Previous Year ; ₹2187 lakhs) towards COMPASS Project at Bharat Electronics Limited (BEL), on behalf of MRO Division against which Company derives future economic benefits for repair of electro optical pods.																							



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars					
32	Financial instruments by category					
	(a) The carrying value and fair value of financial instruments by each category as at 31 st March, 2018 were as follows:					
	Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
	Assets:					
	(i) Investments	98937			98937	98937
	(ii) Loans	11752			11752	11752
	(iii) Other financial assets	252813			252813	252813
	(iv) Trade receivables	774155			774155	774155
	(v) Cash and Cash equivalents	9154			9154	9154
	(vi) Bank Balances other than (v)	643266			643266	643266
	Liabilities:					
	(i) Borrowings	86406			86406	86406
	(ii) Trade payables	166842			166842	166842
	(iii) Other financial liabilities	176500			176500	176500
	32	(b) The carrying value and fair value of financial instruments by each category as at 31 st March, 2017 were as follows:				
(₹ in Lakhs)						
Particulars		Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
Assets:						
(i) Investments		98074			98074	98074
(ii) Loans		15729			15729	15729
(iii) Other financial assets		293885			293885	293885
(iv) Trade receivables		422016			422016	422016
(v) Cash and Cash equivalents		277143			277143	277143
(vi) Bank Balances other than (v)		834541			834541	834541
Liabilities:						
(i) Borrowings		95000			95000	95000
(ii) Trade payables		176689			176689	176689
(iii) Other financial liabilities		149112			149112	149112



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars					
	(c) The carrying value and fair value of financial instruments by each category as at 1 st April, 2016 were as follows:					
	Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
	Assets:					
	(i) Investments	88640			88640	88640
	(ii) Loans	14738			14738	14738
32	(iii) Other financial assets	261022			261022	261022
	(iv) Trade receivables	483638			483638	483638
	(v) Cash and Cash equivalents	33779			33779	33779
	(vi) Bank Balances other than (v)	1296135			1296135	1296135
	Liabilities:					
	(i) Borrowings	-			-	-
	(ii) Trade payables	211420			211420	211420
	(iii) Other financial liabilities	140441			140441	140441
	(d) Interest income/(expenses), gains/(losses) recognised on financial assets and liabilities:					
						(₹ in Lakhs)
	Particulars	Year ended 31st March, 2018		Year ended 31st March, 2017		
32	(a) Financial assets at amortised cost					
	- Interest income from bank deposits	63,894		89,008		
	- Interest income from other financial assets	282		312		
	- Gain/(Loss) on amortisation of financial assets	3452		254		
	(b) Financial liabilities at amortised cost					
	- Gain/(Loss) on amortisation of financial liabilities	(3,492)		(1,074)		



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars
33	Financial Risk Management The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company based on its business operation evaluated the following risks:
	a) Foreign currency risk: Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's imports for which the payment has to be done in currencies other than the functional currency of the Company. The fluctuation in exchange rates in respect to the Indian rupee may have very restricted impact on company as any fluctuations in foreign exchange are in general reimbursed by the customers of the Company in terms of the contractual obligations which the Company has with its customers.
	b) Credit Risk Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, advances given to suppliers (for procurement of goods, services and capital goods, cash & cash equivalents and deposits with banks and financial institutions). The Company for the Financial Year (FY) derived 97.97 % (Previous Year (PY) 96.90% of its total sales from sales to the Indian Defense Services. The Company expects to continue to derive most of its sales from the Indian Defense Services under the contracts of the Ministry of Defense (MoD), Government of India (GoI) –the Company's principal shareholder and administrative ministry.
	c) Provision for expected credit losses: As the Company's debtors are predominantly the Government of India (Indian Defense Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is NIL/negligible. Accordingly, no loss allowance for impairment has been recognized. Further, management believes that the unimpaired amounts that are due collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss has been recognized during the reporting periods in respect of trade receivables.
	d) Liquidity risk: Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The Company's standard contract terms provide that, the Company receives advance payments from customers pursuant to the applicable contracts, including the GoI and the Indian Defense Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Company's working capital needs (for the Company required to maintain a high level of working capital because the Company's activities are characterized by long product development periods and production cycles). A majority of the Company's research, design and development costs are funded by the Indian Defense services. Services and supply of spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Company. Further, certain costs not forming part of selling price are reimbursed by customer on incurrence of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/adjustments in the scope and schedule of the Company's obligations due to subsequent modifications by the customers and delays in receipt of approvals from the customer. Further, payments to the Company by the Indian Defense Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Company's cashflows.



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars												
	Financial Risk Management e) Market risk: The Ministry of Defense (MoD) and the Government of India (GoI) have continued efforts to reform defense related policies such as the Defense Procurement Procedure 2016 (“DPP 2016”) to promote private participation, a level playing field and the domestic defense manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured (“IDDM”) products for capital procurement, the Company faces completion to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Company operates. f) Risk Mitigation Process: As a step of institutionalizing the risk management in the Company, an elaborate framework has been developed and the Company’s top management has overall responsibility for the establishment and oversight of the Company’s risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the company which ensures that the risks are being properly identified and effectively managed. The Company has a risk management policy to manage & mitigate these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks.The Company’s risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company’s business plan along with reasonable participation in market movement.												
	Capital Management: For the purpose of the Company’s capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company’s capital management is to maximise the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital by using debt equity ratio, which is borrowings divided by Equity.												
	<table><tr><th>Particulars</th><th>2017-18</th><th>2016-17</th></tr><tr><td>Debt</td><td>86406</td><td>95000</td></tr><tr><td>Equity</td><td>1203338</td><td>1253663</td></tr><tr><td>No of times</td><td>0.07 :1</td><td>0.08 :1</td></tr></table> No changes were made in the objectives, policies or processes for managing capital during the years ended 31 st March 2018 and 31 st March 2017.	Particulars	2017-18	2016-17	Debt	86406	95000	Equity	1203338	1253663	No of times	0.07 :1	0.08 :1
Particulars	2017-18	2016-17											
Debt	86406	95000											
Equity	1203338	1253663											
No of times	0.07 :1	0.08 :1											



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars					
35A	Borrowing Term for Loan (Note - 24)					
	Name of the lender	State Bank of India				
	Facilities	Term loan of ₹100000 lakhs may be availed as Rupee facility or capex LC subject to maximum of ₹40000 lakhs				
	Purpose	The proceeds of the Term Loan will be utilized specifically for building capacity for executing order of 162 LCH. The expenses will include, Civil works, Plant and Machinery and Deferred Revenue Expenditure.				
	Security	Primary: First charge on the Project assets present and future excluding Civil works and intangible. Collateral: Second charge on the Current Assets (stock and receivables)				
	Interest Rate	Interest at the rate of 0.10% above 1 year MCLR which is presently 7.95% p.a. calculated on daily products at monthly rests. The Bank shall at any time and from time to time be entitled to vary the margin based on the Credit Risk Assessment of the borrower at its discretion and MCLR will be reset on an annual basis on the anniversary of reset. The interest will be serviced by the Company during the moratorium.				
	Security Perfection	The security has to be perfected within 6 months from the date of first disbursement. In the event the Company does not perfect the security within the stipulated period, a penal interest of 0.25% p.a. will be charged for the delayed period				
	Disbursement	The term loan of ₹100000 lakhs will be disbursed in tranches beginning from the fourth quarter of Financial Year 2017-18 to first quarter of Financial Year 2024-25				
	Repayment	The repayment will be made as quarterly payments amounting to ₹6250 lakhs after a moratorium of 4 years i.e. Repayment will be from fourth Quarter of Financial Year 2021-22 to third quarter of Financial Year 2025-26.				
35B(i)	Borrowing Cash Credit (Note 30)					
	Details of lender	A Consortium of 7 banks				
	Limit	₹250000 lakhs as Cash Credit				
	Purpose	Working Capital Requirements				
	Security	Paripassu first charge on stocks and receivables of the Company with other consortium banks				
35B(ii)	Interest Rate	Interest at the rate of 0.25% over MCLR which is presently 8% p.a, present effective rate being 8.25% p.a at monthly rests .				
	Borrowing - Working Capital Loan against Fixed Deposits					
	Details of lender	Bank of India and Bank of Baroda				
	Limit	against Fixed Deposit of ₹67000 lakhs				
	Purpose	Working Capital Requirements				
36	Security	Fixed Deposit of ₹67000 lakhs				
	Interest Rate	Bank of India - 5.5% p.a. ; Bank of Baroda - 5.60% p.a.				
	Repayment	On demand				
	UN-HEDGED FOREIGN CURRENCY EXPOSURE					
	RECEIVABLES	31st March 2018	31st March 2017		01st April 2016	
	Foreign Currency	Amount in ₹(in lakhs)	Foreign Currency	Amount in ₹(in lakhs)	Foreign Currency	Amount in ₹(in lakhs)
GBP	784,123	712	1,060,141	849	1,439,462	1,357
EURO	98,260	78	49,188	34	-	-
USD	20,561,595	13,314	24,876,407	16,033	36,083,092	24,048
PAYABLES						
GBP	35,291,633	32,701	38,279,844	31,327	36,238,512	34,891
EURO	29,494,903	23,945	37,042,728	25,941	21,348,496	15,700
USD	49,518,297	32,485	50,691,763	33,108	56,038,444	37,404
CHF	971,026	670	651,658	427	165,921	115



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars		
37	Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23 rd February 2018 has exempted the companies engaged in defence production to the extent of application of Ind AS 108 on "Operating Segment".		
38	As per Ind AS-109 relating to Accounting for Investments, amount being Dividend received from Joint Venture companies, which is recognised when right to receive Dividend is established.		
	Disclosure with regard to Joint Working Groups	31st March 2018	31st March 2017
	The Company has entered into a Joint Working Agreement with Air India (AIJWG) to start Ramp Handling Business and CONCOR to carry out Air Cargo Handling Business. The Joint Working Group pools together the resources for carrying out its business activity and ownership of the assets vests with the respective working group.		
	Share of income from Joint Working Groups of the Company with Air India and HALCON :		
	AIJWG	182	183
	HALCON	63	67
	Total	245	250
	Disclosure with regard to Joint Working Group		(₹ in Lakhs)
39	Name of the Joint Working Group	AIJWG	HALCON
		31st March 2018	31st March 2017
	Country of Operation	India	India
	Share of Company/ Ownership Interest	50.00%	50.00%
	Principal Activities	Flight Handling	Cargo Handling
	Liabilities - Company's Share	1559	1347
	Non-Current Assets - Company's share	2	2
	Current Assets - Company's share	1557	1346
	Income - Company's Share	216	214
	Expenditure - Company's Share	34	31
	Profit / (Loss) Company's Share	182	183
	Contingent Liability	-	444



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars			
40A	Break-up of Deferred Tax Liabilities and Assets are given below:			
	(a) For the year ended 31st March, 2018			
	Particulars	Opening balance as on 01st April, 2017	Additions /(reversals) in Income statement	Closing balance as on 31st March, 2018
	Deferred Tax Liability			
	Tangible Assets	14481	3294	17775
	Intangible Assets	65850	-1391	64459
	Special Tools and Equipment	131438	-3181	128257
	TOTAL	211769	-1278	210491
	Deferred Tax Asset			
	Accrued Leave Salary	28184	1361	29545
	Provision for Liquidated Damages, Onerous Contract and Wage Revision	87563	-4411	83152
	Statutory Payments	30	6	36
	TOTAL	115777	-3044	112733
	Net Deferred Tax Liability	95992	1766	97758
	(b) For the period ended 31st March, 2017			
	Particulars	Opening balance as on 01st April, 2016	Additions /(reversals) in Income statement	Closing balance as on 31st March, 2017
	Deferred Tax Liability			
	Tangible Assets	12455	2026	14481
	Intangible Assets	57751	8099	65850
	Special Tools and Equipment	129712	1726	131438
	TOTAL	199918	11851	211769
	Deferred Tax Asset			
	Accrued Leave Salary	27318	866	28184
	Provision for Liquidated Damages & Onerous Contract	90398	-2835	87563
	Statutory Payments	727	-697	30
	TOTAL	118443	-2666	115777
	Net Deferred Tax Liability	81475	14517	95992



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars	31 st March 2018	31 st March 2017
	A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:		
	Profit before taxes	309216	359189
	Enacted tax rates in India	34.608%	34.608%
	Expected tax expense/(benefit)	107013	124308
	Effect of :		
	Deductible expense for tax purpose:		
	-Expenditure on Scientific Research u/s. 35	-11611	-15866
	-Deduction towards addition to Plant and Machinery (Sec 32AC(1A) &(1B))		-1744
	-Provisions for Warranty, Replacement, Doubtful Debts, Claims & Materials etc.(Net)		-2043
40B	Non-deductible expenses for tax purposes:		
	-Provisions for Warranty, Replacement, Doubtful Debts, Claims & Materials etc. (Net)	10054	
	-Sustainable Development and Corporate Social Responsibility	2674	2259
	-Impairment of long term investments	2178	42
	-Other Non Deductible Expenses	1970	1907
	-Earlier Year Tax	4975	
	Taxation impact on IndAS Adjustment	14	-11847
	Tax Expense	117267	97016
	Amount of Income Tax relating to each component of OCI:		
	Remeasurement of Defined Benefit Plans	-7983	322
	Exchange Differences in translating the financials statements of a foreign Operations	6	-
41	Income Tax Authorities have considered the expenditure on Grant-in-aid received from Government of India towards R&D as Taxable for the assessment years 2005-06 to 2007-08 and 2010-11 to 2015-16, which are under appeal. The amount of ₹212290 lakhs is disclosed in Contingent liability.		



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars						
						31 st March 2018	31 st March 2017
42A	Disclosure relating to Ind AS- 17 (Leases)						
1	Finance Lease for Goa land: The net carrying amount of asset at the end of the reporting period.					442	Nil
	The below are the minimum future lease payments:						
	Particulars	Within 1 year	1-5 Years	After 5 Years	Total		
	31 st March, 2018						
	Minimum Lease Payments	5	29	847	881		
	Future Finance Charge	-	(6)	(738)	(744)		
	Present Value of Minimum Lease Payments	5	23	109	137		
	31 st March, 2017						
	Lease Payment						
	Finance Charge			Nil			
	Present Value of Minimum Lease Payments						
3	Contingent rents recognised as an expense in the period					31 st March 2018	31 st March 2017
						Nil	Nil
4	The total of future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period					Nil	Nil
5	The Company has accounted for leasehold land as finance lease from Goa Industrial Development Corporation by way transfer of lease hold rights from Goa Auto Accessories Limited (GAAL) for the period 16 th November 2017 to 21 st July, 2077.						
						31 st March 2018	31 st March 2017
42B	The Company has various operating leases for office facilities, residential premises for employees etc., that are renewable on a periodic basis. Rental expenses for the leases recognised in the statement of Profit and Loss during the year is						
	Note 40					1102	1292
	Note 43					240	236



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars			
43	Provision for Gratuity and Earned Leave has been made based on Actuarial Valuation. The date of Actuarial valuation is of 31 st March, 2018			
	Employee Benefits:			
	The Company has adopted the Accounting Standard (Ind AS)-19 on Employee Benefits. Consequently, the liability thereon is accounted on the basis of actuarial valuation, and is being recognised as short-term benefits / long term benefits:			
	Gratuity: The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. As per the Gratuity Scheme, Gratuity is payable to an employee on the cessation of his employment after he has rendered continuous service for not less than 5 (five) years in the Company. For every completed year of service or part thereof in excess of six months, the Company shall pay Gratuity to an employee at the rate of 15 (fifteen) days' emoluments based on the emoluments last drawn with a ceiling of ₹20 (twenty) Lakhs. The following tables summarise the components of net benefit expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the plan as furnished in the Disclosure Report provided by the Actuary:			
43A	Gratuity: Analysis of Defined Benefit Obligation: A split of the defined benefit obligation as at the valuation date between liability which has not vested and that which has fully vested is presented in the table below:			
		Period Ended 31st March 2018	Period Ended 31st March 2017	As on 1st April 2016
	DBO in respect of non vested employees	880	1047	1028
	DBO in respect of vested employees	143604	90496	88315
	Total defined benefit obligation	144484	91543	89343
	The component of the defined benefit obligation which is attributable to future salary increases is shown in the table below:			
		Period Ended 31st March 2018	Period Ended 31st March 2017	As on 1st April 2016
	Defined benefit obligation without effect of projected salary growth	87101	69089	69156
	Plus effect of salary growth	57383	22454	20187
	Defined benefit obligation with projected salary growth	144484	91543	89343
Sensitivity Analysis: Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.				
	Period Ended 31st March 2018			
	Discount Rate	Salary Escalation Rate		
Impact of increase in 50 bps on DBO	-4.47%	2.76%		
Impact of decrease in 50 bps on DBO	4.86%	-2.82%		
	Period Ended 31st March 2017			
	Discount Rate	Salary Escalation Rate		
Impact of increase in 50 bps on DBO	-4.04%	1.96%		
Impact of decrease in 50 bps on DBO	4.38%	-2.09%		



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars			
43A		As on 1 st April 2016		
		Discount Rate	Salary Escalation Rate	
	Impact of increase in 50 bps on DBO	-3.84%	1.96%	
	Impact of decrease in 50 bps on DBO	4.16%	-2.05%	
	These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.			
	Projected Plan Cash Flow			
	Maturity Profile	31 st March 2018	31 st March 2017	As on 1 st April 2016
	Expected benefits for year 1	21,108	13,921	15,330
	Expected benefits for year 2	14,568	9,543	9,424
	Expected benefits for year 3	14,920	9,658	9,146
	Expected benefits for year 4	15,585	9,582	9,230
	Expected benefits for year 5	13,755	9,714	9,156
	Expected benefits for year 6	10,555	8,695	9,245
	Expected benefits for year 7	8,546	7,001	8,163
	Expected benefits for year 8	6,272	5,853	6,503
Expected benefits for year 9	5,868	4,733	5,401	
Expected benefits for year 10 and above	287,924	140,598	130,822	
Total	399,101	219,298	212,420	
	The weighted average duration to the payment of these cash flows is	9.32 Years	8.41 Years	7.99 Years
Amount recognised in Balance Sheet:				
	31 st March 2018	31 st March 2017	As on 1 st April 2016	
	Present value of funded defined benefit obligation	144484	91543	89343
	Fair value of plan assets	91765	89204	86321
	Net funded obligation	52719	2339	3022
	Net defined benefit liability / (asset) recognized in balance sheet	52719	2339	3022
	Net defined benefit liability / (asset) is bifurcated as follows:			
	Non Current	52719	2339	3022
Amount recognised in Statement of Profit & Loss:				
	31 st March 2018	31 st March 2017	As on 1 st April 2016	
	Current Service Cost	3,170	3,149	3,163
	Past Service Cost	29,022		
	Administration expenses			
	Interest on net defined benefit liability / (asset)	65	120	888
	(Gains) / losses on settlement	-	-	-
	Total expense charged to Statement of Profit and Loss	32,257	3,269	4,051



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars		
43A	Amount recognised in Other Comprehensive Income:		
		31st March 2018	31st March 2017
			As on 1st April 2016
	Opening amount recognized in OCI outside Profit and Loss account	7,893	8,823
	Remeasurements during the period due to		
	Changes in financial assumptions	12,431	1,141
	Changes in demographic assumptions	-2,578	
	Experience adjustments	14,323	-348
	Actual return on plan assets less interest on plan assets	-1,090	-1,723
	Closing amount recognized in OCI outside Statement of Profit and Loss	30,979	7,893
	Reconciliation of Net Liability / Asset:		
	The movement of net liability / asset from the beginning to the end of the accounting period as recognized in the Balance Sheet of the Company is shown below:		
		31st March 2018	31st March 2017
			As on 1st April 2016
	Opening net defined benefit liability / (asset)	2,339	3,022
	Expense charged to profit & loss account	32,257	3,269
	Amount recognized outside profit & loss account	23,085	-930
	Employer contributions	-4,962	-3,022
	Impact of liability assumed or (settled)*	-	-
	Closing net defined benefit liability / (asset)	52,719	2,339
	MOVEMENT IN BENEFIT OBLIGATIONS:		
		31st March 2018	31st March 2017
			As on 1st April 2016
	Opening of defined benefit obligation	91,543	89,343
	Current service cost	3,170	3,149
	Past service cost	29,023	-
	Interest on defined benefit obligation	6,513	6,412
	Remeasurements due to:		
	Actuarial loss / (gain) arising from change in financial assumptions	12,430	1,141
	Actuarial loss / (gain) arising from change in demographic assumptions	-2,578	-
	Actuarial loss / (gain) arising on account of experience changes	14,323	-348
	Benefits paid	-9,940	-8,154
	Liabilities assumed / (settled)*	-	-
	Liabilities extinguished on settlements	-	-
	Closing of defined benefit obligation	1,44,484	91,543

(₹ in Lakhs)

43A



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars			
43A	Principal Assumptions :	31st March 2018	31st March 2017	As on 1st April 2016
	Discounting Rate (p.a.)	8.05%	7.70%	7.85%
	Salary escalation rate (p.a.)	8.00%	6.00%	6.00%
43B	Earned Leave			
	The Actuarial Liability of Earned Leave of the employees of the Company as at March 31 st	85371	81437	78935
	Discounting Rate	8.05%	7.70%	7.85%
	Salary escalation rate	8.00%	6.00%	6.00%
	Retirement Age	60 Years	60 Years	60 Years
43C	Provident Fund		31st March 2018	31st March 2017
	During the period, the Company has recognized the following amount in the Statement of Profit and Loss account			
	Defined Contribution Plan			
	Contribution to PF and Family Pension		23185	19785
43D	Pension & Medical			
	During the period, the Company has recognized the following amount in the Statement of Profit and Loss account			
	Defined Contribution Plan			
	Contribution to Pension		11241	10033
	Contribution to Medical		11028	10112



(₹ in Lakhs)

Clause No.	Particulars									
	The following table summarizes the disclosure report provided by the Actuary: 31 st March, 2018 (Ind AS 19)									
	EMPLOYEES' PROVIDENT FUND TRUST	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	
Summary of Data:										
Accumulated Value of the PF as at Valuation Date		173668	82295	69306	29350	61244	30175	26013	8630	
Value of Surplus/(Deficit) Account as at Valuation Date		2580	903	981	1	45	52	124	84	
Avg. Remaining Tenure of the Investment Amount to be Recognized in Balance Sheet:		7.01 Years	6.12 Years	7.75 Years	5.98 Years	5.25 Years	5.4 Years	8 Years	6.41 Years	
Present Value of Obligation as at the end of the period		173668	82295	69306	29350	61244	30175	26013	8630	
Fair Value of Plan Assets at the end of the year		173668	82295	69306	29350	61244	30175	26013	8630	
Net Liability										
Asset Information :										
State Government Securities										
Government of India Securities		112488	61135	26845	12401	50462	24825	22499	7545	
High Quality Corporate Bonds / Other Debt Instruments		53136	9295	18472	10757	94		1548	375	
Special Deposit Scheme										
Equity Shares of Listed Companies										
Investment with Insurer				2269	737	605	2344	880	338	
Dues to the Company										
Others		8044	11865	21719	5455	10083	3006	1085	372	
Total		173668	82295	69305	29350	61244	30175	26013	8630	
Summary of Principal Actuarial Assumptions:										
Discount Rate (p.a)		8.05%	8.05%	8.05%	8.05%	8.05%	8.05%	8.05%	8.05%	
Expected Rate of Return on Assets (p.a)		9.76%	9.46%	8.56%	9.70%	9.34%	9.62%	9.60%	9.30%	
Discount Rate for the Remaining Term to Maturity of the Investment (p.a)		7.68%	7.65%	7.75%	7.65%	7.55%	7.55%	7.80%	7.65%	
Average Historic Yield on the Investment (p.a)		9.39%	9.06%	8.26%	9.30%	8.84%	9.12%	9.35%	8.90%	
Guaranteed Rate of Return(p.a)		8.55%	8.55%	8.55%	8.55%	8.55%	8.55%	8.55%	8.55%	

In case of inter-divisional transfer of employees moneys standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted.



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars									
	The following table summarizes the disclosure report provided by the Actuary: 31 st March, 2017 (Ind AS 19)									
	EMPLOYEES' PROVIDENT FUND TRUST*	HAL(BC)	NASIK	KORAPUT	HYDERABAD	LUCKNOW	KORWA	KANPUR	HQ	
Summary of Data:										
Accumulated Value of the PF as at Valuation Date		151951	73649	62039	26674	59328	28411	22658	7423	
Value of Surplus/(Deficit) Account as at Valuation Date		2758	870	1039	635	113	28	60	113	
Avg. Remaining Tenure of the Investment Amount to be Recognized in Balance Sheet:		7.24	6.21	7.31	7.18	4.75	5.22	8.00	6.77	
Present Value of Obligation as at the end of the period		151951	73649	62039	26674	59328	28411	22658	7423	
Fair Value of Plan Assets at the end of the year		151951	73649	62039	26674	59328	28411	22658	7423	
Net Liability		-	-	-	-	-	-	-	-	
Asset Information :										
Property										
Government of India Securities		139330	61254	25011	22193	23087	24784	20966	5301	
High Quality Corporate Bonds/ Other Debt Instruments				20474		23815			1804	
Special Deposit Scheme										
Equity Shares of Listed Companies					436	790		496		
Investment with Insurer										
Dues to the Company										
Others		12621	12395	16554	4045	11636	3627	1196	318	
Total		151951	73649	62039	26674	59328	28411	22658	7423	
Summary of Principal Actuarial Assumptions:										
Discount Rate (p.a)		7.70%	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%	7.70%	
Future Derived Return on Assets (p.a)		9.96%	9.98%	8.78%	10.18%	9.70%	10.08%	9.84%	9.66%	
Discount Rate for the Remaining Term to Maturity of the Investment (p.a)		7.14%	6.88%	7.15%	7.13%	6.83%	6.74%	7.21%	7.03%	
Average Historic Yield on the Investment (p.a)		9.40%	9.16%	8.23%	9.61%	8.83%	9.12%	9.35%	8.99%	
Guaranteed Rate of Return(p.a)		8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	8.65%	

*In case of inter-divisional transfer of employees monies standing to the credit of the employees in the trust accounts will be transferred to the trust accounts of the division to which he is posted.



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars		
43F	As per the recommendations of the 3 rd Pay Revision Committee(PRC) constituted by the Central Government, revision of Pay Scales of Officers was done during the year. Revision of Pay Scales of Workmen of the Company is also due with effect from 1 st January 2017. While most of the dues in respect of Officers have been settled, the same for Workmen is under finalization. The total accumulated provision made by the Company in this regard is ₹24800 lakhs (PY ₹14100 lakhs). The Company has on an estimated basis created a provision of ₹20200 lakhs (PY 14100 lakhs) during the year.		
43G	Pension: In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Govt. of India for revision of the Salary Structure of Executives of CPSEs with effect from 1st January, 2007 and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of Defence, a Defined Contribution Pension Scheme was notified in the Company on 16th July, 2014 in respect of Executives retired etc., from 1st January, 2007. A Defined Contribution Pension Scheme in respect of Workmen retired after 1st January, 2012 was notified on 2nd June, 2015 which was agreed as a part of the Workmen’s Wage Revision effective from 1st January, 2012. Contribution to the corpus of the above schemes by the Management may vary from year to year as the same is dependent on profits generated, affordability & sustainability by the Company. The Scheme is managed by a duly constituted Trust.		
43H	Post Superannuation Group Health Insurance Schemes: In line with the Guidelines issued by the Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government. of India and as per the approval accorded by the Board of Directors and Department of Defence Production, Ministry of Defence, Post Superannuation Group Health Insurance Schemes in respect of (a) Employees (Officers & Workmen) retired before 1st January, 2007 and (b) Executives retired on or after 1st January, 2007 were introduced with effect from 1st February, 2014. A Post Superannuation Group Health Insurance Scheme in respect of Workmen of the Company retired, etc. after 1st January, 2007 has been introduced in the Company with effect from 1st February, 2015 which was agreed as a part of the Workmen’s Wage Revision effective from 1st January, 2012. Benefits under the Schemes may vary from year to year, as contribution to the Corpus of the Schemes is dependent on Profits generated, Affordability & Sustainability by the Company. The Schemes are managed by a duly constituted Trust		
44		31 st March 2018	31 st March 2017
(a)	As per Ind AS-21 relating to accounting for the effects of changes in the Foreign Exchange rates,		
	Exchange rate variation recognised in Statement of Profit and Loss towards Capital Assets	160	42
(b)	As and when the instalments in respect of deferred debts fall due for payment to the Russian Federation, the same is paid by applying the exchange rate ruling on the date of actual payment and liability discharged. The differences arising due to recalculation of debts at the applicable /ruling rate is charged to the revenue at the time of payment and recognised as sales when realised from the customer except to the extent it pertains to Capital Assets.The sales for Exchange Rate Variation (ERV) considered for the period ended 31 st March 2018 is ₹4314 Lakhs(for the period ended 31.03.2017 is ₹4488 Lakhs). The Assets and Liabilities relating to deferred credit transaction are reinstated under Non-current Other Financial Assets, Current Other Financial Assets (recoverable within one year), Non-current Other Financial Liabilities and Current Other Financial Liabilities (to be settled within one year)		



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars															
45A	DISCLOSURE RELATING TO Ind AS-24 ON RELATED PARTY DISCLOSURES															
	The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. BAe HAL Software Limited	M/s. Snecma HAL Aerospace Private Limited	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edgewood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s. Aerospace & Aviation Sector Skill Council	M/s. Helicopter MRO Engines Pvt. Ltd	M/s. Nainee Aerospace Ltd	M/s Indo Russian Helicopters Pvt Ltd
(a)	Country of incorporation	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India
	Proportion of Ownership Interest	48%	49%	50%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%	100%	50.50%
(b)	Description of the relationship between the parties	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Joint Venture	Subsidiary	Subsidiary
(c)	Description of the nature of the transactions	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services	Purchase and sale of goods and services
	Volume of the transactions either as an amount or as an appropriate proportion on Purchase of Goods and Services and other expenses	8996	729		1085	15		387	2	97				101	75	
(d)	2016-17	(9,784)	(933)	-	(2,065)	(24)	(358)	(132)	(5)	(151)	-	-	-	-	-	-
	Volume of the transactions either as an amount or as an appropriate proportion on Sale of Goods and Services	(1,482)	-	-	-	-	-	-	10		638	354				
(e)	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Purchase of Goods and Services and other expenses	3810	392		155**		2367*	20	-	25				101	75	
	2016-17	(3,946)	(373)	-	(16)	(121)	(3,431)	(17)	-	(239)	-	-	-	-	-	-

Note 49 Notes to Accounts



(₹ in Lakhs)

Clause No.	Particulars															
45A	DISCLOSURE RELATING TO Ind AS-24 ON RELATED PARTY DISCLOSURES															
	The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. BAe HAL Software Limited	M/s. Snecma HAL Aerospace Private Limited	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edgewood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s. Aerospace & Aviation Sector Skill Council	M/s. Helicopter MRO Engines Pvt. Ltd	M/s Nainee Aerospace Ltd	M/s Indo Russian Helicopters Pvt Ltd
(a)	Country of incorporation	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India
	Proportion of Ownership Interest	48%	49%	50%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%	100%	50.50%
(e)	Amounts or appropriate proportions of outstanding items pertaining to related parties at the Balance Sheet date on Sale of Goods and Services and other expenses	6	42			400	48		355		748	2			157	27
(f)	2016-17	(5)	(17)	-	-	(364)	(44)	-	(407)	-	(413)	(4)	-	(44)	(2)	-
	Rent, Water and Electricity Expenses	4	285		1	37	55		62		182	25				
	2016-17	(3)	(280)	-	-	(32)	(48)	-	(53)	-	(145)	(20)	-	-	-	-
	Advances Outstanding on Purchases of Goods and Services as on 31 st March, 2018		27	1	191	64	14									
(g)	2016-17	-	(27)	(1)	-	(43)	(14)	-	-	-	-	-	-	-	-	-
	Advances Outstanding on Sale of Goods and Services as on 31 st March, 2018								448							
	2016-17	-	-	-	-	-	-	-	(448)	-	-	(180)	-	-	-	-
(h)	Interest	-	-	-	-	-	-	-		-	-		-	-	-	-
	2016-17	-	-	-	-	-	-	-	(1)	-	-	-	-	-	-	-



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars															
45A	DISCLOSURE RELATING TO Ind AS-24 ON RELATED PARTY DISCLOSURES															
(a)	The name of the transacting related party	M/s. Indo Russian Aviation Limited	M/s. BAe HAL Software Limited	M/s. Snecma HAL Aerospace Private Limited	M/s. SAMTEL HAL Display Systems Limited	M/s. HAL-Edgewood Technologies Private Limited	M/s. HALBIT Avionics Private Limited	M/s. Infotech HAL Limited	M/s. HATSOFF Helicopter Training Private Ltd.	M/s. Tata HAL Technologies Ltd.	M/s. International Aerospace Manufacturing Pvt. Ltd.	M/s. Multirole Transport Aircraft Ltd.	M/s. Aerospace & Aviation Sector Skill Council	M/s. Helicopter MRO Engines Pvt. Ltd	M/s Nainee Aerospace Ltd	M/s Indo Russian Helicopters Pvt Ltd
	Country of incorporation	India	India	India	India	India	India	India	India	India	India	India	India	India	India	India
(i)	Proportion of Ownership Interest	48%	49%	50%	40%	50%	50%	50%	50%	50%	50%	50%	50%	50%	100%	50.50%
	Dividend on Investments	94 (244)		23 (46)	-	-	-	-	-	-	9	-	-	-	-	-
	Loans Outstanding		(15)													
(j)	2016-17	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Re-imbursement Salaries including KMP Salaries	70 (46)					46 (34)				38				62	
(k)	2016-17															
	Re-imbursement of Expenses	1														
(l)	2016-17															

The differences in the amount disclosed by the Company and JV's are due to reconciliation items.

* Does not include disputed amount of ₹1226 lakhs, as the same is shown under clause 2(b)(i) in respect of M/s HALBIT Avionics Private Ltd.

** Does not include ₹1.12 lakhs in respect of M/s Samtel HAL Display Systems Limited due to reconciliation items.

Figures in brackets relate to Previous Year

Transaction with the related parties are made on normal commercial terms and at market rates.

Key Management Personnel of the Company in Joint Ventures are as follows:

Shri T. Suvarna Raju - Chairman & Managing Director

Shri V.M. Chamola - Director(HR)

Shri S. Subrahmanyam - Director (Operations) upto 30.04.2017.

Shri D.K. Venkatesh - Director - Engineering and R&D

Shri C.V. Ramana Rao - Director(Finance) & CFO

The total salaries including perquisites drawn by the above key Management Personnel from Joint Ventures is Nil.



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars								
45B	The Board in its 406th meeting held on 22nd September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter. Further, the Board authorized the Company to seek approval of Ministry of Defence (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and request MoD, to initiate necessary action for closure of IGA, as it is a prerequisite for winding up of the MTA - Joint Venture Company								
45C	Investment in M/s Indo Russian Helicopters Pvt Ltd: The Company, Russian Helicopters and Rosoborone Exports had executed the Indo Russian Helicopters Private Limited shareholders agreement (IRHL SHA) to incorporate Indo Russian Helicopters Limited ("IRHL"). As a Subsidiary Company with the following objectives; (i) To organise production of Ka-226T Helicopters and its modification in India (ii) Undertake maintenance, operation and repair of Ka-226T Helicopters (iii) Jointly modernise, including design and development, of helicopters for new applications and upgrades including replacement and (iv) Jointly market Ka-226T Helicopters and ensure technical support for them. In terms of IRHLSHA, the Company, Russian Helicopters and Rosoborone Exports shall hold 50.5%, 42% and 7.5% respectively of the Equity Share Capital in IRHL. Subsequently based on the above, IRHL was incorporated on 2nd May, 2017. <table border="1"> <thead> <tr> <th>Particulars of Investment in IRHL</th><th>(₹ in Lakhs)</th></tr> </thead> <tbody> <tr> <td>The amount to be invested as per IRHLSHA holders agreement entered in the month of October, 2016</td><td>505</td></tr> <tr> <td>Amount Invested upto 31st March 2018</td><td>100</td></tr> <tr> <td>Balance to be invested is shown under Other Financial Liabilities (Note 32)</td><td>405</td></tr> </tbody> </table>	Particulars of Investment in IRHL	(₹ in Lakhs)	The amount to be invested as per IRHLSHA holders agreement entered in the month of October, 2016	505	Amount Invested upto 31 st March 2018	100	Balance to be invested is shown under Other Financial Liabilities (Note 32)	405
Particulars of Investment in IRHL	(₹ in Lakhs)								
The amount to be invested as per IRHLSHA holders agreement entered in the month of October, 2016	505								
Amount Invested upto 31 st March 2018	100								
Balance to be invested is shown under Other Financial Liabilities (Note 32)	405								
45D	During the financial year 2017-18, the Company has further invested an amount of ₹215 lakhs consisting of 21,50,000 of equity shares of ₹10/- each in Helicopter Engines MRO Private Limited, a joint venture of the Company on 30th January, 2018.								
45E	Defence Innovation Organisation ("DIO"): The Company and Bharat Electronics Limited ("BEL") has set up DIO as a joint venture company. DIO was incorporated under Section 8 of the Companies Act 2013 on April 10, 2017. The registered office of DIO is situated at Centre for Learning and Development, Bharat Electronics Limited, Jalhalli, Bengaluru – 560013, Karnataka, India. DIO was incorporated to implement the scheme of defence innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defence. However, DIO, neither conducted any operation nor did it opened a bank account, conducted meetings etc., The Company has not invested any amount as on 31st March, 2018.								



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Key Management Personnel in the Company	31 st March 2018			31 st March 2017		
45F	Particulars	Salary	Company Contribution to PF / Gratuity *	Total	Salary	Company Contribution to PF / Gratuity *	Total
1	Shri T Suvarna Raju, Chairman & Managing Director	64	3	67	41	3	44
2	Shri V.M. Chamola, Director (HR)	57	3	60	44	3	47
3	Shri C. V. Ramana Rao, Director(Finance) & CFO	42	3	45	30	3	33
4	Shri S. Subrahmanyam, Director(Operations)**	25	10	35	46	3	49
5	Shri Sunil Kumar, Director(Operations) ***	24	1	25	-	-	-
6	Shri D.K. Venkatesh, Director - Engineering	48	3	51	32	2	34
7	Shri G.V. Sesha Reddy (Company Secretary)	24	2	26	16	1	17
* does not include Employers contribution towards Pension Fund as the entitlement of the same is only on superannuation							
** Shri Subrahmanyam, Director (Operations) ceased to be Director (Operations) of the Company consequent upon superannuation on 30 th April, 2017.							
***Shri Sunil Kumar was appointed as Director (Operations) with effect from 16 th October, 2017.							
45G	PART TIME NON-OFFICIAL DIRECTORS						Sitting Fees\$
1	Shri. Chandraker Bharti* , JS (Aero)						-
2	Shri. P S Krishnan*, Independent Director						0.60
3	Shri. Pradipta Banerji*, Independent Director						1.00
4	Shri. G Pattanaik*, Independent Director						0.80
5	AVM (R) D K Pande, AVSM, VSM*, Independent Director						0.80
6	Smt Dipali Khanna, Independent Director						3.40
7	Shri V Somasundaran*, Independent Director						1.00
8	Shri Arun Kumar Sinha*, Independent Director						1.00
9	Dr J K Bajaj*, Independent Director						2.80
10	Shri Anil Kumar*, Independent Director						1.00
11	Shri Neelakanta Iyer R*, Independent Director						1.00
12	Shri Siddharth*, Independent Director						1.00
\$ excluding taxes							
* Note:-							
Shri P S Krishnan, Shri Pradipta Banerji, Shri Gopabandhu Pattanaik & AVM (R) D K Pande, AVSM,VSM ceased to be Independent Directors with effect from 4 th May, 2017 on completion of their tenure.							
Shri V Somasundaran, Shri Arun Kumar Sinha & Dr J K Bajaj appointed as Independent Directors of the Company with effect from 11 th September, 2017.							
Shri Arun Kumar Sinha ceased to be Independent Director of the Company consequent upon resignation with effect from 22 nd January, 2018.							
Shri V Somasundaran ceased to be Independent Director of the Company consequent upon resignation with effect from 6 th February, 2018.							
Shri Chandraker Bharti, ceased to be Government Nominee Director with effect from 1 st March, 2018.							
Shri Neelakanta Iyer R & Shri Siddharth was appointed as Independent Directors with effect from 5 th March, 2018.							
Apart from transactions reported above, the Company has transactions with other Government related entities, which includes but not limited to the following:							
45H	Name of Government:			Government of India			
	Nature of Transactions:			Sale of Products and Services			
These transactions are conducted in the ordinary course of the Company's business							



Note 49 Notes to Accounts

(₹ in Lakhs)

46	The disaggregation of changes to OCI is shown below:				
	During the year ended 31 st March, 2018				
	Particulars	Opening balance as on 01.04.2017	Additions	Reversals	Closing balance as on 31.03.2018
	Gains and losses arising from the financial statements of a foreign operations	-2	11		9
	Re-measurement gains (losses) on defined benefit plans (Gratuity)	-5223	-15101		-20324
	Total	-5225	-15090		-20315
	During the year ended 31 st March, 2017				
	Particulars	Opening balance as on 01.04.2016	Additions	Reversals	Closing balance as on 31.03.2017
	Gains and losses arising from the financial statements of a foreign operations	-3	1		-2
	Re-measurement gains (losses) on defined benefit plans (Gratuity)	-5831	608		-5223
Total	-5834	609		-5225	
47	Particulars		31 st March 2018	31 st March 2017	
	As per Ind AS-33 relating to Earnings per Share (Basic and Diluted)-				
	Profit Before Tax		332284	358258	
	Provision for Taxation		125243	96695	
	Net Profit After Tax		207041	261563	
	Weighted Average Number of Equity Shares of Face Value of ₹10/- each fully paid up		353923356	361500000	
	Earnings per Share (in Rupees) - Basic and Diluted		58.50	72.35	
48	Buyback of Shares:				
	1. In accordance with the approval of Board of Directors at its 396 th meeting held on 22 nd March, 2016 and approval of shareholders through special resolution in the Extra-ordinary General Meeting held on the said date, the Company has bought back 12,05,00,000 fully paid equity shares of ₹10/- each equivalent to 25% of the paid –up share capital and Free Reserves of the Company, for an aggregate amount of ₹428438 lakhs (excluding tax of ₹98154 lakhs) at ₹355.55 per equity share from the President of India. The consideration amount for back buy of shares was paid to the Government of India on 30 th March, 2016 and the shares so bought back were extinguished on 5 th April, 2016.				
	2. In accordance with the approval of Board of Directors at its 408 th meeting held on 28 th November, 2017 and approval of shareholders , the Company has bought back 2,71,12,500 fully paid equity shares of ₹10/- each equivalent to 7.5% of the paid –up share capital and Free Reserves of the Company, for an aggregate amount of ₹92150 lakhs (excluding tax of ₹20636 lakhs) at ₹339.88 per equity share from the President of India. The consideration amount for back buy of shares was paid to the Government of India on 19 th December, 2017 and the shares so bought back were extinguished on 22 nd December, 2017.				
49			31 st March 2018	31 st March 2017	
	As required by Ind AS 36, an assessment of impairment of assets was carried out and based on such assessment, the Company has accounted impairment losses due to decrease in value in use in respect of Intangible Assets is recognised in ‘ impairment expense’ in the Statement of Profit and Loss.		2,152	3,210	



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars					
	As per Ind AS 37 relating to Provisions, Contingent Liability and Contingent Assets - the movement of provisions in the Books of Accounts is as follows					
	Nature of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
	Provision for Warranty Charges	53890	8634	8678	10790	43056
	(Previous Year)	(66,034)	(8,394)	(4,162)	(16,376)	(53,890)
	Provision for Replacement and Other Charges	88690	25029	11950	192	101577
	(Previous Year)	(95,805)	(24,216)	(22,704)	(8,627)	(88,690)
	Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	70079	12829	45	5549	77,314
	(Previous Year)	(61,886)	(10,011)	-	(1,818)	(70,079)
	Provision for Doubtful Debts	14253	4125	1	255	18,122
	(Previous Year)	(11,065)	(4,530)	(35)	(1,307)	(14,253)
	Provision for Claims	13875	15973	3	14	29,831
	(Previous Year)	(11,903)	(3,036)	(236)	(828)	(13,875)
	Provision for Liquidated Damages	128502	31531	31876	3020	125,137
	(Previous Year)	(150,736)	(30,877)	(53,111)	-	(128,502)
	Impairment of Investments	6584	6293	-	-	12,877
	(Previous Year)	(6,461)	(123)	-	-	(6,584)
	Provision for Onerous contract	110469	-	1	20138	90,330
	(Previous Year)	(110,469)	-	-	-	(110,469)
	* Figures in brackets relate to previous year.					
50A	Nature of Provision	31st March 2018			31st March 2017	
		Long Term Provision	Short Term Provision	Total Provision	Long Term Provision	Short Term Provision
	Provision for Warranty Charges	-	43,056	43,056	-	53,890
	Provision for Replacement and Other Charges	12,276	89,301	101,577	10,619	78,071
	Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	62,959	14,355	77,314	50,242	19,837
	Provision for Doubtful Debts	1,302	16,820	18,122	1,312	12,941
	Provision for Claims	23,054	6,777	29,831	9,299	4,576
	Provision for Liquidated Damages	45,594	79,543	125,137	58,925	69,577
	Impairment of Investments	12,877	-	12,877	6,584	-
	Provision for Onerous contract	24,713	65,617	90,330	83,844	26,625



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars																					
50B	Sensitivity of estimates on provisions: The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the Company to compute the possible effect of assumptions and estimates made in recognizing these provisions. Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signalling Out Certificate (SOC) to date of ferry out, loan items taken from the customer which needs to be replaced etc., Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc., Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc. Provision for doubtful debts is being assessed on a case to case basis in respect of dues outstanding for a significant period of time. Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets. Provision for doubtful claims represents provision on expected credit losses. Impairment in value of investment represents reduction in the share of net worth below investment. Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.																					
	Information regarding income and expenditure of Investment property As per Ind AS 40 - Investment property:																					
	<table><tr><td></td><td>31st March 2018</td><td>31st March 2017</td></tr><tr><td>Rental income derived from investment properties</td><td>646</td><td>659</td></tr><tr><td>Direct operating expenses (including repairs and maintenance) generating rental income</td><td>1</td><td>1</td></tr><tr><td>Direct operating expenses (including repairs and maintenance) that did not generate rental income</td><td>-</td><td>1</td></tr><tr><td>Profit arising from investment properties before depreciation and Indirect expenses</td><td>645</td><td>657</td></tr><tr><td>Less – Depreciation</td><td>-</td><td>-</td></tr><tr><td>Profit arising from investment properties before Indirect expenses</td><td>645</td><td>657</td></tr></table>		31st March 2018	31st March 2017	Rental income derived from investment properties	646	659	Direct operating expenses (including repairs and maintenance) generating rental income	1	1	Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	1	Profit arising from investment properties before depreciation and Indirect expenses	645	657	Less – Depreciation	-	-	Profit arising from investment properties before Indirect expenses	645	657
		31st March 2018	31st March 2017																			
	Rental income derived from investment properties	646	659																			
	Direct operating expenses (including repairs and maintenance) generating rental income	1	1																			
	Direct operating expenses (including repairs and maintenance) that did not generate rental income	-	1																			
	Profit arising from investment properties before depreciation and Indirect expenses	645	657																			
	Less – Depreciation	-	-																			
	Profit arising from investment properties before Indirect expenses	645	657																			
Fair value of investment property As at 31 st March 2018, the far value of the properties is ₹3631 lakhs as valued by an Independent valuer																						



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars						
52	Advances from Customers of ₹802219 Lakhs and Milestone receipts of ₹1807733 Lakhs disclosed in Note Nos. 29 and 33 as Non-Current and Other Current Liabilities (in terms of Schedule III to the Companies Act, 2013) represent gross amounts received. These amounts have been utilised for procurement of Special Purpose Tooling, Incurrence of DRE, Inventory Holding, Advances to Vendors etc. as detailed below:						
	Particulars	31 st March 2018		31 st March 2017		1 st April 2016	
		Note 29 Non - Current	Note 33 Current	Note 29 Non - Current	Note 33 Current	Note 29 Non - Current	Note 33 Current
	Outstanding Advances from Customer						
	- Defence	329076	465713	307106	469116	323089	427343
	- Others		7430		9394		4607
		329076	473143	307106	478510	323089	431950
	Less: Utilisation of Advances						
	- Inventory	249779	258231	219778	276088	234642	217804
	- Advances against Goods & Services		7399	4035		7180	26508
	- Deferred Revenue Expenditure		70844		35956		
	- Special Tools & Equipment	17980	11770	15841	11253	17758	4659
	- Trade Receivables						1206
	- Claims Receivables		1794		1115	1362	
		267759	350038	239654	324412	260942	250177
	Net Outstanding Advances (A)	61317	123105	67452	154098	62147	181773
	Outstanding Milestone Receipt						
	- Defence	504398	1225709	661033	1360869	574638	2072821
	- Others	12741	64885	16585	49375	17728	58658
		517139	1290594	677618	1410243	592366	2131479
	Less: Utilisation of Milestone Receipts						
	- Inventory	208227	606052	256171	722929	196984	1225809
	- Advances against Goods & Services	9553	34535	4082	43423	2433	35661
	- Deferred Revenue Expenditure	24795	27848	13540	43145	11467	89493
	- Special Tools & Equipment	85346	124615	120738	151228	99996	221448
	- Trade Receivables	4047	11327	422	20231		39192
	- Claims Receivables		40895	35168	2736	905	1723
		331968	845272	430121	983692	311785	1613326
	Net Outstanding Milestone Receipts (B)	185171	445322	247497	426551	280581	518153
	Total (A+B)	246488	568427	314949	580649	342728	699926



Note 49 Notes to Accounts

(₹ in Lakhs)

Clause No.	Particulars			
52	Summary			
	Particulars	31 st March 2018	31 st March 2017	31 st March 2016
	(A) Gross Advances from Defence Customers			
	Initial Advances from Defence Customers	794789	776222	750432
	Milestone Advances from Defence Customers	1730107	2021902	2647459
	Gross Advances from Defence Customers (A)	2524896	2798124	3397891
	Advances from Others (B)	85056	75354	80993
	Total (A+B)	2609952	2873478	3478884
	Less Advances / Milestone utilisation (C)	1795037	1977880	2436230
	Outstanding Advances / Milestone Receipts (A+B-C)	814915	895598	1042654
	Defence Customers	737374	820244	961661
	Others	77541	75354	80993
	Total	814915	895598	1042655
53	These financial statements are presented in Indian rupees (rounded off to lakhs). Previous Year figures have been rearranged or regrouped wherever necessary.			
	As per the requirement of Schedule III Division II, the Company is required to classify the amount due towards purchase of capital goods under "Other Financial Liabilities". In earlier years, such liability has been classified under Trade Payables . For the current year, the Company has revised the classification to report these liabilities under other financial liabilities. As per Ind AS 1 "Presentation of Financial Statements"the Company should present a third Balance Sheet as at the beginning of the preceding period, if it reclassifies items in its financial statements and the re-classification has material effect on the information in the Balance Sheet at the beginning of the preceding period.			
	Since the Company is of the opinion that the reclassification has a material effect on the information in the Balance Sheet. , it has accordingly, as per requirement of Ind AS 1 has prepared Balance Sheet as at the beginning of the preceding period i.e. as at 1st April 2016. Corresponding reclassification have also been made to the Statement of Cash Flows for the year ended 31st March 2017. This change in classification does not materially affect previously reported cash flows from operations or from financing activities in the Statement of Cash Flows, and has no effect on the previously reported Statement of Operations for any period.			

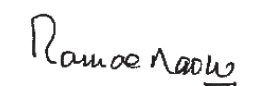
Note '1' to '49' and Accounting Policies attached form part of the Accounts
As per our Report attached

For **S. Venkatram & Co. LLP**
Chartered Accountants
FRN: 004656S/S200095

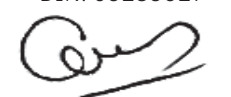

(S Sundarraman)

Partner
Membership No. 201028

Place: Bengaluru
Date: 30/5/2018


(C.V. RAMANA RAO)
Director (Finance) & CFO
DIN: 07365725


(T.SUVARNA RAJU)
Chairman & Managing Director
DIN: 05183617


(G.V. SESA REDDY)
Company Secretary



Independent Auditors' Report

To,
The Members of M/s. Hindustan Aeronautics Limited,
15/1 Cubbon Road, Bengaluru- 560 001

Report on the Consolidated Ind AS Financial Statements:

1. We have audited the accompanying consolidated Ind AS financial statements of M/s. Hindustan Aeronautics Limited (hereinafter referred to as the "Holding Company"), and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its Joint ventures, comprising the Consolidated Balance Sheet as at 31st March 2018, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows, Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statement").

Management's Responsibility for the Consolidated Ind AS Financial Statements:

2. The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance (including other comprehensive income), consolidated cash flows and consolidated statement of changes in equity of the Group including its joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group and its joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility:

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.
6. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in para 13 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements



Opinion:

7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements and on the other financial information of the subsidiaries and joint ventures, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Group and its joint ventures as at 31st March, 2018 and their consolidated financial performance including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter:

8. The auditors of M/s. HATSOFF Helicopter Training Private Limited, a joint venture of the Group, have drawn attention to the following in their audit report vide dated 19th April, 2018, which has been reproduced by us as under:
- a) Clause 10(i) of Note No 49 to the consolidated Ind AS financial statements which indicate that though the Company has made a net profit of ₹917.80 lakhs during the year ended 31st March, 2018 (Previous Year – ₹1,044.59 lakhs) and, as of that date; the Company's current liabilities exceeded its current assets by ₹7,820.14 Lakhs (previous year – ₹7,515.70 lakhs). In addition to this, as at the balance sheet date, the Company has accumulated losses which have resulted in erosion of the net worth. The net worth of the Company as at 31st March 2018 is negative by ₹2,465.21 lakhs (Previous Year: negative by ₹3,383 lakhs). As per the management representation duly noted by the Board at its 54th Board meeting held on the 19th April 2018 wherein the management has assessed the entity as going concern despite the existence of above stated uncertainties and has assessed its ability to meet the obligations that are falling due.
 - b) Clause 10(i) of Note No 49 to the consolidated Ind AS financial statements wherein External Commercial Borrowing Loan classified as a Non-Performing Asset is shown as Long Term borrowings, as proposal by the bank to restructure the loan is pending as the terms are yet to be complied by the company.
9. The auditors of M/s. Halbit Avionics Private Limited, a joint venture of the Group, have drawn attention to the following in their audit report vide dated 12th April, 2018 which has been reproduced by us as under:
- a) Clause 10(iii)(a) of Note No 49 in the consolidated Ind AS financial statements, which indicates that the Company has a net liability position, net current liability position as well as negative cash flow from operating activities for the year ended 31st March, 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. However, in view of company's future plans and other factors as brought out in the said Note, the financial statements have been prepared under the going concern assumptions.
 - b) Clause 10(iii)(b) of Note No 49 to the consolidated Ind AS financial statements which indicates that the Company has not appointed Company Secretary as required by the Companies Act, 2013;
 - c) Clause 10(iii)(c) of Note No 49 to the consolidated Ind AS financial statements which indicates that the Company has not remitted its tax dues of Central Excise and Karnataka VAT since August, 2015;
 - d) Clause 10(iii)(d) of Note No 49 to the consolidated Ind AS financial statement which indicates that the balances of trade receivables and trade payables are subject to confirmation by the parties and reconciliation.
10. The auditors of M/s. Tata HAL Technologies Limited, a joint venture of the Group, has drawn attention to the following in their audit report vide dated 12th April, 2018, which has been reproduced by us as under:
- a) The Company has incurred a net loss of ₹142.58 lakhs and other Comprehensive Loss of ₹1.47 lakhs for the year ended March 31, 2018 and as of that date the Company has accumulated losses of ₹990.02 lakhs and its net worth has been substantially eroded. As stated in Clause 10(iv) of Note No 49 to the consolidated Ind AS financial statement, these events or conditions, along with other matters as set forth in said note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern subject to the Company raising adequate finances from the promoters.



- b) Clause 10(iv) of Note No 49 to the consolidated Ind AS financial statements which details that the Company has recognised accrued income ₹26.50 lakhs towards sale of services for which Purchase Orders are not yet received and are accounted based on the rates agreed with customer being continuing Service Contracts and ₹1.37 lakhs towards sale of services for which confirmation of delivery from the customer is awaited.
11. The auditors of M/s. HAL Edgewood Technologies Private limited, a joint venture of the Group, has drawn attention to the following in their audit report vide dated 27th April, 2018, which has been reproduced by us as under:
- a) Clause 10(ii) of Note No 49 to the consolidated Ind AS Financial Statement that the statements being prepared on a going concern basis, since the Company is in research phase, notwithstanding the fact that the Company's Net Worth is Negative [reported negative net worth as at 31st March, 2018 of ₹443.33 lakhs (year ended 31st March, 2017 ₹607.49 lakhs)]. The ability of the Company to continue as a going concern is interalia dependent in the Company's ability to infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of goods and assets), rescheduling of debt / other liabilities.
- b) Clause 10(ii) of Note No 49 of the consolidated Ind AS Financial statements regarding the amortisation of intangible assets recognised on development of prototype units to the statement of profit and loss. The amortisation of intangible treatment is done in the accordance units of production method. In the opinion of the management that, the Company is confident of receiving Purchase Order from its Customer for further series upgrade for 154 OSAMC units on delivery of existing order of 11 prototype OSAMC units to its Customer and the intention of development of OSAMC units is to manufacture and deliver the series upgrade 154 OSAMC units to Customer.
12. Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Other Matters:

13. We did not audit the Ind AS financial statements of two subsidiaries, whose Ind AS financial statements reflect total assets of ₹3,643 lakhs and net assets of ₹2,718 lakhs as at 31st March, 2018, total revenues of ₹251 lakhs and net cash outflows amounting to ₹732 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹1,393 lakhs for the year ended 31st March, 2018, as considered in the consolidated Ind AS financial statements, in respect of 13 joint ventures whose Ind AS financial statements have not been audited by us. These Ind AS financial statements have been audited by other auditors, whose report have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint ventures, is based solely on the reports of the other auditors.
14. Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/financial information certified by the Management.

Report on Other Legal and Regulatory Requirements:

15. As required by Section 143(3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and joint ventures, as noted in Para 13 of the other matter paragraph, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss, the consolidated Statement of Cash Flows and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.



- d) Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the Companies engaged in defence production to the extent of application of relevant Accounting Standard on Segment Reporting. In view of the above, no disclosure is made by the Holding Company as required under Ind AS 108. Subject to the above, we state that in our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) In terms of Circular No. GSR 463(E) dated 05th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, the Holding Company being Government Company, is exempt from the provisions of section 164(2) of the Act regarding disqualification of Directors. On the basis of the reports of the statutory auditors of its subsidiary companies and joint ventures incorporated in India, none of the directors of its subsidiary companies and joint ventures incorporated in India is disqualified as on 31st March 2018 from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and joint ventures incorporated in India and the operating effectiveness of such controls, refer to our separate Report in **Annexure - A**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting of those companies, for the reasons stated therein.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, and joint ventures as noted in the para 13 of the Other matter paragraph :
- i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, and its joint ventures. – Refer clause 5 of Note No. 49 to the consolidated Ind AS financial statements;
- ii. Provision has been made in the consolidated Ind AS financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts – Refer clause 6 of Note No.49 of the consolidated Ind AS financial statement in respect of such items as it relates to the Holding Company and clause 7 of Note No. 49 of the consolidated Ind AS financial statement in respect of the Group's share of net profit/loss in respect of its joint ventures. The Group does not have any derivative contracts.
- iii. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and joint ventures incorporated in India during the year 31st March 2018.

For **S. Venkatram and Co. LLP**

Chartered Accountants

Firm Registration No: 004656S/S200095


S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



“Annexure – A” to the Independent Auditor’s Report of even date on the Consolidated Ind AS Financial Statements of M/s. Hindustan Aeronautics Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. In conjunction with our audit of the consolidated Ind AS financial statements of M/s. Hindustan Aeronautics Limited (‘the Holding Company’) as of and for the year ended 31st March 2018, we have audited the internal financial controls over financial reporting of the Holding Company and its subsidiary company and joint ventures, which are companies incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

2. The respective Board of Directors of the Holding Company, its subsidiary company and its joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (“the Guidance Note”) issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.
3. The Holding Company’s Management has in present financial year amongst other areas has specifically identified the following areas (i) Goods in Transit, (ii) Capital Work in Progress, (iii) Trade Receivables, (iv) Trade Payables (v) Claims receivable, (vi) Advance to Vendor for Goods & Services/Capital Advances and (vii) Intangible Assets & its Amortisation, as a benchmark criteria for establishing Internal Financial Controls over financial reporting.

Auditors’ Responsibility

4. Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.
6. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the para 10 of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

7. A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements



Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

9. In our opinion, and to the best of our information and according to the explanations given to us, the Holding Company, its subsidiary company and its joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

Other Matters

10. Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to two subsidiary company, and 13 joint ventures, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For **S. Venkatram and Co. LLP**

Chartered Accountants

Firm Registration No: 004656S/S200095



S. Sundarraman

Partner

Membership No. 201028

Place : Bengaluru

Date : 30th May, 2018



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सं. No. Reports/2018-19/HAL(17-18)/138

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बंगलूर - 560 001.

OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BANGALORE - 560 001.

दिनांक/DATE. 20 June 2018

To

The Chairman & Managing Director
Hindustan Aeronautics Limited
Corporate Office,
No.15/1, Cubbon Road,
Bangalore-560001.

Sir,

Sub: Comments of the Comptroller and Auditor General of India under
section 143(6) (b) of the Companies Act, 2013.

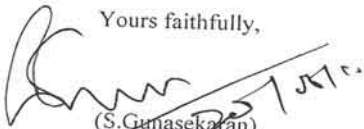
I forward herewith Nil Comments Certificate of the Comptroller and Auditor General
of India under Section 143(6) (b) of the Companies Act, 2013 on the standalone accounts and
consolidated accounts of Hindustan Aeronautics Limited, Bangalore for the year ended
31 March 2018.

It may please be ensured that the Comments are:

- (i) printed in toto without any editing;
- (ii) placed next to the Statutory Auditors' Report in the Annual Report of the
Company with proper indication in the index;
- (iii) Placed before the AGM as required under proviso to Section 143(6)(b) of the
Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Encl: As above.

Yours faithfully,

(S. Gunasekaran)
Deputy Director (Reports)

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बंगलूर - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001.

द.भा./Phone : 2226 7646 / 2226 1168
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491



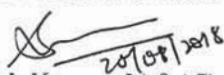
COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) READ WITH SECTION 129(4) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF HINDUSTAN AERONAUTICS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2018.

The preparation of Consolidated Financial Statements of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30.05.2018.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6) (a) read with section 129(4) of the Act of the Consolidated Financial Statements of **Hindustan Aeronautics Limited, Bangalore** for the year ended 31 March 2018. We conducted a supplementary audit of the Financial Statements of Hindustan Aeronautics Limited, Bangalore and its one of the two Subsidiaries, viz., Naini Aerospace Limited, Allahabad but did not conduct supplementary audit of the Financial Statements of thirteen Joint Venture Companies and the other Subsidiary of Hindustan Aeronautics Limited (as per Annexure) for the year ended on that date. Further section 139(5) and 143(6) (b) of the Act are not applicable to these Joint Venture Companies being private entities, for appointment of their Statutory Auditor nor for conduct of Supplementary Audit. Accordingly, C&AG has neither appointed the Statutory Auditors nor conducted the supplementary audit of these companies. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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


(Santosh Kumar, IA&AS)

Pr. Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bangalore.

Bangalore

Dated: 20 June 2018



ANNEXURE

List of Joint Venture Companies and the other Subsidiary of Hindustan Aeronautics Limited for which supplementary audit of the Financial Statements not conducted by this office z

I. Joint Venture Companies

1. BAe-HAL Software Limited
2. Snecma HAL Aerospace Private Limited
3. Indo Russian Aviation Limited
4. HALBIT Avionics Private Limited
5. HAL Edgewood Technologies Private Limited
6. SAMTEL HAL Display System Limited
7. INFOTECH HAL Limited
8. HATSOFF Helicopter Training Private Limited
9. TATA HAL Technologies Limited
10. International Aerospace Manufacturing Private Limited
11. Multirole Transport Aircraft Limited
12. Aerospace and Aviation Sector Skill Council
13. Helicopter Engine MRO Private Limited

II. Subsidiary Company

1. Indo Russian Helicopters Limited



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सं./No. *Reports/2018-19/Naini(17-18)/140*

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.

OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BANGALORE - 560 001.

दिनांक/DATE. *20 June 2018*

To
The Chairman,
M/s. Naini Aerospace Limited
HAL Corporate Office
Cubbon Road
Bangalore - 560 001

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section
143(6) (b) of the Companies Act, 2013.

I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of India
under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Naini Aerospace Limited,
Allahabad for the year ended 31 March 2018.

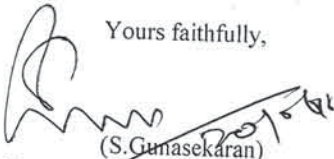
It may please be ensured that the Comments are:

- (i) printed in *toto* without any editing;
- (ii) placed next to the Statutory Auditors' Report in the Annual Report of the Company with
proper indication in the index;
- (iii) Placed before the AGM as required under proviso to Section 143(6) (b) of the
Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Encl: As above.

Yours faithfully,


(S. Gunasekaran)
Deputy Director (Reports)

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT

प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001.

दू.भा./Phone : 2226 7646 / 2226 1168
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE
FINANCIAL STATEMENTS OF NAINI AEROSPACE LIMITED, ALLAHABAD
FOR THE YEAR ENDED 31 MARCH 2018.**

The preparation of financial statements of Naini Aerospace Limited, Allahabad for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their **Audit Report dated 24 April 2018.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Naini Aerospace Limited, Allahabad for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

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

(Santosh Kumar, IA & AS)

**Pr. Director of Commercial Audit
and Ex-Officio Member, Audit Board, Bangalore**

Place: Bengaluru
Date: 20 June 2018.



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सं./No. *Reports/2018-19/12HLC(17-18)/145*

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बंगलूर - 560 001.

OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL
AUDIT and Ex-Officio MEMBER, AUDIT BOARD,
BANGALORE - 560 001.

दिनांक/DATE. *26 जून 2018*

To
The Chairman,
M/s. Indo-Russian Helicopters Limited
HAL Corporate Office
Cubbon Road,
Bengaluru - 560 001

Sir,

Sub: Comments of the Comptroller and Auditor General of India under
section 143(6) (b) of the Companies Act, 2013.

I forward herewith Non-Review Certificate of the Comptroller and Auditor General
of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of Indo-
Russian Helicopters Limited, Bengaluru for the year ended 31 March 2018.

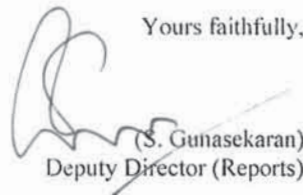
It may please be ensured that the Comments are:

- (i) printed in *toto* without any editing;
- (ii) placed next to the Statutory Auditors' Report in the Annual Report of the
Company with proper indication in the index;
- (iii) Placed before the AGM as required under proviso to Section 143(6) (b) of the
Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Encl: As above.

Yours faithfully,



(S. Gunasekaran)
Deputy Director (Reports)

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
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1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001.

दू.भा./Phone : 2226 7646 / 2226 1168
Email : mabbangalore@cag.gov.in

फैक्स /Fax : 080-2226 2491



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL
STATEMENTS OF INDO-RUSSIAN HELICOPTERS LIMITED, BENGALURU FOR
THE YEAR ENDED 31 MARCH 2018**

The preparation of financial statements of Indo-Russian Helicopters Limited, Bengaluru for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(7)¹ of the Act is/are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their **Audit Report dated 23.05.2018.**

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the financial statements of Indo-Russian Helicopters Limited, Bengaluru for the year ended 31 March 2018 and as such have no comments to make under section 143(6)(b) of the Act.

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

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

Place: Bengaluru
Date: 26 June 2018.

¹ In case of first auditor appointed by the CAG.



Consolidated Balance Sheet

As at 31 March, 2018

(₹ in Lakhs)

S.No	Particulars	Note No.	31 st March 2018	31 st March 2017	1 st April 2016
ASSETS					
(1)	A. Non-current assets				
	(a)-i Property, Plant and Equipment	1			
	Gross Block	1A	783948	693084	604499
	Less: Accumulated Depreciation	1B	174250	114832	60264
	Net Block		609698	578252	544235
	ii Property, Plant and Equipment- Customer Funded	1			
	Gross Block	1D	13385	5854	-
	Less: Accumulated Depreciation	1E	1065	322	-
	Net Block		12320	5532	-
	(b)Capital work-in-progress	2	62082	62112	37537
	(c) Investment Property	3			
	Gross Block	3A	4	4	4
	Less: Accumulated Depreciation	3B	-	-	-
	Net Block		4	4	4
	(d)Goodwill	4	-	-	-
	(e)Other Intangible Assets	5			
	Gross Block	5A	213479	193434	187977
	Less: Accumulated Amortization	5B	72513	38052	24931
	Less: Impairment	5C	6366	4214	1004
	Net Block		134600	151168	162042
	(f) Intangible Assets under Development	6			
	Gross Block	6A	84090	76828	51041
	Less: Accumulated Amortization	6B	-	-	-
	Less: Impairment	6C	-	-	-
	Net Block		84090	76828	51041
	(g)Investments accounted for using the Equity method	7	15640	20464	19006
	(h)Financial Assets				
	(i) Investments-Others	7A	85371	78935	72573
	(ii) Trade Receivables	8	-	-	-
	(iii) Loans	9	5409	5889	5199
	(iv) Others	10	35800	36713	40131
	(i) Deferred tax Assets (net)	11	-	-	-
	(j) Other Non-Current Assets	12	175074	121067	148624
	Sub Total - A		1220088	1136964	1080392
(2)	B. Current assets				
	(a) Inventories	13	1935759	2132136	2398162
	(b) Financial Assets				
	(i) Investments	14	-	-	-
	(ii) Trade Receivables	15	774230	422016	483638
	(iii) Cash and Cash Equivalents	16	11286	280365	33779
	(iv) Bank Balances other than (iii) above	17	643266	834541	1296135
	(v) Loans	18	6363	9849	9539
	(vi) Other Financial Assets	19	216882	258136	220891
	(c) Current Tax Assets (Net)	20	-	11493	-
	(d) Other Currents Assets	21	113763	69033	129956
	Sub Total - B		3701549	4017569	4572100
	Total Assets (A+B)		4921637	5154533	5652492



Consolidated Balance Sheet

As at 31 March, 2018

(₹ in Lakhs)

S.No	Particulars	Note No.	31 st March 2018	31 st March 2017	1 st April 2016
EQUITY AND LIABILITIES					
(1)	A. Equity				
	(a) Equity Share capital	22	33439	36150	36150
	(b) Other Equity	23	1172458	1219761	1067071
	Equity Attributable to the owner of the parent		1205897	1255911	1103221
	Non controlling interest		-22	-	-
	Sub Total - A		1205875	1255911	1103221
LIABILITIES					
(1)	B. Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	24	10000	-	-
	(ii) Trade Payables	25	282	19255	-
	(iii) Other Financial Liabilities	26	36566	37157	39731
	(b) Provisions	27	184309	202975	248250
	(c) Deferred Tax Liabilities (Net)	28	97758	95992	81475
	(d) Other Non-Current Liabilities	29	846215	984723	915455
	Sub Total - B		1175130	1340102	1284911
(2)	C. Current Liabilities				
	(a) Financial liabilities				
	(i) Borrowings	30	76406	95000	-
	(ii) Trade payables	31	166560	157434	211420
	(iii) Other financial liabilities	32	139830	112070	100710
	(b) Other Current Liabilities	33	1802722	1906140	2678741
	(c) Provisions	34	350174	287876	263766
	(d) Current Tax Liabilities (Net)	35	4940	-	9723
	Sub Total - C		2540632	2558520	3264360
	Total Equity and Liabilities - (A+B+C)		4921637	5154533	5652492

Note '1' to '49' and Accounting Policies attached form part of the Accounts
As per our Report attached

For **S. Venkatram & Co. LLP**
Chartered Accountants
FRN: 004656S/S200095

(S Sundarraman)

Partner
Membership No. 201028

Place: Bengaluru
Date:30/5/2018

(C.V.RAMANA RAO)

Director (Finance) & CFO
DIN: 07365725

(T.SUVARNA RAJU)

Chairman & Managing Director
DIN: 05183617

(G.V.SESHA REDDY)

Company Secretary



Consolidated Statement of Profit and Loss

for the period ended 31 March, 2018

(₹ in Lakhs)

S.No	Particulars	Note No.	31 st March 2018	31 st March 2017
	REVENUE-	36		
I	Revenue from Operations		1862427	1855328
II	Other Income	37	76183	104154
III	Total Income (I+II)		1938610	1959482
IV	EXPENSES			
	Cost of Materials Consumed	38	782772	840430
	Purchases of Stock-in-Trade	38A	21730	29073
	Excise Duty		10453	60336
	Changes in Inventories of Finished Goods, Stock-in-Trade, Work-in-Progress and Scrap	39	72864	51092
	Employee Benefits Expense	40	431174	357049
	Finance Costs	41	517	1022
	Depreciation, Amortization Expense	42	94709	68068
	Impairment Loss	42A	2152	3210
	Other Expenses	43	137675	124738
	Direct Input to WIP / Expenses Capitalised	44	52303	46561
	Provisions	45	104414	81187
	Total Gross Expenses		1710763	1662766
	Less: Expenses relating to Capital and Other Accounts	46	103333	60794
	Total expenses (IV)		1607430	1601972
V	Profit/(Loss) before Exceptional items and Tax (III-IV)		331180	357510
VI	Share of Profit / (Loss) of Joint Ventures accounted using Equity Method		1387	1666
VII	Exceptional Items		-	-
VIII	Profit/(Loss) before Tax (V+VI)		332567	359176
IX	Tax expense:			
	(1) Current Tax		123477	82178
	(4) Deferred Tax		1766	14517
X	Profit (Loss) for the period from Continuing Operations (VIII-IX)		207324	262481
XI	Profit/(loss) from Discontinued Operations		-	-
XII	Tax expense of Discontinued Operations		-	-
XIII	Profit/(loss) from Discontinued Operations (after tax) (XI-XII)		-	-
XIV	Profit/(loss) for the period (X+XIII)		207324	262481
XV	Other Comprehensive Income			
A	(i) Items that will not be reclassified to profit or loss	47	-23085	930
	(ii) Share of Other Comprehensive Income of JV's accounted using Equity Method		4	3
	(iii) Income tax relating to items that will not be reclassified to Profit or Loss		7984	-323
B	(i) Items that will be reclassified to profit or loss	48	17	1
	(ii) Share of Other Comprehensive Income of JV's accounted using Equity Method		1	4
	(iii) Income tax relating to items that will be reclassified to Profit or Loss		-6	-
			-15085	615



Consolidated Statement of Profit and Loss

for the period ended 31 March, 2018

(₹ in Lakhs)

S.No	Particulars	Note No.	31 st March 2018	31 st March 2017
XVI	Total Comprehensive Income for the period (XIV+XV) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		192239	263096
	Profit/(Loss) for the year			
	Attributable to:			
	Owners of the parent		207346	262481
	Non Controlling interest		-22	-
	Other Comprehensive Income for the Year			
	Attributable to:			
	Owners of the parent		-15085	615
	Non Controlling interest		-	-
	Total Comprehensive Income for the Year			
	Attributable to:			
	Owners of the parent		192261	263096
	Non Controlling interest		-22	-
XVII	Earnings per Equity Share (for Continuing Operations):			
	(1) Basic		58.58	72.61
	(2) Diluted		58.58	72.61
XVIII	Earnings per Equity Share (for Discontinued Operations):			
	(1) Basic		-	-
	(2) Diluted		-	-
XIX	Earnings per Equity Share (for Continuing & Discontinued Operations):			
	(1) Basic		58.58	72.61
	(2) Diluted		58.58	72.61

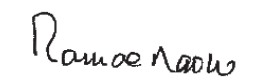
Note '1' to '49' and Accounting Policies attached form part of the Accounts
As per our Report attached

For **S. Venkatram & Co. LLP**
Chartered Accountants
FRN: 004656S/S200095


(S Sundarraman)

Partner
Membership No. 201028

Place: Bengaluru
Date: 30/5/2018


(C.V. RAMANA RAO)
Director (Finance) & CFO
DIN: 07365725


(T. SUVARNA RAJU)
Chairman & Managing Director
DIN: 05183617


(G.V. SRESHA REDDY)
Company Secretary

Consolidated -Statement of Changes in Equity

for the year ended 31st March 2018



A. Equity Share Capital

Balance as at April 1, 2016	Changes in Equity Share Capital during the year 2016-17	Balance as at 31 st March 2017	Changes in Equity Share Capital during the year 2017-18	Balance as at 31 st March 2018
36150	-	36150.00	-2711.00	33439.00

(₹ in Lakhs)

B. Other Equity

Particulars	Reserves and Surplus			Other Components of equity		Total
	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation
Balance as at April 1, 2016	31514	12050	1029333	-	-5830	4
Current Year Transfer	19656	-		262481		
Profit for the year	-1604					
Written Back in Current Year						
Surplus Transferred from Statement of Profit and Loss			146539			
Transfer to Statement of Profit and Loss			-14120			
Transfer from Research & Development Reserve			1604			
Transfer to Research & Development Reserve				-19656		
Interim Dividend including tax				-96286		
Final Dividend including tax				-14120		
Transfer from General Reserves				14120		
Transfer to General Reserves				-146539		
Items that will be reclassified to profit or loss						5
Income tax relating to items that will be reclassified to profit or loss						-
Items that will not be reclassified to profit or loss					933	
Income tax relating to items that will not be reclassified to profit or loss					-323	
Balance as at March 31, 2017	49566	12050	1163356	-	-5220	9
Balance as at April 1, 2017	49566	12050	1163356	-	-5220	9
Current Year Transfer	16723	2711		207346		
Profit for the year						
Written Back in Current Year	-948					

(₹ in Lakhs)

Consolidated -Statement of Changes in Equity

for the year ended 31st March 2018

Particulars	Reserves and Surplus				Other Components of equity		Total
	Research and Development Reserve	Capital Redemption Reserve	General Reserve	Retained earnings	Remeasurements of net defined benefit liability/ asset	Exchange differences in translating the financial statements of a foreign operation	
Surplus Transferred from Statement of Profit and Loss			58423				58423
Transfer from Research & Development Reserve			948				948
Transfer to Research & Development Reserve				-16723			-16723
Withdrawn towards Buy Back of Shares			-110075	-129489			-110075
Interim Dividend including tax							-129489
Final Dividend including tax							-
Transfer to Capital Redemption Reserve				-2711			-2711
Transfer to General Reserves				-58423			-58423
Items that will be reclassified to profit or loss						18	18
Income tax relating to items that will be reclassified to profit or loss						-6	-6
Items that will not be reclassified to profit or loss					-23081		-23081
Income tax relating to items that will not be reclassified to profit or loss					7984		7984
Balance as at March 31, 2018	65341	14761	1112652	-	-20317	21	1172458

(₹ in Lakhs)

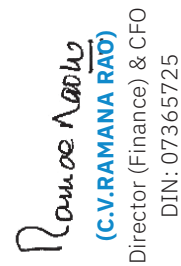
As per our Report attached

For **S. Venkatram & Co. LLP**
Chartered Accountants
FRN: 004656S/S200095


(S Sundararaman)
Partner

Membership No. 201028

Place: Bengaluru
Date: 30/5/2018


(C.V. RAMANA RAO)
Director (Finance) & CFO
DIN: 07365725


(T. SUVARNA RAJU)
Chairman & Managing Director
DIN: 05183617


(G.V. SESHHA REDDY)
Company Secretary



Consolidated Statement of Cash Flow

For the Period Ended 31st March 2018

Amendment to IND AS 7 :

Effective April 1, 2017, the Company adopted the amendment to Ind AS 7, which require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement. The adoption of the amendment did not have any material impact on the financial statements.

(₹ in Lakhs)

S.No	Particulars	2017-18		2016-17	
I.	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit as per Statement of Profit & Loss		309504		360114
	Adjustments to reconcile net profit to net cash provided by operating activities				
	(Profit)/Loss on Sale of Property, Plant & Equipment	-50		-80	
	Interest Paid	517		1022	
	Interest Received - Net of Interest Liability to Customer	-		-	
	Dividend Received	-		-47	
	Net (Gain)/Loss on Fair Value Adjustment	40		820	
	Provision for Diminution in Value of Investments	6293		123	
	Depreciation and amortization expense	96861		71278	
	Provision for Doubtful Debts	4125		4530	
	Provision for Doubtful Claims	15973		3036	
	Provision for Replacement and Other charges	25029		24216	
	Provision for Warranty	8634		8394	
	Provision for Raw Materials and Components, Stores and Spare parts and Construction Materials	12829		10011	
	Provision for Liquidated Damages	31531		30877	
	Sub-total		201782		154180
	Operating Profit Before Working Capital Changes		511286		514294
	Adjustments for Changes in Operating Assets and Liabilities				
	Trade Receivables	-356339		57093	
	Loans, Financial Assets and Other Assets	-84786		38990	
	Inventories	196265		266564	
	Trade Payables	-9847		-34731	
	Financial Liabilities, Provisions and Other Liabilities	-233001		-778943	
	Sub-total		-487708		-451027
	Cash generated from Operations		23578		63267
	Direct Tax Paid		-99066		-103717
	Net Cash Provided by Operating Activities (a)		-75488		-40450
II.	CASH FLOW FROM INVESTING ACTIVITIES				
	Investments made	-6436		-6362	
	Investment in Plant, Property & Equipment ¹	-98095		-120147	
	Intangible Assets	-27307		-31244	
	Investment in Joint Ventures	-1469		-1580	
	Investment in Subsidiary	-		-	
	Investment/(Maturity) of short term deposits	192069		459310	
	Interest Received - Net of Interest Liability to Customer	-		-	
	Dividend Received	-		47	
	Sale of Plant, Property & Equipment	138		1156	
	Net Cash Flow Provided by/(used in) Investing Activities (b)		58900		301180



Consolidated Statement of Cash Flow

For the Period Ended 31st March 2018

(₹ in Lakhs)

S.No	Particulars	2017-18		2016-17	
III.	CASH FLOW FROM FINANCING ACTIVITIES				
	Buy Back of Shares	-112786		-	
	Interest Paid	-517		-1022	
	Loan from Banks	-8594		95000	
	Lease Liability	-311		-	
	Dividend Paid (Interim/ Final Dividend inclusive of Tax)	-129489		-110406	
	Net Cash Flow Provided by Financing Activities (c)		-251697		-16428
	Abstract:				
I.	Net Cash Flow from Operating Activities (a)		-75488		-40450
II.	Net Cash Flow from Investing Activities (b)		58900		301180
III.	Net Cash Flow from Financing Activities (c)		-251697		-16428
	Net increase in Cash and Cash Equivalents during the year		-268285		244302
	Cash and Cash Equivalents at the beginning of the year ²		277672		33370
	Closing Cash and Cash Equivalents at the end of the year ²		9387		277672
	Net increase in Cash and Cash Equivalents during the year		-268285		244302
	Closing Cash and Cash Equivalents as per Ind AS-7		9387		277672
	Add: Other Bank Balances included in Note-16		1899		2693
	Closing Cash and Cash Equivalents as per Note -16		11286		280365

Notes:

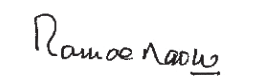
1. Purchase of Fixed Assets are stated inclusive of capital work-in-progress between the beginning and end of the period
2. Cash and Cash Equivalents include Short Term Deposits with Banks
3. Previous year figures are rearranged or regrouped wherever necessary
4. Cash and Cash Equivalents are available fully for use

As per our Report attached

For **S. Venkatram & Co. LLP**
Chartered Accountants
FRN: 004656S/S200095


(S Sundarraman)

Partner
Membership No. 201028


(C.V.RAMANA RAO)
Director (Finance) & CFO
DIN: 07365725


(T.SUVARNA RAJU)
Chairman & Managing Director
DIN: 05183617


(G.V.SESHA REDDY)
Company Secretary

Place: Bengaluru
Date: 30/5/2018



Significant Accounting Policies

1. BASIS OF ACCOUNTING:

The Consolidated Financial Statements are prepared to comply in all material aspects with Indian Accounting Standards (Ind AS) as prescribed under Section 133 of Companies Act 2013 read with relevant rules of the Companies (Indian Accounting Standards) Rules with effect from 1st April 2016.

2. USES OF ESTIMATES:

Preparation of financial statements in conformity with the recognition and the measurement principle of Ind AS requires the management of the Company to make estimates, judgments and assumptions that affects the reported balances of Assets and Liabilities, disclosure relating to contingent liabilities as on the date of the Financial Statements and the reported amount of revenues and expense for the reporting period.

Estimates and the underline assumption are reviewed on ongoing basis. The revision to the accounting estimates if material are recognized in the period in which the estimates are revised.

3. BASIS OF CONSOLIDATION:

The interest in Joint Venture Companies has been accounted by using the Equity method of accounting to the extent of investment made. The financial statement of the subsidiary Company are consolidated on line by line basis.

4. PROPERTY PLANT & EQUIPMENT(PPE):

- Property, Plant and Equipment are stated at cost net of accumulated depreciation and accumulated impairment losses, if any.
- The costs directly attributable including borrowing cost on qualifying asset are capitalized when the Property, Plant and Equipment are ready for use, as intended by the management.
- Subsequent expenditure relating to Property, Plant and Equipment including major inspection costs, spare parts, standby and servicing equipment are capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably.
- In accordance with Ind AS 101 provisions relating to first time adoption, the Company has chosen to consider the carrying value for all its Property, Plant and Equipment as their deemed cost as at the Opening Balance Sheet as at April 01, 2015.
- Lease hold land is capitalized and depreciated over the period of lease.
- As per para D36 of Ind AS 101, in respect of Assets funded by Customer the Company has adopted and applied Appendix C of Ind AS 18 wherein the assets created after 01.04.2016 has been capitalized.
- Goods and Service tax (GST) charged by vendors on Property plant and Equipment (PPE) other than civil works are not capitalized, but considered for Input tax credit.
- Depreciation is calculated on straight line basis over estimated useful life as prescribed in Schedule II of the Companies Act 2013 and the estimated useful lives for the main categories of property, plant and equipment are-

Particulars	Estimated Useful Life (years)
Buildings	Upto 60 years
Plant & Equipment	Upto 25 years
Furniture & Fixtures	Upto 10 years
Motor Vehicles	Upto 10 years
Office Equipment	Upto 5 years
Roads & Drains	Upto 10 years
Water Supply	Upto 15 years
Rail Road Sidings	Upto 15 years
Runways	Upto 10 years
Aircrafts or Helicopters	Upto 20 years



- i) Plant and Equipment individually costing ₹50,000 and below are fully depreciated in the year of purchase.
- j) Where cost of an item of Property, Plant and Equipment are significant and have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.
- k) Certain items like Special Tools are amortized over the number of units of production expected to be obtained from the asset based on technical assessment and management estimates depending on the nature and usage of the respective assets.
- l) CSR Assets are fully depreciated in the year of capitalization.
- m) The cost and the related accumulated depreciation is eliminated from the Financial Statement upon sale or de-recognition or retirement of the asset and the resultant gain or losses are recognized in the Statement of Profit and Loss of the relevant period.
- n) The estimated useful lives, residual values and depreciation / amortisation method are reviewed at the end of each reporting period with the effect of changes in estimates accounted for on a prospective basis.

5. INVESTMENT PROPERTY

- (a) A property is considered as investment property only if the same is held for capital appreciation and /or earning rentals. Properties held by the company (directly or indirectly) which are used in the production of supply of goods or services for administrative purposes are not considered as Investment Property.
- (b) Investment Properties are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. In accordance with Ind AS 101 provisions relating to first time adoption, the Company has chosen to consider the carrying value for all its Investment Property recognized in its Indian GAAP financial statement as their deemed cost as at the transition date viz. April 01, 2015.

6. INTANGIBLE ASSETS

- a) Intangible Assets are recognized at cost less any accumulated amortization and accumulated impairment losses if any.
- b) Expenditure on Research and Development is charged off as an expenditure in the year in which it is incurred.
- c) Development Costs having an useful life are recognized as an intangible asset and amortised over its useful life.
- d) Expenditure on licence fees, documentation charges etc, based on the definition criteria of intangible assets in terms of reliability of measurement of cost and future economic benefits from the assets, are amortised over production on technical estimates, and to the extent not amortised, are carried forward.
- e) The cost of software internally generated / acquired for internal use which is not an integral part of the related hardware, is recognized as an intangible asset and is amortised over its useful life, on straight line method. Amortisation commences when the asset is available for use.
- f) Wherever it is not possible to assess the useful life of an intangible assets (whether or not significant) the same has not been amortised. Impairment on the intangible assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

7. LEASE ACCOUNTING

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Title may or may not eventually be transferred.

Finance Lease:

- a) At commencement, assets and liabilities in the balance sheet are recognized at lower of fair value and the present value of the minimum lease payments, each determined at inception of lease.



- b) Minimum lease payments shall be apportioned between finance charge and the outstanding liability.
- c) Leased assets are depreciated over the useful life of the leased assets..
- d) Contingent rentals are recognized as expenses in the period in which they are incurred.
- e) Impairment on the leased assets are reviewed annually and when there is an indication of impairment, the asset is impaired.

Operating Lease

- a) Lease other than finance leases are operating leases.
- b) Upfront lease payments, if any, made under operating leases are recognized in the statement of profit and loss over the terms of the lease.
- c) Rent and maintenance charges paid for assets/ liabilities taken on operating leases are charged to revenue in the period in which they arise.

8. LONG TERM INVESTMENT

- a) In accordance with Ind AS 101, provision relating to first time adoption, the Company has chosen to consider the carrying amount of investment as their deemed cost as at the Opening Balance sheet as at 01st April, 2015.
- b) Investments are carried individually at cost less accumulated impairment in the value of such Investment.
- c) Cost of Investment includes acquisition charges such as brokerage, fees and duties.
- d) The company reviews the book value of the investment on a yearly basis and provides for diminution in the value of the investment based on the net worth of the investee company
- e) Impairment in value of investment is made only if in the opinion of management when there is a permanent fall in value of investment.

9. IMPAIRMENT OF ASSETS

As at the end of each Balance Sheet date, the carrying amount of assets is assessed as to whether there is any indication of impairment. If the estimated recoverable amount is found less than its carrying amount, the impairment loss is recognised and assets are written down to their recoverable amount.

10. FINANCIAL ASSETS AND LIABILITIES

The Company recognizes all Financial Assets and Liabilities at Fair Value on inception and subsequent measurements are done at amortised cost.

11. DEFERRED DEBTS

Unpaid installment payments under deferred payment terms for the cost of imported materials and tooling content of the equipment / products sold are accounted as deferred debts from the customer and are recovered as and when the installments are paid.

12. TRADE RECEIVABLES

Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets. Impairment on account of expected credit loss is being assessed on a case to case basis in respect of dues outstanding for a significant period of time.



13. TRADE AND OTHER PAYABLES

Liabilities are recognized for the amounts to be paid in future for goods / services received whether billed by the supplier or not.

14. INVENTORIES

- a) Inventories are valued at lower of cost and Net Realisable Value.
- b) The cost of raw material excluding Goods-in-Transit, components and stores are assigned by using the weighted average cost formula. Goods-in-Transit are valued at cost to date. In the case of Finished Goods, Stock-in-Trade and Work-In-Progress, cost includes costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- c) Provision for redundancy is assessed on ageing at a suitable percentage / level of the value of closing inventory of raw material and components, stores and spare parts and construction material. Besides, wherever necessary, adequate provision is made for the redundancy of such materials in respect of completed / specific projects and other surplus / redundant material pending transfer to salvage stores.
- d) Saleable / Disposable scrap is valued at Net Realisable Value.
- e) Stores declared surplus / unserviceable / redundant are charged to revenue in the year of such identification.
- f) Consumables issued from stores and lying unused at the end of the year are not reckoned as inventory.

15. REVENUE RECOGNITION

Revenue is recognized when it is probable that the economic benefit associated with the transaction will flow directly to the entity and the amount of revenue can be measured reliably.

15.1. Manufacturing, Repair and Overhaul / Spares Sale

- a) Sales are set up on the basis of
 - i. Acceptance by the buyer's Inspector, by way of signaling out certificate, in the case of the manufacture of aircraft/helicopters
 - ii. For other deliverables like spares, sales are set up based on acceptance by the buyer's inspection agency or as agreed to by the buyer.
 - iii. For Repair of Aircraft/Helicopter/Engine & Repair/Overhaul of Rotables, Site repairs, Cat 'B' repair servicing etc., sales are recognized on acceptance by the Buyer's inspection agency or as agreed to by the Buyer.
 - iv. For Overhaul of Aircraft/Helicopter/Engine, sales are set up on Percentage Completion of Service (POC) method.
- b) Sales are set up based on prices agreed with the customers. Where the prices are yet to be agreed with the customer, sales are set up on provisional basis.
- c) Revenue on Warranty is being recognized proportionately to the extent of warranty falling within the reporting period.

15.2. Development Sales

Development Sales are recognized on incurrence of expenditure identifiable to work orders and milestones achieved as per contract. Where milestones have not been defined in terms of their respective contract, sales are recognized based on the actual incurrence of expenditure. Where the Customer's sanction for revision (time and cost) is pending, the expenditure incurred is retained in WIP/intangible asset. Subsequent sale is recognized on receipt of revised financial sanction from the Customer.



16. EMPLOYEE BENEFITS

- a) Gratuity and Provident Fund are Defined Benefit Plans and liability is provided on the basis of actuarial valuation in respect of eligible employees and is remitted to the trust progressively.
- b) Provision for Earned leave is a Defined Benefit Plan and the liability is provided on the basis of actuarial valuation.
- c) Pension Scheme and Post Superannuation Group Health Insurance Scheme for employees are Defined Contribution Plans and the contribution to the corpus of the same is made by the Company to the trust. The Company's liability is limited to the extent of contribution made to these funds.

17. FOREIGN CURRENCY TRANSACTION

Assets and Liabilities in foreign currency are re-instated at the rate prevalent on each Balance Sheet date. The Income / Expenditure on account of such transaction is charged to Statement of the Profit & Loss.

18. INCOME TAXES

- a) Current Tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961 (the "Act"). Current Tax includes tax liability computed as per the normal provisions of the Act and /or under Section 115JB of the Act.
- b) Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred Tax Assets in excess of Deferred Tax Liability are recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred Tax Assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

19. CLAIMS BY THE COMPANY

Claims on suppliers / underwriters / carriers towards loss / damages, claims for export subsidy, duty drawbacks, and claims on Customs department for refunds are accounted when claims are preferred and are carried forward till such time the Company has a legal right to recover such amounts.

20. PROVISION AND CONTINGENT LIABILITIES

- a) A provision is recognised, when the Company has the present obligation as result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which reliable estimate can be made.
- b) Where no reliable estimate can be made or when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources, disclosure is made as Contingent Liability.
- c) When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

20.1 PROVISION FOR WARRANTY

Provision for warranty is recognized on actuarial valuation for Manufacturing and Repair and Overhaul of Aircraft/ Helicopter/Engine/Rotables and Spares and development activities etc.

20.2 PROVISION FOR LIQUIDATED DAMAGES

Provision for Liquidated Damages is recognized when there is a delay between the due date of supply of the Goods/ rendering of Service as per delivery schedule and the expected date of delivery of said Goods / rendering of Service in respect of Manufacturing and Repair and Overhaul of Aircraft/Helicopter/Engine/ Rotables, Spares and development activities etc.



20.3 PROVISION FOR ONEROUS CONTRACTS

A provision for onerous contract is recognized when the expected benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

21. The functional currency of the Company is Indian Rupee.

(C.V.RAMANA RAO)

Director (Finance) & CFO
DIN: 07365725

(T.SUVARNA RAJU)

Chairman & Managing Director
DIN: 05183617

(G.V.SESHA REDDY)

Company Secretary

Place: Bangalore

Date: 30.05.2018



Notes to Consolidated Financial Statements

Note -1- Plant, Property and Equipment

Note -1A-Gross Block -Plant, Property and Equipment

Following table represents the changes in Plant, Property & Equipment for the year ended 31st March 2018

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2017	Additions	Reclassification / Adjustment	Disposals	Transfer to (-) from (+) Div	Gross Block as at 31 st March 2018
Cost						
Fixed Assets¹						
Land						
- Leasehold	790	448	-	-	-	1238
- Freehold	1787	-	-	-	-	1787
Buildings	71654	25164	-	-	237	97055
Plant and Equipment	138174	30823	-44	42	-	168911
Furniture and Fixtures	6032	1054	5	29	-	7062
Vehicles	4878	756	-5	78	-	5551
Office Equipment	7472	1548	44	24	-	9040
Assets used for CSR Activities	4522	3	-	-	-	4525
Others						
Roads and Drains	3187	1225	-	-	-	4412
Water Supply	2270	652	-	2	-	2920
Rail Road Sidings	-	-	-	-	-	-
Runways	1011	765	-	-	-	1776
Aircraft/Helicopters	14212	5542	-	-	-	19754
Sub Total	255989	67980	-	175	237	324031
Special Tools	437095	22822	-	-	-	459917
Total	693084	90802	-	175	237	783948

As per para D7AA of Ind AS 101 dealing with transitional provisions, Property, Plant and Equipment (PPE) and Intangible assets, the Company has considered the carrying values as at the date of transition as the "Deemed Cost" and necessary modifications in the disclosures have been made in the financial statements of the current year. In view of the above, in line with the requirements of Ind AS 1 and Schedule III of the Companies Act, 2013, the figures of the preceding period i.e. as at 1st April 2016 have also been disclosed in the financial statements of the current year. However, there is no change in the Written Down Value of the Fixed Assets in the Financial Statements on account of the above modification in Disclosure.



Note -1B-Accumulated Depreciation- Plant, Property and Equipment

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2017	Additions	Reclassification /Adjustment	Transfer to(-) from (+) Div	Disposals/ Reversals	Provisions as at 31 st March 2018	Net Block as at 31 st March 2018	Net Block as at 31 st March 2017
Depreciation ²								
Land								
- Leasehold	20	16	-	-	-	36	1202	770
- Freehold	-	-	-	-	-	-	1787	1787
Buildings	7057	3395	-	3	-	10455	86600	64597
Plant and Equipment	33492	17980	-32	-	22	51418	117493	104682
Furniture and Fixtures	2958	1470	7	-	14	4421	2641	3074
Vehicles	1208	727	-8	-	31	1896	3655	3670
Office Equipment	4162	1882	33	-	19	6058	2982	3310
Assets used for CSR Activities	4522	3	-	-	-	4525	-	-
Others						-	-	-
Roads and Drains	1637	466	-	-	-	2103	2309	1550
Water Supply	433	390	-	-	1	822	2098	1837
Rail Road Sidings	-	-	-	-	-	-	-	-
Runways	526	231	-	-	-	757	1019	485
Aircraft/Helicopters	1514	926	-	-	-	2440	17314	12698
Subtotal	57529	27486	-	3	87	84931	239100	198460
Special Tools	57303	32016	-	-	-	89319	370598	379792
Total	114832	59502	-	3	87	174250	609698	578252

Above Includes:

Gross Value of Assets with M/s. Midhani

Cumulative Depreciation in respect of Assets with M/s. Midhani

31st March 2018

751

498

253

1 Gross Value of Assets retired from Active Use

2 Less : Cumulative Depreciated Value of Assets retired from Active Use.

WDV of Assets Retired from Active Use.

31st March 2018

3774

3760

14



Note -1D-Gross Block -Plant, Property and Equipment (Customer Funded)

Following table represents the changes in Plant, Property & Equipment for the year ended 31st March 2018

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2017	Additions	Transfer to (-) from (+) Div	Gross Block as at 31 st March 2018
Cost				
Fixed Asset				
Buildings	1704	3995	-237	5462
Plant and Equipment	3908	3633	-	7541
Furniture and Fixtures	97	52	-	149
Vehicles	71	49	-	120
Office Equipment	37	39	-	76
Others				
Water Supply	37	-	-	37
Total	5854	7768	-237	13385

Note -1E-Accumulated Depreciation- Plant, Property and Equipment (Customer Funded)

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2017	Additions	Transfer to (-) from (+) Div	Disposals/ Reversals	Provision as at 31 st March 2018	Net Block as at 31 st March 2018	Net Block as at 31 st March 2017
Depreciation							
Buildings	30	116	-3	-	143	5319	1674
Plant and Equipment	169	547	-	-	716	6825	3739
Furniture and Fixtures	90	42	-	-	132	17	7
Vehicles	17	18	-	-	35	85	54
Office Equipment	15	19	-	-	34	42	22
Others							
Water Supply	1	4	-	-	5	32	36
Total	322	746	-3	-	1065	12320	5532



Note -1- Plant, Property and Equipment

Note -1A-Gross Block -Plant, Property and Equipment

Following table represents the changes in Plant, Property & Equipment for the year ended 31st March 2017

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2016	Additions	Reclassification / Adjustment	Disposals	Transfer to (-) from (+) Div	Gross Block as at 31 st March 2017
Cost						
Fixed Assets ¹						
Land						
- Leasehold	790	-	-	-	-	790
- Freehold	1781	6	-	-	-	1787
Buildings	61989	9665	-	-	-	71654
Plant and Equipment	101791	36411	-4	24	-	138174
Furniture and Fixtures	4792	1252	1	13	-	6032
Vehicles	3585	1356	-	63	-	4878
Office Equipment	5364	2114	3	9	-	7472
Assets used for CSR Activities	4254	268	-	-	-	4522
Others						
Roads and Drains	2260	927	-	-	-	3187
Water Supply	1627	643	-	-	-	2270
Rail Road Sidings	-	-	-	-	-	-
Runways	1011	-	-	-	-	1011
Aircraft/Helicopters	11536	2676	-	-	-	14212
Sub Total	200780	55318	-	109	-	255989
Special Tools	403719	34400	-	1024	-	437095
Total	604499	89718	-	1133	-	693084
Previous Year - Fixed Assets	155666	45269	-	155	-	200780
Previous Year - Special Tools	347694	56025	-	-	-	403719



Note -1B-Accumulated Depreciation- Plant, Property and Equipment

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2016	Additions	Reclassification /Adjustment	Disposals/ Reversals	Provisions as at 31 st March 2017	Net Block as at 31 st March 2017	Net Block as at 31 st March 2016
Depreciation ²							
Land							
- Leasehold	8	12	-	-	20	770	782
- Freehold	-	-	-	-	-	1787	1781
Buildings	3849	3208	-	-	7057	64597	58140
Plant and Equipment	16798	16704	2	12	33492	104682	84993
Furniture and Fixtures	1607	1363	-2	10	2958	3074	3185
Vehicles	538	699	-	29	1208	3670	3047
Office Equipment	2239	1929	-	6	4162	3310	3125
Assets used for CSR Activities	4254	268	-	-	4522	-	-
Others							
Roads and Drains	892	745	-	-	1637	1550	1368
Water Supply	175	258	-	-	433	1837	1452
Rail Road Sidings	-	-	-	-	-	-	-
Runways	266	260	-	-	526	485	745
Aircraft/Helicopters	724	790	-	-	1514	12698	10812
Subtotal	31350	26236	-	57	57529	198460	169430
Special Tools	28914	28389	-	-	57303	379792	374805
Total	60264	54625	-	57	114832	578252	544235
Previous Year - Fixed Assets	-	31417	25	92	31350	169430	155666
Previous Year - Special Tools	-	28914	-	-	28914	374805	347694

Above Includes:

Gross Value of Assets with M/s. Midhani

Cumulative Depreciation in respect of Assets with M/s. Midhani

31st March 2017 **31st March 2016**

751 751

379 88

372 **663**

31st March 2017 **31st March 2016**

2220 1149

2220 1149

- -

1 Gross Value of Assets retired from Active Use

2 Less : Cumulative Depreciated Value of Assets retired from Active Use.

WDV of Assets Retired from Active Use.



Note -1D-Gross Block -Plant, Property and Equipment (Customer Funded)

Following table represents the changes in Plant, Property & Equipment for the year ended 31st March 2017

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2016	Additions	Gross Block as at 31 st March 2017
Cost			
Fixed Assets			
Buildings	-	1704	1704
Plant and Equipment	-	3908	3908
Furniture and Fixtures	-	97	97
Vehicles	-	71	71
Office Equipment	-	37	37
Others			
Water Supply	-	37	37
Sub Total	-	5854	5854
Special Tools	-	-	-
Total	-	5854	5854
Previous Year - Fixed Assets	-	-	-
Previous Year - Special Tools	-	-	-

Note -1E-Accumulated Depreciation- Plant, Property and Equipment (Customer Funded)

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2016	Additions	Disposals/ Reversals	Provision as at 31 st March 2017	Net Block as at 31 st March 2017	Net Block as at 31 st March 2016
Depreciation						
Buildings	-	30	-	30	1674	-
Plant and Equipment	-	169	-	169	3739	-
Furniture and Fixtures	-	90	-	90	7	-
Vehicles	-	17	-	17	54	-
Office Equipment	-	15	-	15	22	-
Others						
Water Supply	-	1	-	1	36	-
Subtotal	-	322	-	322	5532	-
Special Tools	-	-	-	-	-	-
Total	-	322	-	322	5532	-
Previous Year - Fixed Assets	-	-	-	-	-	-
Previous Year - Special Tools	-	-	-	-	-	-

Note 2- Capital Work in Progress

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Buildings	32353	39625	19396
Plant and Equipment	15243	8879	12830
Roads and Drains	81	-	166
Office Equipment	3	15	165
Water Supply	-	-	110
Plant and Equipment under Inspection and in Transit	12356	12785	4749
Special Tools	2046	808	121
TOTAL	62082	62112	37537



Note -3- Investment Property

Following table represents the changes in Investment Property for the year ended 31st March 2018

Note -3A -Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2017	Transfer to (-) from (+) Div	Gross Block as at 31 st March 2018
Fixed Assets			
Buildings	4	-	4
Total	4	-	4

As per para D7AA of Ind AS 101 dealing with transitional provisions, Property, Plant and Equipment (PPE) and Intangible assets, the Company has considered the carrying values as at the date of transition as the “Deemed Cost” and necessary modifications in the disclosures have been made in the financial statements of the current year. In view of the above, in line with the requirements of Ind AS 1 and Schedule III of the Companies Act, 2013, the figures of the preceding period i.e. as at 1st April 2016 have also been disclosed in the financial statements of the current year. However, there is no change in the Written Down Value of the Fixed Assets in the Financial Statements on account of the above modification in Disclosure.

Note-3B -Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2017	Transfer to(-) from (+) Div	Disposals/ Reversals	Provisions as at 31 st March 2018	Net Block as at 31 st March 2018	Net Block as at 31 st March 2017
Depreciation						
Buildings	-	-	-	-	4	4
Total	-	-	-	-	4	4

Note -3- Investment Property

Following table represents the changes in Investment Property for the year ended 31st March 2017

Note -3A -Gross Block - Investment Property

(₹ in Lakhs)

Particulars	Gross block as at 1 st April 2016	Additions	Gross block as at 31 st March 2017
Fixed Assets			
Buildings	4	-	4
Total	4	-	4
Previous Year - Investment Property	4	-	4

Note-3B -Accumulated Depreciation - Investment Property

(₹ in Lakhs)

Particulars	Provision as at 1 st April 2016	Additions	Disposals/ Reversals	Provisions as at 31 st March 2017	Net Block as at 31 st March 2017	Net Block as at 31 st March 2016
Depreciation						
Buildings	-	-	-	-	4	4
Total	-	-	-	-	4	4
Previous Year - Investment Property	-	-	-	-	4	4



Note -5 -Other Intangible Assets

Following table represents the changes in Other Intangible Assets for the year ended 31st March 2018

Note-5A -Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Additions	Adjustment/ Disposals	As on 31 st March 2018
Licence Fees	135174	517	-	135691
Computer Software	4540	429	-	4969
Documentation	33282	4047	-	37329
Development Expenditure	20438	15052	-	35490
Total	193434	20045	-	213479

As per para D7AA of Ind AS 101 dealing with transitional provisions, Property, Plant and Equipment (PPE) and Intangible assets, the Company has considered the carrying values as at the date of transition as the “Deemed Cost” and necessary modifications in the disclosures have been made in the financial statements of the current year. In view of the above, in line with the requirements of Ind AS 1 and Schedule III of the Companies Act, 2013, the figures of the preceding period i.e. as at 1st April 2016 have also been disclosed in the financial statements of the current year. However, there is no change in the Written Down Value of the Fixed Assets in the Financial Statements on account of the above modification in Disclosure.

Note-5B -Accumulated Amortization - Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Amortisation	Adjustment/ Reversals	As on 31 st March 2018
Licence Fees	25982	9590	-	35572
Computer Software	2146	1364	-	3510
Documentation	3506	5557	-	9063
Development Expenditure	6418	17950	-	24368
Total	38052	34461	-	72513

Note-5C -Impairment Loss -Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Impairment	Adjustment/ Reversals	As on 31 st March 2018
Licence Fees	-	-	-	-
Development Expenditure	4214	2152	-	6366
Total	4214	2152	-	6366



Note -5 -Other Intangible Assets

Following table represents the changes in Other Intangible Assets for the year ended 31st March 2017

Note-5A -Gross Block - Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Additions	Adjustment/ Disposals	As on 31 st March 2017
Licence Fees	134667	507	-	135174
Computer Software	3817	723	-	4540
Documentation	30764	2518	-	33282
Development Expenditure	18729	1709	-	20438
Total	187977	5457	-	193434
Previous Year	180299	7678	-	187977

Note-5B -Accumulated Amortization - Other Intangible Assets

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Amortisation	Adjustment/ Reversals	As on 31 st March 2017
Licence Fees	18629	7353	-	25982
Computer Software	1017	1129	-	2146
Documentation	1518	1988	-	3506
Development Expenditure	3767	2651	-	6418
Total	24931	13121	-	38052
Previous Year	-	24931	-	24931

Note-5C -Impairment Loss -Other Intangible assets

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Amortisation	Adjustment/ Reversals	As on 31 st March 2017
Development Expenditure	1004	3210	-	4214
Total	1004	3210	-	4214
Previous Year	-	1004	-	1004

Note -6 -Intangible Assets under Development

Following table represents the changes in Intangible Assets under Development for the year ended 31st March 2018

Note-6A -Gross Block -Intangible assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Additions	Adjustment	As on 31 st March 2018
Development Expenditure	76828	33420	-26158	84090
Total	76828	33420	-26158	84090



Note-6B -Accumulated Amortization - Intangible assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Amortisation	Adjustment	As on 31 st March 2018
Development Expenditure	-	-	-	-
Total	-	-	-	-

Note-6C -Impairment Loss -Intangible assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2017	Impairment Loss	Adjustment	As on 31 st March 2018
Development Expenditure	-	-	-	-
Total	-	-	-	-

Note -6 -Intangible Assets under Development

Following table represents the changes in Intangible Assets under Development for the year ended 31st March 2017

Note-6A -Gross Block -Intangible Assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Additions	Adjustment	As on 31 st March 2017
Development Expenditure	51041	25787	-	76828
Total	51041	25787	-	76828
Previous Year	27513	23528	-	51041

Note-6B -Accumulated Amortization - Intangible Assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Amortisation	Adjustment/ Reversals	As on 31 st March 2017
Development Expenditure	-	-	-	-
Total	-	-	-	-
Previous Year	-	-	-	-

Note-6C -Impairment Loss -Intangible Assets under Development

(₹ in Lakhs)

Particulars	As on 1 st April 2016	Impairment Loss	Adjustment/ Reversals	As on 31 st March 2017
Development Expenditure	-	-	-	-
Total	-	-	-	-
Previous Year	-	-	-	-



Note 7-Investments -Joint Ventures

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
INVESTMENTS AT COST LESS PROVISION (NON-TRADE / UN-QUOTED)			
In Joint Ventures			
A) M/s BAe-HAL Software Ltd-29,40,000 (29,40,000-P.Y) shares of ₹10 FV each fully paid	294	294	294
+/- Interest in Joint Venture	270	444	437
Net -M/s BAe-HAL Software Ltd	564	738	731
B) M/s Snecma HAL Aerospace Private Ltd -11,40,000 (11,40,000-P.Y) Shares of ₹100 F.V. each fully paid	1140	1140	1140
+/- Interest in Joint Venture	1713	1480	1396
Net - M/s Snecma HAL Aerospace Private Ltd	2853	2620	2536
C) M/s Indo Russian Aviation Ltd - 9,36,525 (9,36,525- P.Y) shares of ₹10 FV each fully paid	94	94	94
+/- Interest in Joint Venture	3963	3047	2602
Net - M/s Indo Russian Aviation Ltd.	4057	3141	2696
D) M/s HALBIT Avionics Pvt Ltd -3,82,500(3,82,500-P.Y) Shares of ₹100 FV each fully paid	383	383	383
Less: Provision for Impairment in value of Investment	383	383	383
Net - M/s. HALBIT Avionics Pvt. Ltd.	-	-	-
E) M/s HAL Edgewood Technologies Pvt Ltd 3,00,000(3,00,000-P.Y) Shares of ₹100 FV each fully paid	300	300	300
Less: Provision for Impairment in value of Investment	300	300	300
Net- M/s. HAL Edgewood Technologies Pvt. Ltd.	-	-	-
F) M/s SAMTEL HAL Display Systems Ltd-1,60,000 (1,60,000-P.Y) Shares of ₹100 FV each fully paid	160	160	160
+/- Interest in Joint Venture	-	-	-55
Less: Provision for Impairment in value of Investment	160	160	105
Net - M/s SAMTEL HAL Display Systems Ltd	-	-	-
G) M/s INFOTECH HAL Ltd - 20,00,000 (20,00,000-P.Y) Shares of ₹10 FV each fully paid	200	200	200
+/- Interest in Joint Venture	12	-34	-34
Less: Provision for Impairment in value of Investment	166	166	166
Net- M/s. INFOTECH HAL Ltd.	46	-	-
H) M/s HATSOFF Helicopter Training Pvt Ltd -3,84,04,204 (3,84,04,204 P.Y) Shares of ₹10 FV each fully paid	3840	3840	3840
Less: Provision for Impairment in value of Investment	3840	3840	3840
Net- M/s. HATSOFF Helicopter Training Pvt. Ltd.	-	-	-
I) M/s TATA HAL Technologies Ltd -50,70,000 (50,70,000 P.Y.) Shares of ₹10 each fully paid	507	507	507
+/- Interest in Joint Venture	-12	-84	-145
Less: Provision for Impairment in value of Investment	495	423	362
Net- M/s. TATA HAL Technologies Ltd.	-	-	-



Note 7-Investments -Joint Ventures & Subsidiaries

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
J) M/s International Aerospace Manufacturing Pvt Ltd - 42,50,000 (42,50,000 - P.Y) Shares of ₹100 FV each fully paid	4250	4250	4250
+/- Interest in Joint Venture	414	-11	-812
Less: Provision for Impairment in value of Investment	855	855	855
Net-M/s International Aerospace Manufacturing Pvt Ltd	3809	3384	2583
K) M/s. Multirole Transport Aircraft Ltd. - 113,46,564 (113,46,564 P.Y.) Shares of ₹100 FV each fully paid	11347	11347	11347
+/- Interest in Joint Venture	-653	-457	-450
Less: Provision for Impairment in value of Investment	6678	457	450
Net-M/s. Multirole Transport Aircraft Ltd.	4016	10433	10447
L) M/s. Aerospace & Aviation Sector Skill Council(AASSC) - 125 (125 P.Y.) Shares of ₹10000 FV each fully paid	13	13	13
Net-M/s. Aerospace & Aviation Sector Skill Council	13	13	13
M) M/s.Helicopter Engines MRO Pvt Ltd - 4,09,988 Shares of ₹10 FV each fully paid*	410	195	-
+/- Interest in Joint Venture	-128	-60	-
Net-M/s. Helicopter Engines MRO Pvt Ltd	282	135	-
Total In Equity of Joint Ventures	15640	20464	19006
TOTAL	15640	20464	19006

Disclosure

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
(i) Aggregate amount of Quoted Investment and Market Value.	-	-	-
(ii) Aggregate amount of Unquoted Investments.	15640	20464	19006
(iii) Aggregate amount of impairment in value of investments	12877	6584	6461

* Out of total investment of ₹195 lakhs for PY, amount of ₹50 lakhs only (50,000 shares of ₹100 each) has been allotted as on 31st March 2017.

Note 7A- Financial Asset- Investments-Others

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Investments in Structured Entities (UNQUOTED)			
a) HAE Co-operative Society of 25 (25 P.Y) Shares of ₹100 FV each fully paid	-	-	-
b) M/s Satnam Apartment Ltd - 41 (41 P.Y) Shares of ₹100 each at cost for acquisition of a Flat	-	-	-
Total In Equity of Other(A)	-	-	-
B) Other Investments (UNQUOTED)			
M/s LIC of India (For Funding Vacation Leave)	85371	78935	72573
Total In Other Investments (B)	85371	78935	72573
TOTAL (A)+(B)	85371	78935	72573



Note 8- Financial Asset-Trade Receivables

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Trade Receivables			
Secured, Considered Good	-	-	-
Unsecured, Considered Good	-	-	-
Doubtful	1302	1312	994
	1302	1312	994
Less: Provision for Doubtful Debts	1302	1312	994
TOTAL	-	-	-

Note 9- Financial Asset- Loans

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Secured Considered Good			
a) Security Deposits			
b) Others			
Employee Advances	-	-	1
Sub-total (A)	-	-	1
B. Unsecured Considered Good			
a) Security Deposits			
Govt Departments for Customs Duty and for Supplies	578	633	250
Public Utility Concerns	3089	3023	2941
Others	295	519	553
b) Others			
Employee Advances	1447	1714	1454
Sub-total (B)	5409	5889	5198
TOTAL (A +B)	5409	5889	5199

Note 10- Financial Asset-Others

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Claims Receivable			
Considered Good	-	-	1374
Considered Doubtful	23054	9299	7925
	23054	9299	9299
Less: Provision for Doubtful Claims	23054	9299	7925
Sub Total -A	-	-	1374
B) Balances with Bank			
Short Term Deposits - Exceeding 12 Months*	-	31	-
Sub Total -B	-	31	-
C) Others			
Deferred Debts	35800	36682	38757
Sub Total -C	35800	36682	38757
TOTAL (A +B +C)	35800	36713	40131
*Fully Earmarked for Committed Liabilities of more than 12 months	-	-	-



Note 11- Deferred Tax Assets (net)

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
TOTAL	-	-	-

Note 12- Other Non- Current assets

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Inventories (Lower of Cost and Net Realisable Value)#			
(i) Raw Materials and Components	56965	43308	35412
Less: Provision for Redundancy	56965	43308	35412
	-	-	-
(ii) Stores and Spares Parts	3066	2977	2100
Less: Provision for Redundancy	3066	2977	2100
	-	-	-
(iii) Loose Tools and Equipment	1698	2296	2176
Less: Provision for Redundancy	1698	2296	2176
	-	-	-
(iv) Construction Materials	21	5	2
Less: Provision for Redundancy	21	5	2
	-	-	-
(v) Inventory - Warranty	1209	1656	-
Less: Provision for Redundancy	1209	1656	-
	-	-	-
Sub Total Inventories	-	-	-
B) Advances			
Capital Advances	5751	12155	11758
Advance Other than Capital Advances:			
Advances against Goods and Services	398	3001	3117
Advances against Special Tools	-	666	4022
Other Loans and Advances	640	651	791
Sub Total Advances	6789	16473	19688
C) Others			
Balances with Revenue Authorities under dispute			
- Income tax	162985	104071	128936
- Others	5300	523	-
TOTAL (A+B+C)	175074	121067	148624
(#) includes those issued to Sub-Contractors for Job Works	-	-	-



Note 13- Inventories

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Inventories (Lower of Cost and Net Realisable Value)#			
(i) Raw Materials and Components	894253	1030224	1229607
Less: Provision for Redundancy	13461	18942	21418
	880792	1011282	1208189
(ii) Work-in-Progress	952308	1024345	1072115
(iii) Finished Goods	-	-	-
(iv) Stock-in-Trade	1282	2304	4646
(v) Stores and Spares Parts	30635	30209	30009
Less: Provision for Redundancy	461	586	567
	30174	29623	29442
(vi) Loose Tools and Equipment	8717	8651	7671
Less: Provision for Redundancy	130	153	143
	8587	8498	7528
(vii) Construction Materials	83	105	99
Less: Provision for Redundancy	1	4	4
	82	101	95
(viii) Disposable Scrap	596	402	1381
(ix) Goods under Inspection and in Transit			
- Raw Material and Components	40528	42507	64946
- Stores and Spare Parts	1534	447	4013
- Loose Tools and Equipment	113	65	1570
	42175	43019	70529
(x) Inventory - Warranty	20065	12714	4301
Less: Provision for Redundancy	302	152	64
	19763	12562	4237
TOTAL	1935759	2132136	2398162
(#) includes those issued to Sub-Contractors for Job Works	45724	37553	31591

Note 14 - Financial Asset- Investments

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
INVESTMENTS AT COST LESS PROVISION (NON-TRADE / UN-QUOTED)			
TOTAL	-	-	-

Note 15- Financial Asset- Trade Receivables

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Trade Receivables			
Secured Considered Good	-	15	10
Unsecured Considered Good	729325	399521	477268
Doubtful	16820	12941	10071
	746145	412477	487349
Less: Provision for Doubtful Debts	16820	12941	10071
Sub Total	729325	399536	477278
Unbilled revenue	44905	22480	6360
Sub Total	44905	22480	6360
TOTAL	774230	422016	483638



Note 16 - Financial Asset- Cash & Cash Equivalents

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Balances with Bank			
- Current Account	9373	33419	33352
- Short Term Deposits	8	240964	-
- Other Short Term Deposits with Financial Institutions	-	-	1
B) Cash on Hand	6	6	16
C) Cheques, Drafts on Hand	-	3283	1
Sub Total (A+B+C)	9387	277672	33370
D) Other Bank Balances			
Margin Money	594	522	-
Others			
- Short Term Deposits *	1305	2171	409
Sub Total-D	1899	2693	409
TOTAL (A)+(B)+(C)+(D)	11286	280365	33779
*Balance with Banks to the extent held as Margin Money or Security against Borrowings, Guarantees, Other Commitments	-	-	-

Note-17 - Financial Asset - Bank Balances other than (iii) above

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Bank Deposit*	643266	834541	1296135
*Balance with Banks to the extent held as Margin Money or Security against Borrowings, Guarantees, Other Commitments	67000	100000	18

Note 18- Financial Asset- Loans

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Secured, Considered Good			
Others			
Employee Advances (\$)	286	102	107
Sub-total (A)	286	102	107
B. Unsecured, Considered Good			
i) Security Deposits			
Govt Departments for Customs Duty and for Supplies	5	3425	3481
Public Utility Concerns	57	40	38
Others	2735	2867	1687
ii) Others			
Employee Advances (\$)	3280	3415	4226
Sub-total (B)	6077	9747	9432
TOTAL (A +B)	6363	9849	9539
(\$) Amount due by the Directors or other Officers of the Company at the end of the year	-	-	-



Note 19- Other Financial Assets

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Claims Receivable			
Considered Good	178724	213279	156800
Considered Doubtful	6777	4576	3978
	185501	217855	160778
Less: Provision for Doubtful Claims	6777	4576	3978
Sub-total	178724	213279	156800
Interest Accrued and Due on Investment with LIC of India	6996	7183	5986
Interest Accrued and not Due	22952	29464	49391
Current Maturities of Deferred Debt	8210	8210	8714
TOTAL	216882	258136	220891

Note-20 Current Tax Assets

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Current Tax (Net)	-	11493	-
TOTAL	-	11493	-

Note 21- Other Current Assets

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Advances against Goods and Services	89117	66014	125949
Advances against Special Tools	-	-	1024
Other Loans and Advances	292	1179	1104
Advances to Related Parties	219	28	264
Others			
Prepaid Expenses	1566	1805	1585
Balance with Revenue Authorities			
- Income tax	18	2	-
- Others	14	-	-
Balance with GST Electronic Ledger	22534	-	-
Revenue Stamps	-	-	25
Balances in Franking Machine	3	5	5
TOTAL	113763	69033	129956



EQUITY

Note 22- Equity Share Capital

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Authorised Capital			
60,00,00,000 Equity Shares of ₹10 each	60000	60000	60000
Issued, Subscribed and Fully Paid up			
33,43,87,500 Equity Shares of ₹10 each fully paid-up	33439	36150	36150
Subscribed and not Fully Paid up	-	-	-
Par Value per Share (₹)	10	10	10
Reconciliation of the Number of Shares Outstanding at the beginning and at the end of the Reporting period			
Opening Equity Shares (Nos.)	361500000	361500000	482000000
Add: Additions during the Year (Nos.)	-	-	-
Less: Shares Bought Back during the year(Nos.)	27112500	-	120500000
Closing Equity Shares (Nos.)	334387500	361500000	361500000
Shares in the Company held by each Shareholder holding more than 5 percent shares specifying the number of Shares held			
President of India and Nominees	300855180	361500000	361500000
% of Shareholding of President of India and Nominees	89.97%	100.00%	100.00%
Life Insurance Corporation of India	23407104	-	-
% of Shareholding of Life Insurance Corporation of India	7.00%	-	-

Terms/ Rights attached to Equity shares

The Company has one (1) Class of Shares i.e Equity Shares

The Equity Shares rank Parri Passu in all respects including right to Dividend, Issue of New Shares, Voting Rights and in the Assets of the Company in the event of Liquidation.



Note 23- Other Equity

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Other Reserves		
A. Research & Development Reserve		
Opening Balance	49566	31514
Add: Current Year Transfer	16723	19656
Less: Transfer to General Reserve on utilisation	948	1604
Closing Balance (A)	65341	49566
B. Capital Redemption Reserve		
Opening Balance	12050	12050
Add: Current Year Transfer	2711	-
Less: Written Back in Current Year	-	-
Closing Balance (B)	14761	12050
C. General Reserve As per last Balance Sheet	1163356	1029333
(+/-) Surplus Transferred from Statement of Profit and Loss	58423	146539
Add: Transfer from R&D Reserve	948	1604
Less: Withdrawn towards Buy Back of Shares	110075	-
Less: Transfer to Statement of Profit and Loss*	-	14120
Closing Balance (C)	1112652	1163356
(ii) Retained earnings - Surplus in the statement of Profit & Loss		
Surplus in Statement of Profit and Loss		
Add: Net Profit / (Net Loss) for the Current Year (i)	207346	262481
Add: Transfer from General Reserve (ii)*	-	14120
Less: Appropriations / Allocations		
Transfer to Research & Development Reserve	16723	19656
Dividend CY ₹107587 Lakhs+ Tax ₹21902 Lakhs (Interim Dividend including Tax for the year ended 31 st March 2017: Dividend ₹80000 Lakhs + Tax ₹16286 LakhsPY)	129489	96286
Final Dividend including Tax for the year ended 31 st March 2016: Dividend ₹11732 Lakhs + Tax ₹2388 Lakhs	-	14120
Transfer to Capital Redemption Reserve	2711	-
Total (iii)	148923	130062
Transfer To General Reserves (i)+(ii)-(iii)	58423	146539
D. Other Components of Equity		
Fair Value through Other Comprehensive Income (FVOCI)		
Opening Balance	-5211	-5826
Add:- Additions made during the year	-15085	615
Closing Balance (D)	-20296	-5211
TOTAL (A+B+C+D)	1172458	1219761

* Represents Final Dividend including Dividend Tax for the year 2015-16



Note 24- Borrowings

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Secured Long Term Borrowings:			
a) Term Loans			
(i) From Banks	10000	-	-
Sub-total (A)	10000	-	-
B. Unsecured Long Term Borrowings:			
TOTAL (A + B)	10000	-	-

Note 25- Trade Payables

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Trade Payables	282	19255	-
TOTAL	282	19255	-

Note 26- Other financial liabilities

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Other Liabilities	374	71	563
Deferred liabilities	36192	37086	39168
TOTAL	36566	37157	39731



Note 27- Provisions

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Provisions for Employee Benefits			
Gratuity	52720	2970	3023
Earned Leave	49005	46616	45348
Sub-total (A)	101725	49586	48371
B. Others			
Replacement and Other Charges	12276	10619	9518
Liquidated Damages	45594	58925	79893
Onerous Contract	24713	83844	110469
Sub-total (B)	82583	153388	199880
TOTAL (A + B)	184309	202975	248250

Note 28- Deferred tax liabilities (Net)

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
The tax effect of significant temporary differences that resulted in Deferred Tax Liabilities:			
As per last Balance Sheet	95992	81475	66078
Add / Less: Current Year's Provisions	1766	14517	15397
TOTAL	97758	95992	81475

Note 29- Other Non current Liabilities

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Advances from Customers			
Defence	329076	307106	323089
Sub Total (A)	329076	307106	323089
B. Milestone Receipt			
Defence	504398	661033	574638
Others	12741	16584	17728
Sub Total (B)	517139	677617	592366
TOTAL (A+B)	846215	984723	915455

Note 30- Borrowings

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Secured Short Term Borrowings:			
Loans Repayable on Demand			
(i) From Banks	76406	95000	-
(ii) From Others	-	-	-
Sub-total (A)	76406	95000	-
B. Unsecured Short Term Borrowings:			
Sub-total (B)	-	-	-
TOTAL (A + B)	76406	95000	-



Note 31- Trade Payables

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Trade Payables	166560	157434	211420
TOTAL	166560	157434	211420

Note 32- Other Financial Liabilities

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Dues to Employees	47851	39862	30801
Others Liabilities	83929	61789	57043
Current Maturities of Deferred Liabilities	4046	7203	7983
Due to Capital Creditors	4004	3216	4883
TOTAL	139830	112070	100710

Note 33- Other Current Liabilities

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A) Advances from Customers			
Defence	465713	469116	427343
Others	7430	9394	4607
Sub Total (A)	473143	478510	431950
B) Milestone Receipt			
Defence	1225709	1360868	2072821
Others	64885	49375	58658
Sub Total (B)	1290594	1410243	2131479
Advances from Customers (A + B)	1763737	1888753	2563429
C) Other Payables			
Taxes (Other than Taxes on Income)	12765	8486	108301
GST Payable	17377	-	-
Others	8843	8901	7011
TOTAL (A+B+C)	1802722	1906140	2678741

Note 34- Provisions

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
A. Provisions for Employee Benefits			
Gratuity	-	12	-
Earned Leave	36804	35435	33587
Others	35853	23944	5894
Sub-total (A)	72657	59391	39481
B. Others			
Replacement and Other Charges	89301	78071	86288
Warranty	43056	53890	66034
Liquidated Damages	79543	69577	70842
Excise Duty	-	322	1121
Onerous Contract	65617	26625	-
Sub-total (B)	277517	228485	224285
TOTAL (A + B)	350174	287876	263766



Note 35 - Current tax liability(Net)

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017	1 st April 2016
Current Tax Liability(Net)	4940	-	9723
TOTAL	4940	-	9723

Note 36 - Revenue from Operations

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
A. Sale of Products		
(i) Inland Sales		
Finished Goods	934921	982979
Spares	127927	147226
Development	65640	61520
Miscellaneous	64672	1930
Total Inland Sales of Products	1193160	1193655
(ii) Export Sales		
Finished Goods	15846	27124
Spares	14511	18470
Total Export Sales of Products	30357	45594
Total Sale of Products (A)	1223517	1239249
B. Sale of Services		
(i) Inland Sale of Services		
Repair and Overhaul	612558	579146
Other Services	1768	1384
Total Inland Sales of Services	614326	580530
(ii) Export Sale of Services		
Repair and Overhaul	1001	889
Other Services	44	19
Total Export Sales of Services	1045	908
Total Sales of Services (B)	615371	581438
Total Sales (A+B)	1838888	1820687
C. Other Operating Revenues		
(i) Disposal of Scrap and Surplus / Unserviceable Stores	910	1513
(ii) Provisions no longer required	20141	29754
(iii) Others	2488	3374
Total Operating Revenues (C)	23539	34641
Revenue from Operations (A+B+C)	1862427	1855328



Note 37 - Other Income

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Interest Income		
-Short term Deposits	64076	89031
- Sundry Advances - Employees	112	124
- Other Deposits	170	188
Sub-total	64358	89343
Dividend Income		
Dividend income	-	47
Other Non-Operating Income		
Gain on Foreign Currency Transaction and Translation	-	7006
Profit on Sale of Assets (Net)	50	80
Miscellaneous	8323	7425
Gain on Fair Value Adjustment	3452	254
TOTAL	76183	104154

Note 38- Cost of materials consumed

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Consumption Of Raw Material, Components, Stores And Spare Parts		
Opening Stock	1121199	1301530
Add: Purchases	674912	678584
Add: Subcontracting, Fabrication and Machining Charges.	33222	26942
Less: Closing Stock	1006297	1121199
	823036	885857
Less: Transfer to		
Special Tools and Equipment	21306	32227
Development Expenditure	246	2339
Expense Accounts and Others	18712	10861
	40264	45427
TOTAL	782772	840430

Note 38A - Purchase of Stock-in-Trade

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Purchase of Stock-in-Trade	21730	29073



Note 39- Changes in Inventories of Finished Goods, Stock-in-Trade and Work-In-Progress and Scrap

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-progress		
Opening Balance		
(i) Finished Goods	-	-
(ii) Work-in-progress	1024344	1072115
(iii) Stock in Trade	2304	4646
	1026648	1076761
Closing Balance		
(i) Finished Goods	-	-
(ii) Work-in-Progress	952308	1024344
(iii) Stock in Trade	1282	2304
	953590	1026648
Accretion / (Decretion) -A	-73058	-50113
Change in Disposables Scrap		
Opening Balance	402	1381
Closing Balance	596	402
Accretion / (Decretion)-B	194	-979
TOTAL (A+B)	-72864	-51092

Note 40- Employee benefits expense

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Salaries and Wages	336844	298235
Contribution to Provident and Other Funds		
- Contribution to Provident Fund/ Others	45546	39944
- Contribution to Gratuity	32282	3270
- Others	11	-
Staff Welfare Expenses (Net)	15389	14308
Rent for Hiring Accommodation for Officers / Staff	1102	1292
TOTAL	431174	357049
*Includes Directors' Remuneration		
Salaries	232	171
Contribution to Provident Fund	15	12
Gratuity	10	-

Note 41- Finance costs

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Finance Cost		
Borrowing costs- Other	102	-
Interest Expense	415	1022
TOTAL	517	1022



Note 42- Depreciation and Amortization expense

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
A. DEPRECIATION ON ASSETS	28232	26558
B. AMORTISATION		
Intangible assets- Development Expenditure	17950	2651
Other Intangible assets		
- Licence Fees	9590	7353
- Computer Software	1364	1129
- Documentation	5557	1988
Special Tools	32016	28389
Sub Total (B)	66477	41510
Sub Total (A+B)	94709	68068

Note 42A-Impairment Loss

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Impairment Loss	2152	3210
TOTAL	2152	3210



Note 43- Other expenses

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Shop Supplies	11402	10485
Power and Fuel	17578	17187
Water Charges	5327	5537
Rent for Office Premises etc.	245	236
Travelling (includes Foreign Travel)	7226	7302
Training (includes Foreign Training)	722	1264
Repairs:		
Buildings	8640	8069
Plant, Machinery and Equipment	13124	13524
Others	5464	4166
Expenses on Tools and Equipment	5563	4875
Insurance	1965	1936
Rates and Taxes	3192	2018
Postage and Telephones	1085	1132
Printing and Stationery	1271	1227
Publicity	1193	3086
Advertisement	1265	1219
Bank Charges	613	615
Loss on Foreign Currency Transaction and Translation	4080	-
Legal Expenses	641	526
Auditors' Remuneration:		
For Audit Fee	38	38
For Taxation matters	7	7
For Other Services	66	98
Selling Agents Commission	16	69
Donations	4	2
Handling Charges	337	413
Write Off:		
Stores	237	151
Shortages / Rejections	-	1
Freight and Insurance	1534	1565
JWG share of Profit	182	183
Corporate Social Responsibility #	7726	6528
Interest on Micro, Small and Medium Enterprises	1	8
Loss on Fair Value Adjustment	3492	1074
Miscellaneous Operating Expenses (@)	33439	30197
TOTAL	137675	124738
(@) includes Director's Sitting Fees	17	16

(#) Does not include CSR assets for the current period is ₹3 Lakhs (For the year 2016-17 ₹268 lakhs) capitalised under Note 1A
. Total CSR expenditure for current period is ₹7729 Lakhs (For the year 2016-17 ₹6796 lakhs)



Note 44- Direct Input to WIP / Expenses Capitalised

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
A) DIRECT INPUT TO WIP		
Project related Travel	738	730
Project related Training	8	363
Project related Other Expenditure	2157	1961
Travel outstation jobs	43	-
Royalty	1048	748
Foreign Technician Fee	546	6733
Ground Risk Insurance	1696	2178
Design and Development	39523	29467
Sundry Direct Charges - Others	1551	633
Sub-Total (A)	47310	42813
B) EXPENSES CAPITALISED		
Licence Fees	517	507
Computer software	429	723
Documentation	4047	2518
Sub-Total (B)	4993	3748
TOTAL (A + B)	52303	46561

Note 45- Provisions

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Replacement and Other Charges	25029	24216
Warranty	8634	8394
Raw Materials and Components, Stores and Spare parts and Construction Materials	12829	10011
Liquidated Damages	31531	30877
Doubtful Debts	4125	4530
Doubtful Claims	15973	3036
Investments	6293	123
TOTAL	104414	81187

Note 46- Expenses relating to Capital and Other Accounts

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Expenses allocated to:		
Other Intangible assets Expenditure	4993	3748
Special Tools	1515	2173
Capital Works	737	1040
Development Expenditure	22068	25157
Others	74020	28676
TOTAL	103333	60794



Other Comprehensive Income

Note 47- Items that will not be reclassified to Profit or Loss

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
(A) Changes in revaluation surplus	-	-
(B) Remeasurements of the defined benefit plans	-23805	930
(C) Equity Instruments through Other Comprehensive Income	-	-
TOTAL (A+B+C)	-23805	930

Note 48- Items that will be reclassified to Profit or Loss

(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
Exchange differences in translating the financial statements of a foreign operation	17	1
TOTAL	17	1



Note No. 49 : Consolidated Notes to Accounts

(₹ unless otherwise stated is in lakhs)

1 .In Compliance with Ind AS 112 - Disclosure of Interest in Other Entities, the required information is as follows:-

Disclosure of Interest in following class of Joint ventures:

Name of the Joint Ventures*	Nature of Business	Participating Interest (in %)		
		31 st March 2018	31 st March 2017	1 st April 2016
International Aerospace Manufacturing Private Limited (IAMPL)	Manufacturing of compressed rings, turbine blades.	50%	50%	50%
BAeHAL Software Limited (BAeHAL)	Develop, Improve, Market, Sell, Lease or Loaning of Computer Softwares	49%	49%	49%
Snecma HAL Aerospace Private Limited (SNECMA)	Produce Engine Parts & Components	50%	50%	50%
SAMTEL HAL Display Systems Limited (SAMTEL)	Design, Develop & Manufacture of various types of display systems for airborne, military & Ground Applications.	40%	40%	40%
Infotech HAL Limited (INFOTECH)	Engineering Services work in aero engines field, Technical Publications, Works from OEM.	50%	50%	50%
HAL-Edgewood Technologies Private Limited (HAL-EDGEWOOD)	Hi-tech aerospace & Defence Product Design, Development, manufacturing & Technology Transfer.	50%	50%	50%
HALBIT Avionics Private Limited (HALBIT)	Design, Develop, Market & Support (Operations & Maintenance) Products. *Provide support and maintenance services	50%	50%	50%
Indo-Russian Aviation Limited (IRAL)	Overhaul & Repair of Aircraft, Engines	48%	48%	48%
HATSOFF Helicopter Training Private Limited(HATSOFF)	Military & Civil Helicopter Pilot Training Services, Marketing about Training Services	50%	50%	50%
TATA HAL Technologies Limited (TATA-HAL)	Provide Engineering & Design Solutions Leveraging the strength of parties.	50%	50%	50%
Multirole Transport Aircraft Limited (MTAL)	Preliminary & Detail Design of MTA MTA Prototypes Prod. *Factory Testing of MTA *Flight Aircraft Tests of MTA	50%	50%	50%
Aerospace Aviation and Sectors Skill Council(AASSC)	Research and aggregate skill requirements of the aviation and aerospace industry	50%	50%	50%
Helicopter, Engines MRO Pvt Ltd	To provide support, maintenance, repair and overhaul of Helicopter engines	50%	50%	-

* All Joint Ventures have been incorporated in India and the principal place of business is in India.



Note No. 49 : Consolidated Notes to Accounts

Disclosure of Interest in following class of Subsidiary:

Name of the Subsidiary	Nature of Business	Controlling Interest (in %)		
		31 st March 2018	31 st March 2017	1 st April 2016
Naini Aerospace Limited	Manufacture of Looms for Helicopter and Aircrafts and support for second line manufacture of Helicopter at TAD, Kanpur	100%	100%	-
Indo-Russian Helicopters Limited	Production, maintenance, operation, repairs modernize and upgrade the Ka-226 T Helicopters. The company will also do marketing for third countries export and provide technical support for these Helicopters	50.5%	-	-

Indo-Russian Helicopters Limited was incorporated on 02.05.2017. The Subsidiary has not commenced its operation since request for proposal from MoD is still awaited.

During the PY , on 04.02.2017, the Company has acquired a wholly owned subsidiary, Naini Aerospace Limited (incorporated on 29.12.2016)

Proportion of equity interest held by non-controlling interests:

Name of the Subsidiary	31 st March 2018	31 st March 2017	1 st April 2016
Indo-Russian Helicopters Limited	49.5%	-	-



Note No. 49 : Consolidated Notes to Accounts

2 Principles of Consolidation:

Sl. No.	Particulars
1	The Consolidated Financial Statements (CFS) of Hindustan Aeronautics Limited (HAL) ,Joint Ventures and its Subsidiary are prepared in accordance with Ind AS 28 (Investments in Associates & Joint Ventures), Ind AS 110 (Consolidated Financial Statements), Ind AS 111 (Joint Arrangements) and are presented to the extent possible in the same manner as the the Company's Standalone Financial Statement.
2	Subsidiaries are all entities over which the group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to effect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date when control ceases.
3	The Group combines the financial statements of the parents and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of Subsidiary have been changed where necessary to ensure consistency with the policies adopted by the Group.
4	Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post acquisition profits or losses of the investee in profit and loss, and the Group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from Joint Ventures are recognised as a reduction in the carrying amount of the investment. When the Group's share of losses in Joint Ventures equals or exceeds its interest in the entity, including any other long-term unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its Joint Ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of Joint Ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity accounted investments are tested for impairment.
5	Interests in Joint Ventures are accounted for using the equity method after initially being recognised at cost in the Consolidated Balance Sheet.
6	As per the Shareholders' Agreements entered by the Company relating to all the Joint Ventures which clearly specifies the intent of the Company to subscribe and hold the specified percentage of the equity from the beginning, no pre-acquisition profits/losses arose on consolidation.
7	In respect of contingent liabilities and commitments proportionate share of the Company's and others entire amount as shown by Joint Ventures has been considered for disclosure.
8	The figures of previous year have been considered based on audited financial statements of the Subsidiary / Joint Ventures.



Note No. 49 : Consolidated Notes to Accounts

3. In respect of Hindustan Aeronautics Limited

3.1 Financial Risk Management

The Company is exposed to market risk, credit risk and liquidity risk which may impact the fair value of its financial instruments. The Company based on its business operation evaluated the following risks:

a) Foreign currency risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in exchange rates. The Company's exposure to the risk of changes in exchange rates relates primarily to the Company's imports for which the payment has to be done in currencies other than the functional currency of the Company. The fluctuation in exchange rates in respect to the Indian rupee may have very restricted impact on company as any fluctuations in foreign exchange are in general reimbursed by the customers of the Company in terms of the contractual obligations which the Company has with its customers.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables, loans & advances, advances given to suppliers (for procurement of goods, services and capital goods, cash & cash equivalents and deposits with banks and financial institutions). The Company for the Financial Year (FY) derived 97.97 % (Previous Year (PY) 96.90% of its total sales from sales to the Indian Defense Services. The Company expects to continue to derive most of its sales from the Indian Defense Services under the contracts of the Ministry of Defense (MoD), Government of India (GoI) –the Company's principal shareholder and administrative ministry.

c) Provision for expected credit losses:

As the Company's debtors are predominantly the Government of India (Indian Defense Services, Ministry of External Affairs), Central Public Sector Undertakings where the counter-parties have sufficient capacity to meet the obligations and where the risk of default is NIL/negligible. Accordingly, no loss allowance for impairment has been recognized. Further, management believes that the unimpaired amounts that are due collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk. Hence, no impairment loss has been recognized during the reporting periods in respect of trade receivables.

d) Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses including the servicing of financial obligations. The Company's standard contract terms provide that, the Company receives advance payments from customers pursuant to the applicable contracts, including the GoI and the Indian Defense Services at the time of signing of any contract and milestone payments on achievement of physical milestones. These payments are utilized to meet the Company's working capital needs (for the Company required to maintain a high level of working capital because the Company's activities are characterized by long product development periods and production cycles). A majority of the Company's research, design and development costs are funded by the Indian Defense services. Services and supply of spares are governed by the Fixed Price Quotation (FPQ) policy for fixation of the prices wherein the prices are fixed for the base year with escalation parameters for a pricing period of 5-7 years. The process of fixation of prices and approvals takes a minimum period of two years after the expiry of previous pricing period. In the interim, the approved prices of the previous pricing period are continued and payments are accordingly realised and on finalisation of the revised prices, the differential prices are paid to the Company. Further, certain costs not forming part of selling price are reimbursed by customer on incurrence of expenditure. The reimbursement is based on verification and issuance of audit certificate by the payees. There are delays in the above process due to unanticipated variations/adjustments in the scope and schedule of the Company's obligations due to subsequent modifications by the customers and delays in receipt of approvals from the customer. Further, payments to the Company by the Indian Defense Services are reliant on the continuing availability of budgetary appropriations by Government of India and any disruptions to the availability of such appropriations could adversely affect the Company's cashflows.



Note No. 49 : Consolidated Notes to Accounts

e) Market risk:

The Ministry of Defense (MoD) and the Government of India (GoI) have continued efforts to reform defense related policies such as the Defense Procurement Procedure 2016 ("DPP 2016") to promote private participation, a level playing field and the domestic defense manufacturing Industry and eco-system. While the MoD has given the highest priority to Indigenously Designed, Developed and Manufactured ("IDDM") products for capital procurement, the Company faces competition to be selected as the Indian production agency for such contracts. These policies have raised the level of market competition in the areas in which the Company operates.

f) Risk Mitigation Process:

As a step of institutionalizing the risk management in the Company, an elaborate framework has been developed and the Company's top management has overall responsibility for the establishment and oversight of the Company's risk management framework. An important purpose of the framework is to have a structured and comprehensive risk management system across the company which ensures that the risks are being properly identified and effectively managed. The Company has a risk management policy to manage & mitigate these risks. The risk management process includes risk identification, risk assessment, risk evaluation, risk mitigation and regular review and monitoring of risks. The Company's risk management policy aims to reduce volatility in financial statements while maintaining balance between providing predictability in the Company's business plan along with reasonable participation in market movement.

3.2 Ministry of Corporate Affairs vide notification no 1/2/2014-CL-V dated 23rd February 2018 has exempted the companies engaged in defence production to the extent of application of relevant Accounting Standard on Segment Reporting.

3.3 Capital Management:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

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

The Company monitors capital by using debt equity ratio, which is borrowings divided by Equity.

(₹ in Lakhs)		
Particulars	2017-18	2016-17
Debt	86406	95000
Equity	1203338	1253663
No of times	0.07:1	0.08:1

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st March 2018 and 31st March 2017.



Note No. 49 : Consolidated Notes to Accounts

3.4 Borrowing Term for Loan (Note - 24)

(₹ in Lakhs)

Name of the lender	State Bank of India
Facilities	Term loan of ₹100000 lakhs may be availed as Rupee facility or capex LC subject to maximum of ₹40000 lakhs
Purpose	The proceeds of the Term Loan will be utilized specifically for building capacity for executing order of 162 LCH. The expenses will include, Civil works, Plant and Machinery and Deferred Revenue Expenditure.
Security	Primary: First charge on the Project assets present and future excluding Civil works and intangible. Collateral: Second charge on the Current Assets (stock and receivables)
Interest Rate	Interest at the rate of 0.10% above 1 year MCLR which is presently 7.95% p.a. calculated on daily products at monthly rests. The Bank shall at any time and from time to time be entitled to vary the margin based on the Credit Risk Assessment of the borrower at its discretion and MCLR will be reset on an annual basis on the anniversary of reset. The interest will be serviced by the Company during the moratorium.
Security Perfection	The security has to be perfected within 6 months from the date of first disbursement. In the event the Company does not perfect the security within the stipulated period, a penal interest of 0.25% p.a. will be charged for the delayed period
Disbursement	The term loan of ₹100000 lakhs will be disbursed in tranches beginning from the fourth quarter of Financial Year 2017-18 to first quarter of Financial Year 2024-25
Repayment	The repayment will be made as quarterly payments amounting to ₹6250 lakhs after a moratorium of 4 years i.e. Repayment will be from fourth Quarter of Financial Year 2021-22 to third quarter of Financial Year 2025-26.

3.5 (i) Borrowing Cash Credit (Note 30)

Details of lender	A Consortium of 7 banks
Limit	₹250000 lakhs as Cash Credit
Purpose	Working Capital Requirements
Security	Paripassu first charge on stocks and receivables of the Company with other consortium banks
Interest Rate	Interest at the rate of 0.25% over MCLR which is presently 8% p.a, present effective rate being 8.25% p.a at monthly rests .

3.5 (ii) Borrowing - Working Capital Loan against Fixed Deposits

Details of lender	Bank of India and Bank of Baroda
Limit	against Fixed Deposit of ₹67000 lakhs
Purpose	Working Capital Requirements
Security	Fixed Deposit of ₹67000 lakhs
Interest Rate	Bank of India - 5.5% p.a. ; Bank of Baroda - 5.60% p.a.
Repayment	On demand



Note No. 49 : Consolidated Notes to Accounts

3.6 Un-Hedged Foreign Currency Exposure

(₹ in Lakhs)

Receivables	31 st March 2018		31 st March 2017		1 st April 2016	
	Foreign Currency	Amount in ₹ (in lakhs)	Foreign Currency	Amount in ₹ (in lakhs)	Foreign Currency	Amount in ₹ (in lakhs)
GBP	784,123	712	1,060,141	849	1,439,462	1,357
EURO	98,260	78	49,188	34	-	-
USD	20,561,595	13,314	24,876,407	16,033	36,083,092	24,048
PAYABLES						
GBP	35,291,633	32,701	38,279,844	31,327	36,238,512	34,891
EURO	29,494,903	23,945	37,042,728	25,941	21,348,496	15,700
USD	49,518,297	32,485	50,691,763	33,108	56,038,444	37,404
CHF	971,026	670	651,658	427	165,921	115

3.7 The Board in its 406th meeting held on 22nd September 2017, accorded in principle approval for voluntary winding up / closure of the three Joint Ventures i.e. M/s. HAL-Edgewood Technologies Private Limited, M/s. Tata HAL Technologies Ltd and M/s. Multirole Transport Aircraft Ltd. enabling the Company to take further action in the matter.

Further, the Board authorized the Company to seek approval of Ministry of Defence (MoD), for short closure of the Contracts associated with the M/s Multirole Transport Aircraft (MTA) project and request MoD, to initiate necessary action for closure of IGA, as it is a prerequisite for winding up of the MTA - Joint Venture Company

3.8 Investment in M/s Indo Russian Helicopters Pvt Ltd:

The Company, Russian Helicopters and Rosoborone Exports had executed the Indo Russian Helicopters Private Limited shareholders agreement (IRHL SHA) to incorporate Indo Russian Helicopters Limited ("IRHL") as a subsidiary Company with the following objectives;

- (i) To organise production of Ka-226T Helicopters and its modification in India
- (ii) Undertake maintenance, operation and repair of Ka-226T Helicopters
- (iii) Jointly modernise, including design and development, of helicopters for new applications and upgrades including replacement and
- (iv) Jointly market Ka-226T Helicopters and ensure technical support for them.

In terms of IRHL SHA, the Company, Russian Helicopters and Rosoborone Exports shall hold 50.5%, 42% and 7.5% respectively of the Equity Share Capital in IRHL. Subsequently based on the above, IRHL was incorporated on 2nd May, 2017.

Particulars of Investment in IRHL	(₹ in Lakhs)
The amount to be invested as per IRHL SHA holders agreement entered in the month of October, 2016	505
Amount Invested upto 31 st March 2018	100
Balance to be invested is shown under Other Financial Liabilities (Note 32)	405

3.9 During the financial year 2017-18, the Company has further invested an amount of ₹215 lakhs consisting of 21,50,000 of equity shares of ₹10/- each in Helicopter Engines MRO Private Limited, a joint venture of the Company on 30th January, 2018.

3.10 Defence Innovation Organisation ("DIO"):

The Company and Bharat Electronics Limited ("BEL") has set up DIO as a joint venture company. DIO was incorporated under Section 8 of the Companies Act 2013 on April 10, 2017. The registered office of DIO is situated at Centre for Learning and Development, Bharat Electronics Limited, Jalhalli, Bengaluru – 560013, Karnataka, India. DIO was incorporated to implement the scheme of defence innovation fund initiative by creation of an ecosystem to foster innovation and technology development in defence.

However, DIO, neither conducted any operation nor did it opened a bank account, conducted meetings etc., The Company has not invested any amount as on 31st March, 2018.



Note No. 49 : Consolidated Notes to Accounts

3.11 Buyback of Shares:

1. In accordance with the approval of Board of Directors at its 396th meeting held on 22nd March, 2016 and approval of shareholders through special resolution in the Extra-ordinary General Meeting held on the said date, the Company has bought back 12,05,00,000 fully paid equity shares of ₹10/- each equivalent to 25% of the paid –up share capital and Free Reserves of the Company, for an aggregate amount of ₹428438 lakhs (excluding tax of ₹98154 lakhs) at ₹355.55 per equity share from the President of India. The consideration amount for back buy of shares was paid to the Government of India on 30th March, 2016 and the shares so bought back were extinguished on 5th April, 2016.
2. In accordance with the approval of Board of Directors at its 408th meeting held on 28th November, 2017 and approval of shareholders, the Company has bought back 2,71,12,500 fully paid equity shares of ₹10/- each equivalent to 7.5% of the paid –up share capital and Free Reserves of the Company, for an aggregate amount of ₹92150 lakhs (excluding tax of ₹20636 lakhs) at ₹339.88 per equity share from the President of India. The consideration amount for back buy of shares was paid to the Government of India on 19th December, 2017 and the shares so bought back were extinguished on 22nd December, 2017.

(₹ in Lakhs)

Particulars		31 st March 2018	31 st March 2017
3.12	As required by Ind AS 36, an assessment of impairment of assets was carried out and based on such assessment, the Company has accounted impairment losses due to decrease in value in use in respect of Intangible Assets is recognised in 'impairment expense' in the Statement of Profit and Loss.	2,152	3,210

- 3.13** As per the requirement of Schedule III Division II, the Company is required to classify the amount due towards purchase of capital goods under "Other Financial Liabilities". In earlier years, such liability has been classified under Trade Payables. For the current year, the Company has revised the classification to report these liabilities under other financial liabilities. As per Ind AS 1 "Presentation of Financial Statements" the Company should present a third Balance Sheet as at the beginning of the preceding period, if it reclassifies items in its financial statements and the re-classification has material effect on the information in the Balance Sheet at the beginning of the preceding period.

Since the Company is of the opinion that the reclassification has a material effect on the information in the Balance Sheet, it has accordingly, as per requirement of Ind AS 1 has prepared Balance Sheet as at the beginning of the preceding period i.e. as at 1st April 2016. Corresponding reclassification have also been made to the Statement of Cash Flows for the year ended 31st March 2017.

This change in classification does not materially affect previously reported cash flows from operations or from financing activities in the Statement of Cash Flows, and has no effect on the previously reported Statement of Operations for any period.



Note No. 49 : Consolidated Notes to Accounts

4 Financial instruments by category

(a) The carrying value and fair value of Financial instruments by each category as at 31st March, 2018 were as follows:

(₹ in Lakhs)

Particulars	Financial assets/ liabilities at amortised costs		Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
	HAL	Subsidiary				
Assets:						
(i) Investments	85371				85371	85371
(ii) Loans	11752	20			11772	11772
(iii) Other financial assets	252682				252682	252682
(iv) Trade receivables	774155	75			774230	774230
(v) Cash and Cash equivalents	9154	2132			11286	11286
(v) Bank balance other than Cash & Cash equivalents	643266				643266	643266
Liabilities:						
(i) Trade payables	166842				166842	166842
(ii) Other financial liabilities	176396				176396	176396
(iii) Borrowings	86406				86406	86406

(b) The carrying value and fair value of Financial instruments by each category as at 31st March, 2017 were as follows:

(₹ in Lakhs)

Particulars	Financial assets/ liabilities at amortised costs		Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
	HAL	Subsidiary				
Assets:						
(i) Investments	78935				78935	78935
(ii) Loans	15729	9			15738	15738
(iii) Other financial assets	293885	964			294849	294849
(iv) Trade receivables	422016				422016	422016
(v) Cash and Cash equivalents	277143	3222			280365	280365
(v) Bank balance other than Cash & Cash equivalents	834541				834541	834541
Liabilities:						
(i) Trade payables	176689				176689	176689
(ii) Other financial liabilities	149112	115			149227	149227
(iii) Borrowings	95000				95000	95000



Note No. 49 : Consolidated Notes to Accounts

(c) The carrying value and fair value of Financial instruments by each category as at 1st April, 2016 were as follows:

(₹ in Lakhs)

Particulars	Financial assets/ liabilities at amortised costs		Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total Carrying Value	Total Fair Value
	HAL	Subsidiary				
Assets:						
(i) Investments	72573				72573	72573
(ii) Loans	14738				14738	14738
(iii) Other financial assets	261022				261022	261022
(iv) Trade receivables	483638				483638	483638
(v) Cash and Cash equivalents	33779				33779	33779
(v) Bank balance other than Cash & Cash equivalents	1296135				1296135	1296135
Liabilities:						
(i) Trade payables	211420				211420	211420
(ii) Other financial liabilities	140441				140441	140441
(iii) Borrowings	-				-	-

(d) Interest income/expenses, gain/loss recognised on Financial assets and liabilities:

(₹ in Lakhs)

Particulars	31 st March 2018			31 st March 2017		
	HAL	Subsidiary	Total	HAL	Subsidiary	Total
(i) Financial assets at amortised cost						
- Interest income from bank deposits	63894	182	64076	89008	23	89031
- Interest income from other financial assets	282		282	312		312
- Gain/Loss on amortisation of financial assets	3452		3452	254		254
(ii) Financial liabilities at amortised cost						
- Gain/Loss on amortisation of financial liabilities	3492		3492	1074		1074



Note No. 49 : Consolidated Notes to Accounts

5 Contingent Liabilities and Commitments

Sl. No.	Particulars	31 st March 2018			31 st March 2017			1 st April 2016		
		HAL	JV's/ Subsidiary	Total	HAL	JV's/ Subsidiary	Total	HAL	JV's/ Subsidiary	Total
1	Contingent Liabilities not provided for									
	Outstanding Letters of Credit and Guarantees									
	(i) Letters of Credit	102476	-	102476	106350	-	106350	93719	-	93719
	Non-fund based limits of ₹205000 lakhs (PY ₹205000 Lakhs) have been sanctioned by a consortium of bankers. The said limits are secured by hypothecation of inventories and receivables. The total Fund based limits (₹45000 lakhs) and Non-Fund based limits (₹205000 lakhs) sanctioned is interchangeable between the consortium of banks and also between Fund based and Non-Fund based limits.									
	(ii) Indemnity Bonds given by the Company for performance	668496	1468	669965	600827	1484	602312	523324	1365	524689
	(iii) Performance Guarantee	203	651	854	370	621	991	205	965	1170
	Claims / Demands against the Company not acknowledged as Debts (Gross)									
	(i) Sales Tax / Entry Tax	834845	244	835089	669536	-	669536	623406	-	623406
	(ii) Income Tax*	212290	81	212371	176961	130	177091	200680	130	200810
	(iii) Municipal Tax	6653	-	6653	8967	-	8967	11969	-	11969
	(iv) Service Tax	52070	122	52191	51503	15	51518	78849	15	78865
	(v) Customs Duty	23569	59	23628	23569	59	23628	23569	59	23628
	(vi) Others**	11958	47	12005	5813	72	5885	6445	23	6468
	* (Includes ₹32716 lakhs for which the Company has obtained favourable orders from the appellate authorities but the order given effect is yet to be received.)									
	** ₹11958 lakhs does not include ₹1226 lakhs of contingent liability to M/s Halbit Avionics Private Limited									
	Total	1141385	553	1141938	936349	276	936625	944918	227	945147
2	Commitments									
	Estimated amount of contracts remaining to be executed and not provided for									
	i) on Capital Account	93173	2410	95583	126131	2156	128288	110557	1906	112463
	ii) towards purchase of Inventory and Services	1521410	35	1521446	947278	9	947287	773917	9	773926
	Total	1614583	2445	1617029	1073409	2166	1075575	884474	1915	886389

(₹ in Lakhs)



Note No. 49 : Consolidated Notes to Accounts

(₹ in Lakhs)

6 As per Ind AS 37 relating to Provisions, Contingent Liability and Contingent Assets - the movement of provisions in the Books of Accounts is as follows

Nature of Provision	Opening Balance	Provision made during the year	Utilisation during the year	Reversal during the year	Closing Balance
Provision for Warranty Charges	53890	8634	8678	10790	43056
(Previous Year)	(66,034)	(8,394)	(4,162)	(16,376)	(53,890)
Provision for Replacement and Other Charges	88690	25029	11950	192	101577
(Previous Year)	(95,805)	(24,216)	(22,704)	(8,627)	(88,690)
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	70079	12829	45	5549	77,314
(Previous Year)	(61,886)	(10,011)	-	(1,818)	(70,079)
Provision for Doubtful Debts	14253	4125	1	255	18,122
(Previous Year)	(11,065)	(4,530)	(35)	(1,307)	(14,253)
Provision for Claims	13875	15973	3	14	29,831
(Previous Year)	(11,903)	(3,036)	(236)	(828)	(13,875)
Provision for Liquidated Damages	128502	31531	31876	3020	125,137
(Previous Year)	(150,736)	(30,877)	(53,111)	-	(128,502)
Impairment of Investments	6584	6293	-	-	12,877
(Previous Year)	(6,461)	(123)	-	-	(6,584)
Provision for Onerous contract	110469	-	1	20138	90,330
(Previous Year)	(110,469)	-	-	-	(110,469)

* Figures in brackets relate to previous year.

Nature of Provision	As on 31/03/2018			As on 31/03/2017		
	Long Term Provision	Short Term Provision	Total Provision	Long Term Provision	Short Term Provision	Total Provision
Provision for Warranty Charges	-	43,056	43,056	-	53,890	53,890
Provision for Replacement and Other Charges	12,276	89,301	101,577	10,619	78,071	88,690
Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools	62,959	14,355	77,314	50,242	19,837	70,079
Provision for Doubtful Debts	1,302	16,820	18,122	1,312	12,941	14,253
Provision for Claims	23,054	6,777	29,831	9,299	4,576	13,875
Provision for Liquidated Damages	45,594	79,543	125,137	58,925	69,577	128,502
Impairment of Investments	12,877	-	12,877	6,584	-	6,584
Provision for Onerous contract	24,713	65,617	90,330	83,844	26,625	110,469



Note No. 49 : Consolidated Notes to Accounts

6 Sensitivity of estimates on provisions:

The assumptions made for provisions relating to current period are consistent with those in the earlier years. The assumptions and estimates used for recognition of such provisions are qualitative in nature and their likelihood could alter in next financial year. It is impracticable for the Company to compute the possible effect of assumptions and estimates made in recognizing these provisions.

Provision for replacement and other charges represents, amounts towards expenditure incurred from the date of Signalling Out Certificate (SOC) to date of ferry out, loan items taken from the customer which needs to be replaced etc.,

Warranty represents Performance Warranty for manufacture, repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc

Provision for Redundancy in Raw Material and Components, Stores and Spares, Construction Material and Loose Tools represents provision on redundancy of such materials, completed / specific projects and other surplus / redundant materials pending transfer to salvage stores etc.,

Provision for Liquidated Damages represents amounts provided for the period of delay between the due date of supply of the Goods / rendering of services as per delivery schedule and the expected Date of delivery of said Goods / rendering of service in respect of manufacture / repair and overhaul of Aircraft / Helicopters/ Engines / Rotables, supply of spares and development activities etc.

Provision for doubtful debts is being assessed on a case to case basis in respect of dues outstanding for a significant period of time. Debts from the Government departments are generally treated as fully recoverable and hence the Company does not recognize credit risk of such financial assets.

Provision for doubtful claims represents provision on expected credit losses.

Impairment in value of investment represents reduction in the share of net worth below investment.

Provision for Onerous contract has been recognised as the cost of meeting obligations is over and above the economic benefits expected to be received under it.

(₹ in Lakhs)

7	Provisions for the material foreseeable losses on long-term contracts has been made in the respective financial statements of the Joint ventures as listed below:	2017-18	2016-17
	HALBIT Avionics Private Limited	32.07	32.07
	BAeHAL Software Limited	27.43	31.22



Note No. 49 : Consolidated Notes to Accounts

8 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

(₹ in Lakhs)

Sl. No.	Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Net Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income	
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
	Parent								
	Hindustan Aeronautics Limited (Previous Year)	98	1187517 (1253662)	100	207046 (261563)	100	-15091 (609)	100	191955 (262172)
	Subsidiaries								
1	Naini Aerospace Limited (Previous Year)	-	1763 (2826)	-1	-1063 (-174)	-	-	-1	-1063 (-174)
2	Indo-Russian Helicopters Ltd (Previous Year)	-	955	-	-45	-	-	-	-45
	Less: Non Controlling Interest in Subsidiaries	-	-22	-	-22	-	-	-	-22
	Joint Ventures (Investment as per the equity method)								
1	M/s BAe-HAL Software Ltd (Previous Year)	-	564 (742)	-	-175 (26)	-	1 (3)	-	-174 (29)
2	M/s Snecma HAL Aerospace Private Ltd (Previous Year)	-	2853 (2620)	-	254 (136)	-	2 (2)	-	256 (138)
3	M/s Indo Russian Aviation Ltd (Previous Year)	-	4057 (5040)	-	1011 (965)	-	-	1	1011 (966)
4	M/s HALBIT Avionics Pvt Ltd (Previous Year)	-	- (-118)	-	- (1)	-	-	-	-
5	M/s HAL Edgewood Technologies Pvt Ltd (Previous Year)	-	- (-368)	-	- (-40)	-	-	-	- (-40)
6	M/s SAMTEL HAL Display Systems Ltd (Previous Year)	-	- (-97)	-	- (-154)	-	-	-	- (-152)



Note No. 49 : Consolidated Notes to Accounts

8 Additional information pursuant to para 2 of general instructions for the preparation of consolidated financial statements

Sl. No.	Name of the Entity in the Group	Net Assets, i.e. Total Assets minus Total Liabilities		Share in Net Profit or Loss		Share in Other Comprehensive Income		Share in Total Comprehensive Income		(₹ in Lakhs)
		As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount	
7	M/s INFOTECH HAL Ltd (Previous Year)	-	46	-	45	-	6	-	51	
	M/s HATSOFF Helicopter Training Pvt Ltd	-	(167)	-	(51)	-	(-1)	-	(50)	
8	(Previous Year)	-	-	-	-	-	-	-	-	
9	M/s TATA HAL Technologies Ltd (Previous Year)	-	(-1692)	-	(523)	-	(-1)	-	(522)	
	M/s International Aerospace Manufacturing Pvt Ltd	-	(84)	-	72	-	-	-	72	
10	(Previous Year)	-	-	-	(-146)	-	(1)	-	(-146)	
	M/s Multirole Transport Aircraft Ltd. (Previous Year)	1	3809	-	444	-	-3	-	441	
11	(Previous Year)	-	(4267)	-	(819)	-	-	-	(819)	
	M/s. Aerospace & Aviation Sector Skill Council(AASSC)	-	4016	-	-196	-	-	-	-196	
12	(Previous Year)	-	(10890)	-	(-7)	-	-	-	(-7)	
	M/s. Helicopter Engines MRO Pvt Ltd (Previous Year)	-	13	-	-	-	-	-	-	
13	(Previous Year)	-	(13)	-	(-34)	-	-	-	(-34)	
	Total	-	282	-	-68	-	-	-	-68	
	(Previous Year)	-	(135)	-	(-60)	-	-	-	(-60)	
			1205897		207347		-15085		192262	
			(1278171)		(263470)		(619)		(264089)	



Note No. 49 : Consolidated Notes to Accounts

9 Summarised financial information of Subsidiary

(₹ in Lakhs)

Summarised Balance Sheet	Naini Aerospace Limited		Indo-Russian Helicopters Limited
	31 st March 2018	31 st March 2017	31 st March 2018
Current assets	2256	4197	982
Current liabilities	481	179	27
Net Current assets	1775	4018	955
Non-current assets	405	-	-
Non-current liabilities	417	1192	-
Net Non-current assets	-12	-1192	-
Net assets	1763	2826	955
Accumulated Non-Controlling Interests	-	-	473

(₹ in Lakhs)

Summarised Statement of Profit & Loss	Naini Aerospace Limited		Indo-Russian Helicopters Limited
	31 st March 2018	31 st March 2017	31 st March 2018
Revenue	251	23	-
Profit for the year	-1063	-174	-45
Other Comprehensive Income	-	-	-
Total Comprehensive Income	-1063	-174	-45
Attributable to Non-Controlling Interests	-	-	-22

(₹ in Lakhs)

Summarised Cash Flows	Naini Aerospace Limited		Indo-Russian Helicopters Limited
	31 st March 2018	31 st March 2017	31 st March 2018
Cash flow from operating activities	-755	229	-18
Cash flow from investing activities	-59	-2264	-
Cash flow from financing activities	-	3000	100
Net increase/(decrease) in cash and cash equivalents	-814	965	82

Indo-Russian Helicopters Limited was incorporated on 02.05.2017

Naini Aerospace Limited was incorporated on 29.12.2016



Note No. 49 : Consolidated Notes to Accounts

9 Summarised financial information of Joint Ventures

(₹ in Lakhs)

Summarised Balance Sheet	BAe-HAL Software Ltd			Snecma HAL Aerospace Private Ltd			SAMTEL HAL Display Systems Ltd			HAL Edgewood Technologies Pvt Ltd*		
	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016
Current assets												
- Cash & Cash equivalents	222	96	158	318	250	1277				14	3	98
- Other assets	1816	1739	1915	6566	5489	4541				230	405	320
Total current assets	2038	1835	2073	6884	5739	5818				244	409	418
Total non-current assets	277	451	514	1487	1810	1972				753	812	831
Current liabilities												
- Financial liabilities (excluding trade payables)												
- Other liabilities	1061	672	987	862	916	1180				15	336	339
Total current liabilities	1061	672	987	2499	2159	2407				1031	1443	1425
Non-Current liabilities												
- Financial liabilities (excluding trade payables)												
- Other liabilities	103	99	108	16	46	78				405	381	343
Total non-current liabilities	103	99	108	167	151	311				409	385	352
Net assets	1151	1515	1492	5705	5239	5072				-443	-607	-528
* Share application money pending allotment										128	128	128



Note No. 49 : Consolidated Notes to Accounts

9 Summarised financial information of Joint Ventures

(₹ in Lakhs)

Summarised Balance Sheet	HALBIT Avionics Pvt Ltd			Indo Russian Aviation Ltd			INFOTECH HAL Ltd			HATSOFF Helicopter Training Pvt Ltd		
	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016
Current assets												
- Cash & Cash equivalents	36	462	658	10002	8408	8046	7	10	45	2762	891	1873
- Other assets	4361	4701	5053	4528	4595	4181	1406	993	609	1398	2524	921
Total current assets	4397	5163	5711	14530	13003	12227	1413	1003	654	4160	3415	2794
Total non-current assets	107	126	252	79	88	84	42	55	69	19740	20618	21376
Current liabilities												
- Financial liabilities (excluding trade payables)	-	-	-	-	-	-	-	-	-	-	-	-
- Other liabilities	4657	5406	6056	2043	2142	2732	1013	708	472	11249	10320	9057
Total current liabilities	4657	5406	6056	2043	2142	2732	1013	708	472	11980	10931	9600
Non-Current liabilities												
- Financial liabilities (excluding trade payables)	-	-	-	-	1	152	-	-	-	14270	16382	18923
- Other liabilities	76	120	154	450	448	446	18	17	18	115	103	76
Total non-current liabilities	76	120	154	450	449	598	18	17	18	14385	16485	18999
Net assets	-229	-237	-247	12116	10500	8981	424	333	233	-2465	-3383	-4429



Note No. 49 : Consolidated Notes to Accounts

9 Summarised financial information of Joint Ventures

(₹ in Lakhs)

Summarised Balance Sheet	TATA HAL Technologies Ltd			International Aerospace Manufacturing Pvt Ltd			Multirole Transport Aircraft Ltd.			Aerospace & Aviation Sector Skill Council(AASSC)			Helicopter Engines MRO Pvt Ltd		
	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016	31 st March 2018	31 st March 2017	1 st April 2016
Current assets															
- Cash & Cash equivalents	71	46	172	87	371	36	63	3033	27	12	3	4	375	215	-
- Other assets	171	363	438	11939	12332	11790	10185	6695	13355	240	306	359	137	-	-
Total current assets	242	409	610	12026	12703	11826	10248	9728	13382	252	309	363	512	215	-
Total non-current assets	89	79	95	10006	10035	11063	11168	12444	8425	8	8	3	103	200	-
Current liabilities															
- Financial liabilities (excluding trade payables)	197	237	-	8029	7697	8608	-	-	2		-	-	-	-	-
- Other liabilities	73	53	223	4173	5042	5420	20	15	12	235	292	341	50	145	-
Total current liabilities	270	290	223	12202	12739	14028	20	16	14	235	292	341	50	145	-
Non-Current liabilities															
- Financial liabilities (excluding trade payables)	-	-	-	350	1350	1856	9	3	-	-	-	-	-	-	-
- Other liabilities	37	30	22	123	115	109	-	374	-	-	-	-	1	-	-
Total non-current liabilities	37	30	22	473	1465	1965	9	377	-	-	-	-	1	-	-
Net assets	24	168	460	9357	8534	6896	21387	21779	21793	25	25	25	564	270	-



Note No. 49 : Consolidated Notes to Accounts

(₹ in Lakhs)

Summarised statement of profit & loss	BAe-HAL Software Ltd		Snecma HAL Aerospace Private Ltd		SAMTEL HAL Display Systems Ltd		HAL Edgewood Technologies Pvt Ltd		HALBIT Avionics Pvt Ltd		Indo Russian Aviation Ltd	
	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017
Revenue	1913	2108	8213	7382	1158	1572	198	113	404	748	9576	11789
Interest Income	30	56	15	20	136	54	261	-	33	49	604	629
Depreciation & amortisation	24	37	426	417	30	30	12	16	37	58	13	15
Interest expense	-	-	6	13	16	94	2	17	-	-	-	-
Income tax expense	171	18	271	430	-	127	56	-	-	18	979	1085
Other Expenditure	2113	2057	7009	6270	1381	1759	224	159	404	718	7337	9306
Profit from continuing operations	-366	52	516	273	-133	-384	164	-80	-5	2	1851	2011
Profit from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-366	52	516	273	-133	-384	164	-80	-5	2	1851	2011
Other comprehensive income	2	7	4	4	-	3	-	-	13	9	-1	1
Total comprehensive income	-364	59	520	277	-133	-381	164	-80	8	11	1850	2012
Dividends declared (HAL share)	-	15	23	46	-	-	-	-	-	-	94	197



Note No. 49 : Consolidated Notes to Accounts

(₹ in Lakhs)

Reconciliation to carrying amounts	BAe-HAL Software Ltd		Snecma HAL Aerospace Private Ltd		SAMTEL HAL Display Systems Ltd		HAL Edgewood Technologies Pvt Ltd		HALBIT Avionics Pvt Ltd		Indo Russian Aviation Ltd	
	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017
Opening net assets	1515	1492	5239	5072	-243	139	-736	-656	-237	-248	10501	8981
Share application money pending allotment relating to other JV Partner	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	-366	52	516	273	-133	-384	164	-80	-5	2	1851	2011
Other comprehensive income	2	7	4	4	-	3	-	-	13	9	-1	1
Dividends paid	-	-36	-54	-110	-	-	-	-	-	-	-235	-492
Appropriation	-	-	-	-	-	-	-	-	-	-	-	-
Share Capital issued	-	-	-	-	-	-	-	-	-	-	-	-
Closing net assets	1151	1515	5705	5239	-376	-243	-572	-736	-229	-237	12116	10501
Group's share in %	49%	49%	50%	50%	40%	40%	50%	50%	50%	50%	48%	48%
Group's share in INR	564	742	2853	2620	-150	-97	-286	-368	-114	-118	5816	5040
Unrealised Gain/ Loss	-	-4	-	-	-	-	-	-	-	-	-1759	-1900
Unrecognised Losses (Net of subsequent profits)	-	-	-	-	310	257	586	668	497	501	-	-
Provision for Diminution	-	-	-	-	160	160	300	300	383	383	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount	564	738	2853	2620	-	-	-	-	-	-	4057	3141



Note No. 49 : Consolidated Notes to Accounts

(₹ in Lakhs)

Summarised statement of profit & loss	INFOTECH HAL Ltd		HATSOFF Helicopter Training Pvt Ltd		TATA HAL Technologies Ltd		International Aerospace Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Aerospace & Aviation Sector Skill Council(AASSC)		Helicopter Engines MRO Pvt Ltd	
	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017
Revenue	813	655	4199	3759	587	509	16977	19121	-	433	8	-	13	-
Interest Income	-	1	75	60	4	4	13	12	645	693	18	23	-	-
Depreciation & amortisation	-	1	1056	966	12	18	1908	1938	1295	483	2	1	3	-
Interest expense	-	-	1219	917	23	17	360	365	-	-	-	-	-	-
Income tax expense	51	13	-	-	-	-	6	709	-472	496	-	-	-	-
Other Expenditure	684	540	1074	890	698	771	13866	14484	213	161	113	90	145	120
Profit from continuing operations	78	102	925	1046	-143	-293	850	1637	-391	-13	-90	-68	-136	-120
Profit from discontinued operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit for the year	78	102	925	1046	-143	-293	850	1637	-391	-13	-90	-68	-136	-120
Other comprehensive income	13	-2	-7	-1	-1	1	-6	-	-1	-	-	-	-	-
Total comprehensive income	91	100	918	1045	-144	-291	844	1637	-392	-13	-90	-68	-136	-120
Dividends declared (HAL share)	-	-	-	-	-	-	9	-	-	-	-	-	-	-



Note No. 49 : Consolidated Notes to Accounts

(₹ in Lakhs)

Reconciliation to carrying amounts	INFOTECH HAL Ltd		HATSOFF Helicopter Training Pvt Ltd		TATA HAL Technologies Ltd		International Aerospace Manufacturing Pvt Ltd		Multirole Transport Aircraft Ltd.		Aerospace & Aviation Sector Skill Council(AASSC)		Helicopter Engines MRO Pvt Ltd	
	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017	31 st March 2018	31 st March 2017
Opening net assets	333	233	-3383	-4428	168	459	8534	6896	21779	21793	25	25	270	-
Share application money pending allotment	-	-	-	-	-	-	-	-	-	-	-	-	-	290
Profit for the year	78	102	925	1046	-143	-293	850	1637	-391	-13	-90	-68	-136	-120
Other comprehensive income	13	-2	-7	-1	-1	1	-6	-	-1	-	-	-	-	-
Dividends paid	-	-	-	-	-	-	-20	-	-	-	-	-	-	-
Appropriation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share Capital issued	-	-	-	-	-	-	-	-	-	-	90	68	-	-
Closing net assets	424	333	-2465	-3383	24	168	9357	8534	21387	21779	25	25	564	270
Group's share in %	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Group's share in INR	212	167	-1233	-1692	12	84	4679	4267	10694	10890	13	13	282	135
Unrealised Gain/ Loss	-	-	-	-	483	-	-15	-28	-	-	-	-	-	-
Unrecognised Losses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(Net of subsequent profits)	-	-	5073	5532	-	339	-	-	-	-	-	-	-	-
Provision for Diminution	166	166	3840	3840	495	423	855	855	6678	457	-	-	-	-
Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Carrying amount	46	-	-	-	-	-	3809	3384	4016	10433	13	13	282	135



Note No. 49 : Consolidated Notes to Accounts

10 Notes Specific to Joint Ventures

(i) In respect of HATSOFF Helicopter Training Private Limited

Going Concern

The Company has made a net profit of ₹917.80 lakhs during the year ended 31st March 2018 (Previous Year ₹1044.59 lakhs) and, as of that date, the Company's current liabilities exceeded its current assets by ₹7820.14 lakhs (previous year ₹7515.70 Lakhs). In addition to this, as at the Balance Sheet date, the Company has significant accumulated losses which have resulted in erosion of the net worth. The networth of the Company as at 31st March 2018 is negative by ₹2465.21 lakhs (Previous Year: negative by ₹3383 lakhs). However, these financial statements have been prepared on a going concern basis, notwithstanding the above factors in view of the following:

- 1) The Company and CAE (who own 100% shares of the Company equally) have provided requisite funding on earlier occasions when the company needed the same.
- 2) The company along with the shareholders are presently pursuing several options with the company's bankers ,viz., ICICI Bank.
- 3) ECB Loan classified as NPA is shown as Long Term borrowings as proposal by the bank to restructure the loan is pending as the terms are yet to be complied by the company.
- 4) The Company has paid ECB loan interest upto date and continues to service interest commitments regularly. Besides interest payment, ECB principal of ₹1285.01 lacs (US\$ 2010883) in FY 18 and ₹1511.90 lacs (US\$2300000) in April 2018 has been repaid against ECB overdue installments Considering the promoters ability to fund the companies requirements and procure orders for execution, management is of the opinion that company is a going concern.

(ii) In respect of HAL-Edgewood Private Limited

- (a) The working capital loans in the nature of demand loan and cash credit has been obtained from State Bank of India and is secured by charge on trade receivables and un encumbered stock of the Company. The interest is payable as per the terms of the sanction letter. There were defaults in repayment of the loan pursuant to which the bank has classified the loan facility as non performing assets.

Further, the State Bank of India, Stressed Assets Recovery Branch has introduced a scheme for One Time Settlement of non performing assets in manufacturing, trade & service sector. Pursuant to such scheme, the Company was offered to pay an amount of ₹82.06 lakhs against the outstanding principal and interest amounts on or before 23rd July 2017. The Company has made payment of ₹20.52 lakhs during January and February of 2017 and the balance amount of ₹61.54 lakhs paid in July 2017. The Company has made the full payment of ₹82.06 lakhs in accordance with the scheme of OTS. There is no liability on the Company towards demand loan and cash credit from State Bank of India.

- (b) The amortisation of Intangible assets is done in accordance with Unit of Production Method. In the opinion of the management, that the Company is confident of receiving Purchase order form its Customer for further series upgrade for 154 OSAMC units on delivery of existing order of 11 prototype OSAMC units to its Customer and the intention of development of OSAMC units is to manufacture and deliver the series upgrade 154 OSAMC units to customers.
- (c) The statements being prepared on a going concern basis, since the Company is in research phase, notwithstanding the fact that the Company's networth is Negative [reported negative networth as at 31st March 2018 of ₹443.33 Lakhs (year ended 31st March 2017 ₹607.49 Lakhs)]. The ability of the Company to continue as a going concern is inter-alia dependant on the Company's ability to infuse requisite funds for meeting its obligations (including statutory liabilities and those in respect of contracts entered into for purchase of goods and assets), rescheduling of debt/other liabilities.



Note No. 49 : Consolidated Notes to Accounts

(iii) In respect of HALBIT Avionics Private Ltd

- (a) The Company has a Net liability position (₹228078 lakhs, PY ₹236.90 lakhs); Net current liability position (₹259.70 lakhs, Ppy ₹243 lakhs); Negative operating cash flows indicated by historical financial statements (₹430.97 lakhs, PY ₹162.44 lakhs). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The Company, based on its estimated future growth as per the business plans and projected cash flow, is confident of funding its operating and capital expenditure and continue business operations in the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.
- (b) Further, without qualifying our opinion, the Company has not appointed Company Secretary as required by the Companies Act, 2013.
- (c) The Company has not remitted its tax dues of Central Excise and Karnataka VAT since August, 2015.
- (d) The balances of trade receivables and trade payables are subject to confirmation by the parties and reconciliation.

(iv) In respect of TATA HAL Technologies Limited

Going Concern

The Company's revenues has substantially reduced (compared to earlier years) and the Company has incurred a net loss of ₹142.58 lakhs and other Comprehensive Loss of ₹1.47 lakhs for the period ended March 31, 2018 and as of that date the Company has accumulated losses of ₹990.02 lakhs and the networth of the Company was significantly eroded as on date. These financial statements have been prepared on a going concern basis, based on management's assessment of raising adequate finances for the company and expected cash flows from management's business plans. The Company believes that with a combination of the above mitigation plans and the continuing operational support expected to be received from the venturers of the Company, it would be able to realise its assets and meet all its obligations in the normal course of business. The ability of the Company to continue as a going concern is dependant on the successful outcome of the management's mitigation plans and continued operational support from the venturers

We draw attention to the Ind AS financial statements which details that the Company has recognised accrued income ₹26.50 Lacs towards sale of services for which Purchase Orders are not yet received and are accounted based on the rates agreed with customer being continuing Service Contracts and ₹1.37 Lacs towards sale of services for which confirmation of delivery from the customer is awaited.



Note No. 49 : Consolidated Notes to Accounts

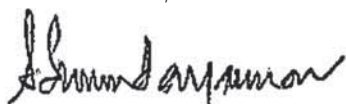
(₹ in Lakhs)

Particulars	31 st March 2018	31 st March 2017
11 As per Ind AS-33 relating to Earnings per Share (Basic and Diluted)-		
Profit Before Tax	332567	359176
Provision for Taxation	125243	96695
Net Profit After Tax	207324	262481
Weighted Average Number of Equity Shares of Face Value of ₹10/- each fully paid up	353923356	361500000
Earnings per Share (in Rupees) - Basic and Diluted	58.58	72.61

12 These financial statements are presented in Indian rupees (rounded off to lakhs). Previous Year figures have been rearranged or regrouped wherever necessary.

Note '1' to '49' and Accounting Policies attached form part of the Accounts
As per our Report attached

For **S. Venkatram & Co. LLP**
Chartered Accountants
FRN: 004656S/S200095



(S Sundarraman)
Partner
Membership No. 201028

Place: Bengaluru
Date:30/5/2018



(C.V.RAMANA RAO)
Director (Finance) & CFO
DIN: 07365725



(T.SUVARNA RAJU)
Chairman & Managing Director
DIN: 05183617



(G.V.SESHA REDDY)
Company Secretary



FORM AOC- 1

Statement containing salient features of the financial statement of subsidiaries/Associate companies/ joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Part "A": Subsidiaries

Sl. No.	Particulars		(₹ in Lakhs)
1	Name of the Subsidiary	M/s Naini Aerospace Limited	Indo-Russian Helicopters Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA	NA
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	NA	NA
4	Share capital	3000	1000
5	Reserves & surplus	-1237	-45
6	Total assets	2661	982
7	Total Liabilities	898	28
8	Investments	-	-
9	Turnover	64	-
10	Profit/loss before taxation	-1063	-45
11	Provision for taxation	-	-
12	Profit/loss after taxation	-1063	-45
13	Proposed Dividend	-	-
14	% of shareholding	100%	50.5%

1 Names of subsidiaries which are yet to commence operations – Indo-Russian Helicopters Limited

2 Names of subsidiaries which have been liquidated or sold during the year- NIL

For **S. Venkatram & Co. LLP**

Chartered Accountants

FRN: 004656S/S200095

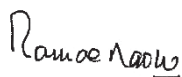

(S Sundarraman)

Partner

Membership No. 201028

Place: Bengaluru

Date: 30/5/2018



(C.V.RAMANA RAO)

Director (Finance) & CFO

DIN: 07365725



(T.SUVARNA RAJU)

Chairman & Managing Director

DIN: 05183617



(G.V.SESHA REDDY)

Company Secretary

Sl No.	Name of Joint Venture	M/s BAE-HAL Software Ltd	M/s Snecma HAL Aerospace Private Ltd	M/s SAMTEL HAL Display Systems Ltd	M/s HAL Edgewood Technologies Pvt Ltd	M/s HALBIT Avionics Pvt Ltd	M/s Indo Russian Aviation Ltd	M/s INFOTECH HAL Ltd	M/s HATSOFF Helicopter Training Pvt Ltd	M/s TATA HAL Technologies Ltd	M/s International Aerospace Manufacturing Pvt Ltd	M/s Multirole Transport Aircraft Ltd.	M/s Aerospace & Aviation Sector Skill Council (AASSC)	M/s Helicopter Engines MRO Pvt Ltd
1	Latest audited Balance Sheet Date	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018	31.03.2018
2	Date on which the Associates or joint venture was associated or acquired	Feb-93	Oct-05	Jan-07	Apr-07	May-07	Sep-94	Aug-07	Jan-08	May-08	Jul-10	Dec-10	Sep-14	Aug-16
3	Shares of Associate/Joint Ventures held by the company on the year end													
a	No.	2940000	1140000	160000	300000	382500	936525	2000000	38404204	5070000	4250000	11346564	125	409988
b	Amount of Investment in Associates/Joint Venture	294	1140	160	300	383	94	200	3840	507	4250	11347	13	410
c	Extent of Holding %	49%	50%	40%	50%	50%	48%	50%	50%	50%	50%	50%	50%	50%
4	Description of how there is significant influence	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	Reason why the associate/joint venture is not consolidated	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Networth attributable to Shareholding as per latest audited Balance Sheet	564	2853	-150	-286	-114	5816	212	-1233	12	4679	10694	13	282
7	Profit / Loss for the year	-364	520	-133	164	8	1850	91	918	-144	844	-392	-90	-136
i	Consolidated in Consolidation	-178	260	-	-	-	888	46	-	-12	422	-196	-	-68
ii	Not Consolidated in Consolidation	-186	260	-133	164	8	962	46	918	-132	422	-196	-90	-68

1 Name(s) of joint venture(s) which is/are yet to commence operations:-

a M/s Multi-Role Transport Aircraft Limited

2 Names of associates or joint ventures which have been liquidated or sold during the year-NIL

For **S. Venkatram & Co. LLP**

Chartered Accountants

FRN: 004666S/S200095


(S Sundararaman)
 Partner
 Membership No. 201028

Place: Bengaluru

Date: 30/5/2018


(C.V. RAMANA RAO)
 Director (Finance) & CFO
 DIN: 07365725


(T.SUVARNA RAJU)
 Chairman & Managing Director
 DIN: 05183617


(G.V. SRESHA REDDY)
 Company Secretary



Senior Management Team

(As on 1st July, 2018)

CORPORATE OFFICE

SHRI. T SUVARNA RAJU

Chairman & Managing Director

SHRI. V M CHAMOLA

Director (HR)

SHRI. C V RAMANA RAO

Director (Finance) & CFO

SHRI. SUNIL KUMAR

Director (Operations)

SHRI. B SELVA KUMAR

Chief Vigilance Officer

HAL MANAGEMENT ACADEMY

SHRI. P S BHOOPATHY

General Manager (HR)

SMT. NEMICHANDRAMMA

General Manager

COMPANY SECRETARIAT

SHRI. G V SESA REDDY

Company Secretary

LIAISON OFFICE, NEW DELHI

SHRI. MRIGENDRA KUMAR

Resident Manager, Delhi

PLANNING & PROJECTS

SHRI. M D MAZHAR ALI QURAISHI

Executive Director (Planning & Projects)

SHRI. DIBYENDU MAITI

General Manager (Planning & Projects)

CUSTOMER SERVICES

SHRI. VENUGOPTAL GUPTA

General Manager

FLIGHT OPERATIONS – FIXED WING

AIR CMDE KA MUTHANA VSM (Retd.)

Chief of Test Flying (FW)

FINANCE & ACCOUNTS

SHRI. C B ANANTHA KRISHNAN

Executive Director

SHRI. D SUDHAKARAN NAIR

General Manager

SMT. MALA SRINIVASAN

General Manager

SHRI. SIDDESHWARA MISHRA

General Manager

HUMAN RESOURCES

SHRI. JOSE JACOB

Executive Director

SHRI. H K SINGH

General Manager

SHRI. ALOK VERMA

General Manager (HR-ER)

MARKETING

SHRI. VENUGOPAL D

Executive Director

SHRI. KRISHNA

General Manager

SYSTEM AUDIT

SMT. SARASWATI C R

Addl. General Manager

INDIGENISATION

SHRI. K RAMAKRISHNA

General Manager

JOINT VENTURE & OUT SOURCING

SHRI. M M TAPASE

General Manager

INTEGRATED MATERIALS MANAGEMENT

SHRI. SAIRAM PRASAD M U

General Manager

QUALITY ASSURANCE

SHRI. A K SINHA

General Manager

INFORMATION TECHNOLOGY

SHRI. RAJEEV AGARWAL

General Manager (MS & IT)

BANGALORE COMPLEX

SHRI. SHEKHAR SRIVASTAVA

CEO (BC)

SMT. VIDYA UPADHYAYA

General Manager (Finance)

SHRI. D DEEPAK

General Manager (HR)

IJT-LSP PROJECT GROUP

SHRI. UMESH CHANDRA

Addl. General Manager

FOUNDRY & FORGE DIVISION

SHRI. VENKATESH M S

General Manager

ENGINE DIVISION

SHRI. K RAJAMANI

General Manager

SHRI. B KRISHNA KUMAR

Chief of Projects



AIRCRAFT DIVISION

SHRI. E ANDREW SUNDERAJ

General Manager

LCA – TEJAS DIVISION

SHRI. P G YOGINDRA

Executive Director

SHRI. VELPARI M S

Chief of Projects

AEROSPACE DIVISION

SHRI. SANJIV SHUKLA

Executive Director

MEDICAL & HEALTH

Dr. K H DEEPA

Dy.Chief of Medical Services

IMGT DIVISION

SHRI. K RAMESH

Addl. General Manager

OVERHAUL DIVISION

SHRI. P K VERMA

General Manager

FACILITIES MANAGEMENT DIVISION

SHRI. G VENKATESHWARA RAO

General Manager

FLIGHT OPERATIONS – FIXED WING

Gp Capt. (RETD) K K VENUGOPAL

Sr. Test. Pilot (FW)

AIRPORT SERVICE CENTRE

SHRI. GUNASEKARAN S

Dy. General Manager

DESIGN COMPLEX

SHRI. ARUP CHATTERJEE

Director (Engineering and R & D)

SHRI. PRAVEEN CHANDER

Executive Director (Sys.)

SHRI. MAHABALESHWARA BHAT K

Chief Designer (RW)

SHRI. SANJIV KAPOOR

General Manager (Fin)

AIRCRAFT R&D CENTRE, BANGALORE

SHRI. A K MALAGAUDANAVAR

General Manager

SHRI. SUDESAMITHIRAN S

Chief of Production

MISSION COMBAT SYSTEM R&D CENTRE, BANGALORE

SHRI. PRAKASH K

General Manager

SHRI. DORAISAMY N

Chief Designer

AERO ENGINE R&D CENTRE, BANGALORE

DR. T R RAJANNA

Chief Designer

AIRCRAFT UPGRADE R&D CENTRE, NASIK

SHRI. HULIRAJ R V

Chief Designer

ROTARY WING R&D CENTRE, BANGALORE

SHRI. CHALWADE D B

General Manager

SHRI. SHOWKATH ALI BAIG M

Chief Designer (RC)

SHRI. S BHATTACHARYA

Chief Designer (TS, RS & IT)

SHRI. QURAISHI M A

Chief Designer (LUH)

SHRI. RAVINDRANATH R

Chief Designer (SS, DYN & MAT)

MS. VASANTHI S

Chief Designer(ES)

SHRI. KUMARASWAMY K G

Chief Designer (LCH)

GAS TURBINE R&D CENTRE, KORAPUT

SHRI. NABIN CHANDRA SATAPATHY

Addl. General Manager

AEROSPACE SYSTEMS & EQUIPMENT R&D CENTRE- LUCKNOW

SHRI. B K SHARMA

Chief Designer

TRANSPORT AIRCRAFT R&D CENTRE -KANPUR

SHRI. A K SHRIVASTAVA

Addl. General Manager

AEROSPACE SYSTEMS AND EQUIPMENT RESEARCH

& DESIGN CENTRE, KORWA

SHRI. SUNEEL KUMAR SRIVASTAVA

Addl. General Manager

STRATEGIC ELECTRONICS R&D CENTRE, HYDERABAD

SMT. S THENMOZHI

General Manager

SMT. PANNAGESWARI S

Chief Designer

CENTRAL MATERIAL & PROCESS LAB

Dr. RAGHAVENDRA BHAT R

Deputy General Manager (CMPL)



HELICOPTER COMPLEX

SHRI. GVS BHASKAR

CEO (HC)

SHRI. SAMIR KUMAR PADHI

Executive Director (Finance)

SHRI.SANDEEP PATNAIK

General Manager (HR)

HELICOPTER DIVISION

SHRI. V NATARAJAN

Executive Director

SHRI. I NARAYANA REDDY

Chief of Projects

SHRI. AMITABH BHAT

Chief of Projects (LUH)

SMT RAMA S

Chief of DLE

SHRI V SIVASUBRAMANIAN

COP(ALH & LCH)

HELICOPTER MRO DIVISION

SHRI.GANESH D

General Manager

FLIGHT OPERATIONS (RW)

Wg. Cdr (Retd.)JUNNI PILLAI

Executive Director (CTP-RW)

Gp Capt.(Retd.) HARI KRISHNA

Chief Test Pilot(RW)

Cdr. ANIL KUMAR GULATI (Retd.)

Chief Test Pilot (RW)

SHRI. N C KARNK

Offg. Chief Flight Test Engineer

BARRACKPORE DIVISION

SHRI.ANBUVELAN S

General Manager (Barrackpore)

SHRI.RAJARAM MOHANTY

Chief of Projects

AEROSPACE COMPOSITES DIVISION

SHRI PRAMOD KUMAR

General Manager

MIG COMPLEX

SHRI. DALJEET SINGH

CEO (MC)

SHRI. N B SAHARE

General Manager (BD & Projects)

AIRCRAFT MANUFACTURING DIVISION, NASIK

SHRI. A B GHARAD

General Manager

SHRI. SP KHAPLI

Offg. Chief of Projects

AIRCRAFT OVERHAUL DIVISION, NASIK

SHRI. BV SESHAGIRI RAO

General Manager

SHRI. R K MISHRA

CEO, NAeL (on Deputation)

SHRI. U B SINGH

Chief of Projects

KORAPUT DIVISION

SHRI. DEBASHIS DEB

Executive Director

ENGINE DIVISION, KORAPUT

SHRI. ASUTOSH MALLICK

General Manager

SUKHOI ENGINE DIVISION, KORAPUT

SHRI JITENDRA MOHAN SAHU

General Manager

ACCESSORIES COMPLEX

SHRI. RAJIV KUMAR

CEO (AC)

SHRI. RAJAT PRABHAT

General Manager (HR)

SHRI. A K SRIVASTAVA

General Manager (Finance)

ACCESSORIES DIVISION, LUCKNOW

SHRI. R MADHAVAN

Executive Director

SHRI. KA HUSAIN

Chief of Projects (M&I)

SHRI. APRUBA ROY

Chief of Projects (MFG)

SHRI. S K GARG

Chief of Projects (A&T-M)

TRANSPORT AIRCRAFT DIVISION, KANPUR

SHRI. SAJAL PRAKASH

General Manager

AVIONICS DIVISION, KORWA

SHRI. ARUN KRISHNA

General Manager

AVIONICS DIVISION, HYDERABAD

SHRI. NIRMAL BABU K

General Manager

SHRI ANIL MATTO

Offg. COP

Notes



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